

Comprehensive Annual Financial Report

For the year ended June 30, 2011

Portland, Oregon



OPPORTUNITY – THEN. NOW. ALWAYS.

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2011

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, 2011

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee	June 30, 2013
2	Harold C. Williams, Chair	June 30, 2011
3	Bob Palmer	June 30, 2011
4	Jim Harper	June 30, 2013
5	David Squire, Vice Chair	June 30, 2011
6	Gene Pitts	June 30, 2013
7	Deanna Palm	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 30, 2011

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, 2011, 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.

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.

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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 advance the region's long-term vitality by delivering accessible, quality education to support the academic, professional, and personal development of the diverse students and communities we serve. 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:

- Effective teaching and student development programs that prepare students for their roles as citizens in a democratic society in a rapidly changing global economy
- An environment that is committed to diversity as well as the dignity and worth of the individual
- Leadership through innovation, continuous improvement, efficiency, and sustainability
- Leadership through the effective use of technology in learning and all College operations
- Being a responsible member of the communities we serve by actively participating in their development
- Quality, lifelong learning experiences that helps students to achieve their personal and professional goals
- Continuous professional and personal growth of our employees and students including emphasis on fit and healthy lifestyles that decrease disease and disability
- Academic Freedom and Responsibility - creating a safe environment where competing beliefs and ideas can be openly discussed and debated
- 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
- The public's trust by effective and ethical use of public and private resources

Institutional goals are established and approved by the Board of Directors:

Access: Access to learning opportunities will be expanded through the cultivation of community and business partnerships.

Diversity: Lifelong learning opportunities will be accessible to all and enriched by the diversity of our students, faculty, and staff.

Quality Education: Educational excellence will be supported through assessment of learning and practicing continuous improvement and innovation in all that we do.

Student Success: Outstanding teaching, student development programs and support services will provide the foundation for student skill development, degree completion and university transfer.

Economic, Workforce, and Community Development: Training provided to individuals, community and business partners will be aligned and coordinated with local economic, educational and workforce needs.

Sustainability: Effective use and development of college and community resources (human, capital and technological) will contribute to the social, financial and environmental well-being of communities served.

Campuses, Administrative and Academic District Services build upon the College's mission, vision and values by creating working objectives that are meaningful to the operational entities of the College and still support the Board's institutional goals. Regular goal reports are presented to the Board of Directors during the course of the academic year with a full executive summary that is completed at the end of the academic year.

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 over 22,800 students representing over 7,200 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 25,000 students or 8,300 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 32,000 students or over 11,900 FTE this fiscal year. Sylvania is home for the College's nursing and dental programs, which have national reputations for excellence. Sylvania also provides college transfer and career technical programs as well as developmental education courses.

The Extended Learning Campus not only provides credit offerings, but adult basic education, job training and retraining, small business development, life enrichment courses, adult and continuing education, literacy, and contracted short-term training for business and industry. Annually, over 44,000 people representing more than 4,500 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, including both the CLIMB Center for Advancement in downtown Portland and a facility adjacent to the Willow Creek Westside Light Rail station, providing enhanced service and easy access for the Washington County community.

Local Economy

The Portland metropolitan area's seasonally adjusted unemployment rate as of June 2011 was 9.4%, down from 10.8% one year ago. Over the past year, the area has gained 20,500 jobs, a 1.3% increase. Metro area employment is still down by 69,800 jobs since peaking in April 2008. Recent employment has been close to flat following strong gains during the earlier period of October 2010 through February 2011.

Higher gasoline and commodity prices, Japan's earthquake, and the European debt situation took their toll on the economy. Despite these strong headwinds, the Oregon Office of Economic Analysis (OEA) does not forecast a recession for Oregon. The OEA expects employment to inch up in the third quarter of 2011 and then pick up steam in the fourth and into 2012. Typically the state would see stronger growth at this point of the recovery. OEA points to two main drags on growth: continued weakness in the housing market and layoffs in the public sector.

The State budget allocation for all 17 community colleges in the state was approved by the legislature in June 2011 of \$410 million for the biennium ended June 2013, a 2% decrease from the 2009-2011 final biennium level. The College's share of the state support is approximately \$56.4 million for fiscal year 2012 and \$57.6 million for fiscal year 2013. The allocation to individual colleges is based on a formula newly approved in 2011 by the State Board of Education. The new formula is based on the concept that state funding will not be provided for enrollments above a certain level, effectively implementing a cap on the number of students funded by the state at each college.

Additionally, the state provides resources restricted to certain programs which total approximately \$15.1 million for the biennium. Some of the large state-funded contracts and grants include the Public School Dropout Recovery Program and Coffee Creek Corrections.

Another major piece of revenue comes from student tuition and fees. Tuition and fee revenue accounts for approximately 48% of the total General Fund operating resources. The total revenue from tuition and fees is estimated at \$77.7 million for fiscal year 2012 and \$80.1 million for fiscal year 2013.

The College receives federal funds in support of student aid. The recent Federally adopted Student Aid and Fiscal Responsibility Act (SAFRA) eliminated the Federal Family Education Loan program and moved all federal student loans into the Direct Loan program, requiring colleges to fund and manage loans. These funds are budgeted in the Student Financial Aid Fund and are estimated at \$381 million for the biennium.

The College also receives property tax revenue to support ongoing operating costs estimated at \$25.7 million in fiscal year 2012, accounting for approximately 16.5% of the General Fund operating resources. PCC also levies property taxes to pay for the maturing principal and interest on voter approved General Obligation bonds estimated at \$33.5 million for 2012.

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 1.75 million in 2010 to 1.9 million in 2015, a 7% increase. Current projections indicate that by 2020 the area will increase in population to 2.0 million. Modest 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. Some enrollment increase is also expected due to students choosing PCC as an alternative to higher-cost four-year universities and as new facilities are built out through the bond program, reaching new markets and student populations.

In November of 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. In March 2009 the college sold \$200 million of the approved amount to finance the following projects:

- Willow Creek Project completed for \$40.6 million of which \$7.5 million was funded by the state.
- 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) completed for \$15.5 million.
- Acquisition/construction of the Newberg/Sherwood Center completed for \$11.3 million, officially opened in September 2011.
- Other bond program projects anticipated to start and/or be completed during the next three years.

The overall implementation of the bond program continues, with issuance of the remaining \$174 million in general obligation bonds anticipated in FY2012-13.

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. 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, 2010. 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, 2009. 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,

A handwritten signature in dark ink, appearing to read 'Preston Pulliams', written over a horizontal line.

Preston Pulliams
District President

A handwritten signature in blue ink, appearing to read 'Wing Kit Chung', written over a horizontal line.

Wing Kit Chung
Vice President of Administrative Services

A handwritten signature in dark ink, appearing to read 'Cherie Chevalier', written over a horizontal line.

Cherie Chevalier
Associate Vice President of Finance

A handwritten signature in blue ink, appearing to read 'James Crofts', written over a horizontal line.

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, 2010

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.



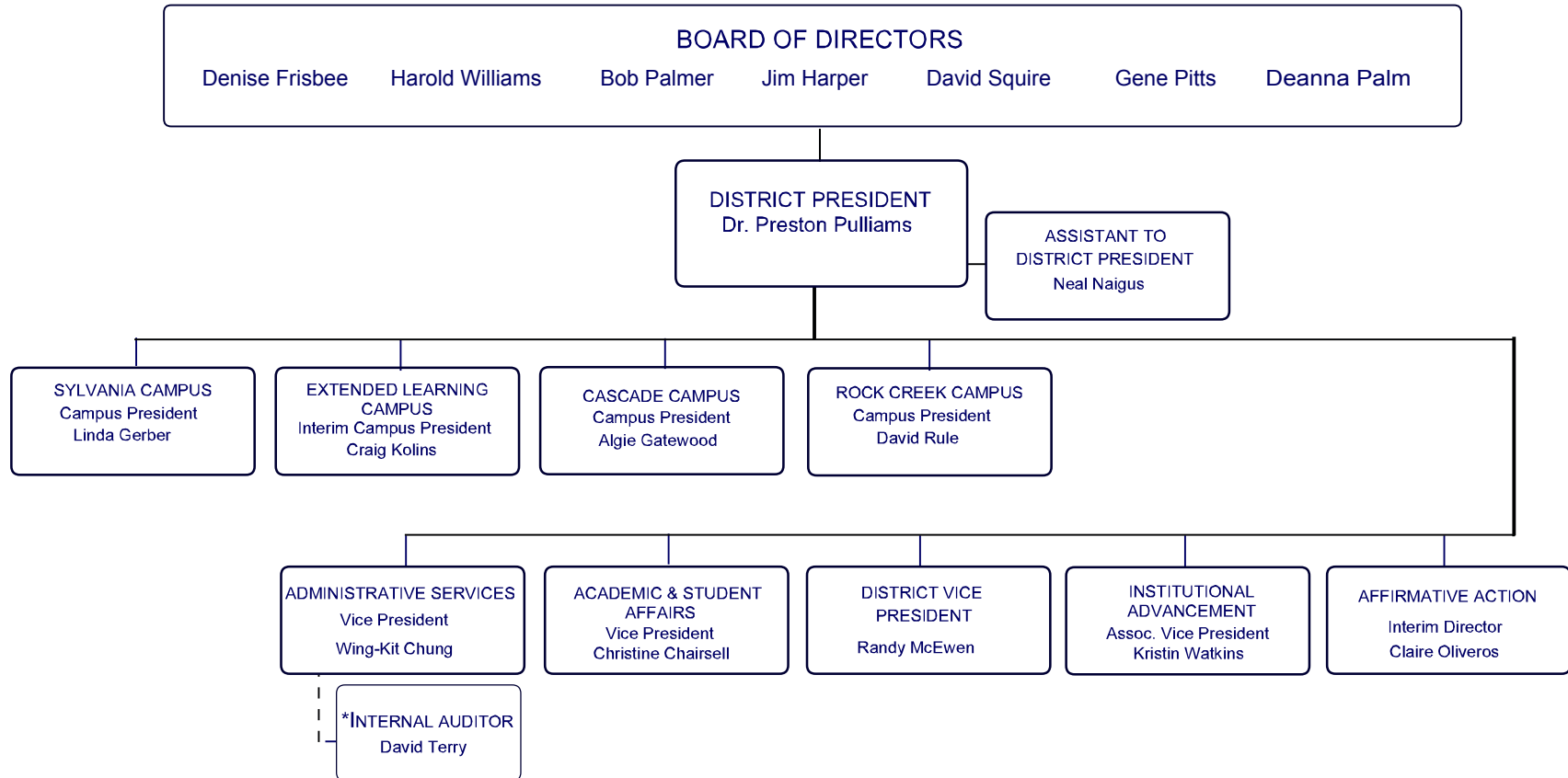
President

Executive Director

PORTLAND COMMUNITY COLLEGE

Administrative Organization

2011-12



* Internal auditor also has dual reporting relationship with the Board of Directors audit Committee

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

November 28, 2011

Board of Directors
Portland Community College
Portland, Oregon

We have audited the basic financial statements of Portland Community College as of and for the years ended June 30, 2011, and 2010. 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2011, and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 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.

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

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, statistical section, and schedule of expenditures of federal awards required by OMB Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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.

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, 2011, 2010 and 2009. 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, 2011 that impacted the College are as follows:

- Full-time equivalent students (FTE) increased 4.1% from 31,395 in 2010 to 32,694 in 2011. The total headcount of students decreased slightly from 93,799 in 2010 to 92,537 in 2011. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$77.1 million to \$41.0 million. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2011 to July 2011. The deferrals were enacted in 2003 and are scheduled to occur on alternate years so that the State can balance its biennial budget.
- Capital assets, net of depreciation, increased from \$300.2 million in 2010 to \$323.9 million in 2011 due primarily to capital additions made possible by a \$374 million bond measure approved by voters in 2008.
- Federal financial aid revenue increased from \$65.8 million in 2010 to \$160.1 million in 2011 and financial aid expense increased from \$35.6 million in 2010 to \$122.9 million in 2011. These increases are due primarily to federal legislation eliminating distribution of student aid by banks to the Direct Loan Program administered directly by individual schools.
- The College has increased its net assets from \$254.8 million in 2010 to \$280.3 million in 2011.

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.

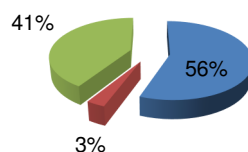
Analysis of Net Assets

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)					
	2011	2010	Increase (decrease) 2011-10	2009	Increase (decrease) 2010-09
Assets					
Current assets	\$ 240.4	\$ 184.2	\$ 56.2	\$ 174.0	\$ 10.2
Capital assets, net of depreciation	323.9	300.2	23.7	242.9	57.3
Other noncurrent assets	159.0	231.1	(72.1)	238.8	(7.7)
Total assets	\$ 723.3	\$ 715.5	\$ 7.8	\$ 655.7	\$ 59.8
Liabilities					
Current liabilities	\$ 60.1	\$ 55.6	\$ 4.5	\$ 53.1	\$ 2.5
Noncurrent liabilities	382.9	405.1	(22.2)	422.0	(16.9)
Total liabilities	443.0	460.7	(17.7)	475.1	(14.4)
Net assets					
Invested in capital assets, Net of related debt	156.3	130.7	25.6	94.9	35.8
Restricted	8.8	8.8	-	8.7	0.1
Unrestricted	115.2	115.3	(0.1)	77.0	38.3
Total net assets	280.3	254.8	25.5	180.6	74.2
Total liabilities and net assets	\$ 723.3	\$ 715.5	\$ 7.8	\$ 655.7	\$ 59.8

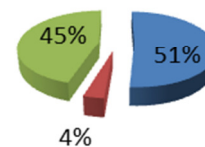
2011 Net assets - \$280.3 million

- Invested in capital assets, net of related debt \$156.3
- Restricted \$8.8
- Unrestricted \$115.2



2010 Net assets - \$254.8 million

- Invested in capital assets, net of related debt \$130.7
- Restricted \$8.8
- Unrestricted \$115.3



Portland Community College
Fiscal year ended June 30, 2011

Fiscal year 2011 compared to 2010. Net Assets increased \$25.5 million from \$254.8 million in 2010 to \$280.3 million in 2011. Current assets increased by \$56.2 million. Current assets of \$240.4 million were more than sufficient to cover current liabilities of \$60.1 million. This represents a current ratio of 4.0. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$156.3 million is invested in capital assets, net of related debt and represents an increase of \$25.6 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 2010 compared to 2009. Net Assets increased \$74.2 million from \$180.6 million in 2009 to \$254.8 million in 2010. Current assets increased by \$10.2 million. Current assets of \$184.2 million were more than sufficient to cover current liabilities of \$55.6 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. In 2010, \$130.7 million was invested in capital assets, net of related debt and represents an increase of \$35.8 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 offset the operating loss on overall net assets.

Portland Community College
Fiscal year ended June 30, 2011

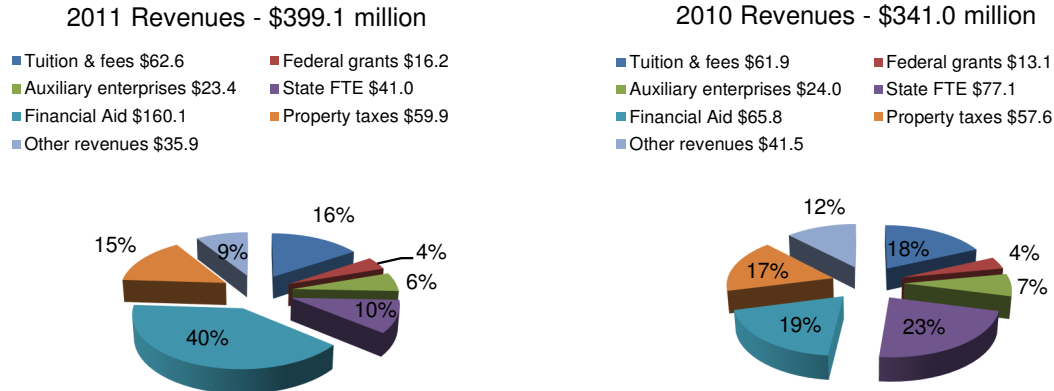
Changes in Net Assets (In Millions)

	2011	2010	Increase (decrease) 2011-10	2009	Increase (decrease) 2010-09
Operating revenues					
Student tuition and fees	\$ 62.6	\$ 61.9	\$ 0.7	\$ 52.8	\$ 9.1
Federal contracted programs	16.2	13.1	3.1	12.5	0.6
Auxiliary enterprises and other	23.4	24.0	(0.6)	19.7	4.3
Total operating revenues	<u>102.2</u>	<u>99.0</u>	<u>3.2</u>	<u>85.0</u>	<u>14.0</u>
Nonoperating revenues					
State FTE reimbursement	41.0	77.1	(36.1)	48.9	28.2
Property taxes	59.9	57.6	2.3	44.2	13.4
Federal financial aid	160.1	65.8	94.3	31.8	34.0
Other nonoperating revenues	35.9	41.5	(5.6)	14.4	27.1
Total nonoperating revenues	<u>296.9</u>	<u>242.0</u>	<u>54.9</u>	<u>139.3</u>	<u>102.7</u>
Total revenues	<u>399.1</u>	<u>341.0</u>	<u>58.1</u>	<u>224.3</u>	<u>116.7</u>
Operating expenses					
Educational and general	139.7	131.1	8.6	122.8	8.3
Administrative services and physical plant	38.0	36.1	1.9	33.3	2.8
Grants and contracted programs	26.9	23.7	3.2	21.7	2.0
Auxiliary enterprises	20.9	19.9	1.0	17.1	2.8
Depreciation	6.7	5.4	1.3	5.8	(0.4)
Other support services	126.5	39.7	86.8	15.6	24.1
Total operating expenses	<u>358.7</u>	<u>255.9</u>	<u>102.8</u>	<u>216.3</u>	<u>39.6</u>
Nonoperating expenses					
Other nonoperating expenses	<u>14.9</u>	<u>11.1</u>	<u>3.8</u>	<u>48.3</u>	<u>(37.2)</u>
Total expenses	<u>373.6</u>	<u>267.0</u>	<u>106.6</u>	<u>264.6</u>	<u>2.4</u>
Income before capital contributions	25.5	74.0	(48.5)	(40.3)	114.3
Capital contributions	<u>-</u>	<u>0.2</u>	<u>(0.2)</u>	<u>-</u>	<u>0.2</u>
Increase (decrease) in net assets	25.5	74.2	(48.7)	(40.3)	114.5
Net assets, beginning of year	254.8	180.6	74.2	220.9	(40.3)
Net assets, end of year	<u>\$ 280.3</u>	<u>\$ 254.8</u>	<u>\$ 25.5</u>	<u>\$ 180.6</u>	<u>\$ 74.2</u>

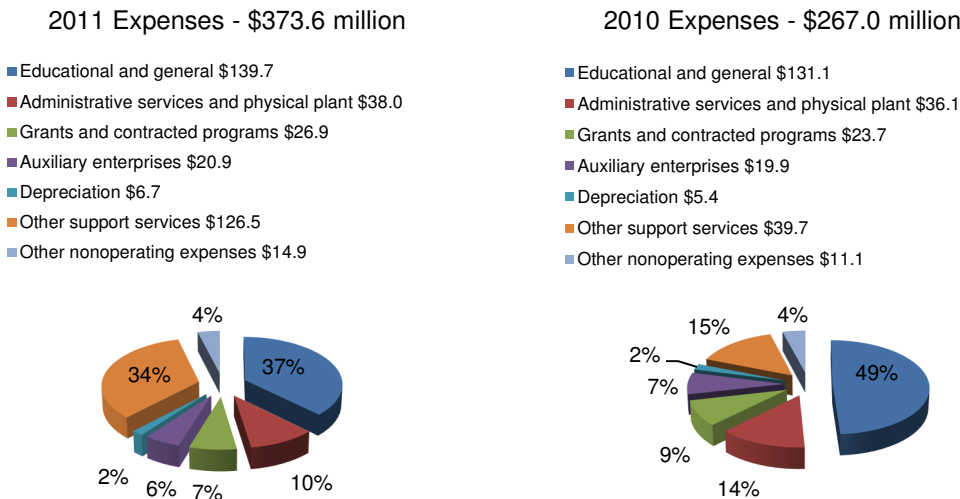
Portland Community College
Fiscal year ended June 30, 2011

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 2011 and 2010:



The following graphics show the allocation of total expenses for fiscal years 2011 and 2010:



Fiscal year 2011 compared to 2010. The most significant source of operating revenues is tuition and fees, followed by auxiliary services and federal grants. Operating revenues increased by \$3.2 million, or 3%, which reflects increases in student tuition and fees and federal contracted programs.

The largest non-operating revenue source is federal financial aid, followed by property tax and state FTE reimbursements. Federal financial aid increased by \$94.3 million primarily due to the change from Federal Stafford Loans to Federal Direct Loans issued to the students. The Federal Direct Loan disbursements to the students and reimbursements from the federal government are reported in the statements as operating expenses and non-operating revenues, respectively. The Federal Stafford Loan activity in previous fiscal years was not reported in the College's financial statements.

Portland Community College
Fiscal year ended June 30, 2011

Operating expenses increased by \$102.8 million overall. Educational expense is the largest single line item and increased by \$8.6 million, or 6.5% to \$139.7 million. Other support services, which includes student financial aid, had the largest increase of \$86.8 million to an expense of \$126.5 million for fiscal year 2011.

Fiscal year 2010 compared to 2009. Operating revenues increased by \$14.0 million, or 16%, which reflects increases in the student tuition and fees, followed by auxiliary services and federal grants. Auxiliary enterprises and other revenues increased \$4.3 million from the prior year to \$24.0 million.

Non-operating revenues increased by \$102.7 million. State FTE reimbursement and federal financial aid made up 60% of the increase. Student financial aid revenues increased by \$34.0 million and property taxes increased \$13.4 million in 2010.

Operating expenses increased by \$39.6 million overall. Educational expenses are the largest single line item and increased by \$8.3 million, or 7%, to \$131.1 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 financing 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)					
	2011	2010	Increase (decrease) 2011-10	2009	Increase (decrease) 2010-09
Cash provided by (used in)					
Operating activities	\$ (224.4)	\$ (136.7)	\$ (87.7)	\$ (108.7)	\$ (28.0)
Noncapital financing activities	253.8	211.2	42.6	129.7	81.5
Capital financing activities	(59.8)	(82.9)	23.1	152.9	(235.8)
Investing activities	52.1	(0.7)	52.8	(140.6)	139.9
Net increase (decrease) in cash	21.7	(9.1)	30.8	33.3	(42.4)
Cash and cash equivalents, beginning of year	48.7	57.8	(9.1)	24.5	33.3
Cash and cash equivalents, end of year	<u>\$ 70.4</u>	<u>\$ 48.7</u>	<u>\$ 21.7</u>	<u>\$ 57.8</u>	<u>\$ (9.1)</u>

Fiscal year 2011 compared to 2010. 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, suppliers and students for financial aid. The College used \$87.7 million more in cash in its operating activities than the prior year primarily due to the payments to students for Federal Direct Loans.

Noncapital Financing Activities: Student financial aid, State FTE reimbursements and property taxes are the primary sources of noncapital financing. Accounting standards require that these sources of revenue

Portland Community College
Fiscal year ended June 30, 2011

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 \$23.1 million. This is due to the net decrease in use of cash for capital asset purchases and principal and interest payments on long-term debt.

Investing Activities: Increase in proceeds from sales of investments is primarily responsible for the \$52.8 million increase in cash provided from investing activities.

Fiscal year 2010 compared to 2009. **Operating Activities:** The College's major sources of cash included in operating activities were student tuition and fees, federal grants and auxiliary enterprises. Major uses of cash were payments made to employees and suppliers. The College used \$28.0 million more in cash in its operating activities than the prior year.

Noncapital Financing Activities: State FTE reimbursements, property taxes, and student financial aid were 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 increased by \$235.8 million. This increase was due to the use of bond funds provided in 2009 for capital activities in 2010.

Investing Activities: Declining interest rates and the decrease in cash available to invest, due to the cash used for capital projects, were primarily responsible for the \$139.9 million decrease in cash used in investing activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's investment in capital assets as of June 30, 2011, was \$323.9 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 \$405.2 million. Of this amount, \$403.7 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 \$1.2 million is certificates of participation, which are a certified interest in a lease purchase agreement; and \$375 thousand is in the form of notes 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 \$2.4 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$280.7 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

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

Portland Community College
Fiscal year ended June 30, 2011

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.

During fiscal year 2011, the College received \$43.2 million less in state revenue than fiscal year 2010. The primary difference is from the payment structure of the state FTE reimbursement.

We are currently facing a challenge to provide affordable programs with fewer resources. The volatile nature of the economy is a challenge to meet the counter cyclical nature of our service. Economic recovery has been slow and the job growth has been marginal in the past two years. Predictions on economic recovery vary from a year to two years or more and we must continue to make sound budget decisions that support our mission and maximize our utilization of available resources despite these challenging economic times. When the economy is bad our enrollment increases as people go back to school to get additional training or change professions. This puts PCC and Oregon Community Colleges in the best position to help the economy to recover by providing educational programs and services at an affordable level.

The development of the FY2011-2013 budget took into consideration the long-term effect of the current economic challenges and the financial health of the College. We have proactively managed our financial resources and have adopted budgetary principles that address the College priorities, revenue enhancement and the impact of our current actions on the future financial health of the College.

In February 2011, the new incoming Governor proposed an FY11-13 Biennium budget of \$410 million for Community College Support Fund (CCSF) allocation through the formula approved by the State Board of Education. For the Proposed FY11-13 Biennium Budget, we have again planned conservatively, budgeting on a \$400 million state support level for community colleges. At the \$400 million level, State support accounts for approximately 35% of the General Fund operating resources in the Proposed FY 2011-13 Biennium budget, down from 40% in the current biennium's adopted budget.

The College has experienced unprecedented enrollment growth over the past biennium due to the economic downturn. For the FY 2011-13 Biennium, we believe that enrollment will plateau and maintain current levels. We anticipate that, as the economy strengthens, some students will return to the workforce, but new students will enroll as an affordable alternative to the higher-cost four-year universities. Additionally, as we build out new facilities through the bond program, we will reach new markets and student populations, increasing enrollment as well.

Because of these factors, the FY2011-2013 budget includes a projected 1% increase in enrollment from the FY 2009-2011 Biennium. We are estimating an annual average enrollment of approximately 26,000 credit student full-time equivalent (FTE) per year of the biennium. The FY2011-2013 budget includes a tuition fee increase of \$3 per credit hour in each year, an increase of 3.8% for the biennium. The tuition rate for the first year of the biennium period will be \$79 per credit hour and will increase to \$82 for the second year of the biennium period. Tuition and fees account for approximately 48% of the General Fund operating resources, up from 41% in the FY2009-2011 budget. The phased-in increase in tuition is consistent with the Board's direction to not radically increase tuition charges to students. There are no budgeted increases in the major general fund fees for Technology, Transportation or College Service.

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 19000
Portland, OR 97280-0990



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF NET ASSETS

June 30,

June 30,

	2011	2010
	(In Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 70,428	\$ 48,670
Short-term investments	135,026	104,498
Receivables:		
Taxes	2,886	2,844
Accounts	5,315	5,150
Student accounts	5,194	12,774
Federal programs	18,579	6,706
Interest	850	1,291
Inventory and prepaid items	2,118	2,312
Total current assets	240,396	184,245
Noncurrent assets:		
Long-term investments	35,247	115,655
Pension asset	119,986	111,247
Net pension obligation	2,194	2,440
Bond issuance costs	1,599	1,744
Leased property under capital lease, net	271	340
Capital assets - non-depreciable	74,940	58,208
Capital assets - depreciable	326,932	312,862
Less: Accumulated depreciation	(78,224)	(71,250)
Total noncurrent assets	482,945	531,246
TOTAL ASSETS	\$ 723,341	\$ 715,491
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,398	\$ 3,876
Payroll liabilities	11,977	14,734
Accrued interest payable	1,159	1,229
Deferred revenue	953	958
Compensated absences	5,472	5,296
Other current liabilities	10,813	8,815
Current portion of long-term debt	22,354	20,642
Total current liabilities	60,126	55,550
Noncurrent liabilities:		
Noncurrent liabilities	405,230	425,751
Less: Current portion of long-term debt	(22,354)	(20,642)
Total noncurrent liabilities	382,876	405,109
TOTAL LIABILITIES	443,002	460,659
NET ASSETS		
Net assets invested in capital assets	323,919	300,161
Less: Related debt	(167,624)	(169,457)
Investment in capital assets, net	156,295	130,704
Restricted:		
Student financial aid grants and loans	8,782	8,764
Unrestricted	115,262	115,364
Total net assets	280,339	254,832
TOTAL LIABILITIES AND NET ASSETS	\$ 723,341	\$ 715,491

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended June 30,

	2011	2010
	(In Thousands)	
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	\$ 62,644	\$ 61,946
Federal contracted programs	16,205	13,063
Nongovernment grants and contracts	4,840	5,881
Auxiliary enterprises:		
Food services	4,581	4,124
Bookstore, net of scholarship allowances	9,697	10,300
Parking operation	4,020	3,669
Other operating revenues	221	61
Total operating revenues	102,208	99,044
OPERATING EXPENSES		
Educational and general:		
Sylvania Campus	46,564	44,180
Rock Creek Campus	30,231	28,045
Cascade Campus	26,618	24,538
Extended Learning Campus	14,826	14,847
President and Governing Board	3,708	3,606
Academic and Student Affairs Services	17,818	15,872
Administrative Services and Physical Plant	37,995	36,119
Other support services:		
Student Activities	2,171	1,764
Grants and contracted programs	26,881	23,658
Student financial aid, net of tuition and textbooks	122,877	35,635
Auxiliary enterprises:		
Food services	4,486	4,048
Bookstore	14,039	13,999
Parking operation	2,360	1,872
Early retirement costs	28	228
Materials, supplies and minor equipment expense	1,415	2,042
Depreciation expense	7,499	6,294
Amortization of bond related costs	(829)	(836)
Total operating expenses	358,687	255,911
Operating income (loss)	(256,479)	(156,867)
NONOPERATING REVENUES (EXPENSES)		
Federal financial aid	160,113	65,804
State FTE reimbursement	41,003	77,046
State and local government grants and contracts	11,740	18,881
Property taxes	59,895	57,622
Investment income	1,814	4,208
Investment income (loss) on pension asset	22,373	18,416
Gain (loss) on the disposal of capital assets	(22)	(4)
Interest expense	(14,930)	(11,092)
Net nonoperating revenues (expenses)	281,986	230,881
Income (loss) before capital contributions	25,507	74,014
Capital contributions	-	234
Increase (decrease) in net assets	25,507	74,248
NET ASSETS		
Net assets - beginning of the year	254,832	180,584
Net assets - end of the year	\$ 280,339	\$ 254,832

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS
Years ended June 30,

	2011	2010
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 70,219	\$ 60,081
Federal grants and contracts	16,205	13,063
Non-government grants and contracts	4,840	5,881
Payments to suppliers for goods and services	(34,293)	(36,014)
Payments to employees	(176,835)	(159,907)
Payments for student financial aid and other scholarships	(122,877)	(35,635)
Cash received from customers	18,134	15,779
Other cash receipts	221	61
	<u>(224,386)</u>	<u>(136,691)</u>
Net cash used in operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal student financial aid grants	148,240	65,020
State and local government grants and contracts	11,739	18,881
Cash received from property taxes	59,854	57,115
Cash received from State FTE reimbursement	41,003	77,046
Interest paid on limited tax pension bonds	(5,068)	(5,125)
Principal paid on limited tax pension bonds	(1,930)	(1,765)
	<u>253,838</u>	<u>211,172</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on long-term debt	(18,672)	(12,520)
Purchase of capital assets	(26,529)	(53,284)
Proceeds from disposition of capital assets	13	10
Interest paid on long-term debt	(14,640)	(17,087)
	<u>(59,828)</u>	<u>(82,881)</u>
Net cash used in capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,255	4,047
Purchases of investments	(182,270)	(165,895)
Proceeds from sales of investments	232,149	161,111
	<u>52,134</u>	<u>(737)</u>
Net cash provided by (used in) investing activities		

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2011	2010
	(In Thousands)	
NET INCREASE (DECREASE) IN CASH	\$ 21,758	\$ (9,137)
Cash and cash equivalents - beginning of the year	48,670	57,807
Cash and cash equivalents - end of year	<u>\$ 70,428</u>	<u>\$ 48,670</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET ASSETS		
Unrestricted cash and cash equivalents	<u>\$ 70,428</u>	<u>\$ 48,670</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (256,479)	\$ (156,867)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	7,499	6,294
Pension contributions paid from pension asset	13,634	15,845
Amortization expense	(829)	(836)
Change in net pension obligation	246	274
Change in OPEB liability	999	1,006
(Increases) decreases in current assets used in operations:		
Accounts receivable	(165)	(2,315)
Student accounts receivable	7,580	(701)
Inventory and prepaid items	195	(327)
Increases (decreases) in current liabilities used in operations:		
Accounts payable	3,523	(2,146)
Payroll liabilities	(2,758)	(727)
Deferred revenue	(5)	(1,164)
Other current liabilities	1,998	4,577
Compensated absences	176	396
Net cash used in operating activities	<u>\$ (224,386)</u>	<u>\$ (136,691)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Investment income (loss) on pension asset	\$ 22,373	\$ 18,416
Interest capitalized on construction	4,765	9,232
Bond accretion	57	54
Obligations under capital lease	-	346
Notes payable from property purchase	-	450
Contributed capital assets	-	234
Book value of capital assets disposed	35	14

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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, 2011 and 2010**

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, 2011 and 2010 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. 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.

Unreimbursed 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 policy is to capitalize all assets with a life of one year or more and minimum threshold of \$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, 2011 and 2010**

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, 2011 and 2010**

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, 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 student financial aid grant and loan programs.

The unrestricted net asset balance of \$115.26 million at June 30, 2011 includes \$1.51 million reserved for contracted grant programs, \$3.96 million reserved for future debt service, \$3.65 million reserved for risk management and \$36.56 million reserved for PERS bond debt service, with \$69.58 million remaining for other purposes. The unrestricted net asset balance of \$115.36 million at June 30, 2010 includes \$2.11 million reserved for contracted grant programs, \$3.44 million reserved for future debt service, \$3.19 million reserved for risk management and \$34.93 million reserved for PERS bond debt service, with \$71.69 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, 2011 and 2010**

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.

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,	
	2011	2010
Cash and cash equivalents:		
Cash on hand	\$ 97	\$ 5
Demand deposits	34,788	16,195
Cash held by county treasurer	386	411
Oregon Local Government Investment Pool	37,331	34,547
Unrestricted cash and cash equivalents	72,602	51,158
Total cash and cash equivalents	72,602	51,158
Less cash Pension Trust Fund - Early Retirement	(2,174)	(2,488)
Total cash and cash equivalents basic statements	70,428	48,670
Investments:		
Government and agency obligations	122,436	193,543
Corporate securities	42,937	25,745
Bank obligations	4,900	865
Total investments	170,273	220,153
Total cash and investments	\$ 240,701	\$ 268,823

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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,	
	2011	2010
Investments categorized by Standard and Poor's rating:		
Government sponsored (Treasury & Federal Agencies), AAA (*)	\$ 122,436	\$ 193,543
Corporate notes (AA or better)	39,946	25,745
Corporate commercial paper (A1 or better)	2,991	-
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	4,900	865
Total investments	<u>\$ 170,273</u>	<u>\$ 220,153</u>

(*) In August 2011, Standard and Poor's lowered its rating on government sponsored securities to AA+.

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.

Economic surveys and key indicators point to continued weakness in the economy. The Federal Reserve is likely to maintain low rates this calendar year to spur more borrowing and spending. The College will continue to take a cautious and strategic approach to risk through diversification, credit analysis, liquidity management and investing in high grade government treasuries, government sponsored enterprises, time deposits and corporate bonds.

Credit Risk:

In accordance with ORS Chapter 294 and the College's investment guidelines, investment in commercial paper must be rated A1 by Standard & Poor's 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, 2011.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

2. CASH AND INVESTMENTS (Continued)

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. Certain 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, 2011, the College had \$170.27 million in various investment instruments, of which \$48.59 million was purchased from and held by Wells Fargo Bank. With these holdings, the total custodial credit risk for investments was 28.53% of the total investment portfolio.

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, 2011, 27.54% of the College's Bond portfolio investments measured as a percentage of bond investments only (not including the Local Government Investment Pool balances) mature within a 180 day time frame. One hundred percent of the College workers' compensation investments, measured as a percentage of total workers' compensation investments only, and 25.93% of all other investments, measured as a percentage of all other investments only (not including Local Government Investment Pool balances) mature within a 180 day time horizon. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2011 were: 55% mature within 93 days, 23% mature from 94 days to one year and 22% mature from one to three years.

Bond Investments maturing after 180 days (in thousands)

Bond Investments	Standard and Poor's Rating	Maturity Date	Market Value
FHLB Coupon	AAA	01-23-2012	5,051
GECC Corp. Note	AA+	02-15-2012	5,103
FNMA Coupon	AAA	02-16-2012	4,117
FHLMC Coupon	AAA	03-14-2012	4,545
US Treasury	AAA	03-15-2012	6,053
Goldman Sachs TLGP	AAA	03-15-2012	5,069
Pfizer Inc.	AA	03-15-2012	4,114
FHLMC Coupon	AAA	03-23-2012	5,066
Wells Fargo Financial	AA-	04-18-2012	4,189
FHLMC Coupon	AAA	04-25-2012	9,563
FNMA Coupon	AAA	05-18-2012	3,112
FNMA Coupon	AAA	06-22-2012	2,018
Berkshire Hathaway Financial	AA+	09-15-2012	2,443
Wells Fargo Financial	AA-	10-23-2012	3,165

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

2. CASH AND INVESTMENTS (Continued)

All Other Investments maturing after 180 days (in thousands)

All Other Investments	Standard and Poor's Rating	Maturity Date	Market Value
US Treasury	AAA	12-31-2011	8,035
US Treasury	AAA	01-31-2012	3,013
UBS Finance CP	A1	03-12-2012	2,991
FNMA Coupon	AAA	03-15-2012	2,083
Albina Community Bk CD	NR	03-28-2012	200
Umpqua Bank CD	NR	04-20-2012	90
FFCB Coupon	AAA	04-24-2012	3,048
Berkshire Hathaway Financial	AA+	05-15-2012	3,112
Tennessee Valley Authority	AAA	05-23-2012	4,231
FHLB Coupon	AAA	06-08-2012	4,286
FHLMC Coupon	AAA	08-28-2012	3,022
Columbia Community Bk CD	NR	09-22-2012	230
US Treasury	AAA	11-30-2012	4,007
Wal-Mart Stores Corp.	AA	05-01-2013	1,605
FFCB Coupon	AAA	05-15-2013	4,376
Bank of the West CD	NR	06-03-2013	230
FHLMC Coupon	AAA	06-28-2013	2,992
FHLB Coupon	AAA	09-13-2013	4,175
FHLMC Coupon	AAA	10-17-2013	2,005
FHLB Coupon	AAA	03-20-2014	3,999
FNMA Coupon	AAA	06-27-2014	2,998

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, 2011, the College bank balances were \$37.70 million which includes time CDs and bank accounts. Of these deposits, \$1.64 million (seven banks, \$250 thousand per bank) were covered by FDIC and the remaining balance is covered by the new procedures for collateralizing public funds.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

3. CAPITAL ASSETS

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

	Balance June 30, 2009			Balance June 30, 2010			Balance June 30, 2011		
		Increases	Decreases		Increases	Decreases			
Capital assets not being depreciated:									
Land	\$ 29,606	\$ 15,108	\$ -	\$ 44,714	\$ 248	\$ -	\$ 44,962		
Art and historical treasures	761	6	-	767	12	-	779		
Construction in progress	27,417	10,811	(25,501)	12,727	22,625	(6,153)	29,199		
Total capital assets not being depreciated	57,784	25,925	(25,501)	58,208	22,885	(6,153)	74,940		
Capital assets being depreciated:									
Land improvements	10,183	326	-	10,509	-	(16)	10,493		
Buildings and improvements	217,082	58,859	-	275,941	1,843	-	277,784		
Equipment and machinery	17,151	641	(551)	17,241	1,811	(287)	18,765		
Capital lease	-	346	-	346	-	-	346		
Library collections	1,702	124	(223)	1,603	155	(203)	1,555		
Leasehold improvements	162	465	-	627	345	-	972		
Infrastructure	4,580	2,361	-	6,941	10,422	-	17,363		
Total capital assets being depreciated	250,860	63,122	(774)	313,208	14,576	(506)	327,278		
Less accumulated depreciation for:									
Land improvements	4,029	715	-	4,744	738	-	5,482		
Buildings and improvements	48,315	4,179	-	52,494	5,242	-	57,736		
Equipment and machinery	11,806	1,170	(537)	12,439	1,115	(253)	13,301		
Capital lease	-	6	-	6	69	-	75		
Library collections	1,090	130	(223)	997	126	(203)	920		
Leasehold improvements	86	19	-	105	108	-	213		
Infrastructure	396	75	-	471	101	-	572		
Total accumulated depreciation	65,722	6,294	(760)	71,256	7,499	(456)	78,299		
Total capital assets being depreciated, net	185,138	56,828	(14)	241,952	7,077	(50)	248,979		
Total capital assets, net	\$ 242,922	\$ 82,753	\$ (25,515)	\$ 300,160	\$ 29,962	\$ (6,203)	\$ 323,919		

Interest incurred during the construction phase of capital assets constructed with proceeds from the Series 2009 General Obligation Bonds is included as part of the capitalized cost of the assets constructed. The College capitalized \$4.77 million in interest for the fiscal year ended June 30, 2011.

A capital lease for copiers was acquired with an original cost of \$346 thousand for five years, from June, 2010 through June, 2015.

Significant additions to capital assets include several infrastructure projects, including an energy management upgrade, \$1.93 million; technology network upgrade, \$3.23 million; and mass notification and emergency alert system, \$3.58 million. Property adjacent to Rock Creek was acquired for future expansion for \$247 thousand.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

4. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2011 are as follows (in thousands):

	Original Amount	Outstanding June 30, 2010	Increases	Decreases	Outstanding June 30, 2011	Due Within One Year
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	\$ 200,000	\$ 195,715	\$ -	\$ (6,525)	\$ 189,190	\$ 6,850
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	12,190	9,165	-	(2,905)	6,260	3,050
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	79,490	-	(1,095)	78,395	8,725
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	109,400	-	(1,930)	107,470	2,290
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%, Maturity December 1, 2013	15,605	7,000	-	(1,175)	5,825	1,165
2001B General obligation bonds, interest ranges from 4.00% - 5.25%, Maturity June 1, 2021	98,000	4,550	-	(4,550)	-	-
2001A General obligation bonds, interest ranges from 4.10% - 5.50%, Maturity June 1, 2021	46,000	2,145	-	(2,145)	-	-
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	984	57	-	1,041	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,285	-	(135)	1,150	140
Note Payable, interest rate 6.83%, Maturity March 18, 2011	174	16	-	(16)	-	-
Note Payable, Legin Property, Maturity October 23, 2016	450	450	-	(75)	375	75
Premium on General obligation bonds	16,016	13,141	-	(1,047)	12,094	-
Less: deferred amount on refunding	(364)	(212)	-	73	(139)	-
Capital leases	497	342	-	(52)	290	59
OPEB liability	-	2,280	999	-	3,279	-
	<u>\$ 603,388</u>	<u>\$ 425,751</u>	<u>\$ 1,056</u>	<u>\$ (21,577)</u>	<u>\$ 405,230</u>	<u>\$ 22,354</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

4. LONG-TERM LIABILITIES (Continued)

Transactions for the fiscal year ended June 30, 2010 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2009	Increases	Decreases	Outstanding June 30, 2010	Due Within One Year
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	\$ 200,000	\$ 200,000	\$ -	\$ (4,285)	\$ 195,715	\$ 6,525
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	12,190	9,165	-	-	9,165	2,905
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	79,920	-	(430)	79,490	1,095
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	111,165	-	(1,765)	109,400	1,930
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%, Maturity December 1, 2013	15,605	8,185	-	(1,185)	7,000	1,175
2001B General obligation bonds, interest ranges from 4.00% - 5.25%, Maturity June 1, 2021	98,000	8,860	-	(4,310)	4,550	4,550
2001A General obligation bonds, interest ranges from 4.10% - 5.50%, Maturity June 1, 2021	46,000	4,200	-	(2,055)	2,145	2,145
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	930	54	-	984	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,415	-	(130)	1,285	135
Note Payable, interest rate 6.83%, Maturity March 18, 2011	174	37	-	(21)	16	16
Note Payable, Legin Property, Maturity October 23, 2016	450	-	450	-	450	75
Premium on General obligation bonds	16,016	14,194	-	(1,053)	13,141	-
Less: deferred amount on refunding	(364)	(285)	-	73	(212)	-
Capital leases	497	100	346	(104)	342	91
OPEB liability	-	1,274	1,006	-	2,280	-
	<u>\$ 603,388</u>	<u>\$ 439,160</u>	<u>\$ 1,856</u>	<u>\$ (15,265)</u>	<u>\$ 425,751</u>	<u>\$ 20,642</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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
2012	\$ 22,080	\$ 18,672	\$ 140	\$ 55	\$ 75	\$ -	\$ 22,295	\$ 18,727
2013	24,105	17,799	150	49	75	-	24,330	17,848
2014	25,901	16,783	155	42	75	-	26,131	16,825
2015	21,980	15,529	165	34	75	-	22,220	15,563
2016	23,865	14,466	170	27	75	-	24,110	14,493
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>\$ 388,181</u>	<u>\$ 174,481</u>	<u>\$ 1,150</u>	<u>\$ 234</u>	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ 389,706</u>	<u>\$ 174,715</u>

General Obligation Bonds are direct obligations and pledge the full faith and credit of the College. The Certificate of Participation is also a general obligation backed by the full faith and credit of the College. Funds provided by the General Obligation Bonds and the Certificate of Participation were used and are being 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.

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, 2011 and 2010, the College had no arbitrage rebate liabilities.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

4. LONG-TERM LIABILITIES (Continued)

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, 2011, the outstanding balance of refunded bonds defeased totaled \$102 million.

In June 2010, the College entered into a capital lease agreement as lessee for financing the acquisition of equipment. The fair value of the assets was \$345,564. The future minimum lease obligations and the net present value of these minimum lease payments are as follows (in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 98
2013	98
2014	97
2015	<u>89</u>
Total minimum lease payments	382
Less:	
amount representing interest	<u>(92)</u>
Present value of minimum lease payments	<u><u>\$ 290</u></u>

5. OPERATING LEASES

Minimum Lease Payments

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>
2012	\$ 602
2013	464
2014	132
2015	47
2016	<u>43</u>
Total	<u><u>\$ 1,288</u></u>

The expense for operating leases for the years ended June 30, 2011 and 2010 was \$0.84 million and \$1.40 million, respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

5. OPERATING LEASES (Continued)

Minimum Future Rentals

The College leases land and buildings under non-cancelable operating leases. The land and buildings under the leases have a carrying amount of \$5.1 million and \$43.3 million respectively. However, only 10% of the Willow Creek Center, which represents \$38.7 million of the building carrying value, is under the leasing arrangement. The last lease will expire in November of 2018 with an option to extend up to an additional four years.

The minimum future rentals on the non-cancelable operating leases are as follows (in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 162
2013	448
2014	359
2015	233
2016	240
Later years	<u>606</u>
Total	<u>\$ 2,048</u>

6. LONG-TERM LEASE

In August 2008, the College entered into a ninety-nine year ground lease with Tri-County Metropolitan Transportation District of Oregon. The College's Willow Creek Center was built at the Southwest 185th Willow Creek Westside Light Rail Station. Payment of \$2.4 million was made in August 2008 as settlement of the lease. In January 2010, the College began making the annual payments to the landlord for parking space maintenance.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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.

The College retains the risk of liability claims under \$500 thousand per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2011 and no insurance settlement exceeded insurance coverage for the past three years. 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 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,	
	2011	2010
Unpaid claims, July 1	\$ 662	\$ 296
Incurred claims	117	713
Claim payments	(385)	(347)
Unpaid claims, June 30	<u>\$ 394</u>	<u>\$ 662</u>

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

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

9. PENSION PLANS (Continued)

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is then 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, 2011 were 12.01% and 12.65% respectively. These rates include approximately 12% contributed from the pension asset. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

The College's contribution to PERS (including contributions from the pension asset) for the years ended June 30, 2011, 2010, and 2009 were \$13.80 million, \$16.00 million and \$13.74 million respectively, which was the required contribution.

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,	
	2011	2010
Balance, July 1	\$ 111,247	\$ 108,675
Investment income (loss)	22,373	18,417
Contributions to cost sharing plan	(13,634)	(15,845)
Balance, June 30	<u>\$ 119,986</u>	<u>\$ 111,247</u>

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.

Retirement eligibility:

Faculty and AP employees: Employees with 10 years of full-time College service immediately preceding retirement and who has 30 years of creditable service in the state PERS or who is at least age 58 and not more than age 64.

Classified employees: Employees with 10 years of full-time College service immediately preceding retirement and who is at least age 55 and not more than 61 years of age or who has 30 years of creditable service in the state PERS.

Benefit eligibility:

Faculty and AP employees - retire prior to age 65.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Supplemental early retirement benefits:

Faculty and AP employees - \$400 per month until age 65 or for 48 months whichever comes first.

Classified employees - \$270 per month until age 62 or for 48 months, whichever is earlier. For those who retire on or after July 1, 2011 and prior to June 30, 2013, an additional lump sum equal to \$130 per month for each month the \$270 benefit is payable.

Actuarial costing method:

The actuarial funding method used to determine the cost of the Supplemental Early Retirement Program is Aggregate cost method. This method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. 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.
- 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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

Asset Valuation Method:

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

Basic actuarial assumptions:

1. Discount rate 3.25 percent per year

2. Mortality Male retirees: The RP-2000 generational combined active/healthy annuitant male mortality table with 75% white 25% blue collar adjustment and 12-month setback.
 Male actives: 85% of the male retirees' rates.
 Female retirees: The RP-2000 generational combined active/healthy annuitant female mortality table with white collar adjustment and no setback.
 Female actives: 50% of the female retirees' rates.

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

	Year Ended June 30,		
	2011	2010	2009
Annual required contribution	\$ -	\$ -	\$ 6
Interest on net pension surplus	(73)	(81)	(127)
Adjustment to required contribution	319	355	276
Annual pension cost	246	274	155
Contribution made (*)	-	-	(333)
Increase in pension surplus	246	274	(178)
Net pension surplus, beginning of year	(2,440)	(2,714)	(2,536)
Net pension surplus, end of year	<u>\$ (2,194)</u>	<u>\$ (2,440)</u>	<u>\$ (2,714)</u>
Interest on pension surplus	3.00%	3.00%	5.00%
Amortization factor	7.64	7.64	9.17
% of annual pension cost contributed	0%	0%	215%

(*) For GASB reporting purposes, the annual contribution allocated to the SERP's earmarked assets has been calculated as the portion of the overall contribution reported by the College in excess of pay-as-you-go costs for other programs funded by the overall contributions. For the fiscal year ended June 30, 2011, pay-as-you-go OPEB and EAP costs of \$0.20 million exceeded the overall reported contribution of \$28 thousand by \$0.18 million. As such, the contribution allocated to the SERP is \$0 and \$0.18 million of pay-as-you-go OPEB costs were assumed to have been paid from investment earnings on earmarked SERP assets. In the fiscal year ended June 30, 2010, pay-as-you-go OPEB and EAP costs of \$0.23 million exceeded the overall reported contribution of \$0.23 million by \$6 thousand. As such, the contribution allocated to the SERP is \$0 and \$6 thousand of pay-as-you-go OPEB costs were assumed to have been paid from investment earnings on earmarked SERP assets.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (Continued)

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

Valuation Date July 1,	AVA (1)	AAL (2)	UAAL (3)	Percent Funded	Covered Payroll	Percent of Covered Payroll
2007	\$ 1,695	\$ 1,756	\$ 61	96.5%	\$ 35,022	0.2%
2009	2,366	1,689	(678)	140.1%	34,542	(2.0%)
2011	1,911	2,156	246	88.6%	39,569	0.6%

- (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
2007	\$ 45	\$ 576	1,270%
2008	6	631	10,935%
2009	6	333	5,775%
2010	-	-	100%
2011	-	-	100%

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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,	
		2011	2010
Assets:			
	Cash and investments	\$ 2,174	\$ 2,488
	Receivables	29	23
	Total assets	<u>\$ 2,203</u>	<u>\$ 2,511</u>
Liabilities - accrued benefits payable		\$ 294	\$ 278
Net assets held in trust for pension benefits		<u>1,909</u>	<u>2,233</u>
	Total liabilities and net assets	<u>\$ 2,203</u>	<u>\$ 2,511</u>
		Year Ended June 30,	
		2011	2010
Revenues:			
	Contributions	\$ 28	\$ 228
	Interest income	17	20
	Total revenues	<u>45</u>	<u>248</u>
Expenses - benefits		<u>369</u>	<u>381</u>
	Net increase (decrease)	(324)	(133)
Beginning net assets		<u>2,233</u>	<u>2,366</u>
Ending net assets		<u>\$ 1,909</u>	<u>\$ 2,233</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, 2011 and 2010 was \$0.22 million and \$0.26 million respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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, 2011 is \$1,113 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 up to 72 months or until the attainment of age 65, if 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, 2011, 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 \$3.28 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Current healthcare premiums for plan members were as follows for the year ended June 30, 2011. 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.

<u>Medical Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 3	\$ 599.13	\$ 1,318.09	\$ 1,138.36	\$ 1,857.30
ODS Plan 6	453.31	997.29	861.30	1,405.26
ODS Plan 8	373.41	821.54	709.51	1,157.60
Kaiser Plan 1	438.87	965.52	833.86	1,360.49
<u>Vision Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 1	\$ 9.39	\$ 20.67	\$ 17.85	\$ 29.11
Kaiser Plan 5	7.59	16.71	14.43	23.53
<u>Dental Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 5	\$ 44.52	\$ 88.16	\$ 89.48	\$ 136.69
Willamette Plan 8	42.30	83.74	89.09	133.91
Kaiser Plan 7	65.81	144.80	125.05	204.03

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).

	<u>Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Annual Required Contribution	\$ 1,849	\$ 1,782
Interest on net OPEB obligation	68	38
ARC adjustment	(76)	(41)
Annual OPEB Cost	1,841	1,779
Contributions Made	(842)	(773)
Increase in net OPEB obligation	999	1,006
Net OPEB obligation at beginning of year	2,280	1,274
Net OPEB obligation at end of year	<u>\$ 3,279</u>	<u>\$ 2,280</u>
Interest rate	3.00%	3.00%
Amortization factor for ARC adjustment	29.7	30.9

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2011 and 2010**

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 years ended June 30, 2011, 2010 and 2009 were as follows (in thousands):

<u>Year</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
2009	\$ 1,547	59%	\$ 1,274
2010	1,779	43%	2,280
2011	1,841	46%	3,279

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

<u>Actuarial 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>UAAL as a Percentage of Covered Payroll</u>
2007	\$ -	\$ 13,627	\$ 13,627	- %	\$ 67,791	20.1%
2009	-	16,498	16,498	- %	85,454	19.3%
2011	-	19,033	19,033	- %	94,614	20.1%

- (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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.25% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% for Medical, reduced by decrements to an ultimate rate of 6.2% 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, 2011 and 2010**

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 0.29% 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, 2011, 2010 and 2009 were \$78 thousand, \$82 thousand and \$47 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, 2011 and 2010**

11. RELATED ORGANIZATION (Continued)

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2011 and 2010 is as follows (in thousands):

	2011	2010
Total assets	\$ 8,619	\$ 6,927
Total net assets	8,390	6,250
Total support and revenues	4,393	3,537
Total expenses	2,253	2,586

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The College has approximately \$11.02 million in on-going construction commitments as of June 30, 2011. The commitments include building renovation projects at Sylvania campus and the completion of an education and training center at Newberg. These projects primarily consist of creating more classrooms to accommodate the large increase in student enrollment. Other ongoing commitments include consulting services for district-wide bond project master planning, and consulting services for the district-wide implementation of solar energy projects.

State of Oregon Department of Energy ARRA Grant

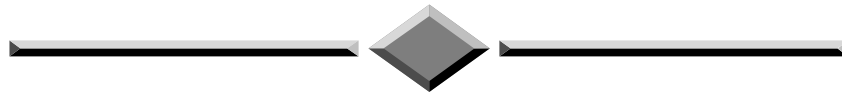
In 2009, the College was approved to receive \$1 million through an Oregon Department of Energy American Recovery and Reinvestment Act pass-through grant. This grant was matched with College bond funds and used for energy saving upgrades and movement towards a more sustainable operation at Sylvania, the largest campus. Work was completed in late winter, 2011. As of June 30, 2011, the college has received all but \$250 thousand from the state, pending review by the Oregon Department of Energy.

Federal Issues

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



Other SUPPLEMENTARY INFORMATION



Individual funds
and other financial schedules



GENERAL FUND

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2011

<u>GENERAL FUND</u>				
	<u>2009-2011 ADJUSTED BUDGET</u>	<u>2nd YEAR ACTUAL</u>	<u>TOTAL ACTUALS</u>	<u>VARIANCE FROM BUDGET</u>
REVENUES:				
From local sources:				
District tax levy:				
Current	\$ 50,516,356	\$ 25,936,637	\$ 50,991,408	\$ 475,052
Prior	1,434,169	595,070	1,108,651	(325,518)
Total district tax levy	51,950,525	26,531,707	52,100,059	149,534
Tuition and fees	162,586,724	86,399,902	165,396,605	2,809,881
Other sources:				
Interest from investments	1,344,004	295,341	724,289	(619,715)
Miscellaneous local sources	3,361,303	1,700,709	3,291,586	(69,717)
Total other sources	4,705,307	1,996,050	4,015,875	(689,432)
Total from local sources	219,242,556	114,927,659	221,512,539	2,269,983
From state sources:				
FTE reimbursement	115,841,381	55,908,630	116,191,172	349,791
Total from state sources	115,841,381	55,908,630	116,191,172	349,791
TOTAL REVENUES, BUDGETARY BASIS	335,083,937	170,836,289	337,703,711	2,619,774

Continued on page 41.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

For the year ended June 30, 2011

	<u>GENERAL FUND</u>			
	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:				
Campus program areas:				
Sylvania	\$ 85,214,352	\$ 44,377,618	\$ 84,891,563	\$ 322,789
Rock Creek Campus	54,748,065	28,838,064	54,740,047	8,018
Cascade	48,277,891	25,312,303	47,989,514	288,377
Extended Learning	18,285,008	9,422,928	17,872,911	412,097
Total Campus program areas	206,525,316	107,950,913	205,494,035	1,031,281
Non-program areas:				
Personal Services	85,605,690	44,185,720	85,507,267	98,423
Materials & Services	39,893,537	20,488,253	38,896,668	996,869
Capital Outlay	5,806,400	3,622,253	4,360,768	1,445,632
Total Non-program areas	131,305,627	68,296,226	128,764,703	2,540,924
TOTAL EXPENDITURES	337,830,943	176,247,139	334,258,738	3,572,205
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(2,747,006)	(5,410,850)	3,444,973	6,191,979
OTHER FINANCING SOURCES (USES):				
Transfers in	8,077,486	3,498,239	7,238,889	(838,597)
Transfers out	(6,834,206)	(3,436,182)	(6,834,206)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,243,280	62,057	404,683	(838,597)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(1,503,726)	(5,348,793)	3,849,656	5,353,382
Beginning fund balance	28,311,502	37,509,950	28,311,501	(1)
Ending fund balance - budgetary basis	\$ 26,807,776	\$ 32,161,157	\$ 32,161,157	\$ 5,353,381



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, 2011

CONTINUING AND COMMUNITY EDUCATION FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Other local sources	\$ 4,498,798	\$ 1,576,357	\$ 2,720,681	\$ (1,778,117)
Tuition and fees	10,817,714	3,992,679	8,858,243	(1,959,471)
TOTAL REVENUES	15,316,512	5,569,036	11,578,924	(3,737,588)
EXPENDITURES:				
Sylvania Campus	527,760	61,762	77,506	450,254
Extended Learning Campus	14,567,968	4,935,443	10,556,108	4,011,860
Cascade Campus	82,491	17,275	68,978	13,513
Contingency	1,143	-	-	1,143
TOTAL EXPENDITURES	15,179,362	5,014,480	10,702,592	4,476,770
REVENUES OVER (UNDER) EXPENDITURES	137,150	554,556	876,332	739,182
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(632,897)	(204,196)	(473,478)	428,701
TOTAL OTHER FINANCING SOURCES (USES)	(632,897)	(204,196)	(473,478)	428,701
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(495,747)	350,360	402,854	898,601
Beginning fund balance	495,747	548,241	495,747	-
Ending fund balance - budgetary basis	\$ -	\$ 898,601	\$ 898,601	\$ 898,601

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

AUXILIARY SERVICES FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Facilities usage	\$ 650,471	\$ 297,321	\$ 594,086	\$ (56,385)
Campus activities	376,370	132,295	273,178	(103,192)
TOTAL REVENUES	1,026,841	429,616	867,264	(159,577)
EXPENDITURES:				
Facilities usage	758,655	254,871	540,397	218,258
Campus activities	517,768	119,780	229,869	287,899
Contingency	124,560	-	-	124,560
TOTAL EXPENDITURES	1,400,983	374,651	770,266	630,717
REVENUES OVER (UNDER) EXPENDITURES	(374,142)	54,965	96,998	471,140
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(176,047)	(94,685)	(131,769)	44,278
TOTAL OTHER FINANCING SOURCES (USES)	(176,047)	(94,685)	(131,769)	44,278
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(550,189)	(39,720)	(34,771)	515,418
Beginning fund balance	550,189	555,138	550,189	-
Ending fund balance - budgetary basis	\$ -	\$ 515,418	\$ 515,418	\$ 515,418

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

STUDENT ACTIVITIES FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 7,000	\$ 2,893	\$ 6,014	\$ (986)
From local sources:				
Student activities fees	2,865,555	1,720,396	3,356,763	491,208
Other local sources	264,000	111,710	218,611	(45,389)
Total from local sources	3,129,555	1,832,106	3,575,374	445,819
TOTAL REVENUES	3,136,555	1,834,999	3,581,388	444,833
EXPENDITURES:				
Sylvania Campus Programs	1,262,521	677,788	1,211,378	51,143
Rock Creek Campus Programs	810,325	403,881	746,869	63,456
Cascade Campus Programs	1,039,946	576,559	977,747	62,199
Extended Learning Campus Programs	292,800	157,992	268,563	24,237
Contingency	62,905	-	-	62,905
TOTAL EXPENDITURES	3,468,497	1,816,220	3,204,557	263,940
REVENUES OVER (UNDER) EXPENDITURES	(331,942)	18,779	376,831	708,773
Beginning fund balance	331,942	689,994	331,942	-
Ending fund balance - budgetary basis	\$ -	\$ 708,773	\$ 708,773	\$ 708,773

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

CONTRACTED PROGRAMS FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Local sources	\$ 10,945,984	\$ 4,839,743	10,715,643	\$ (230,341)
State sources	17,139,061	7,009,340	14,086,026	(3,053,035)
Federal sources	37,538,259	16,205,382	29,268,261	(8,269,998)
TOTAL REVENUES	65,623,304	28,054,465	54,069,930	(11,553,374)
EXPENDITURES:				
Local contracts	10,707,314	4,882,990	9,673,754	1,033,560
State grants	13,921,592	7,003,467	13,627,718	293,874
Federal grants	31,284,159	15,091,872	27,364,744	3,919,415
TOTAL EXPENDITURES	55,913,065	26,978,329	50,666,216	5,246,849
Contingency	2,933,820	-	-	2,933,820
REVENUES OVER (UNDER) EXPENDITURES	6,776,419	1,076,136	3,403,714	(3,372,705)
OTHER FINANCING SOURCES (USES):				
Transfers in	455,470	329,097	455,470	-
Transfers (out)	(4,164,618)	(1,821,875)	(3,601,041)	563,577
TOTAL OTHER FINANCING SOURCES (USES)	(3,709,148)	(1,492,778)	(3,145,571)	563,577
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	3,067,271	(416,642)	258,143	(2,809,128)
Beginning fund balance	2,367,784	3,042,569	2,367,784	-
Ending fund balance - budgetary basis	\$ 5,435,055	\$ 2,625,927	\$ 2,625,927	\$ (2,809,128)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

<u>STUDENT FINANCIAL AID FUND</u>				
	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
From local sources:				
Interest from investments	\$ 53,274	\$ 1,263	\$ 4,266	\$ (49,008)
Private scholarships	6,188,088	255,192	543,339	(5,644,749)
Miscellaneous income	-	886	1,586	1,586
Total from local sources	6,241,362	257,341	549,191	(5,692,171)
From federal sources	226,062,068	162,110,318	229,650,859	3,588,791
TOTAL REVENUES	232,303,430	162,367,659	230,200,050	(2,103,380)
EXPENDITURES:				
College funded programs	828,699	183,788	299,208	529,491
Federal programs	231,607,314	162,006,863	229,945,710	1,661,604
Short term student loan program	804,132	255,192	543,339	260,793
Contingency	254,724	-	-	254,724
TOTAL EXPENDITURES	233,494,869	162,445,843	230,788,257	2,706,612
REVENUES OVER (UNDER) EXPENDITURES	(1,191,439)	(78,184)	(588,207)	603,232
OTHER FINANCING SOURCES (USES):				
Transfers in	1,354,845	693,945	1,556,942	202,097
Transfers (out)	(615,000)	(188,444)	(390,541)	224,459
TOTAL OTHER FINANCING SOURCES (USES)	739,845	505,501	1,166,401	426,556
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(451,594)	427,317	578,194	1,029,788
Beginning fund balance	451,594	602,471	451,594	-
Ending fund balance - budgetary basis	\$ -	\$ 1,029,788	\$ 1,029,788	\$ 1,029,788

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, 2011

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

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
From local sources:				
Proceeds from tax levies - current year	\$ 63,065,226	\$ 32,711,578	\$ 63,965,128	\$ 899,902
Proceeds from tax levies - prior year	1,164,356	593,916	994,980	(169,376)
Interest from investments	184,270	139,973	260,695	76,425
TOTAL REVENUES	<u>64,413,852</u>	<u>33,445,467</u>	<u>65,220,803</u>	<u>806,951</u>
EXPENDITURES:				
Principal payments	33,430,000	18,395,000	33,430,000	-
Interest payments	<u>31,750,294</u>	<u>14,531,706</u>	<u>31,750,294</u>	<u>-</u>
TOTAL EXPENDITURES	<u>65,180,294</u>	<u>32,926,706</u>	<u>65,180,294</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(766,442)</u>	<u>518,761</u>	<u>40,509</u>	<u>806,951</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(766,442)	518,761	40,509	806,951
Beginning fund balance	<u>3,876,872</u>	<u>3,398,620</u>	<u>3,876,872</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 3,110,430</u>	<u>\$ 3,917,381</u>	<u>\$ 3,917,381</u>	<u>\$ 806,951</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

CAPITAL LEASE / PURCHASE FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 2,581	\$ -	\$ -	\$ (2,581)
TOTAL REVENUES	<u>2,581</u>	<u>-</u>	<u>-</u>	<u>(2,581)</u>
EXPENDITURES:				
Principal payment	265,000	135,000	265,000	-
Interest payment	<u>129,170</u>	<u>61,659</u>	<u>129,160</u>	<u>10</u>
TOTAL EXPENDITURES	<u>394,170</u>	<u>196,659</u>	<u>394,160</u>	<u>10</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(391,589)</u>	<u>(196,659)</u>	<u>(394,160)</u>	<u>(2,571)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>394,170</u>	<u>196,660</u>	<u>394,170</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	2,581	1	10	(2,571)
Beginning fund balance	<u>44,755</u>	<u>44,764</u>	<u>44,755</u>	<u>-</u>
Ending fund balance - budgetary basis	<u><u>\$ 47,336</u></u>	<u><u>\$ 44,765</u></u>	<u><u>\$ 44,765</u></u>	<u><u>\$ (2,571)</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

PERS DEBT SERVICE BOND FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:				
Principal payments	\$ 3,695,000	\$ 1,930,000	\$ 3,695,000	\$ -
Interest payments	10,193,475	5,068,409	10,193,475	-
Bond Issuance costs	10,000	-	-	10,000
	<u>13,898,475</u>	<u>6,998,409</u>	<u>13,888,475</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>13,898,475</u>	<u>6,998,409</u>	<u>13,888,475</u>	<u>10,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,898,475)</u>	<u>(6,998,409)</u>	<u>(13,888,475)</u>	<u>10,000</u>
OTHER FINANCING SOURCES (USES):				
Transfer from PERS Bond Fund	13,898,475	6,998,409	13,888,475	(10,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance - budgetary basis	<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, 2011

CAPITAL PROJECTS FUND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 471,343	\$ 22,560	\$ 144,746	\$ (326,597)
State lottery funded	-	-	1,870,109	1,870,109
State XI-G funded	-	1,462,748	2,367,172	2,367,172
Other revenues	56,944	190,628	319,668	262,724
TOTAL REVENUES	528,287	1,675,936	4,701,695	4,173,408
EXPENDITURES:				
Capital outlay - District-wide projects	18,220,703	2,709,409	8,185,968	10,034,735
Contingency	4,588,706	-	-	4,588,706
TOTAL EXPENDITURES	22,809,409	2,709,409	8,185,968	14,623,441
REVENUES OVER (UNDER) EXPENDITURES	(22,281,122)	(1,033,473)	(3,484,273)	18,796,849
OTHER FINANCING SOURCES (USES):				
Transfers in	11,191,000	2,188,336	4,171,336	(7,019,664)
Transfers (out)	(4,348,526)	-	(4,348,526)	-
TOTAL OTHER FINANCING SOURCES (USES)	6,842,474	2,188,336	(177,190)	(7,019,664)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(15,438,648)	1,154,863	(3,661,463)	11,777,185
Beginning fund balance	15,438,648	10,622,322	15,438,648	-
Ending fund balance - budgetary basis	\$ -	\$ 11,777,185	\$ 11,777,185	\$ 11,777,185

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

<u>CAPITAL CONSTRUCTION FUND</u>				
	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 5,244,652	\$ 1,447,742	\$ 3,461,006	\$ (1,783,646)
State sources	13,284,300	1,120,000	8,140,835	(5,143,465)
Miscellaneous income	1,000,000	221,413	282,884	(717,116)
TOTAL REVENUES	19,528,952	2,789,155	11,884,725	(7,644,227)
EXPENDITURES:				
Sylvania Campus	13,792,000	3,757,476	4,303,414	9,488,586
Cascade Campus	28,615,000	1,588,680	1,833,105	26,781,895
Rock Creek Campus	27,720,000	779,564	1,301,698	26,418,302
Southeast Center	42,500,000	1,180,035	13,655,530	28,844,470
District-wide Projects	60,637,588	13,369,321	46,569,709	14,067,879
Contingency	18,745,019	-	-	18,745,019
TOTAL EXPENDITURES	192,009,607	20,675,076	67,663,456	124,346,151
REVENUES OVER (UNDER) EXPENDITURES	(172,480,655)	(17,885,921)	(55,778,731)	116,701,924
OTHER FINANCING SOURCES (USES):				
Gain (loss) on investments	-	130,139	201,949	201,949
Transfers in	3,738,394	-	3,738,394	-
Transfers out	(6,215,000)	-	-	6,215,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,476,606)	130,139	3,940,343	6,416,949
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(174,957,261)	(17,755,782)	(51,838,388)	123,118,873
Beginning fund balance	178,695,655	144,613,049	178,695,655	-
Ending fund balance - budgetary basis	<u>\$ 3,738,394</u>	<u>\$ 126,857,267</u>	<u>\$ 126,857,267</u>	<u>\$ 123,118,873</u>



PROPRIETARY FUNDS

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

ENTERPRISE FUNDS

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

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

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

INTERNAL SERVICE FUNDS

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

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

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

ENTERPRISE FUND - FOOD SERVICES

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Food sales	\$ 8,623,579	\$ 4,580,935	\$ 8,705,055	\$ 81,476
TOTAL REVENUES	8,623,579	4,580,935	8,705,055	81,476
EXPENDITURES:				
Food services operations	9,083,715	4,486,213	8,559,032	524,683
Contingency	140,829	-	-	140,829
TOTAL EXPENDITURES	9,224,544	4,486,213	8,559,032	665,512
REVENUES OVER (UNDER) EXPENDITURES	(600,965)	94,722	146,023	746,988
OTHER FINANCING SOURCES (USES):				
Interest from investments	18,219	1,161	64,959	46,740
Transfers in	300,417	151,023	300,417	-
Transfers (out)	(86,331)	(43,593)	(86,331)	-
TOTAL OTHER FINANCING SOURCES (USES)	232,305	108,591	279,045	46,740
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(368,660)	203,313	425,068	793,728
Beginning fund balance- restated (1)	368,661	464,239	242,484	(126,177)
Ending fund balance - budgetary basis	\$ 1	\$ 667,552	\$ 667,552	\$ 667,551

(1) Beginning fund balance has been restated to remove inventory from the fund balance sheet and fund balance to compile true budgetary statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

ENTERPRISE FUND - BOOKSTORE

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Bookstore sales	\$ 31,123,600	\$ 15,984,029	\$ 31,871,657	\$ 748,057
Miscellaneous income	80,000	77,893	138,097	58,097
TOTAL REVENUES	31,203,600	16,061,922	32,009,754	806,154
EXPENDITURES:				
Bookstore operations	32,575,895	13,838,961	27,837,558	4,738,337
Contingency	1,041,366	-	-	1,041,366
TOTAL EXPENDITURES	33,617,261	13,838,961	27,837,558	5,779,703
REVENUES OVER (UNDER) EXPENDITURES	(2,413,661)	2,222,961	4,172,196	6,585,857
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(976,724)	(565,477)	(976,724)	-
Interest from investments	548,513	79,942	137,781	(410,732)
TOTAL OTHER FINANCING SOURCES (USES)	(428,211)	(485,535)	(838,943)	(410,732)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,841,872)	1,737,426	3,333,253	6,175,125
Beginning fund balance - restated (1)	10,788,717	10,220,848	8,625,021	(2,163,696)
Ending fund balance - budgetary basis	\$ 7,946,845	\$ 11,958,274	\$ 11,958,274	\$ 4,011,429

(1) Beginning fund balance has been restated to remove inventory from the fund balance sheet and fund balance to compile true budgetary statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

ENTERPRISE FUND - PARKING OPERATIONS

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Parking permits	\$ 5,181,192	\$ 2,630,022	\$ 5,083,335	\$ (97,857)
Parking fines	278,035	265,683	464,566	186,531
Other revenue	901,200	1,124,579	2,140,952	1,239,752
TOTAL REVENUES	6,360,427	4,020,284	7,688,853	1,328,426
EXPENDITURES:				
Parking operations	5,162,212	2,677,421	4,809,294	352,918
Contingency	972,411	-	-	972,411
TOTAL EXPENDITURES	6,134,623	2,677,421	4,809,294	1,325,329
REVENUES OVER (UNDER) EXPENDITURES	225,804	1,342,863	2,879,559	2,653,755
OTHER FINANCING SOURCES (USES):				
Interest from investments	11,780	11,038	24,569	12,789
Transfers (out)	(998,544)	(453,496)	(898,544)	100,000
TOTAL OTHER FINANCING SOURCES (USES)	(986,764)	(442,458)	(873,975)	112,789
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(760,960)	900,405	2,005,584	2,766,544
Beginning fund balance	760,960	1,866,139	760,960	-
Ending fund balance - budgetary basis	\$ -	\$ 2,766,544	\$ 2,766,544	\$ 2,766,544

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

INTERNAL SERVICE FUND - PRINT CENTER

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Charges for services-internal	\$ 1,136,047	\$ 458,121	\$ 975,275	\$ (160,772)
Charges for services-external	74,852	24,257	45,629	(29,223)
Copy machine income	1,174,207	542,083	1,116,658	(57,549)
Miscellaneous income	14,371	4,934	5,191	(9,180)
TOTAL REVENUES	2,399,477	1,029,395	2,142,753	(256,724)
EXPENDITURES:				
Print center operations	2,344,124	974,200	1,961,675	382,449
Contingency	292,072	-	-	292,072
TOTAL EXPENDITURES	2,636,196	974,200	1,961,675	674,521
REVENUES OVER (UNDER) EXPENDITURES	(236,719)	55,195	181,078	417,797
OTHER FINANCING SOURCES (USES):				
Interest from investments	-	2,399	6,644	6,644
Transfers (out)	(187,912)	(94,662)	(187,912)	-
TOTAL OTHER FINANCING SOURCES (USES)	(187,912)	(92,263)	(181,268)	6,644
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(424,631)	(37,068)	(190)	424,441
Beginning fund balance- restated (1)	424,631	419,280	382,402	(42,229)
Ending fund balance - budgetary basis	\$ -	\$ 382,212	\$ 382,212	\$ 382,212

(1) Beginning fund balance has been restated to remove inventory from the fund balance sheet and fund balance to compile true budgetary statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

INTERNAL SERVICE FUND - RISK MANAGEMENT

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Department charges & other revenues	\$ 2,874,630	\$ 1,726,837	\$ 3,330,983	\$ 456,353
Insurance reimbursement	158,435	157,834	157,834	(601)
TOTAL REVENUES	3,033,065	1,884,671	3,488,817	455,752
EXPENDITURES:				
Self-insurance & risk administration	3,285,154	1,257,825	3,086,097	199,057
Contingency	930,626	-	-	930,626
TOTAL EXPENDITURES	4,215,780	1,257,825	3,086,097	1,129,683
REVENUES OVER (UNDER) EXPENDITURES	(1,182,715)	626,846	402,720	1,585,435
OTHER FINANCING SOURCES (USES)				
Interest from investments	149,549	14,849	50,465	(99,084)
Transfers out	(182,835)	(182,834)	(182,834)	1
TOTAL OTHER FINANCING SOURCES (USES)	(33,286)	(167,985)	(132,369)	(99,083)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,216,001)	458,861	270,351	1,486,352
Beginning fund balance	3,376,057	3,187,547	3,376,057	-
Ending fund balance - budgetary basis	\$ 2,160,056	\$ 3,646,408	\$ 3,646,408	\$ 1,486,352

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2011

INTERNAL SERVICE FUND - PERS BOND

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Department PERS charges	\$ 8,760,084	\$ 8,464,546	\$ 16,233,254	\$ 7,473,170
TOTAL REVENUES	<u>8,760,084</u>	<u>8,464,546</u>	<u>16,233,254</u>	<u>7,473,170</u>
OTHER FINANCING SOURCES (USES):				
Transfers to Debt Service Fund	(13,898,475)	(6,998,409)	(13,888,475)	10,000
Interest from investments	<u>1,268,434</u>	<u>162,158</u>	<u>487,873</u>	<u>(780,561)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,630,041)</u>	<u>(6,836,251)</u>	<u>(13,400,602)</u>	<u>(770,561)</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	(3,869,957)	1,628,295	2,832,652	6,702,609
Beginning fund balance	<u>33,723,431</u>	<u>34,927,788</u>	<u>33,723,431</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 29,853,474</u>	<u>\$ 36,556,083</u>	<u>\$ 36,556,083</u>	<u>\$ 6,702,609</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, 2011

PENSION TRUST FUND - EARLY RETIREMENT

	2009-2011 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Amount provided by General Fund	\$ 456,288	\$ 28,144	\$ 256,288	\$ (200,000)
Interest from investments	127,009	16,644	36,608	(90,401)
TOTAL REVENUES	583,297	44,788	292,896	(290,401)
EXPENDITURES:				
Other post-retirement benefits	1,030,787	368,819	750,512	280,275
Contingency	199,707	-	-	199,707
TOTAL EXPENDITURES	1,230,494	368,819	750,512	479,982
REVENUES OVER (UNDER) EXPENDITURES	(647,197)	(324,031)	(457,616)	189,581
Beginning fund balance	2,366,266	2,232,681	2,366,266	-
Ending fund balance - budgetary basis	\$ 1,719,069	\$ 1,908,650	\$ 1,908,650	\$ 189,581

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2011

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2002A, ISSUED 04/30/2002 PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
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>\$ 5,825,000</u>	<u>\$ 579,598</u>	<u>\$ 6,404,598</u>

FISCAL YEAR	SERIES 2005, ISSUED 06/15/2005 PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
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>\$ 78,395,000</u>	<u>\$ 16,747,313</u>	<u>\$ 95,142,313</u>

FISCAL YEAR	SERIES 2009, ISSUED 04/01/2009 PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
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>\$ 189,190,000</u>	<u>\$ 101,931,750</u>	<u>\$ 291,121,750</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2011

GENERAL OBLIGATION CITIZEN BONDS (ZERO-COUPON)

<u>MATURITY -- JULY 1st</u>	<u>MATURITY (FACE) VALUE</u>	<u>DISCOUNT</u>	<u>PRINCIPAL OUTSTANDING</u>
2013	\$ 1,165,000	\$ 123,861	\$ 1,041,139

GENERAL OBLIGATION - ADVANCE REFUNDING BONDS

<u>FISCAL YEAR</u>	<u>SERIES 2008, ISSUED 05/29/2008 PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL REQUIREMENTS</u>
2011-12	\$ 3,050,000	174,150	\$ 3,224,150
2012-13	3,210,000	64,200	3,274,200
TOTALS	\$ 6,260,000	\$ 238,350	\$ 6,498,350

Continued from page 59.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2011

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 107,470,000</u>	<u>\$ 54,860,004</u>	<u>\$ 162,330,004</u>

Continued from page 59 through 60.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2011

CERTIFICATE OF PARTICIPATION , UTILITY LOAN PAYABLE AND NOTE PAYABLE

CERTIFICATE OF PARTICIPATION

FISCAL YEAR	SERIES 1998, ISSUED 4/01/98		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 1,150,000</u>	<u>\$ 234,420</u>	<u>\$ 1,384,420</u>

NOTE PAYABLE

FISCAL YEAR	LEGIN PROPERTY		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2011-12	\$ 75,000		\$ 75,000
2012-13	75,000		75,000
2013-14	75,000		75,000
2014-15	75,000		75,000
2015-16	75,000		75,000
TOTALS	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- GENERAL FUND
For the year ended June 30, 2011

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2010	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11
GENERAL FUND:						
Current:						
2010-11	<u>\$ 27,157,763</u>	<u>\$ (681,007)</u>	<u>\$ (118,589)</u>	<u>\$ 6,010</u>	<u>\$ (25,622,460)</u>	<u>\$ 741,717</u>
Prior years:						
2009-10	820,818	543	(38,129)	20,984	(475,651)	328,565
2008-09	341,033	218	(17,743)	18,168	(169,119)	172,557
2007-08	139,076	19	(7,326)	14,580	(94,505)	51,844
2006-07	44,538	4	(2,846)	4,855	(35,298)	11,253
2005-06	8,456	-	(1,707)	541	(2,136)	5,154
2004 and prior	<u>29,051</u>	<u>1</u>	<u>(3,180)</u>	<u>1,124</u>	<u>(1,978)</u>	<u>25,018</u>
Total prior	<u>1,382,972</u>	<u>785</u>	<u>(70,931)</u>	<u>60,252</u>	<u>(778,687)</u>	<u>594,391</u>
Total General Fund	<u>\$ 28,540,735</u>	<u>\$ (680,222)</u>	<u>\$ (189,520)</u>	<u>\$ 66,262</u>	<u>\$ (26,401,147)</u>	<u>\$ 1,336,108</u>

RECONCILIATION TO REVENUES:

	GENERAL FUND
Cash collection by county treasurer above	\$ 26,401,147
Property taxes susceptible to accrual at June 30, 2011	168,052
Property taxes susceptible to accrual at July 1, 2010	(182,394)
Taxes in lieu of property taxes and other adjustments	<u>144,902</u>
Total revenues	<u>\$ 26,531,707</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- DEBT SERVICE FUND
For the year ended June 30, 2011

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2010	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11
DEBT SERVICE FUND:						
Current:						
2010-11	\$ 34,291,394	\$ (859,881)	\$ (149,606)	\$ 7,562	\$ (32,352,887)	\$ 936,582
Prior years:						
2009-10	1,027,648	681	(47,715)	26,206	(595,419)	411,401
2008-09	267,905	171	(13,915)	14,243	(132,821)	135,583
2007-08	110,275	16	(5,790)	11,538	(74,924)	41,115
2006-07	32,812	4	(2,090)	3,564	(26,008)	8,282
2005-06	6,394	-	(1,291)	408	(1,612)	3,899
2004 and prior	16,198	1	(2,302)	910	(1,673)	13,134
Total prior	1,461,232	873	(73,103)	56,869	(832,457)	613,414
Total Debt Service Fund	<u>\$ 35,752,626</u>	<u>\$ (859,008)</u>	<u>\$ (222,709)</u>	<u>\$ 64,431</u>	<u>\$ (33,185,344)</u>	<u>\$ 1,549,996</u>

RECONCILIATION TO REVENUES:	DEBT SERVICE FUND
Cash collection by county treasurer above	\$ 33,185,344
Property taxes susceptible to accrual at June 30, 2011	194,232
Property taxes susceptible to accrual at July 1, 2010	(196,272)
Taxes in lieu of property taxes and other adjustments	122,190
Total revenues	<u>\$ 33,305,494</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 conveys regarding 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

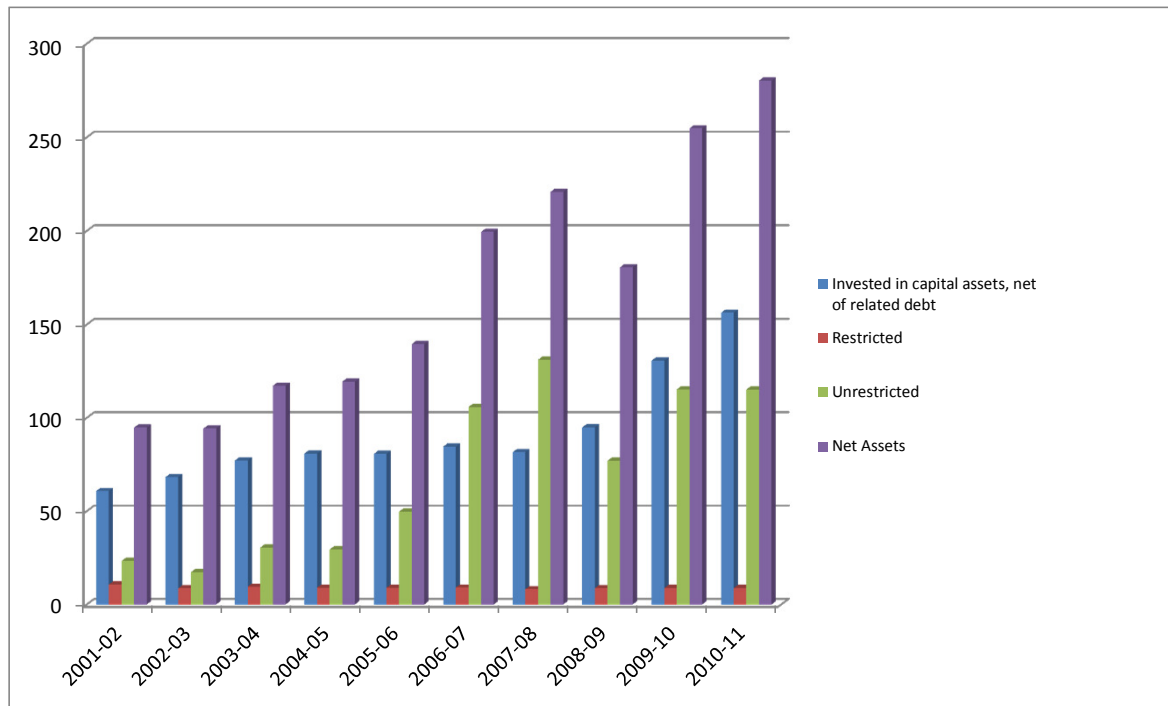
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The College implemented GASB Statement 35 in 2002; schedules presenting "government-wide information" include information beginning that year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2010-11	2009-10	2008-09	2007-08
Net assets invested in capital assets Less related debt	\$ 323,919 (167,624)	\$ 300,161 (169,457)	\$ 242,922 (148,025)	\$ 211,565 (129,947)
Invested in capital assets, net	156,295	130,704	94,897	81,618
Net assets, restricted	8,782	8,764	8,700	8,203
Net assets, unrestricted	115,262	115,364	76,987	131,125
TOTAL NET ASSETS	\$ 280,339	\$ 254,832	\$ 180,584	\$ 220,946

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



<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 226,769 <u>(142,130)</u>	\$ 228,863 <u>(148,176)</u>	\$ 225,776 <u>(144,881)</u>	\$ 202,340 <u>(125,142)</u>	\$ 143,388 <u>(75,124)</u>	\$ 113,142 <u>(52,366)</u>
84,639	80,687	80,895	77,198	68,264	60,776
9,056	8,996	8,975	9,497	8,688	10,683
<u>105,837</u>	<u>49,805</u>	<u>29,538</u>	<u>30,460</u>	<u>17,307</u>	<u>23,301</u>
<u>\$ 199,532</u>	<u>\$ 139,488</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 TEN FISCAL YEARS (in Thousands)

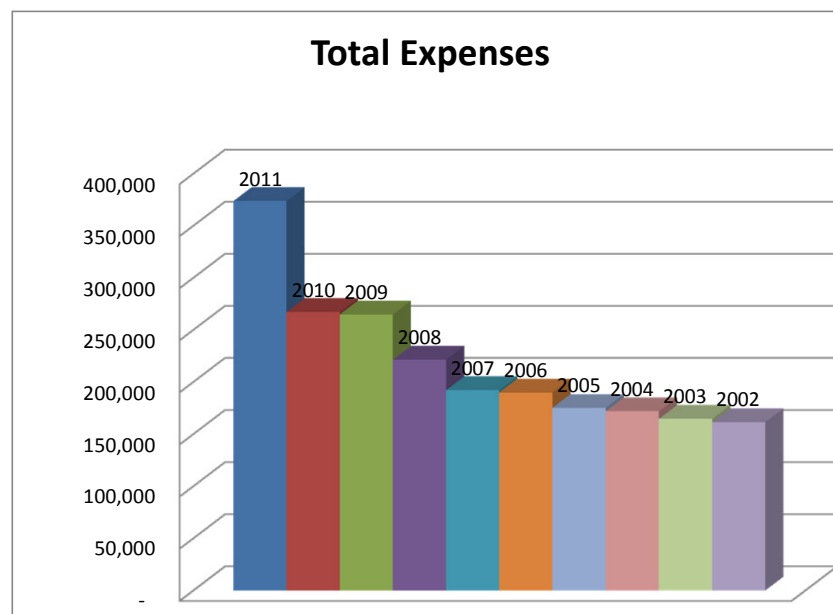
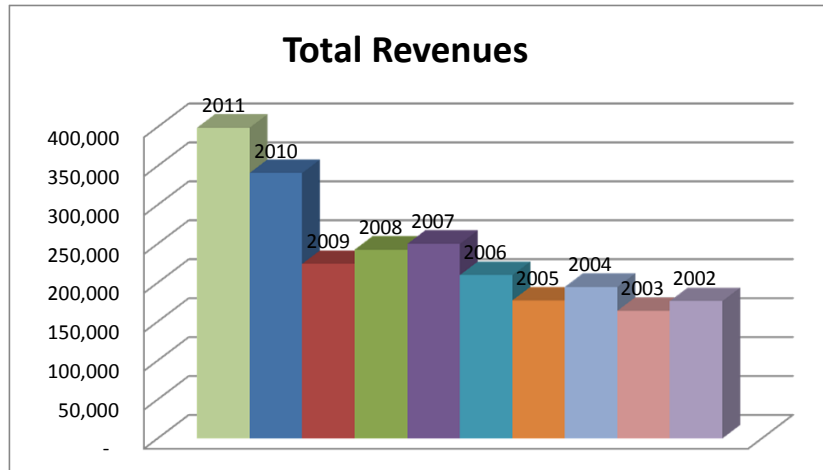
	2010-11	2009-10	2008-09	2007-08
Operating revenues				
Student tuition and fees, net	\$ 62,644	\$ 61,946	\$ 52,837	\$ 49,203
Grants and contracted programs	21,045	18,944	16,449	19,845
Auxiliary enterprises	18,298	18,093	15,721	14,679
Other operating revenues	221	61	11	3,129
Total operating revenues	102,208	99,044	85,018	86,856
Nonoperating revenues				
State FTE reimbursement	41,003	77,046	48,945	81,165
Property taxes	59,895	57,622	44,162	42,504
Federal financial aid	160,113	65,804	31,828	20,837
State and local grants and contracts	11,740	18,881	11,069	6,962
Investment income	1,814	4,208	3,267	4,362
Investment gain on pension asset	22,373	18,416	-	-
Gain on disposal of assets	-	-	10	-
Other nonoperating revenues	-	-	-	-
Total nonoperating revenues	296,938	241,977	139,281	155,830
Total Revenues	399,146	341,021	224,299	242,686
Operating expenses				
Campus educational and campus general	118,239	111,610	103,227	98,524
Other educational and general	59,521	55,597	52,898	45,910
Grants and contracted programs	26,881	23,658	21,649	24,841
Auxiliary enterprises	20,885	19,919	17,136	16,228
Student financial aid, net tuition and textbooks	122,877	35,635	11,953	7,451
Other support services	3,614	4,034	3,696	2,848
Depreciation and amortization	6,670	5,458	5,830	5,855
Total operating expenses	358,687	255,911	216,389	201,657
Nonoperating expenses				
Interest expense	14,930	11,092	13,281	11,796
Investment loss on pension asset	-	-	35,023	-
Loss on disposal of assets	22	4	-	7,749
Other nonoperating expenses	-	-	-	-
Total nonoperating expenses	14,952	11,096	48,304	19,545
Total Expenses	373,639	267,007	264,693	221,202
Capital contributions	-	234	32	-
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ 25,507	\$ 74,248	\$ (40,362)	\$ 21,484

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

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
\$ 45,085	\$ 41,213	\$ 39,887	\$ 34,938	\$ 32,435	\$ 27,667
20,958	20,248	19,909	19,392	17,674	17,303
13,564	13,039	13,238	13,062	13,305	12,565
3,775	4,343	3,922	5,947	5,265	4,649
83,382	78,843	76,956	73,339	68,679	62,184
42,146	66,695	37,722	62,346	34,994	51,653
39,100	37,715	37,100	36,028	33,391	35,605
17,631	17,522	17,745	16,388	14,034	13,193
6,814	5,935	5,826	5,323	5,280	4,741
60,925	3,209	2,038	1,329	5,146	7,261
-	-	-	-	-	-
-	-	-	-	-	-
31	-	-	-	2,500	1,853
166,647	131,076	100,431	121,414	95,345	114,306
250,029	209,919	177,387	194,753	164,024	176,490
84,331	78,907	82,283	80,101	75,755	73,235
36,917	45,930	30,356	28,473	29,810	30,477
25,675	24,516	23,369	22,751	20,695	18,773
14,914	14,232	14,136	14,157	13,025	11,810
6,617	5,726	6,671	7,757	8,195	8,274
3,163	2,674	3,134	3,568	4,349	6,730
7,292	6,770	5,059	4,666	3,496	2,875
178,909	178,755	165,008	161,473	155,325	152,174
12,412	10,884	9,667	10,226	9,200	9,082
-	-	-	-	-	-
624	200	459	158	-	-
-	-	-	-	-	-
13,036	11,084	10,126	10,384	9,200	9,082
191,945	189,839	175,134	171,857	164,525	161,256
-	-	-	-	-	-
\$ 58,084	\$ 20,080	\$ 2,253	\$ 22,896	\$ (501)	\$ 15,234

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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





PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2010-11	2009-10	2008-09	2007-08
Federal sources:				
Federal financial aid	\$ 160,113	\$ 65,804	\$ 31,828	\$ 20,837
Other federal grants and contracts	21,045	18,944	16,449	19,845
Total federal sources	181,158	84,748	48,277	40,682
State sources:				
State FTE reimbursement	41,003	77,046	48,945	81,165
Other state grants and contracts	11,740	18,881	11,069	6,962
Total state sources	52,743	95,927	60,014	88,127
Local sources:				
Property taxes	59,895	57,622	44,162	42,504
Student tuition and fees, net of scholarship allowance (1)	62,644	61,946	52,837	49,203
Auxiliary enterprise:				
Food Services	4,581	4,124	3,764	3,402
Bookstore, net of scholarship allowance	9,697	10,300	9,500	9,070
Parking Operation	4,020	3,669	2,457	2,207
Investment income	1,814	4,208	3,267	4,362
Gain on disposal of capital assets	-	-	10	-
Investment gain on pension asset	22,373	18,416	-	-
Other local sources (1)	221	61	11	3,129
Total local sources	165,245	160,346	116,008	113,877
Total revenues (1)	\$ 399,146	\$ 341,021	\$ 224,299	\$ 242,686

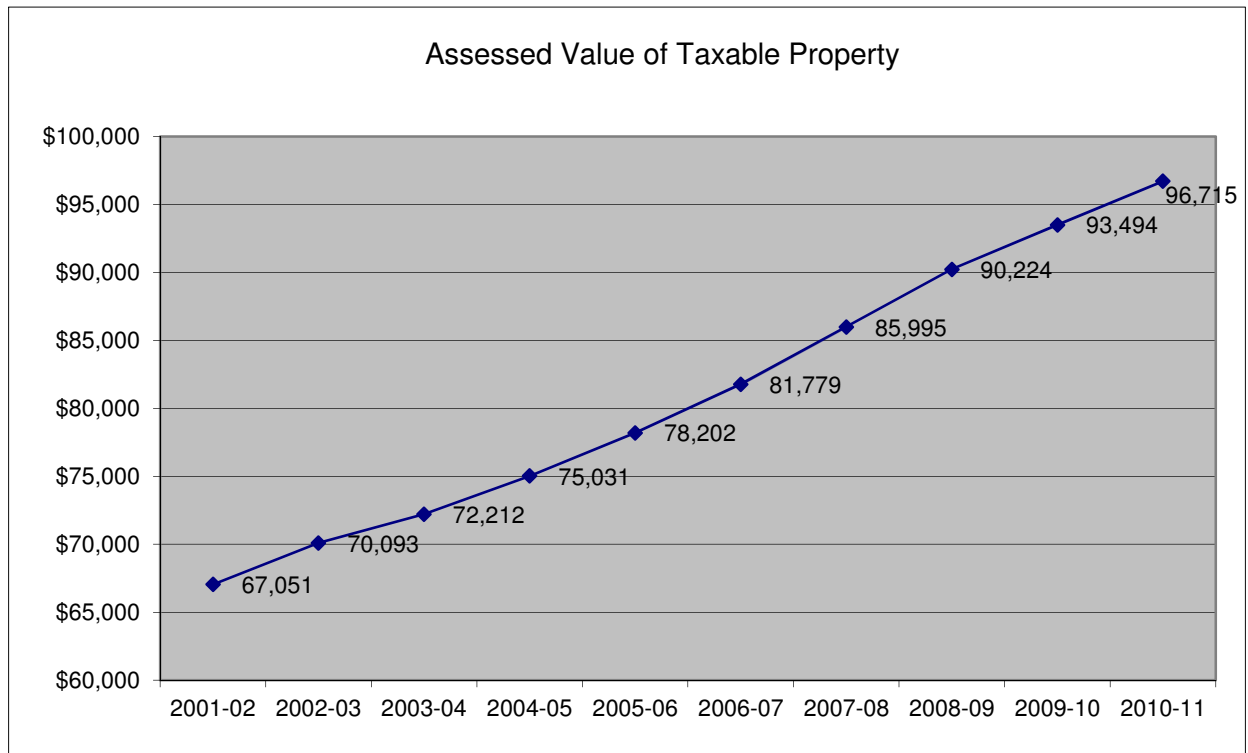
(1) Restated in 2009, 2008, 2007, 2006, 2005, 2004, 2003 and 2002.

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 17,631	\$ 17,522	\$ 17,745	\$ 16,388	\$ 14,034	\$ 13,193
<u>20,958</u>	<u>20,248</u>	<u>19,909</u>	<u>19,392</u>	<u>17,674</u>	<u>17,303</u>
<u>38,589</u>	<u>37,770</u>	<u>37,654</u>	<u>35,780</u>	<u>31,708</u>	<u>30,496</u>
42,146	66,695	37,722	62,346	34,994	51,653
<u>6,814</u>	<u>5,935</u>	<u>5,826</u>	<u>5,323</u>	<u>5,280</u>	<u>4,741</u>
<u>48,960</u>	<u>72,630</u>	<u>43,548</u>	<u>67,669</u>	<u>40,274</u>	<u>56,394</u>
39,100	37,715	37,100	36,028	33,391	35,605
45,085	41,213	39,887	34,938	32,435	27,667
3,085	3,051	3,089	2,905	2,851	2,750
8,504	8,167	8,461	8,580	8,765	8,169
1,975	1,821	1,688	1,577	1,689	1,646
60,925	3,209	2,038	1,329	5,146	7,261
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,806</u>	<u>4,343</u>	<u>3,922</u>	<u>5,947</u>	<u>7,765</u>	<u>6,502</u>
<u>162,480</u>	<u>99,519</u>	<u>96,185</u>	<u>91,304</u>	<u>92,042</u>	<u>89,600</u>
<u>\$ 250,029</u>	<u>\$ 209,919</u>	<u>\$ 177,387</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)

	2010-11	2009-10	2008-09	2007-08
Assessed Valuation (1)	\$ 96,714,788	\$ 93,493,947	\$ 90,223,567	\$ 85,994,505
Percentage Increased (decreased)	3.4%	3.6%	4.9%	5.2%
Direct Tax Rate (2)	\$ 0.636	\$ 0.633	\$ 0.503	\$ 0.505
Real Market Valuation	\$ 158,329,495	\$ 165,721,635	\$ 172,500,177	\$ 163,621,726
Percentage Increased (decreased)	-4.5%	-3.9%	5.4%	13.8%
Ratio of Assessed Valuation to Real Market Valuation	61.1%	56.4%	52.3%	52.6%



(1) Property taxes are based on taxable assessed value. This is defined as the lower of maximum assessed value (MAV) or real market value. MAV is limited to 3% annual increases. The net levy is the actual imposed tax after adjustments and property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Voter approved bond levies are not subject to these limitations.

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

Source: Tax Supervising and Conservation Commission, Portland, Oregon

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
\$ 81,778,844	\$ 78,201,863	\$ 75,030,939	\$ 72,212,490	\$ 70,093,393	\$ 67,051,397
4.6%	4.2%	3.9%	3.0%	4.5%	7.0%
\$ 0.489	\$ 0.495	\$ 0.510	\$ 0.512	\$ 0.494	\$ 0.551
\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645	\$ 104,117,037
16.8%	6.2%	-4.9%	7.3%	9.1%	8.6%
56.9%	63.5%	64.7%	59.2%	61.7%	64.4%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2010-11	2009-10	2008-09	2007-08
Levy extended by assessor (1)	<u>\$ 61,449</u>	<u>\$ 59,191</u>	<u>\$ 45,298</u>	<u>\$ 43,358</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 59,771</u>	<u>\$ 57,342</u>	<u>\$ 43,739</u>	<u>\$ 42,128</u>
First year prior	1,108	950	754	656
Second year prior	301	226	154	156
Third year prior	156	105	83	86
Fourth year prior	58	47	42	43
Fifth year prior	6	6	4	6
Sixth year prior and earlier	<u>7</u>	<u>7</u>	<u>7</u>	<u>4</u>
Total prior	<u>1,636</u>	<u>1,341</u>	<u>1,044</u>	<u>951</u>
Total Property Taxes	<u>\$ 61,407</u>	<u>\$ 58,683</u>	<u>\$ 44,783</u>	<u>\$ 43,079</u>

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

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

(3) 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>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
<u>\$ 39,893</u>	<u>\$ 38,725</u>	<u>\$ 38,140</u>	<u>\$ 36,817</u>	<u>\$ 34,523</u>	<u>\$ 36,539</u>
<u>\$ 38,900</u>	<u>\$ 37,789</u>	<u>\$ 37,145</u>	<u>\$ 35,767</u>	<u>\$ 33,434</u>	<u>\$ 35,344</u>
635	704	721	707	732	451
144	177	217	203	174	139
94	101	124	86	101	79
46	51	42	37	46	38
9	4	5	4	11	4
5	5	6	5	4	7
<u>933</u>	<u>1,042</u>	<u>1,115</u>	<u>1,042</u>	<u>1,068</u>	<u>718</u>
<u>\$ 39,833</u>	<u>\$ 38,831</u>	<u>\$ 38,260</u>	<u>\$ 36,809</u>	<u>\$ 34,502</u>	<u>\$ 36,062</u>



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2011		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S
			ASSESSED VALUATION
Intel Corporation	\$ 1,086,960	1	1.12 %
Portland General Electric	753,942	2	0.78
Comcast Corporation	525,752	3	0.54
Northwest Natural Gas	454,402	4	0.47
Nike	431,605	5	0.45
Frontier Communications	418,501	6	0.43
PacifiCorp	309,932	7	0.32
Pacific Realty Associates	301,957	8	0.31
Fred Meyer Stores Inc.	249,327	9	0.26
Genetech Inc.	231,547	10	0.24
	4,763,925		4.93
ALL OTHER TAXPAYERS	91,950,863		95.07
TOTAL	\$ 96,714,788		100.00 %

	2002		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S
			ASSESSED VALUATION
Intel Corporation	\$ 784,914	1	1.17 %
Portland General Electric	481,502	2	0.72
Verizon Northwest Inc.	371,568	3	0.55
Quest Communications	359,734	4	0.54
Northwest Natural	282,493	5	0.42
Nike	248,032	6	0.37
Wacker Siltronic Corp	219,400	7	0.33
PacifiCorp.	213,019	8	0.32
Maxim Integrated Products	162,534	9	0.24
Gilmcher Lloyd Venture LLC	126,459	10	0.19
	3,249,655		4.85
ALL OTHER TAXPAYERS	63,801,742		95.15
TOTAL	\$ 67,051,397		100.00 %

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Current tax levy	\$ 61,449	\$ 59,191	\$ 45,298	\$ 43,358	\$ 39,893
Current tax collections	\$ 57,975	\$ 55,575	\$ 42,500	\$ 40,953	\$ 37,805
Current collections as a percentage of current levy	94.3%	93.9%	93.8%	94.4%	94.7%
Delinquent tax collections	\$ 1,611	\$ 1,281	\$ 936	\$ 935	\$ 856
Total tax collections	\$ 59,586	\$ 56,856	\$ 43,436	\$ 41,888	\$ 38,661
Total tax collections as a percentage of current levy	97.0%	96.1%	95.9%	96.6%	97.0%
Uncollected tax	\$ 2,886	\$ 2,844	\$ 2,337	\$ 1,823	\$ 1,544
Uncollected percentage of current levy	4.7%	4.8%	5.2%	4.2%	3.9%

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

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 38,725	\$ 38,140	\$ 36,817	\$ 34,523	\$ 36,539
\$ 36,677	\$ 36,012	\$ 34,707	\$ 32,457	\$ 34,340
94.7%	94.4%	94.3%	94.0%	94.0%
\$ 967	\$ 1,694	\$ 1,096	\$ 1,027	\$ 740
\$ 37,644	\$ 37,706	\$ 35,804	\$ 33,485	\$ 34,951
97.2%	98.9%	97.2%	97.0%	95.7%
\$ 1,487	\$ 1,593	\$ 1,714	\$ 1,707	\$ 1,687
3.8%	4.2%	4.7%	4.9%	4.6%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2010-11	2009-10	2008-09	2007-08
General obligation bonds	\$ 280,711	\$ 299,049	\$ 311,260	\$ 127,075
Actual property value	\$ 158,329,495	\$ 165,721,635	\$ 172,500,177	\$ 163,621,726
Percentage of actual property value	0.18%	0.18%	0.18%	0.08%
Student population	93	94	87	87
Per student	\$ 3.03	\$ 3.19	\$ 3.58	\$ 1.46
Other Governmental non tax bonded debt				
Limited tax pension bonds	\$ 107,470	\$ 109,400	\$ 111,165	\$ 112,875
Certificate of participation	\$ 1,150	\$ 1,285	\$ 1,415	\$ 1,540
Note Payable	\$ 375	\$ 466	\$ 37	\$ 56
Per student	\$ 1.16	\$ 1.17	\$ 1.28	\$ 1.30
Total Debt				
Total Debt	\$ 389,706	\$ 410,200	\$ 423,877	\$ 241,546
Percentage of actual property value	0.25%	0.25%	0.25%	0.15%
Per student	\$ 4.21	\$ 4.37	\$ 4.87	\$ 2.78
Personal income (1)	N/A	N/A	N/A	\$ 88,021,653
Percentage of personal income	N/A	N/A	N/A	0.27%

(1) Personal income is not available for the District. The best estimate available and used above is the Portland metropolitan area. Data for fiscal year 2009-10 and 2008-2009 was not available at this time.

Sources: Tax Supervising and Conservation Commission, Portland, Oregon
Portland Community College - Institutional Effectiveness
Portland Community College financial and statistical records
Bureau of Economic Analysis, Regional Economic Information System

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
\$ 138,567	\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231	\$ 198,060
\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645	\$ 104,117,037
0.10%	0.12%	0.14%	0.15%	19.00%	0.10%
86	88	91	84	102	106
\$ 1.61	\$ 1.69	\$ 1.74	\$ 2.00	\$ 1.72	\$ 1.87
\$ 114,545	\$ 116,180	\$ 117,730	\$ 118,965	\$ 119,995	\$ -
\$ 1,660	\$ 1,775	\$ 1,885	\$ 1,990	\$ 2,090	\$ 2,185
\$ 73	\$ 90	\$ 103	\$ 115	\$ 126	\$ 136
\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.42	\$ 1.18	\$ -
\$ 254,845	\$ 267,134	\$ 278,286	\$ 288,837	\$ 297,442	\$ 200,381
0.18%	0.22%	0.24%	0.24%	0.26%	0.19%
\$ 2.96	\$ 3.04	\$ 3.06	\$ 3.44	\$ 2.92	\$ 1.89
\$ 84,151,048	\$ 79,013,985	\$ 73,287,419	\$ 69,328,033	\$ 66,576,262	\$ 64,908,688
0.30%	0.34%	0.38%	0.42%	0.45%	0.31%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
General obligation bonds outstanding	\$ 280,711	\$ 299,049	\$ 311,260	\$ 127,075	\$ 138,567
Less: Amounts set aside to repay general debt	<u>(3,917)</u>	<u>(3,399)</u>	<u>(3,877)</u>	<u>(3,298)</u>	<u>(2,537)</u>
Total net debt applicable to debt limit (1)	276,794	295,650	307,383	123,777	136,030
Legal debt limit (2)	<u>2,374,942</u>	<u>2,485,825</u>	<u>2,587,503</u>	<u>2,454,326</u>	<u>2,156,649</u>
Legal debt margin	<u>\$ 2,098,149</u>	<u>\$ 2,190,175</u>	<u>\$ 2,280,120</u>	<u>\$ 2,330,549</u>	<u>\$ 2,020,619</u>
Legal debt margin as a percentage of the debt limit	88.35%	88.11%	88.12%	94.96%	93.69%

(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>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231	\$ 198,060
<u>(3,216)</u>	<u>(3,668)</u>	<u>(2,573)</u>	<u>(1,854)</u>	<u>(19,655)</u>
145,873	154,900	165,194	173,377	178,405
<u>1,847,155</u>	<u>1,739,736</u>	<u>1,828,426</u>	<u>1,704,385</u>	<u>1,561,756</u>
<u><u>\$ 1,701,282</u></u>	<u><u>\$ 1,584,836</u></u>	<u><u>\$ 1,663,232</u></u>	<u><u>\$ 1,531,008</u></u>	<u><u>\$ 1,383,351</u></u>
92.10%	91.10%	90.97%	89.83%	88.58%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2011
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT (1)
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College General Obligation Bonds (2)	100.0%	\$ 280,711
OVERLAPPING DISTRICT		
Chehalem Park & Recreation District	100.0%	6,280
City of Beaverton	100.0%	10,740
City of Forest Grove	100.0%	5,855
City of Hillsboro	100.0%	32,100
City of Lake Oswego	98.9%	112,237
City of Newberg	100.0%	6,154
City of Portland	85.7%	608,272
City of Sherwood	100.0%	23,948
City of Tigard	100.0%	33,149
City of Tualatin	85.6%	8,230
Clackamas County	17.6%	18,109
Clackamas County School District 7J (Lake Oswego)	98.5%	112,282
Columbia County	72.1%	11,037
Columbia County School District 1J (Scappose)	100.0%	32,825
Columbia County School District 47J (Vernonia)	100.0%	16,200
Columbia County School District 502 (St Helens)	99.9%	28,671
Metro	73.9%	154,452
Multnomah County	74.9%	222,652
Multnomah County School District 1J (Portland)	100.0%	476,771
Multnomah County School District 51J (Riverdale)	100.0%	28,833
Multnomah ESD	73.9%	26,291
Northwest Regional ESD	80.9%	5,001
Port of Portland	70.0%	49,301
Tri-Met	74.4%	7,292
Tualatin Hills Park & Rec. District	100.0%	70,890
Tualatin Valley Fire & Rescue District	85.2%	56,094
Washington County	100.0%	122,125
Washington County School District 13 (Banks)	100.0%	9,100
Washington County School District 15 (Forest Grove)	100.0%	97,507
Washington County School District 1J (Hillsboro)	100.0%	341,361
Washington County School District 23J (Tigard-Tualatin)	95.2%	117,587
Washington County School District 48J (Beaverton)	100.0%	539,485
Washington County School District 88J (Sherwood)	93.1%	118,916
Yamhill County School District 29J (Newberg)	97.7%	63,620
Other	100.0%	31,761
Total Overlapping Debt		3,605,128
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 3,885,839

(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.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST EMPLOYERS WITHIN PORTLAND METROPOLITAN AREA (1)

2011				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
State of Oregon	18,400	1	1.70	%
Intel Corporation	15,636	2	1.44	
Providence Health System	14,089	3	1.30	
U.S. Federal Government	13,900	4	1.28	
Oregon Health & Science University	12,000	5	1.11	
Fred Meyer Stores	9,858	6	0.91	
Legacy Health System	9,732	7	0.90	
Kaiser Foundation Health Plan of the NW	9,039	8	0.84	
City of Portland	8,876	9	0.82	
Nike Inc.	7,000	10	0.65	
SUB TOTAL	118,530		10.95	
ALL OTHER EMPLOYERS	963,823		89.05	
TOTAL	1,082,353		100.00	%

2002				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	14,510	1	1.44	%
Providence Health System	13,475	2	1.34	
Oregon Health & Science University	11,500	3	1.14	
Fred Meyer Stores	9,492	4	0.94	
Kaiser Foundation Health Plan of the NW	8,051	5	0.80	
Legacy Health System	7,816	6	0.78	
Safeway	6,000	7	0.60	
Multnomah County	4,801	8	0.48	
Nike	4,500	9	0.45	
Tektronix Inc.	4,301	10	0.43	
SUB TOTAL	84,446		8.40	
ALL OTHER EMPLOYERS	922,259		91.61	
TOTAL	1,006,705		100.00	%

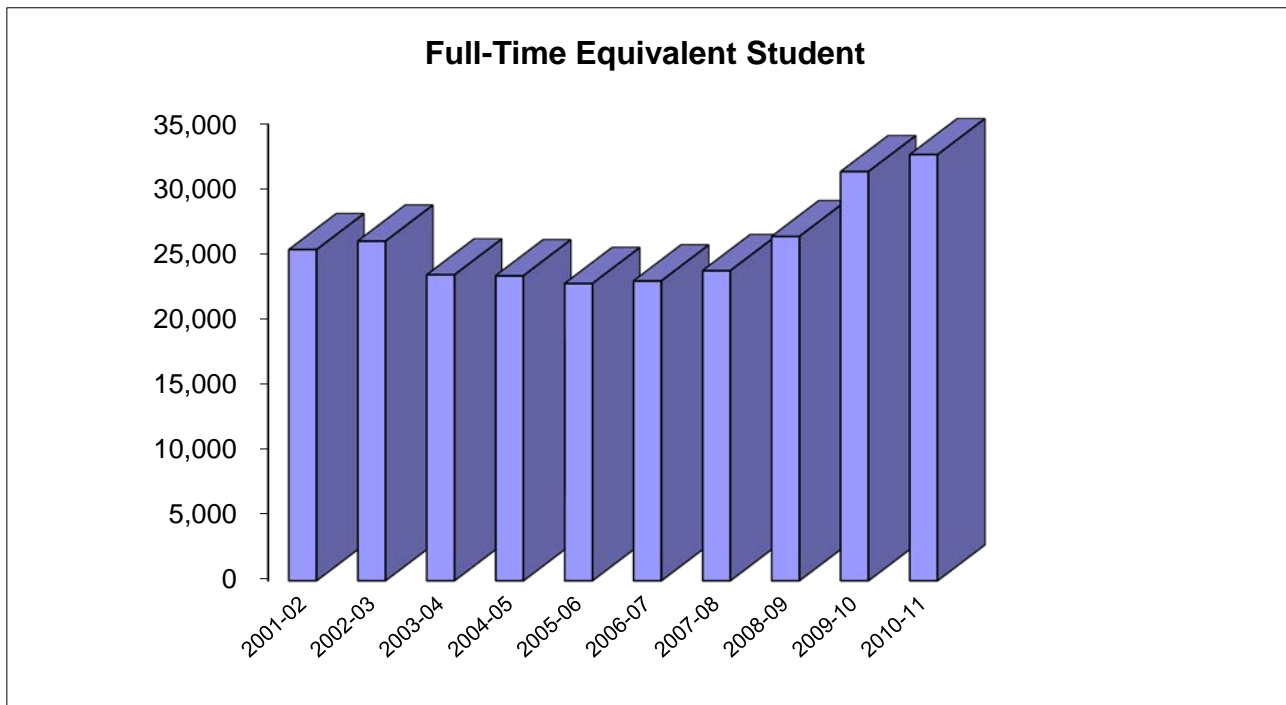
(1) Specific data for the District is not available.

Sources: Oregon Employment Department, Oregon Labor Market Information System
Portland Business Journal May 23, 2011

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2010-11	2009-10	2008-09	2007-08	2006-07
District population (estimated) (1)	N/A	1,243,264	1,232,567	1,218,014	1,201,048
Personal income (in millions) (2)	N/A	N/A	\$ 87,894	\$ 88,022	\$ 84,151
Per capita income (estimated) (2)	N/A	N/A	\$ 39,206	\$ 39,942	\$ 38,842
FTE (3) student enrollment	32,694	31,395	26,419	23,794	23,011
Unemployment rate (estimated) (4)	9.2%	10.2%	11.7%	5.3%	4.8%



(1) District population for fiscal year 2010-11 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 2010-11 and 2009-10 was not available at this time.

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

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

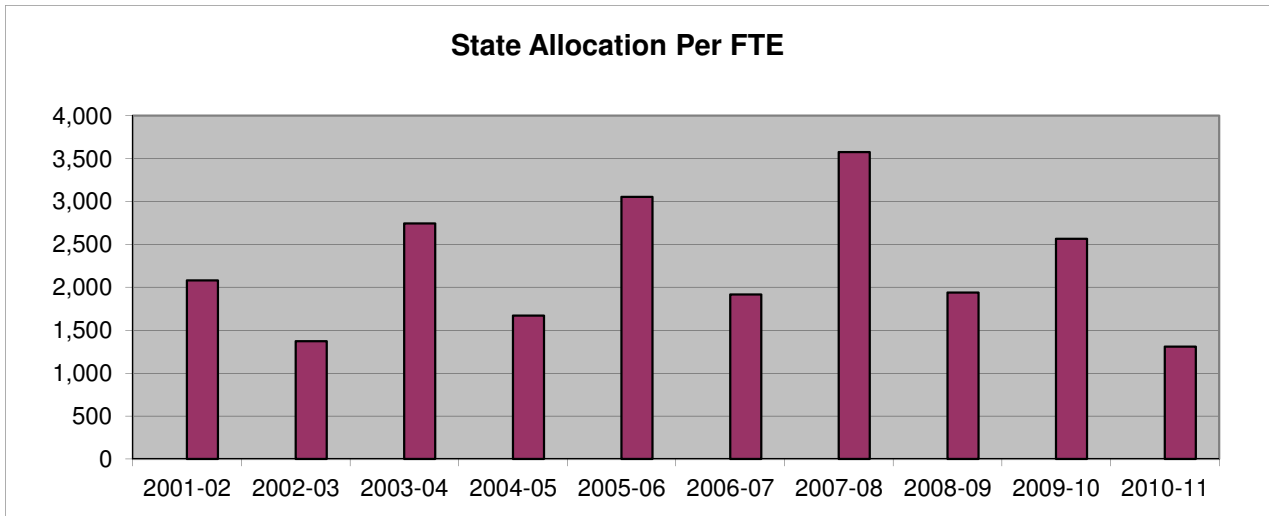
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness
Bureau of Economic Analysis, Regional Economic Information System
U.S. Department of Labor - Bureau of Labor Statistics

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
1,182,385	1,164,115	1,148,545	1,133,010	1,115,787
\$ 79,014	\$ 73,287	\$ 69,328	\$ 66,576	\$ 64,909
\$ 36,845	\$ 35,430	\$ 34,018	\$ 32,629	\$ 32,228
22,808	23,406	23,472	26,061	25,406
5.3%	6.3%	6.8%	8.9%	7.5%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2010-11	2009-10	2008-09	2007-08	2006-07
Allocations per FTE	\$ 1,308	\$ 2,563	\$ 1,939	\$ 3,574	\$ 1,917
Annual State Funding (in thousands)	\$ 41,003	\$ 77,046	\$ 48,945	\$ 81,165	\$ 42,146
Total Reimbursable FTE	31,354	30,064	25,236	22,713	21,988



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

Source: Office of Institutional Effectiveness

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 3,054	\$ 1,669	\$ 2,742	\$ 1,373	\$ 2,078
\$ 66,695	\$ 37,722	\$ 62,346	\$ 34,994	\$ 51,653
21,842	22,596	22,737	25,480	24,852

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Total operating expenses (in thousands)	\$ 358,687	\$ 255,911	\$ 216,389	\$ 201,657	\$ 178,909
District population (estimated) (2) (in thousands)	N/A	1,243	1,233	1,218	1,201
FTE student enrollment (3)	32,694	31,395	26,419	23,794	23,011
Percent of FTE to district population	N/A	2.5%	2.1%	2.0%	1.9%
Cost per FTE (1)	\$ 10,971	\$ 8,151	\$ 8,191	\$ 8,475	\$ 7,775
Number of employees	4,153	3,904	3,604	3,475	3,522
Ratio of employees to FTE	1:8	1:8	1:7	1:7	1:7

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

(2) District population for fiscal year 2010-11 was not available. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

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

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

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 178,755	\$ 161,431	\$ 157,688	\$ 155,327	\$ 152,175
1,182	1,164	1,149	1,133	1,116
22,808	23,406	23,472	26,061	22,351
1.9%	2.0%	2.0%	2.3%	2.3%
\$ 7,837	\$ 6,897	\$ 6,718	\$ 5,960	\$ 5,990
3,812	3,831	3,752	4,200	4,022
1:6	1:6	1:6	1:6	1:6

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	2010-11	2009-10	2008-09	2007-08	2006-07
Sylvania Campus					
Facilities Information					
Buildings/leases	16	16	15	15	15
Gross square feet	885,207	885,207	884,559	884,559	884,559
Library volumes (2)	84,007	104,821	116,654	117,601	112,255
Operating Information					
Campus expenditures (1)	\$ 46,564	\$ 44,180	\$ 40,850	\$ 40,028	\$ 34,707
Cascade Campus					
Facilities Information					
Buildings/leases	9	9	9	9	9
Gross square feet	347,852	347,852	347,852	347,852	347,852
Library volumes (2)	45,937	45,243	47,291	51,476	49,207
Operating Information					
Campus expenditures (1)	\$ 26,618	\$ 24,538	\$ 22,017	\$ 20,443	\$ 16,590
Rock Creek Campus					
Facilities Information					
Buildings/leases	11	11	11	11	10
Gross square feet	542,723	542,723	542,723	542,723	540,323
Library volumes (2)	46,864	45,285	51,824	50,203	47,819
Operating Information					
Campus expenditures (1)	\$ 30,231	\$ 28,045	\$ 25,175	\$ 24,289	\$ 20,230
Extended Learning Campuses					
Facilities Information					
Buildings/leases	12	12	12	11	9
Gross square feet	314,874	314,874	246,551	241,251	247,631
Library volumes	1,608	1,276	1,098	905	766
Operating Information					
Campus expenditures (1)	\$ 14,826	\$ 14,847	\$ 15,185	\$ 13,764	\$ 12,805

(1) In Thousands

(2) Library volumes have decreased significantly at Sylvania due to aggressive weeding out of outdated material including VHS tapes and older journal volumes.

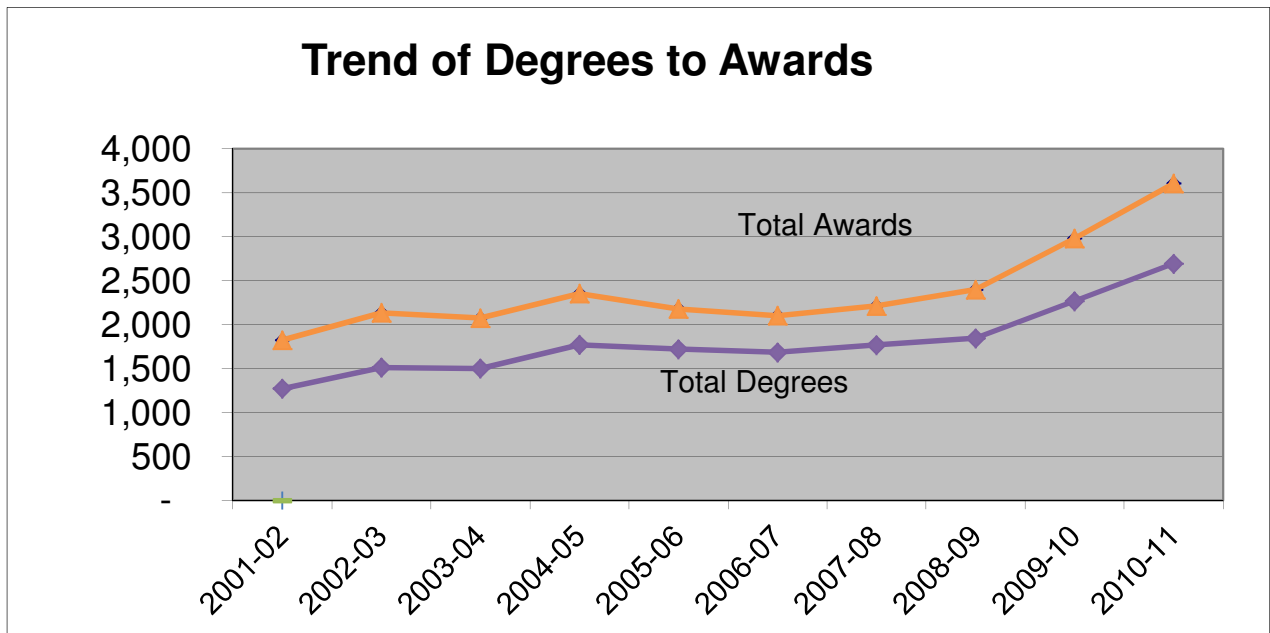
Source: PCC Director of Physical Plant and PCC Library Personnel

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
14	14	13	13	13
857,559	857,559	813,065	813,065	815,055
113,665	112,760	168,639	206,877	123,599
\$ 32,394	\$ 32,089	\$ 35,958	\$ 33,195	\$ 32,023
9	8	7	9	10
347,852	293,412	204,750	199,335	215,574
51,750	40,548	98,336	133,909	61,967
\$ 15,472	\$ 15,285	\$ 14,564	\$ 13,415	\$ 13,265
10	10	10	8	8
540,323	540,323	504,323	427,323	427,323
47,577	51,092	89,555	129,499	64,056
\$ 18,345	\$ 18,931	\$ 18,446	\$ 17,013	\$ 15,941
9	9	10	10	10
247,631	247,631	331,946	256,147	247,147
164	-	-	-	-
\$ 12,696	\$ 11,620	\$ 11,132	\$ 12,133	\$ 12,006

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2010-11	2009-10	2008-09	2007-08
Certificates				
One-Year	269	244	271	240
Two-Year	69	48	37	56
Others	459	300	149	61
Total Certificates	797	592	457	357
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	470	342	232	204
Associate of Science, Oregon Transfer (ASORT)	72	75	60	55
Associate of Science (AS)	515	456	371	328
Associate of General Studies (AGEN)	725	599	440	439
Associate of Applied Science (AAS)	912	797	742	744
Total Degrees	2,694	2,269	1,845	1,770
High School Diplomas	115	120	97	87
Total Awards	3,606	2,981	2,399	2,214



Source: Portland Community College, Office of Institutional Effectiveness

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
211	234	306	364	334	271
58	59	69	58	76	54
68	90	93	24	29	42
<u>337</u>	<u>383</u>	<u>468</u>	<u>446</u>	<u>439</u>	<u>367</u>
209	218	267	250	231	211
22	9	2	1		
329	365	384	324	370	308
426	400	360	283	209	156
699	731	758	644	702	597
<u>1,685</u>	<u>1,723</u>	<u>1,771</u>	<u>1,502</u>	<u>1,512</u>	<u>1,272</u>
<u>80</u>	<u>73</u>	<u>114</u>	<u>128</u>	<u>184</u>	<u>185</u>
<u>2,102</u>	<u>2,179</u>	<u>2,353</u>	<u>2,076</u>	<u>2,135</u>	<u>1,824</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Per Credit Hour				
General Tuition	\$ 79	\$ 76	\$ 70	\$ 68
Fees	6	6	6	6
Combined Per Credit Total	<u>85</u>	<u>82</u>	<u>76</u>	<u>74</u>
Per Term - College Service Fee (2)	\$ 19	\$ 19	\$ -	\$ -
Annual cost (3)	\$ 3,541	\$ 3,418	\$ 3,105	\$ 3,023
Increase				
Dollars	\$ 122	\$ 313	\$ 82	\$ 55
Percent	4%	10%	3%	2%

National and Statewide Comparisons (3)

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
PCC District				
Annual Cost	\$ 3,541	\$ 3,418	\$ 3,105	\$ 3,023
Percentage Change	4%	10%	3%	2%
National Community College Average (4)				
Annual Cost	N/A	\$ 2,285	\$ 2,137	\$ 2,063
Percentage Change		7%	4%	2%
Oregon Universities Average (5)				
Annual Cost	\$ 7,082	\$ 6,601	\$ 6,105	\$ 5,801
Percentage Change	7%	8%	5%	6%

(1) 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.

(2) College Service Fee is assessed once per term to all credit students effective Summer 2009. The fee combines multiple small dollar fees commonly assessed to students and enhances transportation options.

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

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

(5) Oregon University System, Historical Budget Documents.

N/A - 2010-11 Annual Costs for 2-year colleges are not available at this time.

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 67 6	\$ 64 6	\$ 62 5	\$ 58 3	\$ 45 3	\$ 40 3
<u>73</u>	<u>70</u>	<u>67</u>	<u>61</u>	<u>48</u>	<u>43</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,968	\$ 2,846	\$ 2,744	\$ 2,468	\$ 1,938	\$ 1,734
\$ 122 4%	\$ 102 4%	\$ 275 11%	\$ 530 27%	\$ 204 12%	\$ 41 2%

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 2,968 4%	\$ 2,846 4%	\$ 2,744 11%	\$ 2,468 27%	\$ 1,938 12%	\$ 1,734 2%
\$ 2,017 4%	\$ 1,935 5%	\$ 1,849 9%	\$ 1,702 15%	\$ 1,483 7%	\$ 1,380 4%
\$ 5,471 5%	\$ 5,219 4%	\$ 5,023 9%	\$ 4,603 10%	\$ 4,174 12%	\$ 3,737 7%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2010-11	2009-10	2008-09	2007-08	2006-07
Residential Construction (1)					
Permits	4.3	4.4	5.1	9.9	13.9
Value	\$ 914,517	\$ 940,129	\$ 1,008,088	\$ 1,760,447	\$ 2,494,886
Bank Deposits (2)	N/A	\$ 28,823,000	\$ 27,650,000	\$ 25,409,000	\$ 24,370,598
Property Values (3)					
Assessed Values:					
Real Property	\$ 93,794,528	\$ 90,761,489	\$ 87,260,824	\$ 82,937,829	\$ 78,484,722
Personal Property	3,948,297	3,973,480	4,077,206	3,852,351	3,759,738
Manufactured Structures	180,087	201,783	191,635	194,630	174,803
Public Utility	3,584,011	3,528,839	3,051,076	2,894,350	2,833,673
Total Assessed Value	101,506,923	98,465,591	94,580,741	89,879,160	85,252,936
Total Real Market Value	\$ 158,344,983	\$ 165,643,688	\$ 171,761,783	\$ 163,394,017	\$ 140,256,940

(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 and later 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 computed based upon assessment value. The State has reverted back this year to providing district specific assessment values, prior year CAFRs reported estimates based on a total for the Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

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>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
14.0	13.9	12.0	10.6	10.4
\$ 2,829,975	\$ 2,416,366	\$ 1,998,450	\$ 1,907,744	\$ 1,825,120
\$ 22,662,624	\$ 17,781,469	\$ 19,165,465	\$ 25,615,695	\$ 24,048,117
\$ 74,669,941	\$ 70,801,121	\$ 67,701,058	\$ 65,070,616	\$ 67,880,768
3,680,634	3,700,881	3,774,631	3,961,717	4,059,315
245,964	259,833	262,833	276,079	225,518
2,729,714	2,927,060	2,886,994	2,944,751	3,006,900
<u>81,326,253</u>	<u>77,688,895</u>	<u>74,625,516</u>	<u>72,253,163</u>	<u>75,172,501</u>
\$ 119,987,875	\$ 113,785,892	\$ 108,081,905	\$ 99,963,940	\$ 104,117,037

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2011

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

Willow Creek Center
Workforce Training Center
241 S.W. Edgeway Dr.
Beaverton, OR 97006

Southeast Center
2305 SE 82nd
Portland, OR 97216

Cascade Campus
705 N. Killingsworth
Portland, OR 97217

CLIMB Center for Advancement
1626 SE Water Avenue
Portland, OR 97214

Downtown Center
722 S.W. 2nd Ave.
Portland, OR 97204

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

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

Hillsboro Center
775 SE Baseline Street
Hillsboro, OR 97123

Newberg Center
Interim site
415 East Sheridan
Newberg, OR 97132

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

A U D I T S E C T I O N



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
REQUIRED BY OREGON STATE REGULATIONS

November 28, 2011

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, 2011, and have issued our report thereon dated November 28, 2011. 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

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

Compliance

As part of obtaining reasonable assurance about whether 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 grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

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



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 28, 2011

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, 2011, and have issued our report thereon dated November 28, 2011. 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

Management of Portland Community College is responsible for establishing and maintaining effective 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.

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.

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

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 script.

Kenneth Kuhns & Co.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON THE INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

November 28, 2011

Board of Directors
Portland Community College
Portland, Oregon

Compliance

We have audited Portland Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Portland Community College's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Portland Community College's internal control over compliance.

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

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

This report is intended solely for the 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, 2011

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	\$ 803,139
Federal Work-Study Program	84.033	N/A	539,570
Federal Pell Grant Program	84.063	N/A	54,448,888
Direct Loans Program	84.268	N/A	102,642,514
Academic Competitiveness Grants	84.375	N/A	426,033
Nursing Student Loans	93.364	N/A	107,711
Total Student Financial Assistance Cluster			158,967,855
FOOD STAMP CLUSTER			
State Administrative Matching Grants for Food Stamps Program - Capital	10.561	115187	420,018
State Administrative Matching Grants for Food Stamps Program - Metro	10.561	115191	342,407
Total Food Stamp Cluster			762,425
WIA CLUSTER			
Workforce Investment Act - Adult Program - Hillsboro	17.258	10-70508	287,753
Workforce Investment Act - Adult Program - Tualatin	17.258	10-70511	252,534
Workforce Investment Act - Adult Program - Worksource North	17.258	10-70509	278,709
Workforce Investment Act - Adult Program - Worksource North - ARRA	17.258	10-70509	39,635
Workforce Investment Act - Adult Program - Tualatin - ARRA	17.258	10-70510	41,721
Workforce Investment Act - Adult Program - Hillsboro - ARRA	17.258	10-70508	35,460
Workforce Investment Act - Adult Program - RBS - ARRA	17.258	09-70518	114,306
Workforce Investment Act - Adult Program - New Columbia Center	17.258	10-70509	36,433
Workforce Investment Act - Adult Program - WorkSource Liason	17.258	10-70509	38,019
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	151,415
Workforce Investment Act - Adult Program - Foundation Skills	17.258	10-70509	98,715
Workforce Investment Act - Dislocated Workers - Oregon National Guard	17.278	10-70551	61,903
Workforce Investment Act - Dislocated Workers - OJT NEG	17.277	10-70562	12,990
Workforce Investment Act - Dislocated Workers - METRO	17.278	10-70509	300,369
Workforce Investment Act - Dislocated Workers - Hillsboro	17.278	10-70508	291,587
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	10-70510	272,924
Workforce Investment Act - Dislocated Workers - Sauer Danfoss - NEG	17.277	08-70515	201,935
Workforce Investment Act - Dislocated Workers - Metro ARRA	17.278	10-70509	15,031
Workforce Investment Act - Dislocated Workers - Tualatin ARRA	17.278	10-70510	15,822
Workforce Investment Act - Dislocated Workers - Hillsboro ARRA	17.278	10-70508	13,449
Workforce Investment Act - Dislocated Workers - METRO Freightliner NEG	17.277	08-70516	169,332
Workforce Investment Act - Dislocated Workers - GE Securities NEG	17.277	08-70517	256,403
Workforce Investment Act - Dislocated Workers - RBS ARRA	17.278	09-70518	259,362
Workforce Investment Act - Dislocated Workers - Benchmark Electronics NEG	17.277	09-70538	179,395
Workforce Investment Act - Dislocated Workers - New Columbia Express Ctr	17.278	10-70509	36,423
Workforce Investment Act - Dislocated Workers - WorkSource Liaison	17.278	10-70509	38,154
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	10-70509	102,190
Workforce Investment Act - Dislocated Workers - NCRC METRO	17.278	10-70556	22,270
Workforce Investment Act - Dislocated Workers - NCRC Hillsboro	17.278	10-70555	33,353
Workforce Investment Act - Dislocated Workers - NCRC Tualatin	17.278	10-70554	30,000
Workforce Investment Act - Dislocated Workers - Central ODOT	17.278	10-70509	160,765
Workforce Investment Act - Dislocated Workers - RBS ARRA	17.278	09-70518	49,985
Total WIA Cluster			3,898,342

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
TRANSIT SERVICES PROGRAMS CLUSTER			
Job Access-Reverse Commute - Tri-Met	20.516	JC100249DG	25,482
Total Transit Services Programs Cluster			25,482
TRIO CLUSTER			
TRIO - Student Support Services	84.042	N/A	335,048
TRIO - Talent Search	84.044	N/A	228,539
TRIO - Upward Bound	84.047	N/A	289,965
Total TRIO Cluster			853,552
TANF CLUSTER			
Temporary Assistance for Needy Families - STEPS to Success - Metro	93.558	129302	1,762,424
Total TANF Cluster			1,762,424
CSBG CLUSTER			
ARRA - Community Services Block Grant	93.710	10-70509	42,685
Total CSBG Cluster			42,685
SUBTOTAL CLUSTER PROGRAMS			166,312,765
NON-CLUSTER PROGRAMS			8,069,900
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 174,382,665

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

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	\$ 803,139
Federal Work-Study Program	84.033	N/A	539,570
Federal Pell Grant Program	84.063	N/A	54,448,888
Direct Loans Program	84.268	N/A	102,642,514
Federal Academic Competitive Grant	84.375	N/A	426,033
Higher Educational Institutional Aid	84.031	N/A	74,771
TRIO - Student Support Services	84.042	N/A	335,048
TRIO - Talent Search	84.044	N/A	228,539
TRIO - Upward Bound	84.047	N/A	289,965
Fund for the Improvement of Postsecondary Education	84.116	N/A	297,391
Migrant Education - High School Equivalency Program	84.141	N/A	294,593
Migrant Education - College Assistance Migrant Program	84.149	N/A	313,285
Business and International Education Programs	84.153	N/A	29,118
Bilingual Education - Professional Development - PPOP	84.195	N/A	2,379
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities - HQSPED	84.243	N/A	28,440
Child Care Means Parents in School - CCAMPIS	84.335	N/A	225,984
Total Direct Programs			160,979,657
Passed through East West Inc.			
Undergraduate International Studies and Foreign Language Programs	84.016	HC128-11	4,583
Passed through Dept. of Community Colleges and Workforce Development			
Adult Education - State Grant Program - Program Improvement	84.002	EE10117PG	7,020
Adult Education - State Grant Program - Multnomah Co Corrections	84.002	EE10117CG	30,723
Adult Education - State Grant Program - TOPS Accountability	84.002	EE10117AG	62,443
Adult Education - State Grant Program - Outreach Tutoring	84.002	EE10117TG	60,359
Adult Education - State Grant Program - Comprehensive Services	84.002	EE10117BG	509,244
Adult Education - State Grant Program - EI Civics	84.002	EE10117EG	51,154
Total passed through Dept. of Community Colleges and Workforce Development			720,943
Passed through State of Oregon, Department of Education			
Vocational Education - Basic Grants to States - Perkins Reserve	84.048	19190/15376	206,233
Vocational Education - Basic Grants to States - Perkins Non-Traditional	84.048	19865	7,993
Vocational Education - Basic Grants to States - PAVTEC Small School Alliance	84.048	19164	63,520
Vocational Education - Basic Grants to States - Perkins	84.048	19163/15349	1,486,481
Vocational Education - Basic Grants to States - Oregon Tradeswomen	84.048	19864	18,000
Vocational Education - Basic Grants to States - PAVTEC Math CTE	84.048	19198	9,802
Vocational Education - Basic Grants to States - PAVTEC Construction	84.048	19866	8,156
Total passed through State of Oregon, Department of Education			1,800,185
Passed through State of Oregon, Department of Community Colleges and Workforce Development			
Vocational Education - Basic Grants to States - Career Pathways	84.048	IGRA0302	99,017
Vocational Education - Basic Grants to States - First Year Persistence	84.048	IGRA0426	3,623
Total passed through State of Oregon, Department of Community Colleges and Workforce Development			102,640
TOTAL U.S. DEPARTMENT OF EDUCATION			163,608,008

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF ENERGY			
Passed through State of Oregon, Department of Energy			
State Energy Program	81.041	SEP 10-1064	<u>1,000,000</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through State of Oregon, Department of Education			
Child and Adult Care Food Program	10.558	26-16022	3,869
Passed through State of Oregon, Department of Human Services			
State Administrative Matching Grants for Food Stamps Program - Willow Creek	10.561	115187	420,018
Passed through Mt. Hood Community College:			
State Administrative Matching Grants for Food Stamps Program - Metro	10.561	115191	<u>342,407</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>766,294</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through State of Oregon:			
Job Access-Reverse Commute - Tri-Met	20.516	JC100249DG	25,482
Passed through State of Oregon, Department Bureau of Labor and Industries			
Highway Planning and Construction - ETAP	20.205	2011-104	<u>177,903</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>203,385</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Program:			
Nursing Student Loans	93.364		107,711
Grants for Training in Primary Care Medicine and Dentistry	93.884	N/A	<u>18,673</u>
Total Direct Programs			<u>126,384</u>
Passed through State of Oregon, Department of Human Services			
Injury Prevention and Control Research and State and Community Based Programs	93.136	128928	<u>13,482</u>
Total Passed through State of Oregon, Department of Human Services			<u>13,482</u>
Passed through Mt. Hood Community College			
Temporary Assistance for Needy Families - STEPS to Success Metro	93.558	129302	1,762,424
Passed through Portland State University			
Biomedical Research and Research Training - Bridges to Baccalaureate	93.859	209-CRE138	33,919
Passed through Oregon Health Sciences University			
Ryan White HIV/AIDS Dental Reimbursements	93.924	GPBHD0014A	1,753
ARRA - Health Information Technology Professionals in Health Care	93.721	GSMMI0123ASTPCC	<u>6,953</u>
Total Passed through Oregon Health Sciences University			8,706
Passed through Worksystems, Inc.			
ARRA - Community Services Block Grant	93.710	10-70509	42,685
Passed through Bellvue Community College			
ARRA - Health Information Technology Professionals in Health Care	93.721	BC-90CC07702-G	<u>350,504</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,338,104</u>

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S.DEPARTMENT OF LABOR:			
Direct Program:			
Community Based Job Training Grants - HOPE	17.269	N/A	1,025,665
Passed through Worksystems, Inc.			
Workforce Investment Act - Adult Program - Hillsboro	17.258	10-70508	287,753
Workforce Investment Act - Adult Program - Tualatin	17.258	10-70511	252,534
Workforce Investment Act - Adult Program - Worksource North	17.258	10-70509	278,709
Workforce Investment Act - Adult Program - Worksource North - ARRA	17.258	10-70509	39,635
Workforce Investment Act - Adult Program - Tualatin - ARRA	17.258	10-70510	41,721
Workforce Investment Act - Adult Program - Hillsboro - ARRA	17.258	10-70508	35,460
Workforce Investment Act - Adult Program - RBS - ARRA	17.258	09-70518	114,306
Workforce Investment Act - Adult Program - New Columbia Center	17.258	10-70509	36,433
Workforce Investment Act - Adult Program - WorkSource Liason	17.258	10-70509	38,019
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	151,415
Workforce Investment Act - Adult Program - Foundation Skills	17.258	10-70509	98,715
Workforce Investment Act - Dislocated Workers - Oregon National Guard	17.278	10-70551	61,903
Workforce Investment Act - Dislocated Workers - OJT NEG	17.277	10-70562	12,990
Workforce Investment Act - Dislocated Workers - METRO	17.278	10-70509	300,369
Workforce Investment Act - Dislocated Workers - Hillsboro	17.278	10-70508	291,587
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	10-70510	272,924
Workforce Investment Act - Dislocated Workers - Sauer Danfoss - NEG	17.277	08-70515	201,935
Workforce Investment Act - Dislocated Workers - Metro ARRA	17.278	10-70509	15,031
Workforce Investment Act - Dislocated Workers - Tualatin ARRA	17.278	10-70510	15,822
Workforce Investment Act - Dislocated Workers - Hillsboro ARRA	17.278	10-70508	13,449
Workforce Investment Act - Dislocated Workers - METRO Freightliner NEG	17.277	08-70516	169,332
Workforce Investment Act - Dislocated Workers - GE Securities NEG	17.277	08-70517	256,403
Workforce Investment Act - Dislocated Workers - RBS ARRA	17.278	09-70518	259,362
Workforce Investment Act - Dislocated Workers - Benchmark Electronics NEG	17.277	09-70538	179,395
Workforce Investment Act - Dislocated Workers - New Columbia Express Ctr	17.278	10-70509	36,423
Workforce Investment Act - Dislocated Workers - WorkSource Liaison	17.278	10-70509	38,154
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	10-70509	102,190
Workforce Investment Act - Dislocated Workers - NCRC METRO	17.278	10-70556	22,270
Workforce Investment Act - Dislocated Workers - NCRC Hillsboro	17.278	10-70555	33,353
Workforce Investment Act - Dislocated Workers - NCRC Tualatin	17.278	10-70554	30,000
Workforce Investment Act - Dislocated Workers - Central ODOT	17.278	10-70509	160,765
Workforce Investment Act - Dislocated Workers - RBS ARRA	17.278	09-70518	49,985
H-1B Job Training Grants - STEM	17.268	08-70514	203,354
Community Based Job Training Grants - HOPE	17.269	10-70557	159,777
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA	17.275	10-70547	3,207
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Tualatin	17.275	10-70549	30,455
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Hillsboro	17.275	10-70548	24,859
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - State Energy Sector Partnership	17.275	09-70540	62,283
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	09-70518	288,212
WIA Dislocated Worker Formula Grants - RBS	17.278	09-70518	65,914
Total passed through Worksystems, Inc			4,736,403

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Community Colleges and Workforce Development			
Workforce Investment Act - Youth Activities - Learning Standards Pilot	17.259	IGRA0285	16,694
Workforce Investment Act - Dislocated Workers - Career Readiness	17.278	IGRA0247	22,304
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - Green LMI Implementation	17.275	IGRA0372	5,000
Total passed through Community Colleges and Workforce Development			43,998
TOTAL U.S. DEPARTMENT OF LABOR			5,806,066
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Geosciences - EarthScope	47.050	N/A	4,058
Geosciences	47.050	N/A	4,797
Education and Human Resources - SSTEM	47.076	N/A	179,947
Education and Human Resources - STTE	47.076	N/A	129,912
Total Direct Programs			318,714
Passed through Saddleback Community College			
Education and Human Resources - Rapid Prototype	47.076	Y1090107PCC	28,408
Passed through Clackamas Community College			
Education and Human Resources - Sustainable Resources	47.076	-	1,200
Passed through Linn Benton Community College			
Education and Human Resources - Exploring Biotechnology	47.076	-	352
Passed through OMSI			
Education and Human Resources - Sustainability	47.076	-	12,750
TOTAL NATIONAL SCIENCE FOUNDATION			361,424

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
SMALL BUSINESS ADMINISTRATION:			
Direct Program:			
Project Grants: Fueling Portland Green Economic Recovery	59.059	N/A	110,588
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	11-146	20,231
Small Business Development Center - SBJA	59.037	SJB11-152	35,923
Total Passed through Lane Community College			56,154
TOTAL SMALL BUSINESS ADMINISTRATION			166,742
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Worksystems, Inc			
Community Development Block Grants/Entitlement Grants	14.218	10-70509	47,704
Passed through Washington County			
Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-UY-41-0002	46,237
Passed through City of Beaverton			
Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-41-0007	12,002
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			105,943
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Passed through Oregon State University			
Aerospace Education Services Program	43.001	NS164M-1	4,045
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through Oregon State Library			
Grants to States - LSTA	45.310	10-10-4a	22,654
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 174,382,665

See notes to schedule of expenditures of federal awards



PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2011

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, 2011.

	Federal CFDA Number		Loans Receivable
Gross loans receivable at June 30, 2011:			
Federal Perkins Loan Program-Federal Capital Contributions	84.038	\$	7,696,711
Federal Nursing Student Loans	93.364		1,135,620
		\$	<u>8,832,331</u>

Note D - LOANS DISBURSED

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

	Federal CFDA Number		New Loans
Federal Perkins Loan Program	84.038	\$	681,050
Direct Loan Program	84.268		102,642,514
Nursing Student Loans	93.364		264,225
		\$	<u>103,587,789</u>

Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS

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

	Federal CFDA Number		Expenditures
Federal Supplemental Educational Opportunity Grants	84.007	\$	267,713
Federal Work-Study Program	84.033		183,857
Nursing Student Loans	96.364		11,968
		\$	<u>463,538</u>

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2011

Note F - SUBRECIPIENTS

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

	Federal CFDA Number	Expenditures
Workforce Investment Act - Adult Program - RBS	17.258	\$ 51,645
Workforce Investment Act - Adult Program - RBS - ARRA	17.258	12,927
Workforce Investment Act - Adult Program - Foundation Skills	17.258	26,514
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	34,664
Workforce Investment Act - Dislocated Workers - RBS DW ARRA	17.278	48,412
Community Based Job Training Grants - HOPE	17.269	838,816
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	57,559
WIA Dislocated Worker Formula Grants - RBS	17.278	20,509
Temporary Assistance for Needy Families - STEPS to Success Willow Creek	93.558	183,693
ARRA - Health Information Technology Professionals in Health Care	93.721	159,333
		<u>\$ 1,434,072</u>

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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 were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Portland Community College.
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. No audit findings relative to the major federal award programs of Portland Community College are reported in this schedule.
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 Work-Study Program	84.033
ARRA – Federal Work-Study Program	84.033
Perkins Loans	84.038
Federal Pell Grant Program	84.063
Direct Loan Program	84.268
Federal Academic Competitiveness Grant	84.375
Nursing Student Loans	93.364
State Energy Program	81.041

8. The threshold for distinguishing Type A programs from Type B programs was \$2,152,000.
9. Portland Community College was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

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

None.



