



Portland Community College

Comprehensive Annual Financial Report

For the year ended June 30, 2013
Portland, Oregon





PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2013

Jeremy Brown, Ph.D.
College President

Preston Pulliams, Ed.D.
College President, Retired

Randy J. McEwen, MS
College Vice President

Wing-Kit Chung, CPA, MBA
Vice President for Administrative Services

Jim Langstraat, 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, 2013

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee, Vice Chair	June 30, 2013
2	Kali Thorne Ladd	June 30, 2013
3	Bob Palmer	June 30, 2015
4	Jim Harper, Chair	June 30, 2013
5	David Squire	June 30, 2013
6	Gene Pitts	June 30, 2013
7	Deanna Palm	June 30, 2015

ADMINISTRATION

Jeremy Brown, Ph.D. College President
Preston Pulliams, Ed.D. College President, Retired
Randy J. McEwen, MS, College Vice President
Wing-Kit Chung, CPA, MBA, Vice President for Administrative Services
Jim Langstraat, MBA, Associate Vice President of Finance
James H. Crofts, CPA, Accounting Services Manager

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

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INTRODUCTORY SECTION





November 12, 2013

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, 2013 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.

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 (BPAC). 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; 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 College 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 23,500 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 25,000 students or 8,500 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 31,000 students or over 12,100 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 Southeast/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 43,000 people representing more than 4,800 FTE participate in the *Southeast/Extended Learning Campus* programs in training centers and community settings throughout the five-county district. The *Southeast/Extended Learning Campus* operates four major facilities throughout the district. The main one is Southeast Center (soon to be a campus in 2014 when the expansion under the 2008 bond program is complete). The others are the CLIMB Center for Advancement in downtown Portland, the Metro Center in the NE Portland and Willow Creek Center at 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 2013 was 7.8%, down from 8.1% one year ago. Over the past year, the area has gained 29,300 jobs, a 1.8% increase. Metro area employment is still down by 29,500 jobs since peaking in April 2008. Recent employment has been

improving with each passing month. However, the rate of improvement remains subpar when compared with historical periods of expansion. Since the end of 2012 private employment growth has improved to approximately 2.5%. The Oregon Office of Economic Analysis (OEA) expects employment to increase 2.4% in 2013 and 2.7% in 2014.

The State budget allocation for all 17 Oregon community colleges in the state approved by the legislature was \$395 million for the 2011-13 biennium, a 5.55% decrease from the prior biennium level. The allocation to individual colleges is based on a formula approved in 2011 by the State Board of Education. The 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. The legislature has approved a funding level increase for all 17 community colleges to \$465 million for the 2013-15 biennium. While this is an increase of nearly 18% of the current funding level it still remains below the pre-recession allocation.

Additionally, the state provides resources restricted to certain programs which total approximately \$13.3 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, now the largest portion of the total General Fund resources for the College. The total revenue from tuition and fees is estimated at \$103 million for fiscal year 2014 and \$108 million for fiscal year 2015.

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 \$398 million for the biennium.

The College also receives property tax revenue to support ongoing operating costs estimated at \$27.6 million in fiscal year 2014, accounting for approximately 15% 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 \$45 million for 2014.

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. Internal 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. However, past history has shown that as the economy slowly recovers from recession, enrollment usually starts to decrease. The 2012-13 enrollment decreased and reverses the trend of record-setting enrollments for the past 5 years. The decrease is anticipated to continue into the next biennium. The College has started the process of developing a strategic plan to set the direction for the next five years, including addressing this decreasing enrollment trend.

The September 2013 Oregon Economic and Revenue Forecast is projecting revenue growth rates in the state General Fund of 10.4% for the 2013-15 biennium and 11% for the 2015-17 biennium. Future challenges for PCC will include the potential of declining enrollment as the economy improves, a rate increase for the required PERS contribution, and the potential for future state funding to be linked to outcomes through the developing achievement compact initiatives implemented by the governor and legislature.

In November of 2008 voters of the district approved a \$374 million ballot measure to issue general obligation bonds for the acquisition, construction, renovation, and improvement of various college facilities and campuses. In March 2009 the sold \$200 million of the approved amount of bonds with the remaining \$174 million sold in March 2013 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 major projects include renovations to the library, health technology building, science technology building and college center on the Sylvania campus; installation of a solar array, major building renovations and classroom additions on the Rock Creek campus; a new academic building and a new student center on the Cascade campus, and a new student commons and a new library on the Southeast Center campus. Many projects are underway and are anticipated to be completed during the next year.

Accreditation

The Northwest Commission on Colleges and Universities (NWCCU) granted accreditation to Portland Community College in 1970. In July 2012, the NWCCU reaffirmed the accreditation of the College, based on the comprehensive, full scale evaluation and visit that took place in April and May 2012. 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, 2012. 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

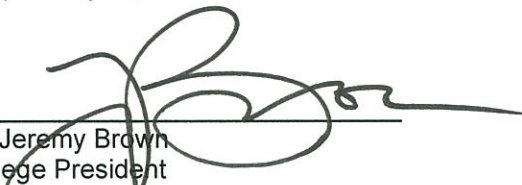
Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the College also received the GFOA's Distinguished Budget Presentation Award for its budget document for the biennial period beginning July 1, 2011. 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 , the President's Cabinet, faculty and staff for their continued support and dedication to the financial operations of the College.

Respectfully submitted,



Dr. Jeremy Brown
College President



Wing-Kit Chung
Vice President for Administrative Services



Jim Langstraat
Associate Vice President of Finance



James Crofts
Accounting Services Manager



Government Finance Officers Association

**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

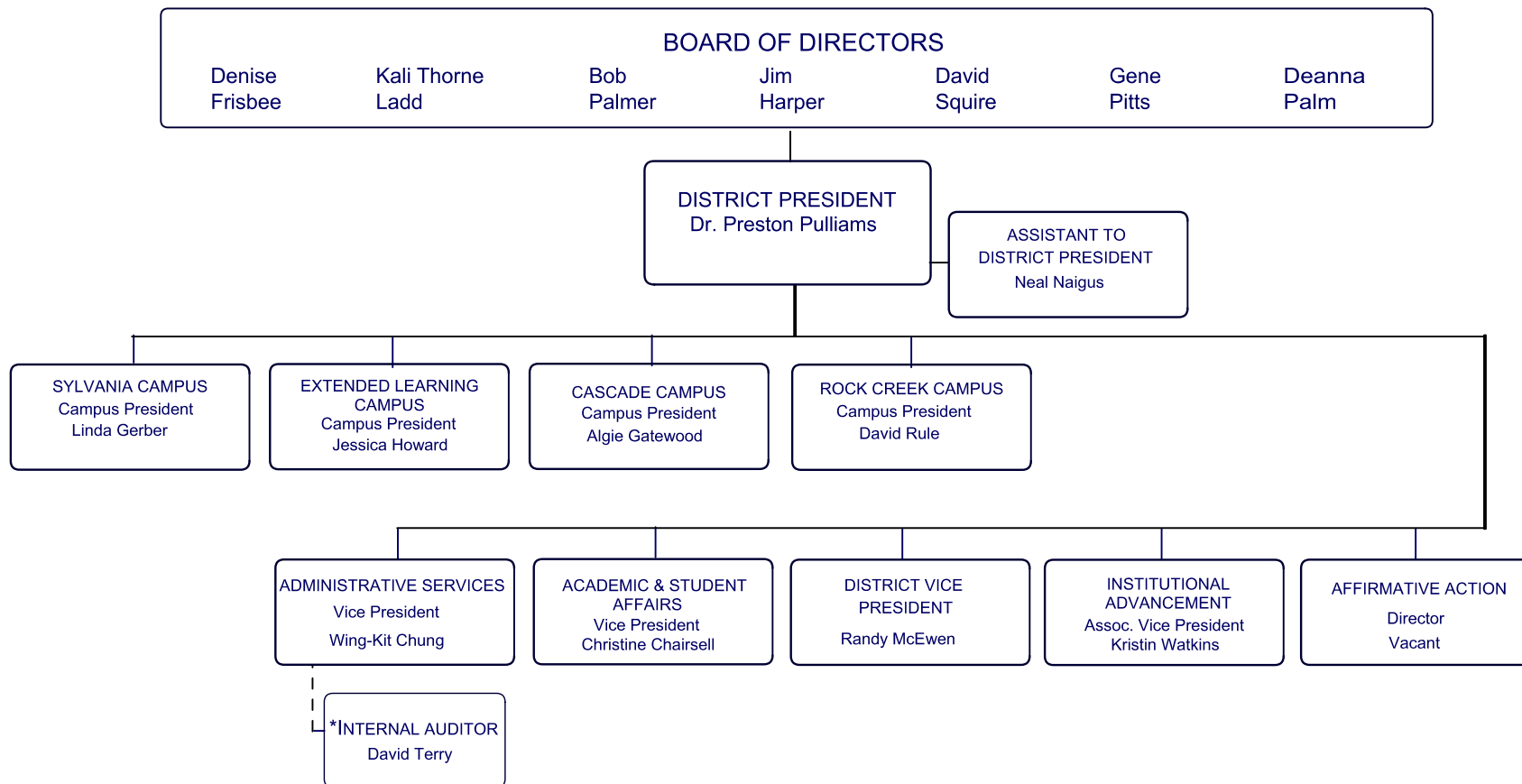
June 30, 2012

Executive Director/CEO

PORTLAND COMMUNITY COLLEGE

Administrative Organization

2012-13



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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 12, 2013

Board of Directors
Portland Community College
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Portland Community College as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Portland Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portland Community College as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Portland Community College's basic financial statements. The other supplementary information listed in the table of contents, introductory section, statistical section, and schedule of expenditures of federal awards required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 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* in considering Portland Community College's internal control over financial reporting and compliance.

Kenneth Kuhns & Co.

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, 2013 and 2012. 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 significant events of fiscal year ended June 30, 2013 that impacted the College are as follows:

- Full-time equivalent students (FTE) decreased slightly from 34,246 in 2012 to 33,680 in 2013. The total headcount of students decreased 4.9% from 94,634 in 2012 to 89,903 in 2013. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$71.6 million to \$39.2 million. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2013 to July 2013. 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 \$339.8 million in 2012 to \$407.1 million in 2013 due primarily to multiple large projects in progress at year end. These capital additions are made possible by a \$374 million bond measure approved by voters in 2008.
- The College has decreased its net position slightly from \$294.3 million in 2012 to \$292.4 million in 2013.

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 (1) Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position and (3) Statement 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.

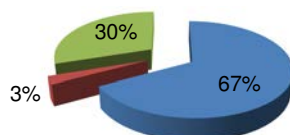
Analysis of Net Position

The Statement of Net Position (page 12) present information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Statement of Net Position 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 Position (in millions)			
	2013	2012	Increase (decrease) 2013-12
Assets			
Current assets	\$ 214.3	\$ 198.8	\$ 15.5
Capital assets, net of depreciation	407.1	339.8	67.3
Other noncurrent assets	270.9	173.4	97.5
Deferred outflows	-	0.1	(0.1)
Total assets and deferred outflows	<u>\$ 892.3</u>	<u>\$ 712.1</u>	<u>\$ 180.2</u>
Liabilities			
Current liabilities	\$ 72.6	\$ 58.6	\$ 14.0
Noncurrent liabilities	527.3	359.2	168.1
Total liabilities	<u>599.9</u>	<u>417.8</u>	<u>182.1</u>
Net position			
Net investment in capital assets	196.4	175.8	20.6
Net position: restricted	7.9	8.5	(0.6)
Net position: unrestricted	88.1	110.0	(21.9)
Total net position	<u>292.4</u>	<u>294.3</u>	<u>(1.9)</u>
Total liabilities and net position	<u>\$ 892.3</u>	<u>\$ 712.1</u>	<u>\$ 180.2</u>

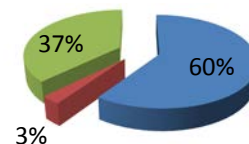
2013 Net position - \$292.4 million

- Net investment in capital assets \$196.4
- Restricted \$7.9
- Unrestricted \$88.1



2012 Net position - \$294.3 million

- Net investment in capital assets \$175.8
- Restricted \$8.5
- Unrestricted \$110.0



Fiscal year 2013 compared to 2012. Net Position decreased \$1.9 million from \$294.3 million in 2012 to \$292.4 million in 2013. Current assets increased by \$15.5 million. Current assets of \$214.3 million were more than sufficient to cover current liabilities of \$72.6 million. This represents a current ratio of 3.0. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$196.4 million is the net invested in capital assets and represents an increase of \$20.6 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 position is the amount set aside for student financial aid grants and loans. Unrestricted net position is used for the continuing operations of the College.

Analysis of Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (page 13) present the revenues earned and the expenses incurred during the year. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing 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 statement 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 position.

Portland Community College
Fiscal year ended June 30, 2013

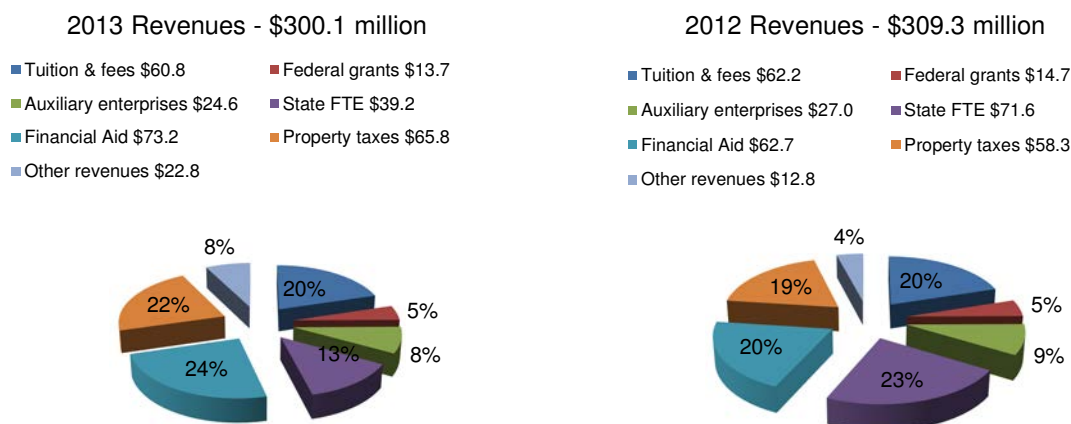
Changes in Net Position (In Millions)

	2013	2012	Increase (decrease) 2013-12
Operating revenues			
Student tuition and fees	\$ 60.8	\$ 62.2	\$ (1.4)
Federal contracted programs	13.7	14.7	(1.0)
Auxiliary enterprises and other	24.6	27.0	(2.4)
Total operating revenues	<u>99.1</u>	<u>103.9</u>	<u>(4.8)</u>
Nonoperating revenues			
State FTE reimbursement	39.2	71.6	(32.4)
Property taxes	65.8	58.3	7.5
Federal financial aid	73.2	62.7	10.5
Other nonoperating revenues	22.8	12.8	10.0
Total nonoperating revenues	<u>201.0</u>	<u>205.4</u>	<u>(4.4)</u>
Total revenues	<u>300.1</u>	<u>309.3</u>	<u>(9.2)</u>
Operating expenses			
Educational and general	152.8	158.3	(5.5)
Administrative services and physical plant	48.8	45.5	3.3
Grants and contracted programs	24.8	25.6	(0.8)
Auxiliary enterprises	24.1	23.9	0.2
Depreciation	7.5	7.4	0.1
Other support services	27.2	20.7	6.5
Total operating expenses	<u>285.2</u>	<u>281.4</u>	<u>3.8</u>
Nonoperating expenses			
Other nonoperating expenses	<u>15.3</u>	<u>13.9</u>	<u>1.4</u>
Total expenses	<u>300.5</u>	<u>295.3</u>	<u>5.2</u>
Increase (decrease) in net position	(0.4)	14.0	(14.4)
Net position, beginning of year	294.3	280.3	14.0
Prior period adjustment	(1.5)	-	(1.5)
Net position, end of year	<u>\$ 292.4</u>	<u>\$ 294.3</u>	<u>\$ (1.9)</u>

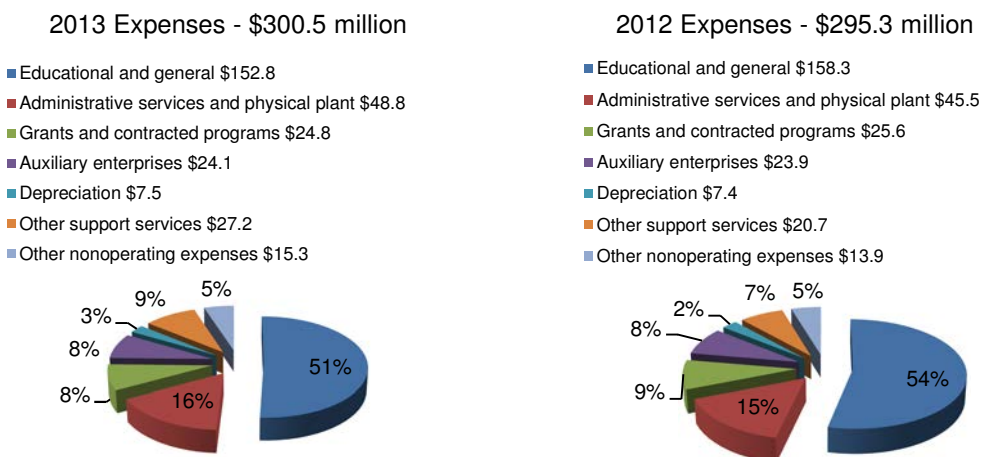
Portland Community College
Fiscal year ended June 30, 2013

The Statement of Revenues, Expenses and Changes in Net Position 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 2013 and 2012:



The following graphics show the allocation of total expenses for fiscal years 2013 and 2012:



Fiscal year 2013 compared to 2012. The most significant source of operating revenues is tuition and fees, followed by auxiliary services and federal grants. Operating revenues decreased by \$4.8 million, or 4.6%, which reflects decreases in all areas; student tuition and fees, federal contracted programs and auxiliary services.

The largest non-operating revenue source is federal financial aid, followed by property taxes and state FTE reimbursements. The decrease in FTE reimbursement is a timing difference due to the deferral of the eighth quarter FTE received in fiscal year 2014. The increase in other non-operating revenue is

Portland Community College
Fiscal year ended June 30, 2013

mostly due to the \$12.9 million increase in investment income on pension assets. Financial aid increased primarily due to increases in Pell grants and the Oregon Opportunity grants in fiscal year 2013.

Operating expenses increased by \$3.8 million overall. Educational expense is the largest single line item and had a decrease of \$5.5 million. Other support services had an increase of \$6.5 million largely due to a \$6.5 million increase in student financial aid, net of tuition and textbooks.

Analysis of Cash Flows

The primary purpose of the Statement of Cash Flows (page 14 & 15) is to provide relevant information about cash receipts and cash payments, which is a basis to assess the financial health of the College. The Statement of Cash Flows present information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year, and assists 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)			
	2013	2012	Increase (decrease) 2013-12
Cash provided by (used in)			
Operating activities	\$ (158.4)	\$ (164.2)	\$ 5.8
Noncapital financing activities	179.7	212.1	(32.4)
Capital financing activities	92.1	(53.0)	145.1
Investing activities	(106.5)	2.0	(108.5)
Net increase (decrease) in cash	6.9	(3.1)	10.0
Cash and cash equivalents, beginning of year	67.3	70.4	(3.1)
Cash and cash equivalents, end of year	\$ 74.2	\$ 67.3	\$ 6.9

Fiscal year 2013 compared to 2012. 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 \$5.8 million less in cash in its operating activities than the prior year primarily due to a \$22.3 million decrease in cash payments to suppliers offset by a \$14.9 million increase in cash usage for payments to employees and students for financial aid and scholarships and decreases in cash provided in operating activities by \$1.6 million.

Noncapital Financing Activities: Student financial aid, State FTE reimbursements and property taxes are the primary sources of noncapital financing. Cash provided by noncapital financing activity decreased by \$32.4 million. The largest change from prior year is due to a \$32.4 million decrease in State FTE. 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.

Portland Community College
Fiscal year ended June 30, 2013

Capital Financing Activities: Cash provided by capital financing activities increased by \$145.1 million. The increase is a net result of the \$201.5 million in cash provided by bonds issued and premiums received offset mainly by a \$50.5 million increase in cash usage for capital assets.

Investing Activities: Total cash used in investing activities increased by \$108.5 million. The net increase is mostly due to a \$241.2 million escalation of cash usage for purchases of investments and an increase in cash proceeds from sale of investments of \$133.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's net investment in capital assets as of June 30, 2013, was \$407.1 million. 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 \$557.3 million. Of this amount, \$551.5 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 \$0.9 million is a certificate of participation, which is a certified interest in a lease purchase agreement.

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 \$2.2 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$551.5 million is roughly 25% 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 period of 24 months (a biennial budget). In January 2007 the Board passed a resolution granting the District President authority to prepare and submit a biennial budget commencing July 1, 2007.

During fiscal year 2013, the College received \$32.4 million less in state revenue than fiscal year 2012. The primary difference is from the payment structure of the state FTE reimbursement.

The College experienced unprecedented enrollment growth in the recent past due to the economic downturn. For the FY2013-15 Biennium, the College anticipates that enrollment will experience a decline from the record levels of the FY2011-13 biennium. The budget assumes that as the economy strengthens, some students will return to the workforce, but new students will enroll at PCC 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.

We are estimating an annual average enrollment of approximately 28,000 credit student full-time equivalent (FTE) per year of the biennium. The FY2013-15 Biennium budget includes a tuition fee increase of \$6 per credit hour in the first year and a \$5 per credit hour increase in the second year. The tuition rate for the first year of the biennium period will be \$88 per credit hour and will increase to \$93 for the second year of the biennium period. There are no budgeted increases in the College's fees for

Portland Community College
Fiscal year ended June 30, 2013

Technology, Transportation or College Service. The Board remains sensitive to the cost of tuition and in light of increased state funding will consider a reduction in the \$5 tuition increase for the second year.

The Oregon legislature has established a FY2013-15 Biennium budget of \$465 million for Community College Support Fund (CCSF) allocation through the formula approved by the State Board of Education. This reflects an increase of 17.7% from the FY2011-13 funding level of \$395 million. The CCSF allocation still remains below the \$510 million established for the FY2007-09 biennium. As the approved level of the CCSF was changing until well after the time that the college had to approve and submit an adopted budget, the FY2013-15 budget was built on a CCSF allocation of \$410 million. While the College will amend the budget to account for these additional resources, we plan to remain conservative in our planning process. The CCSF allocation has been adjusted downwards in past years when Oregon experienced an economic downturn and decline in the level of personal income tax receipts.

In spite of our efforts to budget conservatively, we will need to review our FY2013-15 Biennium budget for potential reductions based on the dynamics of the Oregon economy and fluctuating enrollment.

Among the key measures enacted by the Oregon legislature were changes to the structure of the annual cost-of-living adjustments for participants in the Public Employees Retirement System (PERS). While these changes reduced the PERS liability, and helped the state make additional funds available, they are expected to receive a strong legal challenge. While these issues may not be settled in time to impact the FY2013-15 biennium, they could have an impact in the FY2015-17 biennium.

The September 2013 Oregon Economic and Revenue Forecast projects growth in state general fund revenues of 11% for the FY2015-17 biennium, an additional growth of 8.9% for the FY2017-19 and continued growth averaging 10% per biennium through 2023.

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

STATEMENT OF NET POSITION

June 30, 2013

(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 74,185
Short-term investments	120,311
Receivables:	
Taxes	3,594
Accounts	4,874
Student accounts	7,216
Federal programs	267
Interest	1,031
Inventory and prepaid items	2,830
Total current assets	<u>214,308</u>
Noncurrent assets:	
Long-term investments	156,034
Pension asset	113,166
Net pension obligation	1,726
Leased property under capital lease, net	132
Capital assets - non-depreciable	147,631
Capital assets - depreciable	353,226
Less: Accumulated depreciation	<u>(93,908)</u>
Total noncurrent assets	<u>678,007</u>
TOTAL ASSETS	<u><u>\$ 892,315</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 10,401
Payroll liabilities	19,127
Accrued interest payable	2,875
Deferred revenue	839
Compensated absences	6,108
Other current liabilities	3,218
Current portion of long-term debt	30,044
Total current liabilities	<u>72,612</u>
Noncurrent liabilities:	
Noncurrent liabilities	557,299
Less: Current portion of long-term debt	<u>(30,044)</u>
Total noncurrent liabilities	<u>527,255</u>
TOTAL LIABILITIES	<u><u>599,867</u></u>
NET POSITION	
Net investment in capital assets	196,408
Net position: restricted	
Student financial aid grants and loans	7,935
Net position: unrestricted	88,105
Total net position	<u>292,448</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 892,315</u></u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2013

(In Thousands)

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances	\$ 60,845
Federal contracted programs	13,663
Nongovernment grants and contracts	5,422
Auxiliary enterprises:	
Food services	4,827
Bookstore, net of scholarship allowances	9,095
Parking operation	5,217
Other operating revenues	12
Total operating revenues	<u>99,081</u>
OPERATING EXPENSES	
Educational and general:	
Sylvania Campus	49,083
Rock Creek Campus	33,428
Cascade Campus	28,849
Extended Learning Campus	17,937
President and Governing Board	3,984
Academic and Student Affairs Services	19,587
Administrative Services and Physical Plant	48,855
Other support services:	
Student Activities	2,403
Grants and contracted programs	24,778
Student financial aid, net of tuition and textbooks	22,678
Auxiliary enterprises:	
Food services	4,910
Bookstore	15,354
Parking operation	3,805
Early retirement costs	228
Materials, supplies and minor equipment expense	1,803
Depreciation expense	8,187
Amortization of bond related costs	(679)
Total operating expenses	<u>285,190</u>
Operating income (loss)	<u>(186,109)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal financial aid	73,239
State FTE reimbursement	39,191
State and local government grants and contracts	9,357
Property taxes	65,790
Investment income	514
Investment income (loss) on pension asset	12,918
Bond issuance costs	(1,425)
Interest expense	(13,919)
Net nonoperating revenues (expenses)	<u>185,665</u>
Increase (decrease) in net position	(444)
NET POSITION	
Net position - beginning of the year	294,347
Prior period adjustment	(1,455)
Net position - end of the year	<u>\$ 292,448</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS
Year ended June 30, 2013
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 62,168
Federal grants and contracts	13,663
Non-government grants and contracts	5,422
Payments to suppliers for goods and services	(47,789)
Payments to employees	(187,828)
Payments for student financial aid and other scholarships	(22,678)
Cash received from customers	18,560
Other cash receipts	<u>12</u>

Net cash used in operating activities (158,470)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal student financial aid grants	73,041
State and local government grants and contracts	9,357
Cash received from property taxes	65,702
Cash received from State FTE reimbursement	39,191
Interest paid on limited tax pension bonds	(4,917)
Principal paid on limited tax pension bonds	<u>(2,685)</u>

Net cash provided by noncapital financing activities 179,689

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal paid on long-term debt	(25,444)
Purchase of capital assets	(69,652)
Proceeds from bonds payable	177,495
Proceeds from bond premium	24,009
Cash paid for bond issuance costs	(1,425)
Interest paid on long-term debt	<u>(12,882)</u>

Net cash provided by capital financing activities 92,101

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	288
Purchases of investments	(461,236)
Proceeds from sales of investments	<u>354,475</u>

Net cash used in investing activities (106,473)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS (CONTINUED)
Year ended June 30, 2013
(In Thousands)

NET INCREASE IN CASH	\$ 6,847
Cash and cash equivalents - beginning of the year	67,338
Cash and cash equivalents - end of year	<u>\$ 74,185</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET ASSETS	
Unrestricted cash and cash equivalents	<u>\$ 74,185</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (186,109)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	8,187
Pension contributions paid from pension asset	11,372
Amortization expense	(746)
Change in net pension obligation	141
Change in OPEB liability	1,026
(Increases) decreases in current assets used in operations:	
Accounts receivable	(580)
Student accounts receivable	1,461
Inventory and prepaid items	161
(Increases) decreases in deferred outflows	67
Increases (decreases) in current liabilities used in operations:	
Accounts payable	3,713
Payroll liabilities	237
Deferred revenue	(138)
Other current liabilities	2,452
Compensated absences	286
Net cash used in operating activities	<u>\$ (158,470)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Investment income on pension asset	\$ 12,918
Interest capitalized on construction	5,760
Bond accretion	64
Book value of capital assets disposed	8

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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 financial statements of the College have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Changes in Accounting Principles

A change in accounting principles requires the reporting of bond issuance costs as an expenditure as they are incurred. This resulted in the College expensing \$1.5 million in 2013 as a prior period adjustment to beginning net position.

Deferred Outflow of resources and Deferred Inflow of resources

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

Use of Estimates

The preparation of basic financial statements in accordance with 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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2013 and for the year 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 as of June 30, 2013.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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.

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

Deferred Inflows

The College has no deferred inflows.

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 are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows

The College has no deferred outflows.

Net Position

Net position is the difference between the College's total assets and deferred outflows and total liabilities and deferred inflows. Net position is subdivided into three categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represents capital assets, less accumulated depreciation and outstanding principal of capital asset related debt. Net position subject to restrictions by external parties is categorized as restricted. This category represents student financial aid grant and loan programs.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

The unrestricted net position balance of \$87.7 million at June 30, 2013 includes \$1.3 million reserved for contracted grant programs, \$5.0 million reserved for future debt service, \$3.7 million reserved for risk management and \$35.5 million reserved for PERS bond debt service, with \$42.2 million remaining for other purposes.

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.

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 Position, the amount of which is actuarially determined.

Scholarship Allowances

Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Accordingly, some types of student financial aid, such as Pell grants and scholarships awarded by the District, are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses and changes in net position. The scholarship allowances for the year ended June 30, 2013 was \$158.2 million.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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, 2013
Cash and cash equivalents:	
Cash on hand	\$ 129
Demand deposits	35,118
Cash held by county treasurer	386
Oregon Local Government Investment Pool	40,361
Total cash and cash equivalents	75,994
Less cash Pension Trust Fund - Early Retirement	(1,809)
Total cash and cash equivalents basic statements	74,185
Investments:	
Government and agency obligations	206,355
Corporate securities	68,570
Bank obligations	1,420
Total investments	276,345
Total cash and investments	\$ 350,530

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, 2013
Investments categorized by Standard and Poor's rating:	
Government sponsored (Treasury & Federal Agencies), AA+	\$ 205,250
Municipal Bonds (A+)	1,105
Corporate notes (A or better)	62,673
Corporate commercial paper (A1 or better)	5,897
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	1,420
Total investments	\$ 276,345

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

2. CASH AND INVESTMENTS (Continued)

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.

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 at settlement date AA or better by Standard & Poor's, 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 non-federal investments in any one issuer which exceed 5% of total invested funds. There are no investments that exceed this threshold as of June 30, 2013.

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. Bond investments purchased through broker-dealers other than Wells Fargo Bank are held in the investment safekeeping division of Wells Fargo Bank. As of June 30, 2013, the College had \$276.3 million in various investment instruments including time deposits. The college has no custodial credit risk as all investments purchased with Wells Fargo Bank are held in safekeeping with US Bank.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk:

In accordance with the objectives of the College's investment guidelines, interest rate risk is mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. As of June 30, 2013, investment instruments held by the College (excluding Local Government Investment Pool balances) that matured within a 180 day timeline, measured as a percentage of their respective portfolio, were as follows: Bond investments 23.5%; Workers' Compensation investments 100%; Bookstore 31.7%; and all other investments 47.2%. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2013 were: 70.99% mature within 93 days, 9.07% mature from 93 days to one year and 19.94% mature from over one year to three years from settlement date.

Bond Investments maturing after 180 days (in thousands)

Standard and Poor's			
Bond Investments	Rating	Maturity Date	Market Value
Nestle CP	A1	01-27-2014	\$ 5,897
USBK Corp	A+	02-04-2014	6,101
FHLB Coupon	AA+	03-06-2014	5,001
FHLMC Coupon	AA+	04-28-2014	5,006
GE Corp. Note	AA+	05-13-2014	1,571
FHLB Coupon	AA+	05-28-2014	5,052
FHLB Coupon	AA+	05-28-2014	3,031
Microsoft Corp	AAA	06-01-2014	1,761
FHLB Coupon	AA+	07-02-2014	6,511
FHLMC Coupon	AA+	08-20-2014	6,352
GE Corp. Note	AA+	09-15-2014	6,497
FHLB Coupon	AA+	12-12-2014	14,165
Bank of New York Corp. Mellon Note	A+	12-15-2014	2,642
Bank of Nova Scotia, Corp Note	A+	01-22-2015	7,279
FFCB Coupon	AA+	02-24-2015	6,987
FHLMC Coupon	AA+	04-17-2015	13,031
FFCB Coupon	AA+	07-30-2015	9,965
FFCB Coupon	AA+	07-30-2015	6,976
FNMA Coupon	AA+	10-26-2015	11,273
FNMA Coupon	AA+	03-11-2016	3,340
US Treasury	AA+	03-31-2016	10,489
IBM Corp	AA-	07-22-2016	5,115
Toyota Corp	AA-	09-15-2016	3,060
FFCB Coupon	AA+	09-26-2016	5,941
Wells Fargo Financial	A+	12-15-2016	4,145
FFCB Coupon	AA+	02-22-2017	2,953
FNMA Coupon	AA+	03-06-2017	1,965

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

2. CASH AND INVESTMENTS (Continued)

All Other Investments maturing after 180 days (in thousands)

Standard and Poor's			
Bond Investments	Rating	Maturity Date	Market Value
Berkshire Hathaway Financial	AA	01-10-2014	\$ 1,006
Pepsi Bottling Group	A	03-15-2014	2,088
Albina Community Bk CD	NR	03-28-2014	230
Microsoft Corp	AAA	06-01-2014	1,024
Clackamas SD Muni	A+	06-15-2014	1,000
Columbia Comm. Bk CD	NR	09-22-2014	230
FFCB Coupon	AA+	12-24-2014	3,998
FFCB Coupon	AA+	12-24-2014	1,997
FFCB Coupon	AA+	05-01-2015	4,005
FFCB Coupon	AA+	05-01-2015	3,004
FFCB Coupon	AA+	06-01-2015	3,229
Bank of The West CD	NR	06-03-2015	230
Wal-Mart Stores Corp.	AA	07-01-2015	1,076
Merck & Co.	AA	01-15-2016	857
Merck & Co.	AA	01-15-2016	1,240
FNMA Coupon	AA+	03-30-2016	2,979

Custodial credit risk – deposits:

In the 2008 legislative session, new regulations were enacted for collateralizing public funds under ORS 295.004. The statute established a shared liability concept to protect public entities and eliminated “personal liability” of public officials for balances in excess of the collateral certificates. It also reduced “over collateralization” and defined qualified depository institutions and addressed collateralization of public funds over \$250 thousand. Finally, it specified the types of instruments that are allowed as collateral and required qualified bank depositories to sign a pledge agreement approved by the board of directors or loan committee. Under ORS 295.004, governmental entities can maintain balances with such bank depositories following their investment policies. On June 30, 2013, the College bank balances were \$38.7 million which includes time CDs and bank accounts. Of these deposits, \$1.67 million on deposit with seven banks were covered by FDIC and the remaining balance was covered by the procedures for collateralizing public funds.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

3. CAPITAL ASSETS

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

	Balance June 30, 2012	Increase	Decrease	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 44,962	\$ 3,024	\$ -	\$ 47,986
Art and historical treasure	849	5	-	854
Construction in progress	37,986	69,299	(8,494)	98,791
Total capital assets not being depreciated	83,797	72,328	(8,494)	147,631
Capital assets being depreciated:				
Land improvements	10,493	-	-	10,493
Building and improvements	290,372	7,799	-	298,171
Equipment and machinery	19,591	1,445	-	21,036
Capital lease	346	-	-	346
Library collections	1,512	160	(167)	1,505
Leasehold improvements	972	-	-	972
Infrastructure	18,874	2,175	-	21,049
Total capital assets being depreciated	342,160	11,579	(167)	353,572
Less accumulated depreciation for:				
Land improvements	6,211	701	-	6,912
Building and improvements	63,199	5,730	-	68,929
Equipment and machinery	14,463	1,094	-	15,557
Capital lease	144	70	-	214
Library collections	851	125	(165)	811
Leasehold improvements	387	169	-	556
Infrastructure	845	298	-	1,143
Total accumulated depreciation	86,100	8,187	(165)	94,122
Total capital assets being depreciated, net	256,060	3,392	(2)	259,450
Total capital assets, net	\$ 339,857	\$ 75,720	\$ (8,496)	\$ 407,081

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's capitalized interest for the fiscal year ended June 30, 2013 was \$5.8 million.

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

As of June 30, 2013, major construction projects were underway, including additions at Cascade and Sylvania campuses and Southeast Center.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

4. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2013 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2012	Increases	Decreases	Outstanding June 30, 2013	Due Within One Year
2013 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2033	\$ 177,495	\$ -	\$ 177,495	\$ -	\$ 177,495	\$ 7,290
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	200,000	182,340	-	(7,055)	175,285	7,410
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%	12,190	3,210	-	(3,210)	-	-
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	69,670	-	(10,000)	59,670	10,835
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	105,180	-	(2,685)	102,495	3,110
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%	15,605	4,660	-	(4,660)	-	-
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	1,101	64	-	1,165	1,165
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,010	-	(150)	860	155
Note Payable, Legin Property	450	300	-	(300)	-	-
Premium on General obligation bonds	38,302	11,312	24,010	(746)	34,576	-
Capital leases	497	231	-	(68)	163	79
OPEB liability	-	4,564	1,026	-	5,590	-
	<u>\$ 659,359</u>	<u>\$ 383,578</u>	<u>\$ 202,595</u>	<u>\$ (28,874)</u>	<u>\$ 557,299</u>	<u>\$ 30,044</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 29,810	\$ 26,156	\$ 155	\$ 42	\$ 29,965	\$ 26,198
2015	27,635	23,139	165	34	27,800	23,173
2016	29,800	21,794	170	27	29,970	21,821
2017	32,110	20,341	180	18	32,290	20,359
2018	34,570	18,773	190	9	34,760	18,782
2019	22,140	17,054	-	-	22,140	17,054
2020	23,650	15,958	-	-	23,650	15,958
2021	25,255	14,788	-	-	25,255	14,788
2022	26,950	13,539	-	-	26,950	13,539
2023	28,760	12,206	-	-	28,760	12,206
2024	30,665	10,785	-	-	30,665	10,785
2025	32,695	9,271	-	-	32,695	9,271
2026	34,835	7,656	-	-	34,835	7,656
2027	37,110	5,937	-	-	37,110	5,937
2028	25,330	4,106	-	-	25,330	4,106
2029	26,385	3,053	-	-	26,385	3,053
2030	11,420	1,844	-	-	11,420	1,844
2031	11,880	1,387	-	-	11,880	1,387
2032	12,355	912	-	-	12,355	912
2033	12,755	510	-	-	12,755	510
	<u>\$ 516,110</u>	<u>\$ 229,209</u>	<u>\$ 860</u>	<u>\$ 130</u>	<u>\$ 516,970</u>	<u>\$ 229,339</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.

In March 2013, the College issued General Obligation Bonds, Series 2013 in the amount of \$177.5 million. A portion of the proceeds from the bonds were used to redeem the General Obligation Refunding Bonds, Series 2002A. As a result the bonds are considered defeased and the amount of \$3.5 million has been removed from liabilities. The refunding took place to take advantage of current market yield which created a net economic gain of \$0.8 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

4. LONG-TERM LIABILITIES (Continued)

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2013, the College had no arbitrage rebate liabilities.

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>
2014	\$ 98
2015	<u>90</u>
Total minimum lease payments	188
Less:	
amount representing interest	<u>(25)</u>
Present value of minimum lease payments	<u><u>\$ 163</u></u>

5. OPERATING LEASES

Minimum Lease Payments

The College as lessee 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>
2014	\$ 443
2015	339
2016	211
2017	152
2018	150
Later years	<u>1,286</u>
Total	<u><u>\$ 2,581</u></u>

The expense for operating leases for the years ended June 30, 2013 was \$0.7 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

5. OPERATING LEASES (Continued)

Minimum Future Rentals

The College as lessor 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 \$43.2 million respectively, net of accumulated depreciation of \$2.0 million on buildings as of June 30, 2013. However, only 10% of the Willow Creek Center, which represents \$38.6 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>
2014	\$ 359
2015	233
2016	239
2017	246
2018	253
Late years	<u>128</u>
Total	<u><u>\$ 1,458</u></u>

Solar Power Agreement

In November 2011, the College entered into a solar power purchase agreement with SolarCity Corp. SolarCity Corp. installed and maintains a solar ground mount array on the College's Rock Creek Campus. The solar ground mount array was completed June 2012 at which time the College prepaid SolarCity Corp. \$830,000 for power generated by the solar ground mount array from 2012 through 2031.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

7. GROUND LEASE AND JOINT USE AGREEMENT

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

8. RISK MANAGEMENT

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

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, 2013 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 \$550 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, 2013
Unpaid claims, July 1	\$ 587
Incurred claims	247
Claim payments	(473)
Unpaid claims, June 30	<u>\$ 361</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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

9. PENSION PLANS (Continued)

PERS (continued)

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.

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, 2013 were 16.27% and 14.61% respectively. These rates include approximately 9.17% 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, 2013, 2012, and 2011 were \$19.2 million, \$19.0 million and \$13.8 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, 2013
Balance, July 1	\$ 111,620
Investment income	12,918
Contributions to cost sharing plan	(11,372)
Balance, June 30	<u>\$ 113,166</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan

The College maintains a single-employer, defined benefit early retirement incentive program for qualifying Faculty, Academic Professionals (AP), and Classified Employees. The College does not publish a stand-alone financial report for this plan. The Board has authority to set benefit provisions and funding policy for the plan. The management employee portion of this plan was replaced in fiscal year 2000 by a 2% employer contributed 403(b) plan. The current actuarial report used by the College is dated September 30, 2013.

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.

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 the Entry Age Normal Cost Method (Level Percent of Pay). 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 exit age. This method is used for both the Early Retirement Incentive Plan and Postemployment Healthcare Plan.

A detailed description of the calculation follows:

- The actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hired) and assumed exit age(s).
- The portion of this actuarial present value allocated to the valuation year is the Normal cost for that active employee and the sum of all individuals' normal costs is the plan's Normal Cost for the valuation year.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (continued)

- The plan's Normal cost for the valuation year plus the accumulated value of all prior Normal Costs is the Actuarial Accrued Liability. The excess of this cost over the plan assets is Unfunded Actuarial Accrued Liability.

Under this method, the actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability while leaving the Normal Cost unchanged.

Changes since prior valuation:

Use of the EAN Level Percent of Pay method is a change from the prior valuation, which used the Aggregate method to value Early Retirement benefits. This method change has been made in anticipation of GASB statement 67 and 68, which prescribe the use of EAN Level Percent of Pay method for disclosure purposes.

Basis of Accounting:

The actuarial calculations are consistent with accounting principles generally accepted in the United States of America and GASB No. 25, 27, 45 and 50.

Asset Valuation Method:

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

Basic actuarial assumptions:

- | | |
|------------------|---|
| 1. Discount rate | 3.0 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. |

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (continued)

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

	Year Ended June 30,		
	2013	2012	2011
Annual required contribution	\$ 90	\$ 127	\$ -
Interest on net pension surplus	(56)	(71)	(73)
Adjustment to required contribution	107	278	319
Annual pension cost	141	334	246
Contribution made (*)	-	(7)	-
Decrease in pension surplus	141	327	246
Net pension surplus, beginning of year	(1,867)	(2,194)	(2,440)
Net pension surplus, end of year	<u>\$ (1,726)</u>	<u>\$ (1,867)</u>	<u>\$ (2,194)</u>
Interest on pension surplus	3.0%	3.3%	3.0%
% of annual pension cost contributed	0%	2.2%	0%

(*) It is the practice of the College that for GASB reporting purposes, the annual contribution allocated to the Stipend Plan's 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, 2013, pay-as-you-go OPEB and EAP costs of \$293 thousand exceeded the overall reported contribution of \$228 thousand by \$65 thousand. As such, the contribution allocated to the SERP is \$0 and \$65 thousand 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, 2011, pay-as-you-go OPEB and EAP costs of \$204 thousand exceeded the overall reported contribution of \$28 thousand by \$175 thousand. As such, the contribution allocated to the SERP is \$0 and \$175 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
Year ended June 30, 2013**

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
2009	\$ 2,366	\$ 1,689	\$ (678)	140.1%	\$ 34,542	(2.0%)
2011	1,911	2,156	246	88.6%	39,569	0.6%
2013	1,507	1,925	418	78.3%	41,393	1.0%

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

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

Year	Annual Required Contribution	Actual Contributions	Employer Contribution Percentage
2009	\$ 6	\$ 333	5,775%
2010	-	-	100%
2011	-	-	100%
2012	127	7	5.9%
2013	90	-	0.0%

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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):

	<u>Year Ended June 30, 2013</u>
Assets:	
Cash and investments	\$ 1,809
Receivables	<u>20</u>
Total assets	<u><u>\$ 1,829</u></u>
Liabilities - accrued benefits payable	\$ 324
Net assets held in trust for pension benefits	<u>1,507</u>
Total liabilities and net assets	<u><u>\$ 1,831</u></u>
	<u>Year Ended June 30, 2013</u>
Revenues:	
Contributions	\$ 228
Interest income	<u>6</u>
Total revenues	<u>234</u>
Expenses - benefits	<u>471</u>
Net increase (decrease)	(237)
Beginning net assets	<u>1,744</u>
Ending net assets	<u><u>\$ 1,507</u></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, 2013 was \$0.3 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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, 2013 is \$1,323 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, 2013, the College contributed \$0.29 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of \$5.6 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Current healthcare premiums for plan members were as follows for the year ended June 30, 2013. 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>
MODA Plan 3 with Rx B	\$ 701.29	\$ 1,542.83	\$ 1,332.48	\$ 2,174.03
MODA Plan 6 with Rx B	526.58	1,158.46	1,000.51	1,632.41
MODA Plan 8 with Rx B	421.92	928.25	801.67	1,307.98
Kaiser Plan 1 with Rx 1	507.89	1,117.36	964.99	1,574.45
<u>Vision Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
MODA Plan 1	\$ 10.58	\$ 23.31	\$ 20.12	\$ 32.82
Kaiser Plan 5	7.58	16.70	14.42	23.52
<u>Dental Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
MODA Plan 4 with orthodontia	\$ 49.62	\$ 98.29	\$ 111.38	\$ 163.92
MODA Plan 6 without orthodontia	39.88	78.94	80.13	122.40
Willamette Plan 8 with orthodontia	40.51	80.22	85.36	128.29
Kaiser Plan 8 with orthodontia	60.84	133.87	115.61	188.63

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 has been calculated as the sum of the Normal Cost as determined under the Entry AGE Normal (EAN) method and an amount to amortize of the unfunded accrued liability over a 30-year closed amortization period commencing July 1, 2007 (28 years as of July 1, 2009, 26 years as of July 1, 2011 and 24 years as of July 1, 2013). 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, 2013</u>
Annual Required Contribution	\$ 1,766
Interest on net OPEB obligation	137
ARC adjustment	<u>(262)</u>
Annual OPEB Cost	1,641
Contributions Made	<u>(615)</u>
Increase in net OPEB obligation	1,026
Net OPEB obligation at beginning of year	<u>4,564</u>
Net OPEB obligation at end of year	<u>\$ 5,590</u>
Interest rate	3.0%

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2013**

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, 2013, 2012 and 2011 were as follows (in thousands):

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 1,841	46%	\$ 3,279
2012	2,170	41%	4,564
2013	1,641	37%	5,590

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>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2009	\$ -	\$ 16,498	\$ 16,498	0%	\$ 85,454	19.3%
2011	-	19,033	19,033	0%	94,614	20.1%
2013	-	16,064	16,064	0%	104,016	15.4%

- (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 June 30, 2013 actuarial valuation, the Entry Age Normal (EAN) method was used to replace the Projected Unit Cost method in the prior valuation. The actuarial assumptions included a 3.0% investment rate of return (net of administrative expenses), an assumed inflation rate of 2.5%, salaries for employees are assumed to increase 3.75% annually and Medical insurance premium/Health Claim for 2014-2015 healthcare cost trend rate is 8.0%. Annual increases decrease by 0.5% each year until a 5.0% annual trend is reached. 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
Year ended June 30, 2013**

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 0.59% 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, 2013, 2012 and 2011 were \$67 thousand, \$71 thousand and \$78 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
Year ended June 30, 2013**

11. RELATED ORGANIZATION (Continued)

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2013 is as follows (in thousands):

	Year Ended June 30, 2013
Total assets	\$ 10,649
Total net assets	10,472
Total support and revenues	3,498
Total expenses	2,552

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

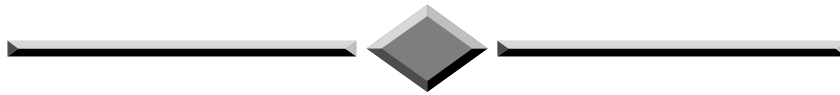
The College has approximately \$67 million in on-going construction commitments as of June 30, 2013. Over three-quarters of this total consists of construction contracts based on guaranteed maximum amounts with the construction manager/general contractors selected for each of the four main campuses. Remaining commitments include consulting contracts for architectural and engineering services, moving services, geotechnical, materials testing, commissioning, surveying and other services. Projects are ongoing at the Sylvania campus, Southeast Center, Cascade Campus and Rock Creek Campus, and include new classrooms, lab facilities, parking, student services and faculty workspaces to accommodate the large increase in student enrollment.

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



Individual Funds

General Fund

The General Fund is the College's primary operating fund. It accounts for all major instructional programs and services supporting these programs. Principal sources of revenue are property taxes, tuition and community college funding from the State of Oregon. For budgetary compliance, expenditures are budgeted by campus and non-campus programs. For reporting purposes, expenditures are further categorized into instruction, instructional support, student support, college support, facilities maintenance and operations, and transfers to other funds.

Continuing and Community Education Fund

This fund was established to provide a separate accounting of revenues and expenditures for self-improvement, non-credit and non-traditional credit courses. Programs in this fund are to be financially self-supporting. Registration fees and other charges provide the majority of revenue in this fund.

Auxiliary Fund

This fund accounts for a variety self-supporting College sponsored activities which cannot be accounted for in other funds or in the General Fund. Major sources of revenue include facilities usage charges and a variety of campus activities. Major program expenditures include management of campus facility rental activities and other College sponsored activities.

Student Activities Fund

This fund was established to account for programs and activities related to student functions. The resources for this fund come from student fees and from fund raising activities. Programs under this fund are Child Care, Student Government, intramural activities, and other student activities.

Contracts and Grants Fund

This fund accounts for Federal, State, and Local grants and contracts that fund various training programs, the development and operation of experimental grant-funded programs. This fund is dependent on grants and contract awards that will be received during the fiscal year and that require external reporting. The major source of revenue is from federal, state, and local contracts and grants.

Student Financial Aid Fund

This fund was established to provide for a separate accounting of student financial assistance. Federal and state student aid programs provide the majority of revenue in this fund.

General Obligation Bond Fund

This fund was established to account for the accumulation of resources for the payment of principal and interest on long-term general obligation bonds. The principal sources of revenues are property taxes and earnings on investments.

Capital Lease/Purchase Fund

This fund was established to account for the accumulation of resources for the payment of principal and interest related to Certificate of Participation Bonds. The primary source of revenue is a transfer from the General Fund.

P.E.R.S. Debt Service Fund

This fund was established to account for the accumulation of resources for the payment of principal and interest on the Limited Tax Pension Bonds. The primary source of revenue is a transfer from the P.E.R.S./Reserve Fund.

Capital Projects Fund

This fund was established to account for expenditures for minor construction projects, remodeling, major maintenance of facilities, and replacement of major equipment. The major source of funding is a transfer from the General Fund.

Capital Construction Fund

This fund accounts for all activities relating to major construction projects not accounted for in the Capital Projects Fund, including acquisition of real property, construction of new facilities and major renovations of existing facilities. This fund was established in 1992 to account for projects provided for by the voter approved bond authority. The major source of funding is bond proceeds.

Food Services Fund

This fund accounts for the operation of the cafeterias and related food services. The principal source of revenue is from food sales.

Bookstore Fund

The College Bookstore operation provides students and staff with books and instructional supplies needed to carry out their educational programs. The principal source of revenue is from sales of merchandise.

Parking Operations Fund

This fund accounts for the College parking program. Resources are expended for alternative transportation options and maintenance of the parking lots. The major sources of revenue are from parking permits and parking fines.

Print Center Fund

This fund was established to account for the College's expenses relating to printing and photocopying. The primary source of revenue is from charges for services to the College's operating funds.

Risk Management Fund

This fund accounts for the expenses relating to the College's management of its self-insurance operation which includes property, casualty, unemployment and worker's compensation insurance. The primary source of revenue is from charges to the College's operating funds.

P.E.R.S./Reserve Fund

This fund was established to centrally manage and account for the additional Public Employees Retirement System's employer rate. The primary source of revenue is from charges to the College's operating funds on all salaries subject to P.E.R.S. The Primary expenditure in this fund is a transfer of accumulated charges to the P.E.R.S. Debt Service Fund.

Pension Trust Fund: Early Retirement

This fund was established to account for the accumulation of resources to meet future obligations and expenses related to the College's early retirement program. Principal sources of revenue are a transfer from the General Fund and interest earnings from investments.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2013

<u>GENERAL FUND</u>				
	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
From local sources:				
District tax levy:				
Current	\$ 52,125,293	\$ 27,274,067	\$ 53,910,598	\$ 1,785,305
Prior	1,434,170	482,996	945,386	(488,784)
Total district tax levy	53,559,463	27,757,063	54,855,984	1,296,521
Tuition and fees	193,737,839	96,596,221	192,322,344	(1,415,495)
Other sources:				
Interest from investments	1,079,268	189,432	477,135	(602,133)
Miscellaneous local sources	3,413,786	1,827,445	3,840,492	426,706
Total other sources	4,493,054	2,016,877	4,317,627	(175,427)
Total from local sources	251,790,356	126,370,161	251,495,955	(294,401)
From state sources:				
FTE reimbursement	109,140,332	53,031,464	109,729,631	589,299
Other state sources	-	128,800	128,800	128,800
Total from state sources	109,140,332	53,160,264	109,858,431	718,099
TOTAL REVENUES, BUDGETARY BASIS	360,930,688	179,530,425	361,354,386	423,698

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2013

	<u>GENERAL FUND</u>			
	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:				
Campus program areas:				
Sylvania	\$ 93,463,826	\$ 46,455,875	\$ 92,541,806	\$ 922,020
Rock Creek Campus	63,472,461	31,488,973	63,241,228	231,233
Cascade	54,953,768	27,026,858	54,505,678	448,090
Extended Learning	24,880,452	12,600,808	23,683,097	1,197,355
Total Campus program areas	236,770,507	117,572,514	233,971,809	2,798,698
Non-program areas:				
Personal Services	102,665,462	50,759,994	100,660,235	2,005,227
Materials & Services	42,570,252	21,709,261	41,733,170	837,082
Capital Outlay	2,348,090	756,688	1,161,549	1,186,541
Total Non-program areas	147,583,804	73,225,943	143,554,954	4,028,850
Contingencies	1,988,276	-	-	1,988,276
TOTAL EXPENDITURES	386,342,587	190,798,457	377,526,763	8,815,824
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(25,411,899)	(11,268,032)	(16,172,377)	9,239,522
OTHER FINANCING SOURCES (USES):				
Transfers in	9,224,393	3,288,986	6,687,453	(2,536,940)
Transfers out	(6,646,172)	(2,104,432)	(5,063,684)	1,582,488
TOTAL OTHER FINANCING SOURCES (USES)	2,578,221	1,184,554	1,623,769	(954,452)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(22,833,678)	(10,083,478)	(14,548,608)	8,285,070
Beginning fund balance	32,161,157	27,696,027	32,161,157	-
Ending fund balance - budgetary basis	\$ 9,327,479	\$ 17,612,549	\$ 17,612,549	\$ 8,285,070

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

CONTINUING AND COMMUNITY EDUCATION FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Other local sources	\$ 4,102,068	\$ 849,130	\$ 2,358,299	\$ (1,743,769)
Tuition and fees	12,398,256	4,097,001	8,040,767	(4,357,489)
TOTAL REVENUES	16,500,324	4,946,131	10,399,066	(6,101,258)
EXPENDITURES:				
Sylvania Campus	517,280	4	136,759	380,521
Extended Learning Campus	15,861,469	4,597,193	9,610,542	6,250,927
Cascade Campus	81,575	19,684	27,778	53,797
Contingency	218,601	-	-	218,601
TOTAL EXPENDITURES	16,678,925	4,616,881	9,775,079	6,903,846
REVENUES OVER (UNDER) EXPENDITURES	(178,601)	329,250	623,987	802,588
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,000	-
Transfers (out)	(750,000)	(322,943)	(739,737)	10,263
TOTAL OTHER FINANCING SOURCES (USES)	(720,000)	(292,943)	(709,737)	10,263
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(898,601)	36,307	(85,750)	812,851
Beginning fund balance	898,601	776,544	898,601	-
Ending fund balance - budgetary basis	\$ -	\$ 812,851	\$ 812,851	\$ 812,851

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

<u>AUXILIARY FUND</u>				
	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Facilities usage	\$ 715,782	\$ 325,102	\$ 579,767	\$ (136,015)
Campus activities	336,794	119,876	225,037	(111,757)
TOTAL REVENUES	1,052,576	444,978	804,804	(247,772)
EXPENDITURES:				
Facilities usage	741,890	201,411	386,571	355,319
Campus activities	567,823	113,422	234,911	332,912
Sustainability	15,000	-	-	15,000
Contingency	139,256	-	-	139,256
TOTAL EXPENDITURES	1,463,969	314,833	621,482	842,487
REVENUES OVER (UNDER) EXPENDITURES	(411,393)	130,145	183,322	594,715
OTHER FINANCING SOURCES (USES):				
Transfers:				
Transfers in	6,159	6,159	6,159	-
Transfers (out)	(110,184)	(19,640)	(36,828)	73,356
TOTAL OTHER FINANCING SOURCES (USES)	(104,025)	(13,481)	(30,669)	73,356
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(515,418)	116,664	152,653	668,071
Beginning fund balance	515,418	551,407	515,418	-
Ending fund balance - budgetary basis	\$ -	\$ 668,071	\$ 668,071	\$ 668,071

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

STUDENT ACTIVITIES FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 8,000	\$ 2,519	\$ 5,561	\$ (2,439)
From local sources:				
Student activities fees	3,781,227	1,786,699	3,617,324	(163,903)
Other local sources	70,000	89,967	183,772	113,772
Total from local sources	3,851,227	1,876,666	3,801,096	(50,131)
TOTAL REVENUES	3,859,227	1,879,185	3,806,657	(52,570)
EXPENDITURES:				
Sylvania Campus Programs	1,579,761	761,348	1,381,895	197,866
Rock Creek Campus Programs	1,133,786	522,727	1,010,223	123,563
Cascade Campus Programs	992,489	445,326	918,499	73,990
Extended Learning Campus Programs	325,150	161,729	300,747	24,403
District-wide Programs	377,700	207,288	349,685	28,015
Contingency	159,114	-	-	159,114
TOTAL EXPENDITURES	4,568,000	2,098,418	3,961,049	606,951
REVENUES OVER (UNDER) EXPENDITURES	(708,773)	(219,233)	(154,392)	554,381
Beginning fund balance	708,773	773,614	708,773	-
Ending fund balance - budgetary basis	\$ -	\$ 554,381	\$ 554,381	\$ 554,381

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

CONTRACTS AND GRANTS FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Local sources	\$ 11,765,137	\$ 5,422,112	\$ 11,068,643	\$ (696,494)
State sources	16,011,775	6,978,705	13,291,817	(2,719,958)
Federal sources	34,244,990	13,663,060	28,378,505	(5,866,485)
TOTAL REVENUES	62,021,902	26,063,877	52,738,965	(9,282,937)
EXPENDITURES:				
Local contracts	11,391,007	5,404,820	10,924,357	466,650
State grants	14,087,027	6,618,203	12,931,424	1,155,603
Federal grants	30,916,993	12,799,304	26,601,148	4,315,845
TOTAL EXPENDITURES	56,395,027	24,822,327	50,456,929	5,938,098
Contingency	1,975,538	-	-	1,975,538
REVENUES OVER (UNDER) EXPENDITURES	3,651,337	1,241,550	2,282,036	(1,369,301)
OTHER FINANCING SOURCES (USES):				
Transfers in	442,440	187,440	442,440	-
Transfers (out)	(4,228,186)	(1,538,015)	(3,089,604)	1,138,582
TOTAL OTHER FINANCING SOURCES (USES)	(3,785,746)	(1,350,575)	(2,647,164)	1,138,582
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(134,409)	(109,025)	(365,128)	(230,719)
Beginning fund balance	2,625,927	2,369,824	2,625,927	-
Ending fund balance - budgetary basis	\$ 2,491,518	\$ 2,260,799	\$ 2,260,799	\$ (230,719)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

STUDENT FINANCIAL AID FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
From local sources:				
Interest from investments	\$ 17,174	\$ 2,270	\$ 5,516	\$ (11,658)
Private scholarships	4,312,404	40,317	203,784	(4,108,620)
Miscellaneous income	-	1,198	2,092	2,092
Total from local sources	4,329,578	43,785	211,392	(4,118,186)
From federal sources	381,333,506	190,548,708	360,210,612	(21,122,894)
TOTAL REVENUES	385,663,084	190,592,493	360,422,004	(25,241,080)
EXPENDITURES:				
College funded programs	924,300	79,069	169,878	754,422
Federal programs	385,130,668	190,479,676	359,828,294	25,302,374
Short term student loan program	596,000	39,510	203,778	392,222
Contingency	854,358	-	-	854,358
TOTAL EXPENDITURES	387,505,326	190,598,255	360,201,950	27,303,376
REVENUES OVER (UNDER) EXPENDITURES	(1,842,242)	(5,762)	220,054	2,062,296
OTHER FINANCING SOURCES (USES):				
Transfers in	1,338,844	327,661	586,354	(752,490)
Transfers (out)	(526,390)	(248,005)	(510,705)	15,685
TOTAL OTHER FINANCING SOURCES (USES)	812,454	79,656	75,649	(736,805)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,029,788)	73,894	295,703	1,325,491
Beginning fund balance	1,029,788	1,251,597	1,029,788	-
Ending fund balance - budgetary basis	\$ -	\$ 1,325,491	\$ 1,325,491	\$ 1,325,491

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

GENERAL OBLIGATION (G.O.) BOND FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
From local sources:				
Proceeds from tax levies - current year	\$ 66,311,707	\$ 37,402,371	\$ 67,411,579	\$ 1,099,872
Proceeds from tax levies - prior year	1,902,162	562,557	1,053,181	(848,981)
Interest from investments	148,254	88,918	218,363	70,109
	<u>68,362,123</u>	<u>38,053,846</u>	<u>68,683,123</u>	<u>321,000</u>
TOTAL REVENUES				
	<u>68,362,123</u>	<u>38,053,846</u>	<u>68,683,123</u>	<u>321,000</u>
EXPENDITURES:				
Principal payments	41,210,000	21,420,000	41,210,000	-
Interest payments	26,552,123	12,785,631	26,455,734	96,389
	<u>67,762,123</u>	<u>34,205,631</u>	<u>67,665,734</u>	<u>96,389</u>
TOTAL EXPENDITURES				
	<u>67,762,123</u>	<u>34,205,631</u>	<u>67,665,734</u>	<u>96,389</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>600,000</u>	<u>3,848,215</u>	<u>1,017,389</u>	<u>417,389</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	600,000	3,848,215	1,017,389	417,389
Beginning fund balance	3,917,381	1,086,555	3,917,381	-
Ending fund balance - budgetary basis	<u>\$ 4,517,381</u>	<u>\$ 4,934,770</u>	<u>\$ 4,934,770</u>	<u>\$ 417,389</u>

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

CAPITAL LEASE / PURCHASE FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 2,362	\$ -	\$ -	\$ (2,362)
TOTAL REVENUES	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>(2,362)</u>
EXPENDITURES:				
Principal payment	290,000	150,000	290,000	-
Interest payment	<u>104,320</u>	<u>48,869</u>	<u>104,317</u>	<u>3</u>
TOTAL EXPENDITURES	<u>394,320</u>	<u>198,869</u>	<u>394,317</u>	<u>3</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(391,958)</u>	<u>(198,869)</u>	<u>(394,317)</u>	<u>(2,359)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	<u>394,320</u>	<u>198,870</u>	<u>394,320</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	2,362	1	3	(2,359)
Beginning fund balance	<u>44,765</u>	<u>44,767</u>	<u>44,765</u>	<u>-</u>
Ending fund balance - budgetary basis	<u><u>\$ 47,127</u></u>	<u><u>\$ 44,768</u></u>	<u><u>\$ 44,768</u></u>	<u><u>\$ (2,359)</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, 2013

P.E.R.S. DEBT SERVICE FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:				
Principal payments	\$ 4,975,000	\$ 2,685,000	\$ 4,975,000	\$ -
Interest payments	9,918,833	4,917,395	9,918,833	-
TOTAL EXPENDITURES	<u>14,893,833</u>	<u>7,602,395</u>	<u>14,893,833</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(14,893,833)</u>	<u>(7,602,395)</u>	<u>(14,893,833)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfer from PERS Bond Fund	<u>14,893,833</u>	<u>7,602,395</u>	<u>14,893,833</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2013

CAPITAL PROJECTS FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 200,000	\$ 31,222	\$ 89,924	\$ (110,076)
Other revenues	200,000	380,795	539,253	339,253
TOTAL REVENUES	400,000	412,017	629,177	229,177
EXPENDITURES:				
Capital outlay	5,025,317	1,457,163	4,694,505	330,812
Contingency	3,117,958	-	-	3,117,958
TOTAL EXPENDITURES	8,143,275	1,457,163	4,694,505	3,448,770
REVENUES OVER (UNDER) EXPENDITURES	(7,743,275)	(1,045,146)	(4,065,328)	3,677,947
OTHER FINANCING SOURCES (USES):				
Transfers in	3,901,282	1,095,317	3,071,282	(830,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,901,282	1,095,317	3,071,282	(830,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,841,993)	50,171	(994,046)	2,847,947
Beginning fund balance	11,777,185	10,732,968	11,777,185	-
Ending fund balance - budgetary basis	\$ 7,935,192	\$ 10,783,139	\$ 10,783,139	\$ 2,847,947

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

CAPITAL CONSTRUCTION FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Interest from investments	\$ 2,800,000	\$ 563,449	\$ 1,384,746	\$ (1,415,254)
State sources	8,000,000	-	250,000	(7,750,000)
Miscellaneous income	200,000	12,463	246,021	46,021
TOTAL REVENUES	11,000,000	575,912	1,880,767	(9,119,233)
EXPENDITURES:				
Sylvania Campus	35,000,000	10,707,357	15,795,545	19,204,455
Cascade Campus	26,000,000	14,388,641	15,929,732	10,070,268
Rock Creek Campus	25,500,000	8,488,700	10,249,419	15,250,581
Southeast Center	29,000,000	21,441,597	23,986,092	5,013,908
District-wide Projects	26,453,446	13,285,576	20,786,051	5,667,395
Bond issuance costs	1,500,000	1,433,170	1,433,170	66,830
Contingency	37,315,597	-	-	37,315,597
TOTAL EXPENDITURES	180,769,043	69,745,041	88,180,009	92,589,034
REVENUES OVER (UNDER) EXPENDITURES	(169,769,043)	(69,169,129)	(86,299,242)	83,469,801
OTHER FINANCING SOURCES (USES):				
Bonds issued	174,000,000	177,495,000	177,495,000	3,495,000
Premium on bonds issued	-	24,069,826	24,069,826	24,069,826
Payment for defeased bonds *	-	(3,583,181)	(3,583,181)	(3,583,181)
TOTAL OTHER FINANCING SOURCES (USES)	174,000,000	197,981,645	197,981,645	23,981,645
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	4,230,957	128,812,516	111,682,403	107,451,446
Beginning fund balance	126,857,267	109,727,154	126,857,267	-
Ending fund balance - budgetary basis	\$ 131,088,224	\$ 238,539,670	\$ 238,539,670	\$ 107,451,446

* State Department for Revenue approved refunding plan - no budget required.

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

FOOD SERVICES FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Food sales	\$ 9,949,853	\$ 4,827,107	\$ 9,741,995	\$ (207,858)
TOTAL REVENUES	9,949,853	4,827,107	9,741,995	(207,858)
EXPENDITURES:				
Food services operations	10,550,856	4,904,542	10,008,321	542,535
Contingency	282,678	-	-	282,678
TOTAL EXPENDITURES	10,833,534	4,904,542	10,008,321	825,213
REVENUES OVER (UNDER) EXPENDITURES	(883,681)	(77,435)	(266,326)	617,355
OTHER FINANCING SOURCES (USES):				
Interest from investments	6,090	1,201	3,574	(2,516)
Transfers in	307,953	152,031	307,953	-
Transfers (out)	(97,914)	(49,520)	(97,914)	-
TOTAL OTHER FINANCING SOURCES (USES)	216,129	103,712	213,613	(2,516)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(667,552)	26,277	(52,713)	614,839
Beginning fund balance	667,552	588,562	667,552	-
Ending fund balance - budgetary basis	\$ -	\$ 614,839	\$ 614,839	\$ 614,839

PORTLAND COMMUNITY COLLEGE
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

<u>BOOKSTORE FUND</u>				
	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Bookstore sales	\$ 31,519,242	\$ 16,730,240	\$ 33,993,205	\$ 2,473,963
Miscellaneous income	116,040	90,382	174,391	58,351
TOTAL REVENUES	31,635,282	16,820,622	34,167,596	2,532,314
EXPENDITURES:				
Bookstore operations	32,419,356	15,352,802	30,792,324	1,627,032
Contingency	532,471	-	-	532,471
TOTAL EXPENDITURES	32,951,827	15,352,802	30,792,324	2,159,503
REVENUES OVER (UNDER) EXPENDITURES	(1,316,545)	1,467,820	3,375,272	4,691,817
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(1,050,229)	(534,003)	(1,050,229)	-
Interest from investments	155,846	81,806	168,130	12,284
TOTAL OTHER FINANCING SOURCES (USES)	(894,383)	(452,197)	(882,099)	12,284
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,210,928)	1,015,623	2,493,173	4,704,101
Beginning fund balance	11,958,274	13,435,824	11,958,274	-
Ending fund balance - budgetary basis	\$ 9,747,346	\$ 14,451,447	\$ 14,451,447	\$ 4,704,101

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

PARKING OPERATIONS FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Parking permits	\$ 7,711,086	\$ 3,131,851	\$ 6,320,007	\$ (1,391,079)
Parking fines	465,608	295,390	545,429	79,821
Other revenue	2,541,600	1,789,698	3,217,076	675,476
TOTAL REVENUES	10,718,294	5,216,939	10,082,512	(635,782)
EXPENDITURES:				
Parking operations	9,021,237	4,183,555	7,806,974	1,214,263
Contingency	2,301,152	-	-	2,301,152
TOTAL EXPENDITURES	11,322,389	4,183,555	7,806,974	3,515,415
REVENUES OVER (UNDER) EXPENDITURES	(604,095)	1,033,384	2,275,538	2,879,633
OTHER FINANCING SOURCES (USES):				
Interest from investments	35,582	15,344	32,156	(3,426)
Transfers (in)	74,000	37,000	74,000	-
Transfers (out)	(1,272,031)	(635,657)	(1,272,029)	2
TOTAL OTHER FINANCING SOURCES (USES)	(1,162,449)	(583,313)	(1,165,873)	(3,424)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,766,544)	450,071	1,109,665	2,876,209
Beginning fund balance	2,766,544	3,426,138	2,766,544	-
Ending fund balance - budgetary basis	<u>\$ 1,000,000</u>	<u>\$ 3,876,209</u>	<u>\$ 3,876,209</u>	<u>\$ 2,876,209</u>

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

PRINT CENTER FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Charges for services-internal	\$ 1,109,558	\$ 566,645	\$ 1,093,303	\$ (16,255)
Charges for services-external	61,430	25,092	44,526	(16,904)
Copy machine income	1,172,713	480,521	1,016,917	(155,796)
Miscellaneous income	8,386	-	-	(8,386)
TOTAL REVENUES	2,352,087	1,072,258	2,154,746	(197,341)
EXPENDITURES:				
Print center operations	2,193,076	1,004,981	2,047,664	145,412
Contingency	345,704	-	-	345,704
TOTAL EXPENDITURES	2,538,780	1,004,981	2,047,664	491,116
REVENUES OVER (UNDER) EXPENDITURES	(186,693)	67,277	107,082	293,775
OTHER FINANCING SOURCES (USES):				
Interest from investments	-	1,011	3,258	3,258
Transfers (out)	(195,519)	(99,393)	(195,519)	-
TOTAL OTHER FINANCING SOURCES (USES)	(195,519)	(98,382)	(192,261)	3,258
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(382,212)	(31,105)	(85,179)	297,033
Beginning fund balance	382,212	328,138	382,212	-
Ending fund balance - budgetary basis	\$ -	\$ 297,033	\$ 297,033	\$ 297,033

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
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RISK MANAGEMENT FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Department charges & other revenues	\$ 2,882,072	\$ 1,744,363	\$ 3,588,149	\$ 706,077
Insurance reimbursement	30,600	-	35,444	4,844
TOTAL REVENUES	2,912,672	1,744,363	3,623,593	710,921
EXPENDITURES:				
Self-insurance & risk administration	3,500,067	1,589,166	3,646,200	(146,133)
Contingency	874,294	-	-	874,294
TOTAL EXPENDITURES	4,374,361	1,589,166	3,646,200	728,161
REVENUES OVER (UNDER) EXPENDITURES	(1,461,689)	155,197	(22,607)	1,439,082
OTHER FINANCING SOURCES (USES)				
Interest from investments	136,948	13,940	32,306	(104,642)
TOTAL OTHER FINANCING SOURCES (USES)	136,948	13,940	32,306	(104,642)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,324,741)	169,137	9,699	1,334,440
Beginning fund balance	3,646,408	3,486,970	3,646,408	-
Ending fund balance - budgetary basis	<u>\$ 2,321,667</u>	<u>\$ 3,656,107</u>	<u>\$ 3,656,107</u>	<u>\$ 1,334,440</u>

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

P.E.R.S./RESERVE FUND

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:				
Department PERS charges	\$ 16,446,017	\$ 4,747,303	\$ 13,485,419	\$ (2,960,598)
TOTAL REVENUES	<u>16,446,017</u>	<u>4,747,303</u>	<u>13,485,419</u>	<u>(2,960,598)</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(16,186,728)	(7,602,395)	(14,893,833)	1,292,895
Interest from investments	<u>741,952</u>	<u>141,631</u>	<u>334,904</u>	<u>(407,048)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,444,776)</u>	<u>(7,460,764)</u>	<u>(14,558,929)</u>	<u>885,847</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	1,001,241	(2,713,461)	(1,073,510)	(2,074,751)
Beginning fund balance	<u>36,556,083</u>	<u>38,196,034</u>	<u>36,556,083</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 37,557,324</u>	<u>\$ 35,482,573</u>	<u>\$ 35,482,573</u>	<u>\$ (2,074,751)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2013

PENSION TRUST FUND: EARLY RETIREMENT

	2011-13 ADJUSTED BUDGET	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
ADDITIONS:				
Amount provided by General Fund	\$ 456,288	\$ 228,144	\$ 456,288	\$ -
Interest from investments	120,554	6,041	16,178	(104,376)
TOTAL ADDITIONS	576,842	234,185	472,466	(104,376)
DEDUCTIONS:				
Other post-retirement benefits	1,070,644	471,421	874,137	196,507
Contingency	170,846	-	-	170,846
TOTAL DEDUCTIONS	1,241,490	471,421	874,137	367,353
NET ADDITIONS (DEDUCTIONS):	(664,648)	(237,236)	(401,671)	262,977
Beginning fund balance	1,908,648	1,744,215	1,908,650	2
Ending fund balance - budgetary basis	\$ 1,244,000	\$ 1,506,979	\$ 1,506,979	\$ 262,979

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2013

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2005, ISSUED 06/15/2005		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 59,670,000</u>	<u>\$ 9,356,250</u>	<u>\$ 69,026,250</u>

FISCAL YEAR	SERIES 2009, ISSUED 04/01/2009		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 175,285,000</u>	<u>\$ 83,492,250</u>	<u>\$ 258,777,250</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2013

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2013, ISSUED 03/28/2013		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2013-14	\$ 7,290,000	\$ 9,593,374	\$ 16,883,374
2014-15	5,655,000	7,610,488	13,265,488
2015-16	5,935,000	7,327,738	13,262,738
2016-17	6,235,000	7,030,988	13,265,988
2017-18	6,545,000	6,719,238	13,264,238
2018-19	6,875,000	6,391,988	13,266,988
2019-20	7,215,000	6,048,238	13,263,238
2020-21	7,580,000	5,687,488	13,267,488
2021-22	7,955,000	5,308,488	13,263,488
2022-23	8,355,000	4,910,738	13,265,738
2023-24	8,770,000	4,492,988	13,262,988
2024-25	9,210,000	4,054,488	13,264,488
2025-26	9,670,000	3,593,988	13,263,988
2026-27	10,155,000	3,110,488	13,265,488
2027-28	10,660,000	2,602,738	13,262,738
2028-29	10,980,000	2,282,938	13,262,938
2029-30	11,420,000	1,843,738	13,263,738
2030-31	11,880,000	1,386,938	13,266,938
2031-32	12,355,000	911,738	13,266,738
2032-33	12,755,000	510,200	13,265,200
TOTALS	\$ 177,495,000	\$ 91,419,008	\$ 268,914,008

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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	\$ 102,495,000	\$ 44,941,171	\$ 147,436,171

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2013

GENERAL OBLIGATION CITIZEN BONDS (ZERO COUPON)

FISCAL YEAR	MATURITY (FACE) VALUE	DISCOUNT	PRINCIPAL OUTSTANDING
2013-14	\$ 1,165,000	\$ -	\$ 1,165,000
TOTALS	\$ 1,165,000	\$ -	\$ 1,165,000

CERTIFICATE OF PARTICIPATION

FISCAL YEAR	SERIES 1998, ISSUED 4/01/98 PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
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	\$ 860,000	\$ 130,100	\$ 990,100

Continued from page 60 through 61.



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- GENERAL FUND
For the year ended June 30, 2013

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2012	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/13
GENERAL FUND:						
Current:						
2012-13	<u>\$ 28,477,161</u>	<u>\$ (727,975)</u>	<u>\$ (41,763)</u>	<u>\$ 6,174</u>	<u>\$ (26,990,657)</u>	<u>\$ 722,940</u>
Prior years:						
2011-12	811,331	1,075	(130,019)	16,239	(299,472)	399,154
2010-11	435,851	733	(58,921)	16,023	(129,835)	263,851
2009-10	265,214	40	(7,262)	20,300	(124,232)	154,060
2008-09	64,468	19	(3,894)	8,273	(52,019)	16,847
2007-08	14,149	19	(1,561)	1,324	(5,610)	8,321
2006 and prior	<u>33,379</u>	<u>-</u>	<u>(6,983)</u>	<u>1,846</u>	<u>(5,234)</u>	<u>23,008</u>
Total prior	<u>1,624,392</u>	<u>1,886</u>	<u>(208,640)</u>	<u>64,005</u>	<u>(616,402)</u>	<u>865,241</u>
Total General Fund	<u>\$ 30,101,553</u>	<u>\$ (726,089)</u>	<u>\$ (250,403)</u>	<u>\$ 70,179</u>	<u>\$ (27,607,059)</u>	<u>\$ 1,588,181</u>

RECONCILIATION TO REVENUES:

	GENERAL FUND
Cash collection by county treasurer above	\$ 27,607,059
Property taxes susceptible to accrual at June 30, 2013	137,890
Property taxes susceptible to accrual at July 1, 2012	(143,090)
Taxes in lieu of property taxes and other adjustments	<u>155,203</u>
Total revenues	<u>\$ 27,757,062</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, 2013

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2012	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/13
DEBT SERVICE FUND:						
Current:						
2012-13	\$ 39,142,537	\$ (1,000,588)	\$ (58,019)	\$ 8,479	\$ (37,097,880)	\$ 994,529
Prior years:						
2011-12	918,314	1,208	(146,665)	18,345	(339,304)	451,898
2010-11	550,393	922	(74,228)	20,178	(164,032)	333,233
2009-10	332,115	50	(9,043)	25,362	(155,549)	192,935
2008-09	50,664	15	(3,051)	6,490	(40,892)	13,226
2007-08	11,214	14	(1,238)	1,049	(4,447)	6,592
2006 and prior	19,440	-	(3,512)	1,353	(3,745)	13,536
Total prior	1,882,140	2,209	(237,737)	72,777	(707,969)	1,011,420
Total Debt Service Fund	\$ 41,024,677	\$ (998,379)	\$ (295,756)	\$ 81,256	\$ (37,805,849)	\$ 2,005,949

RECONCILIATION TO REVENUES:						DEBT SERVICE FUND
Cash collection by county treasurer above						\$ 37,805,849
Property taxes susceptible to accrual at June 30, 2013						180,825
Property taxes susceptible to accrual at July 1, 2012						(156,076)
Taxes in lieu of property taxes and other adjustments						134,330
Total revenues						\$ 37,964,928



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.

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.

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.

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.

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.

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.

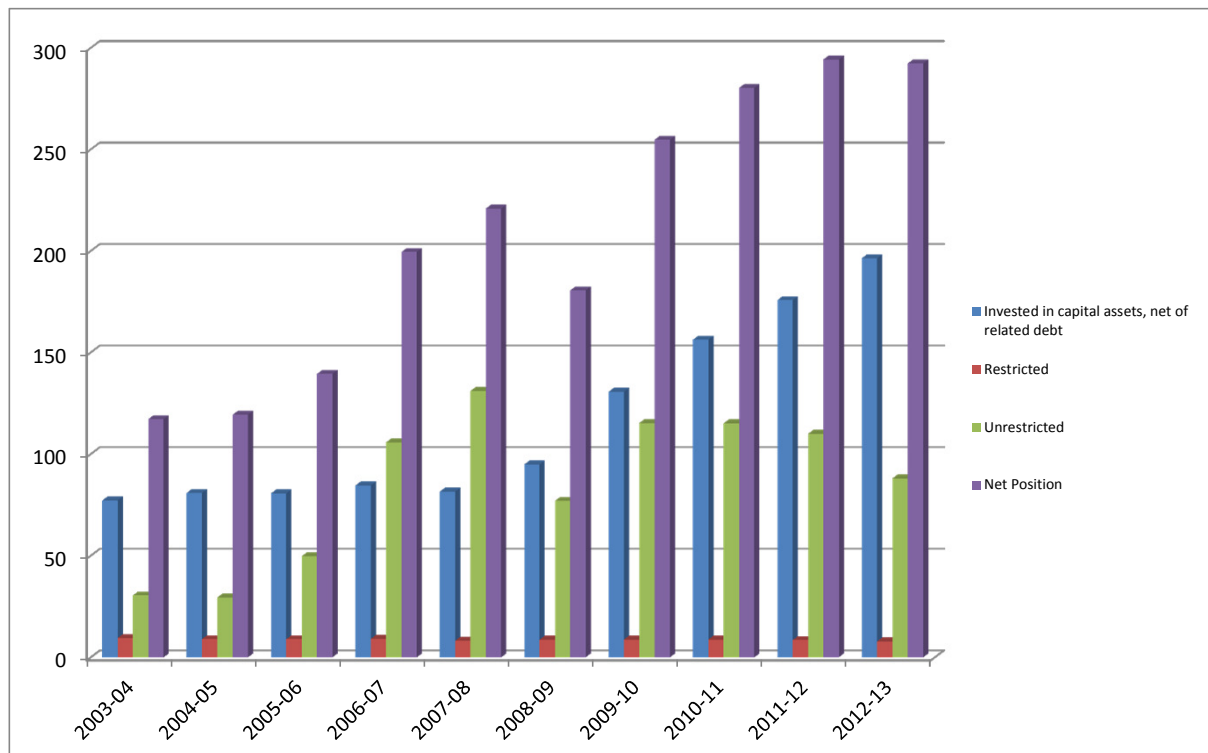
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2012-13	2011-12	2010-11	2009-10
Net invested in capital assets	\$ 407,082	\$ 339,857	\$ 323,919	\$ 300,161
Less related debt	(210,674)	(164,041)	(167,624)	(169,457)
Net investment in capital assets	196,408	175,816	156,295	130,704
Net position, restricted	7,935	8,510	8,782	8,764
Net position, unrestricted	88,105	110,021	115,262	115,364
TOTAL NET POSITION	\$ 292,448	\$ 294,347	\$ 280,339	\$ 254,832

Note: Restated in 2011, 2010, 2008, 2007, 2006, 2005, 2004 and 2003.



<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 242,922 <u>(148,025)</u>	\$ 211,565 <u>(129,947)</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>
94,897	81,618	84,639	80,687	80,895	77,198
8,700	8,203	9,056	8,996	8,975	9,497
<u>76,987</u>	<u>131,125</u>	<u>105,837</u>	<u>49,805</u>	<u>29,538</u>	<u>30,460</u>
<u>\$ 180,584</u>	<u>\$ 220,946</u>	<u>\$ 199,532</u>	<u>\$ 139,488</u>	<u>\$ 119,408</u>	<u>\$ 117,155</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (in Thousands)

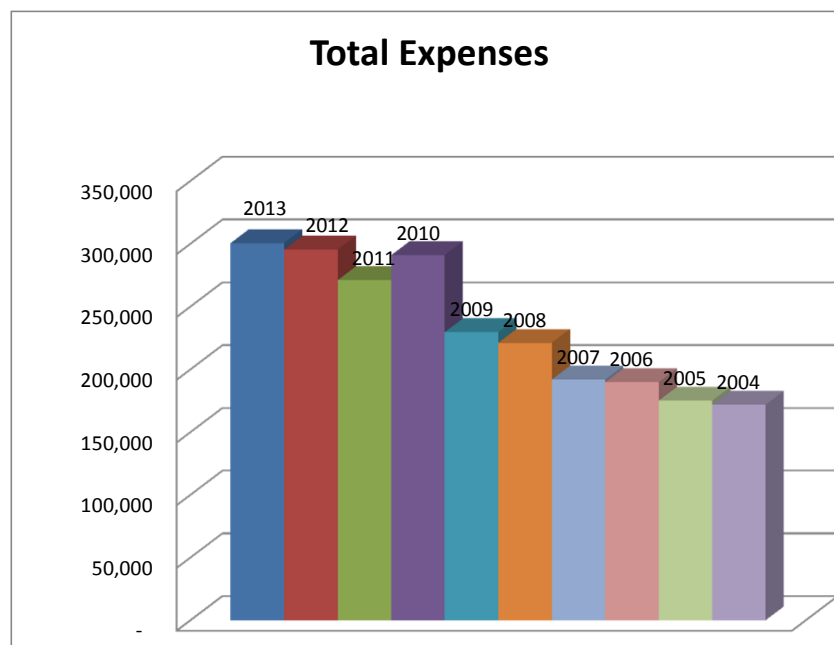
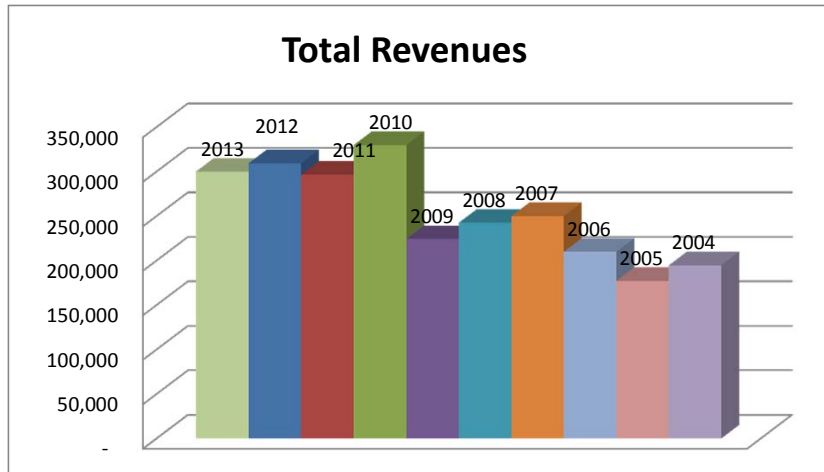
	2012-13	2011-12	2010-11	2009-10
Operating revenues				
Student tuition and fees, net	\$ 60,845	\$ 62,216	\$ 62,644	\$ 61,946
Grants and contracted programs	19,085	20,362	21,045	18,944
Auxiliary enterprises	19,139	21,259	18,298	18,093
Other operating revenues	12	20	221	61
Total operating revenues	99,081	103,857	102,208	99,044
Nonoperating revenues				
State FTE reimbursement	39,191	71,604	41,003	77,046
Property taxes	65,790	58,282	59,895	57,622
Federal financial aid	73,239	62,720	57,471	54,704
State and local grants and contracts	9,357	8,899	11,740	18,881
Investment income	514	1,313	1,814	4,208
Investment gain on pension asset	12,918	2,651	22,373	18,416
Gain on disposal of assets	-	-	-	-
Other nonoperating revenues	-	-	-	-
Total nonoperating revenues	201,009	205,469	194,296	230,877
Total Revenues	300,090	309,326	296,504	329,921
Operating expenses				
Campus educational and campus general	129,297	134,836	118,239	111,610
Other educational and general	72,426	68,982	59,521	55,597
Grants and contracted programs	24,778	25,617	26,881	23,658
Auxiliary enterprises	24,069	23,904	20,885	19,919
Student financial aid, net tuition and textbooks	22,678	16,123	20,235	24,535
Other support services	4,434	4,479	3,614	4,034
Depreciation and amortization	7,508	7,438	6,670	5,458
Total operating expenses	285,190	281,379	256,045	244,811
Nonoperating expenses				
Interest expense	13,919	13,931	14,930	11,092
Investment loss on pension asset	-	-	-	-
Bond issuance costs	1,425	-	-	-
Loss on disposal of assets	-	8	22	4
Other nonoperating expenses	-	-	-	-
Total nonoperating expenses	15,344	13,939	14,952	11,096
Total Expenses	300,534	295,318	270,997	255,907
Capital contributions	-	-	-	234
TOTAL INCREASE (DECREASE) IN NET POSITION	\$ (444)	\$ 14,008	\$ 25,507	\$ 74,248

Note: Restated in 2011, 2010, 2008, 2007, 2006, 2005, 2004 and 2003.

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$ 52,837	\$ 49,203	\$ 45,085	\$ 41,213	\$ 39,887	\$ 34,938
16,449	19,845	20,958	20,248	19,909	19,392
15,721	14,679	13,564	13,039	13,238	13,062
11	3,129	3,775	4,343	3,922	5,947
85,018	86,856	83,382	78,843	76,956	73,339
48,945	81,165	42,146	66,695	37,722	62,346
44,162	42,504	39,100	37,715	37,100	36,028
31,828	20,837	17,631	17,522	17,745	16,388
11,069	6,962	6,814	5,935	5,826	5,323
3,267	4,362	60,925	3,209	2,038	1,329
-	-	-	-	-	-
10	-	-	-	-	-
-	-	31	-	-	-
139,281	155,830	166,647	131,076	100,431	121,414
224,299	242,686	250,029	209,919	177,387	194,753
103,227	98,524	84,331	78,907	82,283	80,101
52,898	45,910	36,917	45,930	30,356	28,473
21,649	24,841	25,675	24,516	23,369	22,751
17,136	16,228	14,914	14,232	14,136	14,157
11,953	7,451	6,617	5,726	6,671	7,757
3,696	2,848	3,163	2,674	3,134	3,568
5,830	5,855	7,292	6,770	5,059	4,666
216,389	201,657	178,909	178,755	165,008	161,473
13,281	11,796	12,412	10,884	9,667	10,226
35,023	-	-	-	-	-
-	-	-	-	-	-
-	7,749	624	-	-	-
-	-	-	200	459	158
48,304	19,545	13,036	11,084	10,126	10,384
264,693	221,202	191,945	189,839	175,134	171,857
32	-	-	-	-	-
\$ (40,362)	\$ 21,484	\$ 58,084	\$ 20,080	\$ 2,253	\$ 22,896

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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





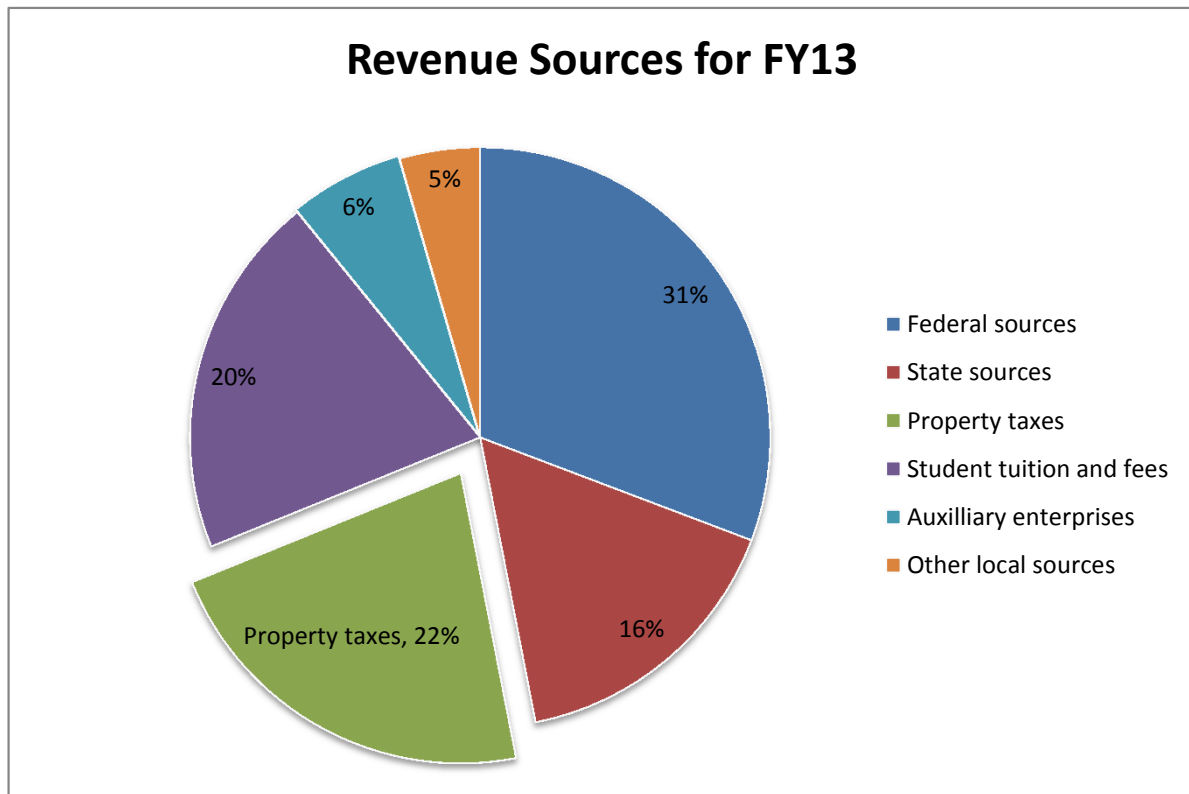
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2012-13	2011-12	2010-11	2009-10
Federal sources	\$ 92,324	\$ 83,082	\$ 78,516	\$ 73,648
State sources	48,548	80,503	52,743	95,927
Local sources:				
Property taxes (2)	65,790	58,282	59,895	57,622
Student tuition and fees, net	60,845	62,216	62,644	61,946
Auxiliary enterprise	19,139	21,259	18,298	18,093
Other local sources	13,444	3,984	24,408	22,685
Total local sources	159,218	145,741	165,245	160,346
Total revenues (1)	\$ 300,090	\$ 309,326	\$ 296,504	\$ 329,921

(1) Restated in 2011, 2010, 2008, 2007, 2006, 2005, 2004 and 2003.

(2) Most significant own-source revenue for Portland Community College.

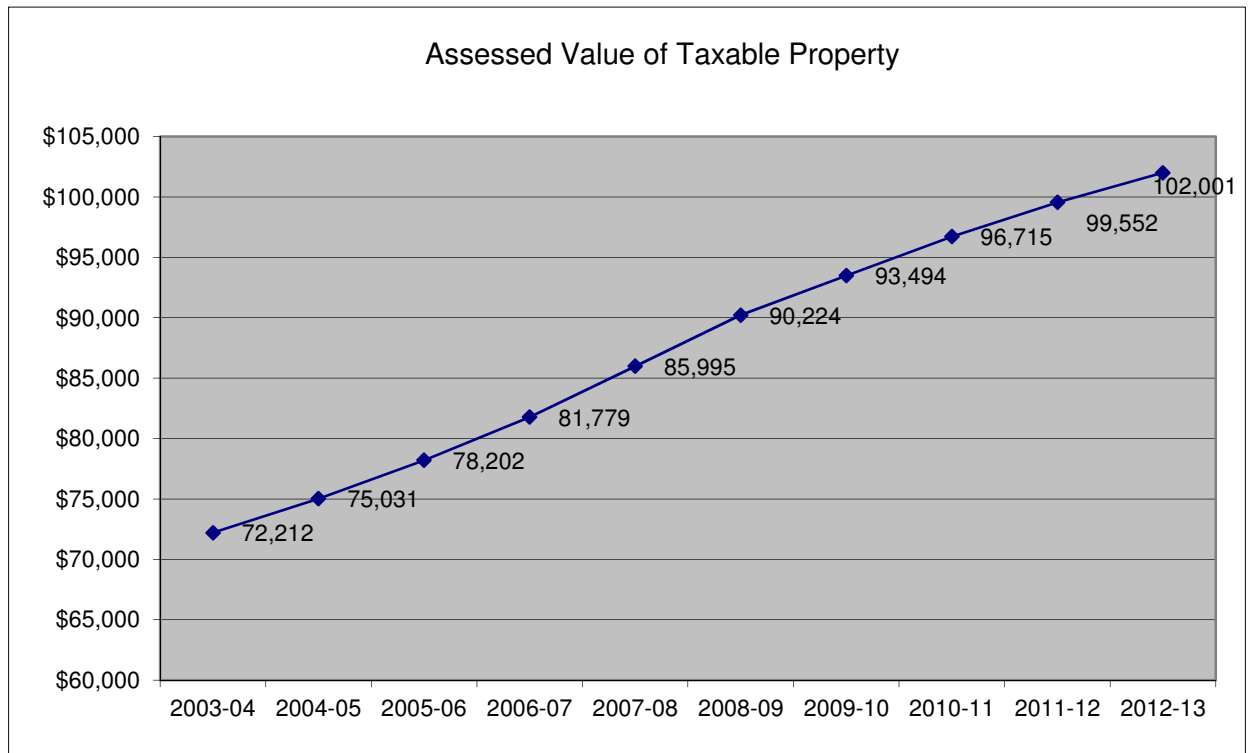


<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
<u>\$ 48,277</u>	<u>\$ 40,682</u>	<u>\$ 38,589</u>	<u>\$ 37,770</u>	<u>\$ 37,654</u>	<u>\$ 35,780</u>
<u>60,014</u>	<u>88,127</u>	<u>48,960</u>	<u>72,630</u>	<u>43,548</u>	<u>67,669</u>
44,162	42,504	39,100	37,715	37,100	36,028
52,837	49,203	45,085	41,213	39,887	34,938
15,721	14,679	13,564	13,039	13,238	13,062
3,288	7,491	64,731	7,552	5,960	7,276
<u>116,008</u>	<u>113,877</u>	<u>162,480</u>	<u>99,519</u>	<u>96,185</u>	<u>91,304</u>
<u><u>\$ 224,299</u></u>	<u><u>\$ 242,686</u></u>	<u><u>\$ 250,029</u></u>	<u><u>\$ 209,919</u></u>	<u><u>\$ 177,387</u></u>	<u><u>\$ 194,753</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2012-13	2011-12	2010-11	2009-10
Assessed Valuation (1)	\$ 102,000,829	\$ 99,551,921	\$ 96,714,788	\$ 93,493,947
Percentage Increased (decreased)	2.5%	2.9%	3.4%	3.6%
Direct Tax Rate (2)	\$ 0.665	\$ 0.598	\$ 0.636	\$ 0.633
Real Market Valuation	\$ 147,092,511	\$ 150,172,560	\$ 158,329,495	\$ 165,721,635
Percentage Increased (decreased)	-2.1%	-5.2%	-4.5%	-3.9%
Ratio of Assessed Valuation to Real Market Valuation	69.3%	66.3%	61.1%	56.4%



(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

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$ 90,223,567	\$ 85,994,505	\$ 81,778,844	\$ 78,201,863	\$ 75,030,939	\$ 72,212,490
4.9%	5.2%	4.6%	4.2%	3.9%	3.0%
\$ 0.503	\$ 0.505	\$ 0.489	\$ 0.495	\$ 0.510	\$ 0.512
\$ 172,500,177	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037
5.4%	13.8%	16.8%	6.2%	-4.9%	7.3%
52.3%	52.6%	56.9%	63.5%	64.7%	59.2%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Levy extended by assessor (1)	<u>\$ 67,620</u>	<u>\$ 59,435</u>	<u>\$ 61,449</u>	<u>\$ 59,191</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 65,902</u>	<u>\$ 57,706</u>	<u>\$ 59,771</u>	<u>\$ 57,342</u>
First year prior	879	691	1,108	950
Second year prior	389	143	301	226
Third year prior	250	193	156	105
Fourth year prior	85	68	58	47
Fifth year prior	11	7	6	6
Sixth year prior and earlier	<u>16</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total prior	<u>1,630</u>	<u>1,109</u>	<u>1,636</u>	<u>1,341</u>
Total Property Taxes	<u>\$ 67,532</u>	<u>\$ 58,815</u>	<u>\$ 61,407</u>	<u>\$ 58,683</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>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
<u>\$ 45,298</u>	<u>\$ 43,358</u>	<u>\$ 39,893</u>	<u>\$ 38,725</u>	<u>\$ 38,140</u>	<u>\$ 36,817</u>
<u>\$ 43,739</u>	<u>\$ 42,128</u>	<u>\$ 38,900</u>	<u>\$ 37,789</u>	<u>\$ 37,145</u>	<u>\$ 35,767</u>
754	656	635	704	721	707
154	156	144	177	217	203
83	86	94	101	124	86
42	43	46	51	42	37
4	6	9	4	5	4
7	4	5	5	6	5
<u>1,044</u>	<u>951</u>	<u>933</u>	<u>1,042</u>	<u>1,115</u>	<u>1,042</u>
<u>\$ 44,783</u>	<u>\$ 43,079</u>	<u>\$ 39,833</u>	<u>\$ 38,831</u>	<u>\$ 38,260</u>	<u>\$ 36,809</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2013		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 1,317,485	1	1.29 %
Portland General Electric	1,002,222	2	0.98
Northwest Natural Gas	573,797	3	0.56
Comcast	468,299	4	0.46
Nike	458,135	5	0.45
Pacific Realty Associates	301,554	6	0.30
PacifiCorp	294,662	7	0.29
Fred Meyer Stores Inc.	291,217	8	0.29
Frontier Communications	251,376	9	0.25
Weston Investment	224,601	10	0.22
	5,183,348		5.08
ALL OTHER TAXPAYERS	96,817,481		94.92
TOTAL	\$ 102,000,829		100.00 %

	2004		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 1,057,565	1	1.46 %
Portland General Electric	523,086	2	0.72
Quest Communications	374,531	3	0.52
Verizon Northwest Inc.	361,026	4	0.50
Nike	335,105	5	0.46
Northwest Natural	303,635	6	0.42
PacifiCorp.	237,997	7	0.33
Wacker Siltronic Corporation	211,842	8	0.29
Pacific Realty Associates	207,439	9	0.29
PS Business Parks LP	140,896	10	0.20
	3,753,122		5.20
ALL OTHER TAXPAYERS	68,459,368		94.80
TOTAL	\$ 72,212,490		100.00 %

Source: Multnomah County Assessment, Recording & Taxation
Washington County Assessment and Taxation Department
Yamhill County Assessment and Taxation
Columbia County Assessor's Office



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Current tax levy	\$ 67,620	\$ 59,435	\$ 61,449	\$ 59,191	\$ 45,298
Current tax collections	\$ 64,089	\$ 56,104	\$ 57,975	\$ 55,575	\$ 42,500
Current collections as a percentage of current levy	94.8%	94.4%	94.3%	93.9%	93.8%
Delinquent tax collections	\$ 1,324	\$ 1,100	\$ 1,611	\$ 1,281	\$ 936
Total tax collections	\$ 65,413	\$ 57,204	\$ 59,586	\$ 56,856	\$ 43,436
Total tax collections as a percentage of current levy	96.7%	96.2%	97.0%	96.1%	95.9%
Uncollected tax	\$ 3,594	\$ 3,507	\$ 2,886	\$ 2,844	\$ 2,337
Uncollected percentage of current levy	5.3%	5.9%	4.7%	4.8%	5.2%

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

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 43,358	\$ 39,893	\$ 38,725	\$ 38,140	\$ 36,817
\$ 40,953	\$ 37,805	\$ 36,677	\$ 36,012	\$ 34,707
94.5%	94.8%	94.7%	94.4%	94.3%
\$ 935	\$ 856	\$ 967	\$ 1,694	\$ 1,096
\$ 41,888	\$ 38,661	\$ 37,644	\$ 37,706	\$ 35,803
96.6%	96.9%	97.2%	98.9%	97.2%
\$ 1,823	\$ 1,544	\$ 1,487	\$ 1,593	\$ 1,714
4.2%	3.9%	3.8%	4.2%	4.7%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2012-13	2011-12	2010-11	2009-10
Outstanding Debt				
General obligation bonds (1)	\$ 448,191	\$ 272,293	\$ 292,805	\$ 312,190
Limited tax pension bonds	102,495	105,180	107,470	109,400
Certificate of participation	860	1,010	1,150	1,285
Note payable	-	300	375	466
Capital leases	163	231	290	342
Total Outstanding Debt	\$ 551,709	\$ 379,014	\$ 402,090	\$ 423,683
Student population	90	95	93	94
Total Debt per student (in dollars)	\$ 6,137	\$ 4,005	\$ 4,345	\$ 4,517
Personal income (2)	N/A	N/A	\$ 93,449,170	\$ 88,964,975
Total Debt to personal income	N/A	N/A	0.43%	0.48%

(1) General obligation bonds are reported net of premiums.

(2) Personal income is not available specifically for the District. The best estimate available and used above is the Portland metropolitan area. Data for fiscal year 2012-13 and 2011-12 is not available at this time.

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

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$ 325,454	\$ 128,510	\$ 140,118	\$ 150,982	\$ 160,803	\$ 170,570
111,165	112,875	114,545	116,180	117,730	118,965
1,415	1,540	1,660	1,775	1,885	1,990
37	56	73	90	103	115
100	199	279	365	200	289
\$ 438,171	\$ 243,180	\$ 256,675	\$ 269,392	\$ 280,721	\$ 291,929
87	87	86	88	91	84
\$ 5,036	\$ 2,795	\$ 2,985	\$ 3,061	\$ 3,085	\$ 3,475
\$ 87,893,727	\$ 88,021,653	\$ 84,151,048	\$ 79,013,985	\$ 73,287,419	\$ 69,328,033
0.50%	0.28%	0.31%	0.34%	0.38%	0.42%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

RATIOS OF GENERAL BONDED DEBT
LAST TEN FISCAL YEARS (in Thousands)

	2012-13	2011-12	2010-11	2009-10
General Bonded Debt Outstanding:				
General obligation bonds (1)	\$ 448,191	\$ 272,293	\$ 292,805	\$ 312,190
Limited tax pension bonds	102,495	105,180	107,470	109,400
Certificate of participation	860	1,010	1,150	1,285
Total General bonded Debt	\$ 551,546	\$ 378,483	\$ 401,425	\$ 422,875
Less: Amounts set aside to repay general debt	(4,935)	(1,087)	(3,917)	(3,399)
Net General Bonded Debt	\$ 546,611	\$ 377,396	\$ 397,508	\$ 419,476
Taxable Assessed Property Value (2)	\$ 102,000,829	\$ 99,551,921	\$ 96,714,788	\$ 93,493,947
Population Estimate (3)	N/A	1,267	1,254	1,243
Net bonded debt to assessed value	0.54%	0.38%	0.41%	0.45%
Net bonded debt per capita (in dollars)	N/A	\$ 298	\$ 317	\$ 337

(1) General obligation bonds are reported net of premiums.

(2) Taxable assessed property value comes from the Tax Supervising and Conservation Commission, Portland, Oregon.

(3) District population for fiscal year 2012-13 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. Population estimates from Portland State University, Population Research Center.

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 325,454 111,165 <u>1,415</u>	\$ 128,510 112,875 <u>1,540</u>	\$ 140,118 114,545 <u>1,660</u>	\$ 150,982 116,180 <u>1,775</u>	\$ 160,803 117,730 <u>1,885</u>	\$ 170,570 118,965 <u>1,990</u>
\$ 438,034	\$ 242,925	\$ 256,323	\$ 268,937	\$ 280,418	\$ 291,525
<u>(3,877)</u>	<u>(3,298)</u>	<u>(2,537)</u>	<u>(3,216)</u>	<u>(3,668)</u>	<u>(2,573)</u>
\$ 434,157	\$ 239,627	\$ 253,786	\$ 265,721	\$ 276,750	\$ 288,952
\$ 90,223,567 1,233	\$ 85,994,505 1,218	\$ 81,778,844 1,201	\$ 78,201,863 1,182	\$ 75,030,939 1,164	\$ 72,212,490 1,149
\$ 0.48% 352	\$ 0.28% 197	\$ 0.31% 211	\$ 0.34% 225	\$ 0.37% 238	\$ 0.40% 252

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	2012-13	2011-12	2010-11	2009-10
Legal debt limit (1)	2,206,388	2,252,588	2,374,942	2,485,825
Net general bonded debt applicable to debt limit	546,611	377,396	397,508	419,476
Legal debt margin	<u>\$ 1,659,776</u>	<u>\$ 1,875,192</u>	<u>\$ 1,977,434</u>	<u>\$ 2,066,349</u>
Legal debt margin as a percentage of the debt limit	75.23%	83.25%	83.26%	83.13%

Legal Debt Margin Calculation for Fiscal Year 2013

Real Market Value (2)	\$ 147,092,511	
Applicable percentage	1.5%	
Legal Debt Limit		\$ 2,206,388
Bonded Debt Outstanding	\$ 551,546	
Less: Amounts set aside to repay general debt	(4,935)	
Total Applicable Debt		\$ 546,611
Legal Debt Margin		<u>\$ 1,659,776</u>

(1) The community college district bonded indebtedness shall not exceed 1.5% of the real market value of all taxable property within district in accordance with ORS 341.675.

(2) Real market value used in calculation of debt margin comes from the Tax Supervising and Conservation Commission, Portland, Oregon.

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
2,587,503	2,454,326	2,156,649	1,847,155	1,739,736	1,828,426
434,157	239,627	253,786	265,721	276,750	288,952
<u>\$ 2,153,346</u>	<u>\$ 2,214,699</u>	<u>\$ 1,902,863</u>	<u>\$ 1,581,434</u>	<u>\$ 1,462,986</u>	<u>\$ 1,539,474</u>
83.22%	90.24%	88.23%	85.61%	84.09%	84.20%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2013
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College	100.0%	\$ 551,709
OVERLAPPING DISTRICT		
Chehalam Park & Recreation District	100.0%	5,510
City of Beaverton	100.0%	8,205
City of Hillsboro	100.0%	48,660
City of Lake Oswego	98.9%	133,150
City of Newberg	100.0%	5,043
City of Portland	85.8%	573,309
City of Sherwood	100.0%	24,739
City of St. Helens	100.0%	8,054
City of Tigard	100.0%	29,398
City of Tualatin	86.3%	6,906
City of Wilsonville	12.3%	5,719
Clackamas County	17.6%	20,050
Clackamas County ESD	18.9%	5,103
Clackamas County School District 7J (Lake Oswego)	98.5%	101,476
Columbia County	71.2%	9,411
Columbia County School District 1J (Scappose)	100.0%	31,505
Columbia County School District 47J (Vernonia)	100.0%	15,560
Columbia County School District 502 (St Helens)	99.8%	25,536
Metro	73.9%	208,893
Multnomah County	75.5%	276,131
Multnomah County School District 1J (Portland)	100.0%	587,863
Multnomah County School District 51J (Riverdale)	100.0%	26,523
Multnomah ESD	74.3%	25,110
Port of Portland	70.0%	47,643
Tualatin Hills Park & Rec. District	100.0%	101,722
Tualatin Valley Fire & Rescue District	84.9%	50,137
Washington County	100.0%	103,250
Washington County School District 13 (Banks)	100.0%	17,782
Washington County School District 15 (Forest Grove)	100.0%	119,227
Washington County School District 1J (Hillsboro)	100.0%	297,441
Washington County School District 23J (Tigard-Tualatin)	94.9%	116,171
Washington County School District 48J (Beaverton)	100.0%	450,175
Washington County School District 88J (Sherwood)	93.3%	107,766
Yamhill County School District 29J (Newberg)	97.9%	77,612
Other	100.0%	31,706
Total Overlapping Debt		3,702,486
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 4,254,195

Source: Oregon State Treasury

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST EMPLOYERS WITHIN PORTLAND METROPOLITAN AREA (1)

2013				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	16,700	1	1.54	%
Providence Health System	14,132	2	1.30	
Oregon Health & Science University	14,106	3	1.30	
U.S. Federal Government	13,900	4	1.28	
Fred Meyer Stores	10,176	5	0.94	
Kaiser Foundation Northwest	9,896	6	0.91	
Legacy Health System	9,835	7	0.91	
City of Portland	9,318	8	0.86	
State of Oregon	7,559	9	0.70	
Nike Inc.	7,000	10	0.64	
SUB TOTAL	112,622		10.36	
ALL OTHER EMPLOYERS	974,089		89.64	
TOTAL	1,086,711		100.00	%

2003 (2)				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	14,363	1	1.45	%
Providence Health System	13,753	2	1.39	
Oregon Health & Science University	11,400	3	1.15	
Legacy Health System	7,907	4	0.80	
Kaiser Foundation Health Plan of the NW	7,433	5	0.75	
Portland School District	6,700	6	0.68	
Nike	5,742	7	0.58	
City of Portland	5,355	8	0.54	
Fred Meyer Stores	5,300	9	0.53	
Safeway Inc., Portland Division	5,282	10	0.53	
SUB TOTAL	83,235		8.40	
ALL OTHER EMPLOYERS	908,916		91.61	
TOTAL	992,151		100.00	%

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

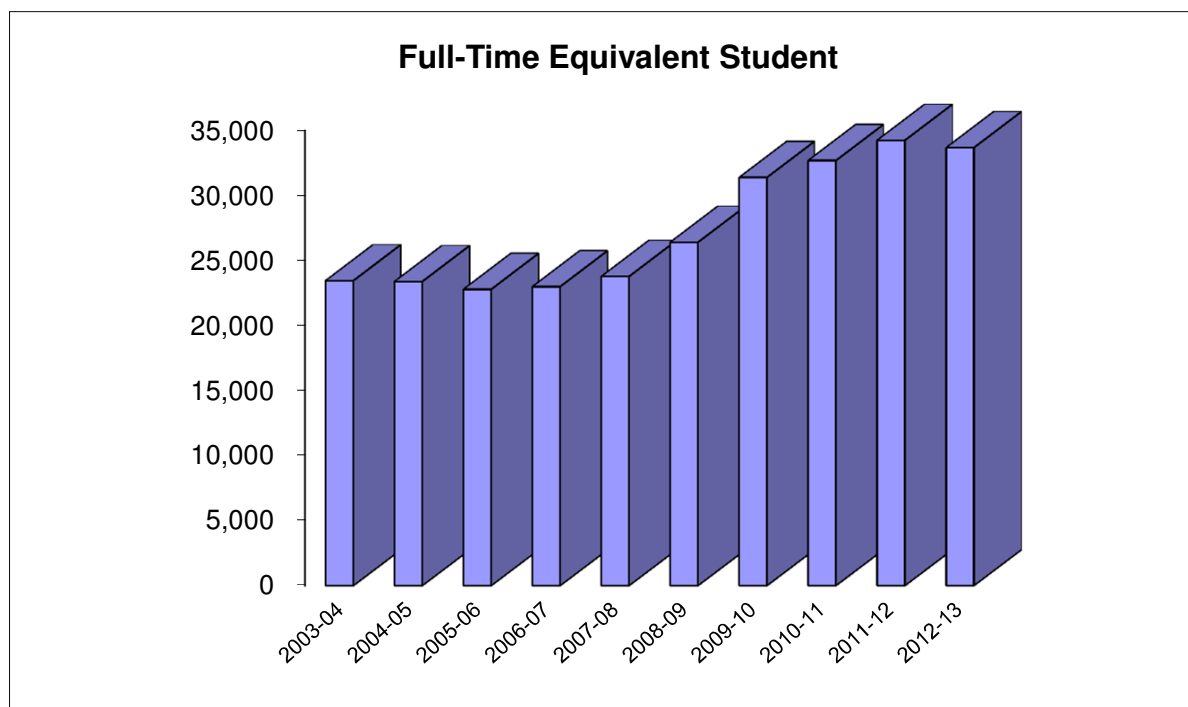
(2) We are required to report 9 years prior data, however, data for 2004 was not found in CAFR 2004 nor available from The Portland Business Journal.

Sources: Oregon Employment Department, Oregon Labor Market Information System
Portland Business Journal July 12, 2013

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2012-13	2011-12	2010-11	2009-10	2008-09
District population (estimated) (1)	N/A	1,267,001	1,253,981	1,243,264	1,232,567
Personal income (estimated, in millions) (2)	N/A	N/A	\$ 93,449	\$ 88,965	\$ 87,894
Per capita income (estimated, in dollars) (2)	N/A	N/A	\$ 41,302	\$ 39,843	\$ 39,206
FTE (3) student enrollment	33,680	34,246	32,694	31,395	26,419
Unemployment rate (estimated) (4)	7.5%	8.0%	9.2%	10.2%	11.7%



(1) District population for fiscal year 2012-13 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 2012-13 and 2011-12 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.

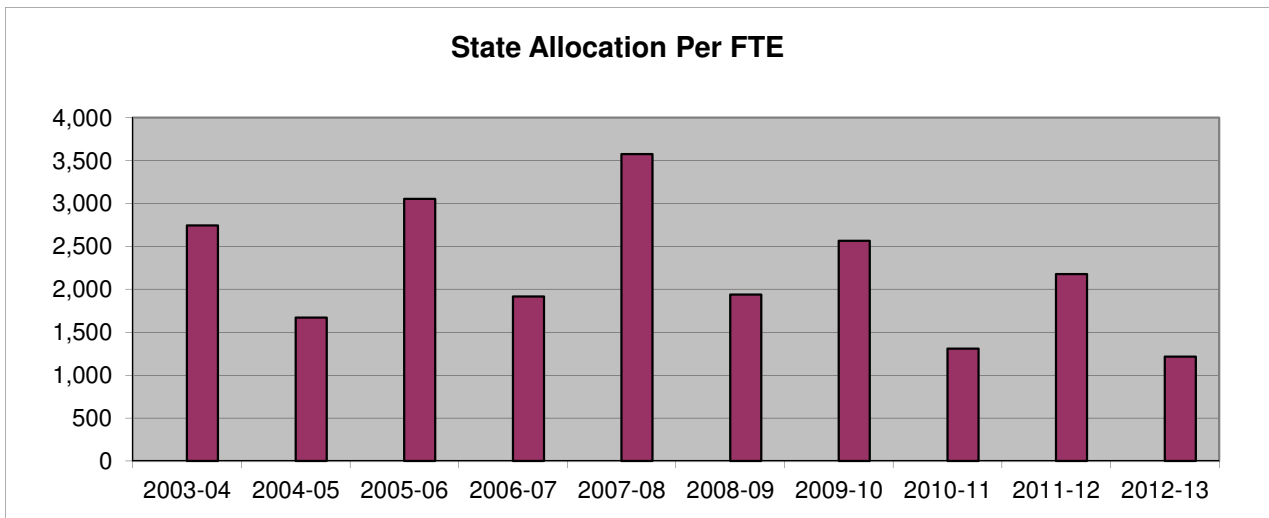
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness
Bureau of Economic Analysis, Regional Economic Information System
U.S. Department of Labor - Bureau of Labor Statistics

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
1,218,014	1,201,048	1,182,385	1,164,115	1,148,545
\$ 88,022	\$ 84,151	\$ 79,014	\$ 73,287	\$ 69,328
\$ 39,942	\$ 38,842	\$ 36,845	\$ 35,430	\$ 34,018
23,794	23,011	22,808	23,406	23,472
5.3%	4.8%	5.3%	6.3%	6.8%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2012-13	2011-12	2010-11	2009-10	2008-09
Allocations per FTE	\$ 1,215	\$ 2,178	\$ 1,308	\$ 2,563	\$ 1,939
Annual State Funding (in thousands)	\$ 39,191	\$ 71,603	\$ 41,003	\$ 77,046	\$ 48,945
Total Reimbursable FTE	32,267	32,875	31,354	30,064	25,236



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

Source: Office of Institutional Effectiveness

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 3,574	\$ 1,917	\$ 3,054	\$ 1,669	\$ 2,742
\$ 81,165	\$ 42,146	\$ 66,695	\$ 37,722	\$ 62,346
22,713	21,988	21,842	22,596	22,737

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Total operating expenses (in thousands)	\$ 285,190	\$ 281,379	\$ 256,045	\$ 244,811	\$ 216,389
District population (estimated) (2) (in thousands)	N/A	1,267	1,254	1,243	1,233
FTE student enrollment (3)	33,680	34,246	32,694	31,395	26,419
Percent of FTE to district population	N/A	2.7%	2.6%	2.5%	2.1%
Cost per FTE (1)	\$ 8,468	\$ 8,216	\$ 7,832	\$ 7,798	\$ 8,191
Number of employees	4,071	4,181	4,153	3,904	3,604
Ratio of employees to FTE	1:8	1:8	1:8	1:8	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 2012-13 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>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 201,657	\$ 178,909	\$ 178,755	\$ 161,431	\$ 157,688
1,218	1,201	1,182	1,164	1,149
23,794	23,011	22,808	23,406	23,472
2.0%	1.9%	1.9%	2.0%	2.0%
\$ 8,475	\$ 7,775	\$ 7,837	\$ 6,897	\$ 6,718
3,475	3,522	3,812	3,831	3,752
1:7	1:7	1:6	1:6	1:6

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Sylvania Campus					
Buildings/leases	17	16	16	16	15
Gross square feet	887,556	885,207	885,207	885,207	884,559
Campus expenditures (1)	\$ 49,083	\$ 51,452	\$ 46,564	\$ 44,180	\$ 40,850
Cascade Campus					
Buildings/leases	11	9	9	9	9
Gross square feet	420,123	347,852	347,852	347,852	347,852
Campus expenditures (1)	\$ 28,849	\$ 30,647	\$ 26,618	\$ 24,538	\$ 22,017
Rock Creek Campus					
Buildings/leases	11	11	11	11	11
Gross square feet	565,808	542,723	542,723	542,723	542,723
Campus expenditures (1)	\$ 33,428	\$ 35,239	\$ 30,231	\$ 28,045	\$ 25,175
Extended Learning Campuses					
Buildings/leases	18	13	12	12	12
Gross square feet	509,093	329,232	314,874	314,874	246,551
Campus expenditures (1)	\$ 17,937	\$ 17,498	\$ 14,826	\$ 14,847	\$ 15,185

(1) In Thousands

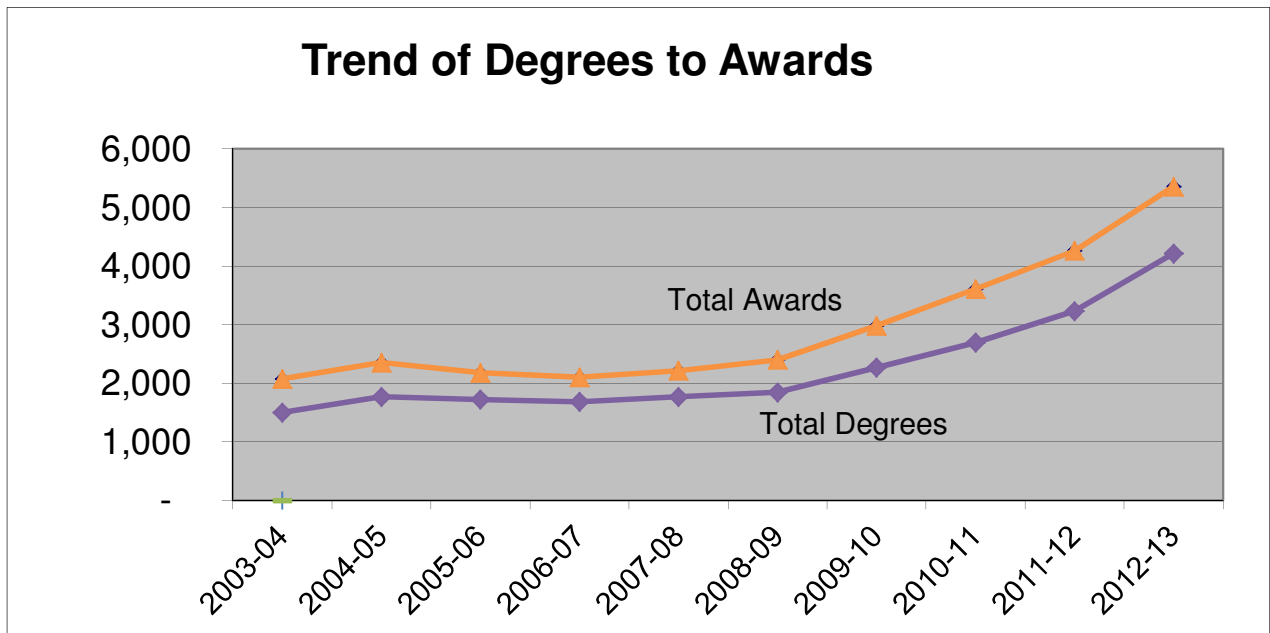
Source: PCC Director - Facilities Management Services

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
15	15	14	14	13
884,559	884,559	857,559	857,559	813,065
\$ 40,028	\$ 34,707	\$ 32,394	\$ 32,089	\$ 35,958
9	9	9	8	7
347,852	347,852	347,852	293,412	204,750
\$ 20,443	\$ 16,590	\$ 15,472	\$ 15,285	\$ 14,564
11	10	10	10	10
542,723	540,323	540,323	540,323	504,323
\$ 24,289	\$ 20,230	\$ 18,345	\$ 18,931	\$ 18,446
11	9	9	9	10
241,251	247,631	247,631	247,631	331,946
\$ 13,764	\$ 12,805	\$ 12,696	\$ 11,620	\$ 11,132

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2012-13	2011-12	2010-11	2009-10
Certificates				
One-Year	313	330	269	244
Two-Year	52	76	69	48
Others	706	522	459	300
Total Certificates	1,071	928	797	592
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	613	503	470	342
Associate of Science, Oregon Transfer (ASORT)	117	104	72	75
Associate of Science (AS)	857	649	515	456
Associate of General Studies (AGEN)	1,473	905	725	599
Associate of Applied Science (AAS)	1,157	1,071	912	797
Total Degrees	4,217	3,232	2,694	2,269
High School Diplomas	68	101	115	120
Total Awards	5,356	4,261	3,606	2,981



Source: Portland Community College, Office of Institutional Effectiveness

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
271	240	211	234	306	364
37	56	58	59	69	58
<u>149</u>	<u>61</u>	<u>68</u>	<u>90</u>	<u>93</u>	<u>24</u>
<u>457</u>	<u>357</u>	<u>337</u>	<u>383</u>	<u>468</u>	<u>446</u>
232	204	209	218	267	250
60	55	22	9	2	1
371	328	329	365	384	324
440	439	426	400	360	283
<u>742</u>	<u>744</u>	<u>699</u>	<u>731</u>	<u>758</u>	<u>644</u>
<u>1,845</u>	<u>1,770</u>	<u>1,685</u>	<u>1,723</u>	<u>1,771</u>	<u>1,502</u>
<u>97</u>	<u>87</u>	<u>80</u>	<u>73</u>	<u>114</u>	<u>128</u>
<u>2,399</u>	<u>2,214</u>	<u>2,102</u>	<u>2,179</u>	<u>2,353</u>	<u>2,076</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Per Credit Hour				
General Tuition	\$ 82	\$ 79	\$ 76	\$ 74
Fees	6	6	6	6
Combined Per Credit Total	<u>\$ 88</u>	<u>\$ 85</u>	<u>\$ 82</u>	<u>\$ 80</u>
Per Term - College Service & Transportation Fee (2)	\$ 19	\$ 19	\$ 19	\$ 19
Annual cost (3)	\$ 4,026	\$ 3,891	\$ 3,756	\$ 3,666

National and Statewide Comparisons

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
PCC District				
Annual Cost (3)	\$ 4,026	\$ 3,891	\$ 3,756	\$ 3,666
Percentage Change	3%	4%	2%	7%
National Community College Average (4)				
Annual Cost	N/A	\$ 2,647	\$ 2,439	\$ 2,285
Percentage Change		9%	7%	7%
Oregon Universities Average (5)				
Annual Cost	\$ 7,877	\$ 7,623	\$ 7,082	\$ 6,601
Percentage Change	3%	8%	7%	8%

(1) District tuition and fees are obtained from PCC Class Catalogs. Annual tuition is based on 15 credit hours per fall, winter and spring term.

(2) College Service & Transportation 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) In previous reports, the PCC annual cost was calculated based on 12 credit hours for fall, winter and spring and part time for summer term. For consistency to the Oregon Universities statistics, we have updated the PCC Annual Cost figures to a total of 45 credit hours.

(4) U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, Student Charges, Average tuition and required fees for full-time students.

(5) Oregon University System, Historical Budget Documents, Annual Tuition and Fee Rates based on 15 credit hours for fall, winter and spring term.

N/A - 2012-13 Annual Costs for 2-year colleges are not available at this time.

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 70	\$ 68	\$ 67	\$ 64	\$ 62	\$ 58
6	6	6	6	5	3
<u>\$ 76</u>	<u>\$ 74</u>	<u>\$ 73</u>	<u>\$ 70</u>	<u>\$ 67</u>	<u>\$ 61</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,425	\$ 3,335	\$ 3,274	\$ 3,139	\$ 3,026	\$ 2,723

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 3,425	\$ 3,335	\$ 3,274	\$ 3,139	\$ 3,026	\$ 2,723
3%	2%	4%	4%	11%	27%
\$ 2,137	\$ 2,063	\$ 2,017	\$ 1,935	\$ 1,849	\$ 1,702
4%	2%	4%	5%	9%	15%
\$ 6,105	\$ 5,801	\$ 5,471	\$ 5,219	\$ 5,023	\$ 4,603
5%	6%	5%	4%	9%	10%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2012-13	2011-12	2010-11	2009-10	2008-09
Residential Construction (1)					
Permits	10.2	6.5	4.3	4.4	5.1
Value	\$ 1,773,855	\$ 1,222,124	\$ 914,517	\$ 940,129	\$ 1,008,088
Bank Deposits (2)	N/A	\$ 41,427,000	\$ 36,122,000	\$ 28,823,000	\$ 27,650,000
Property Values (3)					
Assessed Values:					
Real Property	\$ 99,627,505	\$ 97,004,090	\$ 93,794,528	\$ 90,761,489	\$ 87,260,824
Personal Property	3,796,361	3,736,655	3,948,297	3,973,480	4,077,206
Manufactured Structures	134,973	169,057	180,087	201,783	191,635
Public Utility	3,495,084	3,550,533	3,584,011	3,528,839	3,051,076
Total Assessed Value	107,053,923	104,460,335	101,506,923	98,465,591	94,580,741
Total Real Market Value	\$ 146,954,618	\$ 150,177,435	\$ 158,344,983	\$ 165,643,688	\$ 171,761,783

(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>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
9.9	13.9	14.0	13.9	12.0
\$ 1,760,447	\$ 2,494,886	\$ 2,829,975	\$ 2,416,366	\$ 1,998,450
\$ 25,409,000	\$ 24,370,598	\$ 22,662,624	\$ 17,781,469	\$ 19,165,465
\$ 82,937,829	\$ 78,484,722	\$ 74,669,941	\$ 70,801,121	\$ 67,701,058
3,852,351	3,759,738	3,680,634	3,700,881	3,774,631
194,630	174,803	245,964	259,833	262,833
2,894,350	2,833,673	2,729,714	2,927,060	2,886,994
<u>89,879,160</u>	<u>85,252,936</u>	<u>81,326,253</u>	<u>77,688,895</u>	<u>74,625,516</u>
\$ 163,394,017	\$ 140,256,940	\$ 119,987,875	\$ 113,785,892	\$ 108,081,905

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2013

DATE OF INCORPORATION: July 1, 1969

CENTRAL MAILING ADDRESS:

Portland Community College
P.O. Box 19000
Portland, OR 97280-0990
Telephone: (971) 722-6111

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 Education Center
775 SE Baseline Street
Hillsboro, OR 97123

Newberg Center
135 Werth Blvd.
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

AUDIT SECTION



AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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



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

INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

November 12, 2013

Board of Directors
Portland Community College
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Portland Community College as of and for the year ended June 30, 2013, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

Purpose of this Report

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

This report is intended solely for the information and use of the Board of 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 12, 2013

Board of Directors
Portland Community College
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Portland Community College as of and for the year ended June 30, 2013, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Portland Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Portland Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Portland Community College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portland Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth Kuhns & Co.

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

November 12, 2013

Board of Directors
Portland Community College
Portland, Oregon

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Portland Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Portland Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Portland Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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	\$ 928,988
Federal Work-Study Program	84.033	N/A	701,031
Federal Pell Grant Program	84.063	N/A	64,513,883
Direct Loans Program	84.268	N/A	115,810,609
Total Student Financial Assistance Cluster			181,954,511
CDBG - ENTITLEMENT GRANTS CLUSTER			
Community Development Block Grants/Entitlement Grants	14.218	11-70509	41,032
Total CDBG - Entitlement Grants Cluster			41,032
WIA CLUSTER			
Workforce Investment Act - Adult Program - Hillsboro	17.258	11-70508	278,622
Workforce Investment Act - Adult Program - Tualatin	17.258	11-70508	159,842
Workforce Investment Act - Adult Program - Worksource North	17.258	11-70509	206,117
Workforce Investment Act - Adult Program - Home Forward	17.258	11-70509	59,637
Workforce Investment Act - Adult Program - Job Readiness	17.258	11-70574	26,694
Workforce Investment Act - Adult Program - New Columbia Center	17.258	11-70509	37,431
Workforce Investment Act - Adult Program - WorkSource Liason	17.258	11-70509	76,010
Workforce Investment Act - Adult Program - WorkSource Liason-Hillsboro	17.258	12-10200	24,159
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	187,652
Workforce Investment Act - Adult Program - Foundation Skills	17.258	11-70509	81,894
Workforce Investment Act - Adult Program - NCRC Tualatin	17.258	11-70554	32,179
Workforce Investment Act - Adult Program - NCRC Hillsboro	17.258	11-70555	32,179
Workforce Investment Act - Adult Program - NCRC METRO	17.258	11-70556	31,582
Workforce Investment Act - Adult Program - Renew ITA Metro	17.258	10-70547	68,194
Workforce Investment Act - Dislocated Workers - Clean Tech Advance -Tualatin	17.278	09-70538	32,352
Workforce Investment Act - Dislocated Workers - Renew ITA Metro	17.278	10-70547	42,209
Workforce Investment Act - Dislocated Workers - Hillsboro	17.278	11-70508	246,807
Workforce Investment Act - Dislocated Workers	17.278	11-70509	339,511
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	11-70510	139,816
WIA Dislocated Worker Formula Grants - NCRC METRO	17.278	11-70556	7,283
WIA Dislocated Worker Formula Grants - NCRC Hillsboro	17.278	11-70555	7,421
WIA Dislocated Worker Formula Grants - NCRC Tualatin	17.278	11-70554	7,421
WIA Dislocated Worker Formula Grants - RPS	17.278	09-70518	237,627
WIA Dislocated Worker Formula Grants - Siltronic NEG1	17.278	12-10125	89,689
WIA Dislocated Worker Formula Grants - Tektronix	17.278	11-70565	50,852
WIA Dislocated Worker Formula Grants - Job Readiness	17.278	11-70574	63,037
WIA Dislocated Worker Formula Grants - Siltronic NEG	17.278	11-70580	6,764
WIA Dislocated Worker Formula Grants - Worksource Liason Hillsboro	17.278	12-10200	19,277
WIA Dislocated Worker Formula Grants - Siltronic Rapid Response	17.278	11-70580	5,534
WIA Dislocated Worker Formula Grants - Housing Works Career Link	17.278	11-67566	13,273
Total WIA Cluster			2,611,065
TRANSIT SERVICES PROGRAMS CLUSTER			
Job Access-Reverse Commute - Tri-Met	20.516	JC12025950	76,003
Total Transit Services Programs Cluster			76,003

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
TRIO CLUSTER			
TRIO - Student Support Services	84.042	N/A	435,312
TRIO - Talent Search	84.044	N/A	208,751
TRIO - Upward Bound	84.047	N/A	70,244
Total TRIO Cluster			714,307
 SUBTOTAL CLUSTER PROGRAMS			 185,396,918
 NON-CLUSTER PROGRAMS			 7,117,455
 TOTAL FEDERAL FINANCIAL ASSISTANCE			 \$ 192,514,373

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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	\$ 928,988
Federal Work-Study Program	84.033	N/A	701,031
Federal Pell Grant Program	84.063	N/A	64,513,883
Direct Loans Program	84.268	N/A	115,810,609
Higher Educational Institutional Aid	84.031	N/A	468,149
TRIO - Student Support Services	84.042	N/A	435,312
TRIO - Talent Search	84.044	N/A	208,751
TRIO - Upward Bound	84.047	N/A	70,244
Migrant Education - High School Equivalency Program	84.141	N/A	490,819
Child Care Means Parents in School - CCAMPIS	84.335	N/A	188,372
Total Direct Programs			183,816,158
Passed through East West Inc.			
Undergraduate International Studies and Foreign Language Programs	84.016	HC128-11	7,150
Passed through Dept. of Community Colleges and Workforce Development			
Adult Education - Basic Grants to States - Program Improvement	84.002	EE121317PG	19,130
Adult Education - Basic Grants to States - Multnomah Co Corrections	84.002	EE121317CG	30,450
Adult Education - State Grant Program - TOPS Accountability	84.002	EE121317AG	91,622
Adult Education - State Grant Program - Outreach Tutoring	84.002	EE121317TG	92,359
Adult Education - State Grant Program - Comprehensive Services	84.002	EE121317BG	475,739
Adult Education - State Grant Program - EI Civics	84.002	EE121317EG	50,361
Total passed through Dept. of Community Colleges and Workforce Development			759,661
Passed through State of Oregon, Department of Education			
Career & Technical Education - Basic Grants to States - Perkins Reserve	84.048	24870/22164	191,304
Career & Technical Education - Basic Grants to States - Region 2A Consortium	84.048	22141/24848	175,873
Career & Technical Education - Basic Grants to States - Perkins	84.048	24847	1,203,592
Career & Technical Education - Basic Grants to States - Oregon Tradeswomen	84.048	24928	18,000
Career & Technical Education - Basic Grants to States - EET Care	84.048	24829	9,893
Total passed through State of Oregon, Department of Education			1,598,662
Passed through State of Oregon, Department of Community Colleges and Workforce Development			
Adult Education-Basic Grants to States -Perkins Non Traditional PACTEC EET	84.002	IGRA0584	14,965
Vocational Education - Basic Grants to States - Career Pathways	84.048	IGRA0465	87,496
Total passed through State of Oregon, Department of Community Colleges and Workforce			102,461
TOTAL U.S. DEPARTMENT OF EDUCATION			186,284,092

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF ENERGY:			
Passed through Worksystems, Inc.			
Energy Efficient and Conservation Block Grant Program - Clean Energy	81.128	11-70518	10,481
TOTAL U.S. DEPARTMENT OF ENERGY			10,481
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through State of Oregon, Department of Education			
Child and Adult Care Food Program	10.558	26-16022	2,460
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,460
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Program:			
Grants for Training in Primary Care Medicine and Dentistry	93.884	N/A	88,504
Total Direct Programs			88,504
Passed through Worksystems, Inc.			
ARRA-Community Services Block Grant	93.710	11-70509	47,673
Passed through Portland State University:			
Biomedical Research and Research Training - Bridges to Baccalaureate	93.859	209CRE138	50,850
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements	93.924	APBHD0014	3,554
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			190,581

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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	1,781,801
Trade Adjustment Assistance Community College and Career Training Grants	17.282	N/A	191,288
Total Direct Programs			1,973,089
Passed through Worksystems, Inc:			
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	187,652
Workforce Investment Act - Adult Program - Renew ITA Metro	17.258	10-70547	68,194
Workforce Investment Act - Adult Program	17.258	11-70508	438,464
Workforce Investment Act - Adult Program	17.258	11-70509	461,089
Workforce Investment Act - Adult Program - NCRC Tualatin	17.258	11-70554	32,179
Workforce Investment Act - Adult Program - NCRC Hillsboro	17.258	11-70555	32,179
Workforce Investment Act - Adult Program - NCRC METRO	17.258	11-70556	31,582
Workforce Investment Act - Adult Program - Job Readiness	17.258	11-70574	26,694
Workforce Investment Act - Adult Program - WorkSource Liason-Hillsboro	17.258	12-10200	24,159
Workforce Investment Act - Dislocated Workers - Clean Tech Advance -Tualatin	17.278	09-70538	32,352
Workforce Investment Act - Dislocated Workers - Renew ITA Metro	17.278	10-70547	42,209
Workforce Investment Act - Dislocated Workers - Hillsboro	17.278	11-70508	246,807
Workforce Investment Act - Dislocated Workers	17.278	11-70509	339,511
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	11-70510	139,816
H-1B Job Training Grants - Clean Tech Advance -Central	17.268	11-50759	230,152
H-1B Job Training Grants - Metro STEP Central	17.268	11-70578	169,221
Community Based Job Training Grants - HOPE	17.269	10-70557	175,390
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	09-70518	129,158
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - State Energy Sector Partnership	17.275	09-70540	19,124
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Metro	17.275	10-70547	22,734
WIA Dislocated Worker Formula Grants - RPS	17.278	09-70518	237,627
WIA Dislocated Worker Formula Grants - Housing Works Career Link	17.278	11-67566	13,273
WIA Dislocated Worker Formula Grants - NCRC Tualatin	17.278	11-70554	7,421
WIA Dislocated Worker Formula Grants - NCRC Hillsboro	17.278	11-70555	7,421
WIA Dislocated Worker Formula Grants - NCRC METRO	17.278	11-70556	7,283
WIA Dislocated Worker Formula Grants - Tektronix	17.278	11-70565	50,852
WIA Dislocated Worker Formula Grants - Job Readiness	17.278	11-70574	63,037
WIA Dislocated Worker Formula Grants - Siltronic NEG	17.278	11-70580	12,298
WIA Dislocated Worker Formula Grants - Siltronic NEG1	17.278	12-10125	89,689
WIA Dislocated Worker Formula Grants - Worksource Liason Hillsboro	17.278	12-10200	19,277
Workforce Innovation Fund - Housing Works - Metro	17.283	12-10100	2,523
Workforce Innovation Fund - Occupational Coaching	17.283	12-10815	9,083
Total passed through Worksystems, Inc.			3,368,450
TOTAL U.S. DEPARTMENT OF LABOR			5,341,539

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Education and Human Resources - OCATE	47.076	N/A	320,043
Education and Human Resources - SSTEM	47.076	N/A	4,386
Education and Human Resources - SSTEM Schlr Sci Tech Eng & Math	47.076	N/A	118,273
Total Direct Programs			442,702
Passed through Saddleback Community College			
Education and Human Resources - Rapid Prototype	47.076	DUE1104305	16,160
Passed through Finger Lakes Community College			
Education and Human Resources -CURI	47.076	1118679	7,618
Passed through OMSI			
Education and Human Resources - Sustainability	47.076	D11-16	5,250
TOTAL NATIONAL SCIENCE FOUNDATION			471,730
SMALL BUSINESS ADMINISTRATION:			
Direct Program:			
Congressional Grants: Fueling Portland Green Economic Recovery	59.059	N/A	42,500
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	13-152-Rev.1	34,393
Small Business Development Center - SBJA	59.037	13-SJB-141	81,375
Small Business Development Center - Veterans Assistance	59.037	13-3-152V	14,190
Total Passed through Lane Community College			129,958
TOTAL SMALL BUSINESS ADMINISTRATION			172,458
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Worksystems, Inc			
Community Development Block Grants/Entitlement Grants	14.218	11-70509	41,032
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			41,032
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 192,514,373

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2013

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, 2013.

	Federal CFDA Number		Loans Receivable
Gross loans receivable at June 30, 2013:			
Federal Perkins Loan Program-Federal Capital Contributions	84.038	\$	7,102,254
Federal Nursing Student Loans	93.364		1,017,348
		\$	<u>8,119,602</u>

Note D - LOANS DISBURSED

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

	Federal CFDA Number		New Loans
Federal Perkins Loan Program	84.038	\$	1,031,534
Direct Loan Program	84.268		115,801,391
Nursing Student Loans	93.364		146,865
		\$	<u>116,979,790</u>

Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS

The College's matching institutional capital contribution was waived, for Department of Education grants, for Fiscal Year 2013. The contributions not included in expenditures is as follows;

	Federal CFDA Number		Expenditures
Federal Supplemental Educational Opportunity Grants	84.007	\$	35,479
Federal Work-Study Program	84.033		126,182
		\$	<u>161,661</u>

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2013

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	\$ 49,086
Workforce Investment Act - Adult Program - Foundation Skills	17.258	25,024
Workforce Investment Act - Adult Program - RBS	17.258	24,000
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.260	21,317
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.260	26,000
Community Based Job Training Grants - HOPE	17.269	1,535,631
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	794
WIA Dislocated Worker Formula Grants - RBS	17.278	49,086
		\$ 1,730,938

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified 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 unmodified 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
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Loans	84.268
Nursing Student Loans	93.364
Workforce Investment Act Cluster:	
Adult Program	17.258
Dislocated Workers Formula Grants	17.278

8. The threshold for distinguishing Type A programs from Type B programs was \$2,301,000.
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.





