



# Portland Community College **Comprehensive Annual Financial Report**

For the year ended  
June 30, 2015  
Portland, Oregon



**Portland  
Community  
College**



# PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2015

Sylvia Kelley  
Interim College President

Jim Langstraat, MBA  
Vice President of Finance and Administrative Services

James H. Crofts, CPA  
Accounting Services Manager

Report Prepared by:

Sally Gregory, CPA  
Financial Reporting Manager

Revathi Aditham  
Alice Bernstein  
Carol Butcher  
Jan E. Christiansen  
Cau Chung, MBA  
Jill Dunaway  
Bethany Ebersole  
Cassandra Hill  
Cathy Huey  
Teri Hunt

Yen Lee  
Diana Liu  
Ken Nelson  
Dana Petersen, MBA  
Kathy Stone  
Cam Lien Tran

# PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue  
Portland, OR 97219

For the year ended June 30, 2015

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee	June 30, 2017
2	Kali Thorne Ladd	June 30, 2019
3	Michael Sonleitner	June 30, 2019
4	Jim Harper	June 30, 2017
5	Ken Madden	June 30, 2017
6	Gene Pitts, Vice Chair	June 30, 2017
7	Deanna Palm, Chair	June 30, 2019

## ADMINISTRATION

Sylvia Kelley, Interim College President  
Jim Langstraat, MBA, Vice President of Finance and Administrative Services  
James H. Crofts, CPA, Accounting Services Manager

# PORTLAND COMMUNITY COLLEGE

## PORTLAND, OREGON

### TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
 <b>FINANCIAL SECTION:</b>	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Basic Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of the Net Pension Liability	47
Schedule of Contributions	48
Notes to Required Supplementary Information	49
 OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual by Fund	
General Fund	50
Continuing and Community Education Fund	52
Auxiliary Fund	53
Student Activities Fund	54
Contracts and Grants Fund	55
Student Financial Aid Fund	56
General Obligation (G.O.) Bond Fund	57
Capital Lease/Purchase Fund	58
PERS Debt Service Fund	59
Capital Projects Fund	60
Capital Construction Fund	61
Food Services Fund	62
Bookstore Fund	63
Parking Operations Fund	64
Print Center Fund	65
Risk Management Fund	66
PERS Reserve Fund	67
Pension Trust Fund: Early Retirement	68

# PORTLAND COMMUNITY COLLEGE

## PORTLAND, OREGON

### TABLE OF CONTENTS (CONTINUED)

<b>FINANCIAL SECTION (CONTINUED):</b>	Page
OTHER SUPPLEMENTARY INFORMATION (CONTINUED):	
Other Financial Schedules:	
Schedule of Long-Term Debt Principal and Interest Requirements	
- General Obligation Bonds	69
- Limited Tax Pension Bonds	70
 <b>STATISTICAL SECTION:</b>	
Financial Trends:	
Net Position by Component	71
Changes in Net Position	73
Revenue Capacity:	
Revenues by Sources	76
Assessed and Real Market Value of Taxable Property	78
Schedule of Property Tax Transactions	80
Largest Property Taxpayers within District	82
Property Tax Levies and Collections – All Funds	83
Debt Capacity:	
Ratios of Outstanding Debt by Type	85
Ratios of General Bonded Debt Outstanding	87
Legal Debt Margin	89
Direct and Overlapping Gross Bonded Debt	91
Demographic and Economic Information:	
Largest Employers within District	92
Demographic Statistics	93
Operating Information:	
State Allocations per FTE	95
Enrollment Statistics	97
Campus Facilities and Operating Information	99
Certificates and Degrees Granted	101
Tuition and Fees	103
Property Value, Construction and Bank Deposits	105
Miscellaneous Information	107

# PORTLAND COMMUNITY COLLEGE

## PORTLAND, OREGON

### TABLE OF CONTENTS (CONTINUED)

#### AUDIT SECTION:

Audit Comments and Disclosures required by State Regulations	108
Independent Auditor's Comments Required by Oregon State Regulations	109
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	111
Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	113
Schedule of Expenditures of Federal Awards	115
Notes to Schedule of Expenditures of Federal Awards	120
Schedule of Findings and Questioned Costs	122





# INTRODUCTORY SECTION





November 20, 2015

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, 2015 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. After adoption, the budget may be revised periodically through procedures specified by state statute and board policy. Budgetary controls are maintained through monitoring expenditures on various legally adopted appropriation levels. Depending upon the budget structure, the appropriation levels may be classified by cost centers, such as campus and division; by programs; by fund source, such as federal or state grants; or by object classification, such as personal services, materials and supplies, capital outlay, operating transfers and contingency. Budget-to-actual comparisons are provided in this report as part of the Other Supplementary Information in the Financial Section.

## ***The College***

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

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

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

*Mission, Vision and Values.* The College's mission, as adopted by the Board of Directors, is to advance the region's long-term vitality by delivering accessible, quality education to support the academic, professional, and personal development of the diverse students and communities we serve. The vision of the College is building futures for our students and communities.

The College believes that certain fundamental values characterize the institution and guide us in the accomplishment of our mission and goals. These values are:

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

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

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

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

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

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

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

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

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

*Campus Information.* The College operates four comprehensive campuses and the Extended Learning Campus. Each campus 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 20,450 students representing over 6,000 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 23,600 students or 7,650 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 27,900 students or over 10,250 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 Campus* is PCC's newest campus, serving 11,500 students or 3,000 FTE. Thanks to the bond measure passed by voters in 2008, the Southeast Campus has more than doubled its size from 94,000 to 200,000 square feet and expanded its class offerings, allowing students to complete an associate or transfer degree without traveling to another campus.

PCC also operates eight centers, serving 30,400 students or 1,950 FTE. The Swan Island Trades Center, the most recent addition, offers Career Technical Education (CTE) credit programs and noncredit Workforce Development opportunities to more than 65 industry partners. The Willow Creek Center located in Hillsboro houses a workforce development facility serving numerous social agencies. The PCC CLIMB (Continuous Learning for Individuals, Management & Business) Center is located on the industrial east side of Portland and offers professional development, a small business development center, and non-credit professional training in the health professions. The recently renovated Downtown Center serves as an administrative hub for human resources, financial and enrollment services, institutional effectiveness, and the grants office. Other PCC centers include the Portland Metropolitan Workforce Training Center in Northeast Portland, Hillsboro Center in Hillsboro and Newberg Center in Newberg.

## ***Local Economy***

The Portland metropolitan area's seasonally adjusted unemployment rate as of June 2015 was 5.4%, down slightly from 5.9% one year ago. Over the past year, the area has added nearly 40,000 jobs for a growth rate of 3.6%.

While growth rates and the trajectory of the economy have improved considerably, Oregon is not yet fully healed from the Great Recession. The largest economic concern today is the participation gap – the difference between the share of the population with a job or looking for work and what the rate would be when operating at full strength. The improving economy is and will pull workers back into the labor force, helping to support future economic growth at the same time.

The College proactively manages its budget based on reasonable projections of future funding and enrollment. This enables the College to continue to meet its student-centered mission. An internal Budget and Planning Advisory Committee (BPAC) serves as part of the College's budget development process with committee membership including students, faculty, academic professionals, classified staff, managers and the President's Cabinet. Additional detail regarding next year's budget and economic factors is available in Management's Discussion and Analysis in the Financial Section of this report.

## ***Long-Term Financial Planning***

Current projections indicate that by 2020 the Portland 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.

The September 2015 Oregon Economic and Revenue Forecast is projecting revenue growth rates in the state General Fund of 10.2% for the 2015-17 biennium and 9.7% for the 2017-19 biennium, and similar growth for the 2019-21 biennium. Future challenges for PCC will include a modest decline in enrollment as the economy improves, a rate increase for required PERS contributions, 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 for the college to issue general obligation bonds for the acquisition, construction, renovation, and improvement of various college facilities and campuses. In March 2009 the college sold \$200 million of the approved amount of bonds with the remaining \$174 million being sold in March 2013.

During the 2014-15 fiscal year, the college opened two new energy-efficient buildings, upgraded seismic safety, completed state-of-the-art lab facilities, and created two new retail opportunities for local entrepreneurs. Work still remains, including creating a presence for PCC in Columbia County, where the college is currently assessing possible sites and programs.

## ***Accreditation***

The Northwest Commission on Colleges and Universities (NWCCU) granted accreditation to Portland Community College in 1970. The NWCCU reaffirmed the accreditation of the College based on a comprehensive, full scale evaluation and visit that took place in April 2015. 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, 2014. 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, 2013. The College has earned this award since 2001. In order to qualify for the Distinguished Budget Presentation Award, Portland Community College's budget document was judged to be proficient in several categories that include its use as a policy document, a financial plan, an operations guide, and a communications device.

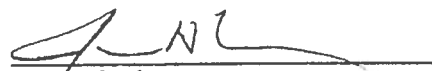
### ***Acknowledgements***

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

Respectfully submitted,

  
Jim Langstraat

Vice President of Finance and Administrative Services

  
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, 2014**

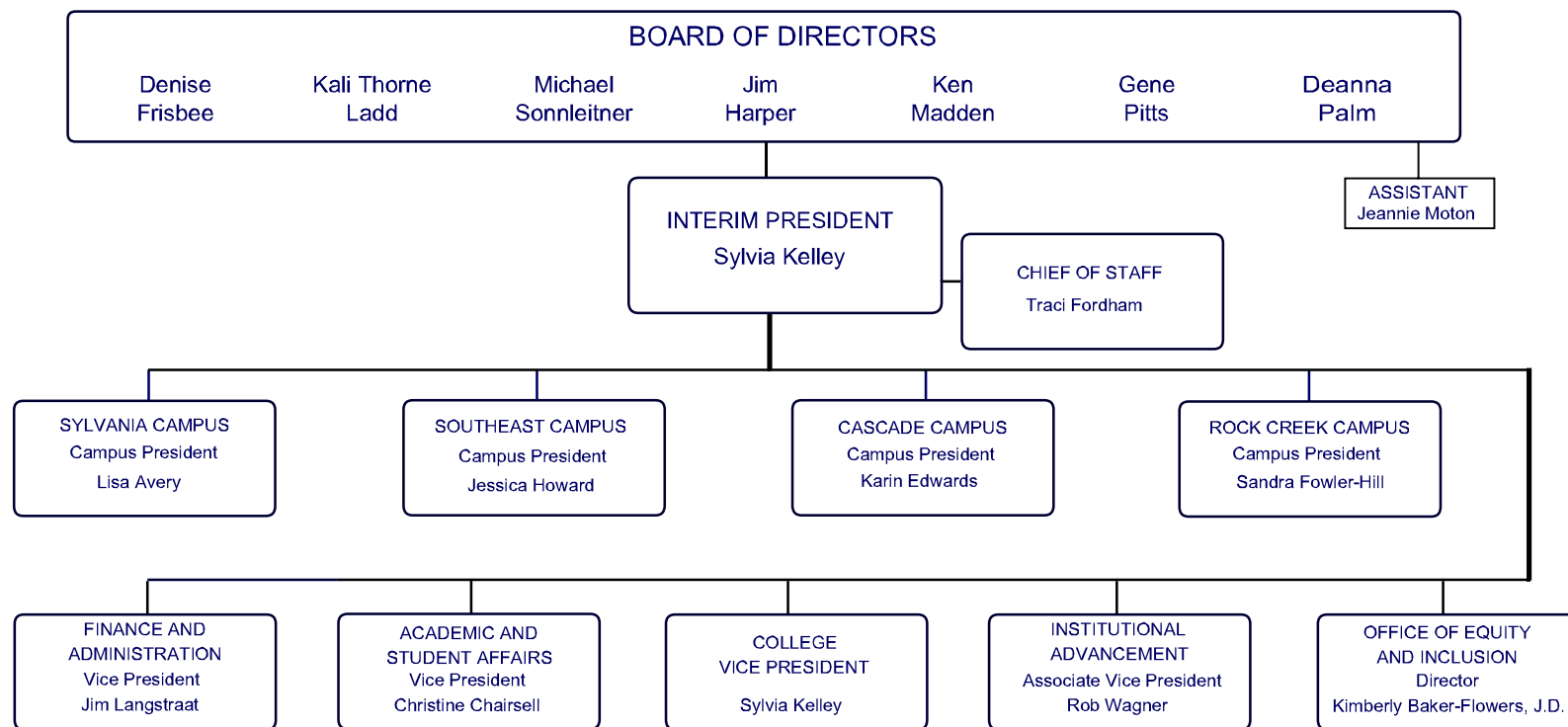
A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

# PORTLAND COMMUNITY COLLEGE

## District Administration

2015-16



# FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

November 16, 2015

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, 2015, 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, 2015, 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the basic financial statements under the caption “New Accounting Pronouncements – GASB Statements No. 68 and 71,” during the 2014-15 fiscal year the College adopted new accounting guidance related to accounting and financial reporting for pensions. GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4 through 11 and the required supplementary information on pages 47 through 49 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.

## **Reports on Other Legal and Regulatory Requirements**

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 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.

### ***Other Reporting Required by Oregon State Regulations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 16, 2015 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 and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

*Kenneth Kuhns & Co.*

Kenneth Kuhns & Co.





## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2015 and 2014. 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, 2015 that impacted the College are as follows:

- Full-time equivalent students (FTE) decreased from 31,940 in 2014 to 30,210 in 2015. The total headcount of students decreased slightly from 88,179 in 2014 to 85,295 in 2015. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$78.2 million to \$53.7 million. The decrease was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2015 to July 2015. 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 \$497.6 million in 2014 to \$534.0 million in 2015 due primarily to multiple large projects in process and completed during the fiscal year. These capital additions are made possible by a \$374 million bond measure approved by voters in 2008.
- The College has decreased its net position from \$353.8 million in 2014 to \$228.5 million in 2015. The majority of this decrease was the prior period adjustment of \$170.4 million due to an accounting change required by implementation of GASB Statement No. 68. For more information, please refer to the Notes to the Basic Financial Statements Note 14.

### **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.

The College implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68 in the year ending June 30, 2015. The effects of GASB 68 and GASB 71 are shown as a prior period adjustment in the financial statements for the year ending June 30, 2015. Prior year information has not been restated.

### **Analysis of Net Position**

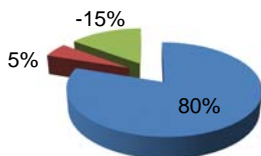
The Statement of Net Position (page 12) presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion of the College's financial health when 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.

<b>Net Position (in millions)</b>			
	2015	2014	Increase (decrease) 2015-14
<b>Assets</b>			
Current assets	\$ 193.7	\$ 152.5	\$ 41.2
Capital assets, net of depreciation	534.0	497.6	36.4
Other noncurrent assets	125.4	272.7	(147.3)
Deferred outflows	8.8	-	8.8
Total assets and deferred outflows	<u>\$ 861.9</u>	<u>\$ 922.8</u>	<u>\$ (60.9)</u>
<b>Liabilities</b>			
Current liabilities	\$ 78.1	\$ 71.2	\$ 6.9
Noncurrent liabilities	492.5	497.8	(5.3)
Total liabilities	<u>570.6</u>	<u>569.0</u>	<u>1.6</u>
Deferred Inflows	62.8	-	62.8
<b>Net position</b>			
Net investment in capital assets	259.8	238.7	21.1
Net position: restricted	16.5	8.6	7.9
Net position: unrestricted	(47.8)	106.5	(154.3)
Total net position	<u>228.5</u>	<u>353.8</u>	<u>(125.3)</u>
Total liabilities and net position	<u>\$ 861.9</u>	<u>\$ 922.8</u>	<u>\$ (123.7)</u>

**Portland Community College**  
**Fiscal year ended June 30, 2015**

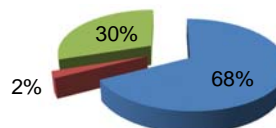
**2015 Net position - \$228.5 million**

■ Net investment in capital assets \$259.8  
■ Restricted \$16.5  
■ Unrestricted \$(47.8)



**2014 Net position - \$353.8 million**

■ Net investment in capital assets \$238.7  
■ Restricted \$8.6  
■ Unrestricted \$106.5



**Fiscal year 2015 compared to 2014.** Net Position decreased \$125.3 million from \$353.8 million in 2014 to \$228.5 million in 2015. Current assets increased by \$41.2 million. Current assets of \$193.7 million are more than sufficient to cover current liabilities of \$78.1 million. This represents a current ratio of 2.5. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$259.8 million is the net investment in capital assets and represents an increase of \$21.1 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. Other noncurrent assets decreased \$147.3 million due primarily to \$95.7 million in long-term investments maturing to cash or reclassified to short-term investments and a change in pension reporting. Restricted net position is the amount set aside for student financial aid grants and loans.

**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, auxiliary services and federal contracts. 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 offset the operating loss on overall net position.

**Portland Community College**  
**Fiscal year ended June 30, 2015**

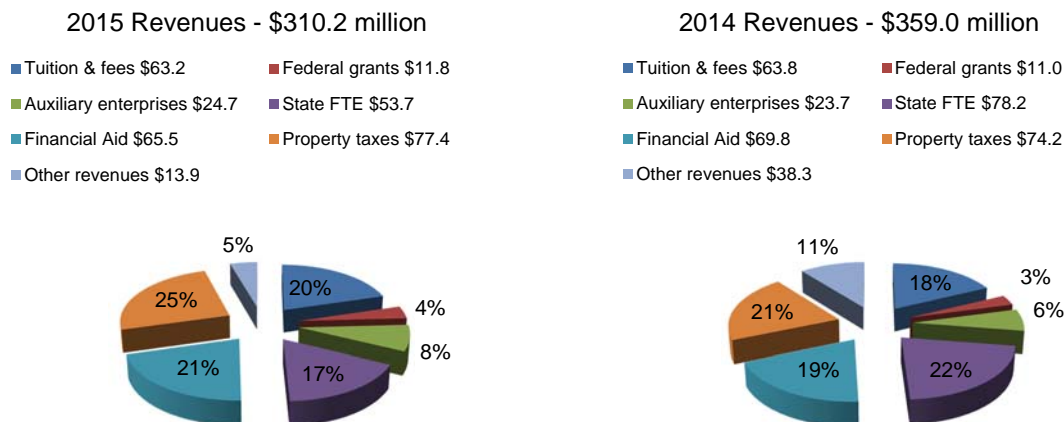
**Changes in Net Position (In Millions)**

	2015	2014	Increase (decrease) 2015-14
Operating revenues			
Student tuition and fees	\$ 63.2	\$ 63.8	\$ (0.6)
Federal contracted programs	11.8	11.0	0.8
Auxiliary enterprises and other	24.7	23.7	1.0
Total operating revenues	<u>99.7</u>	<u>98.5</u>	<u>1.2</u>
Nonoperating revenues			
State FTE reimbursement	53.7	78.2	(24.5)
Property taxes	77.4	74.2	3.2
Federal financial aid	65.5	69.8	(4.3)
Other nonoperating revenues	13.9	38.3	(24.4)
Total nonoperating revenues	<u>210.5</u>	<u>260.5</u>	<u>(50.0)</u>
Total revenues	<u>310.2</u>	<u>359.0</u>	<u>(48.8)</u>
Operating expenses			
Educational and general	100.6	154.0	(53.4)
Administrative services and physical plant	61.4	52.8	8.6
Grants and contracted programs	23.9	21.9	2.0
Auxiliary enterprises	23.2	22.8	0.4
Depreciation	8.0	6.4	1.6
Other support services	24.4	24.2	0.2
Total operating expenses	<u>241.5</u>	<u>282.1</u>	<u>(40.6)</u>
Nonoperating expenses			
Other nonoperating expenses	<u>23.6</u>	<u>15.5</u>	<u>8.1</u>
Total expenses	<u>265.1</u>	<u>297.6</u>	<u>(32.5)</u>
Increase (decrease) in net position	45.1	61.4	(16.3)
Net position, beginning of year	353.8	292.4	61.4
Prior period adjustment	(170.4)	-	(170.4)
Net position, end of year	<u>\$ 228.5</u>	<u>\$ 353.8</u>	<u>\$ (125.3)</u>

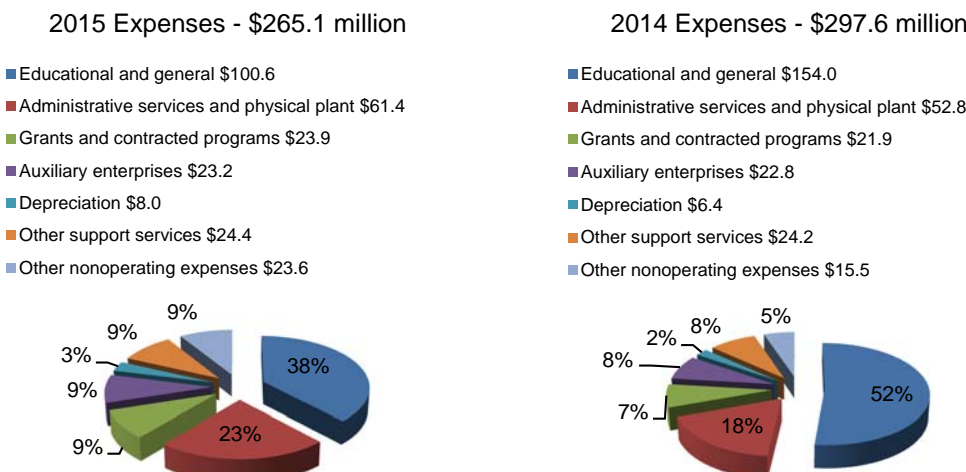
**Portland Community College**  
**Fiscal year ended June 30, 2015**

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 2015 and 2014:



The following graphics show the allocation of total expenses for fiscal years 2015 and 2014:



**Fiscal year 2015 compared to 2014.** The most significant source of operating revenues is tuition and fees, followed by auxiliary services and federal grants. Operating revenues increased by \$1.2 million, which reflects slight increases in both federal contracts and auxiliary services.

The largest non-operating revenue source is property taxes, followed by federal financial aid 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 2016. Other nonoperating revenues decreased significantly due to the absence of investment income on pension asset.

**Portland Community College**  
**Fiscal year ended June 30, 2015**

Operating expenses decreased significantly by \$40.6 million overall. Educational expense is the largest single line item and had a decrease of \$53.4 million related to implementation of GASB 68 and 71. Administrative services and physical plant expenses grew \$8.6 million.

**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)			
	2015	2014	Increase (decrease) 2015-14
Cash provided by (used in)			
Operating activities	\$ (167.4)	\$ (163.4)	\$ (4.0)
Noncapital financing activities	155.0	182.3	(27.3)
Capital financing activities	(41.3)	(92.5)	51.2
Investing activities	60.6	49.4	11.2
Net increase (decrease) in cash	6.9	(24.2)	31.1
Cash and cash equivalents, beginning of year	50.0	74.2	(24.2)
Cash and cash equivalents, end of year	\$ 56.9	\$ 50.0	\$ 6.9

**Fiscal year 2015 compared to 2014.** 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 \$35.8 million less in cash in its operating activities than the prior year primarily due to decreases in payments to suppliers for goods and services.

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 \$27.3 million. The largest change from prior year is due to a \$24.5 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.

Capital Financing Activities: Cash used by capital financing activities decreased by \$51.2 million compared to last fiscal year. The decrease is primarily a result of a \$43.8 million decrease in cash usage for capital assets.

Investing Activities: Total cash provided in investing activities decreased by \$11.2 million in comparison to fiscal year 2014. The increase is mostly a net \$12.4 million increase in cash provided and used from the sales and purchases of investments.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The College's net investment in capital assets as of June 30, 2015, was \$534.0 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 \$551.0 million. Of this amount, \$489.5 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.

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 \$2.3 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$489.5 million is roughly 19% 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 had 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 2015, the College received \$7.3 million more in state revenue than fiscal year 2014. The increase is due to increases in the state funding level and legislative community college allocation adjustments.

The College experienced unprecedented enrollment growth between 2008 and 2012 due to the economic downturn, but has been experiencing steady enrollment declines since 2013. For the FY2013-15 Biennium, the College anticipated that enrollment would continue to decline from the record levels of the FY2011-13 biennium, and planned for modest enrollment reductions. As the economy has strengthened and more students have returned to the workforce, enrollment has declined at a faster pace than anticipated, with an overall decline of 5.2% in FY2014 and 5.6% in FY2015. Many other Oregon community colleges are experiencing even higher rates of decline in enrollment, but we believe the build out of new facilities is reaching new markets and student populations, lessening the rate of enrollment decline in PCC's service area.

For the FY2015-17 Biennium, we are estimating an annual average enrollment of approximately 28,000 credit student full-time equivalent (FTE) per year of the biennium. Maintaining this enrollment level equates to a 5% reduction in actual enrollment in FY2015 and a 3% reduction in FY2016. The FY2015-17 Biennium budget includes a tuition fee increase of \$4 per credit hour in the first year and a \$3 per credit hour increase in the second year. The tuition rate for the first year of the biennium period will be \$96 per credit hour and is set to increase to \$99 for the second year of the biennium period upon Board

**Portland Community College**  
**Fiscal year ended June 30, 2015**

consideration. The Board remains sensitive to the cost of tuition and strives to keep tuition rates affordable and comparable to those of other Oregon community colleges.

After the adoption of the FY2015-17 Budget, the Oregon legislature announced a FY2015-17 Biennium funding level of \$550 million for the Community College Support Fund (CCSF) allocation through the formula approved by the State Higher Education Coordinating Council. This reflects an increase of 6% from the FY2013-15 final funding level of \$519 million. 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 FY2015-17 budget was built on a CCSF allocation of \$519 million. While the College plans to amend the budget to account for these additional resources, we prefer to remain conservative in our initial budget 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 FY2015-17 Biennium budget for potential savings based on the dynamics of the Oregon economy and declining enrollment. We have been successful in slowing the rate of spending over the past three years in anticipation of enrollment declines, but efforts must continue in order to maintain the College's financial viability.

Among the key measures enacted by the Oregon legislature in 2014 were changes to the structure of the annual cost-of-living adjustments for participants in the Public Employees Retirement System (PERS). While these changes would have reduced the PERS liability and help the state make additional funds available, the Oregon Supreme Court overturned these legislative actions in the spring of 2015. Due to the timing of the ruling, the rate impact won't be fully implemented until the FY2017-19 biennium. Preliminary estimates show significant rate increases for all public agencies in Oregon.

The September 2015 Oregon Economic and Revenue Forecast calls the revenue outlook "stable, yet uncertain" for the FY2015-17 biennium. Oregon's General fund revenue growth slowed toward the end of FY2015, causing revenues to fall short of the State forecast, but it has begun to improve again in recent months. Growth is anticipated in state general fund revenues of 11.8% for the FY2015-17 biennium, an additional growth of 9.6% for the FY2017-19 and continued growth averaging 9.5% per biennium through 2025.

## **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, 2015

(In Thousands)

<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 56,963
Short-term investments	117,974
Receivables, net of allowance	
Taxes	2,347
Accounts	4,216
Student accounts	6,318
Federal programs	1,399
Interest	531
Inventory and prepaid items	3,909
Total current assets	<u>193,657</u>
Noncurrent assets:	
Long-term investments	52,374
Net pension asset	71,100
Net pension obligation	1,945
Capital assets - non-depreciable	152,915
Capital assets - depreciable	492,897
Less: Accumulated depreciation	<u>(111,791)</u>
Total noncurrent assets	659,440
Deferred outflows of resources related to pensions	<u>8,773</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 861,870</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,430
Payroll liabilities	20,356
Accrued interest payable	1,474
Unearned revenue	2,477
Compensated absences	6,022
Other current liabilities	11,487
Short term loan	390
Current portion of long-term debt	28,555
Total current liabilities	<u>78,191</u>
Noncurrent liabilities:	
Noncurrent liabilities	520,968
Less: Current portion of long-term debt	<u>(28,555)</u>
Total noncurrent liabilities	492,413
<b>TOTAL LIABILITIES</b>	<u>570,604</u>
Deferred Inflows of resources related to pensions	<u>62,807</u>
<b>NET POSITION</b>	
Net investment in capital assets	259,781
Net position: restricted	
Student financial aid grants and loans	16,497
Net position: unrestricted	<u>(47,819)</u>
Total net position	228,459
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><u>\$ 861,870</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, 2015

(In Thousands)

<b>OPERATING REVENUES</b>	
Student tuition and fees, net of scholarship allowances	\$ 63,196
Federal contracted programs	11,846
Nongovernment grants and contracts	5,348
Auxiliary enterprises:	
Food services	4,606
Bookstore, net of scholarship allowances	9,464
Parking operation	4,646
Other operating revenues	638
Total operating revenues	<u>99,744</u>
<b>OPERATING EXPENSES</b>	
Educational and general:	
Sylvania Campus	37,364
Rock Creek Campus	25,820
Cascade Campus	21,436
Extended Learning Campus	16,010
President and Governing Board	3,977
Academic and Student Affairs Services	16,467
Administrative Services and Physical Plant	40,965
Other support services:	
Student Activities	2,211
Grants and contracted programs	23,881
Student financial aid, net of tuition and textbooks	19,629
Auxiliary enterprises:	
Food services	4,659
Bookstore	14,944
Parking operation	3,654
Early retirement costs	802
Materials, supplies and minor equipment expense	1,797
Depreciation expense	10,034
Amortization of bond premium	(2,059)
Total operating expenses	<u>241,591</u>
Operating income (loss)	<u>(141,847)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal financial aid	65,488
State FTE reimbursement	53,710
State and local government grants and contracts	12,809
Property taxes	77,393
Investment income	1,132
Bond issuance costs	(166)
Interest expense	(23,468)
Net nonoperating revenues (expenses)	<u>186,898</u>
Increase in net position	<u>45,051</u>
<b>NET POSITION</b>	
Net position - beginning of the year	353,792
Prior period adjustment	<u>(170,384)</u>
Net position - end of the year	<u><u>\$ 228,459</u></u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

STATEMENT OF CASH FLOWS  
Year ended June 30, 2015  
(In Thousands)

---

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 65,615
Federal grants and contracts	11,846
Non-government grants and contracts	5,348
Payments to suppliers for goods and services	(51,162)
Payments to employees	(199,967)
Payments for student financial aid and other scholarships	(19,629)
Cash received from customers	19,924
Other cash receipts	<u>639</u>
Net cash used in operating activities	<u>(167,386)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal student financial aid grants	66,540
State and local government grants and contracts	12,809
Cash received from property taxes	30,173
Cash received from State FTE reimbursement	53,710
Interest paid on limited tax pension bonds	(4,693)
Principal paid on limited tax pension bonds	<u>(3,565)</u>
Net cash provided by noncapital financing activities	<u>154,974</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash received from property taxes	47,442
Principal paid on long-term debt	(62,353)
Purchase of capital assets	(46,478)
Proceeds from bonds payable	34,945
Proceeds from bond premium	3,421
Short term loan	390
Cash paid for bond issuance costs	(166)
Interest paid on long-term debt	<u>(18,460)</u>
Net cash used in capital financing activities	<u>(41,259)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	1,398
Purchases of investments	(43,736)
Proceeds from sales of investments	<u>102,953</u>
Net cash provided by investing activities	<u>60,615</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

STATEMENT OF CASH FLOWS (CONTINUED)  
Year ended June 30, 2015  
(In Thousands)

NET INCREASE IN CASH	\$ 6,944
Cash and cash equivalents - beginning of the year	50,019
Cash and cash equivalents - end of year	<u>\$ 56,963</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET POSITION	
Unrestricted cash and cash equivalents	<u>\$ 56,963</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (141,847)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	10,034
Amortization expense	(2,059)
Change in net pension asset/liability	(101,088)
Change in pension transition liability	(1,280)
Change in net pension obligation	(356)
Change in OPEB liability	391
Change in deferred outflows of resources	(206)
Change in deferred inflows of resources	62,807
(Increases) decreases in current assets used in operations:	
Accounts receivable	1,207
Student accounts receivable	905
Inventory and prepaid items	(1,294)
Increases (decreases) in current liabilities used in operations:	
Accounts payable	(4,514)
Payroll liabilities	1,008
Unearned revenue	1,514
Other current liabilities	7,530
Compensated absences	(138)
Net cash used in operating activities	<u>\$ (167,386)</u>

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**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.

**New Accounting Pronouncements – GASB Statements No. 68 and 71**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The College implemented GASB Statements No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note 10 – Pension Plans and Note 14 – Prior Period Adjustment.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits, the Oregon Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. Participants' fair value or market value is the net position divided by participants' account balances. This varies from year to year.

**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, 2015 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, 2015.

**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.



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

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

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

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

**Compensated Absences**

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

**Long-term Debt**

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

**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 and premiums of capital asset related debt, plus cash held for construction. 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, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Pensions**

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

**Other Postemployment Benefits 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, 2015 was \$132.3 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, 2015**

**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, 2015
Cash and cash equivalents:	
Cash on hand	\$ 230
Demand deposits	17,210
Cash held by county treasurer	366
Oregon Local Government Investment Pool	40,972
	<hr/>
Total cash and cash equivalents	58,778
	<hr/>
Less cash Pension Trust Fund - Early Retirement	(1,815)
	<hr/>
Total cash and cash equivalents basic statements	56,963
	<hr/>
Investments:	
Government and agency obligations	119,023
Corporate securities	50,404
Bank obligations	921
	<hr/>
Total investments	170,348
	<hr/>
Total cash and investments	\$ 227,311
	<hr/>

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, 2015
Investments categorized by Standard and Poor's rating:	
Government sponsored (Treasury & Federal Agencies), AA+	\$ 118,023
Municipal bonds (AA-)	1,000
Corporate notes ( A or better)	50,404
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	921
	<hr/>
Total investments	\$ 170,348
	<hr/>

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**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, 2015.

*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 counter-party 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, 2015, the College had \$170.3 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, 2015**

**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, 2015, 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 60.4%; Bookstore investments 11.2%; and all other investments 10.6%. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2015 were: 73.7% mature within 93 days, 6.4% mature from 93 days to one year and 19.9% mature from over one year to three years from settlement date.

**All Other Investments maturing after 180 days (in thousands)**

<b>Standard and Poor's</b>			
<b>Bond Investments</b>	<b>Rating</b>	<b>Maturity Date</b>	<b>Market Value</b>
GE Corp. Note	AA+	01-08-2016	3,112
Toyota Corp	AA-	01-11-2016	2,307
Merck & Co.	AA	01-15-2016	838
Merck & Co.	AA	01-15-2016	1,211
Berkshire Hathaway Financial	AA	02-11-2016	1,003
Albina Community Bk CD	NR	03-28-2016	230
FNMA Coupon	AA+	03-30-2016	3,004
Toyota Corp	AA-	05-17-2016	3,085
Toyota Corp	AA-	05-17-2016	1,818
FHLMC Coupon	AA+	05-27-2016	4,078
FHLMC Coupon	AA+	05-27-2016	3,059
FHLMC Coupon	AA+	05-27-2016	4,000
FHLMC Coupon	AA+	05-27-2016	5,098
US Treasury	AA+	05-31-2016	5,067
US Treasury	AA+	05-31-2016	3,002
FHLB Coupon	AA+	06-10-2016	3,049
US Treasury	AA+	06-30-2016	3,036
Beaverton School District Taxable	AA-	06-30-2016	1,000
IBM Corp	AA-	07-22-2016	2,029
Berkshire Hathaway Financial	AA	08-15-2016	3,050
Columbia Comm. Bk CD	NR	09-22-2016	230
US Treasury	AA+	05-31-2017	3,001
Bank of The West CD	NR	06-03-2017	231
FFCB Coupon	AA+	08-25-2017	4,000
GECC Corp. Note	AA+	09-15-2017	547
GECC Corp. Note	AA+	11-20-2017	1,006

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**2. CASH AND INVESTMENTS (Continued)**

**Bond Investments maturing after 180 days (in thousands)**

<b>Bond Investments</b>	<b>Standard and Poor's</b>		<b>Market Value</b>
	<b>Rating</b>	<b>Maturity Date</b>	
US Treasury	AA+	03-31-2016	10,159
IBM Corp	AA-	07-22-2016	5,073
Toyota Corp	AA-	09-15-2016	3,045
FFCB Coupon	AA+	09-16-2016	2,997
GE Corp. Note	AA+	10-17-2016	3,095
FHLB Coupon	AA+	11-23-2016	3,002
Wells Fargo Financial	A+	12-15-2016	4,091
FFCB Coupon	AA+	02-22-2017	2,995
FNMA Coupon	AA+	03-06-2017	2,000

*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, 2015, the College bank balances were \$19.5 million which includes time CDs and bank accounts. Of these deposits, \$1.47 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, 2015**

**3. CAPITAL ASSETS**

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

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 48,062	\$ -	\$ -	\$ 48,062
Art and historical treasure	991	81	-	1,072
Construction in progress	123,441	38,676	(58,336)	103,781
Total capital assets not being depreciated	172,494	38,757	(58,336)	152,915
Capital assets being depreciated:				
Land improvements	10,493	-	-	10,493
Building and improvements	366,887	64,129	-	431,016
Equipment and machinery	23,006	1,002	-	24,008
Capital lease	346	-	(346)	-
Library collections	1,446	131	(169)	1,408
Leasehold improvements	972	-	-	972
Infrastructure	24,205	795	-	25,000
Total capital assets being depreciated	427,355	66,057	(515)	492,897
Less accumulated depreciation for:				
Land improvements	7,608	540	-	8,148
Building and improvements	74,882	7,692	-	82,574
Equipment and machinery	16,531	1,064	-	17,595
Capital lease	282	64	(346)	-
Library collections	781	133	(169)	745
Leasehold improvements	710	154	-	864
Infrastructure	1,478	387	-	1,865
Total accumulated depreciation	102,272	10,034	(515)	111,791
Total capital assets being depreciated, net	325,083	56,023	-	381,106
Total capital assets, net	<u>\$ 497,577</u>	<u>\$ 94,780</u>	<u>\$ (58,336)</u>	<u>\$ 534,021</u>

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, 2015, major construction projects were completed, including buildings at Cascade and Southeast Campuses, and Swan Island.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**4. LONG-TERM LIABILITIES**

Transactions for the fiscal year ended June 30, 2015 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2014	Increases	Decreases	Outstanding June 30, 2015	Due Within One Year
2015 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2018	\$ 34,945	\$ -	\$ 34,945	\$ -	\$ 34,945	\$ 10,390
2013 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2033	177,495	170,205	-	(5,655)	164,550	5,935
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	200,000	167,875	-	(7,780)	160,095	8,170
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	48,835	-	(48,835)	-	-
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	99,385	-	(3,565)	95,820	4,060
Premium on General obligation bonds	38,302	32,685	3,420	(2,059)	34,046	-
Capital leases	497	83	-	(83)	-	-
Pension transition liability	-	25,940	-	(1,280)	24,660	-
Net pension liability (a)	-	29,988	-	(29,988)	-	-
OPEB liability	-	6,461	391	-	6,852	-
	<u>\$ 659,064</u>	<u>\$ 581,457</u>	<u>\$ 38,756</u>	<u>\$ (99,245)</u>	<u>\$ 520,968</u>	<u>\$ 28,555</u>

(a) - Amount is reported as an asset at June 30, 2015.



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**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,	Total	
	Principal	Interest
2016	\$ 28,555	\$ 22,014
2017	31,150	20,240
2018	33,520	18,720
2019	22,140	17,054
2020	23,650	15,958
2021-2025	144,325	60,589
2026-2030	135,080	22,597
2031-2033	36,990	2,809
	<u>\$ 455,410</u>	<u>\$ 179,981</u>

General Obligation Bonds are direct obligations and pledge the full faith and credit of the College.

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.

In March 2015, the College issued General Obligation Refunding Bonds, Series 2015 in the amount of \$34.9 million. The proceeds from the bonds were used to redeem the General Obligation Advance Refunding Bonds, Series 2005. As a result, a portion of the bonds are considered defeased and the amount of \$38.2 million has been removed from liabilities. The defeased bonds were called on June 15, 2015. The reacquisition price was equal to the carrying amount of the old debt. The bonds were issued to take advantage of the current market yield which created a net economic gain of \$3.1 million, based upon the total savings of \$3.2 million over the remaining life of the refunded bonds.

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2015, the College had no arbitrage rebate liabilities.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**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):

Year Ending June 30,	Amount
2016	\$ 733
2017	563
2018	180
2019	89
2020	74
Later years	1,274
Total	<u>\$ 2,913</u>

The expense for operating leases for the year ended June 30, 2015 was \$0.9 million.

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. SHORT TERM DEBT**

On January 1, 2015, the College entered into an agreement with Presidio Technology Capital LLC for a short term loan totaling \$390,354 for the purchase of network firewall equipment. The schedule of payments is as follows (in thousands):

Year	Balance June 30,	Increases	Decreases	Balance June 30,
2015	\$ -	\$ 390	\$ -	\$ 390
2016	390	-	(195)	195
2017	195	-	(195)	-

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**7. 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 185<sup>th</sup> 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.

**8. 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.

**9. 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 \$667 thousand per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2015 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

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**9. RISK MANAGEMENT (Continued)**

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, 2015	Year Ended June 30, 2014
Unpaid claims, July 1	\$ 234	\$ 361
Incurred claims	202	126
Claim payments	(113)	(253)
Unpaid claims, June 30	<u>\$ 323</u>	<u>\$ 234</u>

**10. PENSION PLANS**

**Plan Description**

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

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

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**Benefits provided**

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

**Pension Benefits**

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

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**10. PENSION PLANS (Continued)**

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

**Death Benefits**

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

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

**Disability Benefits**

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

**Benefit Changes After Retirement**

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

**B. OPSRP Pension Program (OPSRP DB)**

**Pension Benefits**

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

General service: 1.50% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**10. PENSION PLANS (Continued)**

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

**C. OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

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

**Death Benefits**

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

**Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**10. PENSION PLANS (Continued)**

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$8.8 million, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 7.73% for Tier One/Tier Two General Service Members and 5.93% for OPSRP Pension Program General Service Members, net of 8.73% of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

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

At June 30, 2015, the College reported an asset of \$101.1 million for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The College's proportion of the net pension asset was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2014, the College's proportion was 1.36%.

For the year ended June 30, 2015, the College recognized pension income of \$29 million. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in millions):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 59.5
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3.3
College's contributions subsequent to the measurement date	8.8	-
Year Ended June 30, 2015	<u>\$ 8.8</u>	<u>\$ 62.8</u>

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**10. PENSION PLANS (Continued)**

There are \$8.8 million reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows (in millions):

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (15.6)
2017	(15.6)
2018	(15.6)
2019	(15.6)
2020	(0.4)
Total	<u>\$ (62.8)</u>

**Actuarial assumptions**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth
Mortality	<p>Health retirees and beneficiaries; PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-back as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees; Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**10. PENSION PLANS (Continued)**

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

**Long-term expected rate of return**

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

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

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**10. PENSION PLANS (Continued)**

**Discount rate**

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
College's proportionate share of the net pension liability (asset)	\$ 25,071,791	\$ (71,099,790)	\$ (152,438,390)

**Pension plan fiduciary net position**

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

**Transition Liability**

The College reports a separate liability to the plan with a balance of \$24.7 million at June 30, 2015. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.85% of covered payroll for payment of this transition liability.

**Changes in Plan Provisions Subsequent to Measurement Date**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by PERS.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**10. 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 2.00% employer contributed 403(b) plan. The current actuarial report used by the College is dated September 25, 2015.

*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.

*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, 2015**

---

**10. PENSION PLANS (Continued)**

**Early Retirement Incentive Plan (Continued)**

*Actuarial costing method (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:*

Since the prior valuation, the assumed entrance rate for retirees eligible for a College contribution toward health insurance has decreased from 50% to 45%. The assumed entrance rate for retirees only eligible to self-pay for health coverage upon retirement has decreased from 40% to 30% since the prior valuation. These decreased entrance rates are due to recent experience and results in decreased liabilities.

*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 | 3.00% per year  |
| 2. Mortality     | Active employee mortality is assumed to be 85% for males and 55% for females. Disabled retiree mortality rates are based on the RP2000 combined active/healthy annuitant mortality table. Mortality is assumed to be 65% for males or 90% for females of the disabled retiree mortality rates described in the previous sentence. |

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**10. 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,		
	2015	2014	2013
Annual required contribution	\$ 46	\$ 90	\$ 90
Interest on net pension surplus	(47)	(52)	(56)
Adjustment to required contribution	100	99	107
Annual pension cost	<u>99</u>	<u>137</u>	<u>141</u>
Contribution made (*)	(455)	-	-
Decrease (increase) in pension surplus	<u>(356)</u>	<u>137</u>	<u>141</u>
Net pension surplus, beginning of year	(1,589)	(1,726)	(1,867)
Net pension surplus, end of year	<u>\$ (1,945)</u>	<u>\$ (1,589)</u>	<u>\$ (1,726)</u>
Interest on pension surplus	3.0%	3.0%	3.0%
% of annual pension cost contributed	460%	0%	0%

(\*) It is the practice of the College that for GASB reporting purposes, the annual contribution allocated to the Early Retirement Incentive 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, 2015, the overall reported contribution of \$802 thousand exceeded pay-as-you-go OPEB and EAP costs of \$347 thousand by \$455 thousand. As such, the contribution allocated to the Early Retirement Incentive Plan is \$455 thousand. In the fiscal year ended June 30, 2014, pay-as-you-go OPEB and EAP costs of \$320 thousand exceeded the overall reported contribution of \$228 thousand by \$92 thousand. As such, the contribution allocated to the Early Retirement Incentive Plan is \$0 and \$92 thousand of pay-as-you-go OPEB costs were assumed to have been paid from investment earnings on earmarked Early Retirement Incentive Plan assets.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**10. PENSION PLANS (Continued)**

**Early Retirement Incentive Plan (Continued)**

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

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

Valuation Date				Percent	Covered	Percent of
July 1,	AVA (1)	AAL (2)	UAAL (3)	Funded	Payroll	Covered
						Payroll
2011	\$ 1,911	\$ 2,156	\$ 246	88.6%	\$ 39,569	0.6%
2013	1,507	1,925	418	78.3%	41,393	1.0%
2015	1,478	1,488	10	99.3%	42,836	0.0%

- (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
2011	\$ -	\$ -	100%
2012	127	7	5.9%
2013	90	-	0.0%
2014	90	-	0.0%
2015	46	455	980.9%

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**10. 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, 2015</u>
Assets:	
Cash and investments	\$ 1,815
Receivables	<u>14</u>
Total assets	<u><u>\$ 1,829</u></u>
Liabilities - accrued benefits payable	\$ 351
Net assets held in trust for pension benefits	<u>1,478</u>
Total liabilities and net assets	<u><u>\$ 1,829</u></u>
	<u>Year Ended June 30, 2015</u>
Revenues:	
Contributions	\$ 802
Interest income	<u>5</u>
Total revenues	<u>807</u>
Expenses - benefits	<u>559</u>
Net increase	248
Beginning net assets	<u>1,230</u>
Ending net assets	<u><u>\$ 1,478</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 2.00% of covered salary for those who have joined the plan. The expense for the plan for the year ended June 30, 2015 was \$0.3 million.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**11. 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, 2015 is \$1,458 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, 2015, the College contributed \$0.4 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of \$6.8 million.



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**11. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

Current healthcare premiums for plan members were as follows for the year ended June 30, 2015. Employees eligible for the College Paid-Cap pay the difference between the cap and premium. Employees eligible on a self-pay basis pay 100% of the premiums.

Medical Coverages	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Kaiser Plan 1	\$ 570.77	\$ 1,255.71	\$ 1,084.47	\$ 1,769.40
Moda Plan C	542.23	1,192.89	1,030.24	1,680.91
Moda Plan E	470.91	1,036.01	894.75	1,459.86
Moda Plan H	353.36	777.39	671.40	1,095.43
Vision Coverages	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Kaiser Plan 5	\$ 7.59	\$ 16.70	\$ 14.42	\$ 23.52
Moda Plan 1	11.75	25.89	22.34	36.46
Dental Coverages	Employee Only	Employee + Spouse	Employee + Child(ren)	Family
Kaiser Plan 8 with orthodontia	\$ 64.18	\$ 141.22	\$ 121.96	\$ 198.98
Moda Plan 4 with orthodontia	51.83	102.66	116.34	171.22
Moda Plan 6 without orthodontia	41.65	82.46	83.70	127.85
Willamette Plan 8 with orthodontia	39.20	77.61	82.59	124.13

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 the unfunded accrued liability over a 30-year closed amortization period commencing July 1, 2007. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's OPEB obligation to the plan (in thousands).

	Year Ended June 30, 2015
Annual Required Contribution	\$ 1,342
Interest on net OPEB obligation	194
ARC adjustment	(405)
Annual OPEB Cost	1,131
Contributions Made	(740)
Increase in net OPEB obligation	391
Net OPEB obligation at beginning of year	6,461
Net OPEB obligation at end of year	\$ 6,852
Interest rate	3.0%

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

**11. 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, 2015, 2014 and 2013 were as follows (in thousands):

Year	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,641	37.4%	\$ 5,590
2014	1,613	46.0%	6,461
2015	1,131	65.5%	6,852

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

Actuarial Valuation Date July 1,	AVA (1)	AAL (2)	UAAL (3)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ -	\$ 19,033	\$ 19,033	0%	\$ 94,614	20.1%
2013	-	16,064	16,064	0%	104,016	15.4%
2015	-	12,469	12,469	0%	113,655	11.0%

- (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, 2015 actuarial valuation, the Entry Age Normal Cost Method (Level Percent of Pay) was used to determine the Actuarial Accrued Liability and the Normal Cost. The actuarial assumptions included a 3.00% investment rate of return (net of administrative expenses), an assumed inflation rate of 2.50%, salaries for employees are assumed to increase 3.75% annually. Moda Medical insurance premium/Health Claim for 2015-2016 healthcare cost trend rate is 8.00%. Annual increases decrease by 0.50% each year until a 5.00% annual trend is reached. Kaiser Medical insurance premium/Health Claim for health care cost trend rate assumed increase is 5.00% in all future years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of thirty years.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**11. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

**Retirement Health Insurance Account (RHIA)**

As a member of Oregon Public Employees Retirement System (PERS) 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 PERS. 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. PERS 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 PERS, currently 0.59% of annual covered payroll. The PERS 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, 2015, 2014 and 2013 were \$71 thousand, \$73 thousand and \$67 thousand, which equaled the required contributions each year.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**12. 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.

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2015 is as follows (in thousands):

	<u>Year Ended June 30, 2015</u>
Total assets	\$ 13,002
Total net assets	\$ 12,713
Total support and revenues	\$ 4,416
Total expenses	\$ 3,836

**13. COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

The College has approximately \$40 million in on-going construction commitments as of June 30, 2015. 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 campus, Cascade Campus and Rock Creek Campus, and include new classrooms, lab facilities, parking, student services and faculty workspaces to accommodate 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.

**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2015**

---

**14. PRIOR PERIOD ADJUSTMENT**

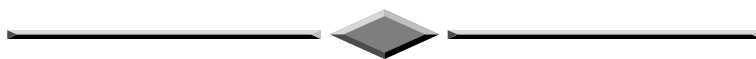
Based on implementation of GASB No. 68 and 71, the College had a prior period adjustment to the beginning net position. The effect of this adjustment is:

**NET POSITION**

Net position – beginning of the year, as originally reported	\$353,792
Prior period adjustment	<u>(170,384)</u>
Net position – beginning of the year, as restated	<u>\$183,408</u>



# **REQUIRED SUPPLEMENTARY INFORMATION**



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
For the last two fiscal years**

Year Ended June 30,	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	1.36089339%	\$ (71,099,790)	\$ 129,194,652	-55.03%	103.60%
2014	1.36089339%	29,987,921	125,347,002	23.92%	91.97%

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

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



**PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON**

**SCHEDULE OF CONTRIBUTIONS**

**For the last two fiscal years**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 8,772,893	\$ 8,772,893	\$ -	\$ 129,194,652	6.79%
2014	8,566,476	8,566,476	-	125,347,002	0.1

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

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

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

**Notes to Required Supplementary Information**

**Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**Changes of assumptions**

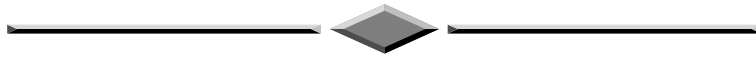
A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

# **Other SUPPLEMENTARY 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, 2015

<u>GENERAL FUND</u>					
	<u>2013-15 ADJUSTED BUDGET</u>	<u>1st YEAR ACTUAL</u>	<u>2nd YEAR ACTUAL</u>	<u>TOTAL ACTUALS</u>	<u>VARIANCE FROM BUDGET</u>
REVENUES:					
From local sources:					
District tax levy:					
Current	\$ 55,743,294	\$ 28,276,102	\$ 29,662,313	\$ 57,938,415	\$ 2,195,121
Prior	1,453,482	534,992	517,937	1,052,929	(400,553)
Total district tax levy	<u>57,196,776</u>	<u>28,811,094</u>	<u>30,180,250</u>	<u>58,991,344</u>	<u>1,794,568</u>
Tuition and fees	<u>214,900,945</u>	<u>99,181,499</u>	<u>95,397,161</u>	<u>194,578,660</u>	<u>(20,322,285)</u>
Other sources:					
Interest from investments	1,079,268	183,454	183,390	366,844	(712,424)
Miscellaneous local sources	<u>2,650,171</u>	<u>1,175,346</u>	<u>2,416,870</u>	<u>3,592,216</u>	<u>942,045</u>
Total other sources	<u>3,729,439</u>	<u>1,358,800</u>	<u>2,600,260</u>	<u>3,959,060</u>	<u>229,621</u>
Total from local sources	<u>275,827,160</u>	<u>129,351,393</u>	<u>128,177,671</u>	<u>257,529,064</u>	<u>(18,298,096)</u>
From state sources:					
FTE reimbursement	133,857,169	64,403,169	71,751,140	136,154,309	2,297,140
Other state sources	<u>-</u>	<u>1,113</u>	<u>15,549</u>	<u>16,662</u>	<u>16,662</u>
Total from state sources	<u>133,857,169</u>	<u>64,404,282</u>	<u>71,766,689</u>	<u>136,170,971</u>	<u>2,313,802</u>
TOTAL REVENUES, BUDGETARY BASIS	<u>409,684,329</u>	<u>193,755,675</u>	<u>199,944,360</u>	<u>393,700,035</u>	<u>(15,984,294)</u>



PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>GENERAL FUND</u>					
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:					
Campus program areas:					
Sylvania	\$ 94,277,226	\$ 46,943,124	\$ 46,364,835	\$ 93,307,959	\$ 969,267
Rock Creek Campus	64,155,768	31,825,026	32,052,426	63,877,452	278,316
Cascade	53,527,113	26,270,310	26,593,544	52,863,854	663,259
Extended Learning	30,536,608	13,532,474	14,871,707	28,404,181	2,132,427
Total Campus program areas	242,496,715	118,570,934	119,882,512	238,453,446	4,043,269
Non-program areas:					
Personal Services	116,829,028	54,675,936	59,187,536	113,863,472	2,965,556
Materials & Services	50,109,307	21,252,237	23,258,683	44,510,920	5,598,387
Capital Outlay	2,145,875	947,984	1,013,480	1,961,464	184,411
Total Non-program areas	169,084,210	76,876,157	83,459,699	160,335,856	8,748,354
Contingencies	12,295,388	-	-	-	12,295,388
TOTAL EXPENDITURES	423,876,313	195,447,091	203,342,211	398,789,302	25,087,011
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(14,191,984)	(1,691,416)	(3,397,851)	(5,089,267)	9,102,717
OTHER FINANCING SOURCES (USES):					
Transfers in	10,737,307	4,642,658	4,642,249	9,284,907	(1,452,400)
Transfers out	(6,114,984)	(2,775,889)	(1,804,337)	(4,580,226)	1,534,758
Bond proceeds	166,260	-	166,260	166,260	-
Bond issuance costs	(166,260)	-	(166,260)	(166,260)	-
TOTAL OTHER FINANCING SOURCES (USES)	4,622,323	1,866,769	2,837,912	4,704,681	82,358
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(9,569,661)	175,353	(559,939)	(384,586)	9,185,075
Beginning fund balance	17,612,549	17,612,549	17,787,902	17,612,549	-
Ending fund balance - budgetary basis	\$ 8,042,888	\$ 17,787,902	\$ 17,227,963	\$ 17,227,963	\$ 9,185,075

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

CONTINUING AND COMMUNITY EDUCATION FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Other local sources	\$ 2,329,707	\$ 1,077,040	\$ 1,290,810	\$ 2,367,850	\$ 38,143
Tuition and fees	11,603,901	4,167,843	4,376,993	8,544,836	(3,059,065)
TOTAL REVENUES	13,933,608	5,244,883	5,667,803	10,912,686	(3,020,922)
EXPENDITURES:					
Sylvania Campus	430,884	-	13,450	13,450	417,434
Extended Learning Campus	13,156,587	4,628,736	4,920,953	9,549,689	3,606,898
Cascade Campus	86,443	11,129	16,746	27,875	58,568
Contingency	256,165	-	-	-	256,165
TOTAL EXPENDITURES	13,930,079	4,639,865	4,951,149	9,591,014	4,339,065
REVENUES OVER (UNDER) EXPENDITURES	3,529	605,018	716,654	1,321,672	1,318,143
OTHER FINANCING SOURCES (USES)					
Transfers in	633,037	-	-	-	(633,037)
Transfers (out)	(1,449,417)	(949,417)	(438,063)	(1,387,480)	61,937
TOTAL OTHER FINANCING SOURCES (USES)	(816,380)	(949,417)	(438,063)	(1,387,480)	(571,100)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(812,851)	(344,399)	278,591	(65,808)	747,043
Beginning fund balance	812,851	812,851	468,452	812,851	-
Ending fund balance - budgetary basis	\$ -	\$ 468,452	\$ 747,043	\$ 747,043	\$ 747,043

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

	<u>AUXILIARY FUND</u>				
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Facilities usage	\$ 603,982	\$ 265,219	\$ 350,392	\$ 615,611	\$ 11,629
Campus activities	177,346	127,798	35,817	163,615	(13,731)
Other Revenues	60,800	35,460	34,847	70,307	9,507
TOTAL REVENUES	842,128	428,477	421,056	849,533	7,405
EXPENDITURES:					
Facilities usage	788,436	353,827	267,194	621,021	167,415
Campus activities	309,049	56,024	53,076	109,100	199,949
Sustainability	15,000	-	-	-	15,000
Contingency	238,713	-	-	-	238,713
TOTAL EXPENDITURES	1,351,198	409,851	320,270	730,121	621,077
REVENUES OVER (UNDER) EXPENDITURES	(509,070)	18,626	100,786	119,412	628,482
OTHER FINANCING SOURCES (USES):					
Transfers:					
Transfers in	21,006	-	8,840	8,840	(12,166)
Transfers (out)	(148,820)	(120,169)	(25,857)	(146,026)	2,794
TOTAL OTHER FINANCING SOURCES (USES)	(127,814)	(120,169)	(17,017)	(137,186)	(9,372)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(636,884)	(101,543)	83,769	(17,774)	619,110
Beginning fund balance	668,071	668,071	566,528	668,071	-
Ending fund balance - budgetary basis	\$ 31,187	\$ 566,528	\$ 650,297	\$ 650,297	\$ 619,110

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

STUDENT ACTIVITIES FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 2,725	\$ 2,317	\$ 2,224	\$ 4,541	\$ 1,816
From local sources:					
Student activities fees	3,649,800	1,686,171	1,613,761	3,299,932	(349,868)
Other local sources	75,000	111,739	114,459	226,198	151,198
Total from local sources	3,724,800	1,797,910	1,728,220	3,526,130	(198,670)
TOTAL REVENUES	3,727,525	1,800,227	1,730,444	3,530,671	(196,854)
EXPENDITURES:					
Sylvania Campus Programs	1,373,723	630,594	582,122	1,212,716	161,007
Rock Creek Campus Programs	1,045,253	465,673	502,668	968,341	76,912
Cascade Campus Programs	901,592	383,750	414,976	798,726	102,866
Extended Learning Campus Programs	372,217	165,042	193,916	358,958	13,259
District-wide Programs	335,892	78,714	241,503	320,217	15,675
Contingency	253,229	-	-	-	253,229
TOTAL EXPENDITURES	4,281,906	1,723,773	1,935,185	3,658,958	622,948
REVENUES OVER (UNDER) EXPENDITURES	(554,381)	76,454	(204,741)	(128,287)	426,094
Beginning fund balance	554,381	554,381	630,835	554,381	-
Ending fund balance - budgetary basis	\$ -	\$ 630,835	\$ 426,094	\$ 426,094	\$ 426,094

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>CONTRACTS AND GRANTS FUND</u>					
	<u>2013-15 ADJUSTED BUDGET</u>	<u>1st YEAR ACTUAL</u>	<u>2nd YEAR ACTUAL</u>	<u>TOTAL ACTUALS</u>	<u>VARIANCE FROM BUDGET</u>
REVENUES:					
Local sources	\$ 12,422,650	\$ 5,392,658	\$ 5,348,300	\$ 10,740,958	\$ (1,681,692)
State sources	13,330,137	6,167,272	8,013,026	14,180,298	850,161
Federal sources	31,379,962	11,023,163	11,846,058	22,869,221	(8,510,741)
TOTAL REVENUES	57,132,749	22,583,093	25,207,384	47,790,477	(9,342,272)
EXPENDITURES:					
Local contracts	12,454,502	6,174,985	5,682,262	11,857,247	597,255
State grants	13,330,366	5,584,673	7,093,123	12,677,796	652,570
Federal grants	28,642,593	10,175,006	11,105,716	21,280,722	7,361,871
TOTAL EXPENDITURES	54,427,461	21,934,664	23,881,101	45,815,765	8,611,696
Contingency	2,066,309	-	-	-	2,066,309
REVENUES OVER (UNDER) EXPENDITURES	638,979	648,429	1,326,283	1,974,712	1,335,733
OTHER FINANCING SOURCES (USES):					
Transfers in	376,403	187,637	188,766	376,403	-
Transfers (out)	(3,276,181)	(1,400,332)	(1,387,864)	(2,788,196)	487,985
TOTAL OTHER FINANCING SOURCES (USES)	(2,899,778)	(1,212,695)	(1,199,098)	(2,411,793)	487,985
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,260,799)	(564,266)	127,185	(437,081)	1,823,718
Beginning fund balance	2,260,799	2,260,799	1,696,533	2,260,799	-
Ending fund balance - budgetary basis	\$ -	\$ 1,696,533	\$ 1,823,718	\$ 1,823,718	\$ 1,823,718

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

STUDENT FINANCIAL AID FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
From local sources:					
Interest from investments	\$ 16,620	\$ 2,969	\$ 1,395	\$ 4,364	\$ (12,256)
Private scholarships	3,782,660	104,640	33,146	137,786	(3,644,874)
Miscellaneous income	-	256,411	1,112	257,523	257,523
Total from local sources	3,799,280	364,020	35,653	399,673	(3,399,607)
From federal sources	397,730,060	174,970,769	160,310,368	335,281,137	(62,448,923)
TOTAL REVENUES	401,529,340	175,334,789	160,346,021	335,680,810	(65,848,530)
EXPENDITURES:					
College funded programs	821,544	301,247	101,841	403,088	418,456
Federal programs	401,400,152	174,486,535	159,231,004	333,717,539	67,682,613
Short term student loan program	599,620	49,246	33,145	82,391	517,229
Contingency	974,069	-	-	-	974,069
TOTAL EXPENDITURES	403,795,385	174,837,028	159,365,990	334,203,018	69,592,367
REVENUES OVER (UNDER) EXPENDITURES	(2,266,045)	497,761	980,031	1,477,792	3,743,837
OTHER FINANCING SOURCES (USES):					
Transfers in	1,452,490	263,898	166,000	429,898	(1,022,592)
Transfers (out)	(511,936)	(235,422)	(201,163)	(436,585)	75,351
TOTAL OTHER FINANCING SOURCES (USES)	940,554	28,476	(35,163)	(6,687)	(947,241)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,325,491)	526,237	944,868	1,471,105	2,796,596
Beginning fund balance	1,325,491	1,325,491	1,851,728	1,325,491	-
Ending fund balance - budgetary basis	\$ -	\$ 1,851,728	\$ 2,796,596	\$ 2,796,596	\$ 2,796,596

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

GENERAL OBLIGATION (G.O.) BOND FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
From local sources:					
Proceeds from tax levies - current year	\$ 90,642,213	\$ 45,802,840	\$ 46,730,833	\$ 92,533,673	\$ 1,891,460
Proceeds from tax levies - prior year	800,000	667,647	713,339	1,380,986	580,986
Interest from investments	148,254	122,315	189,709	312,024	163,770
TOTAL REVENUES	91,590,467	46,592,802	47,633,881	94,226,683	2,636,216
EXPENDITURES:					
Principal payments	50,589,236	26,700,000	24,070,000	50,770,000	(180,764)
Interest payments	39,967,876	21,341,124	18,445,988	39,787,112	180,764
TOTAL EXPENDITURES	90,557,112	48,041,124	42,515,988	90,557,112	-
REVENUES OVER (UNDER) EXPENDITURES	1,033,355	(1,448,322)	5,117,893	3,669,571	2,636,216
OTHER FINANCING SOURCES (USES):					
Refunded bond issuance	34,778,740	-	34,778,740	34,778,740	-
Premium on refunded bond issuance	3,421,260	-	3,421,260	3,421,260	-
Payment to refunded bond escrow agent	(38,200,000)	-	(38,200,000)	(38,200,000)	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	1,033,355	(1,448,322)	5,117,893	3,669,571	2,636,216
Beginning fund balance	4,934,770	4,934,770	3,486,448	4,934,770	-
Ending fund balance - budgetary basis	\$ 5,968,125	\$ 3,486,448	\$ 8,604,341	\$ 8,604,341	\$ 2,636,216

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

CAPITAL LEASE / PURCHASE FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:					
Principal payment	\$ 860,000	\$ 860,000	\$ -	\$ 860,000	\$ -
Interest payment	28,460	28,460	-	28,460	-
TOTAL EXPENDITURES	888,460	888,460	-	888,460	-
REVENUES OVER (UNDER) EXPENDITURES	(888,460)	(888,460)	-	(888,460)	-
OTHER FINANCING SOURCES (USES):					
Transfer in	860,000	860,000	-	860,000	-
Transfer (out)	(16,308)	(16,308)	-	(16,308)	-
TOTAL OTHER FINANCING SOURCES (USES)	843,692	843,692	-	843,692	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(44,768)	(44,768)	-	(44,768)	-
Beginning fund balance	44,768	44,768	-	44,768	-
Ending fund balance - budgetary basis	\$ -	\$ -	\$ -	\$ -	\$ -



PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

For the year ended June 30, 2015

P.E.R.S. DEBT SERVICE FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:					
Principal payments	\$ 6,675,000	\$ 3,110,000	\$ 3,565,000	\$ 6,675,000	\$ -
Interest payments	9,508,593	4,815,097	4,693,496	9,508,593	-
TOTAL EXPENDITURES	16,183,593	7,925,097	8,258,496	16,183,593	-
REVENUES OVER (UNDER) EXPENDITURES	(16,183,593)	(7,925,097)	(8,258,496)	(16,183,593)	-
OTHER FINANCING SOURCES (USES):					
Transfer from PERS Reserve Fund	16,183,593	7,925,097	8,258,496	16,183,593	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-	-	-
Beginning fund balance	-	-	-	-	-
Ending fund balance - budgetary basis	\$ -	\$ -	\$ -	\$ -	\$ -

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>CAPITAL PROJECTS FUND</u>					
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 200,000	\$ 40,840	\$ 22,128	\$ 62,968	\$ (137,032)
Other revenues	200,000	278,052	928,853	1,206,905	1,006,905
TOTAL REVENUES	400,000	318,892	950,981	1,269,873	869,873
EXPENDITURES:					
Capital outlay	7,350,616	3,228,794	2,776,282	6,005,076	1,345,540
Contingency	2,651,704	-	-	-	2,651,704
TOTAL EXPENDITURES	10,002,320	3,228,794	2,776,282	6,005,076	3,997,244
REVENUES OVER (UNDER) EXPENDITURES	(9,602,320)	(2,909,902)	(1,825,301)	(4,735,203)	4,867,117
OTHER FINANCING SOURCES (USES):					
Transfers in	1,994,203	997,461	496,742	1,494,203	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,994,203	997,461	496,742	1,494,203	(500,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(7,608,117)	(1,912,441)	(1,328,559)	(3,241,000)	4,367,117
Beginning fund balance	10,783,139	10,783,139	8,870,698	10,783,139	-
Ending fund balance - budgetary basis	\$ 3,175,022	\$ 8,870,698	\$ 7,542,139	\$ 7,542,139	\$ 4,367,117

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

CAPITAL CONSTRUCTION FUND

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 3,650,000	\$ 764,507	\$ 635,414	\$ 1,399,921	\$ (2,250,079)
State sources	9,000,000	7,600,000	1,400,000	9,000,000	-
Miscellaneous income	860,514	605,588	637,692	1,243,280	382,766
<b>TOTAL REVENUES</b>	<b>13,510,514</b>	<b>8,970,095</b>	<b>2,673,106</b>	<b>11,643,201</b>	<b>(1,867,313)</b>
EXPENDITURES:					
Sylvania Campus	37,700,000	15,191,319	8,411,685	23,603,004	14,096,996
Cascade Campus	45,500,000	24,409,681	7,282,149	31,691,830	13,808,170
Rock Creek Campus	50,250,000	11,798,356	15,211,920	27,010,276	23,239,724
Southeast Center	43,000,000	24,648,589	4,208,390	28,856,979	14,143,021
District-wide Projects	46,964,115	11,649,002	8,931,956	20,580,958	26,383,157
Contingency	26,713,982	-	-	-	26,713,982
<b>TOTAL EXPENDITURES</b>	<b>250,128,097</b>	<b>87,696,947</b>	<b>44,046,100</b>	<b>131,743,047</b>	<b>118,385,050</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(236,617,583)</b>	<b>(78,726,852)</b>	<b>(41,372,994)</b>	<b>(120,099,846)</b>	<b>116,517,737</b>
OTHER FINANCING SOURCES (USES):					
Transfers in	957,000	957,000	-	957,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>957,000</b>	<b>957,000</b>	<b>-</b>	<b>957,000</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES</b>	<b>(235,660,583)</b>	<b>(77,769,852)</b>	<b>(41,372,994)</b>	<b>(119,142,846)</b>	<b>116,517,737</b>
Beginning fund balance	238,539,670	238,539,670	160,769,818	238,539,670	-
<b>Ending fund balance - budgetary basis</b>	<b>\$ 2,879,087</b>	<b>\$ 160,769,818</b>	<b>\$ 119,396,824</b>	<b>\$ 119,396,824</b>	<b>\$ 116,517,737</b>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>FOOD SERVICES FUND</u>					
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Food sales	\$ 11,393,876	\$ 4,571,124	\$ 4,606,223	\$ 9,177,347	\$ (2,216,529)
TOTAL REVENUES	11,393,876	4,571,124	4,606,223	9,177,347	(2,216,529)
EXPENDITURES:					
Food services operations	11,215,738	4,827,817	4,682,647	9,510,464	1,705,274
Contingency	685,038	-	-	-	685,038
TOTAL EXPENDITURES	11,900,776	4,827,817	4,682,647	9,510,464	2,390,312
REVENUES OVER (UNDER) EXPENDITURES	(506,900)	(256,693)	(76,424)	(333,117)	173,783
OTHER FINANCING SOURCES (USES):					
Interest from investments	6,000	2,013	941	2,954	(3,046)
Transfers (out)	(113,939)	(45,711)	(46,062)	(91,773)	22,166
TOTAL OTHER FINANCING SOURCES (USES)	(107,939)	(43,698)	(45,121)	(88,819)	19,120
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(614,839)	(300,391)	(121,545)	(421,936)	192,903
Beginning fund balance	614,839	614,839	314,448	614,839	-
Ending fund balance - budgetary basis	\$ -	\$ 314,448	\$ 192,903	\$ 192,903	\$ 192,903

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

	<u>BOOKSTORE FUND</u>				
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Bookstore sales	\$ 33,056,639	\$ 14,905,473	\$ 13,438,536	\$ 28,344,009	\$ (4,712,630)
Miscellaneous income	169,348	128,896	1,863,098	1,991,994	1,822,646
TOTAL REVENUES	33,225,987	15,034,369	15,301,634	30,336,003	(2,889,984)
EXPENDITURES:					
Bookstore operations	33,588,702	14,056,522	15,394,811	29,451,333	4,137,369
Contingency	2,996,396	-	-	-	2,996,396
TOTAL EXPENDITURES	36,585,098	14,056,522	15,394,811	29,451,333	7,133,765
REVENUES OVER (UNDER) EXPENDITURES	(3,359,111)	977,847	(93,177)	884,670	4,243,781
OTHER FINANCING SOURCES (USES):					
Transfers (out)	(996,779)	(473,155)	(404,444)	(877,599)	119,180
Interest from investments	166,864	96,126	97,188	193,314	26,450
TOTAL OTHER FINANCING SOURCES (USES)	(829,915)	(377,029)	(307,256)	(684,285)	145,630
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(4,189,026)	600,818	(400,433)	200,385	4,389,411
Beginning fund balance	14,451,447	14,451,447	15,052,265	14,451,447	-
Ending fund balance - budgetary basis	\$ 10,262,421	\$ 15,052,265	\$ 14,651,832	\$ 14,651,832	\$ 4,389,411

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>PARKING OPERATIONS FUND</u>					
	2013-15 ADJUSTED BUDGET	1ST YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Parking permits	\$ 6,500,168	\$ 3,141,498	\$ 2,880,232	\$ 6,021,730	\$ (478,438)
Parking fines	513,486	295,993	313,585	609,578	96,092
Other revenue	2,355,600	1,674,860	1,452,603	3,127,463	771,863
TOTAL REVENUES	9,369,254	5,112,351	4,646,420	9,758,771	389,517
EXPENDITURES:					
Parking operations	9,432,586	4,235,233	3,698,588	7,933,821	1,498,765
Contingency	2,164,951	-	-	-	2,164,951
TOTAL EXPENDITURES	11,597,537	4,235,233	3,698,588	7,933,821	3,663,716
REVENUES OVER (UNDER) EXPENDITURES	(2,228,283)	877,118	947,832	1,824,950	4,053,233
OTHER FINANCING SOURCES (USES):					
Interest from investments	28,766	20,522	14,048	34,570	5,804
Transfers in	94,810	47,405	47,405	94,810	-
Transfers (out)	(771,502)	(393,027)	(378,475)	(771,502)	-
TOTAL OTHER FINANCING SOURCES (USES)	(647,926)	(325,100)	(317,022)	(642,122)	5,804
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,876,209)	552,018	630,810	1,182,828	4,059,037
Beginning fund balance	3,876,209	3,876,209	4,428,227	3,876,209	-
Ending fund balance - budgetary basis	\$ 1,000,000	\$ 4,428,227	\$ 5,059,037	\$ 5,059,037	\$ 4,059,037

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>PRINT CENTER FUND</u>					
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Charges for services-internal	\$ 1,083,971	\$ 508,471	\$ 480,454	\$ 988,925	\$ (95,046)
Charges for services-external	49,706	20,264	21,905	42,169	(7,537)
Copy machine income	1,153,586	443,310	389,290	832,600	(320,986)
Miscellaneous income	145,405	-	-	-	(145,405)
<b>TOTAL REVENUES</b>	<b>2,432,668</b>	<b>972,045</b>	<b>891,649</b>	<b>1,863,694</b>	<b>(568,974)</b>
EXPENDITURES:					
Print center operations	2,307,422	990,380	981,702	1,972,082	335,340
Contingency	272,546	-	-	-	272,546
<b>TOTAL EXPENDITURES</b>	<b>2,579,968</b>	<b>990,380</b>	<b>981,702</b>	<b>1,972,082</b>	<b>607,886</b>
REVENUES OVER (UNDER) EXPENDITURES	(147,300)	(18,335)	(90,053)	(108,388)	38,912
OTHER FINANCING SOURCES (USES):					
Interest from investments	-	1,226	793	2,019	2,019
Transfers (out)	(91,542)	(38,882)	(33,684)	(72,566)	18,976
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(91,542)</b>	<b>(37,656)</b>	<b>(32,891)</b>	<b>(70,547)</b>	<b>20,995</b>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(238,842)	(55,991)	(122,944)	(178,935)	59,907
Beginning fund balance	297,033	297,033	241,042	297,033	-
Ending fund balance - budgetary basis	\$ 58,191	\$ 241,042	\$ 118,098	\$ 118,098	\$ 59,907

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

<u>RISK MANAGEMENT FUND</u>					
	2013-15 ADJUSTED BUDGET	1ST YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Department charges & other revenues	\$ 3,450,568	\$ 1,920,185	\$ 1,991,881	\$ 3,912,066	\$ 461,498
Insurance reimbursement	48,636	-	-	-	(48,636)
TOTAL REVENUES	3,499,204	1,920,185	1,991,881	3,912,066	412,862
EXPENDITURES:					
Self-insurance & risk administration	3,943,035	1,815,365	1,877,411	3,692,776	250,259
Contingency	740,055	-	-	-	740,055
TOTAL EXPENDITURES	4,683,090	1,815,365	1,877,411	3,692,776	990,314
REVENUES OVER (UNDER) EXPENDITURES	(1,183,886)	104,820	114,470	219,290	1,403,176
OTHER FINANCING SOURCES (USES)					
Interest from investments	129,580	17,718	11,181	28,899	(100,681)
Transfers in	189,356	94,344	95,012	189,356	-
TOTAL OTHER FINANCING SOURCES (USES)	318,936	112,062	106,193	218,255	(100,681)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(864,950)	216,882	220,663	437,545	1,302,495
Beginning fund balance	3,656,107	3,656,107	3,872,989	3,656,107	-
Ending fund balance - budgetary basis	<u>\$ 2,791,157</u>	<u>\$ 3,872,989</u>	<u>\$ 4,093,652</u>	<u>\$ 4,093,652</u>	<u>\$ 1,302,495</u>



PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

	<u>P.E.R.S./RESERVE FUND</u>				
	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Department PERS charges	\$ 13,415,148	\$ 4,221,366	\$ 5,443,317	\$ 9,664,683	\$ (3,750,465)
TOTAL REVENUES	13,415,148	4,221,366	5,443,317	9,664,683	(3,750,465)
OPERATING EXPENSES:					
Contingency	200,000	-	-	-	200,000
TOTAL OPERATING EXPENSES	200,000	-	-	-	200,000
OTHER FINANCING SOURCES (USES):					
Transfers (out)	(20,404,477)	(9,755,332)	(9,985,133)	(19,740,465)	664,012
Interest from investments	741,763	158,884	102,213	261,097	(480,666)
TOTAL OTHER FINANCING SOURCES (USES)	(19,662,714)	(9,596,448)	(9,882,920)	(19,479,368)	183,346
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	(6,447,566)	(5,375,082)	(4,439,603)	(9,814,685)	(3,367,119)
Beginning fund balance	35,482,573	35,482,573	30,107,491	35,482,573	-
Ending fund balance - budgetary basis	\$ 29,035,007	\$ 30,107,491	\$ 25,667,888	\$ 25,667,888	\$ (3,367,119)

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2015

PENSION TRUST FUND: EARLY RETIREMENT

	2013-15 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
ADDITIONS:					
Amount provided by General Fund	\$ 1,029,716	\$ 228,144	\$ 801,572	\$ 1,029,716	\$ -
Interest from investments	120,554	6,892	3,945	10,837	(109,717)
TOTAL ADDITIONS	1,150,270	235,036	805,517	1,040,553	(109,717)
DEDUCTIONS:					
Other post-retirement benefits	1,334,848	511,580	558,757	1,070,337	264,511
Contingency	200,000	-	-	-	200,000
TOTAL DEDUCTIONS	1,534,848	511,580	558,757	1,070,337	464,511
NET ADDITIONS (DEDUCTIONS):	(384,578)	(276,544)	246,760	(29,784)	354,794
Beginning fund balance	1,506,979	1,506,979	1,230,435	1,506,979	-
Ending fund balance - budgetary basis	<u>\$ 1,122,401</u>	<u>\$ 1,230,435</u>	<u>\$ 1,477,195</u>	<u>\$ 1,477,195</u>	<u>\$ 354,794</u>

## OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS  
June 30, 2015

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2009, ISSUED 04/01/2009		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 160,095,000</u>	<u>\$ 66,334,250</u>	<u>\$ 226,429,250</u>

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2013, ISSUED 03/28/2013		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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	<u>\$ 164,550,000</u>	<u>\$ 74,215,146</u>	<u>\$ 238,765,146</u>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS  
June 30, 2015

GENERAL OBLIGATION REFUNDING BONDS

FISCAL YEAR	SERIES 2015, ISSUED 03/28/2015		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2015-16	\$ 10,390,000	\$ 2,130,674	\$ 12,520,674
2016-17	11,750,000	1,227,750	12,977,750
2017-18	12,805,000	640,250	13,445,250
TOTALS	<u>\$ 34,945,000</u>	<u>\$ 3,998,674</u>	<u>\$ 38,943,674</u>

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2015-16	\$ 4,060,000	\$ 4,551,252	\$ 8,611,252
2016-17	4,590,000	4,385,198	8,975,198
2017-18	5,165,000	4,192,877	9,357,877
2018-19	5,810,000	3,944,441	9,754,441
2019-20	6,505,000	3,664,980	10,169,980
2020-21	7,250,000	3,352,089	10,602,089
2021-22	8,050,000	3,003,364	11,053,364
2022-23	8,910,000	2,616,159	11,526,159
2023-24	9,825,000	2,187,588	12,012,588
2024-25	10,810,000	1,715,006	12,525,006
2025-26	11,860,000	1,195,045	13,055,045
2026-27	12,985,000	624,579	13,609,579
TOTALS	<u>\$ 95,820,000</u>	<u>\$ 35,432,578</u>	<u>\$ 131,252,578</u>



# STATISTICAL SECTION





# **STATISTICAL SECTION**

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

## **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.

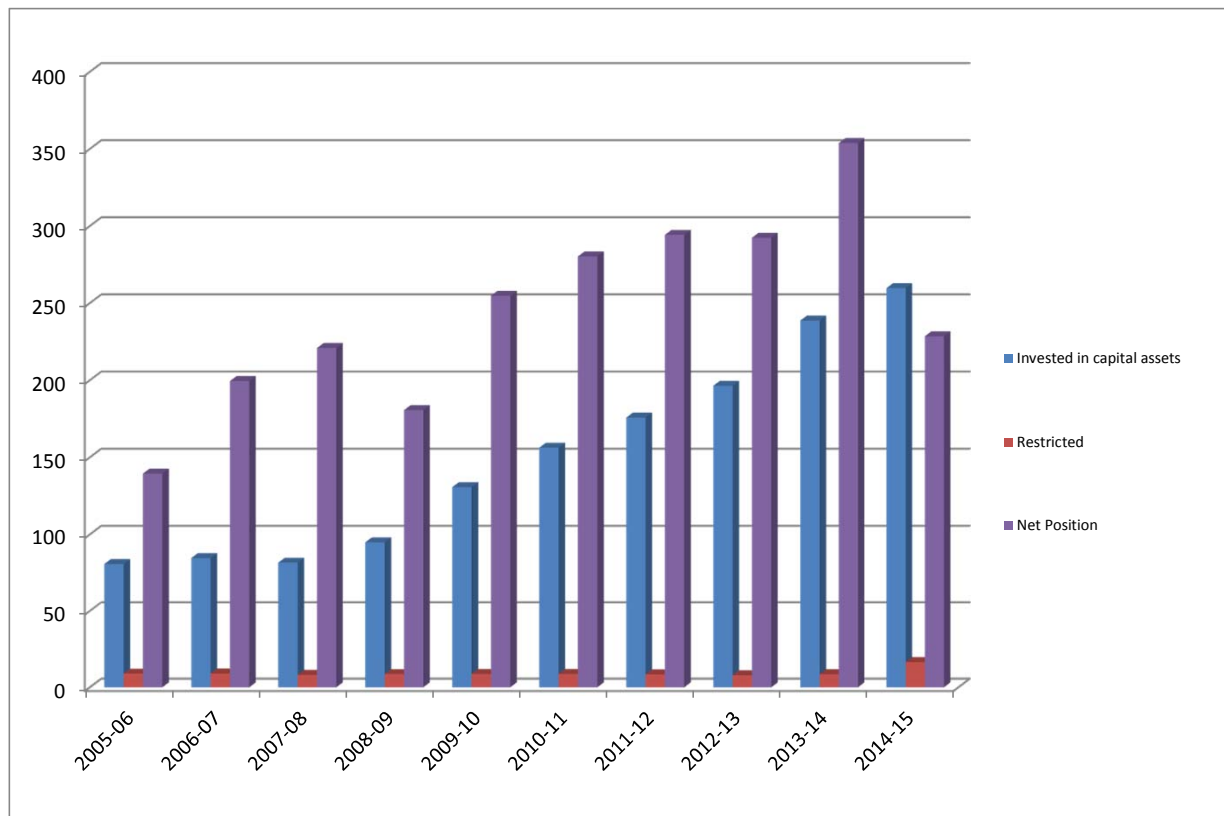
**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
Net invested in capital assets	\$ 534,021	\$ 497,577	\$ 407,082	\$ 339,857
Less related debt	<u>(274,240)</u>	<u>(258,913)</u>	<u>(210,674)</u>	<u>(164,041)</u>
Net investment in capital assets	259,781	238,664	196,408	175,816
Net position, restricted	16,497	8,596	7,935	8,510
Net position, unrestricted	<u>(47,819)</u>	<u>106,532</u>	<u>88,105</u>	<u>110,021</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 228,459</u></b>	<b><u>\$ 353,792</u></b>	<b><u>\$ 292,448</u></b>	<b><u>\$ 294,347</u></b>

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



<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 323,919 <u>(167,624)</u>	\$ 300,161 <u>(169,457)</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>
156,295	130,704	94,897	81,618	84,639	80,687
8,782	8,764	8,700	8,203	9,056	8,996
<u>115,262</u>	<u>115,364</u>	<u>76,987</u>	<u>131,125</u>	<u>105,837</u>	<u>49,805</u>
<u>\$ 280,339</u>	<u>\$ 254,832</u>	<u>\$ 180,584</u>	<u>\$ 220,946</u>	<u>\$ 199,532</u>	<u>\$ 139,488</u>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
Operating revenues				
Student tuition and fees, net	\$ 63,196	\$ 63,775	\$ 60,845	\$ 62,216
Grants and contracted programs	17,194	16,416	19,085	20,362
Auxiliary enterprises	18,716	17,731	19,139	21,259
Other operating revenues	638	606	12	20
Total operating revenues	99,744	98,528	99,081	103,857
Nonoperating revenues				
State FTE reimbursement	53,710	78,243	39,191	71,604
Property taxes	77,393	74,246	65,790	58,282
Federal financial aid	65,488	69,780	73,239	62,720
State and local grants and contracts	12,809	15,583	9,357	8,899
Investment income	1,132	2,388	514	1,313
Investment gain on pension asset	-	20,273	12,918	2,651
Gain on disposal of assets	-	-	-	-
Other nonoperating revenues	-	-	-	-
Total nonoperating revenues	210,532	260,513	201,009	205,469
Total Revenues	310,276	359,041	300,090	309,326
Operating expenses				
Campus educational and campus general	100,630	129,720	129,297	134,836
Other educational and general	61,409	77,072	72,426	68,982
Grants and contracted programs	23,881	21,906	24,778	25,617
Auxiliary enterprises	23,257	22,747	24,069	23,904
Student financial aid, net tuition and textbooks	19,629	20,092	22,678	16,123
Other support services	4,810	4,149	4,434	4,479
Depreciation and amortization	7,975	6,428	7,508	7,438
Total operating expenses	241,591	282,114	285,190	281,379
Nonoperating expenses				
Interest expense	23,468	15,583	13,919	13,931
Investment loss on pension asset	-	-	-	-
Bond issuance costs	166	-	1,425	-
Loss on disposal of assets	-	-	-	8
Other nonoperating expenses	-	-	-	-
Total nonoperating expenses	23,634	15,583	15,344	13,939
Total Expenses	265,225	297,697	300,534	295,318
Capital contributions	-	-	-	-
TOTAL INCREASE (DECREASE) IN NET POSITION	\$ 45,051	\$ 61,344	\$ (444)	\$ 14,008

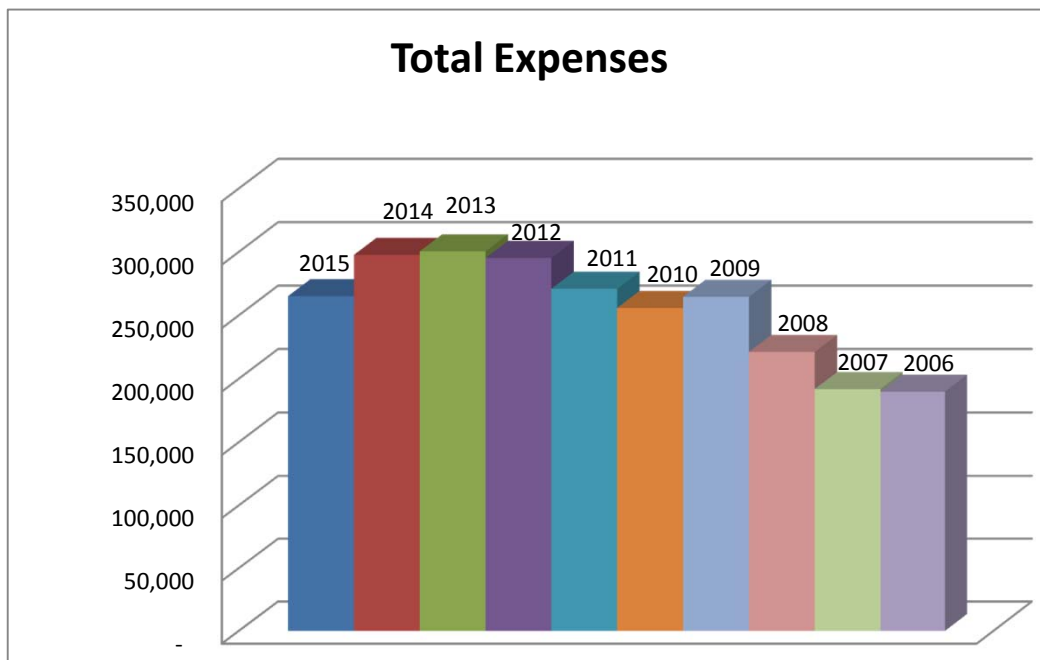
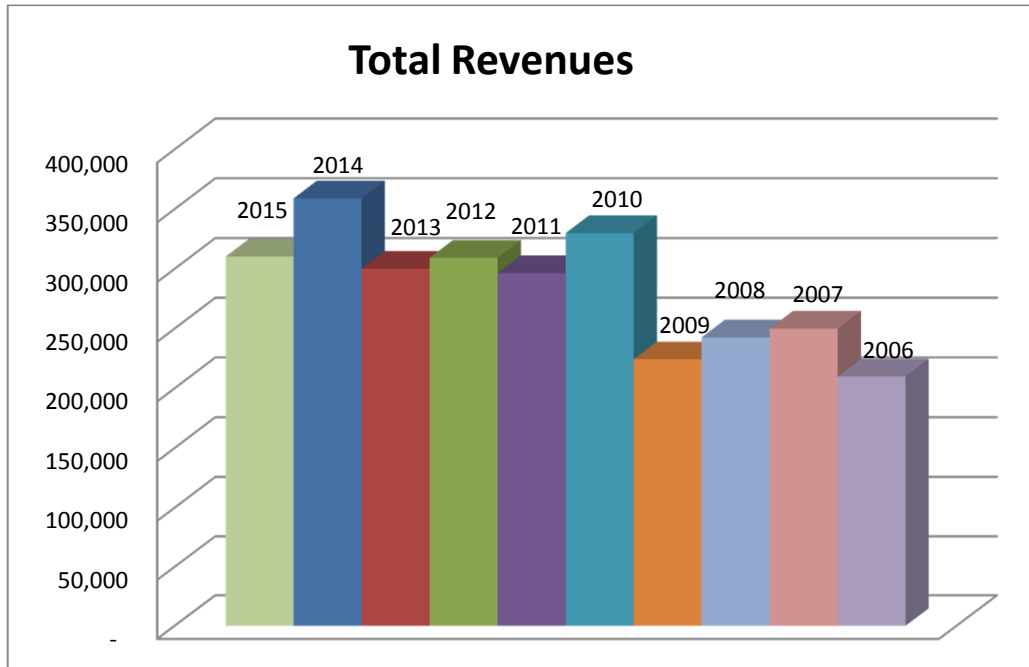
Note: Restated in 2011, 2010, 2008, 2007 and 2006.

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 62,644	\$ 61,946	\$ 52,837	\$ 49,203	\$ 45,085	\$ 41,213
21,045	18,944	16,449	19,845	20,958	20,248
18,298	18,093	15,721	14,679	13,564	13,039
221	61	11	3,129	3,775	4,343
102,208	99,044	85,018	86,856	83,382	78,843
41,003	77,046	48,945	81,165	42,146	66,695
59,895	57,622	44,162	42,504	39,100	37,715
57,471	54,704	31,828	20,837	17,631	17,522
11,740	18,881	11,069	6,962	6,814	5,935
1,814	4,208	3,267	4,362	60,925	3,209
22,373	18,416	-	-	-	-
-	-	10	-	-	-
-	-	-	-	31	-
194,296	230,877	139,281	155,830	166,647	131,076
296,504	329,921	224,299	242,686	250,029	209,919
118,239	111,610	103,227	98,524	84,331	78,907
59,521	55,597	52,898	45,910	36,917	45,930
26,881	23,658	21,649	24,841	25,675	24,516
20,885	19,919	17,136	16,228	14,914	14,232
20,235	24,535	11,953	7,451	6,617	5,726
3,614	4,034	3,696	2,848	3,163	2,674
6,670	5,458	5,830	5,855	7,292	6,770
256,045	244,811	216,389	201,657	178,909	178,755
14,930	11,092	13,281	11,796	12,412	10,884
-	-	35,023	-	-	-
-	-	-	-	-	-
22	4	-	7,749	624	-
-	-	-	-	-	200
14,952	11,096	48,304	19,545	13,036	11,084
270,997	255,907	264,693	221,202	191,945	189,839
-	234	32	-	-	-
\$ 25,507	\$ 74,248	\$ (40,362)	\$ 21,484	\$ 58,084	\$ 20,080

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

---





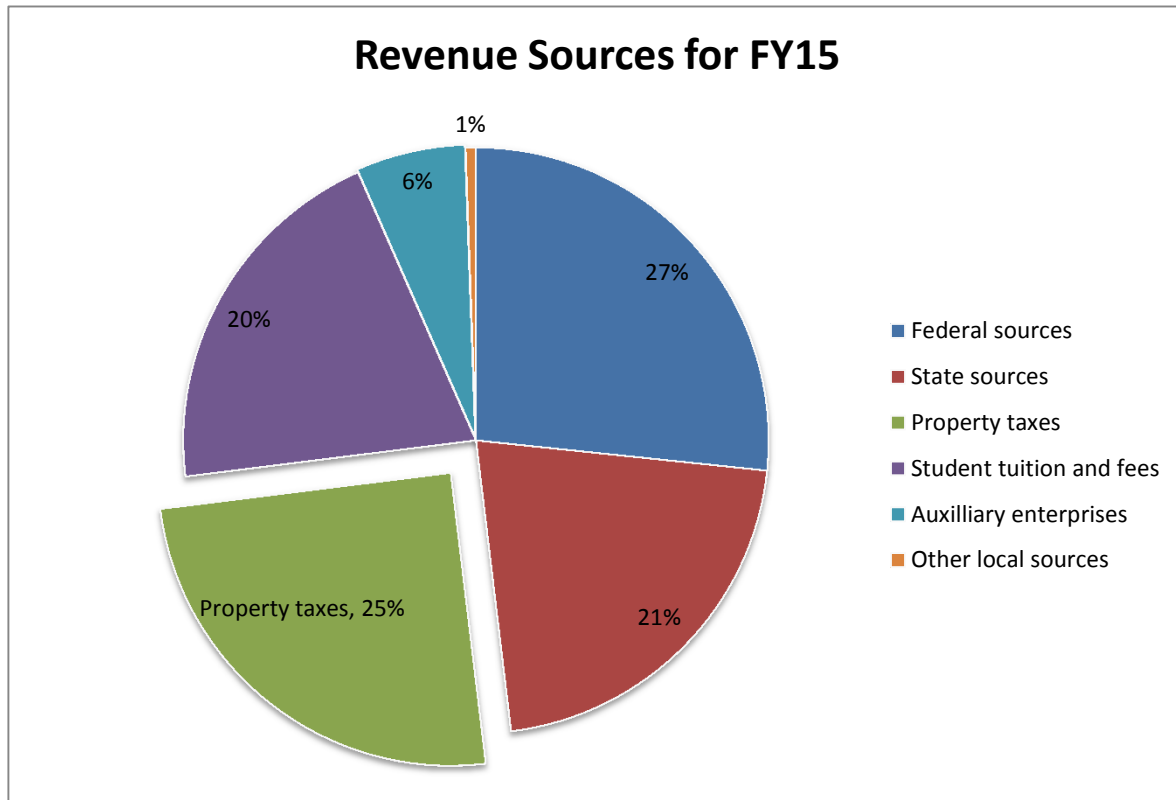
PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

REVENUES BY SOURCES  
LAST TEN FISCAL YEARS (in Thousands)

	2014-15	2013-14	2012-13	2011-12
Federal sources	\$ 82,682	\$ 86,196	\$ 92,324	\$ 83,082
State sources	66,519	93,826	48,548	80,503
Local sources:				
Property taxes (2)	77,393	74,246	65,790	58,282
Student tuition and fees, net	63,196	63,775	60,845	62,216
Auxiliary enterprise	18,716	17,731	19,139	21,259
Other local sources	1,770	23,267	13,444	3,984
Total local sources	161,075	179,019	159,218	145,741
Total revenues (1)	\$ 310,276	\$ 359,041	\$ 300,090	\$ 309,326

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

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



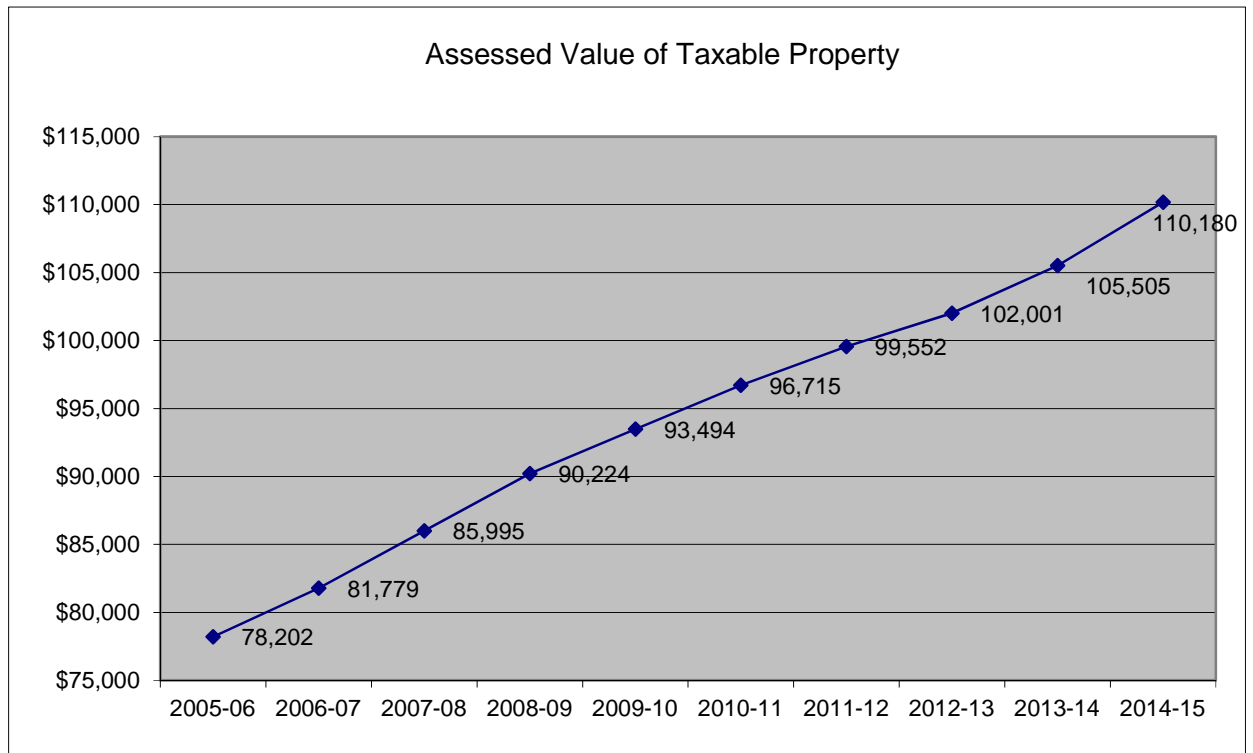


<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
<u>\$ 78,516</u>	<u>\$ 73,648</u>	<u>\$ 48,277</u>	<u>\$ 40,682</u>	<u>\$ 38,589</u>	<u>\$ 37,770</u>
<u>52,743</u>	<u>95,927</u>	<u>60,014</u>	<u>88,127</u>	<u>48,960</u>	<u>72,630</u>
59,895	57,622	44,162	42,504	39,100	37,715
62,644	61,946	52,837	49,203	45,085	41,213
18,298	18,093	15,721	14,679	13,564	13,039
24,408	22,685	3,288	7,491	64,731	7,552
<u>165,245</u>	<u>160,346</u>	<u>116,008</u>	<u>113,877</u>	<u>162,480</u>	<u>99,519</u>
<u><u>\$ 296,504</u></u>	<u><u>\$ 329,921</u></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>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
Net Assessed Valuation (1)	\$ 110,179,585	\$ 105,504,924	\$ 102,000,829	\$ 99,551,921
Percentage Increased (decreased)	4.4%	3.4%	2.5%	2.9%
Direct Tax Rate (2)	\$ 0.722	\$ 0.734	\$ 0.665	\$ 0.598
Real Market Valuation	\$ 170,320,945	\$ 154,652,630	\$ 147,092,511	\$ 150,172,560
Percentage Increased (decreased)	10.1%	5.1%	-2.1%	-5.2%
Ratio of Assessed Valuation to Real Market Valuation	64.7%	68.2%	69.3%	66.3%



(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

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 96,714,788	\$ 93,493,947	\$ 90,223,567	\$ 85,994,505	\$ 81,778,844	\$ 78,201,863
3.4%	3.6%	4.9%	5.2%	4.6%	4.2%
\$ 0.636	\$ 0.633	\$ 0.503	\$ 0.505	\$ 0.489	\$ 0.495
\$ 158,329,495	\$ 165,721,635	\$ 172,500,177	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688
-4.5%	-3.9%	5.4%	13.8%	16.8%	6.2%
61.1%	56.4%	52.3%	52.6%	56.9%	63.5%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
Levy extended by assessor (1)	<u>\$ 79,676</u>	<u>\$ 77,437</u>	<u>\$ 67,620</u>	<u>\$ 59,435</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 77,999</u>	<u>\$ 75,599</u>	<u>\$ 65,902</u>	<u>\$ 57,706</u>
First year prior	904	839	879	691
Second year prior	281	262	389	143
Third year prior	235	236	250	193
Fourth year prior	122	108	85	68
Fifth year prior	20	13	11	7
Sixth year prior and earlier	<u>14</u>	<u>17</u>	<u>16</u>	<u>7</u>
Total prior	<u>1,576</u>	<u>1,475</u>	<u>1,630</u>	<u>1,109</u>
Total Property Taxes	<u>\$ 79,575</u>	<u>\$ 77,074</u>	<u>\$ 67,532</u>	<u>\$ 58,815</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>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
<u>\$ 61,449</u>	<u>\$ 59,191</u>	<u>\$ 45,298</u>	<u>\$ 43,358</u>	<u>\$ 39,893</u>	<u>\$ 38,725</u>
<u>\$ 59,771</u>	<u>\$ 57,342</u>	<u>\$ 43,739</u>	<u>\$ 42,128</u>	<u>\$ 38,900</u>	<u>\$ 37,789</u>
1,108	950	754	656	635	704
301	226	154	156	144	177
156	105	83	86	94	101
58	47	42	43	46	51
6	6	4	6	9	4
7	7	7	4	5	5
<u>1,636</u>	<u>1,341</u>	<u>1,044</u>	<u>951</u>	<u>933</u>	<u>1,042</u>
<u>\$ 61,407</u>	<u>\$ 58,683</u>	<u>\$ 44,783</u>	<u>\$ 43,079</u>	<u>\$ 39,833</u>	<u>\$ 38,831</u>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT  
(in Thousands)

2015				
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION	
Intel Corporation	\$ 1,268,747	1	1.15	%
Portland General Electric	1,211,064	2	1.10	
Northwest Natural Gas	627,900	3	0.57	
Comcast	601,422	4	0.55	
Nike	588,017	5	0.53	
Pacific Realty Associates	323,846	6	0.29	
Fred Meyer Stores Inc	306,897	7	0.28	
PacifiCorp	293,248	8	0.27	
Frontier Communications	245,580	9	0.22	
Weston Investment	227,366	10	0.21	
	5,694,087		5.17	
ALL OTHER TAXPAYERS	104,485,498		94.83	
TOTAL	\$ 110,179,585		100.00	%

2006				
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION	
Intel Corporation	\$ 1,028,384	1	1.32	%
Portland General Electric Co.	541,549	2	0.69	
Northwest Natural	362,658	3	0.46	
Verizon Northwest Inc.	345,771	4	0.44	
Nike	335,317	5	0.43	
Qwest Communications	280,632	6	0.36	
Pacific Realty Associates	230,766	7	0.30	
PacifiCorp	214,345	8	0.27	
Wacker Siltronic Corp.	178,238	9	0.23	
Oregon Steel Mills Inc.	154,011	10	0.20	
	3,671,671		4.70	
ALL OTHER TAXPAYERS	74,530,192		95.30	
TOTAL	\$ 78,201,863		100.00	%

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



PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Current tax levy	\$ 79,676	\$ 77,437	\$ 67,620	\$ 59,435	\$ 61,449
Current tax collections	\$ 75,788	\$ 73,400	\$ 64,089	\$ 56,104	\$ 57,975
Current collections as a percentage of current levy	95.1%	94.8%	94.8%	94.4%	94.3%
Delinquent tax collections	\$ 1,504	\$ 1,504	\$ 1,324	\$ 1,100	\$ 1,611
Total tax collections	\$ 77,292	\$ 74,904	\$ 65,413	\$ 57,204	\$ 59,586
Total tax collections as a percentage of current levy	97.0%	96.7%	96.7%	96.2%	97.0%
Uncollected tax	\$ 4,058	\$ 3,957	\$ 3,594	\$ 3,507	\$ 2,886
Uncollected percentage of current levy	5.1%	5.1%	5.3%	5.9%	4.7%

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



<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 59,191	\$ 45,298	\$ 43,358	\$ 39,893	\$ 38,725
\$ 55,575	\$ 42,500	\$ 40,953	\$ 37,805	\$ 36,677
93.9%	93.8%	94.5%	94.8%	94.7%
\$ 1,281	\$ 936	\$ 935	\$ 856	\$ 967
\$ 56,856	\$ 43,436	\$ 41,888	\$ 38,661	\$ 37,644
96.1%	95.9%	96.6%	96.9%	97.2%
\$ 2,844	\$ 2,337	\$ 1,823	\$ 1,544	\$ 1,487
4.8%	5.2%	4.2%	3.9%	3.8%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
<b>Outstanding Debt</b>				
General obligation bonds (1)	\$ 393,636	\$ 419,600	\$ 448,191	\$ 272,293
Limited tax pension bonds	95,820	99,385	102,495	105,180
Certificate of participation	-	-	860	1,010
Note payable	-	-	-	300
Capital leases	-	83	163	231
<b>Total Outstanding Debt</b>	<b>\$ 489,456</b>	<b>\$ 519,068</b>	<b>\$ 551,709</b>	<b>\$ 379,014</b>
Student population	85	88	90	95
Total Debt per student (in dollars)	\$ 5,738	\$ 5,887	\$ 6,137	\$ 4,005
Personal income (2)	N/A	N/A	\$ 101,210,007	\$ 98,698,029
Total Debt to personal income	N/A	N/A	0.55%	0.38%

(1) General obligation bonds are reported including 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 2014-15 and 2013-14 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

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 292,805	\$ 312,190	\$ 325,454	\$ 128,510	\$ 140,118	\$ 150,982
107,470	109,400	111,165	112,875	114,545	116,180
1,150	1,285	1,415	1,540	1,660	1,775
375	466	37	56	73	90
290	342	100	199	279	365
\$ 402,090	\$ 423,683	\$ 438,171	\$ 243,180	\$ 256,675	\$ 269,392
93	94	87	87	86	88
\$ 4,345	\$ 4,517	\$ 5,036	\$ 2,795	\$ 2,985	\$ 3,061
\$ 93,449,170	\$ 88,964,975	\$ 87,893,727	\$ 88,021,653	\$ 84,151,048	\$ 79,013,985
0.43%	0.48%	0.50%	0.28%	0.31%	0.34%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12
<b>General Bonded Debt Outstanding:</b>				
General obligation bonds (1)	\$ 393,636	\$ 419,600	\$ 448,191	\$ 272,293
Limited tax pension bonds	95,820	99,385	102,495	105,180
Certificate of participation	-	-	860	1,010
<b>Total General bonded Debt</b>	<b>\$ 489,456</b>	<b>\$ 518,985</b>	<b>\$ 551,546</b>	<b>\$ 378,483</b>
Less: Amounts set aside to repay general debt	(8,604)	(3,486)	(4,935)	(1,087)
<b>Net General Bonded Debt</b>	<b>\$ 480,852</b>	<b>\$ 515,499</b>	<b>\$ 546,611</b>	<b>\$ 377,396</b>
Taxable Assessed Property Value (2)	\$ 110,179,585	\$ 105,504,924	\$ 102,000,829	\$ 99,551,921
Population Estimate (3)	N/A	1,303	1,284	1,267
Net bonded debt to assessed value	0.44%	0.49%	0.54%	0.38%
Net bonded debt per capita (in dollars)	N/A	\$ 396	\$ 426	\$ 298

(1) General obligation bonds are reported including premiums.

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

(3) District population for fiscal year 2014-15 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.

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 292,805 107,470 1,150	\$ 312,190 109,400 1,285	\$ 325,454 111,165 1,415	\$ 128,510 112,875 1,540	\$ 140,118 114,545 1,660	\$ 150,982 116,180 1,775
\$ 401,425	\$ 422,875	\$ 438,034	\$ 242,925	\$ 256,323	\$ 268,937
(3,917)	(3,399)	(3,877)	(3,298)	(2,537)	(3,216)
\$ 397,508	\$ 419,476	\$ 434,157	\$ 239,627	\$ 253,786	\$ 265,721
\$ 96,714,788 1,254	\$ 93,493,947 1,243	\$ 90,223,567 1,233	\$ 85,994,505 1,218	\$ 81,778,844 1,201	\$ 78,201,863 1,182
0.41% \$ 317	0.45% \$ 337	0.48% \$ 352	0.28% \$ 197	0.31% \$ 211	0.34% \$ 225

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS (in Thousands)

	2014-15	2013-14	2012-13	2011-12
Legal debt limit (1)	2,554,814	2,319,789	2,206,388	2,252,588
Net general bonded debt applicable to debt limit	480,852	515,499	546,611	377,396
Legal debt margin	<u>\$ 2,073,962</u>	<u>\$ 1,804,290</u>	<u>\$ 1,659,776</u>	<u>\$ 1,875,192</u>
Legal debt margin as a percentage of the debt limit	81.18%	77.78%	75.23%	83.25%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Real Market Value (2)	\$ 170,320,945	
Applicable percentage	1.5%	
Legal Debt Limit		\$ 2,554,814
Bonded Debt Outstanding	\$ 489,456	
Less: Amounts set aside to repay general debt	(8,604)	
Total Applicable Debt		<u>\$ 480,852</u>
Legal Debt Margin		<u><u>\$ 2,073,962</u></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>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
2,374,942	2,485,825	2,587,503	2,454,326	2,156,649	1,847,155
397,508	419,476	434,157	239,627	253,786	265,721
<u>\$ 1,977,434</u>	<u>\$ 2,066,349</u>	<u>\$ 2,153,346</u>	<u>\$ 2,214,699</u>	<u>\$ 1,902,863</u>	<u>\$ 1,581,434</u>
83.26%	83.13%	83.22%	90.24%	88.23%	85.61%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT  
June 30, 2015  
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College	100.0%	\$ 489,456
OVERLAPPING DISTRICT		
Chehalem Park & Recreation District	100.0%	24,675
City of Beaverton	100.0%	5,460
City of Hillsboro	100.0%	44,185
City of Lake Oswego	99.0%	182,646
City of Newberg	100.0%	14,917
City of Portland	86.1%	531,883
City of Sherwood	100.0%	20,005
City of St. Helens	100.0%	7,184
City of Tigard	100.0%	26,489
City of Tualatin	86.8%	10,371
Clackamas County	17.1%	17,164
Clackamas County School District 7J (Lake Oswego)	98.6%	99,649
Columbia County	70.8%	7,714
Columbia County School District 1J (Scappose)	100.0%	30,190
Columbia County School District 47J (Vernonia)	100.0%	14,775
Columbia County School District 502 (St Helens)	99.9%	23,804
Metro	73.7%	164,828
Multnomah County	75.8%	219,860
Multnomah County School District 1J (Portland)	100.0%	756,932
Multnomah County School District 51J (Riverdale)	100.0%	23,837
Multnomah ESD	74.7%	23,414
Port of Portland	70.0%	45,703
Tualatin Hills Park & Rec. District	100.0%	90,833
Tualatin Valley Fire & Rescue District	85.0%	48,452
Washington County	100.0%	87,915
Washington County School District 13 (Banks)	100.0%	15,658
Washington County School District 15 (Forest Grove)	100.0%	107,824
Washington County School District 1J (Hillsboro)	100.0%	297,069
Washington County School District 23J (Tigard-Tualatin)	95.2%	93,125
Washington County School District 48J (Beaverton)	100.0%	844,319
Washington County School District 88J (Sherwood)	93.7%	98,812
Yamhill County School District 29J (Newberg)	97.8%	62,455
Other Overlapping Districts under \$5,000,000	100.0%	37,786
Total Overlapping Debt		4,079,933
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 4,569,389

Source: Oregon State Treasury

The Oregon State Treasurer compiles a report based on districts that overlap the College's District.

Overlapping gross bonded debt is determined by the percentage of overlap within the other districts.

Overlapping Gross Bonded Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds.



PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

LARGEST EMPLOYERS WITHIN PORTLAND METROPOLITAN AREA (1)

2015				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	18,600	1	1.64	%
Providence Health & Services	16,139	2	1.42	
Oregon Health & Science University	14,963	3	1.32	
Kaiser Permanente Northwest	11,898	4	1.05	
Fred Meyer Stores	10,813	5	0.95	
Legacy Health System	8,700	6	0.77	
Nike Inc.	8,500	7	0.75	
Portland Public Schools	6,135	8	0.54	
Multnomah County	5,995	9	0.53	
City of Portland	5,481	10	0.48	
SUB TOTAL	107,224		9.47	
ALL OTHER EMPLOYERS	1,025,376		90.53	
TOTAL	1,132,600		100.00	%

2006				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	16,740	1	1.59	%
Providence Health System	14,639	2	1.39	
Oregon Health & Science University	11,500	3	1.09	
Fred Meyer Stores	8,500	4	0.81	
Kaiser Foundation Health Plan of the NW	8,221	5	0.78	
Legacy Health Systems	8,196	6	0.78	
City of Portland	7,996	7	0.76	
Nike	7,648	8	0.73	
State of Oregon	7,180	9	0.68	
Beaverton School District	5,000	10	0.48	
SUB TOTAL	95,620		9.10	
ALL OTHER EMPLOYERS	956,395		90.91	
TOTAL	1,052,015		100.00	%

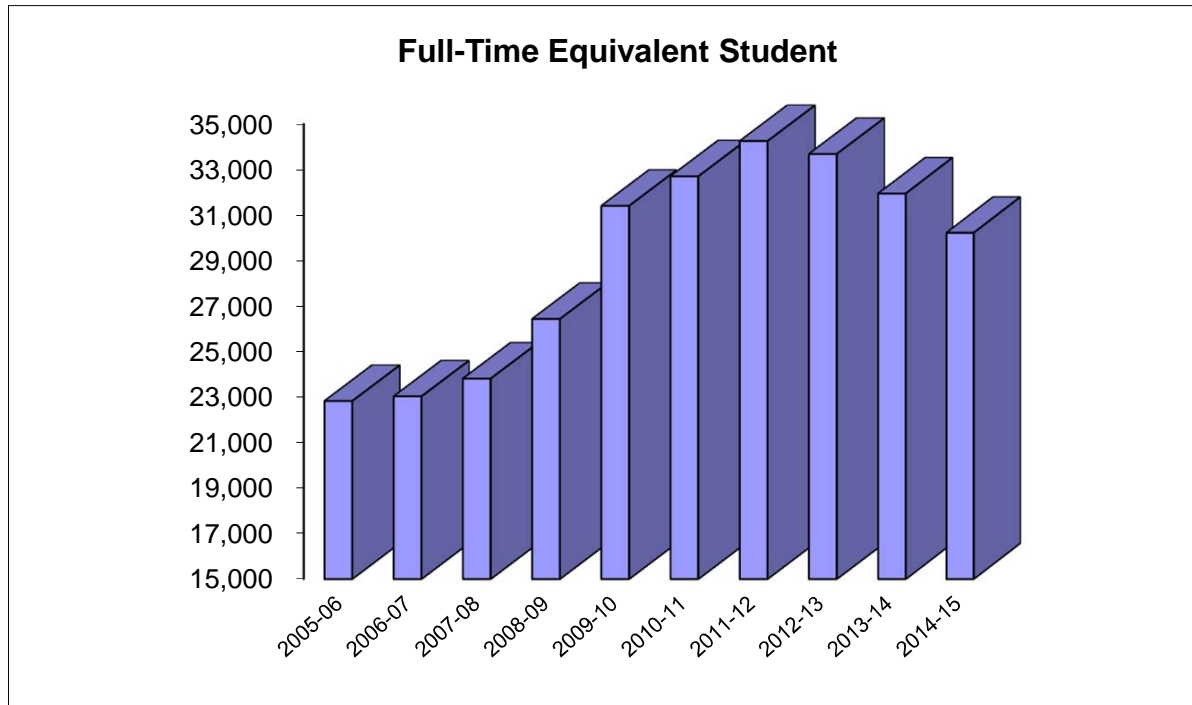
(1) Specific data for the District is not available.

Sources: Oregon Employment Department, Oregon Labor Market Information System  
Portland Business Journal July 10, 2015

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

	2014-15	2013-14	2012-13	2011-12	2010-11
District population (estimated) (1)	N/A	1,302,694	1,283,687	1,267,001	1,253,981
Personal income (estimated, in millions) (2)	N/A	N/A	\$ 101,210	\$ 98,698	\$ 93,449
Per capita income (estimated, in dollars) (2)	N/A	N/A	\$ 43,728	\$ 43,103	\$ 41,302
FTE (3) student enrollment	30,210	31,940	33,680	34,246	32,694
Unemployment rate (estimated) (4)	5.4%	6.1%	7.5%	8.0%	9.2%



(1) District population for fiscal year 2014-15 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 2014-15 and 2013-14 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.

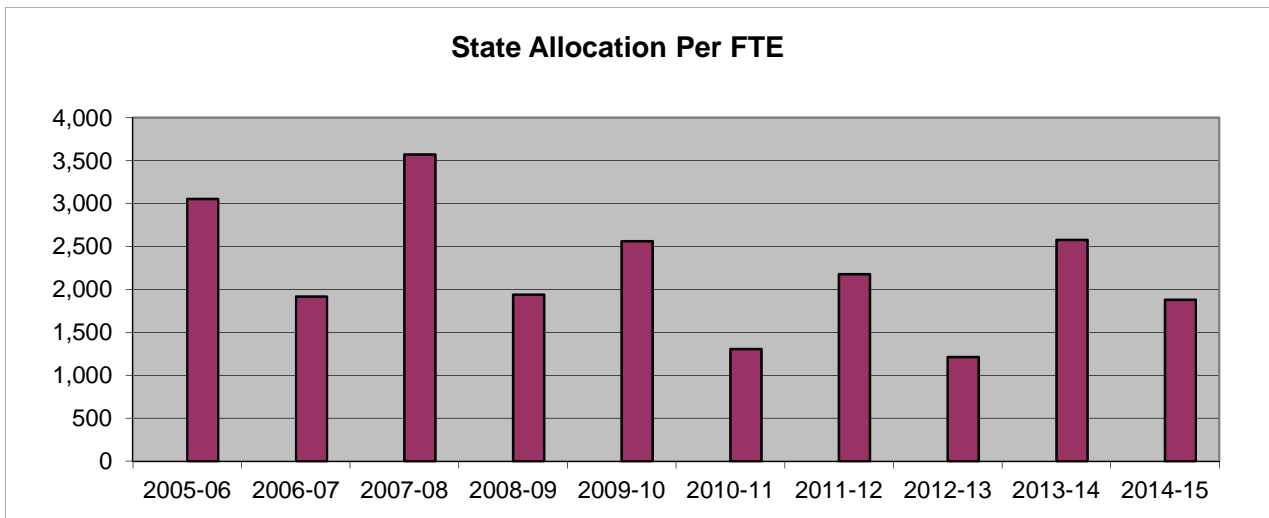
Sources: Portland State University, Population Research Center  
Portland Community College, Office of Institutional Effectiveness  
Bureau of Economic Analysis, Regional Economic Information System  
U.S. Department of Labor - Bureau of Labor Statistics

<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
1,243,264	1,232,567	1,218,014	1,201,048	1,182,385
\$ 88,965	\$ 87,894	\$ 88,022	\$ 84,151	\$ 79,014
\$ 39,843	\$ 39,206	\$ 39,942	\$ 38,842	\$ 36,845
31,395	26,419	23,794	23,011	22,808
10.2%	11.7%	5.3%	4.8%	5.3%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE  
LAST TEN FISCAL YEARS

	2014-15	2013-14	2012-13	2011-12	2010-11
Allocations per FTE	\$ 1,879	\$ 2,576	\$ 1,215	\$ 2,178	\$ 1,308
Annual State Funding (in thousands)	\$ 53,710	\$ 78,243	\$ 39,191	\$ 71,603	\$ 41,003
Total Reimbursable FTE	28,577	30,371	32,267	32,875	31,354



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

Source: Office of Institutional Effectiveness

<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 2,563	\$ 1,939	\$ 3,574	\$ 1,917	\$ 3,054
\$ 77,046	\$ 48,945	\$ 81,165	\$ 42,146	\$ 66,695
30,064	25,236	22,713	21,988	21,842

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

ENROLLMENT STATISTICS  
LAST TEN FISCAL YEARS

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Total operating expenses (in thousands)	\$ 241,591	\$ 282,114	\$ 285,190	\$ 281,379	\$ 256,045
District population (estimated) (2) (in thousands)	N/A	1,303	1,284	1,267	1,254
FTE student enrollment (3)	30,210	31,940	33,680	34,246	32,694
Percent of FTE to district population	N/A	2.5%	2.6%	2.7%	2.6%
Cost per FTE (1)	\$ 7,997	\$ 8,833	\$ 8,468	\$ 8,216	\$ 7,832
Number of employees	3,913	3,979	4,071	4,181	4,153
Ratio of employees to FTE	1:8	1:8	1:8	1:8	1:8

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

(2) District population for fiscal year 2014-15 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>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 244,811	\$ 216,389	\$ 201,657	\$ 178,909	\$ 178,755
1,243	1,233	1,218	1,201	1,182
31,395	26,419	23,794	23,011	22,808
2.5%	2.1%	2.0%	1.9%	1.9%
\$ 7,798	\$ 8,191	\$ 8,475	\$ 7,775	\$ 7,837
3,904	3,604	3,475	3,522	3,812
1:8	1:7	1:7	1:7	1:6

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION  
LAST TEN FISCAL YEARS

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Sylvania Campus					
Buildings/leases	17	17	17	16	16
Gross square feet	887,556	887,556	887,556	885,207	885,207
Campus expenditures (1)	\$ 37,364	\$ 49,379	\$ 49,083	\$ 51,452	\$ 46,564
Cascade Campus					
Buildings/leases	11	11	11	9	9
Gross square feet	420,588	420,588	420,123	347,852	347,852
Campus expenditures (1)	\$ 21,436	\$ 27,872	\$ 28,849	\$ 30,647	\$ 26,618
Rock Creek Campus					
Buildings/leases	11	11	11	11	11
Gross square feet	574,684	574,684	565,808	542,723	542,723
Campus expenditures (1)	\$ 25,820	\$ 33,506	\$ 33,428	\$ 35,239	\$ 30,231
Extended Learning Campuses					
Buildings/leases	17	16	18	13	12
Gross square feet	500,481	484,193	509,093	329,232	314,874
Campus expenditures (1)	\$ 16,010	\$ 18,963	\$ 17,937	\$ 17,498	\$ 14,826

(1) In Thousands

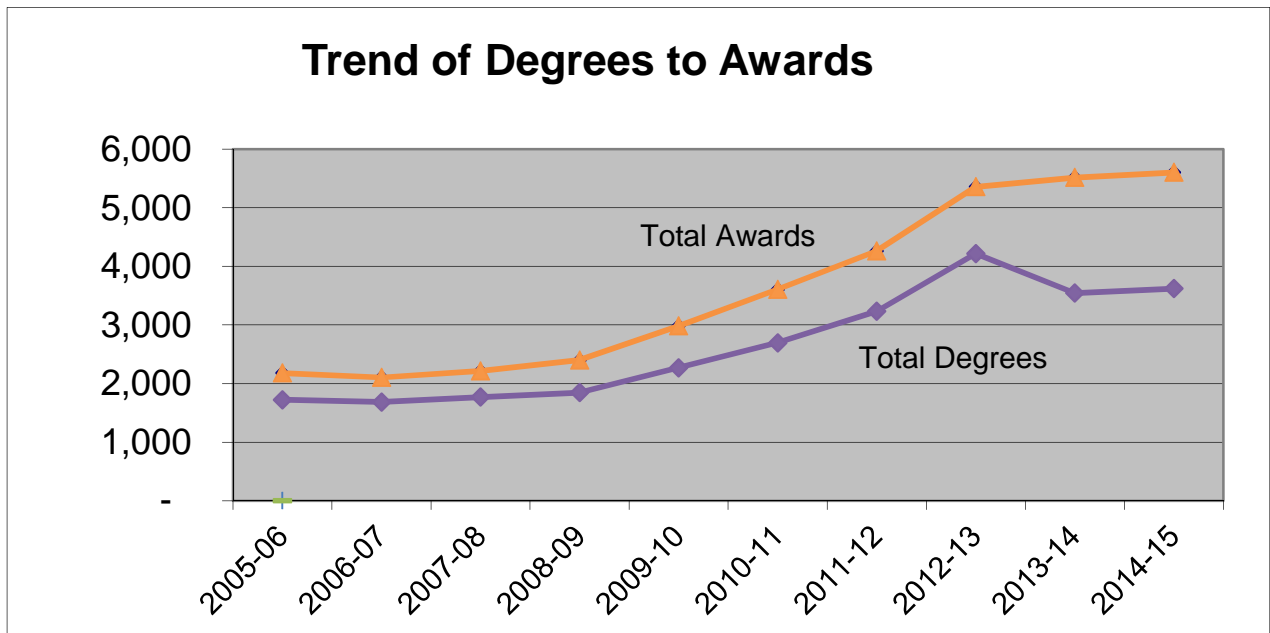


<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
16	15	15	15	14
885,207	884,559	884,559	884,559	857,559
\$ 44,180	\$ 40,850	\$ 40,028	\$ 34,707	\$ 32,394
9	9	9	9	9
347,852	347,852	347,852	347,852	347,852
\$ 24,538	\$ 22,017	\$ 20,443	\$ 16,590	\$ 15,472
11	11	11	10	10
542,723	542,723	542,723	540,323	540,323
\$ 28,045	\$ 25,175	\$ 24,289	\$ 20,230	\$ 18,345
12	12	11	9	9
314,874	246,551	241,251	247,631	247,631
\$ 14,847	\$ 15,185	\$ 13,764	\$ 12,805	\$ 12,696

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED  
LAST TEN FISCAL YEARS

	2014-15	2013-14	2012-13	2011-12
<b>Certificates</b>				
One-Year	494	513	313	330
Two-Year	153	96	52	76
Others	1,308	1,311	706	522
<b>Total Certificates</b>	<b>1,955</b>	<b>1,920</b>	<b>1,071</b>	<b>928</b>
<b>Degrees</b>				
Associate of Arts, Oregon Transfer (AAORT)	600	618	613	503
Associate of Science, Oregon Transfer (ASORT)	127	110	117	104
Associate of Science (AS)	767	722	857	649
Associate of General Studies (AGEN)	937	1,020	1,473	905
Associate of Applied Science (AAS)	1,188	1,074	1,157	1,071
<b>Total Degrees</b>	<b>3,619</b>	<b>3,544</b>	<b>4,217</b>	<b>3,232</b>
<b>High School Diplomas</b>	<b>27</b>	<b>51</b>	<b>68</b>	<b>101</b>
<b>Total Awards</b>	<b>5,601</b>	<b>5,515</b>	<b>5,356</b>	<b>4,261</b>



Source: Portland Community College, Office of Institutional Effectiveness

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
269	244	271	240	211	234
69	48	37	56	58	59
<u>459</u>	<u>300</u>	<u>149</u>	<u>61</u>	<u>68</u>	<u>90</u>
<u>797</u>	<u>592</u>	<u>457</u>	<u>357</u>	<u>337</u>	<u>383</u>
470	342	232	204	209	218
72	75	60	55	22	9
515	456	371	328	329	365
725	599	440	439	426	400
<u>912</u>	<u>797</u>	<u>742</u>	<u>744</u>	<u>699</u>	<u>731</u>
<u>2,694</u>	<u>2,269</u>	<u>1,845</u>	<u>1,770</u>	<u>1,685</u>	<u>1,723</u>
<u>115</u>	<u>120</u>	<u>97</u>	<u>87</u>	<u>80</u>	<u>73</u>
<u>3,606</u>	<u>2,981</u>	<u>2,399</u>	<u>2,214</u>	<u>2,102</u>	<u>2,179</u>

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

TUITION AND FEES  
LAST TEN FISCAL YEARS

**Portland Community College (1)**

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Per Credit Hour				
General Tuition	\$ 93	\$ 88	\$ 82	\$ 79
Fees	6	6	6	6
Combined Per Credit Total	<u>\$ 99</u>	<u>\$ 94</u>	<u>\$ 88</u>	<u>\$ 85</u>
Per Term - College Service & Transportation Fee (2)	\$ 19	\$ 19	\$ 19	\$ 19
Annual cost (45 credit hours)	\$ 4,521	\$ 4,296	\$ 4,026	\$ 3,891

**National and Statewide Comparisons**

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
PCC District				
Annual Cost (45 credit hours)	\$ 4,521	\$ 4,296	\$ 4,026	\$ 3,891
Percentage Change	5%	7%	3%	4%
National Community College Average (3)				
Annual Cost	N/A	\$ 2,882	\$ 2,792	\$ 2,647
Percentage Change		3%	5%	9%
Oregon Universities Average (4)				
Annual Cost (45 credit hours)	\$ 8,210	\$ 7,964	\$ 7,877	\$ 7,623
Percentage Change	3%	1%	3%	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. The fee combines multiple small dollar fees commonly assessed to students and enhances transportation options.

(3) 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.

(4) Oregon University System, OSU, PSU and UO websites, Annual Tuition and Fee Rates based on 15 credit hours for fall, winter and spring term.

N/A - 2014-15 Annual Costs for 2-year colleges are not available at this time.

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 76	\$ 74	\$ 70	\$ 68	\$ 67	\$ 64
6	6	6	6	6	6
<u>\$ 82</u>	<u>\$ 80</u>	<u>\$ 76</u>	<u>\$ 74</u>	<u>\$ 73</u>	<u>\$ 70</u>
\$ 19	\$ 19	\$ -	\$ -	\$ -	\$ -
\$ 3,756	\$ 3,666	\$ 3,425	\$ 3,335	\$ 3,274	\$ 3,139

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 3,756	\$ 3,666	\$ 3,425	\$ 3,335	\$ 3,274	\$ 3,139
2%	7%	3%	2%	4%	4%
\$ 2,439	\$ 2,285	\$ 2,137	\$ 2,063	\$ 2,017	\$ 1,935
7%	7%	4%	2%	4%	5%
\$ 7,082	\$ 6,601	\$ 6,105	\$ 5,801	\$ 5,471	\$ 5,219
7%	8%	5%	6%	5%	4%

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

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

	2014-15	2013-14	2012-13	2011-12	2010-11
Residential Construction (1)					
Permits	12.7	11.8	10.2	6.5	4.3
Value	\$ 2,468,921	\$ 2,257,252	\$ 1,773,855	\$ 1,222,124	\$ 914,517
Bank Deposits (2)	N/A	\$ 35,589,000	\$ 33,475,000	\$ 41,427,000	\$ 36,122,000
Property Values (3)					
Assessed Values:					
Real Property	\$ 107,625,199	\$ 103,179,134	\$ 99,627,505	\$ 97,004,090	\$ 93,794,528
Personal Property	4,081,805	3,911,730	3,796,361	3,736,655	3,948,297
Manufactured Structures	139,864	129,150	134,973	169,057	180,087
Public Utility	3,804,319	3,611,064	3,495,084	3,550,533	3,584,011
Total Assessed Value	115,651,187	110,831,078	107,053,923	104,460,335	101,506,923
Total Real Market Value	\$ 170,619,869	\$ 154,652,556	\$ 146,954,618	\$ 150,177,435	\$ 158,344,983

(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.

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>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
4.4	5.1	9.9	13.9	14.0
\$ 940,129	\$ 1,008,088	\$ 1,760,447	\$ 2,494,886	\$ 2,829,975
\$ 28,823,000	\$ 27,650,000	\$ 25,409,000	\$ 24,370,598	\$ 22,662,624
\$ 90,761,489	\$ 87,260,824	\$ 82,937,829	\$ 78,484,722	\$ 74,669,941
3,973,480	4,077,206	3,852,351	3,759,738	3,680,634
201,783	191,635	194,630	174,803	245,964
3,528,839	3,051,076	2,894,350	2,833,673	2,729,714
<u>98,465,591</u>	<u>94,580,741</u>	<u>89,879,160</u>	<u>85,252,936</u>	<u>81,326,253</u>
\$ 165,643,688	\$ 171,761,783	\$ 163,394,017	\$ 140,256,940	\$ 119,987,875

PORTLAND COMMUNITY COLLEGE  
PORTLAND, OREGON

MISCELLANEOUS INFORMATION  
June 30, 2015

---

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

Newberg Center  
135 Werth Blvd.  
Newberg, OR 97132

Cascade Campus  
705 N. Killingsworth  
Portland, OR 97217

CLIMB Center for Advancement  
1626 S.E. 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 N.E. 42nd  
Portland, OR 97218

Hillsboro Center  
775 .SE. Baseline Street  
Hillsboro, OR 97123

Southeast Campus  
2305 S.E. 82nd  
Portland, OR 97216

Swan Island Trades Center  
6400 N. Cutter Circle  
Portland, OR 97217

CONTRACTED EDUCATION SERVICE DISTRICTS:

Oregon Coast Community College  
400 S.E. College Way  
Newport, OR 97366  
Telephone: (541) - 265-2283

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



# AUDIT SECTION



## AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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



INDEPENDENT AUDITOR'S COMMENTS  
REQUIRED BY OREGON STATE REGULATIONS

November 16, 2015

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, 2015, and have issued our report thereon dated November 16, 2015.

**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 16, 2015

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, 2015, and have issued our report thereon dated November 16, 2015.

**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.*

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 16, 2015

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, 2015. 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, 2015.

## **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, 2015**

<b>FEDERAL AWARDS BY CLUSTERS</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Total Expenditures</b>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 645,846
Federal Work-Study Program	84.0033	N/A	1,129,951
Federal Pell Grant Program	84.063	N/A	56,636,327
Direct Loans Program	84.268	N/A	92,326,760
<b>Total Student Financial Assistance Cluster</b>			<b>150,738,884</b>
<b>WIA CLUSTER</b>			
Workforce Investment Act - Adult Program	17.258	12-10100	451,649
Workforce Investment Act - Adult Program	17.258	12-10200	397,144
Workforce Investment Act - Adult Program	17.258	12-10300	171,244
Workforce Investment Act - Adult Program	17.258	13-10115	9,794
Workforce Investment Act - Adult Program	17.258	13-10215	7,698
Workforce Investment Act - Adult Program	17.258	13-10315	4,226
Workforce Investment Act - Adult Program	17.258	13-10520	48,263
Workforce Investment Act - Dislocated Workers	17.278	12-10100	244,346
Workforce Investment Act - Dislocated Workers	17.278	12-10200	382,296
Workforce Investment Act - Dislocated Workers	17.278	12-10300	165,263
WIA Dislocated Worker Formula Grants	17.278	12-10100	168,775
WIA Dislocated Worker Formula Grants	17.278	12-10125	126,846
WIA Dislocated Worker Formula Grants	17.278	13-10520	48,204
<b>Total WIA Cluster</b>			<b>2,225,748</b>
<b>TRIO CLUSTER</b>			
TRIO - Student Support Services	84.042	N/A	489,390
TRIO - Talent Search	84.044	N/A	254,345
<b>Total TRIO Cluster</b>			<b>743,735</b>
<b>SUBTOTAL CLUSTER PROGRAMS</b>			<b>153,708,367</b>
<b>NON-CLUSTER PROGRAMS</b>			<b>6,365,836</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 160,074,203</b>

See notes to schedule of expenditures of federal awards

**PORTLAND COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

<b>FEDERAL AWARDS BY FEDERAL AGENCY</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Total Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<b>Direct Programs:</b>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 645,846
Federal Work-Study Program	84.033	N/A	1,129,951
Federal Pell Grant Program	84.063	N/A	56,636,327
Direct Loans Program	84.268	N/A	92,326,760
Higher Educational Institutional Aid	84.031	N/A	379,635
TRIO - Student Support Services	84.042	N/A	489,390
TRIO - Talent Search	84.044	N/A	254,345
Migrant Education - High School Equivalency Program	84.141	N/A	455,555
Child Care Means Parents in School - CCAMPIS	84.335	N/A	168,362
<b>Total Direct Programs</b>			<b>152,486,170</b>
<b>Passed through Dept. of Community Colleges and Workforce Development</b>			
Adult Education - Basic Grants to States - Program Improvement	84.002	EE141517	14,191
Adult Education - Basic Grants to States - Multnomah Co Corrections	84.002	EE141517	24,000
Adult Education - State Grant Program - TOPS Accountability	84.002	EE141517	89,934
Adult Education - State Grant Program - Outreach Tutoring	84.002	EE141517	81,372
Adult Education - State Grant Program - Comprehensive Services	84.002	EE141517	483,284
Adult Education - State Grant Program - EI Civics	84.002	EE141517	44,153
<b>Total passed through Dept. of Community Colleges and Workforce Development</b>			<b>736,933</b>
<b>Passed through State of Oregon, Department of Education</b>			
Career & Technical Education - Basic Grants to States - Perkins Reserve	84.048	27401/31804	241,645
Career & Technical Education - Basic Grants to States - Region 2A Consortium	84.048	31171	179,129
Career & Technical Education - Basic Grants to States - Perkins	84.048	31772	1,400,851
<b>Total passed through State of Oregon, Department of Education</b>			<b>1,821,625</b>
<b>Passed through State of Oregon, Department of Community Colleges and Workforce Development</b>			
Vocational Education - Basic Grants to States - Career Pathways	84.048	0701-01	100,400
<b>Total passed through State of Oregon, Department of Community Colleges and Workforce Development</b>			<b>100,400</b>
<b>Passed through Portland Public Schools</b>			
Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up	84.334A	IGA 61334	9,994
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>155,155,123</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<b>Passed through State of Oregon, Department of Education</b>			
Child and Adult Care Food Program	10.558	26-16022	2,825
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>2,825</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<b>Direct Program:</b>			
Grants for Training in Primary Care Medicine and Dentistry - Restorative Dental Hygiene	93.884	D85HP20042-05-01	113,346
<b>Total Direct Programs</b>			<b>113,346</b>

See notes to schedule of expenditures of federal awards

**PORTLAND COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

<b>FEDERAL AWARDS BY FEDERAL AGENCY</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Total Expenditures</b>
<b>Passed through Oregon Health Authority</b>			
Assistance Programs for Chronic Disease Prevention and Control	93.945	146505	\$ 9,942
Block Grants for Prevention and Treatment of Substance Abuse	93.959	144301	48,685
<b>Total Passed through Oregon Health Authority</b>			<b>58,628</b>
<b>Passed through Worksystems, Inc.</b>			
ARRA-Community Services Block Grant	93.710	12-10100	22,770
<b>Total Passed through Worksystems, Inc.</b>			<b>22,770</b>
<b>Passed through Portland State University</b>			
Exito - PSU	93.310	205CRE485	77,191
<b>Total Passed through Portland State University</b>			<b>77,191</b>
<b>Passed through Oregon Health Sciences University:</b>			
Ryan White HIV/AIDS Dental Reimbursements	93.924	1004285_PCC	3,025
<b>Total Passed through Oregon Health Sciences University</b>			<b>3,025</b>
<b>TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>274,959</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>			
<b>Passed through Oregon State University</b>			
Oregon Space Grant	43.008	NS261A-A	36,646
<b>Total Passed through Oregon State University</b>			<b>36,646</b>
<b>U.S.DEPARTMENT OF LABOR:</b>			
<b>Direct Program:</b>			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-22511-11-60-81-41	309,726
<b>Total Direct Programs</b>			<b>309,726</b>

See notes to schedule of expenditures of federal awards

**PORTLAND COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

<b>FEDERAL AWARDS BY FEDERAL AGENCY</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Total Expenditures</b>
<b>Passed through Worksystems, Inc:</b>			
Workforce Investment Act - Adult Program - Hillsboro	17.258	12-10200	\$ 397,144
Workforce Investment Act - Adult Program - Tualatin	17.258	12-10300	171,244
Workforce Investment Act - Adult Program -Metro One Stop	17.258	12-10100	268,553
Workforce Investment Act - Adult Program -Back to Work Adult/Tualatin	17.258	13-10315	4,226
Workforce Investment Act - Adult Program -Back to Work Adult/Metro	17.258	13-10115	9,794
Workforce Investment Act - Adult Program - WorkSource Liaison - Adult	17.258	12-10100	104,279
Workforce Investment Act - Adult Program -BTWO Hillsboro - WIA Adult	17.258	13-10215	7,698
Workforce Investment Act - DWP Foundational Skills	17.258	12-10100	78,817
Workforce Investment Act - DWP Job Readiness Courses	17.258	13-10520	48,263
H-1B Job Training Grants - Clean Tech Advance - Tualatin	17.268	11-70579	22,085
H-1B Job Training Grants - Metro STEP Tualatin	17.268	11-70579	261,032
H-1B Job Training Grants - Clean Tech Advance - Central	17.268	11-70578	72,781
H-1B Job Training Grants - Metro STEP Central	17.268	11-70578	382,447
H-1B Job Training Grants - MISTI Tualatin	17.268	11-70579	155,612
H-1B Job Training Grants - MISTI Central	17.268	11-70578	161,350
H-1B Job Training Grants - Misti ETA	17.268	13-10325	75,652
H-1B Job Training Grants - Reboot NW Metro	17.268	14-10107	3,792
H-1B Job Training Grants - Reboot NW Tualatin	17.268	14-10207	900
H-1B Job Training Grants - Career Link Reboot NW	17.268	14-10108	233
H-1B Job Training Grants - Career Link Metro STEP	17.268	14-10108	125
H-1B Job Training Grants - IAM2	17.268	13-10330	74,632
WIA Dislocated Worker Grants	17.277	14-10200	14,178
WIA Dislocated Worker Grants	17.277	14-10300	5,086
WIA Dislocated Worker Grants	17.277	14-10100	20,505
WIA Dislocated Worker Grants	17.277	13-10215	26,982
WIA Dislocated Worker Grants	17.277	13-10315	39,519
WIA Dislocated Worker Grants	17.277	13-10115	38,835
WIA Dislocated Worker Grants	17.277	14-10107	19,004
WIA Dislocated Worker Grants	17.277	14-10307	24,400
WIA Dislocated Worker Grants	17.277	14-10207	18,428
Workforce Investment Act - Dislocated Workers	17.278	12-10100	244,346
Workforce Investment Act - Dislocated Workers	17.278	12-10200	382,296
Workforce Investment Act - Dislocated Workers	17.278	12-10300	165,263
WIA Dislocated Worker Formula Grants	17.278	12-10100	95,328
WIA Dislocated Worker Formula Grants	17.278	12-10100	73,447
WIA Dislocated Worker Formula Grants	17.278	12-10125	126,846
WIA Dislocated Worker Formula Grants	17.278	13-10520	48,204
Workforce Innovation Fund - Housing Works Career Link	17.283	11-67566	45,409
Workforce Innovation Fund - Housing Works Hillsboro	17.283	12-10200	10,000
<b>Total passed through Worksystems, Inc.</b>			<b>3,698,735</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>4,008,461</b>
<b>NATIONAL SCIENCE FOUNDATION:</b>			
<b>Direct Programs:</b>			
Education and Human Resources - OCATE	47.076	N/A	243,533
Education and Human Resources - OMSI - Sustainability	47.076	D11-16	9,000
Education and Human Resources - SSTEM Schlr Sci Tech Eng & Math	47.076	N/A	150,865
Computer & Information Science & Engineering - NSF-GTISC SecurityEdIntelNational	47.070	RA978-G3	15,131
<b>Total Direct Programs</b>			<b>418,529</b>
<b>Passed through University of Washington</b>			
Education and Human Resources -University of WA	47.076	763922	1,117
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<b>419,646</b>

See notes to schedule of expenditures of federal awards



**PORTLAND COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

<b>FEDERAL AWARDS BY FEDERAL AGENCY</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Total Expenditures</b>
<b>DEPARTMENT OF TRANSPORTATION</b>			
<b>Federal Highway Administration</b>			
Metro ODOT/RTO	20.205	933121	\$ 2,127
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<b>2,127</b>
 <b>Passed through Lane Community College:</b>			
Small Business Development Center - SBDC	59.037	15-152	34,440
<b>Total Passed through Lane Community College</b>			<b>34,440</b>
<b>TOTAL SMALL BUSINESS ADMINISTRATION</b>			<b>34,440</b>
 <b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through Worksystems, Inc</b>			
Office of Public and Indian Housing - Housing Works Metro	14.881	12-10100	26,870
Office of Community Planning & Development - WSI HAP Liason	14.218	12-10100	113,105
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>139,975</b>
 <b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 160,074,203</b>

See notes to schedule of expenditures of federal awards

**PORTLAND COMMUNITY COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**  
**YEAR ENDED JUNE 30, 2015**

**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, 2015.

	Federal CFDA Number		Loans Receivable
Gross loans receivable at June 30, 2015:			
Federal Perkins Loan Program-Federal Capital Contributions	84.038	\$	5,913,293
Federal Nursing Student Loans	93.364		995,876
		\$	<u>6,909,169</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	\$	361,165
Direct Loan Program	84.268		92,326,760
Nursing Student Loans	93.364		206,101
		\$	<u>92,894,026</u>

**Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS**

The College's matching institutional capital contribution was waived, for Department of Education grants, for Fiscal Year 2015.

**PORTLAND COMMUNITY COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**  
**YEAR ENDED JUNE 30, 2015**

**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 - Foundation Skills	17.258	\$	20,542
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278		18,962
Workforce Investment Act - Misti ETA	17268		61,331
Education and Human Resources - OCATE	47.076		65,767
		\$	166,602



PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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
Career and Technical Education – Basic Grants to States	84.048

8. The threshold for distinguishing Type A programs from Type B programs was \$2,032,000.
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.





