



Comprehensive Annual Financial Report

For the year ended June 30, 2018
Portland, Oregon





PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2018

Mark Mitsui
College President

Sylvia Kelley
Executive Vice President

Eric Blumenthal, MBA
Acting Vice President of Finance and Administrative Services

Dina Farrell, MBA
Acting Associate Vice President of Finance

James H. Crofts, CPA
Accounting Services Manager

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PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue
Portland, OR 97219

For the year ended June 30, 2018

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee	June 30, 2021
2	Kali Thorne Ladd, Chair	June 30, 2019
3	Michael Sonleitner	June 30, 2019
4	Jim Harper, Vice Chair	June 30, 2021
5	Valdez Bravo	June 30, 2021
6	Mohamed Alyajouri	June 30, 2019
7	Deanna Palm	June 30, 2019

ADMINISTRATION

Mark Mitsui, College President

Sylvia Kelley, Executive Vice President

Eric Blumenthal, MBA, Acting Vice President of Finance and Administrative Services

Dina Farrell, MBA, Acting Associate Vice President of Finance

James H. Crofts, CPA, Accounting Services Manager

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INTRODUCTORY SECTION



November 14, 2018

Board of Directors
Portland Community College
Portland, Oregon

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Portland Community College ("College") for the fiscal year ended June 30, 2018 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.

This report consists of management's representations concerning finances of the College. To provide a reasonable basis for making these representations, the College maintains a comprehensive internal control framework 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. 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.

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 Compliance Supplement 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.

Management Discussion and Analysis

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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 Director of the Office of Community Colleges and Workforce Development serves as administrative officer for the state of Oregon in community college matters under direction of the Higher Education Coordinating Commission (HECC).

Mission, Vision and Values. The College's mission, as adopted by the Board of Directors, is to support student success by delivering access to quality education while advancing economic development and promoting sustainability in a collaborative culture of diversity, equity, and inclusion. 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 the institution in the accomplishment of the 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

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

- Ensure an environment of success that encourages access and timely completion
- Prioritize the college's commitment to the creation of a nationally renowned culture for diversity, equity and inclusion

- Track and evaluate Portland Community College operations and execution of the Strategic Plan.
- Be an engaged advocate for Portland Community College in:
 - Governmental affairs and governmental advocacy
 - In support of fundraising strategies targeting the advancement of important initiatives (e.g. Future Connect, PCC Foundation efforts, etc.)
- Continue communication between the Board of Directors and the President

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 legacy 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 locations that are large, full-service facilities, offering university transfer courses, professional-technical career training, libraries, bookstores, and student services.

The Cascade Campus is located in the heart of the revitalized North Portland area and serves nearly 17,500 students representing over 4,950 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 12 miles west of downtown Portland in the rapidly growing Beaverton-Hillsboro area of Washington County. The 260-acre campus provides a beautiful setting for college transfer and career and technical programs and annually serves nearly 21,800 students or 7,250 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 and oldest campus, serving over 24,500 students or 8,800 FTE this fiscal year. Sylvania has many unique features and specialized programs. 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 roughly 11,900 students or 2,950 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 21,000 students or 1,450 FTE. 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 Willow Creek Center located in Hillsboro houses a workforce development facility serving numerous social agencies. The Swan Island Trades Center offers Career Technical Education (CTE) credit programs and noncredit Workforce Development opportunities to more than 65 industry partners. The 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.

Budget

The budget is both a legal and operational plan for the financial operations to be conducted during the budget period 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 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.

Local Economy

While Oregon's economic expansion continues, growth has slowed and stabilized. In recent years, the state has enjoyed robust, full-throttle rates of job gains in the 3 percent range, or nearly 5,000 jobs per month. No longer is this the case. Oregon is expected to continue to see healthy job gains – a bit more than 2,000 per month or about 2 percent over the remainder of the 2017-19 biennium – but the state is now past its peak growth rates for this expansion. Importantly, such gains remain strong enough to hold unemployment down and account for ongoing population growth.

This spring employers in the Portland area reported over 22,500 job vacancies. The ratio of unemployed workers to job vacancies has been declining. There were fewer than two unemployed workers per job vacancy in the Portland tri-county area in spring 2018, down from nearly four unemployed workers per vacancy just five years ago. Low unemployment, combined with the mismatch in skills and experience between available workers and current job vacancies, contributes to the hiring difficulties businesses are facing. Oregon employers reported that nearly half of their vacancies were difficult to fill this spring.

Long-Term Financial Planning

Future challenges for PCC will include anticipated year over year declines in enrollment, continued rate increases for required PERS contributions, and continued volatility in state funding for community college districts.

In November of 2017 district voters approved a \$185 million ballot measure for the college to issue a series of general obligation bonds to specifically address repairs, modernize and renovate facilities, improve safety and replace outdated technology and equipment. In March 2018 the college sold the approved amount of bonds as a single series. Bond proceeds will be used to renovate the Metropolitan Workforce Training Center and modernize the Sylvania Campus Health Technology Building among other projects.

PCC's continues plans to finalize the purchase of land in Scappoose (Columbia County) to build the Oregon Manufacturing Innovation Center (OMIC). The Center will pair advanced manufacturing research and trades-based training in order to meet the critical demand for skilled workers. PCC has also entered into a joint project agreement with Portland State University, Oregon Health & Science University, and the City of Portland to share workplace resources and relocate its dental 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.

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, 2017. 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, 2015. 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,



Eric Blumenthal
Acting Vice President of Finance and Administration



Dina Farrell
Acting Associate Vice President of Finance



James Crofts
Accounting Services Manager





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Portland Community College
Oregon**

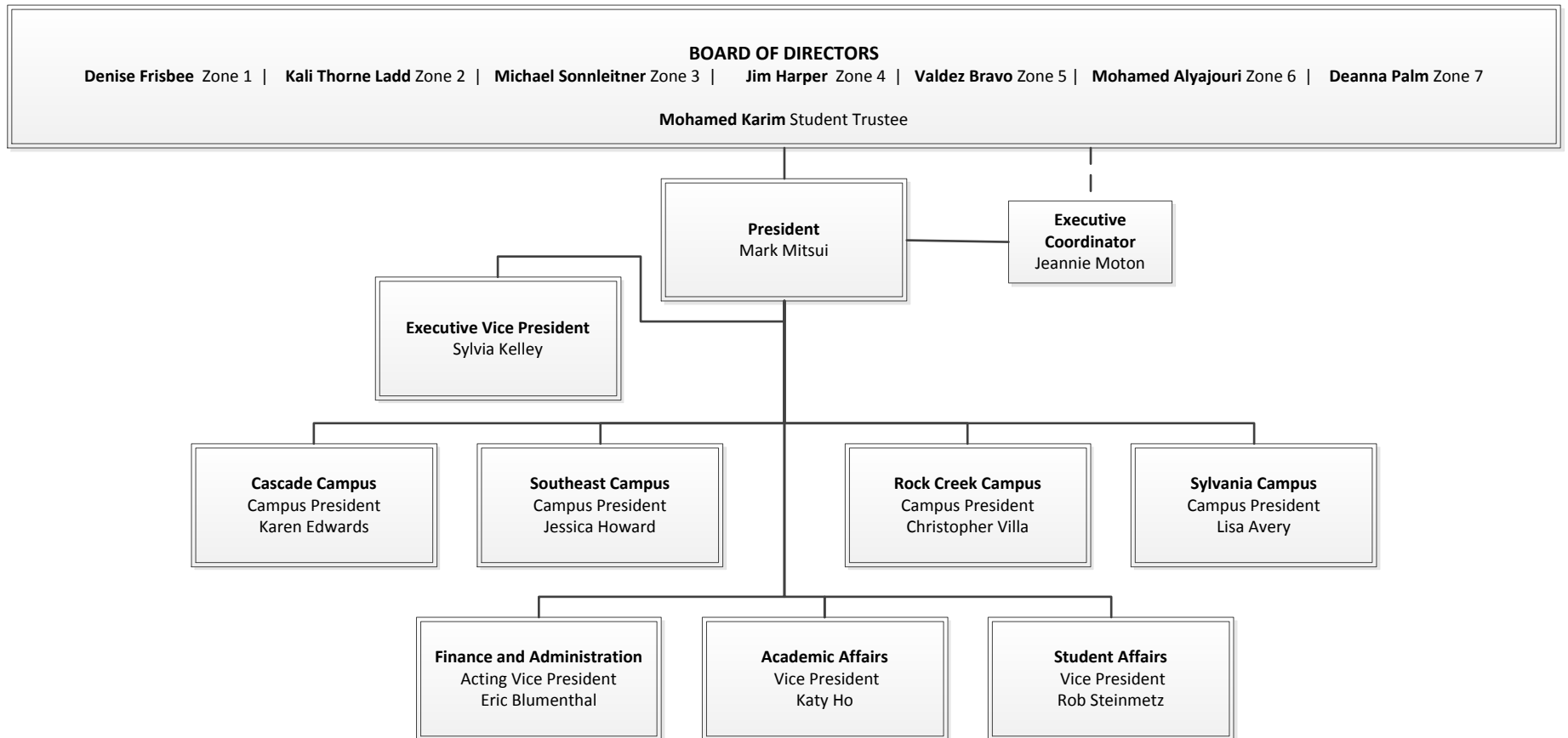
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

PORTLAND COMMUNITY COLLEGE 2018-2019



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

November 14, 2018

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, 2018, 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, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 12 and the required supplementary information on pages 50 through 57 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 14, 2018 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 14, 2018 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, 2018 and 2017. This discussion 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, 2018 that affected the College are as follows:

- Full-time equivalent students (FTE) decreased from 27,319 in 2017 to 26,712 in 2018. The total headcount of students decreased from 74,217 in 2017 to 71,108 in 2018. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon increased from \$67.9 million in fiscal year 2017 to \$116.9 million in fiscal year 2018. Due to the payment method used by the Oregon Legislature and the difference in budgetary reporting under the Oregon Statutes and financial reporting under GAAP, the College reports five quarters of reimbursement the first year of the biennium and three quarters of reimbursement the second year. This fiscal year ending June 30, 2018 is the first year of the biennium.
- Capital assets, net of depreciation, decreased from \$586.0 million in 2017 to \$584.3 million in 2018. The majority of bond projects outstanding in 2017 were completed and capitalized in 2018. Approved by voters in November 2017, the College issued \$185 million new general obligation bonds in March of 2018. Projects funded by the new bond issuance will begin in fiscal year 2019.
- The College has increased its net position from \$154.9 million in 2017 to \$191.6 million in 2018. Details of the revenue and expense items culminating in the \$36.7 million increase in net position is found in the following pages under the Analysis of Changes in Net Position section.

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 The Required Supplementary Information followed by Other Supplementary Information in the Financial Section, along with a Statistical Section and an Audit Section.

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

Analysis of Net Position

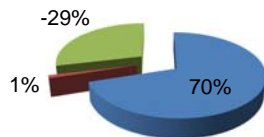
The Statement of Net Position (page 13) presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion of the College's financial health when 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.

Net Position (in millions)			
	2018	2017	Increase (decrease) 2018-17
Assets			
Current assets	\$ 164.2	\$ 139.6	\$ 24.6
Capital assets, net of depreciation	584.3	586.0	(1.7)
Other noncurrent assets	220.3	25.3	195.0
Total assets	968.8	750.9	217.9
Deferred outflows	56.9	97.4	(40.5)
Total assets and deferred outflows	\$ 1,025.7	\$ 848.3	\$ 177.4
Liabilities			
Current liabilities	\$ 81.6	\$ 80.7	\$ 0.9
Noncurrent liabilities	729.0	593.4	135.6
Total liabilities	810.6	674.1	136.5
Deferred Inflows	23.5	19.3	4.2
Net position			
Net investment in capital assets	316.7	301.8	14.9
Net position: restricted	5.0	5.4	(0.4)
Net position: unrestricted	(130.1)	(152.3)	22.2
Total net position	191.6	154.9	36.7
Total liabilities, deferred inflows and net position	\$ 1,025.7	\$ 848.3	\$ 177.4

Portland Community College
Fiscal year ended June 30, 2018

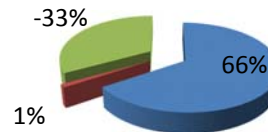
2018 Net position - \$191.6 million

- Net investment in capital assets \$316.7
- Restricted \$5.0
- Unrestricted \$(130.1)



2017 Net position - \$154.9 million

- Net investment in capital assets \$301.8
- Restricted \$5.4
- Unrestricted \$(152.3)



Fiscal year 2018 compared to Fiscal year 2017. Net Position increased \$36.7 million from \$154.9 million in 2017 to \$191.6 million in 2018. Current assets of \$164.2 million are sufficient to cover current liabilities of \$81.6 million. This represents a current ratio of 2.0. Current assets increased by \$24.6 million primarily due to \$23.0 million increase in cash and short-term investments and a \$1.6 million increase in receivables and inventory and prepaid items. The College's current liabilities consist primarily of payroll, accounts payable, unearned revenue, compensated absences and the current portion of long-term debt. Currently, \$316.7 million is the net investment in capital assets and represents an increase of \$14.9 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 increased \$195.0 million mainly due to the increase in long-term investments. Noncurrent liabilities increased \$135.6 million essentially due to the net impact of a \$171.6 million increase in bonds and related premium from the new bond issuance and the \$34.1 million decrease of net pension and transition liabilities.

Analysis of Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (page 14) 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 of the asset. 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, both federal and state, are classified as the primary non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss, while the non-operating revenues significantly offset the operating loss on overall net position.

Portland Community College
Fiscal year ended June 30, 2018

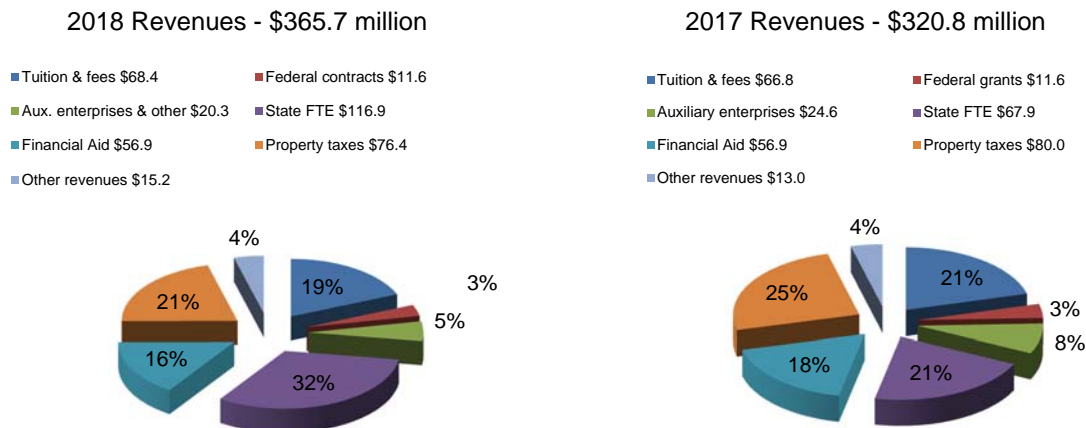
Changes in Net Position (In Millions)

	2018	2017	Increase (decrease) 2018-17
Operating revenues			
Student tuition and fees	\$ 68.4	\$ 66.8	\$ 1.6
Federal contracted programs	11.6	11.6	-
Auxiliary enterprises and other	20.3	24.6	(4.3)
Total operating revenues	<u>100.3</u>	<u>103.0</u>	<u>(2.7)</u>
Nonoperating revenues			
State FTE reimbursement	116.9	67.9	49.0
Property taxes	76.4	80.0	(3.6)
Federal financial aid	56.9	56.9	-
Other nonoperating revenues	15.2	13.0	2.2
Total nonoperating revenues	<u>265.4</u>	<u>217.8</u>	<u>47.6</u>
Total revenues	<u>365.7</u>	<u>320.8</u>	<u>44.9</u>
Operating expenses			
Educational and general	136.9	144.9	(8.0)
Administrative services and physical plant	91.0	97.6	(6.6)
Grants and contracted programs	21.8	26.1	(4.3)
Auxiliary enterprises	18.6	20.0	(1.4)
Depreciation	12.5	12.2	0.3
Other support services	26.6	26.9	(0.3)
Total operating expenses	<u>307.4</u>	<u>327.7</u>	<u>(20.3)</u>
Nonoperating expenses			
Other nonoperating expenses	<u>21.6</u>	<u>20.6</u>	<u>1.0</u>
Total expenses	<u>329.0</u>	<u>348.3</u>	<u>(19.3)</u>
Increase (decrease) in net position	<u>36.7</u>	<u>(27.5)</u>	<u>64.2</u>
Net position, beginning of year	<u>154.9</u>	<u>187.8</u>	<u>(32.9)</u>
Prior period adjustment	<u>-</u>	<u>(5.4)</u>	<u>5.4</u>
Net position, end of year	<u>\$ 191.6</u>	<u>\$ 154.9</u>	<u>\$ 36.7</u>

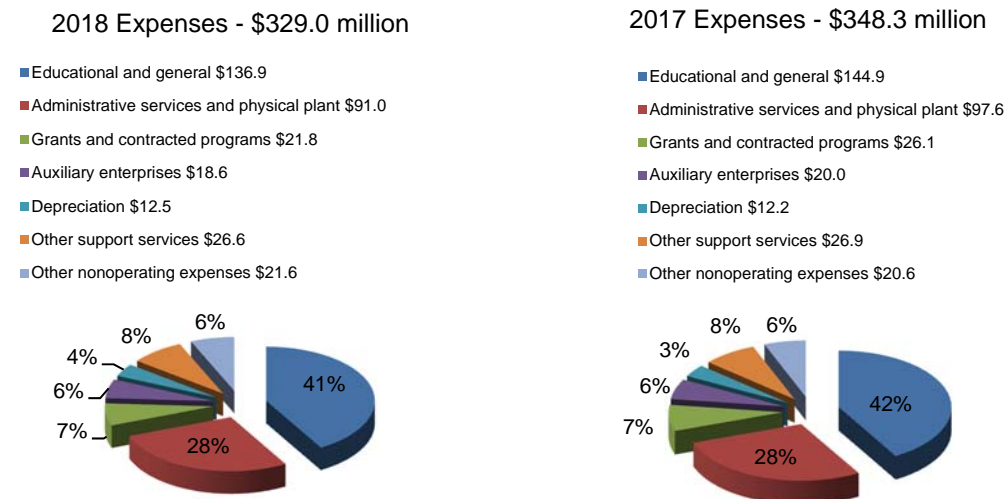
The Statement of Revenues, Expenses and Changes in Net Position show the operating results of the College, as well as the non-operating revenues and expenses. Annual FTE reimbursements, property taxes, and student federal financial aid, while budgeted for operations, are considered non-operating revenues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

Portland Community College
Fiscal year ended June 30, 2018

The following graphics show the allocation of total revenues for fiscal years 2018 and 2017:



The following graphics show the allocation of total expenses for fiscal years 2018 and 2017:



Fiscal year 2018 compared to Fiscal year 2017. The most significant source of operating revenues is tuition and fees, followed by auxiliary enterprises and other revenue, followed by federal contracted programs. Operating revenues remained relatively consistent with fiscal year 2017.

The largest non-operating revenue source is state FTE reimbursement, followed by property taxes and federal financial aid. The substantial increase in FTE reimbursement is due to the recognition of five quarters of FTE in 2018 compared to three quarters in fiscal year 2017.

Operating expenses decreased by \$20.3 million. Educational and general expense is the largest single line item, followed by administrative services and physical plant. Together, they decreased operating expenses by \$14.6 million compared to fiscal year 2017. Grants and contracted programs and auxiliary enterprises together account for another \$5.7 million decrease in operating expenses.

Portland Community College
Fiscal year ended June 30, 2018

Analysis of Cash Flows

The primary purpose of the Statement of Cash Flows (page 15 & 16) 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 in 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)			
	2018	2017	Increase (decrease) 2018-17
Cash provided by (used in)			
Operating activities	\$ (187.7)	\$ (184.9)	\$ (2.8)
Noncapital financing activities	209.2	159.5	49.7
Capital financing activities	195.4	(18.9)	214.3
Investing activities	(215.2)	33.0	(248.2)
Net increase (decrease) in cash	1.7	(11.3)	13.0
Cash and cash equivalents, beginning of year	57.8	69.1	(11.3)
Cash and cash equivalents, end of year	\$ 59.5	\$ 57.8	\$ 1.7

Fiscal year 2018 compared to Fiscal year 2017. 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 \$2.8 million more cash in its operating activities in fiscal year 2018 than in fiscal year 2017.

Noncapital Financing Activities: State FTE reimbursements, student financial aid and property taxes are the primary sources of noncapital financing. Cash provided by noncapital financing activity increased by \$49.7 million. The largest change from the prior year is a \$50.0 million increase 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 provided by capital financing activities increased by \$214.3 million compared to last fiscal year. The large change in cash flow is attributable to the new bond issuance in March 2018, which provided \$209.8 million in additional cash flow.

Investing Activities: Total cash used in investing activities increased by \$248.2 million compared to fiscal year 2017. The increase in cash used is due to a net \$216.3 million decrease in cash from the purchases and sales of investments in 2018 compared to the net \$32.9 million increase in cash last fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's net invested in capital assets as of June 30, 2018 was \$584.3 million. Investment in capital assets includes land, buildings, improvements, machinery and equipment, capital leases, art and historical treasures, library collections and infrastructure.

Additional information on the College's capital assets may 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 \$603.1 million. All of the current debt is 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% of Real Market Value of properties within the College district. The current legal debt limit is approximately \$3.6 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$595.8 million is roughly 17% of the legal debt limit. Additional information on the College's long-term debt may be found in Note 4 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Oregon economy follows the U.S. business cycle overall, albeit with more volatility. Currently, job gains are enough to match population growth and absorb the workers coming back into the labor market. Wages are rising faster than in the typical state, as are household incomes. That said, growth is slower today than a few years ago. The regional economy continues to transition down to more sustainable rates. Ongoing improvements in these measures of economic well-being are expected to continue.

Even as the housing market recovers, new supply has not kept up with demand in both rental and ownership markets. Prices have risen considerably and housing affordability is becoming a larger risk to the economic outlook. To the extent that supply does not match demand, home prices and rents increasing significantly faster than income or wages is becoming a major concern. Significantly worse housing affordability may dampen future growth given Oregon's reliance on net in-migration.

The increasing cost of housing is creating an affordability challenge for both the College's students and employees. Many potential students are entering the workforce directly rather than continuing their education. Talent is being recruited to the region to work in its highest-paying sectors, and these new residents are primarily living in the center of the region. Lower-income families are moving further away from the center and out of the college's service area. Further, communities of color are not sharing equitably in the region's economic growth, and are at continued risk of displacement.

Strategic Planning. The President's work plan, and strategic process alignment timeline, address the internal and external challenges facing the College. The work plan includes a structural study to evaluate how well as an institution we are aligned to meet the needs of our student population. Our budgeting and financial planning focus is increasingly directed towards developing a long term integrated multi-biennial financial forecast. The budget continues to adhere to the first phase of the Strategic Plan, or the "strategic diamond" developed to align and understand the relationship among the institutions' core themes, strategic goals, communication themes, President's work plan and Board's goals. Current and future initiatives of the College will align with the fundamental core of the strategic diamond - opportunity and equitable student success - and enhance the fundamental work of Portland Community College. One current directive is the "Yes to Equitable Student Success" (YESS) initiative (<https://www.pcc.edu/yess/diversity/>). The initiative is designed to align with the national "Achieving the Dream" program while being specifically tailored to meet PCC's needs. It supports the President's work plan, strategic process alignment and includes the following goals:

Portland Community College
Fiscal year ended June 30, 2018

- Our student population reflects the diverse communities that we serve;
- Our students graduate at a constantly increasing rate;
- Disparities in student outcomes are significantly reduced or eliminated.

YESS is an institutional strategy to:

- Strengthen what we already do to increase student success;
- Provide a comprehensive rather than segmented approach;
- Increase our use of best practices to help us improve as a student-ready college.

We have identified four priorities to achieve equitable student success:

1. Build a foundation for Guided Pathways;
2. Continue our commitment to diversity, equity and inclusion;
3. Increase data and technology capacity;
4. Implement our use of best practices to help us improve as a student-ready college.

Our intent is to implement these YESS priorities through district-wide and campus work plans. These goals, strategies and priorities inform our budget process and integrate with our guiding principles. The following represent ongoing guiding principles of budget development and implementation:

- Provide outstanding, affordable education;
- Drive student success;
- Ignite a culture of innovation;
- Transform the community through opportunity;
- Create a nationally renowned culture for diversity, equity, and inclusion;
- Achieve sustainable excellence in all operations.

Budget Planning. The FY 2017-19 Biennium budget attempts to balance the needs of the College's strategic plan while meeting the College's mission of offering accessible and affordable education. The budget is balanced in a manner that allows the institution to move forward on its strategic goals. That means employing a range of strategies, opportunities and savings to balance the budget. The President's work plan, the YESS initiative, and strategic goals, along with the institutional core themes and Board's goals shape the budget. The following overarching principles and guidelines were incorporated into the budget development process:

- Continue to keep revenue projections conservative given state, local and national economic uncertainty;
- Plan for level state funding among Oregon's 17 community colleges;
- Assume no enrollment growth and anticipate some enrollment decline in year 2 of the biennium;
- Plan for property tax revenues to grow approximately 3.5% each year of the biennium based on prior years' history;
- Maintain affordability for students by keeping tuition rates and fees within the median range of all Oregon community colleges;
- Explore and examine savings and new revenue opportunities;
- Monitor expenditures, and where necessary, make reductions, program cuts and realign staff;
- Invest in deferred maintenance and capital improvement to the extent possible;
- Build the institutional fund balance to maintain open access and enroll students should enrollment grow and exceed the state funding cap.

Challenges and Opportunities. Due to substantial continuing changes in educational funding at both the state and federal level, PCC faces many challenges in the FY 2017-19 Biennium, including:

Portland Community College
Fiscal year ended June 30, 2018

- Projected state economic growth at a slow yet sustained rate;
- Uncertain enrollment patterns;
- Uncertain state funding support;
- Increasing labor costs, particularly required employer contributions to the Oregon Public Employee Retirement System (OPERS)

In addition to these challenges during 2018, there is evidence, as noted in the Oregon Economic and Revenue forecast from September 2018, of statewide growth and improvement opportunities in Oregon. Areas worth highlighting include:

- Projected overall job growth stabilizing at around 2.0 percent annually;
- Wage growth increasing by 3.1 percent for hourly wage earners each year since 2014;
- Realizing a wage increase of more than 5.0 percent annually for Oregonians who have continually been employed over the last three years;
- Experiencing a steady Oregon unemployment rate at 4.0 to 4.1 percent;
- Forecasting Oregon General Fund revenue growth to be approximately 0.7 percent ahead of the June 2018 forecast and 4.57 percent ahead of the 2017 Close of Session forecast;
- Forecasting annual population growth between 2017 and 2026 to increase by approximately 1.2 percent.

Additional internal challenges, as well as new and continuing efforts, will affect PCC in the upcoming biennium as well. These include, but are not limited to:

- Contract negotiations with the Federation bargaining teams;
- Deferred maintenance backlogs as well as large and small equipment needs;
- Unrestricted fund balance replenishment after a spend-down in prior years;
- Unfunded mandates, like Oregon minimum wage, Portland paid sick leave and Federal Title IX compliance;
- Development of partnerships with K-12 schools, businesses and 4-year institutions to provide relevant services and improve student success;
- Elimination of outcome disparities for marginalized students and an improved average rate of achievement;
- Education of our students for full and effective economic, social and civic participation in society;
- Promotion of regional economic development by providing education and training focused on small and emerging business development.
- Growth of the distance learning program and online curriculum to provide opportunities to more students;
- Improvement in student retention and completion through PCC's commitment to greater alignment of student support services, as well as an enhanced commitment to equity, diversity and inclusion.

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, 2018

(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 59,475
Short-term investments	82,269
Receivables, net of allowance	
Taxes	4,157
Accounts	5,980
Student accounts	5,187
Federal programs	744
Interest	1,275
Inventory and prepaid items	5,135
Total current assets	<u>164,222</u>
Noncurrent assets:	
Long-term investments	220,255
Leased property under capital lease, net	143
Capital assets - non-depreciable	103,933
Capital assets - depreciable	634,189
Less: Accumulated depreciation	<u>(153,951)</u>
Total noncurrent assets	<u>804,569</u>
TOTAL ASSETS	<u>968,791</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferral of amounts on refunding	3,898
Pension related	52,366
OPEB related	613
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,025,668</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,133
Payroll liabilities	23,670
Accrued interest payable	3,119
Unearned revenue	6,319
Compensated absences	7,350
Other current liabilities	1,492
Current portion of long-term debt	<u>35,517</u>
Total current liabilities	<u>81,600</u>
Noncurrent liabilities:	
Noncurrent liabilities	764,481
Less: Current portion of long-term debt	<u>(35,517)</u>
Total noncurrent liabilities	<u>728,964</u>
TOTAL LIABILITIES	<u>810,564</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	19,417
OPEB related	<u>4,099</u>
NET POSITION	
Net investment in capital assets	316,653
Net position: restricted	
Student financial aid grants and loans	4,995
Net position: unrestricted	<u>(130,060)</u>
Total net position	<u>191,588</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,025,668</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, 2018
(In Thousands)

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances	\$ 68,398
Federal contracted programs	11,634
Nongovernment grants and contracts	5,626
Auxiliary enterprises:	
Food services	3,628
Bookstore, net of scholarship allowances	6,128
Parking operation	4,792
Other operating revenues	75
Total operating revenues	<u>100,281</u>
OPERATING EXPENSES	
Educational and general:	
Sylvania Campus	50,048
Rock Creek Campus	37,219
Cascade Campus	28,924
Southeast Campus	14,573
Extended Learning Centers	6,155
President and Governing Board	12,951
Academic and Student Affairs Services	24,111
Administrative Services and Physical Plant	53,915
Other support services:	
Student Activities	2,858
Grants and contracted programs	21,850
Student financial aid, net of tuition and textbooks	21,186
Auxiliary enterprises:	
Food services	4,160
Bookstore	9,930
Parking operation	4,485
Materials, supplies and minor equipment expense	2,524
Depreciation expense	16,760
Amortization of bond premium	(4,214)
Total operating expenses	<u>307,435</u>
Operating income (loss)	<u>(207,154)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal financial aid	56,869
State FTE reimbursement	116,888
State and local government grants and contracts	10,214
Property taxes	76,405
Investment income	2,265
Loss on the disposal of capital assets	(297)
Bond issuance costs	(755)
Legal settlement	2,750
Interest expense	(20,518)
Net nonoperating revenues (expenses)	<u>243,821</u>
Increase in net position	<u>36,667</u>
NET POSITION	
Net position - beginning of the year	154,921
Net position - end of the year	<u>\$ 191,588</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS
Year ended June 30, 2018
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 69,836
Federal grants and contracts	11,634
Non-government grants and contracts	5,626
Payments to suppliers for goods and services	(47,635)
Payments to employees	(220,083)
Payments for student financial aid and other scholarships	(21,186)
Cash received from customers	14,025
Other cash receipts	<u>75</u>
Net cash used in operating activities	<u>(187,708)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal student financial aid grants	58,355
State and local government grants and contracts	10,214
Cash received from property taxes	33,045
Cash received from State FTE reimbursement	116,888
Interest paid on limited tax pension bonds	(4,193)
Principal paid on limited tax pension bonds	<u>(5,165)</u>
Net cash provided by noncapital financing activities	<u>209,144</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash received from property taxes	41,464
Principal paid on long-term debt	(28,355)
Obligation under capital lease	545
Note payable	(520)
Legal settlement	2,750
Loss on disposition of capital assets	(297)
Purchase of capital assets	(15,040)
Proceeds from bonds payable	185,000
Proceeds from bond premium	24,763
Cash paid for bond issuance costs	(755)
Interest paid on obligation for capital lease	(98)
Interest paid on long-term debt	<u>(14,047)</u>
Net cash provided by capital financing activities	<u>195,410</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	1,104
Purchases of investments	(506,091)
Proceeds from sales of investments	<u>289,800</u>
Net cash used in investing activities	<u>(215,187)</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS (CONTINUED)
Year ended June 30, 2018
(In Thousands)

NET INCREASE IN CASH	\$ 1,659
Cash and cash equivalents - beginning of the year	<u>57,816</u>
Cash and cash equivalents - end of year	<u><u>\$ 59,475</u></u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET POSITION	
Unrestricted cash and cash equivalents	<u><u>\$ 59,475</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (207,154)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	16,760
Amortization expense	(4,214)
Change in net pension liability	(31,459)
Change in pension transition liability	(2,636)
Change in OPEB liability	(672)
Change in deferred outflows of resources	40,149
Change in deferred inflows of resources	4,230
(Increases) decreases in current assets used in operations:	
Accounts receivable	(526)
Student accounts receivable	1,277
Inventory and prepaid items	(795)
Increases (decreases) in current liabilities used in operations:	
Accounts payable	(2,747)
Payroll liabilities	236
Unearned revenue	162
Other current liabilities	(615)
Compensated absences	296
Net cash used in operating activities	<u><u>\$ (187,708)</u></u>

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

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. 75

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The principal objective of this Statement is to improve the usefulness of information of accounting and financial reporting of postemployment benefits other than pensions.

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.

Use of Estimates

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, the Oregon Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. 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, 2018 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, 2018.

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

Inventories of supplies are stated at cost. All inventories held for resale are stated at the lower of cost or market.

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 acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Compensated Absences

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

Long-term Debt

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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.

Operating and Nonoperating Revenues and Expenses

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018 are \$33.5 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 1. Federal programs are audited in accordance with the Single Audit Act, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance).

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

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).

	<u>Year Ended June 30, 2018</u>
Cash and cash equivalents:	
Cash on hand	\$ 144
Demand deposits	11,501
Cash held by county treasurer	303
Oregon Local Government Investment Pool	<u>47,527</u>
Total cash and cash equivalents basic statements	<u>59,475</u>
Investments:	
Government and agency obligations	255,866
Corporate securities	45,856
Bank obligations	<u>802</u>
Total investments	<u>302,524</u>
Total cash and investments	<u><u>\$ 361,999</u></u>

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):

	<u>Year Ended June 30, 2018</u>
Investments categorized by Standard and Poor's rating:	
Government sponsored (Treasury & Federal Agencies), AA+	\$ 255,866
Corporate notes (A or better)	45,856
Bank obligations (certificates of deposit)	<u>802</u>
Total investments	<u><u>\$ 302,524</u></u>

The Oregon Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Short Term Fund Board and the Oregon Short Term Investment Council and does not receive credit quality ratings from nationally recognized statistical rating organizations. 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. Participants' account balances in the pool are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participants' account based on the ending account balance and a

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

2. CASH AND INVESTMENTS (Continued)

variable interest rate determined periodically by the Oregon Short Term Fund. As of October 1, 2017, PFM Asset Management is providing support for the Local Government Investment Pool. Account information is available and initiating transactions are done by logging into Easy Online Network.

The College's investments in Government and agency obligations and corporate securities are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College's investments in government sponsored securities and corporate notes are valued using quoted market prices (Level 1 inputs).

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, 2018.

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, 2018, the College bank balances were \$14.6 million, which includes time CDs and bank accounts. Of these deposits, \$1.3 million on deposit with seven banks were covered by FDIC and the remaining balance was covered by the procedures for collateralizing public funds.

Custodial credit risk – investments:

The College has a Board approved investment policy which states that the President shall appoint an Investment Officer who will perform specific investment functions for the College. Should a 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, 2018, the College had \$302.5 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, 2018**

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, 2018, 14% of investments held by the College (excluding Local Government Investment Pool balances) matured within a 180 day timeline. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2018 were: 60.6% mature within 93 days, 20.5% mature from 93 days to one year and 18.9% mature from over one year to three years from settlement date.

All Other Investments maturing after 180 days (in thousands)

All Other Investments	Rating	Maturity Date	Fair Value
Albina Community Bk CD	NR	04-04-2019	\$ 100
FFCB Coupon	AA+	05-01-2019	2,446
FFCB Coupon	AA+	05-30-2019	2,278
FNMA Coupon	AA+	05-30-2019	990
FHLMC Coupon	AA+	05-30-2019	4,972
US Treasury	AA+	05-31-2019	1,980
US Treasury	AA+	05-31-2019	4,962
FFCB Coupon	AA+	06-12-2019	4,953
FFCB Coupon	AA+	07-03-2019	3,019
FFCB Coupon	AA+	08-01-2019	5,934
Apple Corp Note	AA+	08-02-2019	1,971
Umpqua Bank CD	NR	10-21-2019	230
FHLMC Coupon	AA+	10-25-2019	3,942
FFCB Coupon	AA+	12-19-2019	2,464
US Bank NA Corp	AA-	01-24-2020	2,956
Apple Corp Note	AA+	02-07-2020	987
FHLB Coupon	AA+	02-07-2020	4,436
FFCB Coupon	AA+	03-05-2020	4,909
FFCB Coupon	AA+	03-20-2020	4,416
FHLB Coupon	AA+	05-29-2020	4,910
US Treasury	AA+	05-31-2020	4,903

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

2. CASH AND INVESTMENTS (Continued)

Bond Investments maturing after 180 days (in thousands)

Bond Investments	Rating	Maturity Date	Fair Value
US Treasury	AA+	12-31-2018	\$ 4,036
Toyota Motor Credit Corp Note	AA-	01-17-2019	4,988
US Treasury	AA+	02-28-2019	986
Cisco Corp	AA-	03-01-2019	1,496
US Bank NA Corp	AA-	04-26-2019	2,456
US Treasury	AA+	05-31-2019	2,447
US Treasury	AA+	06-30-2019	1,484
US Treasury	AA+	09-30-2019	21,319
US Treasury	AA+	12-31-2019	14,814
FFCB Coupon	AA+	01-10-2020	11,721
FFCB Coupon	AA+	04-13-2020	3,987
FNMA Coupon	AA+	06-22-2020	2,985
FHLB Coupon	AA+	06-29-2020	1,274
FHLB Coupon	AA+	07-06-2020	5,972
FHLB Coupon	AA+	07-20-2020	20,902
FHLMC Coupon	AA+	09-29-2020	3,228
Microsoft Corp	AAA	10-01-2020	5,358
Berkshire Hathaway Finance Corp	AA	10-15-2020	13,022
FNMA Coupon	AA+	10-30-2020	2,552
US Treasury	AA+	11-15-2020	6,506
FNMA Coupon	AA+	12-24-2020	9,728
Toyota Motor Credit Corp Note	AA-	01-11-2021	5,144
FHLMC Coupon	AA+	01-19-2021	7,760
FFCB Coupon	AA+	02-12-2021	2,182
FFCB Coupon	AA+	03-01-2021	746
FHLB Coupon	AA+	03-26-2021	1,293
FNMA Coupon	AA+	03-26-2021	8,988
US Treasury	AA+	06-30-2021	7,798
US Treasury	AA+	06-30-2021	7,800
US Treasury	AA+	09-30-2021	10,099

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

3. CAPITAL ASSETS

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

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 48,062	\$ -	\$ (613)	\$ 47,449
Art and historical treasure	1,517	13	-	1,530
Construction in progress	93,942	12,406	(51,394)	54,954
Total capital assets not being depreciated	143,521	12,419	(52,007)	103,933
Capital assets being depreciated:				
Land improvements	10,493	-	-	10,493
Building and improvements	511,184	22,555	(14)	533,725
Equipment and machinery	25,909	1,065	(147)	26,827
Capital lease	260	-	-	260
Library collections	1,312	106	(127)	1,291
Leasehold improvements	972	-	-	972
Infrastructure	29,954	30,927	-	60,881
Total capital assets being depreciated	580,084	54,653	(288)	634,449
Less accumulated depreciation for:				
Land improvements	9,224	421	-	9,645
Building and improvements	105,150	14,280	(1)	119,429
Equipment and machinery	18,862	1,361	(136)	20,087
Capital lease	34	83	-	117
Library collections	652	130	(127)	655
Leasehold improvements	969	3	-	972
Infrastructure	2,680	483	-	3,163
Total accumulated depreciation	137,571	16,761	(264)	154,068
Total capital assets being depreciated, net	442,513	37,892	(24)	480,381
Total capital assets, net	\$ 586,034	\$ 50,311	\$ (52,031)	\$ 584,314

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

4. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2018 are as follows (in thousands):

	Original Amount	Outstanding June 30, 2017	Increases	Decreases	Outstanding June 30, 2018	Due Within One Year
2018 General obligation bonds, interest ranges from 4.00% - 5.00%, Maturity June 15, 2033	\$ 185,000	\$ -	\$ 185,000	\$ -	\$ 185,000	\$ 11,805
2016 General obligation refunding bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2029	118,630	118,445	-	-	118,445	-
2015 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2018	34,945	12,805	-	(12,805)	-	-
2013 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2033	177,495	152,380	-	(6,545)	145,835	6,875
2009 General obligation bonds, interest 5.00%, Maturity June 15, 2019	200,000	18,460	-	(9,005)	9,455	9,455
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	87,170	-	(5,165)	82,005	5,810
Note Payable, Maturity August 4, 2019	2,081	1,561	-	(520)	1,041	520
Premium on General obligation bonds	49,670	38,638	24,763	(4,586)	58,815	-
Capital leases	2,673	1,935	1,608	(1,062)	2,481	1,052
Transition liability - pre SLGRP	-	21,362	-	(2,636)	18,726	-
Net pension liability	-	166,676	-	(31,459)	135,217	-
OPEB liability	-	8,133	-	(672)	7,461	-
	<u>\$ 890,489</u>	<u>\$ 627,565</u>	<u>\$ 211,371</u>	<u>\$ (74,455)</u>	<u>\$ 764,481</u>	<u>\$ 35,517</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

4. LONG-TERM LIABILITIES (Continued)

Future maturities of principal and interest of long-term debts are as follows (in thousands):

Year Ending June 30,	Total	
	Principal	Interest
2019	\$ 34,465	\$ 27,190
2020	39,835	23,889
2021	43,200	22,157
2022	47,255	20,196
2023	33,005	17,848
2024-2028	204,945	61,308
2029-2033	139,076	17,456
	<u>\$ 541,781</u>	<u>\$ 190,044</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 7, 2017 Portland voters approved a \$185 million bond measure to provide for upgrades for existing facilities. In March 2018, the College issued General Obligation Bonds, Series 2018 in the amount of \$185 million. The proceeds from the bonds are being used for improving safety and replacing outdated technology and equipment in addition to paying for the costs of issuing the bonds.

As of June 30, 2018, \$124.9 million of the General Obligation Bonds, Series 2009 is outstanding and considered defeased. These bonds are callable on June 15, 2019.

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, 2018, the College had no arbitrage rebate liabilities.

Note Payable

In June 2016, the College (borrower) entered into an installment payment agreement with Six Degrees, Inc. (lender) totaling \$2.1 million. The agreement is payable over four years, with annual payments of \$520 thousand beginning August, 2016 and ending August, 2019. This agreement represents the purchase of technology equipment, software and support, which is crucial to sustained safekeeping of the College's firewall network.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

4. LONG-TERM LIABILITIES (Continued)

In January 2017, the College entered into a capital lease master agreement as lessee for financing the acquisition of computer equipment. In 2018, several individual leases were added to this agreement. The fair value of the assets meeting the College's capitalization threshold remains \$260,800. The future minimum lease obligations and the net present value of these minimum lease payments are as follows (in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,166
2020	1,079
2021	<u>592</u>
Total minimum lease payments	2,837
Less:	
amount representing interest	<u>(356)</u>
Present value of minimum lease payments	<u><u>\$ 2,481</u></u>

5. OPERATING LEASES

Minimum Lease Payments

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,579
2020	1,437
2021	625
2022	165
2023	168
<u>Later years</u>	<u>35</u>
Total	<u><u>\$ 4,009</u></u>

The expense for operating leases for the year ended June 30, 2018 was \$2 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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

6. LONG-TERM LEASE

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

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

7. GROUND LEASE AND JOINT USE AGREEMENT

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

8. RISK MANAGEMENT

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

The College retains the risk of liability claims under \$666,700 per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2018 and no insurance settlement exceeded insurance coverage for the past three years. Liability insurance generally covers casualty losses in excess of \$666,700 per occurrence. Excess insurance above the Self Insured Retention has a limit of \$15 million per occurrence and \$30 million in the aggregate. The College's property insurance total loss limit is \$200 million with a \$25 thousand deductible. Earthquake and flood coverage has a loss limit of \$100 million per occurrence and annual aggregate with a \$100,000 deductible.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

8. RISK MANAGEMENT (Continued)

The College maintains a risk management program for workers' compensation and employee liability 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 with a loss limit of \$100 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, medical costs, state rules, 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, 2018	Year Ended June 30, 2017
Unpaid claims, July 1	\$ 543	\$ 415
Incurred claims	454	447
Claim payments	(419)	(319)
Unpaid claims, June 30	<u>\$ 578</u>	<u>\$ 543</u>

9. PENSION PLANS

OREGON PUBLIC RETIREMENT SYSTEM (PERS)

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: The Pension Program and the Individual Account Program. The Pension Program is 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. The Individual Account Program (IAP) is 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/Financials/Actuarial-Financial -Information.aspx>.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

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.

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 (COLA). The COLA is capped at 2%.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

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.

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 (COLA). The COLA is capped at 2%.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

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.

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 to the Tier One/Tier Two and OPSRP plans totaled \$12.8 million, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 14.49% for Tier One/Tier Two General Service Members and 7.98% for OPSRP Pension Program General Service Members, net of 9.10% of side account rate relief. An additional 6% contribution is required for the OPSRP Individual Account Program and totaled \$8 million for the year ended June 30, 2018.

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

At June 30, 2018, the College reported net pension liability of \$134.3 million for its proportionate share of PERS net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The College's proportion of the net pension liability 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, 2017, the College's proportion was 1.22%.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

For the year ended June 30, 2018, the College recognized pension expense of \$27 million. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,932	\$ -
Changes in assumptions	29,898	-
Net difference between projected and actual earnings on investments	1,690	-
Changes in proportionate share	-	10,234
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,890
College's contributions subsequent to the measurement date	12,767	-
Year Ended June 30, 2018	<u>\$ 52,287</u>	<u>\$ 19,124</u>

There are \$12.8 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2019	\$ 1,599
2020	15,189
2021	10,188
2022	(6,219)
2023	(361)
Total	<u>\$ 20,396</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

Actuarial Assumptions

The employer contribution rates effective July 1, 2017 to June 30, 2019 were set using the entry age normal 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, published September 2015
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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.5%
Investment Rate of Return	7.5%
Discount Rate	7.5%
Projected Salary Increases	3.5% overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-back as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table

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 2014 Experience Study which reviewed experience for the four- year period ending on December 31, 2014.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2015 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	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Med Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.74%	7.13%
Commodities	1.87%	4.58%
Total	100.00%	
 Assumed Inflation - Mean		 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.5% 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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate (in thousands):

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability (asset)	\$ 249,846	\$ 134,347	\$ 37,768

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 \$18.7 million at June 30, 2018. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.76% of covered payroll for payment of this transition liability.

EARLY RETIREMENT INCENTIVE (STIPEND)

Plan Description

The College maintains a single-employer, defined benefit early retirement incentive program for qualifying Faculty, Academic Professionals (AP), and Classified Employees. 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 actuarial information is from an actuarial valuation report as of June 30, 2017 that has been rolled-forward by the actuary to June 30, 2018

Retirement eligibility:

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

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

Benefit eligibility:

Faculty and AP employees - retire prior to age 65.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

Supplemental early retirement benefits:

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

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

Effective October 1, 2017 through June 30, 2019, any Classified employee who is at least age 58 and not more than 64 years of age, and who has completed 20 consecutive years of full-time employment with the College, will be eligible to receive a total of \$525 a month for four years until age 65, whichever is earlier, regardless of date of hire. This program is funded at a maximum of \$720,000 on a first come first serve basis.

At June 30, 2017, 96 retirees and surviving spouses received benefits and 2,127 current active employees are covered. The 2018 information is not available.

Contributions and Funding:

The Early Retirement Incentive Plan is currently unfunded as defined by current GASB statements. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73.

The benefits from this program are fully paid in accordance with the Plan by the College and, consequently, no contributions by employees are required. In accordance with the terms of the plan, benefit payments are recognized when due and payable in the financial statements. There are no administrative costs attributable to the plan and the plan's activities are reported in the financial statements. For the year ended June 30, 2018, changes in the pension liability are as follows (in thousands):

	Total Stipend Liability
<u>Beginning of Year, 7/1/2017</u>	<u>\$ 1,020</u>
Benefit Payments	(211)
Service Cost	29
Interest on Stipend Liability	32
Change of Benefit Terms	-
Change in Assumptions	-
Experience (Gain)/Loss	-
<u>End of Year, 6/30/2018</u>	<u>\$ 870</u>

Actuarial valuations:

The actuarial information is from an actuarial valuation report as of June 30, 2017 that has been rolled-forward by the actuary to June 30, 2018.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

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.
- 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.

Basis of Accounting:

The actuarial calculations are consistent with accounting principles generally accepted in the United States of America and GASB No.73 and 75.

Asset Valuation Method:

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

Basic actuarial assumptions:

1. Discount rate 3.58% per year
2. Mortality Active employee mortality is assumed to be 75% for males and 60% for females. Disabled retiree mortality rates are based on the RP2000 combined active/healthy annuitant mortality table. Mortality is assumed to be 70% for males or 95% for females of the disabled retiree mortality rates described in the previous sentence.

Discount Rate Sensitivity			
(in thousands)			
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total Stipend Liability on 6/30/2018	\$ 918	\$ 870	\$ 825

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

9. PENSION PLANS (Continued)

Stipend Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Stipend

For the year ended June 30, 2018, the College recognized stipend expense of (\$176) thousand. As of June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to the Stipend from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 79	\$ -
Changes of assumptions or other inputs	-	293
Total	<u>\$ 79</u>	<u>\$ 293</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in Pension expense for the year ended June 30, 2018 as follows (in thousands):

Year Ended June 30,	Amount
2019	\$ 27
2020	27
2021	27
2022	27
2023	27
All Subsequent Years	79
Total	<u>\$ 214</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, 2018 was \$0.3 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The College operates a single-employer retiree benefit plan OPEB that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. This OPEB is not a stand-alone plan and therefore does not issue its own financial statements. This plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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, 2018 is \$1,622 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 and whose benefit 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.

At June 30, 2017, 96 retirees and surviving spouses received benefits and 2,127 current active employees are covered. The 2018 information is not available.

The College's total OPEB liability of \$8 million was measured as of June 30, 2018 and assumed all actuarial assumptions were exactly realized and was determined by the Roll-Forward of Actuarial Valuation Report as of that date.

**PORTLAND COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5%
Discount rate	3.58%

Health care trend rates Assumed annual increases in health premiums and the College Cap are listed in the table below. All insurance trends include the assumed general inflation rate of 2.5%.

Year	Moda Medical	Kaiser Medical	Dental	Vision	College Cap*
2019	7.50%	5.00%	3.00%	3.00%	7.50%
2020	7.00%	5.00%	3.00%	3.00%	7.00%
2021	6.50%	5.00%	3.00%	3.00%	6.50%
2022	6.00%	5.00%	3.00%	3.00%	6.00%
2023	5.50%	5.00%	3.00%	3.00%	5.50%
2024+	5.00%	5.00%	3.00%	3.00%	5.00%

* Applied only to Academic Professionals and Faculty Retirees

The discount rate was based on the June 30, 2018 rate in the 20-year General Obligation Municipal Bond Index published by Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability (in thousands)
Beginning of Year, 7/1/2017	\$ 8,132
Benefit Payments - Explicit Medical	(424)
Benefit Payments - Implicit Medical	(328)
Service Cost	343
Interest on Total OPEB Liability	278
Change of Benefit Terms	-
Change in Assumptions	-
Experience (Gain)/Loss	-
End of Year, 6/30/2018	\$ 8,001

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**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate presents for the year ended June 30, 2018 as follows (in thousands):

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 8,646	\$ 8,001	\$ 7,403

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current healthcare cost trend rates presents for the year ended June 30, 2018 as follow (in thousands):

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 7,215	\$ 8,001	\$ 8,835

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the College recognized OPEB expense of (\$602) thousand. At June 30, 2018, the College reported deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 491
Changes of assumptions or other inputs	-	3,350
Total	<u>\$ -</u>	<u>\$ 3,841</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30,	Amount
2019	\$ 470
2020	470
2021	470
2022	470
2023	470
All Subsequent Years	1,491
Total	<u>\$ 3,841</u>

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.

PUBLIC RETIREMENT SYSTEM

Plan Description

The College contributes to an OPEB plan administered by the Oregon Public Employees Retirement System (PERS). The Retiree Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit plan established under Oregon Revised Statute 238.420, which grants the authority to manage the plan to 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

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided

Eligible PERS members can receive a payment of up to \$60 from RHIA toward the monthly cost of health insurance. 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. The plan was closed to new entrants hired on or after August 29, 2003.

**PORTLAND COMMUNITY COLLEGE
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**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Contributions

PERS funding policy provides for monthly employer contributions at an actuarially determined rate. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$613 thousand. The rates in effect for the fiscal year ended June 30, 2018 were 0.50% for Tier One/Tier Two General Service Members and 0.43% for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

OPEB Assets, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2018, the College reported an asset of \$540 thousand for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The College's proportion of the net OPEB asset was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities actuarially determined. On June 30, 2017, the College's proportion was 1.29452634%.

For the year ended June 30, 2018, the College recognized OPEB expense of approximately (\$283) thousand. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 250
Changes in proportionate share	-	7
College's contributions subsequent to the measurement date	613	-
Year Ended June 30, 2018	<u>\$ 613</u>	<u>\$ 257</u>

Contributions subsequent to the measurement date of \$613 thousand reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Deferred inflows of resources of \$257 thousand related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30,	Amount
2019	\$ 65
2020	65
2021	64
2022	63
2023	-
Total	<u>\$ 257</u>

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PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. 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 10 years.

The total OPEB asset in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed 10 year period.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.5%
Investment Rate of Return	7.5%
Discount Rate	7.5%
Projected Salary Increases	3.5% overall payroll growth
Retiree Healthcare Participation	Healthy retirees: 38%; disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-back as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table

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 2014 Experience Study which reviewed experience for the four- year period ending on December 31, 2014.

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**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2015 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	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Med Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.74%	7.13%
Commodities	1.87%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Discount Rate

The discount rate used to measure the total OPEB asset was 7.50% for the OPEB 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 OPEB 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 OPEB plan investments for the OPEB plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Sensitivity of the College's proportionate share of the net OPEB asset to changes in the discount rate

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (in thousands):

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net OPEB liability (asset)	\$ 75	\$ (540)	\$ (1,064)

OPEB Plan Fiduciary Net Position

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

11. RELATED ORGANIZATION

The Portland Community College Foundation (the Foundation) is a legally separate, tax-exempt related organization of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds are restricted to activities of the College by the donors. Even though the resources held by the Foundation are primarily for the benefit of the College, the Foundation is not considered a component unit of the College, as defined by GASB No. 39, since revenues and total assets of the Foundation are less than 2% of revenues and total assets of the College.

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2018 is as follows (in thousands):

	Year Ended June 30, 2018
Total assets	\$ 16,586
Total net assets	15,881
Total support and revenues	6,349
Total expenses	5,312

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2018**

12. ESTIMATED TAX ABATEMENTS

The College's property tax revenues were reduced by \$9.8 million under agreements entered into by the five counties within the College's district. The amounts abated by county are as follows (in thousands):

	Year Ended June 30, 2018
Clackamas County	\$ 150
Columbia County	107
Multnomah County	531
Washington County	8,987
Yamhill County	3
	<u>\$ 9,778</u>

All data is estimated based on tax roll values.

13. COMMITMENTS AND CONTINGENCIES

Construction Commitments

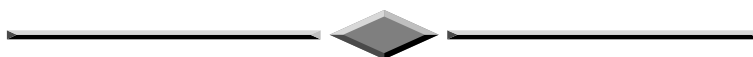
The College has approximately \$18.4 million in on-going construction commitments as of June 30, 2018. About sixty percent of this total consists of construction contracts based on guaranteed maximum amounts with the construction manager/general contractors selected for each of the four main campuses. 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, and Rock Creek campus include new classrooms, childcare facilities, lab facilities, student services and faculty workspaces to accommodate student enrollment. Projects also include upgrading district-wide security access control, and conducting district-wide comprehensive facilities master plan study.

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.



REQUIRED SUPPLEMENTARY INFORMATION



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**Public Employees Retirement System (PERS) Pension Plan
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the last five fiscal years**

Fiscal 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
2018	1.21675270%	\$ 134,346,989	\$ 132,954,016	101.05%	83.12%
2017	1.26411636%	165,656,749	126,377,544	131.08%	80.53%
2016	1.28316214%	45,769,547	129,194,652	35.43%	91.88%
2015	1.36089339%	(71,099,790)	125,347,002	-56.72%	103.60%
2014	1.36089339%	29,987,921	125,347,002	23.92%	91.97%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date, which is a date one year earlier than the fiscal year-end date above.

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**

Public Employees Retirement System (PERS) Pension Plan

SCHEDULE OF CONTRIBUTIONS

For the last five fiscal years

Fiscal 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
2018	\$ 8,955,713	\$ 8,955,713	-	\$ 99,363,184	9.01%
2017	8,996,796	8,996,796	-	132,954,016	6.77%
2016	8,876,145	8,876,145	-	129,194,652	6.87%
2015	8,772,893	8,772,893	-	125,347,002	7.00%
2014	8,566,476	8,566,476	-	125,347,002	6.83%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date, which is a date one year earlier than the fiscal year-end date above. However, the contributions above represent contributions during the respective fiscal year indicated above.

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**

**Public Employees Retirement System (PERS) OPEB Plan
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the last two fiscal years**

Fiscal Year Ended June 30,	(a) College's proportion of the net OPEB liability (asset)	(b) College's proportionate share of the net OPEB liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	1.33071417%	361,372	126,377,544	0.285946370%	93.84%
2018	1.29452634%	(540,259)	132,954,016	-0.406350268%	108.89%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date, which is a date one year earlier than the fiscal year-end date above.

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**

**Public Employees Retirement System (PERS) OPEB Plan
SCHEDULE OF CONTRIBUTIONS
For the last two fiscal years**

Fiscal 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
2017	593,338	593,338	-	132,954,016	0.446%
2018	644,489	644,489	-	99,363,184	0.649%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date, which is a date one year earlier than the fiscal year-end date above. However, the contributions above represent contributions made during the respective fiscal year indicated above.

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**

**College's Post Employment Health Care Plan (OPEB)
SCHEDULE OF TOTAL OPEB LIABILITY
For the last three fiscal years**

Fiscal Year End Date*	Total OPEB Liability (a)	Covered Payroll (b)	Total OPEB Liability as a Percentage of Covered Payroll
			(a/b)
6/30/2016	\$ 12,690,880	\$ 113,654,950	11.2%
6/30/2017	\$ 8,132,585	\$ 112,264,678	7.2%
6/30/2018	\$ 8,001,173	\$ 116,193,942	6.9%

*Assumes all actuarial assumptions are exactly realized.

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**

**College's Early Retirement Incentive Plan (Stipend)
SCHEDULE OF TOTAL PENSION LIABILITY
For the last four fiscal years**

Fiscal Year End Date*	Total Pension Liability (a)	Covered Payroll (b)	TPL as a Percentage of Covered Payroll (a/b)
6/30/2015	\$ 1,488,412	\$ 42,835,894	3.5%
6/30/2016	\$ 1,356,681	\$ 44,442,240	3.1%
6/30/2017	\$ 1,019,552	\$ 41,678,510	2.4%
6/30/2018	\$ 870,427	\$ 43,137,258	2.0%

*Assumes all actuarial assumptions are exactly realized.

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
June 30, 2018

PERS Pension Plan

Changes in Plan Provisions

Key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which was published on September 18, 2013 and can be found at: <http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf> and in a letter from the plan's actuary dated May 23, 2016 which can be found at: <http://www.oregon.gov/pers/EMP/Documents/GASB/2015/Letter-From-Actuary-5-23-16.pdf>

Changes in Assumptions

Key changes in assumptions for the December 31, 2012 and 2013 valuations are described in the Oregon Public Employees Retirement System's 2012 Experience Study (Updated) which was published on September 18, 2013 and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2013/Experience-Study-Updated.pdf>

Key changes in assumptions for the December 31, 2014 and 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

PERS Post Employment Health Care Plan (OPEB)

The College also participates in Oregon PERS Retirement Health Insurance Account which is a cost-sharing multiple-employer plan under the GASB Statement 75. This plan does have stand-alone financial statements available here: <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Changes in Plan or Assumptions

Key changes in assumptions for the December 31, 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

College's Post Employment Health Care Plan (OPEB)

The College OPEB plan is not a stand-alone plan and therefore does not issue its own financial statements. The plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in Plan or Assumptions

No material changes in the census or plan provision have occurred.

There were no significant changes that would impact the actuarial assumptions

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
Notes to Required Supplementary Information
June 30, 2018

College's Early Retirement Incentive Plan (Stipend)

This Stipend plan is not a stand-alone plan and therefore does not issue its own financial statements. The plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 7.

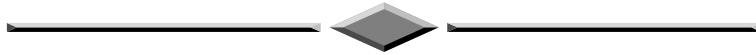
Changes in Plan or Assumptions

No material changes in the census or plan provision have occurred.

There were no significant changes that would impact the actuarial assumptions.



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.

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.

Early Retirement Incentive Plan

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, 2018

GENERAL FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
District tax levy:			
Current	\$ 68,649,059	\$ 34,153,829	\$ (34,495,230)
Prior	1,647,578	421,521	(1,226,057)
Total district tax levy	70,296,637	34,575,350	(35,721,287)
Tuition and fees	202,626,264	93,890,463	(108,735,801)
Other sources:			
Interest from investments	500,000	786,356	286,356
Miscellaneous local sources	4,234,237	2,643,868	(1,590,369)
Total other sources	4,734,237	3,430,224	(1,304,013)
Total from local sources	277,657,138	131,896,037	(145,761,101)
From state sources:			
FTE reimbursement	184,129,450	95,477,069	(88,652,381)
Other state sources	-	953,516	953,516
Total from state sources	184,129,450	96,430,585	(87,698,865)
TOTAL REVENUES, BUDGETARY BASIS	461,786,588	228,326,622	(233,459,966)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

For the year ended June 30, 2018

<u>GENERAL FUND</u>			
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Campus program areas:			
Sylvania campus	\$ 98,586,510	\$ 47,950,064	\$ 50,636,446
Rock Creek campus	72,304,779	35,820,633	36,484,146
Cascade campus	56,713,436	27,696,641	29,016,795
Southeast campus	27,481,842	13,943,117	13,538,725
Total Campus program areas	255,086,567	125,410,455	129,676,112
Non-campus program areas:			
Office of the President	11,163,290	5,621,156	5,542,134
Office of the Executive Vice President	15,817,576	6,773,358	9,044,218
Administrative Services	119,027,162	59,708,464	59,318,698
Academic & Student Affairs	47,379,015	23,170,973	24,208,042
Total Non-campus program areas	193,387,043	95,273,951	98,113,092
Contingencies	20,387,223	-	20,387,223
TOTAL EXPENDITURES	468,860,833	220,684,406	248,176,427
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	(7,074,245)	7,642,216	14,716,461
OTHER FINANCING SOURCES (USES):			
Transfers in	15,870,439	5,584,804	(10,285,635)
Transfers out	(8,036,085)	(3,619,987)	4,416,098
Bond proceeds	190,750	755,069	564,319
TOTAL OTHER FINANCING SOURCES (USES)	8,025,104	2,719,886	(5,305,218)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	950,859	10,362,102	9,411,243
Beginning fund balance	20,434,097	20,434,097	-
Ending fund balance - budgetary basis	\$ 21,384,956	\$ 30,796,199	\$ 9,411,243

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

CONTINUING AND COMMUNITY EDUCATION FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Other local sources	\$ 2,872,944	\$ 792,742	\$ (2,080,202)
Tuition and fees	12,593,186	4,579,198	(8,013,988)
 TOTAL REVENUES	 15,466,130	 5,371,940	 (10,094,190)
EXPENDITURES:			
Sylvania campus	80,000	-	80,000
Workforce/Continuing Education	18,030,085	5,870,671	12,159,414
Cascade campus	86,368	17,224	69,144
Contingency	1,379,513	-	1,379,513
 TOTAL EXPENDITURES	 19,575,966	 5,887,895	 13,688,071
 REVENUES OVER (UNDER) EXPENDITURES	 (4,109,836)	 (515,955)	 3,593,881
OTHER FINANCING SOURCES (USES):			
Transfers in	2,350,412	1,182,382	(1,168,030)
Transfers (out)	(220,078)	(79,408)	140,670
 TOTAL OTHER FINANCING SOURCES (USES)	 2,130,334	 1,102,974	 (1,027,360)
 REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	 (1,979,502)	 587,019	 2,566,521
 Beginning fund balance	 1,979,502	 1,979,502	 -
 Ending fund balance - budgetary basis	 \$ -	 \$ 2,566,521	 \$ 2,566,521

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

AUXILIARY FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Facilities usage	\$ 771,506	\$ 570,506	\$ (201,000)
Campus activities	193,848	24,439	(169,409)
Other revenues	-	49,131	49,131
TOTAL REVENUES	<u>965,354</u>	<u>644,076</u>	<u>(321,278)</u>
EXPENDITURES:			
Facilities usage	1,087,738	367,315	720,423
Campus activities	281,734	52,455	229,279
Contingency	97,576	-	97,576
TOTAL EXPENDITURES	<u>1,467,048</u>	<u>419,770</u>	<u>1,047,278</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(501,694)</u>	<u>224,306</u>	<u>726,000</u>
OTHER FINANCING SOURCES (USES):			
Transfers:			
Transfers (out)	<u>(37,926)</u>	<u>(19,702)</u>	<u>18,224</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(37,926)</u>	<u>(19,702)</u>	<u>18,224</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(539,620)	204,604	744,224
Beginning fund balance	<u>862,968</u>	<u>862,968</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 323,348</u>	<u>\$ 1,067,572</u>	<u>\$ 744,224</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

STUDENT ACTIVITIES FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 4,000	\$ 6,854	\$ 2,854
From local sources:			
Student activities fees	5,096,246	2,553,021	(2,543,225)
Other local sources	490,000	97,728	(392,272)
Total from local sources	5,586,246	2,650,749	(2,935,497)
TOTAL REVENUES	5,590,246	2,657,603	(2,932,643)
EXPENDITURES:			
Sylvania campus programs	1,393,543	596,235	797,308
Rock Creek campus programs	1,205,836	546,234	659,602
Cascade campus programs	1,052,756	550,327	502,429
Southeast campus programs	810,034	426,019	384,015
District-wide programs	1,372,149	319,262	1,052,887
Contingency	145,758	-	145,758
TOTAL EXPENDITURES	5,980,076	2,438,077	3,541,999
REVENUES OVER (UNDER) EXPENDITURES	(389,830)	219,526	609,356
Beginning fund balance	389,830	389,830	-
Ending fund balance - budgetary basis	\$ -	\$ 609,356	\$ 609,356

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

CONTRACTS AND GRANTS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Local sources	\$ 13,962,981	\$ 5,626,106	\$ (8,336,875)
State sources	15,859,327	6,184,155	(9,675,172)
Federal sources	<u>37,335,600</u>	<u>11,633,750</u>	<u>(25,701,850)</u>
TOTAL REVENUES	<u>67,157,908</u>	<u>23,444,011</u>	<u>(43,713,897)</u>
EXPENDITURES:			
Local contracts (a)	15,057,851	5,514,342	9,543,509
State grants	14,796,854	5,582,436	9,214,418
Federal grants	<u>34,133,212</u>	<u>10,911,772</u>	<u>23,221,440</u>
TOTAL EXPENDITURES	<u>63,987,917</u>	<u>22,008,550</u>	<u>41,979,367</u>
Contingency	<u>2,301,228</u>	<u>-</u>	<u>2,301,228</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>868,763</u>	<u>1,435,461</u>	<u>566,698</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	400,109	192,052	(208,057)
Transfers (out)	<u>(3,693,780)</u>	<u>(1,364,175)</u>	<u>2,329,605</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,293,671)</u>	<u>(1,172,123)</u>	<u>2,121,548</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,424,908)	263,338	2,688,246
Beginning fund balance	<u>2,424,908</u>	<u>2,424,908</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 2,688,246</u>	<u>\$ 2,688,246</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

STUDENT FINANCIAL AID FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Interest from investments	\$ 15,400	\$ 9,159	\$ (6,241)
Private scholarships	2,188,891	53,460	(2,135,431)
Miscellaneous income	-	72,081	72,081
Total from local sources	2,204,291	134,700	(2,069,591)
From federal sources	280,340,907	110,877,352	(169,463,555)
TOTAL REVENUES	282,545,198	111,012,052	(171,533,146)
EXPENDITURES:			
College funded programs	123,280	43,065	80,215
Federal programs	282,733,876	110,795,672	171,938,204
Short term student loan program	244,400	53,460	190,940
Contingency	1,400,055	-	1,400,055
TOTAL EXPENDITURES	284,501,611	110,892,197	173,609,414
REVENUES OVER (UNDER) EXPENDITURES	(1,956,413)	119,855	2,076,268
OTHER FINANCING SOURCES (USES):			
Transfers in	823,782	58,572	(765,210)
Transfers (out)	(546,203)	(253,922)	292,281
TOTAL OTHER FINANCING SOURCES (USES)	277,579	(195,350)	(472,929)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,678,834)	(75,495)	1,603,339
Beginning fund balance	1,678,834	1,678,834	-
Ending fund balance - budgetary basis	\$ -	\$ 1,603,339	\$ 1,603,339

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

GENERAL OBLIGATION (G.O.) BOND FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Proceeds from tax levies - current year	\$ 67,732,400	\$ 39,435,419	\$ (28,296,981)
Proceeds from tax levies - prior year	1,119,999	584,109	(535,890)
Interest from investments	45,494	277,999	232,505
TOTAL REVENUES	68,897,893	40,297,527	(28,600,366)
EXPENDITURES:			
Principal payments	44,685,000	28,355,000	16,330,000
Interest payments	26,871,726	14,144,738	12,726,988
TOTAL EXPENDITURES	71,556,726	42,499,738	29,056,988
REVENUES OVER (UNDER) EXPENDITURES	(2,658,833)	(2,202,211)	456,622
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,658,833)	(2,202,211)	456,622
Beginning fund balance	5,980,318	5,980,318	-
Ending fund balance - budgetary basis	\$ 3,321,485	\$ 3,778,107	\$ 456,622

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

P.E.R.S. DEBT SERVICE FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Principal payments	\$ 10,975,000	\$ 5,165,000	\$ 5,810,000
Interest payments	<u>8,137,318</u>	<u>4,192,877</u>	<u>3,944,441</u>
TOTAL EXPENDITURES	<u>19,112,318</u>	<u>9,357,877</u>	<u>9,754,441</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(19,112,318)</u>	<u>(9,357,877)</u>	<u>9,754,441</u>
OTHER FINANCING SOURCES (USES):			
Transfer from PERS Reserve Fund	<u>19,112,318</u>	<u>9,357,877</u>	<u>(9,754,441)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance - budgetary basis	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

CAPITAL PROJECTS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 70,000	\$ 41,141	\$ (28,859)
Other revenues	360,000	162,598	(197,402)
TOTAL REVENUES	430,000	203,739	(226,261)
EXPENDITURES:			
Capital outlay	4,666,779	2,928,833	1,737,946
Contingency	1,590,989	-	1,590,989
TOTAL EXPENDITURES	6,257,768	2,928,833	3,328,935
REVENUES OVER (UNDER) EXPENDITURES	(5,827,768)	(2,725,094)	3,102,674
OTHER FINANCING SOURCES (USES):			
Transfers in	2,000,000	1,000,000	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,000,000	1,000,000	(1,000,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,827,768)	(1,725,094)	2,102,674
Beginning fund balance	3,827,768	3,827,768	-
Ending fund balance - budgetary basis	\$ -	\$ 2,102,674	\$ 2,102,674

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

CAPITAL CONSTRUCTION FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 110,000	\$ 1,852,326	\$ 1,742,326
State sources	8,000,000	-	(8,000,000)
Miscellaneous income	350,000	2,656,046	2,306,046
TOTAL REVENUES	8,460,000	4,508,372	(3,951,628)
EXPENDITURES:			
Sylvania campus	21,500,000	5,362,984	16,137,016
Cascade campus	450,000	68,882	381,118
Rock Creek campus	5,000,000	2,300,554	2,699,446
Southeast campus	180,000	55,312	124,688
District-wide projects	232,913,309	5,277,490	227,635,819
Contingency	6,111,288	-	6,111,288
TOTAL EXPENDITURES	266,154,597	13,065,222	253,089,375
REVENUES OVER (UNDER) EXPENDITURES	(257,694,597)	(8,556,850)	249,137,747
OTHER FINANCING SOURCES (USES):			
Bonds issued	209,008,073	184,244,931	(24,763,142)
Premium on bonds issued	-	24,763,142	24,763,142
Transfers out	(676,052)	(676,052)	-
TOTAL OTHER FINANCING SOURCES (USES)	208,332,021	208,332,021	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(49,362,576)	199,775,171	249,137,747
Beginning fund balance	49,737,187	49,737,187	-
Ending fund balance - budgetary basis	\$ 374,611	\$ 249,512,358	\$ 249,137,747

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

FOOD SERVICES FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Food sales	\$ 10,853,439	\$ 3,627,606	\$ (7,225,833)
TOTAL REVENUES	<u>10,853,439</u>	<u>3,627,606</u>	<u>(7,225,833)</u>
EXPENDITURES:			
Food services operations	12,188,413	4,162,622	8,025,791
Contingency	<u>977,012</u>	<u>-</u>	<u>977,012</u>
TOTAL EXPENDITURES	<u>13,165,425</u>	<u>4,162,622</u>	<u>9,002,803</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,311,986)</u>	<u>(535,016)</u>	<u>1,776,970</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	9,148	9,066	(82)
Transfers in	1,500,000	-	(1,500,000)
Transfers (out)	<u>(108,534)</u>	<u>(36,276)</u>	<u>72,258</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,400,614</u>	<u>(27,210)</u>	<u>(1,427,824)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(911,372)	(562,226)	349,146
Beginning fund balance	<u>911,372</u>	<u>911,372</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 349,146</u>	<u>\$ 349,146</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

BOOKSTORE FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Bookstore sales	\$ 23,055,061	\$ 8,872,674	\$ (14,182,387)
Miscellaneous income	460,222	142,557	(317,665)
TOTAL REVENUES	<u>23,515,283</u>	<u>9,015,231</u>	<u>(14,500,052)</u>
EXPENDITURES:			
Bookstore operations	26,592,473	11,103,716	15,488,757
Contingency	3,145,552	-	3,145,552
TOTAL EXPENDITURES	<u>29,738,025</u>	<u>11,103,716</u>	<u>18,634,309</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,222,742)</u>	<u>(2,088,485)</u>	<u>4,134,257</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(6,206,613)	(266,180)	5,940,433
Interest from investments	237,058	149,027	(88,031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,969,555)</u>	<u>(117,153)</u>	<u>5,852,402</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(12,192,297)</u>	<u>(2,205,638)</u>	<u>9,986,659</u>
Beginning fund balance	<u>12,351,506</u>	<u>12,351,506</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 159,209</u>	<u>\$ 10,145,868</u>	<u>\$ 9,986,659</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

PARKING OPERATIONS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Parking permits	\$ 5,024,460	\$ 2,835,921	\$ (2,188,539)
Parking fines	533,880	323,043	(210,837)
Other revenue	3,328,542	1,635,372	(1,693,170)
TOTAL REVENUES	8,886,882	4,794,336	(4,092,546)
EXPENDITURES:			
Parking operations	11,834,501	5,015,516	6,818,985
Contingency	1,610,149	-	1,610,149
TOTAL EXPENDITURES	13,444,650	5,015,516	8,429,134
REVENUES OVER (UNDER) EXPENDITURES	(4,557,768)	(221,180)	4,336,588
OTHER FINANCING SOURCES (USES):			
Interest from investments	20,077	69,549	49,472
Transfers in	115,612	56,396	(59,216)
Transfers (out)	(768,557)	(348,989)	419,568
TOTAL OTHER FINANCING SOURCES (USES)	(632,868)	(223,044)	409,824
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(5,190,636)	(444,224)	4,746,412
Beginning fund balance	5,190,636	5,190,636	-
Ending fund balance - budgetary basis	\$ -	\$ 4,746,412	\$ 4,746,412

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

PRINT CENTER FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Charges for services-internal	\$ 1,035,782	\$ 480,550	\$ (555,232)
Charges for services-external	45,328	23,308	(22,020)
Copy machine income	881,636	521,136	(360,500)
Miscellaneous income	854,658	-	(854,658)
	<u>2,817,404</u>	<u>1,024,994</u>	<u>(1,792,410)</u>
TOTAL REVENUES			
EXPENDITURES:			
Print center operations	2,428,894	958,798	1,470,096
Contingency	354,617	-	354,617
	<u>2,783,511</u>	<u>958,798</u>	<u>1,824,713</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>33,893</u>	<u>66,196</u>	<u>32,303</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	-	2,863	2,863
Transfers (out)	(112,696)	(40,100)	72,596
	<u>(112,696)</u>	<u>(37,237)</u>	<u>75,459</u>
TOTAL OTHER FINANCING SOURCES (USES)			
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(78,803)	28,959	107,762
Beginning fund balance	<u>192,471</u>	<u>192,471</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 113,668</u>	<u>\$ 221,430</u>	<u>\$ 107,762</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

RISK MANAGEMENT FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department charges & other revenues	\$ 5,421,302	\$ 3,107,090	\$ (2,314,212)
Insurance reimbursement	18,000	-	(18,000)
 TOTAL REVENUES	 5,439,302	 3,107,090	 (2,332,212)
 EXPENDITURES:			
Self-insurance & risk administration	5,490,714	2,376,746	3,113,968
Contingency	1,359,732	-	1,359,732
 TOTAL EXPENDITURES	 6,850,446	 2,376,746	 4,473,700
 REVENUES OVER (UNDER) EXPENDITURES	 (1,411,144)	 730,344	 2,141,488
 OTHER FINANCING SOURCES (USES):			
Interest from investments	51,000	96,832	45,832
Transfers in	1,731,170	865,585	(865,585)
 TOTAL OTHER FINANCING SOURCES (USES)	 1,782,170	 962,417	 (819,753)
 REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	 371,026	 1,692,761	 1,321,735
 Beginning fund balance	 5,572,479	 5,572,579	 100
 Ending fund balance - budgetary basis	 \$ 5,943,505	 \$ 7,265,340	 \$ 1,321,835

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2018

<u>P.E.R.S./RESERVE FUND</u>			
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department PERS charges	\$ 18,731,983	\$ 7,931,091	\$ (10,800,892)
TOTAL REVENUES	<u>18,731,983</u>	<u>7,931,091</u>	<u>(10,800,892)</u>
OPERATING EXPENSES:			
Contingency	<u>350,902</u>	<u>-</u>	<u>350,902</u>
TOTAL OPERATING EXPENSES	<u>350,902</u>	<u>-</u>	<u>350,902</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(24,112,318)	(11,857,877)	12,254,441
Interest from investments	<u>215,000</u>	<u>335,644</u>	<u>120,644</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(23,897,318)</u>	<u>(11,522,233)</u>	<u>12,375,085</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	(5,516,237)	(3,591,142)	1,925,095
Beginning fund balance	<u>24,932,749</u>	<u>24,932,749</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 19,416,512</u>	<u>\$ 21,341,607</u>	<u>\$ 1,925,095</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

For the year ended June 30, 2018

EARLY RETIREMENT INCENTIVE PLAN

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
ADDITIONS:			
Amount provided by General Fund	\$ 615,000	\$ 265,000	\$ (350,000)
Interest from investments	80,000	21,590	(58,410)
	<u>695,000</u>	<u>286,590</u>	<u>(408,410)</u>
TOTAL ADDITIONS			
DEDUCTIONS:			
Other post-retirement benefits	1,427,812	664,194	763,618
Contingency	237,143	-	237,143
	<u>1,664,955</u>	<u>664,194</u>	<u>1,000,761</u>
TOTAL DEDUCTIONS			
NET ADDITIONS (DEDUCTIONS):	<u>(969,955)</u>	<u>(377,604)</u>	<u>592,351</u>
Beginning fund balance	<u>1,280,953</u>	<u>1,280,953</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 310,998</u>	<u>\$ 903,349</u>	<u>\$ 592,351</u>



OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2018

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2009, ISSUED 04/01/2009		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2018-19	\$ 9,455,000	\$ 472,750	\$ 9,927,750
TOTALS	<u>\$ 9,455,000</u>	<u>\$ 472,750</u>	<u>\$ 9,927,750</u>

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2013, ISSUED 03/28/2013		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 145,835,000</u>	<u>\$ 53,137,182</u>	<u>\$ 198,972,182</u>

GENERAL OBLIGATION REFUNDING BONDS

FISCAL YEAR	SERIES 2016, ISSUED 03/28/2015		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2018-19	\$ -	\$ 5,862,250	\$ 5,862,250
2019-20	9,430,000	5,862,250	15,292,250
2020-21	9,885,000	5,450,750	15,335,750
2021-22	10,380,000	4,956,500	15,336,500
2022-23	10,900,000	4,437,500	15,337,500
2023-24	11,445,000	3,892,500	15,337,500
2024-25	12,020,000	3,320,250	15,340,250
2025-26	12,615,000	2,719,250	15,334,250
2026-27	13,250,000	2,088,500	15,338,500
2027-28	13,910,000	1,426,000	15,336,000
2028-29	14,610,000	730,500	15,340,500
TOTALS	<u>\$ 118,445,000</u>	<u>\$ 40,746,250</u>	<u>\$ 159,191,250</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2018

GENERAL OBLIGATION REFUNDING BONDS

FISCAL YEAR	<u>SERIES 2018, ISSUED 04/02/2018</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2018-19	\$ 11,805,000	\$ 10,518,136	\$ 22,323,136
2019-20	16,165,000	8,313,250	24,478,250
2020-21	18,485,000	7,666,650	26,151,650
2021-22	20,870,000	6,927,250	27,797,250
2022-23	4,840,000	5,883,750	10,723,750
2023-24	6,265,000	5,641,750	11,906,750
2024-25	7,785,000	5,328,500	13,113,500
2025-26	9,435,000	4,939,250	14,374,250
2026-27	11,190,000	4,467,500	15,657,500
2027-28	13,085,000	3,908,000	16,993,000
2028-29	15,100,000	3,253,750	18,353,750
2029-30	10,790,000	2,498,750	13,288,750
2030-31	11,880,000	1,959,250	13,839,250
2031-32	13,035,000	1,365,250	14,400,250
2032-33	14,270,000	713,500	14,983,500
TOTALS	<u>\$ 185,000,000</u>	<u>\$ 73,384,536</u>	<u>\$ 258,384,536</u>

LIMITED TAX PENSION BONDS

FISCAL YEAR	<u>SERIES 2003, ISSUED 6/12/2003</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 82,005,000</u>	<u>\$ 22,303,251</u>	<u>\$ 104,308,251</u>

NOTE PAYABLE

FISCAL YEAR	<u>SIX DEGREES, ISSUED 8/1/2017</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2018-19	\$ 520,268	\$ -	\$ 520,268
2019-20	520,268	-	520,268
TOTALS	<u>\$ 1,040,536</u>	<u>\$ -</u>	<u>\$ 1,040,536</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.

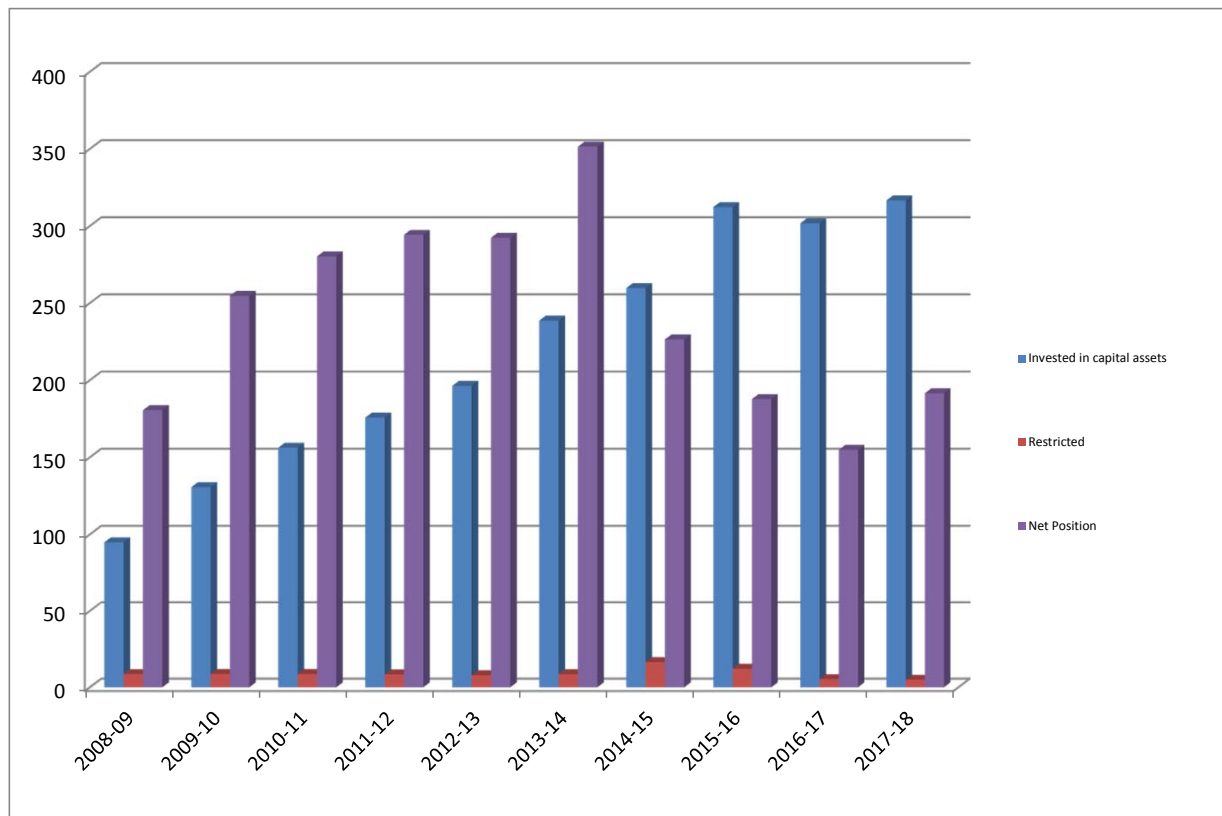
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15
Net invested in capital assets	\$ 584,314	\$ 586,034	\$ 575,232	\$ 534,021
Less related debt	<u>(267,661)</u>	<u>(284,189)</u>	<u>(294,173)</u>	<u>(274,240)</u>
Net investment in capital assets	316,653	301,845	281,059	259,781
Net position, restricted	4,995	5,422	12,552	16,497
Net position, unrestricted	<u>(130,060)</u>	<u>(152,347)</u>	<u>(105,818)</u>	<u>(49,776)</u>
TOTAL NET POSITION	<u>\$ 191,588</u>	<u>\$ 154,920</u>	<u>\$ 187,793</u>	<u>\$ 226,502</u>

Note: Restated in 2015, 2014, 2011 and 2010.



<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 497,577 <u>(258,913)</u>	\$ 407,082 <u>(210,674)</u>	\$ 339,857 <u>(164,041)</u>	\$ 323,919 <u>(167,624)</u>	\$ 300,161 <u>(169,457)</u>	\$ 242,922 <u>(148,025)</u>
238,664	196,408	175,816	156,295	130,704	94,897
8,596	7,935	8,510	8,782	8,764	8,700
<u>104,248</u>	<u>88,105</u>	<u>110,021</u>	<u>115,262</u>	<u>115,364</u>	<u>76,987</u>
<u>\$ 351,508</u>	<u>\$ 292,448</u>	<u>\$ 294,347</u>	<u>\$ 280,339</u>	<u>\$ 254,832</u>	<u>\$ 180,584</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

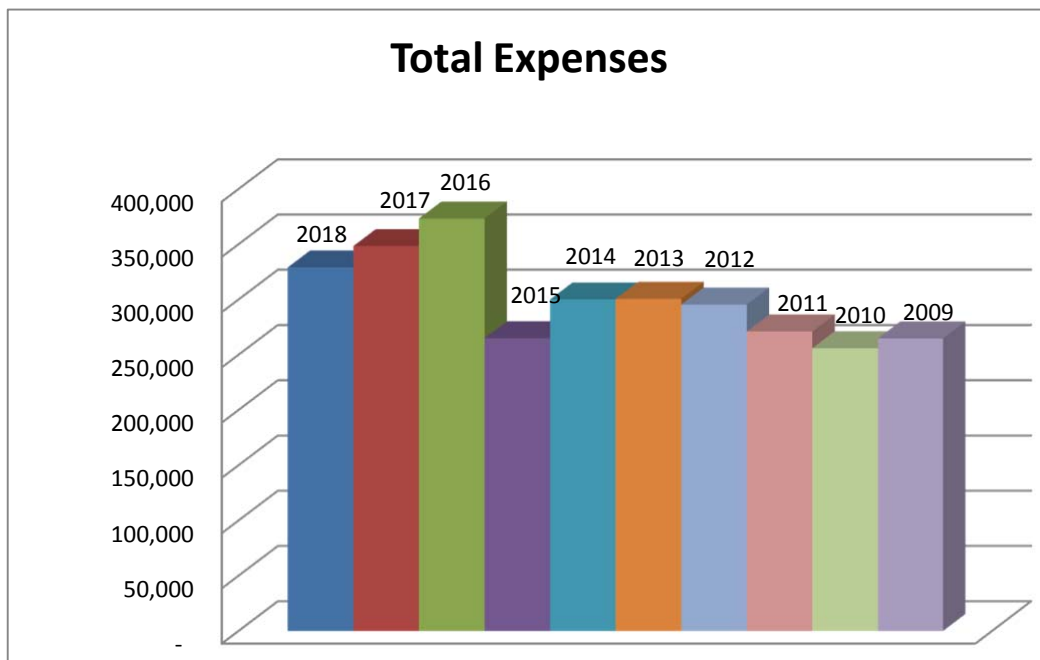
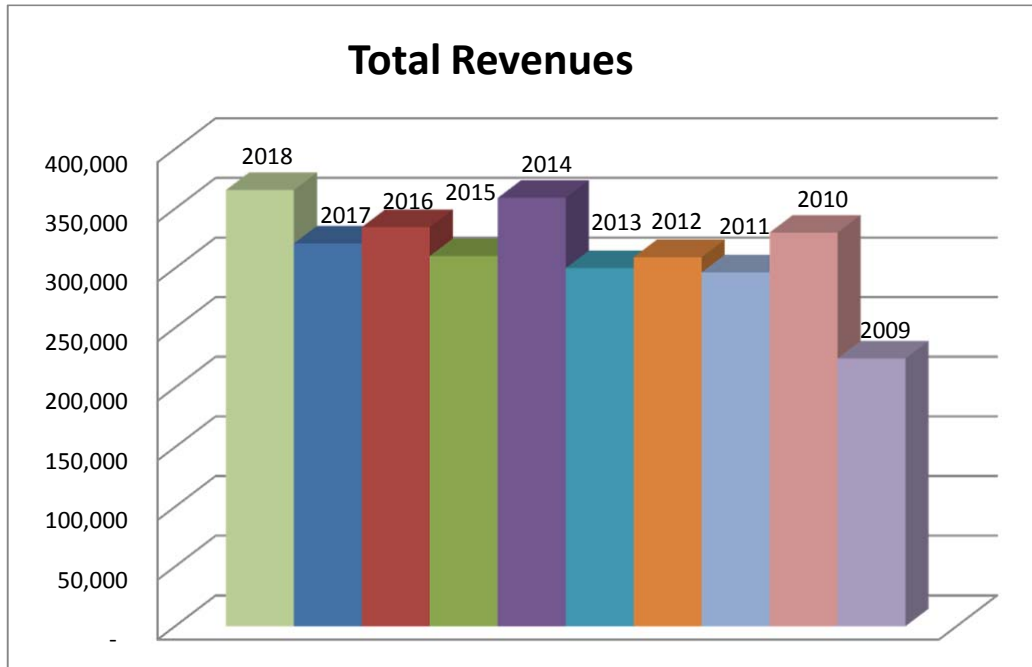
	2017-18	2016-17	2015-16	2014-15
Operating revenues				
Student tuition and fees, net	\$ 68,398	\$ 66,752	\$ 65,901	\$ 63,196
Grants and contracted programs	17,260	20,478	16,725	17,194
Auxiliary enterprises	14,548	15,820	16,701	18,717
Other operating revenues	75	10	239	638
Total operating revenues	100,281	103,060	99,566	99,745
Nonoperating revenues				
State FTE reimbursement	116,888	67,933	102,767	53,710
Property taxes	76,405	80,013	66,165	77,393
Federal financial aid	56,869	56,860	56,448	65,488
State and local grants and contracts	10,214	11,941	8,196	12,809
Investment income	2,265	996	1,316	1,136
Investment gain on pension asset	-	-	-	-
Gain on disposal of assets	-	15	48	-
Gain on legal settlement	2,750	-	-	-
Total nonoperating revenues	265,391	217,758	234,940	210,536
Total Revenues	365,672	320,818	334,506	310,281
Operating expenses				
Campus educational and campus general	136,919	144,870	169,754	100,927
Other educational and general	90,977	97,588	108,034	61,590
Grants and contracted programs	21,850	26,149	21,277	23,881
Auxiliary enterprises	18,575	19,962	20,812	23,256
Student financial aid, net tuition and textbooks	21,186	22,038	18,325	19,630
Other support services	5,382	4,856	5,245	4,009
Depreciation and amortization	12,546	12,213	8,202	7,975
Total operating expenses	307,435	327,676	351,649	241,268
Nonoperating expenses				
Interest expense	20,518	19,964	21,566	23,469
Investment loss on pension asset	-	-	-	-
Bond issuance costs	755	638	-	166
Loss on disposal of assets	297	-	-	-
Total nonoperating expenses	21,570	20,602	21,566	23,635
Total Expenses	329,005	348,278	373,215	264,903
Capital contributions	-	-	-	-
TOTAL INCREASE (DECREASE) IN NET POSITION	\$ 36,667	\$ (27,460)	\$ (38,709)	\$ 45,378

Note: Restated in 2015, 2014, 2011 and 2010.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 63,775	\$ 60,845	\$ 62,216	\$ 62,644	\$ 61,946	\$ 52,837
16,416	19,085	20,362	21,045	18,944	16,449
17,731	19,139	21,259	18,298	18,093	15,721
606	12	20	221	61	11
98,528	99,081	103,857	102,208	99,044	85,018
78,243	39,191	71,604	41,003	77,046	48,945
74,246	65,790	58,282	59,895	57,622	44,162
69,780	73,239	62,720	57,471	54,704	31,828
15,583	9,357	8,899	11,740	18,881	11,069
2,388	514	1,313	1,814	4,208	3,267
20,273	12,918	2,651	22,373	18,416	-
-	-	-	-	-	10
-	-	-	-	-	-
260,513	201,009	205,469	194,296	230,877	139,281
359,041	300,090	309,326	296,504	329,921	224,299
131,068	129,297	134,836	118,239	111,610	103,227
78,008	72,426	68,982	59,521	55,597	52,898
21,906	24,778	25,617	26,881	23,658	21,649
22,747	24,069	23,904	20,885	19,919	17,136
20,092	22,678	16,123	20,235	24,535	11,953
4,149	4,434	4,479	3,614	4,034	3,696
6,428	7,508	7,438	6,670	5,458	5,830
284,398	285,190	281,379	256,045	244,811	216,389
15,583	13,919	13,931	14,930	11,092	13,281
-	-	-	-	-	35,023
-	1,425	-	-	-	-
-	-	8	22	4	-
15,583	15,344	13,939	14,952	11,096	48,304
299,981	300,534	295,318	270,997	255,907	264,693
-	-	-	-	234	32
\$ 59,060	\$ (444)	\$ 14,008	\$ 25,507	\$ 74,248	\$ (40,362)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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





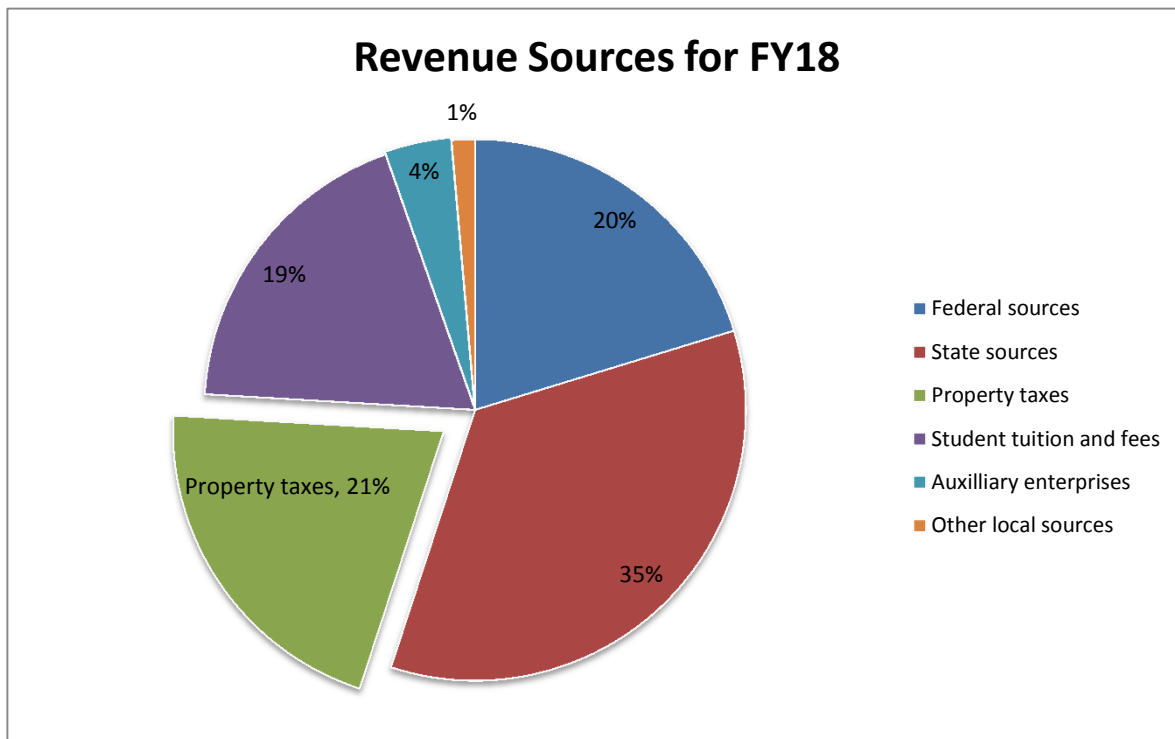
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2017-18	2016-17	2015-16	2014-15
Federal financial aid	\$ 56,869	\$ 56,860	\$ 56,448	\$ 65,488
Other federal grants and contracts	17,260	20,478	16,725	17,194
Federal sources	\$ 74,129	\$ 77,338	\$ 73,173	\$ 82,682
State FTE reimbursement	116,888	67,933	102,767	53,710
Other state grants and contracts	10,214	11,941	8,196	12,809
State sources	127,102	79,874	110,963	66,519
Local sources:				
Property taxes (2)	76,405	80,013	66,165	77,393
Student tuition and fees, net	68,398	66,752	65,901	63,196
Auxiliary enterprise	14,548	15,820	16,701	18,717
Food Services	3,628	4,024	4,315	4,606
Bookstore, net of scholarship allowance	6,128	6,940	7,585	9,464
Parking Operation	4,792	4,856	4,801	4,647
Other local sources	5,090	1,021	1,603	1,774
Investment income	2,265	996	1,316	1,136
Gain on disposal of capital assets	-	15	48	-
Investment gain on pension asset	-	-	-	-
Other local sources	75	10	239	638
Legal settlement	2,750	-	-	-
Total local sources	164,441	163,606	150,370	161,080
Total revenues (1)	\$ 365,672	\$ 320,818	\$ 334,506	\$ 310,281

(1) Restated in 2015, 2011 and 2010.

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

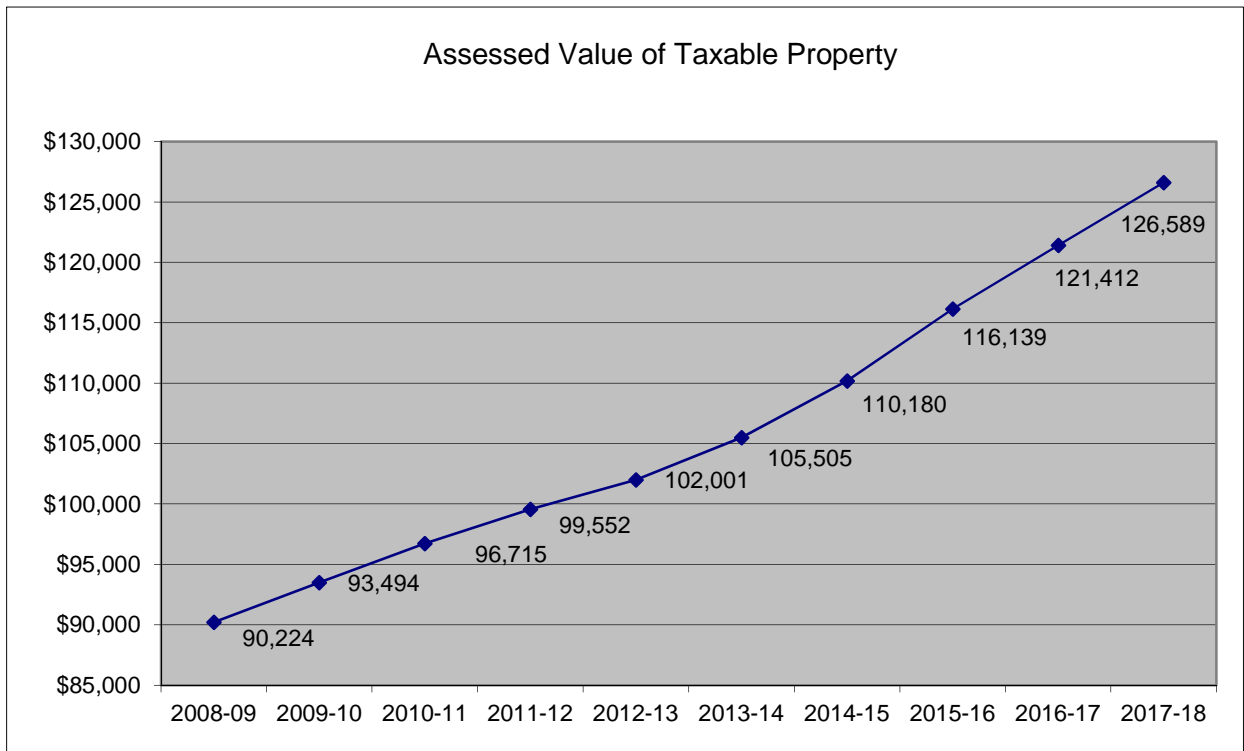


<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 69,780	\$ 73,239	\$ 62,720	\$ 57,471	\$ 54,704	\$ 31,828
<u>16,416</u>	<u>19,085</u>	<u>20,362</u>	<u>21,045</u>	<u>18,944</u>	<u>16,449</u>
\$ 86,196	\$ 92,324	\$ 83,082	\$ 78,516	\$ 73,648	\$ 48,277
78,243	39,191	71,604	41,003	77,046	48,945
<u>15,583</u>	<u>9,357</u>	<u>8,899</u>	<u>11,740</u>	<u>18,881</u>	<u>11,069</u>
<u>93,826</u>	<u>48,548</u>	<u>80,503</u>	<u>52,743</u>	<u>95,927</u>	<u>60,014</u>
74,246	65,790	58,282	59,895	57,622	44,162
63,775	60,845	62,216	62,644	61,946	52,837
17,731	19,139	21,259	18,298	18,093	15,721
4,571	4,827	4,915	4,581	4,124	3,764
8,048	9,095	11,478	9,697	10,300	9,500
5,112	5,217	4,866	4,020	3,669	2,457
23,267	13,444	3,984	24,408	22,685	3,288
2,388	514	1,313	1,814	4,208	3,267
-	-	-	-	-	10
20,273	12,918	2,651	22,373	18,416	-
606	12	20	221	61	11
-	-	-	-	-	-
<u>179,019</u>	<u>159,218</u>	<u>145,741</u>	<u>165,245</u>	<u>160,346</u>	<u>116,008</u>
<u>\$ 359,041</u>	<u>\$ 300,090</u>	<u>\$ 309,326</u>	<u>\$ 296,504</u>	<u>\$ 329,921</u>	<u>\$ 224,299</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15
Net Assessed Valuation (1)	\$ 126,589,172	\$ 121,411,734	\$ 116,139,150	\$ 110,179,585
Percentage Increased (decreased)	4.3%	4.5%	5.4%	4.4%
Direct Tax Rate (2)	\$ 0.605	\$ 0.679	\$ 0.586	\$ 0.722
Real Market Valuation	\$ 240,182,547	\$ 213,829,495	\$ 186,844,997	\$ 170,320,945
Percentage Increased (decreased)	12.3%	14.4%	9.7%	10.1%
Ratio of Assessed Valuation to Real Market Valuation	52.7%	56.8%	62.2%	64.7%



(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

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 105,504,924	\$ 102,000,829	\$ 99,551,921	\$ 96,714,788	\$ 93,493,947	\$ 90,223,567
3.4%	2.5%	2.9%	3.4%	3.6%	4.9%
\$ 0.734	\$ 0.665	\$ 0.598	\$ 0.636	\$ 0.633	\$ 0.503
\$ 154,652,630	\$ 147,092,511	\$ 150,172,560	\$ 158,329,495	\$ 165,721,635	\$ 172,500,177
5.1%	-2.1%	-5.2%	-4.5%	-3.9%	5.4%
68.2%	69.3%	66.3%	61.1%	56.4%	52.3%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15
Levy extended by assessor (1)	<u>\$ 76,978</u>	<u>\$ 82,318</u>	<u>\$ 68,035</u>	<u>\$ 77,437</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 75,901</u>	<u>\$ 80,793</u>	<u>\$ 66,673</u>	<u>\$ 77,999</u>
First year prior	769	648	772	904
Second year prior	272	232	256	281
Third year prior	193	194	195	235
Fourth year prior	94	81	72	122
Fifth year prior	11	10	12	20
Sixth year prior and earlier	<u>30</u>	<u>14</u>	<u>9</u>	<u>14</u>
Total prior	<u>1,369</u>	<u>1,179</u>	<u>1,316</u>	<u>1,576</u>
Total Property Taxes	<u>\$ 77,270</u>	<u>\$ 81,972</u>	<u>\$ 67,989</u>	<u>\$ 79,575</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>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
<u>\$ 67,620</u>	<u>\$ 59,435</u>	<u>\$ 61,449</u>	<u>\$ 59,191</u>	<u>\$ 45,298</u>	<u>\$ 43,358</u>
<u>\$ 75,599</u>	<u>\$ 65,902</u>	<u>\$ 57,706</u>	<u>\$ 59,771</u>	<u>\$ 57,342</u>	<u>\$ 43,739</u>
839	879	691	1,108	950	754
262	389	143	301	226	154
236	250	193	156	105	83
108	85	68	58	47	42
13	11	7	6	6	4
17	16	7	7	7	7
<u>1,475</u>	<u>1,630</u>	<u>1,109</u>	<u>1,636</u>	<u>1,341</u>	<u>1,044</u>
<u>\$ 77,074</u>	<u>\$ 67,532</u>	<u>\$ 58,815</u>	<u>\$ 61,407</u>	<u>\$ 58,683</u>	<u>\$ 44,783</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2018		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 2,387,794	1	1.89 %
Portland General Electric	945,598	2	0.75
Nike	876,939	3	0.69
Comcast	763,637	4	0.60
Northwest Natural Gas	664,044	5	0.52
Pacific Realty Associates	379,445	6	0.30
Fred Meyer Stores Inc	333,665	7	0.26
PacifiCorp	300,230	8	0.24
Weston Investment	244,884	9	0.19
Port of Portland	244,432	10	0.19
	7,140,668		5.64
ALL OTHER TAXPAYERS	119,448,504		94.36
TOTAL	\$ 126,589,172		100.00 %

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

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>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Current tax levy	\$ 76,978	\$ 82,318	\$ 68,035	\$ 79,676	\$ 77,437
Current tax collections	\$ 73,303	\$ 78,392	\$ 64,757	\$ 75,788	\$ 73,400
Current collections as a percentage of current levy	95.2%	95.2%	95.2%	95.1%	94.8%
Delinquent tax collections	\$ 1,067	\$ 1,153	\$ 1,353	\$ 1,504	\$ 1,504
Total tax collections	\$ 74,370	\$ 79,545	\$ 66,110	\$ 77,292	\$ 74,904
Total tax collections as a percentage of current levy	96.6%	96.6%	97.2%	97.0%	96.7%
Uncollected tax	\$ 4,157	\$ 4,449	\$ 4,103	\$ 4,058	\$ 3,957
Uncollected percentage of current levy	5.4%	5.4%	6.0%	5.1%	5.1%

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

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15
Outstanding Debt				
General obligation bonds (1)	\$ 517,550	\$ 340,728	\$ 366,132	\$ 393,636
Limited tax pension bonds	82,005	87,170	91,760	95,820
Certificate of participation	-	-	-	-
Note payable	1,041	1,561	-	-
Capital leases	2,481	1,935	-	-
Total Outstanding Debt	\$ 603,077	\$ 431,394	\$ 457,892	\$ 489,456
Student population	71	74	79	85
Total Debt per student (in dollars)	\$ 8,481	\$ 5,813	\$ 5,811	\$ 5,738
Personal income (2)	N/A	N/A	\$ 122,433,633	\$ 115,690,881
Total Debt to personal income	N/A	N/A	0.37%	0.42%

(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 2017-18 and 2016-17 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

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 419,600	\$ 448,191	\$ 272,293	\$ 292,805	\$ 312,190	\$ 325,454
99,385	102,495	105,180	107,470	109,400	111,165
-	860	1,010	1,150	1,285	1,415
-	-	300	375	466	37
83	163	231	290	342	100
\$ 519,068	\$ 551,709	\$ 379,014	\$ 402,090	\$ 423,683	\$ 438,171
88	90	95	93	94	87
\$ 5,887	\$ 6,137	\$ 4,005	\$ 4,345	\$ 4,517	\$ 5,036
\$ 107,536,731	\$ 101,210,007	\$ 98,698,029	\$ 93,449,170	\$ 88,964,975	\$ 87,893,727
0.48%	0.55%	0.38%	0.43%	0.48%	0.50%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15
General Bonded Debt Outstanding:				
General obligation bonds (1)	\$ 517,550	\$ 340,728	\$ 366,132	\$ 393,636
Limited tax pension bonds	82,005	87,170	91,760	95,820
Certificate of participation	-	-	-	-
Total General bonded Debt	\$ 599,555	\$ 427,898	\$ 457,892	\$ 489,456
Less: Amounts set aside to repay general debt	(3,778)	(5,980)	(1,460)	(8,604)
Net General Bonded Debt	\$ 595,777	\$ 421,918	\$ 456,432	\$ 480,852
Taxable Assessed Property Value (2)	\$ 126,589,172	\$ 121,411,734	\$ 116,139,150	\$ 110,179,585
Population Estimate (3)	N/A	1,374	1,351	1,324
Net bonded debt to assessed value	0.47%	0.35%	0.39%	0.44%
Net bonded debt per capita (in dollars)	N/A	\$ 307	\$ 338	\$ 363

(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 2017-18 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.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
\$ 419,600 99,385 -	\$ 448,191 102,495 860	\$ 272,293 105,180 1,010	\$ 292,805 107,470 1,150	\$ 312,190 109,400 1,285	\$ 325,454 111,165 1,415
\$ 518,985	\$ 551,546	\$ 378,483	\$ 401,425	\$ 422,875	\$ 438,034
(3,486)	(4,935)	(1,087)	(3,917)	(3,399)	(3,877)
\$ 515,499	\$ 546,611	\$ 377,396	\$ 397,508	\$ 419,476	\$ 434,157
\$ 105,504,924 1,303	\$ 102,000,829 1,284	\$ 99,551,921 1,267	\$ 96,714,788 1,254	\$ 93,493,947 1,243	\$ 90,223,567 1,233
0.49% \$ 396	0.54% \$ 426	0.38% \$ 298	0.41% \$ 317	0.45% \$ 337	0.48% \$ 352

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	2017-18	2016-17	2015-16	2014-15
Legal debt limit (1)	3,602,738	3,207,442	2,802,675	2,554,814
Net general bonded debt applicable to debt limit	595,777	421,918	456,432	480,852
Legal debt margin	<u>\$ 3,006,961</u>	<u>\$ 2,785,523</u>	<u>\$ 2,346,243</u>	<u>\$ 2,073,963</u>
Legal debt margin as a percentage of the debt limit	83.46%	86.85%	83.71%	81.18%

Legal Debt Margin Calculation for Fiscal Year 2018

Real Market Value (2)	\$ 240,182,547	
Applicable percentage	1.5%	
Legal Debt Limit		\$ 3,602,738
Bonded Debt Outstanding	\$ 599,555	
Less: Amounts set aside to repay general debt	(3,778)	
Total Applicable Debt		<u>\$ 595,777</u>
Legal Debt Margin		<u><u>\$ 3,006,961</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>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
2,319,789	2,206,388	2,252,588	2,374,942	2,485,825	2,587,503
515,499	546,611	377,396	397,508	419,476	434,157
<u>\$ 1,804,290</u>	<u>\$ 1,659,776</u>	<u>\$ 1,875,192</u>	<u>\$ 1,977,434</u>	<u>\$ 2,066,349</u>	<u>\$ 2,153,346</u>
77.78%	75.23%	83.25%	83.26%	83.13%	83.22%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2018
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College	100.0%	\$ 603,077
OVERLAPPING DISTRICT		
Chehalem Park & Recreation District	100.0%	29,435
City of Beaverton	100.0%	35,217
City of Hillsboro	100.0%	51,174
City of Lake Oswego	99.1%	210,491
City of Newberg	100.0%	19,452
City of Portland	86.7%	564,206
City of Sherwood	100.0%	35,565
City of Tigard	100.0%	21,172
Clackamas County	16.8%	23,240
Clackamas County School District 7J (Lake Oswego)	98.7%	239,383
Columbia County School District 1J (Scappose)	100.0%	26,345
Columbia County School District 47J (Vernonia)	100.0%	20,078
Columbia County School District 502 (St Helens)	99.8%	66,730
Metro	74.3%	166,342
Multnomah County	77.2%	285,499
Multnomah County School District 1J (Portland)	100.0%	981,859
Multnomah County School District 51J (Riverdale)	100.0%	18,250
Multnomah ESD	76.1%	21,468
Port of Portland	70.7%	42,641
Tualatin Hills Park & Rec. District	100.0%	77,707
Tualatin Valley Fire & Rescue District	85.5%	36,496
Washington County	100.0%	245,421
Washington County School District 13 (Banks)	100.0%	12,553
Washington County School District 15 (Forest Grove)	100.0%	89,581
Washington County School District 1J (Hillsboro)	100.0%	479,215
Washington County School District 23J (Tigard-Tualatin)	95.8%	251,904
Washington County School District 48J (Beaverton)	100.0%	1,035,619
Washington County School District 511J (Gaston)	81.9%	12,264
Washington County School District 88J (Sherwood)	93.9%	313,886
Yamhill County School District 29J (Newberg)	98.3%	38,266
Other Overlapping Districts under \$9,000,000	100.0%	82,589
Total Overlapping Debt		5,534,048
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 6,137,125

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)

2018				
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT	
Intel Corporation	20,000	1	1.66	%
Providence Health & Services	18,286	2	1.51	
Oregon Health & Science University	16,658	3	1.38	
Nike Inc.	12,000	4	0.99	
Legacy Health System	11,250	5	0.93	
City of Portland	9,710	6	0.80	
Fred Meyer Stores	7,741	7	0.64	
Portland Public Schools	7,600	8	0.63	
Beaverton School District	5,457	9	0.45	
Multnomah County	5,401	10	0.45	
SUB TOTAL	114,103		9.44	
ALL OTHER EMPLOYERS	1,094,197		90.56	
TOTAL	1,208,300		100.00	%

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

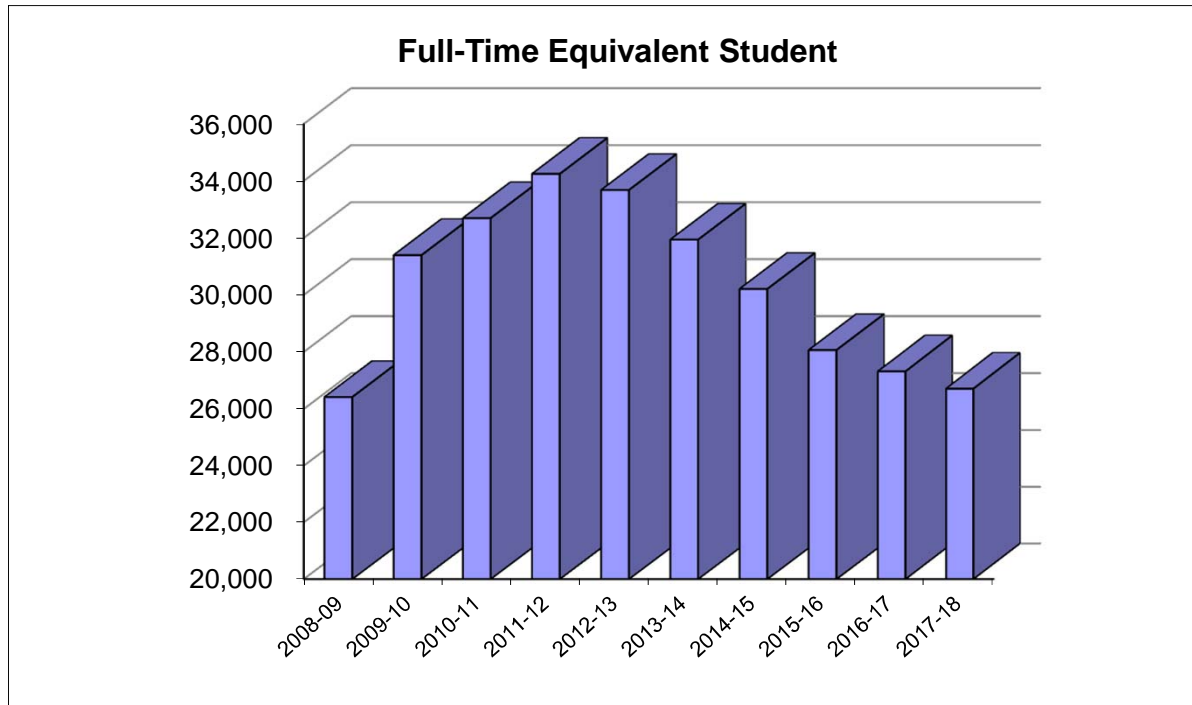
(1) Specific data for the District is not available.

Sources: Oregon Employment Department, Current Employment Estimates
Portland Business Journal June 29, 2018

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2017-18	2016-17	2015-16	2014-15	2013-14
District population (estimated) (1)	N/A	1,374,279	1,350,756	1,324,490	1,302,694
Personal income (estimated, in millions) (2)	N/A	N/A	\$ 122,434	\$ 115,691	\$ 107,537
Per capita income (estimated, in dollars) (2)	N/A	N/A	\$ 50,489	\$ 48,422	\$ 45,794
FTE (3) student enrollment	26,712	27,319	28,068	30,210	31,940
Unemployment rate (estimated) (4)	3.8%	4.1%	4.9%	5.4%	6.1%



(1) District population for fiscal year 2017-18 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 2017-18 and 2016-17 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-Vancouver-Hillsboro, OR-WA metropolitan area.

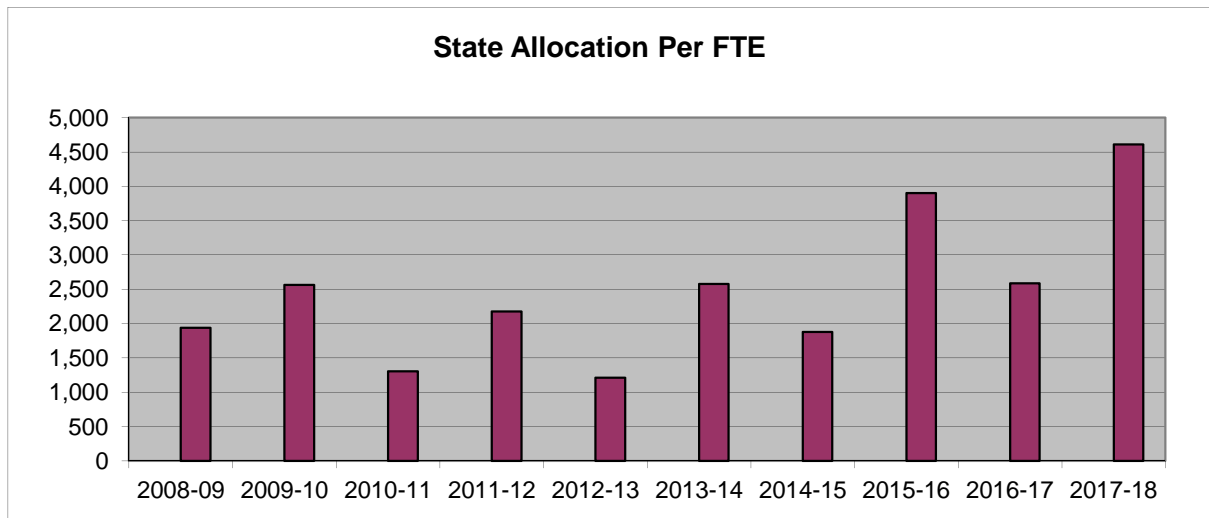
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness
Bureau of Economic Analysis, Regional Economic Information System
Oregon Employment Department, Local Area Unemployment Statistics Report Tool

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
1,283,687	1,267,001	1,253,981	1,243,264	1,232,567
\$ 101,210	\$ 98,698	\$ 93,449	\$ 88,965	\$ 87,894
\$ 43,728	\$ 43,103	\$ 41,302	\$ 39,843	\$ 39,206
33,680	34,246	32,694	31,395	26,419
7.5%	8.0%	9.2%	10.2%	11.7%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2017-18	2016-17	2015-16	2014-15	2013-14
Allocations per FTE	\$ 4,609	\$ 2,588	\$ 3,901	\$ 1,879	\$ 2,576
Annual State Funding (in thousands)	\$ 116,888	\$ 66,846	\$ 102,767	\$ 53,710	\$ 78,243
Total Reimbursable FTE	25,361	25,830	26,341	28,577	30,371



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

Source: Office of Institutional Effectiveness

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 1,215	\$ 2,178	\$ 1,308	\$ 2,563	\$ 1,939
\$ 39,191	\$ 71,603	\$ 41,003	\$ 77,046	\$ 48,945
32,267	32,875	31,354	30,064	25,236

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Total operating expenses (in thousands)	\$ 307,435	\$ 327,676	\$ 351,649	\$ 241,268	\$ 284,398
District population (estimated) (2) (in thousands)	N/A	1,374	1,351	1,324	1,303
FTE student enrollment (3)	26,712	27,319	28,068	30,210	31,940
Percent of FTE to district population	N/A	2.0%	2.1%	2.3%	2.5%
Cost per FTE (1)	\$ 11,509	\$ 11,994	\$ 12,528	\$ 7,986	\$ 8,904
Number of employees	3,859	3,986	3,871	3,913	3,979
Ratio of employees to FTE	1:7	1:7	1:7	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 2017-18 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>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 285,190	\$ 281,379	\$ 256,045	\$ 244,811	\$ 216,389
1,284	1,267	1,254	1,243	1,233
33,680	34,246	32,694	31,395	26,419
2.6%	2.7%	2.6%	2.5%	2.1%
\$ 8,468	\$ 8,216	\$ 7,832	\$ 7,798	\$ 8,191
4,071	4,181	4,153	3,904	3,604
1:8	1:8	1:8	1:8	1:7

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Sylvania Campus					
Buildings/leases	15	15	15	17	17
Gross square feet	888,227	886,286	886,286	887,556	887,556
Campus expenditures (1)	\$ 50,048	\$ 54,195	\$ 63,059	\$ 37,474	\$ 49,904
Cascade Campus					
Buildings/leases	13	13	13	11	11
Gross square feet	485,282	485,282	485,382	420,588	420,588
Campus expenditures (1)	\$ 28,924	\$ 30,624	\$ 35,704	\$ 21,499	\$ 28,146
Rock Creek Campus					
Buildings/leases	12	12	12	11	11
Gross square feet	635,702	635,702	595,026	574,684	574,684
Campus expenditures (1)	\$ 37,219	\$ 37,779	\$ 44,295	\$ 25,896	\$ 33,780
Southeast Campus (2)					
Buildings/leases	6	6	6	N/A (2)	N/A (2)
Gross square feet	228,455	228,455	228,455		
Campus expenditures (1)	\$ 14,573	\$ 15,417	\$ 17,798		
Extended Learning Centers (2)					
Buildings/leases	11	11	11	17	16
Gross square feet	271,623	271,623	272,238	500,481	484,193
Campus expenditures (1)	\$ 6,155	\$ 6,855	\$ 8,898	\$ 16,057	\$ 19,169

(1) In Thousands

(2) Beginning fiscal year 2015-16, Southeast Campus was reported separate from Extended Learning Centers.

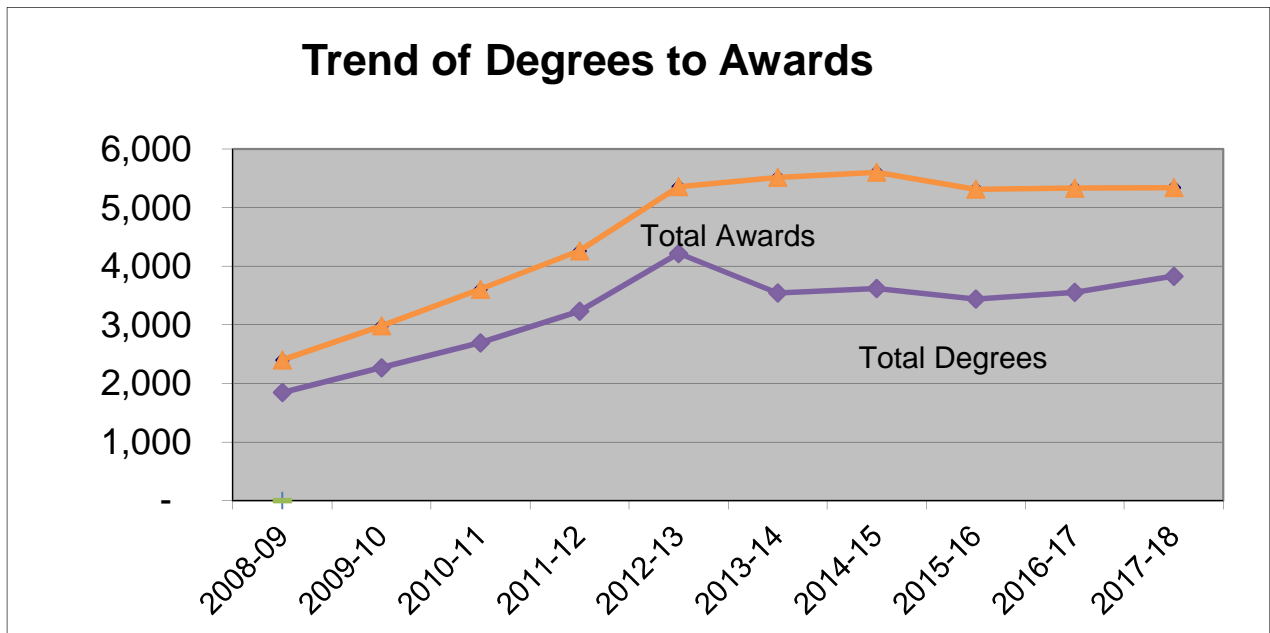
Source: Facilities Management Services Manager

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
17	16	16	16	15
887,556	885,207	885,207	885,207	884,559
\$ 49,083	\$ 51,452	\$ 46,564	\$ 44,180	\$ 40,850
11	9	9	9	9
420,123	347,852	347,852	347,852	347,852
\$ 28,849	\$ 30,647	\$ 26,618	\$ 24,538	\$ 22,017
11	11	11	11	11
565,808	542,723	542,723	542,723	542,723
\$ 33,428	\$ 35,239	\$ 30,231	\$ 28,045	\$ 25,175
N/A (2)	N/A (2)	N/A (2)	N/A (2)	N/A (2)
18	13	12	12	12
509,093	329,232	314,874	314,874	246,551
\$ 17,937	\$ 17,498	\$ 14,826	\$ 14,847	\$ 15,185

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2017-18	2016-17	2015-16	2014-15
Certificates				
One-Year	414	520	551	494
Two-Year	100	96	110	153
Others	997	1,163	1,208	1,308
Total Certificates	1,511	1,779	1,869	1,955
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	626	549	560	600
Associate of Science, Oregon Transfer (ASORT)	85	73	112	127
Associate of Science (AS)	975	870	731	767
Associate of General Studies (AGEN)	1,014	954	940	937
Associate of Applied Science (AAS)	1,129	1,108	1,097	1,188
Total Degrees	3,829	3,554	3,440	3,619
High School Diplomas	-	-	4	27
Total Awards	5,340	5,333	5,313	5,601



Source: Portland Community College, Office of Institutional Effectiveness

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
513	313	330	269	244	271
96	52	76	69	48	37
<u>1,311</u>	<u>706</u>	<u>522</u>	<u>459</u>	<u>300</u>	<u>149</u>
<u>1,920</u>	<u>1,071</u>	<u>928</u>	<u>797</u>	<u>592</u>	<u>457</u>
618	613	503	470	342	232
110	117	104	72	75	60
722	857	649	515	456	371
1,020	1,473	905	725	599	440
<u>1,074</u>	<u>1,157</u>	<u>1,071</u>	<u>912</u>	<u>797</u>	<u>742</u>
<u>3,544</u>	<u>4,217</u>	<u>3,232</u>	<u>2,694</u>	<u>2,269</u>	<u>1,845</u>
<u>51</u>	<u>68</u>	<u>101</u>	<u>115</u>	<u>120</u>	<u>97</u>
<u>5,515</u>	<u>5,356</u>	<u>4,261</u>	<u>3,606</u>	<u>2,981</u>	<u>2,399</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Per Credit Hour				
General Tuition	\$ 104	\$ 97	\$ 96	\$ 93
Fees	8	7	7	6
Combined Per Credit Total	<u>\$ 112</u>	<u>\$ 104</u>	<u>\$ 103</u>	<u>\$ 99</u>
Per Term - College Service & Transportation Fee (2)	\$ 23	\$ 23	\$ 23	\$ 19
Annual cost (45 credit hours)	\$ 5,093	\$ 4,736	\$ 4,691	\$ 4,521

National and Statewide Comparisons

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
PCC District				
Annual Cost (45 credit hours)	\$ 5,093	\$ 4,736	\$ 4,691	\$ 4,521
Percentage Change	8%	1%	4%	5%
National Community College Average (3)				
Annual Cost	N/A	\$ 3,156	\$ 3,038	\$ 2,955
Percentage Change		4%	3%	3%
Oregon Universities Average (4)				
Annual Cost (45 credit hours)	\$ 9,655	\$ 9,117	\$ 8,791	\$ 8,210
Percentage Change	6%	4%	7%	3%

(1) District tuition and fees are obtained from PCC website. 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) Eastern Oregon Univ., OIT, SOU, WOU, OSU, PSU and UO websites, Annual Tuition and Fee Rates based on 15 credit hours for fall, winter and spring term.

N/A - 2017-18 Annual Costs for 2-year colleges are not available at this time.

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 88	\$ 82	\$ 79	\$ 76	\$ 74	\$ 70
6	6	6	6	6	6
<u>\$ 94</u>	<u>\$ 88</u>	<u>\$ 85</u>	<u>\$ 82</u>	<u>\$ 80</u>	<u>\$ 76</u>
\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ -
\$ 4,296	\$ 4,026	\$ 3,891	\$ 3,756	\$ 3,666	\$ 3,425

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 4,296	\$ 4,026	\$ 3,891	\$ 3,756	\$ 3,666	\$ 3,425
7%	3%	4%	2%	7%	3%
\$ 2,882	\$ 2,792	\$ 2,647	\$ 2,439	\$ 2,285	\$ 2,137
3%	5%	9%	7%	7%	4%
\$ 7,964	\$ 7,877	\$ 7,623	\$ 7,082	\$ 6,601	\$ 6,105
1%	3%	8%	7%	8%	5%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2017-18	2016-17	2015-16	2014-15	2013-14
Residential Construction (1)					
Permits	16.5	15.3	14.9	12.7	11.8
Value	\$ 3,217,155	\$ 3,158,656	\$ 2,900,448	\$ 2,468,921	\$ 2,257,252
Bank Deposits (2)	N/A	43,988,737	40,657,736	\$ 37,468,000	\$ 35,589,000
Property Values (3)					
Assessed Values:					
Real Property	\$ 124,479,160	\$ 118,714,575	\$ 113,554,257	\$ 107,625,199	\$ 103,179,134
Personal Property	5,049,679	4,601,052	4,349,460	4,081,805	3,911,730
Manufactured Structures	171,220	188,095	162,324	139,864	129,150
Public Utility	4,353,038	4,123,037	3,881,839	3,804,319	3,611,064
Total Assessed Value	134,053,097	127,626,759	121,947,880	115,651,187	110,831,078
Total Real Market Value	\$ 240,170,507	\$ 213,806,259	\$ 186,837,348	\$ 170,619,869	\$ 154,652,556

(1) For the Portland, Vancouver, Hillsboro Metropolitan Area.

(2) For all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties. Specific data for the District is not available.

(3) Real market values are used by the assessor to determine Measure 5 limitations. Taxes, however are computed based upon net assessed value.

Sources: U.S. Census Bureau, Housing Units Authorized by Building Permits
Oregon Department of Revenue, Research and Statistical Reports, Property Tax Annual Statistics
Federal Deposit Insurance Corporation

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
10.2	6.5	4.3	4.4	5.1
\$ 1,773,855	\$ 1,222,124	\$ 914,517	\$ 940,129	\$ 1,008,088
\$ 33,475,000	\$ 41,427,000	\$ 36,122,000	\$ 28,823,000	\$ 27,650,000
\$ 99,627,505	\$ 97,004,090	\$ 93,794,528	\$ 90,761,489	\$ 87,260,824
3,796,361	3,736,655	3,948,297	3,973,480	4,077,206
134,973	169,057	180,087	201,783	191,635
3,495,084	3,550,533	3,584,011	3,528,839	3,051,076
<u>107,053,923</u>	<u>104,460,335</u>	<u>101,506,923</u>	<u>98,465,591</u>	<u>94,580,741</u>
\$ 146,954,618	\$ 150,177,435	\$ 158,344,983	\$ 165,643,688	\$ 171,761,783

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2018

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

Columbia County
Various locations in
Scappoose and St. Helens

CONTRACTED EDUCATION SERVICE DISTRICT:

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

AUDIT SECTION



AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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



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

INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

November 14, 2018

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, 2018, and have issued our report thereon dated November 14, 2018.

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 THE UNIFORM GUIDANCE**



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 14, 2018

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, 2018, and have issued our report thereon dated November 14, 2018.

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 THE UNIFORM GUIDANCE

November 14, 2018

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, 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 the Uniform Guidance. 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, 2018

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	765,725
Federal Work-Study Program	84.033	N/A	1,128,485
Federal Pell Grant Program	84.063	N/A	41,816,854
Federal Perkins Loan Program	84.038	N/A	3,667,180
Direct Loans Program	84.268	N/A	52,338,631
Federal Nursing Student Loans	93.364	N/A	1,447,991
Total Student Financial Assistance Cluster			101,164,866
WIA CLUSTER			
Workforce Investment Act - Adult Program -Metro One Stop	17.258	17-10100	166,921
Workforce Investment Act - WIOA Adult	17.258	17-10101	5,405
Workforce Investment Act - Adult Program - WorkSource Liaison - Adult	17.258	17-10102	97,649
Workforce Investment Act - WSI: Foundational Skills - Adult	17.258	17-10103	22,839
Workforce Investment Act - WIOA Adult - Metro	17.258	17-10121	8,480
Workforce Investment Act - Adult Program - Hillsboro	17.258	17-10200	376,211
Workforce Investment Act - Adult Program - Tualatin	17.258	17-10300	180,146
			857,650
WIOA Youth Activities - Metro	17.259	17-10100	9,231
WIOA Youth Activities - Hillsboro	17.259	17-10200	32,167
WIOA Youth Activities - Tualatin	17.259	17-10300	14,613
			56,011
WIOA Dislocated Worker Formula Grants- WSI: Foundational Skills DWP	17.278	16-10103	17,456
WIOA Dislocated Worker Formula Grants- WIOA SW Express	17.278	17-10101	5,065
WIOA Dislocated Worker Formula Grants- CC CIOA DW	17.278	17-10121	4,962
WIOA Dislocated Worker Formula Grants- Rapid Response Center Metro	17.278	17-10125	9,356
WIOA Dislocated Worker Formula Grants- Rapid Response Tualatin	17.278	17-10318	14,771
WIOA Dislocated Worker Formula Grants-DWP Metro	17.278	17-10100	25,650
WIOA Dislocated Worker Formula Grants - DWP Program Hillsboro	17.278	17-10200	132,741
WIOA Dislocated Worker Formula Grants - DWP Program Tualatin	17.278	17-10300	21,486
WIOA Dislocated Worker Formula Grants -Worksource Liaison - DWP	17.278	17-10102	75,282
WIOA Dislocated Worker Formula Grants - HC NW WA County DW Adult	17.278	17-10121	1,649
			308,419
Total WIA Cluster			1,222,080
TRIO CLUSTER			
TRIO Student Support Services	84.042	N/A	255,361
TRIO Talent Search	84.044	N/A	182,078
Total TRIO Cluster			437,438
SUBTOTAL CLUSTER PROGRAMS			102,824,384
NON-CLUSTER PROGRAMS			7,320,899
TOTAL FEDERAL FINANCIAL ASSISTANCE			110,145,283

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	765,725
Federal Work-Study Program	84.033	N/A	1,128,485
Federal Perkins Loan Program	84.038	N/A	3,667,180
Federal Pell Grant Program	84.063	N/A	41,816,854
Direct Loans Program	84.268	N/A	52,338,631
Federal Nursing Student Loans	93.364	N/A	1,447,991
TRIO Student Support Services	84.042	N/A	255,361
TRIO Talent Search	84.044	N/A	182,078
Career and Technical Education - National Programs - Juvenile Justice	84.051	N/A	488,719
Migrant Education - High School Equivalency Program	84.141	N/A	485,707
Migrant Education - College Assistance Migrant Program	84.149	N/A	443,366
Child Care Means Parents in School - CCAMPIS	84.335	N/A	167,931
Total Direct Programs			103,188,027
Passed through Office of Community Colleges and Workforce Development			
Adult Education - Basic Grants to States - Program Improvement	84.002A	EE161717 PG	11,014
Adult Education - Basic Grants to States - CCWD Learning Standards Pilot	84.002A	IGRA0847	1,952
Adult Education - State Grant Program - TOPS Accountability	84.002A	EE161717 AG	109,314
Adult Education - State Grant Program - Comprehensive Services	84.002A	EE161717 BG	513,275
Total passed through Office of Community Colleges and Workforce Development			635,554
Passed through State of Oregon, Department of Education			
Career & Technical Education - Basic Grants to States - Perkins Reserve	84.048	40340/44315	185,475
Career & Technical Education - Basic Grants to States - Region 2A Consortium	84.048	44295/40321	178,716
Career & Technical Education - Basic Grants to States - Perkins	84.048	44319	1,811,174
Total passed through State of Oregon, Department of Education			2,175,365
Passed through Portland Public Schools			
Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up	84.334	IGA 61334	926
TOTAL U.S. DEPARTMENT OF EDUCATION			105,999,873
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Oregon Health Authority			
Assistance Programs for Chronic Disease Prevention and Control	93.945	146505	8,201
Block Grants for Prevention and Treatment of Substance Abuse	93.959	153356	60,496
Total Passed through Oregon Health Authority			68,697
Passed through Worksystems, Inc.			
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	15-10106	131,608
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	16-10206	18,122
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10106	363,939
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10211	58,666
Total Passed through Worksystems, Inc.			572,335
Passed through Portland State University			
Trans-NIH Research Support - Exito	93.310	205CRE485	90,312
Total Passed through Portland State University			90,312
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grar	93.924	GPBHD00114A-CASC	4,510
Total Passed through Oregon Health Sciences University			4,510

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Oregon Department of Human Services			
Foster Care Title IV-E - Fostering Success	93.658	156306	24,281
Total Passed through Oregon Department of Human Services			24,281
TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES			760,135
U.S. DEPARTMENT OF JUSTICE:			
Passed through Portland State University			
Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program	16.203	206KAU561	7,380
Total Passed through Portland State University			7,380
TOTAL U.S. DEPARTMENT OF JUSTICE			7,380
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Oregon Department of Education			
Child and Adult Care Food Program	10.558	S141A150030	\$ 3,367
Total Passed through Oregon Department of Education			3,367
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,367
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Worksystems, Inc.			
Moving to Work Demonstration Program	14.881	17-10102	23,194
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			23,194
U.S. DEPARTMENT OF LABOR:			
Passed through Worksystems, Inc:			
Workforce Innovation Opportunity Act - Adult Program -Metro One Stop	17.258	17-10100	166,921
Workforce Innovation Opportunity Act - Adult Program	17.258	17-10101	5,405
Workforce Innovation Opportunity Act - Adult Program - WorkSource Liaison - Adult	17.258	17-10102	97,649
Workforce Innovation Opportunity Act - WSI: Foundational Skills - Adult	17.258	17-10103	22,839
Workforce Innovation Opportunity Act - Adult - Metro	17.258	17-10121	8,480
Workforce Innovation Opportunity Act - Adult Program - Hillsboro	17.258	17-10200	376,211
Workforce Innovation Opportunity Act - Adult Program - Tualatin	17.258	17-10300	180,146
			857,650
WIOA Youth Activities - Metro	17.259	17-10100	9,231
WIOA Youth Activities - Hillsboro	17.259	17-10200	32,167
WIOA Youth Activities - Tualatin	17.259	17-10300	14,613
			56,011
H-1B Job Training Grants -Tech Hire Partnership	17.268	16-10108	72
H-1B Job Training Grants - Reboot NW Coaching Metro	17.268	17-10107	197,816
H-1B Job Training Grants - Tech Rise Career Link	17.268	17-10108	9,806
H-1B Job Training Grants - Reboot NW Career Link	17.268	17-10108	207,420
H-1B Job Training Grants - NW Promise Un/Under Employed	17.268	17-10111	9,075
H-1B Job Training Grants - CC NW Promise	17.268	17-10121	7,442
H-1B Job Training Grants - CC Reboot NW	17.268	17-10121	3,055
H-1B Job Training Grants - Tech Rise Metro	17.268	17-10200	29,673
H-1B Job Training Grants - Tech Rise Hillsboro	17.268	17-10200	39,130
H-1B Job Training Grants - Reboot Hillsboro	17.268	17-10207	323,958
H-1B Job Training Grants - NW Promise Hillsboro	17.268	17-10211	11,189
H-1B Job Training Grants - Tech Rise Tualatin	17.268	17-10300	17,000
H-1B Job Training Grants - Reboot Tualatin	17.268	17-10307	228,843
			1,084,480
WIOA National Dislocated Worker Grants - Sector Partnership NEG Metro	17.277	15-10115	6,021
WIOA National Dislocated Worker Grants - HC NW WA County WIOA Adult	17.277	16-10104	2,474
WIOA National Dislocated Worker Grants - SP NEG Metro	17.277	17-10100	132,952
WIOA National Dislocated Worker Grants - SP NEG Hillsboro	17.277	17-10200	187,768
WIOA National Dislocated Worker Grants - SP NEG Tualatin	17.277	17-10300	116,962
			446,177

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
WIOA Dislocated Worker Formula Grants- WSI: Foundational Skills DWP	17.278	16-10103	17,456
WIOA Dislocated Worker Formula Grants- WIOA SW Express	17.278	17-10101	5,065
WIOA Dislocated Worker Formula Grants- CC CIOA DW	17.278	17-10121	4,962
WIOA Dislocated Worker Formula Grants- Rapid Response Center Metro	17.278	17-10125	9,356
WIOA Dislocated Worker Formula Grants- Rapid Response Tualatin	17.278	17-10318	14,771
WIOA Dislocated Worker Formula Grants-DWP Metro	17.278	17-10100	25,650
WIOA Dislocated Worker Formula Grants - DWP Program Hillsboro	17.278	17-10200	132,741
WIOA Dislocated Worker Formula Grants - DWP Program Tualatin	17.278	17-10300	21,486
WIOA Dislocated Worker Formula Grants -Worksource Liaison - DWP	17.278	17-10102	75,282
WIOA Dislocated Worker Formula Grants - HC NW WA County DW Adult	17.278	17-10121	1,649
			<u>308,419</u>
Workforce Innovation Fund - Rethinking Job Search	17.283	17-10205	73,281
Total passed through Worksystems, Inc.			2,826,018
TOTAL U.S. DEPARTMENT OF LABOR			<u>2,826,018</u>
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Education and Human Resources - NSF RETA	47.076	1564691	175,474
Education and Human Resources - STEM Teacher Pathways	47.076	na	32,047
Education and Human Resources - Mentoring in Manufacturing Technology	47.076	1643624	168,698
			<u>376,218</u>
Total Direct Programs			376,218
Passed through University of Washington			
Education and Human Resources -University of WA	47.076	763922	13,482
			<u>13,482</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u>389,701</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Metro			
Federal Transit—Formula Grants	20.507	933339/934636	74,284
			<u>74,284</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>74,284</u>
SMALL BUSINESS ADMINISTRATION:			
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	16-152	25,464
Small Business Development Center - SBDC SBA Center#20	59.037	16-152	35,866
			<u>61,331</u>
Total Passed through Lane Community College			61,331
TOTAL SMALL BUSINESS ADMINISTRATION			<u>61,331</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u>110,145,283</u>

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2018

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Portland Community College (the College) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Direct loans are loans held by the Federal Government and are not included in loans receivable for the College. Direct loans disbursed during the year are included in the federal expenditures presented in the Schedule.

Note C - LOANS RECEIVABLE

The federal student loan programs listed subsequently are administered directly by the College, and balances and transactions relating to these programs are included in the College's basis financial statements. Perkins and Nursing loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of:

	Federal CFDA Number		
Federal Perkins Loan Program	84.038	\$	2,871,030
Federal Nursing Student Loans	93.364		<u>1,290,696</u>
		<u>\$</u>	<u>4,161,726</u>

Note D - PERKINS LOAN PROGRAM - EXCESS LIQUID CAPITAL

Section 466(c) of the Higher Education Act requires institutions to return to the Department of Education (the Department) the Federal share of any Excess Liquid Capital (ELC) from the institution's Federal Perkins Loan Revolving Fund (Fund). ELC is the amount of the Fund's "Cash On Hand" that is in excess of the institution's estimated immediate needs for the Perkins Loan Program. In Fiscal Year 2018 the College had excess liquid capital and returned it to the Department.

	Federal CFDA Number		Expenditures
Federal share returned	84.038	\$	517,038

Note E - SUBRECIPIENTS

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

	Federal CFDA Number		Expenditures
H-1B Job Training Grants - Reboot NW Career Link	17.268	\$	20,811
WIOA Adult Program - WSI: Foundational Skills-Adult	17.258		4,574
WIOA Dislocated Worker Formula Grants - WSI: Foundational Skills-DWP	17.278		<u>3,593</u>
		<u>\$</u>	<u>28,978</u>



PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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
Federal Nursing Student Loans	93.364
Career & Technical Education-Basic Grants to States	84.048
Migrant Education-College Assistance Migrant Program	84.149

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
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.



