



Comprehensive Annual Financial Report

For the year ended June 30, 2020
Portland, Oregon





PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2020

Mark Mitsui
College President

Sylvia Kelley
Executive Vice President

Eric Blumenthal, MBA
Vice President of Finance and Administrative Services

Dina Farrell, MBA
Associate Vice President of Finance

James H. Crofts, CPA
Accounting Services Manager

Report Prepared by:

Sally Gregory
Financial Reporting Manager

Revathi Aditham
Alice Bernstein
Cau Chung, MBA
Jill Dunaway
Beth Mela
Dawn Geoppinger
Michelle Brown

Cassandra Hill
Diana Liu
Dana Petersen, MBA
Lori Presley
Cam Lien Tran
Sarona-Lee Wilde
Yen Lee

PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue
Portland, OR 97219

For the year ended June 30, 2020

<u>ZONE</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Denise Frisbee	June 30, 2021
2	Tiffani Penson	June 30, 2023
3	Michael Sonleitner	June 30, 2023
4	Jim Harper	June 30, 2021
5	Dan Saltzman	June 30, 2023
6	Mohamed Alyajouri	June 30, 2021
7	Alexander Diaz Rios	June 30, 2023

ADMINISTRATION

Mark Mitsui, College President

Sylvia Kelley, Executive Vice President

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

Dina Farrell, MBA, Associate Vice President of Finance

James H. Crofts, CPA, Accounting Services Manager

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
 FINANCIAL SECTION:	
 INDEPENDENT AUDITOR'S REPORT	 1
 MANAGEMENT'S DISCUSSION AND ANALYSIS	 4
 BASIC FINANCIAL STATEMENTS:	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Basic Financial Statements	16
 REQUIRED SUPPLEMENTARY INFORMATION:	
PERS Pension Plan	
Schedule of Proportionate Share of the Net Pension Liability	48
Schedule of Contributions	49
PERS OPEB Plan	
Schedule of Proportionate Share of the Net OPEB Liability	50
Schedule of Contributions	51
College's Post Employment Health Care Plan (OPEB)	
Schedule of Total OPEB liability	52
College's Early Retirement Incentive Plan	
Schedule of Total Pension liability	53
Notes to Required Supplementary Information	54

PORTLAND COMMUNITY COLLEGE PORTLAND, OREGON

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED):	Page
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual by Fund	
General Fund	56
Continuing and Community Education Fund	58
Auxiliary Fund	59
Student Activities Fund	60
Contracts and Grants Fund	61
Student Financial Aid Fund	62
General Obligation (G.O.) Bond Fund	63
PERS Debt Service Fund	64
Capital Projects Fund	65
Capital Construction Fund	66
Food Services Fund	67
Bookstore Fund	68
Parking Operations Fund	69
Print Center Fund	70
Risk Management Fund	71
PERS Reserve Fund	72
Early Retirement Incentive Plan	73
Other Financial Schedules:	
Schedule of Long-Term Debt Principal and Interest Requirements	
- General Obligation Bonds	74
- Limited Tax Pension Bonds	75
STATISTICAL SECTION:	
Financial Trends:	
Net Position by Component	76
Changes in Net Position	78
Revenue Capacity:	
Revenues by Sources	81
Assessed and Real Market Value of Taxable Property	83
Schedule of Property Tax Transactions	85
Largest Property Taxpayers within District	87
Property Tax Levies and Collections – All Funds	88

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED):

Debt Capacity:	
Ratios of Outstanding Debt by Type	90
Ratios of General Bonded Debt Outstanding	92
Legal Debt Margin	94
Direct and Overlapping Gross Bonded Debt	96
Demographic and Economic Information:	
Largest Employers within District	97
Demographic Statistics	98
Operating Information:	
State Allocations per FTE	100
Enrollment Statistics	102
Campus Facilities and Operating Information	104
Certificates and Degrees Granted	106
Tuition and Fees	108
Property Value, Construction and Bank Deposits	110
Miscellaneous Information	112

AUDIT SECTION:

Audit Comments and Disclosures required by State Regulations	113
Independent Auditor's Comments Required by Oregon State Regulations	114
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	116



INTRODUCTORY SECTION



December 21, 2020

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, 2020 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 Eide Bailly LLP 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. Due to a delay in the release of Federal audit guidance for CARES Act funding, the 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 will be published separately.

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 complements this letter of transmittal and should be read in conjunction with it

The College

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 sets educational policies and standards for Oregon's public school districts, education service districts, and community college districts. The State of Oregon's Higher Education Coordinating Commission (HECC) is the primary state entity responsible for ensuring pathways to postsecondary education success for Oregonians statewide, and serves as a convener of the groups and institutions working across the public and private higher education arena. HECC provides one strategic vision for Oregon higher education planning, funding, and policy. HECC authorizes postsecondary programs and degrees, administers key Oregon financial aid, workforce, and other programs, as well as evaluates and reports on the success of higher education efforts.

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

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 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 College Budget Planning Committee serves as part of the College's budget development process with committee membership including students, faculty, staff, and members of 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.

College Reorganization Plan

PCC has been undergoing a self-examination regarding our overall structure, processes, and systems. An organizational structure study was commissioned in early 2019 and consisted of a massive survey, town hall meetings, focus group interviews, and other forums for dialogue. Thousands of PCC faculty, staff, and students participated in the critical examination of our current structure and systems. The decision to reorganize is based on many months of data collection, discussion, and community engagement.

There are several guiding principles that undergird our organizational change:

- We believe in and serve our mission.
- We are committed to creating a college where every student belongs and can thrive.
- We lead through compassion and a belief in justice, equity, inclusion, and diversity.
- We understand that everyone, including ourselves, has the capacity to learn and grow.

Currently, the primary focus is to move instructional programs and divisions from campus-based to college-wide. All instructional divisions and units will report to the Vice President of Academic Affairs. Comparably, the campus-based Student Affairs departments will report to the Vice President of Student Affairs. The details of these reporting lines and structures will be determined in collaboration with key stakeholders. Consideration will be given to how PCC can best support Academic and Student Affairs operationally and with particular attention to budgetary support. Given the new structure, campus-based administrative structures will ultimately change significantly. PCC will no longer continue individual campus presidencies.

Strategic Plan

In fall 2019, PCC launched a collaborative and inclusive strategic planning process to ensure the college delivers on its mission, as well as its commitment to opportunity and equitable student success for the students and communities it serves. The new strategic plan is intended to have a five-year scope yet offer a 10- to 20-year vision related to future needs and opportunities. It will succeed the President's Work Plan, which was developed to serve as a bridge between the current strategic plan and the new one. The plan will include four strategic areas of focus:

- **Belonging:** Transform our learning culture toward creating a sense of belonging and well-being for every student.

- **Delivery:** Redefine time, place, and systems of educational delivery to create a more learner-centric ecosystem.
- **Workforce:** Respond to community and workforce needs by developing a culture of agility.
- **Enterprise:** Cultivate a long-term sustainable college enterprise.

The overall objective of the planning effort has been to complete a social justice and racial equity-led collaborative, research-based strategic planning process, identifying core strategies and objectives for the future, and plans to fulfill them for Portland Community College. With the recent approval by the Board of Directors, PCC's new strategic plan will enable the college to:

- Evolve and adapt, as a means to stay relevant and pertinent for those it serves.
- Integrate equitable and inclusionary strategies, objectives, action plans, and measurements into decision-making processes.
- Re-imagine PCC's path moving forward, improving completion rates and reshaping the student experience.
- Stay competitive, ensuring PCC's long-term viability.

Economic Outlook & Long Term Financial Planning

The COVID-19 pandemic and abrupt halt to economic activity in Portland and Oregon adds complexity and uncertainty to the long-term regional and state economic forecast. The Oregon Office of Economic Analysis predicts that the resulting recession will be shorter than the Great Recession with a rebound by mid-decade, with improvement in the Oregon labor market by mid-2023. Despite second quarter predictions by the Office of Economic Analysis that 2019-2021 State General Fund Revenues would be 10.9% smaller than they were during the 2017-2019 biennial budget period, more recent economic forecasts show marked improvement in outlook. Personal income tax and corporate tax collections remain strong. Revenues are up significantly but remain lower than pre-COVID forecasts. Job loss is moderating over time although lower-income households have borne the brunt of the current recession. More recent forecasts indicate that the State General Fund will end the current biennium with a \$1.8 billion balance that will be available to be applied to the 2021-2023 biennium.

According to the U.S. Bureau of Labor Statistics, the Portland-Vancouver-Hillsboro unemployment rate peaked in April 2020 at 14.3% and continues to decline but the pace of recovery is slowing. Consequently, the pandemic and resulting recession have precipitated a decline in enrollment for community colleges nationwide and locally. Enrollment patterns continue to be difficult to predict during a period of mostly remote operations. However, during this current biennium, we do not expect any change in the local allocation of the community college support fund (state support). Overall, tuition and state revenue sources have not kept pace with the decline in total revenue.

In light of the events of COVID and high unemployment, fewer students can afford to attend college. This trend has a downward impact on PCC's enrollment statistics. Enrollment declines of approximately 7% in FTE early in the 2019-2020 school year were surpassed by up to a 17% FTE loss in spring term due to the pandemic. The average loss in FTE for 2019-20 was 11%.

Employee benefit costs continue to rise. PCC issued Pension bonds in November 2018 to lessen the impact of continued PERS rate increases. Other cost saving measures were implemented in 2019-2020 to lessen the impact of reduced revenue and enrollment decline.

The FY 2019-21 Biennium adopted budget attempts to balance the needs of the College's strategic goals while meeting the College's mission of offering accessible and affordable education. The budget adheres to the fundamental core of institutional strategy for building opportunity and equitable student success. External and internal strategies for building opportunity and equitable student success include:

- External (Grow PCC's Role as Opportunity's College):

- Increasing community-responsive educational options.
- Strengthening community partnerships with employers.
- Enhancing and promoting community resources.
- Internal (Say Yes to Equitable Student Success – YESS)

Focus areas:

- Supporting traditionally underserved populations.
- Promoting teaching and learning excellence.
- Accomplishing advising re-design and new student onboarding initiatives.
- Reducing the time to complete a credential and percentage of students transferring.
- Increasing data and technology capacity.

After the adoption of the FY 2019-21 Biennium budget in June, 2019, the legislature announced that funding for the Community College Support Fund (CCSF) would be set at \$640.9 million for the FY 2019-21 Biennium, an increase of \$50.9 million over the budgeting level of \$590 million. PCC receives approximately 30% of the state allocation, resulting in an increase of anticipated state funding of approximately \$16.8 million in the FY 2019-21 Biennium. We are making every effort to capture possible savings from the remote instructional environment to build needed fund balance to offset tuition and revenue loss.

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 next NWCCU evaluation is scheduled for spring 2021 – Policies, Regulations, and Financial Review (PRFR) followed by an evaluation of Institutional Effectiveness in spring 2022. 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, 2019. 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.

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 Eide Bailly LLP 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.

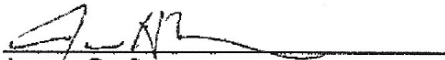
Respectfully submitted,



Eric Blumenthal
Vice President of Finance and Administration



Dina Farrell
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**

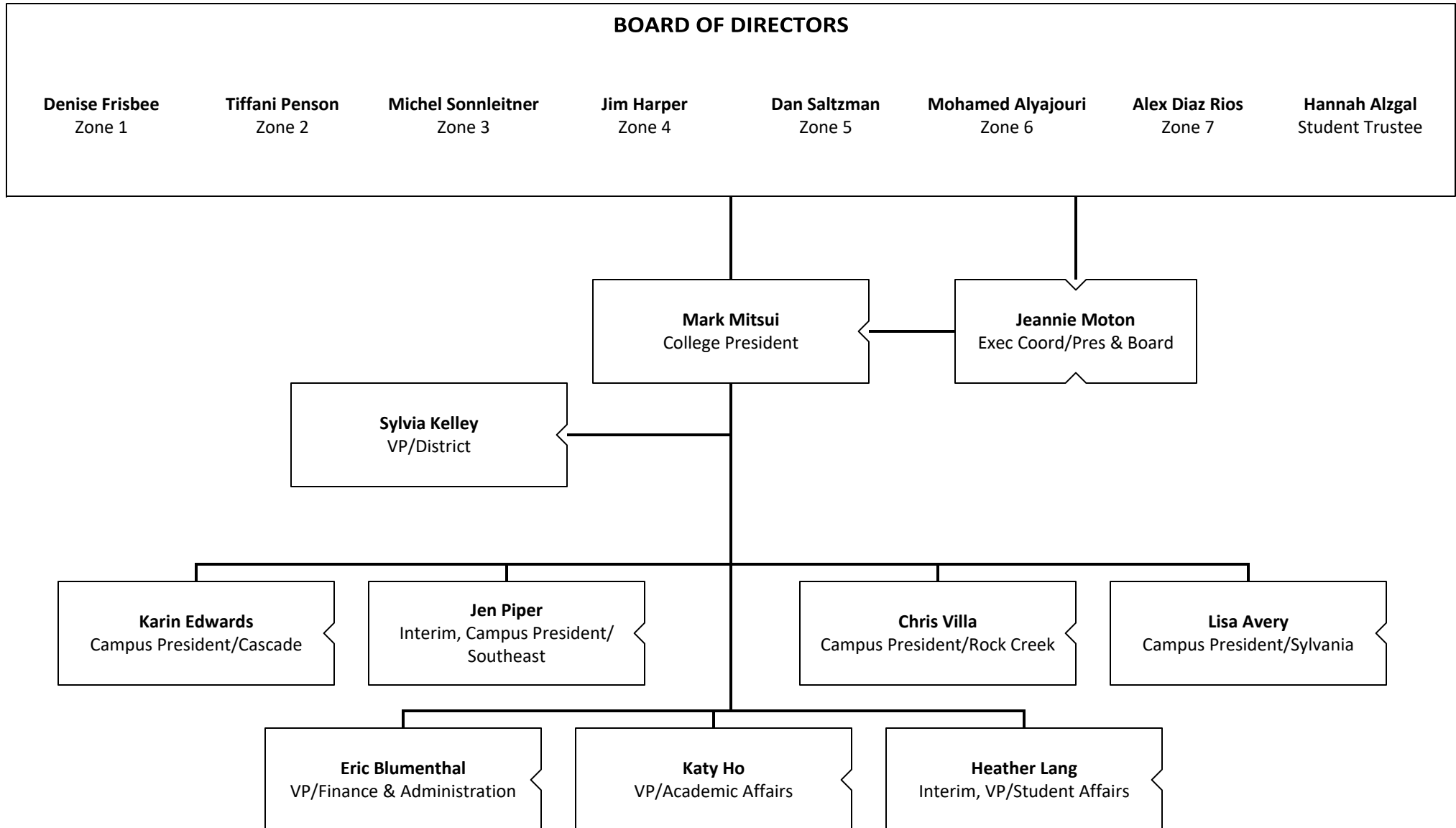
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**Board of Directors,
Organizational Chart as of 04/17/2020**



FINANCIAL SECTION





Independent Auditor's Report

To the Board of Directors
Portland Community College
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Portland Community College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 the College, as of June 30, 2020, and the changes in financial position and cash flows thereof 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 the management's discussion and analysis, the schedule of contributions and proportionate share of the net pension liability, the schedules of contributions and proportionate share of net OPEB liability, and the schedules of total OPEB liability and total pension liability as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's financial statements. The introductory section, the schedules of revenues, expenditures, and changes in fund balances – budget and actual by fund, the other financial schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The budget and actual by fund schedules and the other financial schedules (collectively supplementary information) 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the 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 solely 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 effectiveness of the College's 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 the College's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 17, 2020, on our consideration of the College's compliance with certain provisions of laws and regulations, including 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 compliance and the results of that testing and not to provide an opinion on compliance.



For Eide Bailly, LLP
Boise, Idaho
December 17, 2020



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, 2020 and June 30, 2019 respectively. This discussion is 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

Significant events of fiscal year ended June 30, 2020 that affected the College are as follows:

- Full-time equivalent students (FTE) decreased from 25,084 in 2019 to 22,320 in 2020. The total headcount of students decreased from 67,585 in 2019 to 60,037 in 2020. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon increased from \$71.5 million in fiscal year 2019 to \$132.3 million in fiscal year 2020. 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, 2020 is the first year of the biennium.
- Capital assets, net of depreciation, increased from \$605.7 million in 2019 to \$623.1 million in 2020. Construction in progress had a net increase of \$32.9 million. The College acquired \$3.2 million in land for the Cascade campus and added \$3.6 million in other capital assets this fiscal year.
- The College has increased its net position from \$188.0 million in 2019 to \$361.3 million in 2020. Details of the revenue and expense items culminating in the \$173.3 million increase in net position is found in the following pages under the Analysis of Changes in Net Position section.
- Due to the COVID-19 pandemic that was declared a national emergency on March 13, 2020, the federal government responded with CARES Act relief funding. Through the US Department of Education's Education Stabilization Fund, the College disbursed \$4.8 million of emergency funds to students and recognized \$2.7 million in revenue for the College's institutional expenses incurred for the significant change in delivery of instruction due to the coronavirus.

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

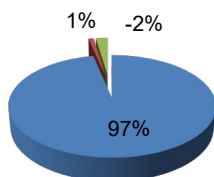
The Statement of Net Position (page 12) presents information on all of the College's assets and deferred outflows and liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion 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)			
	<u>2020</u>	<u>2019</u>	<u>Increase (decrease) 2020-19</u>
Assets			
Current assets	\$ 349.6	\$ 201.2	\$ 148.4
Capital assets, net of depreciation	623.1	605.7	17.4
Other noncurrent assets	<u>19.0</u>	<u>138.6</u>	<u>(119.6)</u>
Total assets	<u>991.7</u>	<u>945.5</u>	<u>46.2</u>
Deferred outflows	<u>177.5</u>	<u>231.9</u>	<u>(54.4)</u>
Total assets and deferred outflows	<u>\$ 1,169.2</u>	<u>\$ 1,177.4</u>	<u>\$ (8.2)</u>
Liabilities			
Current liabilities	\$ 107.2	\$ 90.7	\$ 16.5
Noncurrent liabilities	<u>679.2</u>	<u>868.0</u>	<u>(188.8)</u>
Total liabilities	<u>786.4</u>	<u>958.7</u>	<u>(172.3)</u>
Deferred Inflows	<u>21.5</u>	<u>30.7</u>	<u>(9.2)</u>
Net position			
Net investment in capital assets	366.3	338.5	27.8
Net position: restricted	3.8	3.5	0.3
Net position: unrestricted	<u>(8.8)</u>	<u>(154.0)</u>	<u>145.2</u>
Total net position	<u>361.3</u>	<u>188.0</u>	<u>173.3</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,169.2</u>	<u>\$ 1,177.4</u>	<u>\$ (8.2)</u>

Portland Community College
Fiscal year ended June 30, 2020

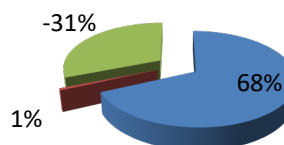
2020 Net position - \$361.3 million

- Net investment in capital assets \$366.3
- Restricted \$3.8
- Unrestricted \$(8.8)



2019 Net position - \$188.0 million

- Net investment in capital assets \$338.5
- Restricted \$3.5
- Unrestricted \$(154.0)



Fiscal year 2020 compared to Fiscal year 2019. Net Position increased \$173.3 million from \$188.0 million in 2019 to \$361.3 million in 2020. Current assets of \$349.6 million are sufficient to cover current liabilities of \$107.2 million. This represents a current ratio of 3.3. Current assets increased by \$148.4 million primarily due to \$142.8 million increase in cash and short-term investments. Other noncurrent assets decreased \$119.6 million primarily due to \$120.6 million decrease in long-term investments. Deferred outflows decreased \$54.4 million, \$53.1 million of the decrease is pension related. Currently, \$366.3 million is the net investment in capital assets and reflects an increase of \$27.8 million from the prior year. Construction in progress had a net increase of \$32.9 million in the current fiscal year, with a balance of \$68.1 million of projects yet to be completed. 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.

The College's current liabilities consist primarily of payroll, accounts payable, unearned revenue, compensated absences and the current portion of long-term debt. Current liabilities increased \$16.5 million and are mostly attributed to increases of \$5.1 million in unearned revenue, \$3.8 million in the current portion of long-term debt and \$5.9 million in accounts payable. Noncurrent liabilities decreased \$188.8 million primarily due to \$134.6 million decrease in net pension liability, as a result of the pension bond issued last fiscal year, and \$46.8 million decrease in bonds payable and premium on bonds payable.

Analysis of Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (page 13) presents 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 (FTE reimbursement) 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, 2020

Changes in Net Position (In Millions)

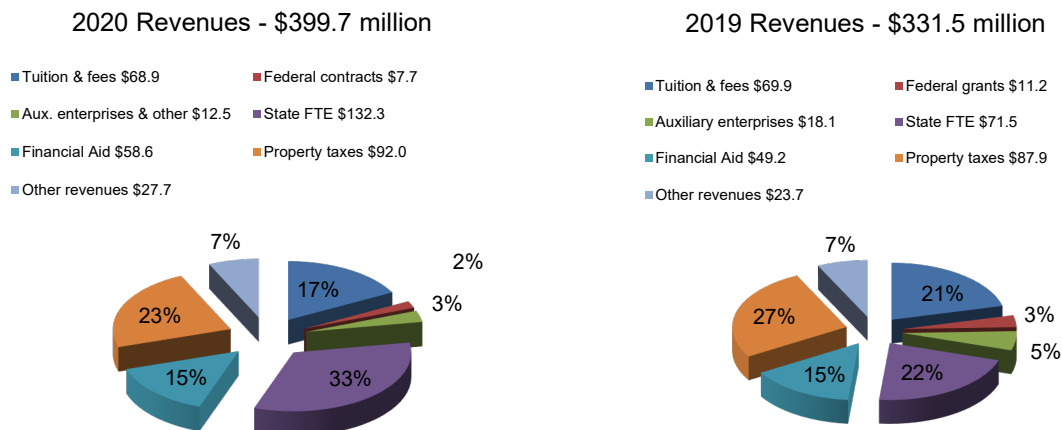
	2020	2019	Increase (decrease) 2020-19
Operating revenues			
Student tuition and fees	\$ 68.9	\$ 69.9	\$ (1.0)
Federal contracted programs	7.7	11.2	(3.5)
Auxiliary enterprises and other	12.5	18.1	(5.6)
Total operating revenues	<u>89.1</u>	<u>99.2</u>	<u>(10.1)</u>
Nonoperating revenues			
State FTE reimbursement	132.3	71.5	60.8
Property taxes	92.0	87.9	4.1
Federal financial aid	58.6	49.2	9.4
Other nonoperating revenues	27.7	23.7	4.0
Total nonoperating revenues	<u>310.6</u>	<u>232.3</u>	<u>78.3</u>
Total revenues	<u>399.7</u>	<u>331.5</u>	<u>68.2</u>
Operating expenses			
Educational and general	76.3	156.8	(80.5)
Administrative services and physical plant	35.9	69.0	(33.1)
Grants and contracted programs	21.3	22.5	(1.2)
Auxiliary enterprises	13.2	15.9	(2.7)
Depreciation	18.2	14.3	3.9
Other support services	30.4	25.7	4.7
Total operating expenses	<u>195.3</u>	<u>304.2</u>	<u>(108.9)</u>
Nonoperating expenses			
Other nonoperating expenses	<u>31.1</u>	<u>30.9</u>	<u>0.2</u>
Total expenses	<u>226.4</u>	<u>335.1</u>	<u>(108.7)</u>
Increase (decrease) in net position	173.3	(3.6)	176.9
Net position, beginning of year	188.0	191.6	(3.6)
Net position, end of year	<u>\$ 361.3</u>	<u>\$ 188.0</u>	<u>\$ 173.3</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

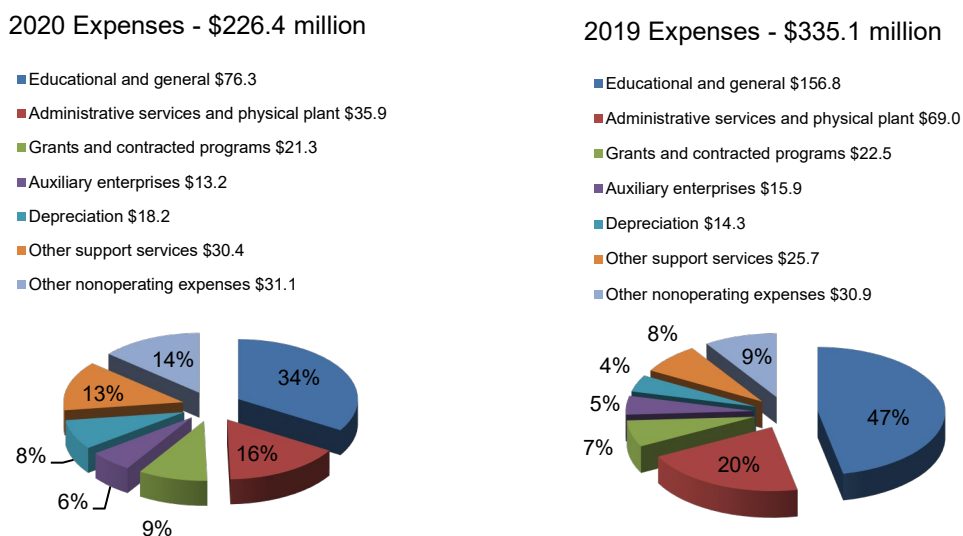
Portland Community College
Fiscal year ended June 30, 2020

taxes, and student federal financial aid, while budgeted for operations, are considered non-operating revenues according to accounting principles generally accepted in the United States of America (GAAP).

The following graphics show the allocation of total revenues for fiscal years 2020 and 2019:



The following graphics show the allocation of total expenses for fiscal years 2020 and 2019:



Fiscal year 2020 compared to Fiscal year 2019. The most significant sources of operating revenues are student tuition and fees, followed by auxiliary enterprises and other revenue, followed by federal contracted programs. Revenues for auxiliary enterprises were negatively impacted by the COVID-19 pandemic in spring term in conjunction with decreasing enrollment.

The largest non-operating revenue sources are 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 2020 compared to three quarters in fiscal year 2019. The increase in federal financial aid is mainly attributed to \$7.5 million funding from the CARES Act Education Stabilization Fund.

Portland Community College
Fiscal year ended June 30, 2020

Operating expenses decreased by \$108.9 million. Educational and general expenses are the largest single line item, followed by other support services, and administrative services and physical plant. Pension and other postemployment benefit entries accounted for a total decrease of \$93.0 million in education and general and administrative services and physical plant.

Analysis of Cash Flows

The primary purpose of the Statement of Cash Flows (page 14 & 15) is to provide relevant information about cash receipts and cash payments, which is a basis to assess the financial health of the College. The Statement of Cash Flows present information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year, and assists 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)			
	2020	2019	Increase (decrease) 2020-19
Cash provided by (used in)			
Operating activities	\$ (166.4)	\$ (342.5)	\$ 176.1
Noncapital financing activities	219.9	329.5	(109.6)
Capital financing activities	(40.0)	(43.1)	3.1
Investing activities	11.1	31.4	(20.3)
Net increase (decrease) in cash	24.6	(24.7)	49.3
Cash and cash equivalents, beginning of year	34.8	59.5	(24.7)
Cash and cash equivalents, end of year	<u>\$ 59.4</u>	<u>\$ 34.8</u>	<u>\$ 24.6</u>

Fiscal year 2020 compared to Fiscal year 2019. 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 \$176.1 million less cash in its operating activities in fiscal year 2020 than in fiscal year 2019. This decrease of cash usage includes a net decrease in usage for pension, other postemployment benefits and related deferred outflows and deferred inflows. The decrease also includes a decrease in usage for salaries and benefits and a decline in usage for payments to suppliers. On a smaller scale, there is a

Portland Community College
Fiscal year ended June 30, 2020

reduction in cash received from federal grants and contracts and an increase in cash usage for payments of student financial aid and other scholarships.

Noncapital Financing Activities: Proceeds from state FTE reimbursements, student financial aid and property taxes are the primary sources of noncapital financing for fiscal year 2020. Cash provided by noncapital financing activity decreased by \$109.6 million. The decrease in cash provided is largely attributed to the absence of the \$171.9 million cash provided by issuance of the pension bonds in the prior year, offset by a \$60.8 million increase in state FTE this year. Accounting standards require that these sources of revenue be reported as non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash used by capital financing activities decreased by \$3.1 million compared to last fiscal year. Notable usage of cash is principal paid on long-term debt, purchase of capital assets and interest paid on long-term debt. Cash received from property tax is a major provider of cash.

Investing Activities: Total cash provided by investing activities decreased by \$20.3 million compared to fiscal year 2019. The decrease in cash provided is the effect of a \$2.3 million decrease in interest from investments and an \$18.0 million decrease from the net increase in purchases and sales of investments in 2020 of \$2.4 million compared to the \$20.4 million net increase in cash from purchases and sales of investments last fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's net invested in capital assets as of June 30, 2020 was \$623.1 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 \$684.9 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 \$4.0 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt is roughly 16.7% of the legal debt limit. Additional information on the College's long-term debt and legal debt limit may be found in Note 5 of the Notes to Basic Financial Statements and the Legal Debt Margin of the Statistical Section.

ECONOMIC IMPACTS AND NEXT YEAR'S BUDGET

- In response to the COVID-19 pandemic, the College moved to remote instruction in spring term of 2020 and current plans are to remain remote through winter term 2021. Due to this change, enrollment estimates for FY21 are difficult to predict.
- A \$7 per credit increase in tuition was adopted for FY21.
- State support funding is unchanged for FY21.
- Property tax income is predicted to be stable in FY21.

Portland Community College
Fiscal year ended June 30, 2020

- The College is collaborating with other local agencies to construct a new building in downtown Portland near Portland State University that will house PCC's dental programs and clinic. The facility is scheduled to open in January 2021.
- The College is also completing construction of the Oregon Manufacturing Innovation Center (OMIC) in Scappoose, Oregon with plans to open the training center in March 2021.

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, 2020

(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 59,365
Short-term investments	263,250
Receivables, net of allowance	
Taxes	2,173
Accounts	5,285
Student accounts	6,920
Federal programs	7,887
Interest	835
Inventory and prepaid items	3,885
Total current assets	<u>349,600</u>
Noncurrent assets:	
Long-term investments	16,556
OPEB asset	2,410
Capital assets - non-depreciable	120,242
Capital assets - depreciable	695,236
Less: Accumulated depreciation	(192,335)
Total noncurrent assets	<u>642,109</u>
TOTAL ASSETS	<u>991,709</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferral of amounts on refunding	3,156
Pension related	171,623
OPEB related	2,716
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,169,204</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 10,553
Payroll liabilities	23,527
Accrued interest payable	1,796
Unearned revenue	14,736
Compensated absences	7,984
Other current liabilities	1,910
Current portion of long-term debt	46,740
Total current liabilities	<u>107,246</u>
Noncurrent liabilities:	
Noncurrent liabilities	725,896
Less: Current portion of long-term debt	(46,740)
Total noncurrent liabilities	<u>679,156</u>
TOTAL LIABILITIES	<u>786,402</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	18,104
OPEB related	3,372
NET POSITION	
Net investment in capital assets	366,291
Net position: restricted	3,805
Net position: unrestricted	(8,770)
Total net position	<u>361,326</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,169,204</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, 2020
(In Thousands)

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances	\$ 68,850
Federal contracted programs	7,719
Nongovernment grants and contracts	3,772
Auxiliary enterprises:	
Food services	2,083
Bookstore, net of scholarship allowances	3,958
Parking operation	2,567
Other operating revenues	150
Total operating revenues	<u>89,099</u>
OPERATING EXPENSES	
Educational and general:	
Sylvania Campus	27,321
Rock Creek Campus	21,147
Cascade Campus	16,045
Southeast Campus	8,535
Extended Learning Centers	3,211
President and Governing Board	8,004
Academic and Student Affairs Services	15,715
Administrative Services and Physical Plant	12,199
Other support services:	
Student Activities	2,340
Grants and contracted programs	21,307
Student financial aid, net of tuition and textbooks	24,740
Auxiliary enterprises:	
Food services	3,067
Bookstore	6,773
Parking operation	3,368
Materials, supplies and minor equipment expense	3,336
Depreciation expense	22,220
Amortization of bond premium	(3,998)
Total operating expenses	<u>195,330</u>
Operating income (loss)	<u>(106,231)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal financial aid	58,640
State FTE reimbursement	132,346
State and local government grants and contracts	19,468
Property taxes	91,952
Investment income	8,228
Sale of equipment	54
Loss on the disposal of capital assets	(39)
Interest expense	(31,047)
Net nonoperating revenues (expenses)	<u>279,602</u>
Increase (decrease) in net position	<u>173,371</u>
NET POSITION	
Net position - beginning of the year	187,955
Net position - end of the year	<u><u>\$ 361,326</u></u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS
Year ended June 30, 2020
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 70,821
Federal grants and contracts	8,616
Non-government grants and contracts	3,772
Payments to suppliers for goods and services	(16,422)
Payments to employees	(220,979)
Payments for student financial aid and other scholarships	(24,740)
Cash received from customers	12,337
Other cash receipts	<u>150</u>
Net cash used in operating activities	<u>(166,445)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal student financial aid grants	52,972
State and local government grants and contracts	17,484
Cash received from property taxes	37,713
Cash received from State FTE reimbursement	132,346
Interest paid on limited tax pension bonds	(10,987)
Principal paid on limited tax pension bonds	<u>(9,585)</u>
Net cash provided by noncapital financing activities	<u>219,943</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash received from property taxes	54,176
Principal paid on long-term debt	(32,810)
Obligation under capital lease	(1,017)
Note payable	(520)
Proceeds from sale of capital assets	54
Acquisition and construction of capital assets	(39,689)
Interest paid on obligation for capital lease	(62)
Interest paid on long-term debt	<u>(20,161)</u>
Net cash used by capital financing activities	<u>(40,029)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	8,767
Purchases of investments	(183,634)
Proceeds from sales of investments	<u>186,000</u>
Net cash provided by investing activities	<u>11,133</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS (CONTINUED)
Year ended June 30, 2020
(In Thousands)

NET INCREASE IN CASH	\$ 24,602
Cash and cash equivalents - beginning of the year	<u>34,763</u>
Cash and cash equivalents - end of year	<u>\$ 59,365</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (106,231)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	22,220
Amortization expense	(3,998)
Change in net pension liability	(134,598)
Change in pension transition liability	(1,995)
Change in OPEB asset	(997)
Change in OPEB liability	(189)
Change in deferred outflows of resources	53,993
Change in deferred inflows of resources	(9,189)
(Increases) decreases in current assets used in operations:	
Accounts receivable	3,730
Student accounts receivable	(2,266)
Inventory and prepaid items	178
Increases (decreases) in current liabilities used in operations:	
Accounts payable	5,926
Payroll liabilities	1,219
Unearned revenue	5,134
Other current liabilities	(204)
Compensated absences	<u>822</u>
Net cash used in operating activities	<u>\$ (166,445)</u>

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

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.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Included in this category is the pension obligation and other postemployment benefit obligation (OPEB), and deferred charge on debt refunding. See Notes 11 and 12 for more information.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. This includes the employer deferred pension obligation and the deferred OPEB obligation. See Notes 11 and 12 for more information.

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, deferred outflows and liabilities, deferred inflows 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, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Restricted Resources

The College receives resources restricted to specific uses by debt covenants, grants, contracts, laws and regulations, and enabling legislation. Unrestricted resources are available for any College purpose.

When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first then unrestricted resources as they are needed.

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, 2020 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, 2020. Unrealized gains or losses on investments are reported as investment activity in the Statement of Revenue, Expenditures, and Changes in Net Position.

Receivables

All accounts, student loans, grants and property taxes receivable are shown net of an allowance for uncollectable accounts. The allowance for uncollectible accounts is determined based upon the aged receivable balance. At June 30, 2020 the allowance for uncollectible accounts is \$964 thousand.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets include land and land improvements; buildings and building improvements; equipment and machinery; works of art and historical treasures; infrastructure, which includes utility systems; library collections; leasehold improvements; and construction in progress. The College's capitalization policy is to capitalize all assets with a life of one year or more and minimum threshold of \$5 thousand except for buildings and building improvements, infrastructure assets, land and land improvements and leasehold improvements, which have a capitalization threshold of \$50 thousand. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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.

Unearned Revenue

Unearned revenue consists primarily of students' tuition received in advance for the summer term and advances from contract and grants for services the College will render after year-end. The College also has notes receivable for Federal Perkins and Nursing loan programs which are offset with unearned revenue because the loans are for federal government programs.

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 in the amount of \$1.8 million and OPEB asset in the amount of \$2.0 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as outflow of resources (expenses) in the period incurred.

Operating and Nonoperating Revenues and Expenses

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The College also maintains a single-employer, defined benefit early retirement incentive program for qualifying Faculty, Academic Professionals (AP), and Classified Employees.

Other Postemployment Benefits Other Than Pensions

The College administers two single employer OPEB plans. Both OPEB plans utilized employee census data and benefits provided by the College for purposes of measuring the net OPEB liability or total OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense. Benefit payment (including refunds of employee contributions) are financed on a pay-as-you-go basis. For the RHIA plan, the net OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by PERS. Therefore, 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, 2020 are \$30.0 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

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, 2020</u>
Cash and cash equivalents:	
Cash on hand	\$ 81
Demand deposits	10,590
Cash held by county treasurer	466
Oregon Local Government Investment Pool	<u>48,228</u>
Total cash and cash equivalents basic statements	<u>59,365</u>
Investments:	
Government and agency obligations	251,107
Corporate securities	28,129
Bank obligations	<u>570</u>
Total investments	<u>279,806</u>
Total cash and investments	<u><u>\$ 339,171</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, 2020</u>
Investments categorized by Standard and Poor's rating:	
Government sponsored (Treasury & Federal Agencies), AA+	\$ 251,107
Corporate notes (A or better)	28,129
Bank obligations (certificates of deposit)	<u>570</u>
Total investments	<u><u>\$ 279,806</u></u>

Cash and Investments in the amount of \$194.3 million, which are included in short term and long term investments, are restricted per bond covenants for future bond construction projects.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

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 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 are measured or disclosed at fair value on a recurring basis. The College does not have any financial assets that are measured at fair value on a non-recurring basis. The summary table represents the College's investments for the fiscal year ended June 30, 2020 as follows (in thousands):

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Debt Securities				
US Treasuries	\$ 130,837	\$ -	\$ -	\$ 130,837
US Government Agencies	-	120,270	-	120,270
Corporate Bonds	-	28,129	-	28,129
Time Certificates of Deposit*	-	-	-	570
	<u>\$ 130,837</u>	<u>\$ 148,399</u>	<u>\$ -</u>	<u>\$ 279,806</u>

* Time Certificates of Deposit are not included in the Fair Value Hierarchy.

Investments categorized as Level 1 are valued based on prices quoted in active markets for those securities. Investments categorized as Level 2 are valued based on prices obtained from reputable pricing vendors, using models that are market-based measurements representing their good faith opinion as to the exit value of the investment, in an orderly transaction under current market conditions in an inactive market.

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, 2020.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

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, 2020, the College bank balances were \$13.5 million, which includes time CDs and bank accounts. Of these deposits, \$1.0 million on deposit with six 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, 2020, the College had \$279.8 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.

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, 2020, 84% of investments held by the College (excluding Local Government Investment Pool balances) matured within a 180 day timeline and have investment ratings of AA or higher. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2020 were: 59.50% mature within 93 days, 17.85% mature from 94 days to one year and 22.65% mature from over one year to three years from settlement date.

Bond Investments maturing after 180 days (in thousands)

Bond Investments	Rating	Maturity Date	Fair Value
Toyota Motor Credit Corp Note	A+	01-11-2021	\$ 5,103
US Treasury	AA+	02-25-2021	4,995
FFCB Coupon	AA+	03-01-2021	762
US Treasury	AA+	06-30-2021	8,227
US Treasury	AA+	06-30-2021	8,227
Apple Corp Note	AA+	08-04-2021	4,566
US Treasury	AA+	09-30-2021	10,726

All Other Investments maturing after 180 days (in thousands)

All Other Investments	Rating	Maturity Date	Fair Value
Beneficial State Bank CD	NR	03-28-2021	\$ 100
Umpqua Bank CD	NR	10-21-2021	230
FHLMC Coupon	AA+	01-13-2022	1,034

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

3. CAPITAL ASSETS

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

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 47,449	\$ 3,209	\$ -	\$ 50,658
Art and historical treasure	1,530	-	-	1,530
Construction in progress	35,127	38,532	(5,605)	68,054
Total capital assets not being depreciated	84,106	41,741	(5,605)	120,242
Capital assets being depreciated:				
Land improvements	10,493	-	-	10,493
Building and improvements	584,573	2,339	-	586,912
Equipment and machinery	27,114	1,073	(872)	27,315
Capital lease	260	-	-	260
Library collections	1,302	84	(125)	1,261
Infrastructure	69,198	57	-	69,255
Total capital assets being depreciated	692,940	3,553	(997)	695,496
Less accumulated depreciation for:				
Land improvements	10,043	256	-	10,299
Building and improvements	135,219	19,159	-	154,378
Equipment and machinery	21,027	1,479	(834)	21,672
Capital lease	199	61	-	260
Library collections	685	128	(125)	688
Infrastructure	4,161	1,137	-	5,298
Total accumulated depreciation	171,334	22,220	(959)	192,595
Total capital assets being depreciated, net	521,606	(18,667)	(38)	502,901
Total capital assets, net	\$ 605,712	\$ 23,074	\$ (5,643)	\$ 623,143

4. UNEARNED REVENUE

At June 30, 2020, The College's unearned revenue consisted of the following (in thousands):

	Amount
Prepaid Tuition	\$ 9,693
Perkins and Nursing Loans	2,992
Contract and Grant Revenues	2,051
Total	\$ 14,736

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

5. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2020 are as follows (in thousands):

Bonds and Note Payable	Original Amount	Outstanding June 30, 2019	Increases	Decreases	Outstanding June 30, 2020	Due Within One Year
2018 General obligation bonds, interest ranges from 4.00% - 5.00%, Maturity June 15, 2033	\$ 185,000	\$ 173,195	\$ -	\$ (16,165)	\$ 157,030	\$ 18,485
2016 General obligation refunding bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2029	118,630	118,445	-	(9,430)	109,015	9,885
2013 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2033	177,495	138,960	-	(7,215)	131,745	7,580
2018 Limited tax pension bonds, interest ranges from 2.97% - 4.64%, Maturity June 1, 2038	171,865	170,555	-	(3,080)	167,475	3,540
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	76,195	-	(6,505)	69,690	7,250
Note Payable, interest 0%, Maturity August 4, 2019	2,081	520	-	(520)	-	-
Premium on General obligation bonds	67,015	53,942	-	(4,369)	49,573	-
	<u>\$ 842,081</u>	<u>\$ 731,812</u>	<u>\$ -</u>	<u>\$ (47,284)</u>	<u>\$ 684,528</u>	<u>\$ 46,740</u>

Additional Long-Term Liabilities for the fiscal year ended June 30, 2020 are as follows (in thousands):

<u>Other Long-Term Liabilities</u>	<u>Outstanding June 30, 2020</u>
Capital leases	\$ 412
Transition liability - pre SLGRP	14,677
Net pension liability	15,080
OPEB liability	11,199
	<u>\$ 41,368</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

5. 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
2021	\$ 46,740	\$ 29,383
2022	51,290	27,306
2023	37,565	24,821
2024	41,430	23,028
2025	45,555	21,045
2026-2030	231,060	70,522
2031-2035	138,660	25,813
2036-2038	42,655	3,636
	<u>\$ 634,955</u>	<u>\$ 225,554</u>

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

As of June 30, 2020, \$94 million of the General Obligation Bonds, Series 2009 is outstanding and considered defeased.

In December 2020, the College issued General Obligation Refunding Bonds, Series 2020 in the amount of \$119.4 million. The proceeds from the bonds will be used to redeem a portion of the General Obligation Bonds, Series 2013. The defeased bonds are callable on June 15, 2023. The refunding took place to take advantage of current market yield which created a net economic gain of \$11.0 million, based upon the total savings of \$14.0 million over the remaining life of the refunded bonds.

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2020, the College had no arbitrage rebate liabilities.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

6. CAPITAL LEASES

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>
2021	<u>\$ 429</u>
Total minimum lease payments	429
Less:	
amount representing interest	<u>(17)</u>
Present value of minimum lease payments	<u><u>\$ 412</u></u>

7. 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>
2021	\$ 908
2022	409
2023	256
2024	121
2025	15
<u>Later years</u>	<u>15</u>
Total	<u><u>\$ 1,724</u></u>

The expense for operating leases for the year ended June 30, 2020 was \$1.6 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

8. 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. This payment was included in the capitalization of the Willow Creek Center and is being depreciated over 50 years. In January 2010, the College began making the annual payments to the lessor for parking space maintenance.

In 2102, five years before the end of the lease (2107), 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 lessor without compensation to the College.

9. 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.

10. 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 \$770,000 per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2020 and no insurance settlement exceeded insurance coverage for the past three years. Liability insurance generally covers casualty losses in excess of \$770,000 per occurrence. Excess insurance above the Self Insured Retention has a limit of \$20 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, 2020**

10. RISK MANAGEMENT (Continued)

The College self-insures for workers' compensation and employers liability to pay claims, maintain claims reserves and pay administrative expenses for work-related injuries and illnesses. 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, 2020	Year Ended June 30, 2019
Unpaid claims, July 1	\$ 559	\$ 578
Incurred claims	433	500
Claim payments	(433)	(519)
Unpaid claims, June 30	<u>\$ 559</u>	<u>\$ 559</u>

11. 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, 2020**

11. 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, 2020**

11. 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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

Member may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to change in the market value of the underlying global equity investment of that account.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 to the Tier One/Tier Two and OPSRP plans totaled \$5.7 million, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 17.72% for Tier One/Tier Two General Service Members and 11.69% for OPSRP Pension Program General Service Members, net of 10.23% of side account rate relief. An additional 6% contribution is required for the OPSRP Individual Account Program and totaled \$8.3 million for the year ended June 30, 2020.

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

At June 30, 2020, the College reported net pension liability of \$13.8 million for its proportionate share of PERS net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019 and 2018, the College's proportion were 1.19% and 1.20% respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

For the year ended June 30, 2020, the College recognized pension expense of (\$134.6) million. At June 30, 2020, 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	\$ 11,386	\$ -
Changes in assumptions	28,009	-
Net difference between projected and actual earnings on investments	-	5,853
Changes in proportionate share	-	6,795
Changes in proportion and differences between employer contributions and proportionate share of contributions	125,934	5,237
College's contributions subsequent to the measurement date	5,722	-
Year Ended June 30, 2020	<u>\$ 171,051</u>	<u>\$ 17,885</u>

There is \$5.7 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, 2021. 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):

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 44,307
2022	28,245
2023	34,024
2024	34,536
<u>2025</u>	<u>6,332</u>
Total	<u>\$ 147,444</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience Study	2016, published by July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation Rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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 2016 Experience Study which reviewed experience for the four- year period ending on December 31, 2016.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. 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 July 2017 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	Compound Annual (Geometric) Return
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Med Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Total	<u>100 %</u>	
Assumed Inflation - Mean		2.50 %

Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2019

Source for the above table does not foot to 100%

Discount Rate

The discount rate used to measure the total pension liability was 7.20% 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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate (in thousands):

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
College's proportionate share of the net pension liability (asset)	\$ 137,957	\$ 13,787	\$ (90,127)

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 \$14.7 million at June 30, 2020. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.71% 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 2.0% employer contributed 403(b) plan. The actuarial information is from an actuarial valuation report as of June 30, 2019 that has been rolled-forward by the actuary to June 30, 2020.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

Benefit eligibility:

Faculty and AP employees - retire prior to age 65.

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

Supplemental early retirement benefits:

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

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

At June 30, 2019, 95 retirees and surviving spouses received benefits and 2,282 current active employees are covered. The 2020 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, 2020, changes in the pension liability are as follows (in thousands):

	<u>Total Stipend Liability</u>
<u>Beginning of Year, 7/1/2019</u>	<u>\$ 1,411</u>
Benefit Payments	(201)
Service Cost	38
Interest on Stipend Liability	46
Change of Benefit Terms	-
Change in Assumptions	-
Experience (Gain)/Loss	-
<u>End of Year, 6/30/2020</u>	<u>\$ 1,294</u>

Actuarial valuations:

The actuarial information is from an actuarial valuation report as of June 30, 2019 that has been rolled-forward by the actuary to June 30, 2020.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. 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.

Asset Valuation Method:

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

Basic actuarial assumptions:

- | | |
|------------------|---|
| 1. Discount rate | 3.50% per year |
| 2. Mortality | Healthy retirees: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Active employees: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale. |

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

	Discount Rate Sensitivity		
	(in thousands)		
	1% Decrease	Current Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Total Stipend Liability on 6/30/2020	\$ 1,356	\$ 1,294	\$ 1,233

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

For the year ended June 30, 2020, the College recognized stipend expense of (\$78) thousand. As of June 30, 2020, 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	\$ 379	\$ -
Changes of assumptions or other inputs	194	219
Total	<u>\$ 573</u>	<u>\$ 219</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Stipend will be recognized in Pension expense for the year ended June 30, 2020 as follows (in thousands):

Year Ended June 30,	Amount
2021	\$ 40
2022	40
2023	40
2024	40
2025	40
All Subsequent Years	154
Total	<u>\$ 354</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

11. PENSION PLANS (Continued)

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, 2020 was \$0.3 million.

12. 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, 2020 is \$1,315 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, 2019, 95 retirees and surviving spouses received benefits and 2,282 current active employees are covered. The 2020 information is not available.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

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

The College's total OPEB liability of \$11.2 million was measured as of June 30, 2019 and rolled forward to June 30, 2020. It was determined by an actuarial valuation report as of that date.

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Discount rate	3.50%
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 2.50%.

Year	Moda Medical	Kaiser Medical	Dental	Vision	College Cap*
2021	6.50%	4.00%	3.00%	3.00%	6.50%
2022	6.00%	4.00%	3.00%	3.00%	6.00%
2023	5.50%	4.00%	3.00%	3.00%	5.50%
2024+	5.00%	4.00%	3.00%	3.00%	5.00%

* Applied only to Academic Professionals and Faculty Retirees

The discount rate was based on the June 30, 2019 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)
<u>Beginning of Year, 7/1/2019</u>	<u>\$ 11,387</u>
Benefit Payments - Explicit Medical	(540)
Benefit Payments - Implicit Medical	(467)
Service Cost	438
Interest on Total OPEB Liability	381
Change of Benefit Terms	-
Change in Assumptions	-
Experience (Gain)/Loss	-
<u>End of Year, 6/30/2020</u>	<u>\$ 11,199</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

12. 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate presents for the year ended June 30, 2020 as follows (in thousands):

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 12,022	\$ 11,199	\$ 10,430

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 (2.50%) or 1-percentage-point higher (4.50%) than the current healthcare cost trend rates presents for the year ended June 30, 2020 as follow (in thousands):

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 10,179	\$ 11,199	\$ 12,264

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

For the year ended June 30, 2020, the College recognized OPEB expense of (\$188.7) thousand. At June 30, 2020, 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	\$ 879	\$ 371
Changes of assumptions or other inputs	1,778	2,530
Total	<u>\$ 2,657</u>	<u>\$ 2,901</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

12. 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
2021	\$ (116)
2022	(116)
2023	(116)
2024	(116)
2025	(116)
All Subsequent Years	336
Total	<u>\$ (244)</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
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

12. 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$47 thousand. The rates in effect for the fiscal year ended June 30, 2020 were 0.06% for Tier One/Tier Two General Service Members and 0% 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, 2020, the College reported an asset of \$2.4 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 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, 2019 and 2018, the College's proportion were 1.25% and 1.27% respectively.

For the year ended June 30, 2020, the College recognized OPEB expense of approximately (\$309) thousand. At June 30, 2020, 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
Differences between expected and actual experience	\$ -	\$ 318
Changes of assumptions	-	2
Net difference between projected and actual earnings on investments	-	149
Changes in proportionate share	13	2
College's contributions subsequent to the measurement date	47	-
Year Ended June 30, 2020	<u>\$ 60</u>	<u>\$ 471</u>

Contributions subsequent to the measurement date of \$47 thousand reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other 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
2021	\$ (236)
2022	(210)
2023	(27)
2024	15
2025	-
Total	<u>\$ (458)</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

12. 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience Study	2016, published by July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation Rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex-distinct, generation with Unisex, Social Security Data Scale, with collar adjustment and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four- year period ending on December 31, 2016.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

12. 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 July 2017 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	Compound Annual (Geometric) Return
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Med Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Total	100 %	
Assumed Inflation - Mean		2.50 %

Source: OPERS Comprehensive Annual Financial Report, For the Fiscal Year Ended June 30, 2019

Source for the above table does not foot to 100%

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

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

Discount Rate

The discount rate used to measure the total OPEB asset was 7.20% 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.

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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate (in thousands):

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
College's proportionate share of the net OPEB liability (asset)	\$ (1,868)	\$ (2,410)	\$ (2,872)

OPEB Plan Fiduciary Net Position

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

13. 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 year ended June 30, 2020 is as follows (in thousands):

	Year Ended June 30, 2020
Total assets	\$ 19,871
Total net assets	18,844
Total support and revenues	7,577
Total expenses	6,527

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2020**

14. ESTIMATED TAX ABATEMENTS

The College's property tax revenues were reduced by \$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, 2020
Clackamas County	\$ 159
Columbia County	123
Multnomah County	584
Washington County	7,272
Yamhill County	3
	<u>\$ 8,141</u>

All data is estimated based on tax roll values.

15. COMMITMENTS AND CONTINGENCIES

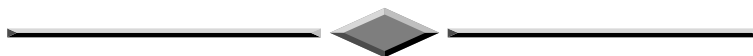
Construction Commitments

The College has approximately \$28.1 million in on-going construction commitments as of June 30, 2020. About sixty percent of this total consists of construction contracts based on guaranteed maximum amounts with the construction manager/general contractors, and design build selected for each of the four main campuses and other centers. 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, Rock Creek campus, Portland Metro Training Center, and Columbia County OMIC Center include new classrooms, lab facilities, student services and faculty workspaces to accommodate student enrollment. Projects also include district-wide deferred maintenance, upgrading district-wide technology infrastructure, upgrading district-wide security projects, 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 ten 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
2020	1.19359871%	\$ 13,786,961	\$ 134,216,139	10.27%	80.23%
2019	1.19835063%	148,267,124	133,230,694	111.29%	82.07%
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	124,011,129	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.

** Employer's covered payroll is equal to the amount reported to PERS in the proceeding year.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

Public Employees Retirement System (PERS) Pension Plan

SCHEDULE OF CONTRIBUTIONS

For the last ten 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
2020	6,646,833	\$ 176,450,043	\$ (169,803,210)	\$ 134,716,374	130.98%
2019	12,709,999	12,709,999	-	134,216,139	9.47%
2018	8,955,713	8,955,713	-	133,230,694	6.72%
2017	8,996,796	8,996,796	-	132,954,016	6.77%
2016	8,876,145	8,876,145	-	126,377,544	7.02%
2015	8,772,893	8,772,893	-	129,194,652	6.79%
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.

** Employer's covered payroll is equal to the amount report to PERS during the fiscal year presented. The amount includes adjustments from prior year's covered payroll.

*** Contribution in excess was created when the College paid excess funds toward the PERS total liability using a Pension Bond in FY18.

**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 ten 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%
2019	1.26553093%	(1,412,676)	133,230,694	-1.060323232%	123.99%
2020	1.24721207%	(2,410,064)	134,216,139	-1.795658866%	144.36%

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.

** Employer's covered payroll is equal to the amount reported to PERS in the proceeding year.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**Public Employees Retirement System (PERS) OPEB Plan
SCHEDULE OF CONTRIBUTIONS
For the last ten 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	-	133,230,694	0.484%
2019	607,428	607,428	-	134,216,139	0.453%
2020	47,084	47,084	-	134,716,374	0.035%

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.

** Employer's covered payroll is equal to the amount report to PERS during the fiscal year presented. The amount includes adjustments from prior year's covered payroll.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**College's Post Employment Health Care Plan (OPEB)
SCHEDULE OF TOTAL OPEB LIABILITY
For the last 10 fiscal years****

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 437,649	\$ 422,849	\$ 342,240	\$ 330,667
Interest	380,934	267,082	277,697	444,454
Changes of benefit terms	0	71,650	-	-
Differences between expect and actual experience	0	1,113,642	-	(610,802)
Changes of assumptions or other inputs	0	2,251,587	-	(4,170,669)
Benefit payments	(1,007,266)	(740,513)	(751,349)	(551,945)
Net change in total OPEB liability	(188,683)	3,386,297	(131,412)	(4,558,295)
Total OPEB liability beginning	11,387,470	8,001,173	8,132,585	12,690,880
Total OPEB liability ending	<u>\$ 11,198,787</u>	<u>\$ 11,387,470</u>	<u>\$ 8,001,173</u>	<u>\$ 8,132,585</u>
Covered employee payroll***	\$ 128,565,535	\$ 124,217,908	\$ 116,193,942	\$ 112,264,678
Total OPEB liability as a percentage of covered employee payroll ***	8.7%	9.2%	6.9%	7.2%

**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.

Assumes all actuarial assumptions are exactly realized.

*** Since these amounts are not driven by payroll the term "covered employee" is included.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

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

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 37,609	\$ 36,337	\$ 28,796	\$ 27,822	\$ 47,419
Interest	45,868	27,041	32,729	46,007	41,345
Changes of benefit terms	-	25,837	-	-	-
Differences between expect and actual experience	-	402,402	-	98,745	-
Changes of assumptions or other inputs	-	244,663	-	(366,543)	-
Benefit payments	(200,996)	(195,681)	(210,650)	(143,160)	(220,495)
Net change in total OPEB liability	(117,519)	540,599	(149,125)	(337,129)	(131,731)
Total Pension liability beginning	1,411,026	870,427	1,019,552	1,356,681	1,488,412
Total Pension liability ending	<u>\$ 1,293,507</u>	<u>\$ 1,411,026</u>	<u>\$ 870,427</u>	<u>\$ 1,019,552</u>	<u>\$ 1,356,681</u>
Covered employee payroll ***	\$ 45,501,302	\$ 43,962,611	\$ 43,137,258	\$ 41,678,510	\$ 44,442,240
Total Pension liability as a percentage of covered employee payroll ***	2.8%	3.2%	2.0%	2.4%	3.1%

*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

*** Since these amounts are not driven by payroll the term "covered employee" is included.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
Notes to Required Supplementary Information
June 30, 2020

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>

Key changes in assumptions for the December 31, 2016 and 2017 valuations are described in the Oregon Public Employees Retirement System's 2016 Experience Study which was published on July 26, 2017 and can be found at: <https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Key changes in assumptions for the December 31, 2018 and 2019 valuations are described in the Oregon Public Employees Retirement System's 2018 Experience Study which was published on July 24, 2019 and can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.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>

Key changes in assumptions for the December 31, 2016 and 2017 valuations are described in the Oregon Public Employees Retirement System's 2016 Experience Study which was published on July 26, 2017 and can be found at: <https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Key changes in assumptions for the December 31, 2018 and 2019 valuations are described in the Oregon Public Employees Retirement System's 2018 Experience Study which was published on July 24, 2019 and can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.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

College's Early Retirement Incentive Plan (Stipend)

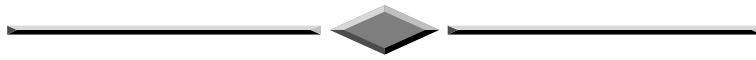
This Stipend plan is not a stand-alone plan and therefore does not issue its own financial statements. The plan does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73.

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, 2020

<u>GENERAL FUND</u>			
	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
District tax levy:			
Current	\$ 73,538,590	\$ 37,160,276	\$ (36,378,314)
Prior	1,764,926	430,749	(1,334,177)
Total district tax levy	75,303,516	37,591,025	(37,712,491)
Tuition and fees	185,891,574	89,293,331	(96,598,243)
Other sources:			
Interest from investments	967,674	1,743,559	775,885
Other local sources	4,234,385	1,028,956	(3,205,429)
Total other sources	5,202,059	2,772,515	(2,429,544)
Total from local sources	266,397,149	129,656,871	(136,740,278)
From federal sources:	6,273,372	2,729,399	(3,543,973)
From state sources:			
FTE reimbursement	207,233,248	107,798,653	(99,434,595)
Total from state sources	207,233,248	107,798,653	(99,434,595)
TOTAL REVENUES, BUDGETARY BASIS	479,903,769	240,184,923	(239,718,846)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

For the year ended June 30, 2020

<u>GENERAL FUND</u>			
	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Campus program areas:			
Sylvania campus	\$ 98,771,035	\$ 45,917,194	\$ 52,853,841
Rock Creek campus	74,982,435	35,284,851	39,697,584
Cascade campus	56,405,210	26,694,454	29,710,756
Southeast campus	30,999,811	14,229,874	16,769,937
Total Campus program areas	<u>261,158,491</u>	<u>122,126,373</u>	<u>139,032,118</u>
Non-campus program areas:			
Office of the President	4,903,474	2,420,748	2,482,726
Office of the Executive Vice President	24,930,378	10,928,637	14,001,741
Administrative Services	127,226,064	57,312,805	69,913,259
Academic Affairs	26,024,969	11,898,327	14,126,642
Student Affairs	31,063,573	14,400,256	16,663,317
Total Non-campus program areas	<u>214,148,458</u>	<u>96,960,773</u>	<u>117,187,685</u>
Contingencies	<u>24,852,175</u>	<u>-</u>	<u>24,852,175</u>
TOTAL EXPENDITURES	<u>500,159,124</u>	<u>219,087,146</u>	<u>281,071,978</u>
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	<u>(20,255,355)</u>	<u>21,097,777</u>	<u>41,353,132</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	9,109,049	3,423,662	(5,685,387)
Transfers out	<u>(8,203,302)</u>	<u>(3,752,619)</u>	<u>4,450,683</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>905,747</u>	<u>(328,957)</u>	<u>(1,234,704)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	<u>(19,349,608)</u>	<u>20,768,820</u>	<u>40,118,428</u>
Beginning fund balance	<u>42,082,929</u>	<u>42,082,929</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 22,733,321</u>	<u>\$ 62,851,749</u>	<u>\$ 40,118,428</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

CONTINUING AND COMMUNITY EDUCATION FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Other local sources	\$ 1,633,380	\$ 657,998	\$ (975,382)
Tuition and fees	14,712,108	3,710,651	(11,001,457)
TOTAL REVENUES	16,345,488	4,368,649	(11,976,839)
EXPENDITURES:			
Workforce/Continuing Education	17,905,731	5,338,761	12,566,970
Cascade campus	94,880	13,848	81,032
Contingency	1,805,584	-	1,805,584
TOTAL EXPENDITURES	19,806,195	5,352,609	14,453,586
REVENUES OVER (UNDER) EXPENDITURES	(3,460,707)	(983,960)	2,476,747
OTHER FINANCING SOURCES (USES):			
Transfers in	1,078,775	611,333	(467,442)
Transfers (out)	(644,302)	(421,200)	223,102
TOTAL OTHER FINANCING SOURCES (USES)	434,473	190,133	(244,340)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,026,234)	(793,827)	2,232,407
Beginning fund balance	3,026,234	3,026,234	-
Restated beginning fund balance	3,026,234	3,026,205	(29)
Ending fund balance - budgetary basis	\$ -	\$ 2,232,378	\$ 2,232,378

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

<u>AUXILIARY FUND</u>			
	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Facilities usage	\$ 1,223,186	\$ 662,126	\$ (561,060)
Campus activities	689,448	349,510	(339,938)
TOTAL REVENUES	1,912,634	1,011,636	(900,998)
EXPENDITURES:			
Facilities usage	1,446,936	319,145	1,127,791
Campus activities	502,176	272,269	229,907
Sustainability projects	440,000	-	440,000
Contingency	570,839	-	570,839
TOTAL EXPENDITURES	2,959,951	591,414	2,368,537
REVENUES OVER (UNDER) EXPENDITURES	(1,047,317)	420,222	1,467,539
OTHER FINANCING SOURCES (USES):			
Transfers:			
Transfers (out)	(45,310)	(17,084)	28,226
TOTAL OTHER FINANCING SOURCES (USES)	(45,310)	(17,084)	28,226
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,092,627)	403,138	1,495,765
Beginning fund balance	1,479,223	1,479,223	-
Ending fund balance - budgetary basis	\$ 386,596	\$ 1,882,361	\$ 1,495,765

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

STUDENT ACTIVITIES FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 5,000	\$ 9,675	\$ 4,675
From local sources:			
Student activities fees	4,870,602	2,427,683	(2,442,919)
Other local sources	470,000	74,675	(395,325)
Total from local sources	5,340,602	2,502,358	(2,838,244)
TOTAL REVENUES	5,345,602	2,512,033	(2,833,569)
EXPENDITURES:			
Sylvania campus programs	1,139,775	365,355	774,420
Rock Creek campus programs	1,004,335	295,138	709,197
Cascade campus programs	790,944	264,028	526,916
Southeast campus programs	586,280	171,347	414,933
District-wide programs	1,931,330	793,763	1,137,567
Contingency	125,902	-	125,902
TOTAL EXPENDITURES	5,578,566	1,889,631	3,688,935
REVENUES OVER (UNDER) EXPENDITURES	(232,964)	622,402	855,366
Beginning fund balance	232,964	232,964	-
Ending fund balance - budgetary basis	\$ -	\$ 855,366	\$ 855,366

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

CONTRACTS AND GRANTS FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Local sources	\$ 11,842,242	\$ 3,771,869	\$ (8,070,373)
State sources	14,411,295	10,062,778	(4,348,517)
Federal sources	29,661,197	7,718,981	(21,942,216)
 TOTAL REVENUES	 55,914,734	 21,553,628	 (34,361,106)
EXPENDITURES:			
Local contracts	14,424,656	4,393,285	10,031,371
State grants	14,105,292	9,916,635	4,188,657
Federal grants	26,666,183	7,275,177	19,391,006
 TOTAL EXPENDITURES	 55,196,131	 21,585,097	 33,611,034
Contingency	1,654,960	-	1,654,960
REVENUES OVER (UNDER) EXPENDITURES	(936,357)	(31,469)	904,888
OTHER FINANCING SOURCES (USES):			
Transfers in	388,400	193,486	(194,914)
Transfers (out)	(3,209,371)	(1,307,683)	1,901,688
 TOTAL OTHER FINANCING SOURCES (USES)	 (2,820,971)	 (1,114,197)	 1,706,774
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,757,328)	(1,145,666)	2,611,662
Beginning fund balance	3,757,328	3,757,328	-
Ending fund balance - budgetary basis	\$ -	\$ 2,611,662	\$ 2,611,662

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

STUDENT FINANCIAL AID FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Interest from investments	\$ 18,700	\$ 20,958	\$ 2,258
Private scholarships	1,877,683	237,769	(1,639,914)
Total from local sources	1,896,383	258,727	(1,637,656)
From federal sources	220,563,926	95,482,312	(125,081,614)
TOTAL REVENUES	222,460,309	95,741,039	(126,719,270)
EXPENDITURES:			
College funded programs	356,000	235,128	120,872
Federal programs	221,780,556	95,495,693	126,284,863
Short term student loan program	248,000	27,864	220,136
Contingency	1,865,241	-	1,865,241
TOTAL EXPENDITURES	224,249,797	95,758,685	128,491,112
REVENUES OVER (UNDER) EXPENDITURES	(1,789,488)	(17,646)	1,771,842
OTHER FINANCING SOURCES (USES):			
Transfers in	200,617	-	(200,617)
Transfers (out)	(487,501)	(252,174)	235,327
TOTAL OTHER FINANCING SOURCES (USES)	(286,884)	(252,174)	34,710
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,076,372)	(269,820)	1,806,552
Beginning fund balance	2,076,372	2,076,372	-
Ending fund balance - budgetary basis	\$ -	\$ 1,806,552	\$ 1,806,552

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

GENERAL OBLIGATION (G.O.) BOND FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Proceeds from tax levies - current year	\$ 107,788,626	\$ 53,710,216	\$ (54,078,410)
Proceeds from tax levies - prior year	340,000	590,323	250,323
Interest from investments	120,000	476,006	356,006
	<u>108,248,626</u>	<u>54,776,545</u>	<u>(53,472,081)</u>
TOTAL REVENUES			
EXPENDITURES:			
Principal payments	68,760,000	32,810,000	35,950,000
Interest payments	39,028,626	20,223,089	18,805,537
	<u>107,788,626</u>	<u>53,033,089</u>	<u>54,755,537</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>460,000</u>	<u>1,743,456</u>	<u>1,283,456</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	460,000	1,743,456	1,283,456
Beginning fund balance	<u>5,886,370</u>	<u>5,886,370</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 6,346,370</u>	<u>\$ 7,629,826</u>	<u>\$ 1,283,456</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

P.E.R.S. DEBT SERVICE FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Principal payments	\$ 20,375,000	\$ 9,585,000	\$ 10,790,000
Interest payments	<u>21,565,268</u>	<u>10,987,219</u>	<u>10,578,049</u>
TOTAL EXPENDITURES	<u>41,940,268</u>	<u>20,572,219</u>	<u>21,368,049</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(41,940,268)</u>	<u>(20,572,219)</u>	<u>21,368,049</u>
OTHER FINANCING SOURCES (USES):			
Transfer from PERS Reserve Fund	<u>41,940,268</u>	<u>20,572,219</u>	<u>(21,368,049)</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, 2020

CAPITAL PROJECTS FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 40,000	\$ 32,712	\$ (7,288)
Other revenues	380,000	120,090	(259,910)
	<u>420,000</u>	<u>152,802</u>	<u>(267,198)</u>
TOTAL REVENUES			
EXPENDITURES:			
Capital outlay	3,005,817	855,754	2,150,063
Contingency	1,147,598	-	1,147,598
	<u>4,153,415</u>	<u>855,754</u>	<u>3,297,661</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,733,415)</u>	<u>(702,952)</u>	<u>3,030,463</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	2,120,000	80,000	(2,040,000)
	<u>2,120,000</u>	<u>80,000</u>	<u>(2,040,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,613,415)	(622,952)	990,463
Beginning fund balance	2,050,272	2,050,272	-
Ending fund balance - budgetary basis	<u>\$ 436,857</u>	<u>\$ 1,427,320</u>	<u>\$ 990,463</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

CAPITAL CONSTRUCTION FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 1,750,000	\$ 4,614,072	\$ 2,864,072
State sources	15,000,000	6,328,163	(8,671,837)
Miscellaneous income	30,000	149,828	119,828
	<u>16,780,000</u>	<u>11,092,063</u>	<u>(5,687,937)</u>
TOTAL REVENUES			
EXPENDITURES:			
Sylvania campus	53,800,000	4,344,302	49,455,698
Cascade campus	3,460,000	181,058	3,278,942
Rock Creek campus	19,225,000	2,113,827	17,111,173
Southeast campus	240,000	55,591	184,409
District-wide projects	71,494,527	32,361,657	39,132,870
Contingency	9,757,171	-	9,757,171
	<u>157,976,698</u>	<u>39,056,435</u>	<u>118,920,263</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>(141,196,698)</u>	<u>(27,964,372)</u>	<u>113,232,326</u>
Beginning fund balance	<u>215,732,729</u>	<u>215,732,729</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 74,536,031</u>	<u>\$ 187,768,357</u>	<u>\$ 113,232,326</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

FOOD SERVICES FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Food sales	\$ 9,176,329	\$ 2,083,317	\$ (7,093,012)
TOTAL REVENUES	<u>9,176,329</u>	<u>2,083,317</u>	<u>(7,093,012)</u>
EXPENDITURES:			
Food services operations	10,359,084	3,074,981	7,284,103
Contingency	<u>527,518</u>	<u>-</u>	<u>527,518</u>
TOTAL EXPENDITURES	<u>10,886,602</u>	<u>3,074,981</u>	<u>7,811,621</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,710,273)</u>	<u>(991,664)</u>	<u>718,609</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	6,984	-	(6,984)
Transfers in	1,504,767	1,004,767	(500,000)
Transfers (out)	<u>(80,404)</u>	<u>-</u>	<u>80,404</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,431,347</u>	<u>1,004,767</u>	<u>(426,580)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(278,926)	13,103	292,029
Beginning fund balance	<u>278,926</u>	<u>278,926</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 292,029</u>	<u>\$ 292,029</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

<u>BOOKSTORE FUND</u>			
	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Bookstore sales	\$ 15,670,249	\$ 5,270,562	\$ (10,399,687)
Miscellaneous income	254,782	162,878	(91,904)
TOTAL REVENUES	15,925,031	5,433,440	(10,491,591)
EXPENDITURES:			
Bookstore operations	17,369,522	7,004,749	10,364,773
Contingency	1,647,679	-	1,647,679
TOTAL EXPENDITURES	19,017,201	7,004,749	12,012,452
REVENUES OVER (UNDER) EXPENDITURES	(3,092,170)	(1,571,309)	1,520,861
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(1,970,108)	-	1,970,108
Interest from investments	72,990	117,527	44,537
TOTAL OTHER FINANCING SOURCES (USES)	(1,897,118)	117,527	2,014,645
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(4,989,288)	(1,453,782)	3,535,506
Beginning fund balance	4,989,288	4,989,288	-
Ending fund balance - budgetary basis	\$ -	\$ 3,535,506	\$ 3,535,506

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

PARKING OPERATIONS FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Parking permits	\$ 4,492,989	\$ 1,672,177	\$ (2,820,812)
Parking fines	516,468	204,917	(311,551)
Other revenue	2,458,457	689,441	(1,769,016)
TOTAL REVENUES	7,467,914	2,566,535	(4,901,379)
EXPENDITURES:			
Parking operations	10,820,058	3,577,062	7,242,996
Contingency	1,216,790	-	1,216,790
TOTAL EXPENDITURES	12,036,848	3,577,062	8,459,786
REVENUES OVER (UNDER) EXPENDITURES	(4,568,934)	(1,010,527)	3,558,407
OTHER FINANCING SOURCES (USES):			
Interest from investments	76,647	90,815	14,168
Transfers in	123,943	49,376	(74,567)
Transfers (out)	(553,382)	(208,079)	345,303
TOTAL OTHER FINANCING SOURCES (USES)	(352,792)	(67,888)	284,904
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(4,921,726)	(1,078,415)	3,843,311
Beginning fund balance	4,921,726	4,921,726	-
Ending fund balance - budgetary basis	\$ -	\$ 3,843,311	\$ 3,843,311

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

PRINT CENTER FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Charges for services-internal	\$ 955,300	\$ 329,677	\$ (625,623)
Charges for services-external	53,000	35,471	(17,529)
Copy machine income	979,001	535,908	(443,093)
Miscellaneous income	706,960	2,262	(704,698)
	<u>2,694,261</u>	<u>903,318</u>	<u>(1,790,943)</u>
TOTAL REVENUES			
EXPENDITURES:			
Print center operations	2,918,530	1,264,209	1,654,321
Contingency	162,623	-	162,623
	<u>3,081,153</u>	<u>1,264,209</u>	<u>1,816,944</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>(386,892)</u>	<u>(360,891)</u>	<u>26,001</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	-	3,101	3,101
Transfers in	405,630	405,630	-
Transfers (out)	(118,671)	-	118,671
	<u>286,959</u>	<u>408,731</u>	<u>121,772</u>
TOTAL OTHER FINANCING SOURCES (USES)			
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(99,933)	47,840	147,773
Beginning fund balance	<u>225,421</u>	<u>225,421</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 125,488</u>	<u>\$ 273,261</u>	<u>\$ 147,773</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

RISK MANAGEMENT FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department charges & other revenues	\$ 5,923,000	\$ 3,474,113	\$ (2,448,887)
Insurance reimbursement	2,000	-	(2,000)
 TOTAL REVENUES	 5,925,000	 3,474,113	 (2,450,887)
 EXPENDITURES:			
Self-insurance & risk administration	6,677,066	2,901,700	3,775,366
Contingency	1,632,141	-	1,632,141
 TOTAL EXPENDITURES	 8,309,207	 2,901,700	 5,407,507
 REVENUES OVER (UNDER) EXPENDITURES	 (2,384,207)	 572,413	 2,956,620
 OTHER FINANCING SOURCES (USES):			
Interest from investments	135,000	199,501	64,501
Transfers in	2,081,170	1,040,585	(1,040,585)
 TOTAL OTHER FINANCING SOURCES (USES)	 2,216,170	 1,240,086	 (976,084)
 REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	 (168,037)	 1,812,499	 1,980,536
 Beginning fund balance	 8,903,420	 8,903,420	 -
 Ending fund balance - budgetary basis	 \$ 8,735,383	 \$ 10,715,919	 \$ 1,980,536

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

P.E.R.S./RESERVE FUND

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department PERS charges	\$ 44,440,268	\$ 18,872,783	\$ (25,567,485)
TOTAL REVENUES	<u>44,440,268</u>	<u>18,872,783</u>	<u>(25,567,485)</u>
OPERATING EXPENSES:			
Contingency	<u>3,556,045</u>	<u>-</u>	<u>3,556,045</u>
TOTAL OPERATING EXPENSES	<u>3,556,045</u>	<u>-</u>	<u>3,556,045</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(44,440,268)	(21,822,219)	22,618,049
Interest from investments	<u>420,300</u>	<u>488,411</u>	<u>68,111</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(44,019,968)</u>	<u>(21,333,808)</u>	<u>22,686,160</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	(3,135,745)	(2,461,025)	674,720
Beginning fund balance	<u>21,730,740</u>	<u>21,730,740</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 18,594,995</u>	<u>\$ 19,269,715</u>	<u>\$ 674,720</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

EARLY RETIREMENT INCENTIVE PLAN

	2019-21 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
ADDITIONS:			
Amount provided by General Fund	\$ 800,000	\$ 400,000	\$ (400,000)
Interest from investments	60,000	11,350	(48,650)
TOTAL ADDITIONS	860,000	411,350	(448,650)
DEDUCTIONS:			
Other post-retirement benefits	1,433,640	776,277	657,363
Contingency	-	-	-
TOTAL DEDUCTIONS	1,433,640	776,277	657,363
NET ADDITIONS (DEDUCTIONS):	(573,640)	(364,927)	208,713
Beginning fund balance	573,640	573,640	-
Ending fund balance - budgetary basis	\$ -	\$ 208,713	\$ 208,713

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS

June 30, 2020

GENERAL OBLIGATION BONDS

FISCAL YEAR	<u>SERIES 2013, ISSUED 03/28/2013</u>		TOTAL REQUIREMENTS
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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>\$ 131,745,000</u>	<u>\$ 40,696,956</u>	<u>\$ 172,441,956</u>

FISCAL YEAR	<u>SERIES 2016, ISSUED 03/28/2015</u>		TOTAL REQUIREMENTS
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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>\$ 109,015,000</u>	<u>\$ 29,021,750</u>	<u>\$ 138,036,750</u>

FISCAL YEAR	<u>SERIES 2018, ISSUED 04/02/2018</u>		TOTAL REQUIREMENTS
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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>\$ 157,030,000</u>	<u>\$ 54,553,150</u>	<u>\$ 211,583,150</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2020

LIMITED TAX PENSION BONDS

FISCAL YEAR	<u>SERIES 2003, ISSUED 6/12/2003</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
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>\$ 69,690,000</u>	<u>\$ 14,693,830</u>	<u>\$ 84,383,830</u>

FISCAL YEAR	<u>SERIES 2018, ISSUED 11/27/18</u>		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2020-21	\$ 3,540,000	\$ 7,225,959	\$ 10,765,959
2021-22	4,035,000	7,110,520	11,145,520
2022-23	4,560,000	6,973,330	11,533,330
2023-24	5,125,000	6,813,730	11,938,730
2024-25	5,730,000	6,626,667	12,356,667
2025-26	6,380,000	6,411,792	12,791,792
2026-27	7,075,000	6,163,610	13,238,610
2027-28	7,815,000	5,882,733	13,697,733
2028-29	8,610,000	5,568,570	14,178,570
2029-30	9,465,000	5,210,394	14,675,394
2030-31	10,380,000	4,807,185	15,187,185
2031-32	11,365,000	4,354,617	15,719,617
2032-33	12,420,000	3,850,011	16,270,011
2033-34	13,550,000	3,291,111	16,841,111
2034-35	14,770,000	2,662,797	17,432,797
2035-36	16,060,000	1,977,912	18,037,912
2036-37	17,440,000	1,233,210	18,673,210
2037-38	9,155,000	424,517	9,579,517
TOTALS	<u>\$ 167,475,000</u>	<u>\$ 86,588,665</u>	<u>\$ 254,063,665</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.

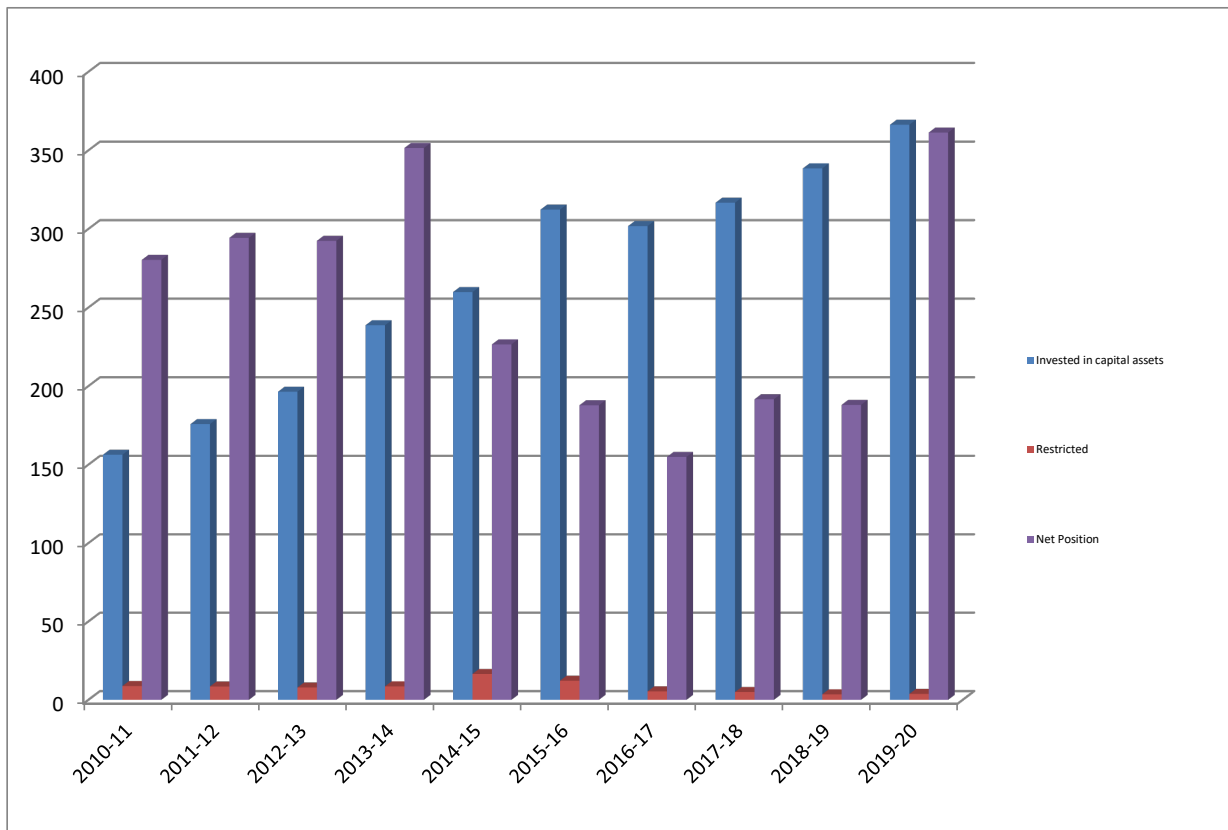


PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2019-20	2018-19	2017-18	2016-17
Net invested in capital assets	\$ 623,142	\$ 605,712	\$ 584,314	\$ 586,034
Less related debt	<u>(256,851)</u>	<u>(267,231)</u>	<u>(267,661)</u>	<u>(284,189)</u>
Net investment in capital assets	366,291	338,481	316,653	301,845
Net position, restricted	3,805	3,489	4,995	5,422
Net position, unrestricted	<u>(8,770)</u>	<u>(154,015)</u>	<u>(130,060)</u>	<u>(152,347)</u>
TOTAL NET POSITION	<u>\$ 361,326</u>	<u>\$ 187,955</u>	<u>\$ 191,588</u>	<u>\$ 154,920</u>

Note: Restated in 2015, 2014 and 2011.



<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 575,232 <u>(294,173)</u>	\$ 534,021 <u>(274,240)</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>
281,059	259,781	238,664	196,408	175,816	156,295
12,552	16,497	8,596	7,935	8,510	8,782
<u>(105,818)</u>	<u>(49,776)</u>	<u>104,248</u>	<u>88,105</u>	<u>110,021</u>	<u>115,262</u>
<u>\$ 187,793</u>	<u>\$ 226,502</u>	<u>\$ 351,508</u>	<u>\$ 292,448</u>	<u>\$ 294,347</u>	<u>\$ 280,339</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

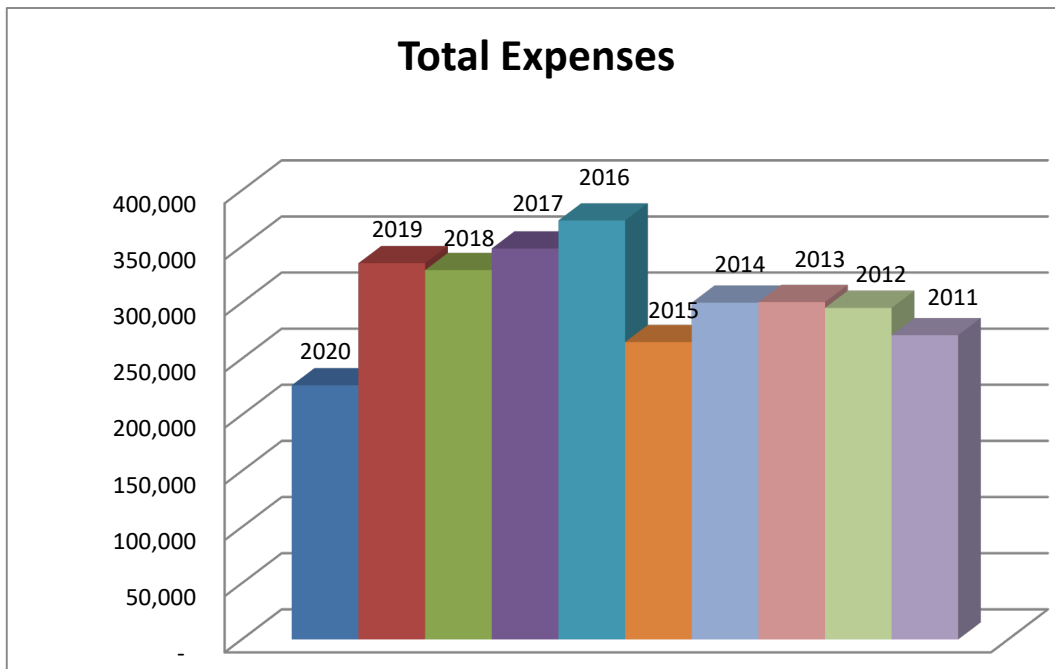
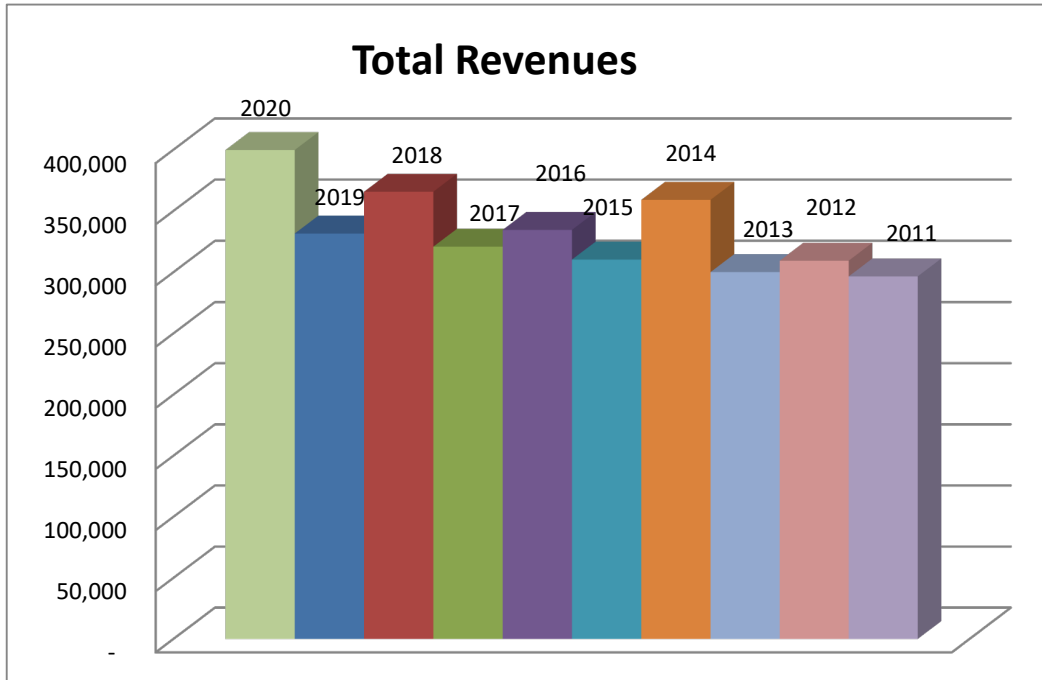
	2019-20	2018-19	2017-18	2016-17
Operating revenues				
Student tuition and fees, net	\$ 68,850	\$ 69,908	\$ 68,398	\$ 66,752
Grants and contracted programs	11,491	16,446	17,260	20,478
Auxiliary enterprises	8,608	12,852	14,548	15,820
Other operating revenues	150	11	75	10
Total operating revenues	89,099	99,217	100,281	103,060
Nonoperating revenues				
State FTE reimbursement	132,346	71,543	116,888	67,933
Property taxes	91,952	87,948	76,405	80,013
Federal financial aid	58,640	49,176	56,869	56,860
State and local grants and contracts	19,468	12,482	10,214	11,941
Investment income	8,228	11,166	2,265	996
Investment gain on pension asset	-	-	-	-
Sale of equipment	54	-	-	-
Gain on disposal of assets	-	-	-	15
Gain on legal settlement	-	-	2,750	-
Total nonoperating revenues	310,688	232,315	265,391	217,758
Total Revenues	399,787	331,532	365,672	320,818
Operating expenses				
Campus educational and campus general	76,259	156,782	136,919	144,870
Other educational and general	35,918	69,052	90,977	97,588
Grants and contracted programs	21,307	22,500	21,850	26,149
Auxiliary enterprises	13,208	15,847	18,575	19,962
Student financial aid, net tuition and textbooks	24,740	19,363	21,186	22,038
Other support services	5,676	6,381	5,382	4,856
Depreciation and amortization	18,222	14,292	12,546	12,213
Total operating expenses	195,330	304,217	307,435	327,676
Nonoperating expenses				
Interest expense	31,047	29,792	20,518	19,964
Bond issuance costs	-	1,155	755	638
Loss on disposal of assets	39	1	297	-
Total nonoperating expenses	31,086	30,948	21,570	20,602
Total Expenses	226,416	335,165	329,005	348,278
TOTAL INCREASE (DECREASE) IN NET POSITION	\$ 173,371	\$ (3,633)	\$ 36,667	\$ (27,460)

Note: Restated in 2015, 2014 and 2011.

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
\$ 65,901	\$ 63,196	\$ 63,775	\$ 60,845	\$ 62,216	\$ 62,644
16,725	17,194	16,416	19,085	20,362	21,045
16,701	18,717	17,731	19,139	21,259	18,298
239	638	606	12	20	221
99,566	99,745	98,528	99,081	103,857	102,208
102,767	53,710	78,243	39,191	71,604	41,003
66,165	77,393	74,246	65,790	58,282	59,895
56,448	65,488	69,780	73,239	62,720	57,471
8,196	12,809	15,583	9,357	8,899	11,740
1,316	1,136	2,388	514	1,313	1,814
-	-	20,273	12,918	2,651	22,373
-	-	-	-	-	-
48	-	-	-	-	-
-	-	-	-	-	-
234,940	210,536	260,513	201,009	205,469	194,296
334,506	310,281	359,041	300,090	309,326	296,504
169,754	100,927	131,068	129,297	134,836	118,239
108,034	61,590	78,008	72,426	68,982	59,521
21,277	23,881	21,906	24,778	25,617	26,881
20,812	23,256	22,747	24,069	23,904	20,885
18,325	19,630	20,092	22,678	16,123	20,235
5,245	4,009	4,149	4,434	4,479	3,614
8,202	7,975	6,428	7,508	7,438	6,670
351,649	241,268	284,398	285,190	281,379	256,045
21,566	23,469	15,583	13,919	13,931	14,930
-	166	-	1,425	-	-
-	-	-	-	8	22
21,566	23,635	15,583	15,344	13,939	14,952
373,215	264,903	299,981	300,534	295,318	270,997
\$ (38,709)	\$ 45,378	\$ 59,060	\$ (444)	\$ 14,008	\$ 25,507

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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





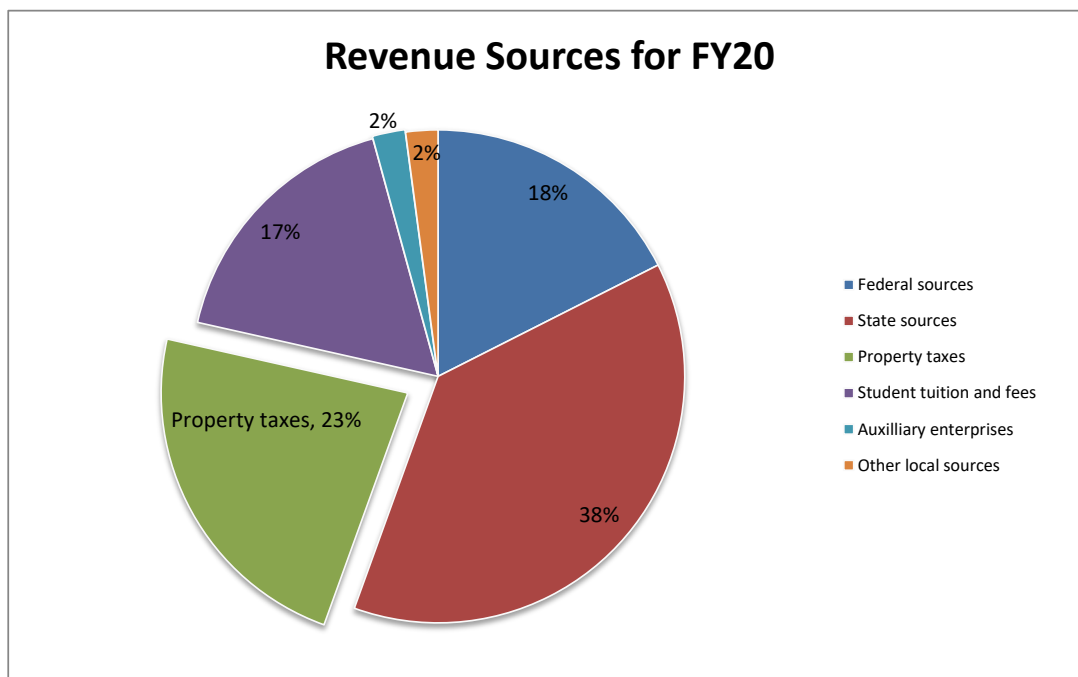
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2019-20	2018-19	2017-18	2016-17
Federal financial aid	\$ 58,640	\$ 49,176	\$ 56,869	\$ 56,860
Other federal grants and contracts	11,491	16,446	17,260	20,478
Federal sources	\$ 70,131	\$ 65,622	\$ 74,129	\$ 77,338
State FTE reimbursement	132,346	71,543	116,888	67,933
Other state grants and contracts	19,468	12,482	10,214	11,941
State sources	151,814	84,025	127,102	79,874
Local sources:				
Property taxes (2)	91,952	87,948	76,405	80,013
Student tuition and fees, net	68,850	69,908	68,398	66,752
Auxiliary enterprise	8,608	12,852	14,548	15,820
Food Services	2,083	3,271	3,628	4,024
Bookstore, net of scholarship allowance	3,958	5,334	6,128	6,940
Parking Operation	2,567	4,247	4,792	4,856
Other local sources	8,432	11,177	5,090	1,021
Investment income	8,228	11,166	2,265	996
Sale of equipment	54	-	-	-
Gain on disposal of capital assets	-	-	-	15
Investment gain on pension asset	-	-	-	-
Other local sources	150	11	75	10
Legal settlement	-	-	2,750	-
Total local sources	177,842	181,885	164,441	163,606
Total revenues (1)	\$ 399,787	\$ 331,532	\$ 365,672	\$ 320,818

(1) Restated in 2015, 2014 and 2011.

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

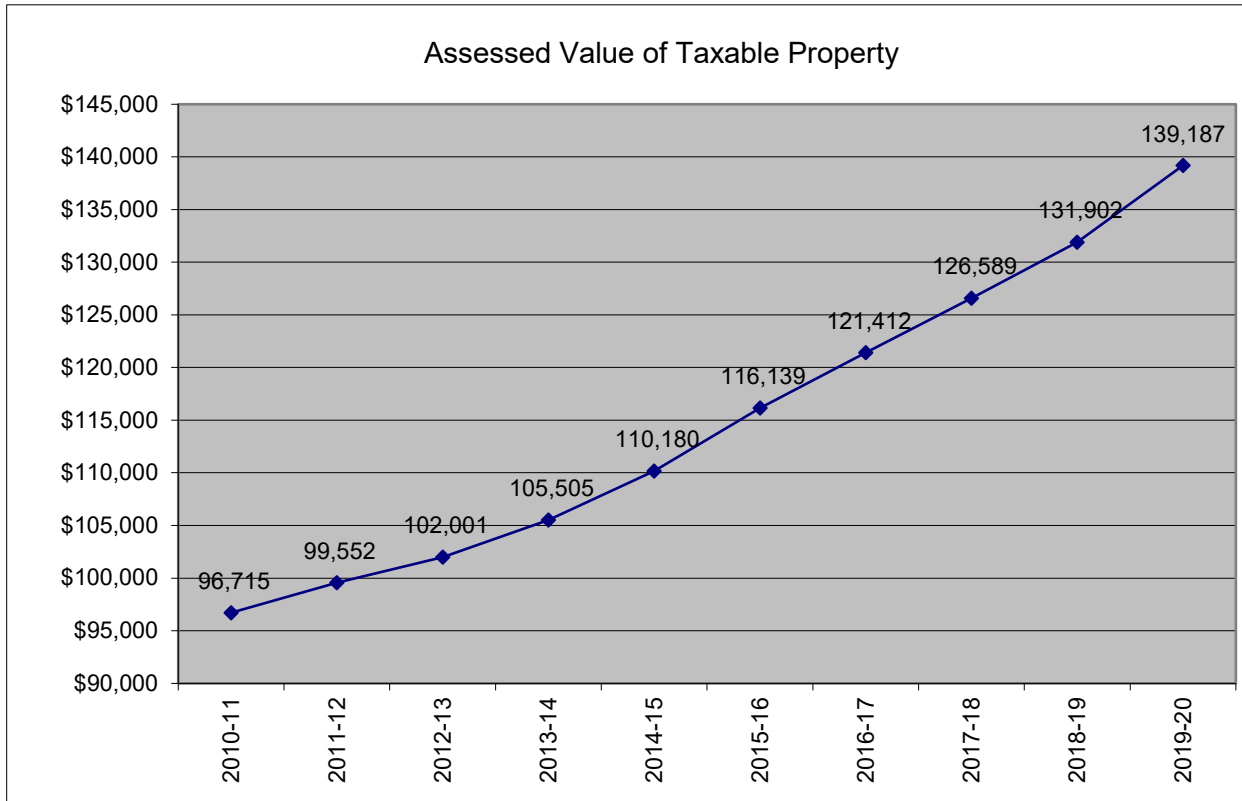


2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
\$ 56,448	\$ 65,488	\$ 69,780	\$ 73,239	\$ 62,720	\$ 57,471
16,725	17,194	16,416	19,085	20,362	21,045
\$ 73,173	\$ 82,682	\$ 86,196	\$ 92,324	\$ 83,082	\$ 78,516
102,767	53,710	78,243	39,191	71,604	41,003
8,196	12,809	15,583	9,357	8,899	11,740
110,963	66,519	93,826	48,548	80,503	52,743
66,165	77,393	74,246	65,790	58,282	59,895
65,901	63,196	63,775	60,845	62,216	62,644
16,701	18,717	17,731	19,139	21,259	18,298
4,315	4,606	4,571	4,827	4,915	4,581
7,585	9,464	8,048	9,095	11,478	9,697
4,801	4,647	5,112	5,217	4,866	4,020
1,603	1,774	23,267	13,444	3,984	24,408
1,316	1,136	2,388	514	1,313	1,814
-	-	-	-	-	-
48	-	-	-	-	-
-	-	20,273	12,918	2,651	22,373
239	638	606	12	20	221
-	-	-	-	-	-
150,370	161,080	179,019	159,218	145,741	165,245
\$ 334,506	\$ 310,281	\$ 359,041	\$ 300,090	\$ 309,326	\$ 296,504

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2019-20	2018-19	2017-18	2016-17
Net Assessed Valuation (1)	\$ 139,186,819	\$ 131,902,424	\$ 126,589,172	\$ 121,411,734
Percentage Increased (decreased)	5.5%	4.2%	4.3%	4.5%
Direct Tax Rate (2)	\$ 0.685	\$ 0.687	\$ 0.605	\$ 0.679
Real Market Valuation	\$ 269,739,841	\$ 260,781,492	\$ 240,182,547	\$ 213,829,495
Percentage Increased (decreased)	3.4%	8.6%	12.3%	14.4%
Ratio of Assessed Valuation to Real Market Valuation	51.6%	50.6%	52.7%	56.8%



(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

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
\$ 116,139,150	\$ 110,179,585	\$ 105,504,924	\$ 102,000,829	\$ 99,551,921	\$ 96,714,788
5.4%	4.4%	3.4%	2.5%	2.9%	3.4%
\$ 0.586	\$ 0.722	\$ 0.734	\$ 0.665	\$ 0.598	\$ 0.636
\$ 186,844,997	\$ 170,320,945	\$ 154,652,630	\$ 147,092,511	\$ 150,172,560	\$ 158,329,495
9.7%	10.1%	5.1%	-2.1%	-5.2%	-4.5%
62.2%	64.7%	68.2%	69.3%	66.3%	61.1%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2019-20</u>	<u>2018-19 (4)</u>	<u>2017-18</u>	<u>2016-17</u>
Levy extended by assesor (1)	<u>\$ 94,660</u>	<u>\$ 90,572</u>	<u>\$ 76,978</u>	<u>\$ 82,318</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 93,394</u>	<u>\$ 89,369</u>	<u>\$ 75,901</u>	<u>\$ 80,793</u>
First year prior	723	650	769	648
Second year prior	214	518	272	232
Third year prior	147	354	193	194
Fourth year prior	67	452	94	81
Fifth year prior	15	362	11	10
Sixth year prior and earlier	<u>37</u>	<u>913</u>	<u>30</u>	<u>14</u>
Total prior	<u>1,203</u>	<u>3,249</u>	<u>1,369</u>	<u>1,179</u>
Total Property Taxes	<u>\$ 94,597</u>	<u>\$ 92,618</u>	<u>\$ 77,270</u>	<u>\$ 81,972</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.
- (4) Fiscal year 2019 included collection on Comcast settlement in September 2018 for tax years 2009/10 through 2017/18. The distribution collected was approximately \$1.7 million more than normal.

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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
<u>\$ 68,035</u>	<u>\$ 77,437</u>	<u>\$ 67,620</u>	<u>\$ 59,435</u>	<u>\$ 61,449</u>	<u>\$ 59,191</u>
<u>\$ 66,673</u>	<u>\$ 77,999</u>	<u>\$ 75,599</u>	<u>\$ 65,902</u>	<u>\$ 57,706</u>	<u>\$ 59,771</u>
772	904	839	879	691	1,108
256	281	262	389	143	301
195	235	236	250	193	156
72	122	108	85	68	58
12	20	13	11	7	6
9	14	17	16	7	7
<u>1,316</u>	<u>1,576</u>	<u>1,475</u>	<u>1,630</u>	<u>1,109</u>	<u>1,636</u>
<u>\$ 67,989</u>	<u>\$ 79,575</u>	<u>\$ 77,074</u>	<u>\$ 67,532</u>	<u>\$ 58,815</u>	<u>\$ 61,407</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2020		
	ASSESSED VALUATION	RANK	PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION
Intel Corporation	\$ 1,970,829	1	1.42 %
Portland General Electric	1,155,606	2	0.83
Nike	1,011,210	3	0.73
Northwest Natural Gas	748,943	4	0.54
Comcast	466,289	5	0.34
Pacific Realty Associates	405,106	6	0.29
Fred Meyer Stores Inc	353,373	7	0.25
PacificCorp	338,347	8	0.24
Verizon	337,249	9	0.24
Centurylink	311,018	10	0.22
	7,097,970		5.10
ALL OTHER TAXPAYERS	132,088,849		94.90
TOTAL	\$ 139,186,819		100.00 %

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

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>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Current tax levy	\$ 94,660	\$ 90,572	\$ 76,978	\$ 82,318	\$ 68,035
Current tax collections	\$ 90,554	\$ 86,725	\$ 73,303	\$ 78,392	\$ 64,757
Current collections as a percentage of current levy	95.7%	95.8%	95.2%	95.2%	95.2%
Delinquent tax collections	\$ 1,126	\$ 2,820	\$ 1,067	\$ 1,153	\$ 1,353
Total tax collections	\$ 91,680	\$ 89,545	\$ 74,370	\$ 79,545	\$ 66,110
Total tax collections as a percentage of current levy	96.9%	98.9%	96.6%	96.6%	97.2%
Uncollected tax	\$ 2,173	\$ 2,110	\$ 4,157	\$ 4,449	\$ 4,103
Uncollected percentage of current levy	2.3%	2.3%	5.4%	5.4%	6.0%

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

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2019-20	2018-19	2017-18	2016-17
Outstanding Debt				
General obligation bonds (1)	\$ 447,363	\$ 484,542	\$ 517,550	\$ 340,728
Limited tax pension bonds	237,165	246,750	82,005	87,170
Certificate of participation	-	-	-	-
Note payable	-	520	1,041	1,561
Capital leases	412	1,429	2,481	1,935
Total Outstanding Debt	\$ 684,940	\$ 733,241	\$ 603,077	\$ 431,394
Student population	60	68	71	74
Total Debt per student (in dollars)	\$ 11,409	\$ 10,849	\$ 8,481	\$ 5,813
Personal income (2)	N/A	N/A	\$ 141,269,916	\$ 131,861,400
Total Debt to personal income	N/A	N/A	0.43%	0.33%

(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 2019-20 and 2018-19 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

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
\$ 366,132	\$ 393,636	\$ 419,600	\$ 448,191	\$ 272,293	\$ 292,805
91,760	95,820	99,385	102,495	105,180	107,470
-	-	-	860	1,010	1,150
-	-	-	-	300	375
-	-	83	163	231	290
\$ 457,892	\$ 489,456	\$ 519,068	\$ 551,709	\$ 379,014	\$ 402,090
79	85	88	90	95	93
\$ 5,811	\$ 5,738	\$ 5,887	\$ 6,137	\$ 4,005	\$ 4,345
\$ 122,433,633	\$ 115,690,881	\$ 107,536,731	\$ 101,210,007	\$ 98,698,029	\$ 93,449,170
0.37%	0.42%	0.48%	0.55%	0.38%	0.43%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2019-20	2018-19	2017-18	2016-17
General Bonded Debt Outstanding:				
General obligation bonds (1)	\$ 447,363	\$ 484,542	\$ 517,550	\$ 340,728
Limited tax pension bonds	237,165	246,750	82,005	87,170
Certificate of participation	-	-	-	-
Total General bonded Debt	\$ 684,528	\$ 731,292	\$ 599,555	\$ 427,898
Less: Amounts set aside to repay general debt	(7,630)	(5,886)	(3,778)	(5,980)
Net General Bonded Debt	\$ 676,898	\$ 725,406	\$ 595,777	\$ 421,918
Taxable Assessed Property Value (2)	\$ 139,186,819	\$ 131,902,424	\$ 126,589,172	\$ 121,411,734
Population Estimate (3)	N/A	1,412	1,396	1,374
Net bonded debt to assessed value	0.49%	0.55%	0.47%	0.35%
Net bonded debt per capita (in dollars)	N/A	\$ 514	\$ 427	\$ 307

(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 2019-2020 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.

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
\$ 366,132 91,760 -	\$ 393,636 95,820 -	\$ 419,600 99,385 -	\$ 448,191 102,495 860	\$ 272,293 105,180 1,010	\$ 292,805 107,470 1,150
\$ 457,892	\$ 489,456	\$ 518,985	\$ 551,546	\$ 378,483	\$ 401,425
(1,460)	(8,604)	(3,486)	(4,935)	(1,087)	(3,917)
\$ 456,432	\$ 480,852	\$ 515,499	\$ 546,611	\$ 377,396	\$ 397,508
\$ 116,139,150 1,351	\$ 110,179,585 1,324	\$ 105,504,924 1,303	\$ 102,000,829 1,284	\$ 99,551,921 1,267	\$ 96,714,788 1,254
0.39% \$ 338	0.44% \$ 363	0.49% \$ 396	0.54% \$ 426	0.38% \$ 298	0.41% \$ 317

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	2019-20	2018-19	2017-18	2016-17
Legal debt limit (1)	4,046,098	3,911,722	3,602,738	3,207,442
Net general bonded debt applicable to debt limit	676,898	725,406	595,777	421,918
Legal debt margin	<u>\$ 3,369,200</u>	<u>\$ 3,186,316</u>	<u>\$ 3,006,961</u>	<u>\$ 2,785,524</u>
Legal debt margin as a percentage of the debt limit	83.27%	81.46%	83.46%	86.85%

Legal Debt Margin Calculation for Fiscal Year 2020

Real Market Value (2)	\$ 269,739,841	
Applicable percentage	1.5%	
Legal Debt Limit		\$ 4,046,098
Bonded Debt Outstanding	\$ 684,528	
Less: Amounts set aside to repay general debt	(7,630)	
Total Applicable Debt		\$ 676,898
Legal Debt Margin		<u>\$ 3,369,200</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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
2,802,675	2,554,814	2,319,789	2,206,388	2,252,588	2,374,942
456,432	480,852	515,499	546,611	377,396	397,508
<u>\$ 2,346,243</u>	<u>\$ 2,073,963</u>	<u>\$ 1,804,290</u>	<u>\$ 1,659,776</u>	<u>\$ 1,875,192</u>	<u>\$ 1,977,434</u>
83.71%	81.18%	77.78%	75.23%	83.25%	83.26%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2020
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College	100.0%	\$ 684,940
OVERLAPPING DISTRICT		
Chehalem Park & Recreation District	100.0%	24,770
City of Beaverton	100.0%	34,857
City of Hillsboro	100.0%	79,819
City of Lake Oswego	99.1%	235,384
City of Newberg	100.0%	14,483
City of Portland	86.4%	724,495
City of Sherwood	100.0%	30,389
City of Tigard	100.0%	21,426
City of Tualatin	88.4%	21,112
Clackamas County	16.4%	19,914
Clackamas County School District 7J (Lake Oswego)	98.7%	262,358
Columbia County School District 1J (Scappose)	100.0%	23,120
Columbia County School District 47J (Vernonia)	100.0%	19,091
Columbia County School District 502 (St Helens)	99.9%	64,968
Metro	73.8%	723,478
Multnomah County	76.7%	247,099
Multnomah County Drainage District No.1	100.0%	9,641
Multnomah County School District 1J (Portland)	100.0%	1,190,701
Multnomah County School District 51J (Riverdale)	100.0%	17,076
Multnomah ESD	75.6%	19,072
Port of Portland	70.0%	39,361
Tualatin Hills Park & Rec. District	100.0%	69,944
Tualatin Valley Fire & Rescue District	86.0%	29,412
Washington County	100.0%	213,232
Washington County School District 13 (Banks)	100.0%	10,175
Washington County School District 15 (Forest Grove)	100.0%	74,735
Washington County School District 1J (Hillsboro)	100.0%	576,810
Washington County School District 23J (Tigard-Tualatin)	95.9%	319,214
Washington County School District 48J (Beaverton)	100.0%	955,104
Washington County School District 511J (Gaston)	82.3%	12,040
Washington County School District 88J (Sherwood)	93.9%	301,427
Yamhill County School District 29J (Newberg)	98.3%	25,120
Other Overlapping Districts under \$9,000,000	100.0%	70,717
Total Overlapping Debt		<u>6,480,544</u>
TOTAL DIRECT AND OVERLAPPING DEBT		<u><u>\$ 7,165,484</u></u>

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)

2020			
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT
Intel Corporation	21,394	1	1.91 %
Providence Health & Services	19,326	2	1.73
Oregon Health & Science University	17,441	3	1.56
Legacy Health	12,896	4	1.15
Kaiser Permanente	12,074	5	1.08
Nike Inc.	12,000	6	1.07
Fred Meyer Stores	8,163	7	0.73
City of Portland	7,409	8	0.66
Portland Public Schools	7,005	9	0.63
Beaverton School District	5,646	10	0.50
SUB TOTAL	123,354		11.03
ALL OTHER EMPLOYERS	994,746		88.97
TOTAL	1,118,100		100.00 %

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

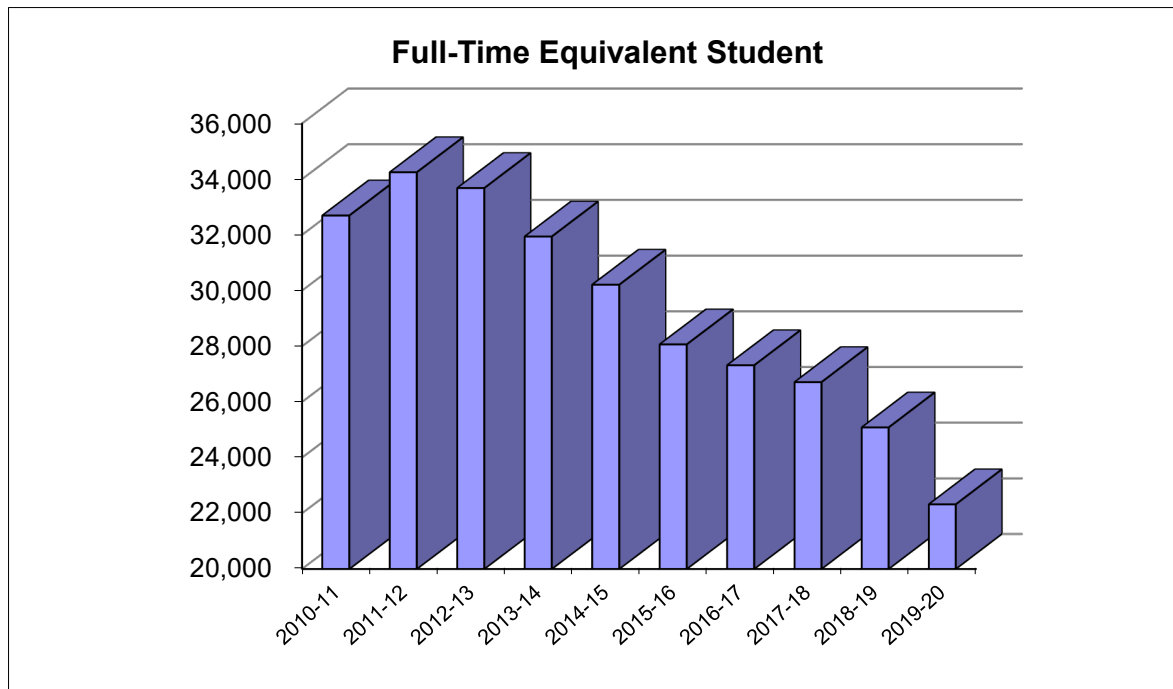
(1) Specific data for the District is not available.

Sources: Oregon Employment Department, Current Employment Estimates
Portland Business Journal June 19, 2020

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
District population (estimated) (1)	N/A	1,411,895	1,395,790	1,374,279	1,350,756
Personal income (estimated, in millions) (2)	N/A	N/A	141,270	\$ 131,861	\$ 122,434
Per capita income (estimated, in dollars) (2)	N/A	N/A	56,991	\$ 53,751	\$ 50,489
FTE (3) student enrollment	22,320	25,084	26,712	27,319	28,068
Unemployment rate (estimated) (4)	11.4%	3.8%	3.8%	4.1%	4.9%



(1) District population for fiscal year 2019-20 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-Vancouver-Hillsboro metropolitan area. Fiscal year 2019-20 & 2018-19 data is 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. Severe increase due to Covid-19 Pandemic related closures.

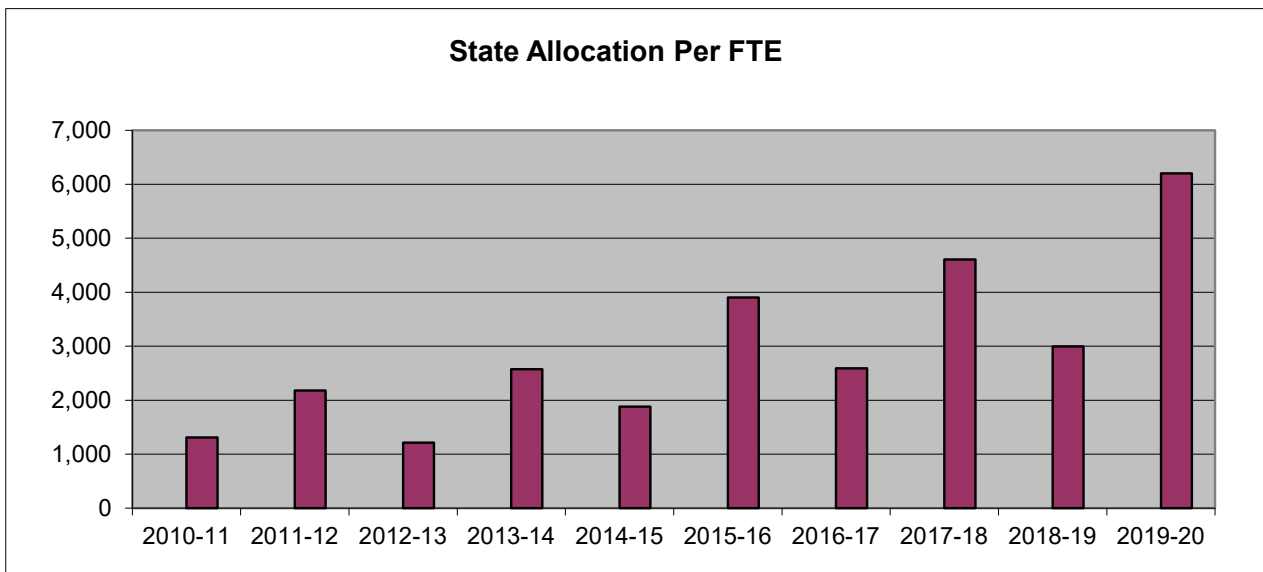
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness, Enrollment Reporting -Final Official Data.
Bureau of Economic Analysis, Regional Economic Information System
Oregon Employment Department, Local Area Unemployment Statistics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

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
1,324,490	1,302,694	1,283,687	1,267,001	1,253,981
\$ 115,691	\$ 107,537	\$ 101,210	\$ 98,698	\$ 93,449
\$ 48,422	\$ 45,794	\$ 43,728	\$ 43,103	\$ 41,302
30,210	31,940	33,680	34,246	32,694
5.4%	6.1%	7.5%	8.0%	9.2%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
Allocations per FTE	\$ 6,203	\$ 2,995	\$ 4,609	\$ 2,588	\$ 3,901
Annual State Funding (in thousands)	\$ 132,346	\$ 71,543	\$ 116,888	\$ 66,846	\$ 102,767
Total Reimbursable FTE	21,335	23,888	25,361	25,830	26,341



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

Source: Office of Institutional Effectiveness, Enrollment Reporting - Final Official Data.

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 1,879	\$ 2,576	\$ 1,215	\$ 2,178	\$ 1,308
\$ 53,710	\$ 78,243	\$ 39,191	\$ 71,603	\$ 41,003
28,577	30,371	32,267	32,875	31,354

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Total operating expenses (in thousands)	\$ 195,368	\$ 304,217	\$ 307,435	\$ 327,676	\$ 351,649
District population (estimated) (2) (in thousands)	N/A	1,412	1,396	1,374	1,351
FTE student enrollment (3)	22,320	25,084	26,712	27,319	28,068
Percent of FTE to district population	N/A	N/A	1.9%	2.0%	2.1%
Cost per FTE (1)	\$ 8,753	\$ 12,128	\$ 11,509	\$ 11,994	\$ 12,528
Number of employees	3,060	3,798	3,859	3,986	3,871
Ratio of employees to FTE	1:7	1:7	1:7	1:7	1:7

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

(2) District population for fiscal year 2019-20 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, Enrollment Reporting- Final Official Data.
Portland State University, Population Research Center

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 241,268	\$ 284,398	\$ 285,190	\$ 281,379	\$ 256,045
1,324	1,303	1,284	1,267	1,254
30,210	31,940	33,680	34,246	32,694
2.3%	2.5%	2.6%	2.7%	2.6%
\$ 7,986	\$ 8,904	\$ 8,468	\$ 8,216	\$ 7,832
3,913	3,979	4,071	4,181	4,153
1:8	1:8	1:8	1:8	1:8

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
Sylvania Campus					
Buildings/leases	16	15	15	15	15
Gross square feet	900,829	888,227	888,227	886,286	886,286
Campus expenditures (1)	\$ 27,321	\$ 51,695	\$ 50,048	\$ 54,195	\$ 63,059
Cascade Campus					
Buildings/leases	13	13	13	13	13
Gross square feet	485,282	485,282	485,282	485,282	485,382
Campus expenditures (1)	\$ 16,045	\$ 30,891	\$ 28,924	\$ 30,624	\$ 35,704
Rock Creek Campus					
Buildings/leases	13	12	12	12	12
Gross square feet	646,133	644,996	635,702	635,702	595,026
Campus expenditures (1)	\$ 21,147	\$ 39,328	\$ 37,219	\$ 37,779	\$ 44,295
Southeast Campus (2)					
Buildings/leases	6	6	6	6	6
Gross square feet	228,455	228,455	228,455	228,455	228,455
Campus expenditures (1)	\$ 8,535	\$ 15,316	\$ 14,573	\$ 15,417	\$ 17,798
Extended Learning Centers (2)					
Buildings/leases	10	10	11	11	11
Gross square feet	272,177	272,177	271,623	271,623	272,238
Campus expenditures (1)	\$ 3,211	\$ 6,405	\$ 6,155	\$ 6,855	\$ 8,898

(1) In Thousands

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

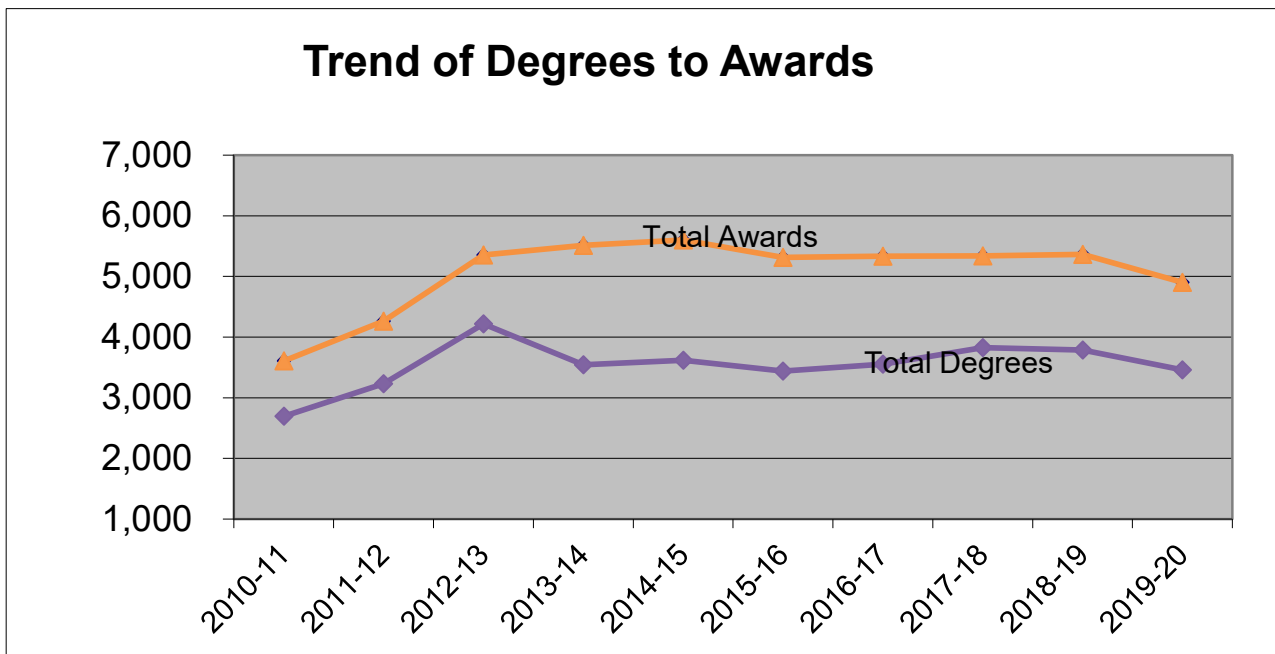
Source: Facilities Management Services Manager

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
17	17	17	16	16
887,556	887,556	887,556	885,207	885,207
\$ 37,474	\$ 49,904	\$ 49,083	\$ 51,452	\$ 46,564
11	11	11	9	9
420,588	420,588	420,123	347,852	347,852
\$ 21,499	\$ 28,146	\$ 28,849	\$ 30,647	\$ 26,618
11	11	11	11	11
574,684	574,684	565,808	542,723	542,723
\$ 25,896	\$ 33,780	\$ 33,428	\$ 35,239	\$ 30,231
N/A (2)	N/A (2)	N/A (2)	N/A (2)	N/A (2)
17	16	18	13	12
500,481	484,193	509,093	329,232	314,874
\$ 16,057	\$ 19,169	\$ 17,937	\$ 17,498	\$ 14,826

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17
Certificates				
One-Year	264	409	414	520
Two-Year	52	68	100	96
Others	1,125	1,102	997	1,163
Total Certificates	1,441	1,579	1,511	1,779
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	540	550	626	549
Associate of Science, Oregon Transfer (ASORT)	63	76	85	73
Associate of Science (AS)	933	1,042	975	870
Associate of General Studies (AGEN)	972	1,060	1,014	954
Associate of Applied Science (AAS)	954	1,059	1,129	1,108
Total Degrees	3,462	3,787	3,829	3,554
High School Diplomas	-	-	-	-
Total Awards	4,903	5,366	5,340	5,333



Source: Portland Community College, Office of Institutional Effectiveness

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
551	494	513	313	330	269
110	153	96	52	76	69
<u>1,208</u>	<u>1,308</u>	<u>1,311</u>	<u>706</u>	<u>522</u>	<u>459</u>
<u>1,869</u>	<u>1,955</u>	<u>1,920</u>	<u>1,071</u>	<u>928</u>	<u>797</u>
560	600	618	613	503	470
112	127	110	117	104	72
731	767	722	857	649	515
940	937	1,020	1,473	905	725
<u>1,097</u>	<u>1,188</u>	<u>1,074</u>	<u>1,157</u>	<u>1,071</u>	<u>912</u>
<u>3,440</u>	<u>3,619</u>	<u>3,544</u>	<u>4,217</u>	<u>3,232</u>	<u>2,694</u>
<u>4</u>	<u>27</u>	<u>51</u>	<u>68</u>	<u>101</u>	<u>115</u>
<u><u>5,313</u></u>	<u><u>5,601</u></u>	<u><u>5,515</u></u>	<u><u>5,356</u></u>	<u><u>4,261</u></u>	<u><u>3,606</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Per Credit Hour				
General Tuition	\$ 116	\$ 111	\$ 104	\$ 97
Fees	<u>9</u>	<u>8</u>	<u>8</u>	<u>7</u>
Combined Per Credit Total	\$ 125	\$ 119	\$ 112	\$ 104
Per Term - College Service & Transportation Fee (2)	\$ 23	\$ 23	\$ 23	\$ 23
Annual cost (45 credit hours)	\$ 5,681	\$ 5,408	\$ 5,093	\$ 4,736

National and Statewide Comparisons

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
PCC District				
Annual Cost (45 credit hours)	\$ 5,681	\$ 5,408	\$ 5,093	\$ 4,736
Percentage Change	5%	6%	8%	1%
National Community College Average (3)				
Annual Cost	N/A	\$ 3,313	\$ 3,242	\$ 3,156
Percentage Change		2%	3%	4%
Oregon Universities Average (4)				
Annual Cost (45 credit hours)	\$ 10,440	\$ 9,874	\$ 9,655	\$ 9,117
Percentage Change	6%	2%	6%	4%

(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 - 2019-20 Annual Costs for 2-year colleges are not available at this time.

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 96	\$ 93	\$ 88	\$ 82	\$ 79	\$ 76
7	6	6	6	6	6
<u>\$ 103</u>	<u>\$ 99</u>	<u>\$ 94</u>	<u>\$ 88</u>	<u>\$ 85</u>	<u>\$ 82</u>
\$ 23	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19
\$ 4,691	\$ 4,521	\$ 4,296	\$ 4,026	\$ 3,891	\$ 3,756

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 4,691 4%	\$ 4,521 5%	\$ 4,296 7%	\$ 4,026 3%	\$ 3,891 4%	\$ 3,756 2%
\$ 3,038 3%	\$ 2,955 3%	\$ 2,882 3%	\$ 2,792 5%	\$ 2,647 9%	\$ 2,439 7%
\$ 8,791 7%	\$ 8,210 3%	\$ 7,964 1%	\$ 7,877 3%	\$ 7,623 8%	\$ 7,082 7%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2019-20	2018-19	2017-18	2016-17	2015-16
Residential Construction (1)					
Permits	16.1	15.0	16.5	15.3	14.9
Value	\$ 3,273,357	\$ 3,055,717	\$ 3,217,155	\$ 3,158,656	\$ 2,900,448
Bank Deposits (2)	N/A	46,418,000	45,339,837	43,988,737	\$ 40,657,736
Property Values (3)					
Assessed Values:					
Real Property	\$ 135,678,705	\$ 129,513,143	\$ 124,479,160	\$ 118,714,575	\$ 113,554,257
Personal Property	5,405,325	4,953,038	5,049,679	4,601,052	4,349,460
Manufactured Structures	182,925	182,265	171,220	188,095	162,324
Public Utility	4,589,393	4,490,760	4,353,038	4,123,037	3,881,839
Total Assessed Value	145,856,348	139,139,206	134,053,097	127,626,759	121,947,880
Total Real Market Value	\$ 269,857,837	\$ 260,713,118	\$ 240,170,507	\$ 213,806,259	\$ 186,837,348

(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. These amounts represent real market value of the taxable portion of properties on the tax roll.

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>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
12.7	11.8	10.2	6.5	4.3
\$ 2,468,921	\$ 2,257,252	\$ 1,773,855	\$ 1,222,124	\$ 914,517
\$ 37,468,000	\$ 35,589,000	\$ 33,475,000	\$ 41,427,000	\$ 36,122,000
\$ 107,625,199	\$ 103,179,134	\$ 99,627,505	\$ 97,004,090	\$ 93,794,528
4,081,805	3,911,730	3,796,361	3,736,655	3,948,297
139,864	129,150	134,973	169,057	180,087
3,804,319	3,611,064	3,495,084	3,550,533	3,584,011
<u>115,651,187</u>	<u>110,831,078</u>	<u>107,053,923</u>	<u>104,460,335</u>	<u>101,506,923</u>
\$ 170,619,869	\$ 154,652,556	\$ 146,954,618	\$ 150,177,435	\$ 158,344,983

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2020

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
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

Maritime Welding Training Center
5555 N. Channel Avenue
Portland, OR 97217

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.





Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Portland Community College (the College) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 17, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 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 statements 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 the College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Purpose of this Report

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



For Eide Bailly, LLP
Boise, Idaho
December 17, 2020



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the 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 (the College) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
December 17, 2020

