

Comprehensive Annual Financial Report

For the year ended June 30, 2019
Portland, Oregon





PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2019

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, CPA
Financial Reporting Manager

Revathi Aditham
Alice Bernstein
Carol Butcher
Cau Chung, MBA
Jill Dunaway
Bethany Ebersole
Dawn Geoppinger

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, 2019

<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 Sonnleitner	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	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Basic Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION:	
PERS Pension Plan	
Schedule of Proportionate Share of the Net Pension Liability	52
Schedule of Contributions	53
PERS OPEB Plan	
Schedule of Proportionate Share of the Net OPEB Liability	54
Schedule of Contributions	55
College's Post Employment Health Care Plan (OPEB)	
Schedule of Total OPEB liability	56
College's Early Retirement Incentive Plan	
Schedule of Total Pension liability	57
Notes to Required Supplementary Information	58

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	60
Continuing and Community Education Fund	62
Auxiliary Fund	63
Student Activities Fund	64
Contracts and Grants Fund	65
Student Financial Aid Fund	66
General Obligation (G.O.) Bond Fund	67
PERS Debt Service Fund	68
Capital Projects Fund	69
Capital Construction Fund	70
Food Services Fund	71
Bookstore Fund	72
Parking Operations Fund	73
Print Center Fund	74
Risk Management Fund	75
PERS Reserve Fund	76
Early Retirement Incentive Plan	77
Other Financial Schedules:	
Schedule of Long-Term Debt Principal and Interest Requirements	
- General Obligation Bonds	78
- Limited Tax Pension Bonds	79
STATISTICAL SECTION:	
Financial Trends:	
Net Position by Component	80
Changes in Net Position	82
Revenue Capacity:	
Revenues by Sources	85
Assessed and Real Market Value of Taxable Property	87
Schedule of Property Tax Transactions	89
Largest Property Taxpayers within District	91
Property Tax Levies and Collections – All Funds	92

PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED):

Debt Capacity:	
Ratios of Outstanding Debt by Type	94
Ratios of General Bonded Debt Outstanding	96
Legal Debt Margin	98
Direct and Overlapping Gross Bonded Debt	100
Demographic and Economic Information:	
Largest Employers within District	101
Demographic Statistics	102
Operating Information:	
State Allocations per FTE	104
Enrollment Statistics	106
Campus Facilities and Operating Information	108
Certificates and Degrees Granted	110
Tuition and Fees	112
Property Value, Construction and Bank Deposits	114
Miscellaneous Information	116

AUDIT SECTION:

Audit Comments and Disclosures required by State Regulations	117
Independent Auditor's Comments Required by Oregon State Regulations	118
Disclosures in Accordance with Government Auditing Standards the Uniform Guidance	
Independent Auditor's Report on the Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed In Accordance with Government Auditing Standards	120
Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	122
Schedule of Expenditures of Federal Awards	124
Notes to Schedule of Expenditures of Federal Awards	130
Schedule of Findings and Questioned Costs	131



INTRODUCTORY
SECTION





November 24, 2019

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, 2019 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. Included in this report are a Schedule of Expenditures of Federal Awards, required reports on internal controls and compliance with laws and regulations, and a schedule of findings and questioned costs.

Management Discussion and Analysis

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

The College

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

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

The Oregon State Board of Education establishes state standards for educational programs and facilities, approves courses of study, and adopts regulations for Oregon's community college system. Additionally, the Director of the Office of Community Colleges and Workforce Development serves as administrative officer for the state of Oregon in community college matters under direction of the Higher Education Coordinating Commission (HECC).

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

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

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

The Board of Directors have established the following goals for 2019-2020:

Diversity, Equity and Inclusion

Strategic Goal: Ensure that the Board of Directors and the President both advance Diversity, Equity and Inclusion in measurable and strategic ways.

- PCC increases the recruitment, hiring and retention of employees of color.
- PCC increases the awarding of contracts to MWESB companies.
- The PCC Board of Directors will establish and implement a way of including DE & I into the policy making process and other key board functions.

Equitable Student Success

Strategic Goal: The board holds itself and the college president accountable for improving equitable student success.

- PCC improves access, retention, and completion rates for all students and reduces and then eliminates disparities in these rates for low-income students and students of color.
- Board members utilize personal and professional networks to establish new strategic partnerships that bring new resources to the goal of improving outcomes for students (e.g., resources that address student housing and food insecurity, the PCC Campaign for Opportunity, etc.)

Mission Fulfillment

Strategic Goal: Through the development of policy, a strong relationship with the college president and effective public advocacy, ensure that Portland Community College is well positioned to meet the current and future needs of the communities it serves:

- Engage, at the board level, in the PCC Strategic Planning Process and prepare for the board role in the next accreditation visit.
- Continue to engage in coordinated, strategic advocacy with city, county, regional, state and federal governments.
- Continue strategic oversight of critical college performance through the Audit Committee, dashboard review, budget presentations, evaluation of the president, etc.
- Evaluate the PCC President relative to his work plan.

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

Campus Information. The College operates four comprehensive locations that are large, full-service facilities, offering university transfer courses, professional-technical career training, libraries, bookstores, and student services. The information provided below is based on final year end fiscal 18-19 data.

The Cascade Campus is located in the heart of the revitalized North Portland area and serves over 17,300 students representing nearly 4,720 FTE each year in a diverse, lively and close-knit neighborhood. The campus offers a full array of educational offerings, including the first two years of courses leading to a bachelor's degree and a variety of opportunities for degrees and certificates in career technical programs.

The Rock Creek Campus sits about 12 miles west of downtown Portland in the rapidly growing Beaverton-Hillsboro area of Washington County. The 260-acre campus provides a beautiful setting for college transfer and career and technical programs and annually serves nearly 20,750 students or 6,800 FTE. The campus provides a model for successful partnerships with area high schools. The campus also provides classes at other locations. A smaller center located in Hillsboro provides community education programs and selected credit courses. The center is designed to meet the needs for computer education, customized training courses and English as a Second Language program.

The Sylvania Campus is located in suburban southwest Portland surrounded by Lake Oswego, Tigard and Portland. It is the largest and oldest campus, serving over 23,250 students or 8,250 FTE this fiscal year.

Sylvania has many unique features and specialized programs. Sylvania is home for the College's nursing and dental programs, which have national reputations for excellence. Sylvania also provides college transfer and career technical programs as well as developmental education courses.

The Southeast Campus is PCC's newest campus, serving roughly 11,600 students or 2,750 FTE. Thanks to the bond measure passed by voters in 2008, the Southeast Campus has more than doubled its size from 94,000 to 200,000 square feet and expanded its class offerings, allowing students to complete an associate or transfer degree without traveling to another campus.

PCC also operates eight centers, serving 19,100 students or 1,250 FTE. The PCC CLIMB (Continuous Learning for Individuals, Management & Business) Center is located on the industrial east side of Portland and offers professional development, a small business development center, and non-credit professional training in the health professions. The Willow Creek Center located in Hillsboro houses a workforce development facility serving numerous social agencies. The Swan Island Trades Center offers Career Technical Education (CTE) credit programs and noncredit Workforce Development opportunities to more than 65 industry partners. The Downtown Center serves as an administrative hub for human resources, financial and enrollment services, institutional effectiveness and the grants office. Other PCC centers include the Portland Metropolitan Workforce Training Center in Northeast Portland, Hillsboro Center in Hillsboro and Newberg Center in Newberg.

Strategic Planning

During the FY 2019-21 Biennium the College is beginning to work on a new strategic plan. The plan is intended to be a five year plan (2020-2025) with a 10 to 20 year vision. It will succeed the President's Work Plan, which was developed to serve as a bridge between the current strategic plan and the implementation of a new one. The overall objective of the planning effort is to complete a social justice – and racial equity-led collaborative, research-based strategic planning process, identifying core strategies and objectives for the future, and the plans to fulfill them, for the College.

Expected outcomes of the 2020-2025 Strategic Plan include:

- A Common Vision
- Strategic goals as part of a college-wide plan
- High-level, prioritized initiatives
- Objectives, Action Plans
- Accountability and measurable outcomes
- External community input

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.

Local Economy

Statistics from the Oregon Office of Economic Analysis, indicate that the Oregon's economy continues to grow but at a slower pace more on par with the national average. Although Oregon is subject to national and international developments, currently growth is adequate to sustain the population increase and the economic expansion. Job and income growth continues to rise. There are more working-age Oregonians employed now than in the past. Despite gains being seen by all ages and racial or ethnic groups across the State, disparities continue to persist.

As of the end of the 3rd Quarter, the State of Oregon Employment Department reports slower job growth in the Portland Metro Area. Since January 2017, and continuing through September 2019 the unemployment rate in the Portland Metro area remains steady at 3.9 to 4.0%. However, STEM fields – science, technology, engineering, and math continue to represent the strongest job growth. These vacancies remain the hardest to fill.

Long-Term Financial Planning

In light of job growth, fewer students are electing to attend college. This trend has a downward impact on PCC's enrollment statistics. The inverse correlation between job growth and FTE student count for PCC continues to be a challenge. The year over year enrollment decline on a full time equivalent basis in fiscal year 2019 varied between approximately 5% and 7% per term, ending the year with a 6.1% FTE decrease. Future challenges for PCC will include anticipated continued year over year declines in enrollment. Tuition and state revenue sources has not kept pace with the decline in overall revenue.

Employee benefit costs continue to rise, PCC issued Pension bonds to lessen the impact of continued PERS rate increases. Other cost savings measures were implement last year to lessen the impact of reduced revenue and enrollment decline.

PCC is invested in equity capacity building. This strategic direction is designed to support and assist those who are the most vulnerable to food and housing insecurity. The strategic planning process is designed to encourage solid economic decisions based on budget availability, program performance and outcome evaluation.

Accreditation

The Northwest Commission on Colleges and Universities (NWCCU) granted accreditation to Portland Community College in 1970. The NWCCU reaffirmed the accreditation of the College based on a comprehensive, full scale evaluation and visit that took place in April 2015. The Oregon Department of Education has approved all of the career-technical programs and college transfer courses. Professional associations have also accredited those career-technical programs that require approval.

Awards

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Portland Community College for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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.

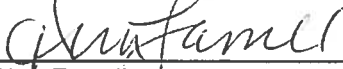
Acknowledgements

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.

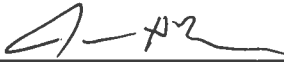
Respectfully submitted,



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**

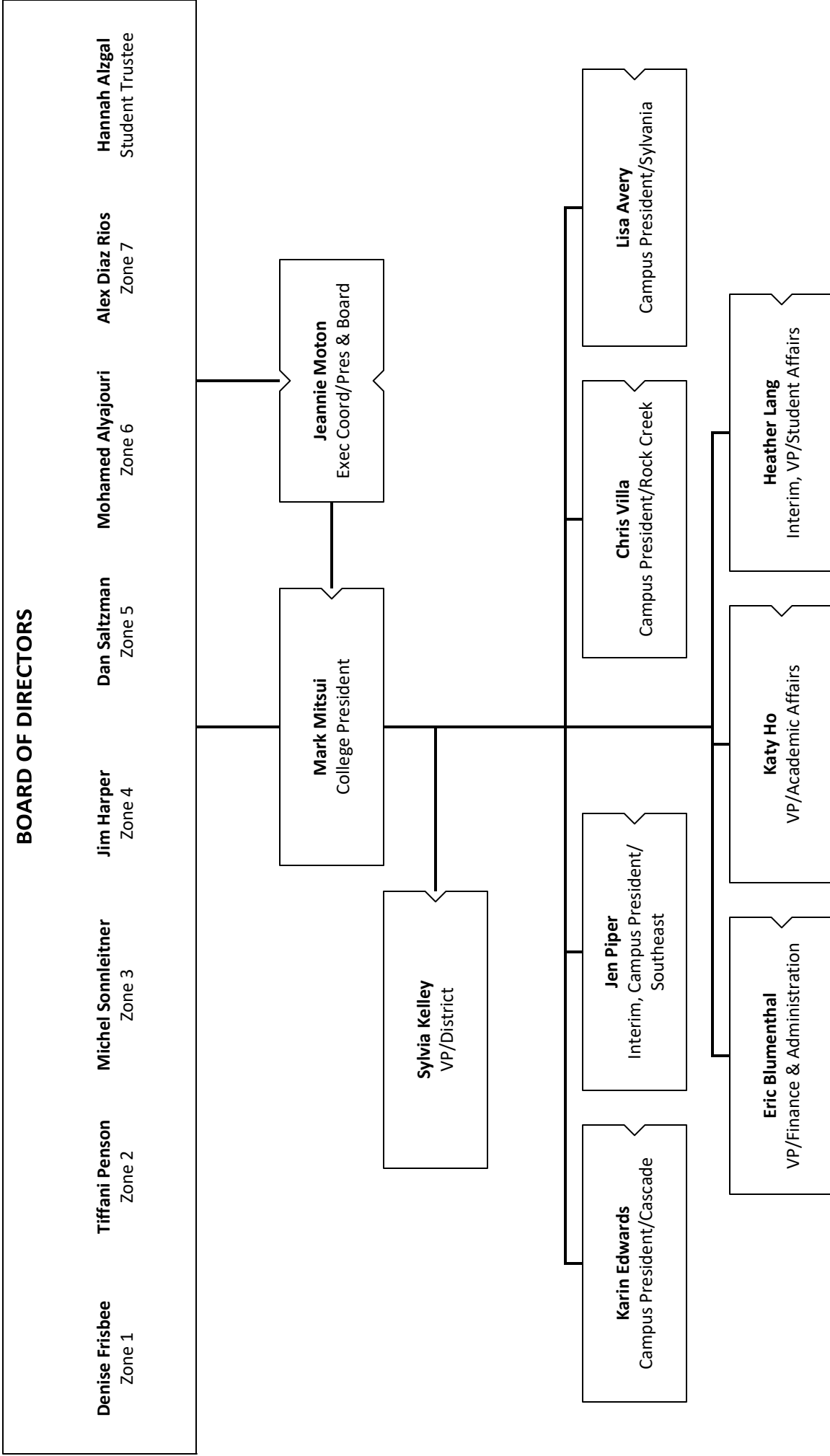
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**Board of Directors,
Organizational Chart as of 9/9/19**



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, 2019, 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, 2019, 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 or 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The budget and actual by fund schedules, the other financial schedules, and the schedule of expenditures of federal awards (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 November 22, 2019 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 November 22, 2019, 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
November 22, 2019



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, 2019 and June 30, 2018 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

The significant events of fiscal year ended June 30, 2019 that affected the College are as follows:

- Full-time equivalent students (FTE) decreased from 26,712 in 2018 to 25,084 in 2019. The total unduplicated headcount of students decreased from 71,173 in 2018 to 67,585 in 2019. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon decreased from \$116.9 million in fiscal year 2018 to \$71.5 million in fiscal year 2019. 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, 2019 is the second year of the biennium.
- Capital assets, net of depreciation, increased from \$584.3 million in 2018 to \$605.7 million in 2019. Notable projects completed in fiscal year 2019 include building improvements located on the Sylvania campus, totaling \$47 million.
- The College has decreased its net position from \$191.6 million in 2018 to \$188.0 million in 2019. Details of the revenue and expense items culminating in the \$3.6 million decrease in net position is found in the following pages under the Analysis of Changes in Net Position section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to Portland Community College's basic financial statements, which include entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. Following the basic financial statements is the Required Supplementary Information followed by Other Supplementary Information in the Financial Section, along with a Statistical Section and an Audit Section.

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

Portland Community College
Fiscal year ended June 30, 2019

Analysis of Net Position

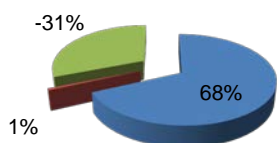
The Statement of Net Position (page 14) presents information on all of the College's assets and deferred outflows and liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion 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.

	<u>2019</u>	<u>2018</u>	Increase (decrease) <u>2019-18</u>
Assets			
Current assets	\$ 201.2	\$ 164.2	\$ 37.0
Capital assets, net of depreciation	605.7	584.3	21.4
Other noncurrent assets	<u>138.6</u>	<u>220.3</u>	<u>(81.7)</u>
Total assets	<u>945.5</u>	<u>968.8</u>	<u>(23.3)</u>
Deferred outflows	<u>231.9</u>	<u>56.9</u>	<u>175.0</u>
Total assets and deferred outflows	<u><u>\$ 1,177.4</u></u>	<u><u>\$ 1,025.7</u></u>	<u><u>\$ 151.7</u></u>
Liabilities			
Current liabilities	\$ 90.7	\$ 81.6	\$ 9.1
Noncurrent liabilities	<u>868.0</u>	<u>729.0</u>	<u>139.0</u>
Total liabilities	<u>958.7</u>	<u>810.6</u>	<u>148.1</u>
Deferred Inflows	30.7	23.5	7.2
Net position			
Net investment in capital assets	338.5	316.7	21.8
Net position: restricted	3.5	5.0	(1.5)
Net position: unrestricted	<u>(154.0)</u>	<u>(130.1)</u>	<u>(23.9)</u>
Total net position	<u>188.0</u>	<u>191.6</u>	<u>(3.6)</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 1,177.4</u></u>	<u><u>\$ 1,025.7</u></u>	<u><u>\$ 151.7</u></u>

**Portland Community College
Fiscal year ended June 30, 2019**

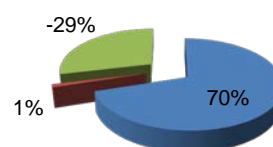
2019 Net position - \$188.0 million

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



2018 Net position - \$191.6 million

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



Fiscal year 2019 compared to Fiscal year 2018. Net Position decreased \$3.6 million from \$191.6 million in 2018 to \$188.0 million in 2019. Current assets of \$201.2 million are sufficient to cover current liabilities of \$90.7 million. This represents a current ratio of 2.2. Current assets increased by \$37.0 million primarily due to \$38.0 million increase in cash and short-term investments offset by a \$1.0 million decrease in receivables and inventory and prepaid items. The College's current liabilities consist primarily of payroll, accounts payable, unearned revenue, compensated absences and the current portion of long-term debt. An increase of \$7.4 million in the current portion of long-term debt is the most significant change from the prior fiscal year. The increase stems mostly from \$185 million in newly issued general obligation bonds in 2018. Currently, \$338.5 million is the net investment in capital assets and reflects an increase of \$21.8 million from the prior year. One major change is due to a net increase of buildings and improvements of \$35.1 million. The College uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Other noncurrent assets decreased \$81.7 million mostly due to the decrease in long-term investments. Noncurrent liabilities increased \$139.0 million essentially due to the net impact of a \$131.7 million increase in bonds and related premium from the new pension bond issuance, the \$16.3 million increase of net pension, OPEB and transition liabilities offset by the \$7.4 million increase in the current portion of long-term debt.

Analysis of Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (page 15) 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, 2019

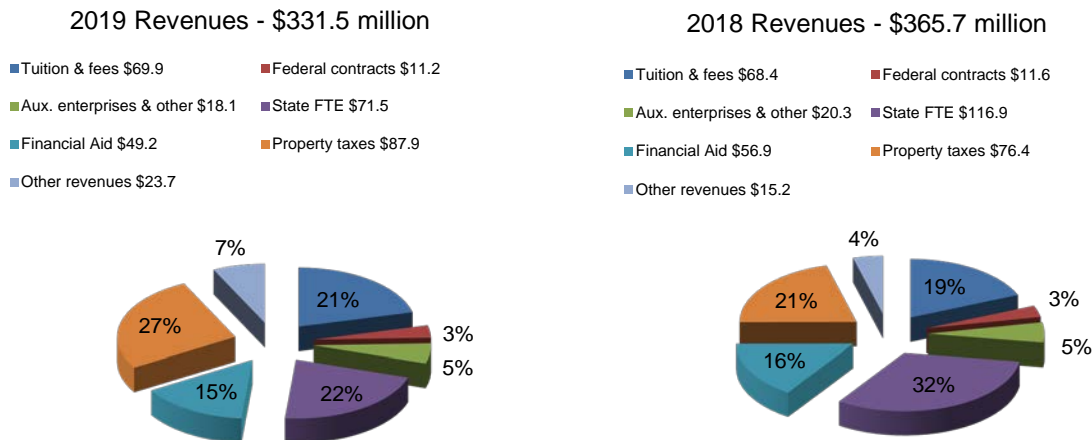
Changes in Net Position (In Millions)

	2019	2018	Increase (decrease) 2019-18
Operating revenues			
Student tuition and fees	\$ 69.9	\$ 68.4	\$ 1.5
Federal contracted programs	11.2	11.6	(0.4)
Auxiliary enterprises and other	18.1	20.3	(2.2)
Total operating revenues	<u>99.2</u>	<u>100.3</u>	<u>(1.1)</u>
Nonoperating revenues			
State FTE reimbursement	71.5	116.9	(45.4)
Property taxes	87.9	76.4	11.5
Federal financial aid	49.2	56.9	(7.7)
Other nonoperating revenues	23.7	15.2	8.5
Total nonoperating revenues	<u>232.3</u>	<u>265.4</u>	<u>(33.1)</u>
Total revenues	<u>331.5</u>	<u>365.7</u>	<u>(34.2)</u>
Operating expenses			
Educational and general	156.8	136.9	19.9
Administrative services and physical plant	69.0	91.0	(22.0)
Grants and contracted programs	22.5	21.8	0.7
Auxiliary enterprises	15.9	18.6	(2.7)
Depreciation	14.3	12.5	1.8
Other support services	25.7	26.6	(0.9)
Total operating expenses	<u>304.2</u>	<u>307.4</u>	<u>(3.2)</u>
Nonoperating expenses			
Other nonoperating expenses	<u>30.9</u>	<u>21.6</u>	<u>9.3</u>
Total expenses	<u>335.1</u>	<u>329.0</u>	<u>6.1</u>
Increase (decrease) in net position	(3.6)	36.7	(40.3)
Net position, beginning of year	191.6	154.9	36.7
Net position, end of year	<u>\$ 188.0</u>	<u>\$ 191.6</u>	<u>\$ (3.6)</u>

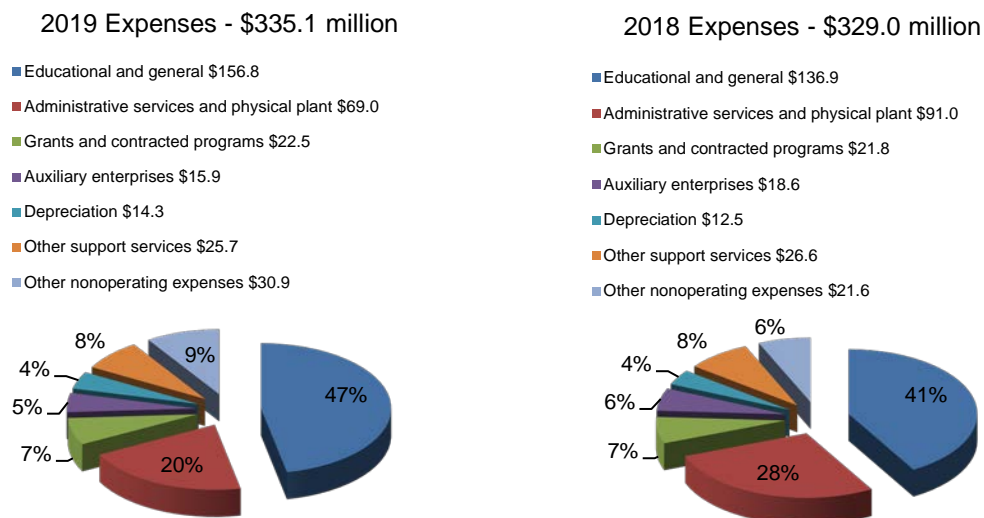
The Statement of Revenues, Expenses and Changes in Net Position show the operating results of the College, as well as the non-operating revenues and expenses. Annual FTE reimbursements, property taxes, and student federal financial aid, while budgeted for operations, are considered non-operating revenues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

**Portland Community College
Fiscal year ended June 30, 2019**

The following graphics show the allocation of total revenues for fiscal years 2019 and 2018:



The following graphics show the allocation of total expenses for fiscal years 2019 and 2018:



Fiscal year 2019 compared to Fiscal year 2018. The most significant sources of operating revenues are student tuition and fees, followed by auxiliary enterprises and other revenue, followed by federal contracted programs. Operating revenues remained relatively consistent with fiscal year 2018.

The largest non-operating revenue sources are property taxes, followed by state FTE reimbursement and federal financial aid. The substantial decrease in FTE reimbursement is due to the recognition of three quarters of FTE in 2019 compared to five quarters in fiscal year 2018. The increase in property tax revenue is mainly due to \$13.6 million increase in current year levy and corresponding increases in current year collections. Other nonoperating revenues increased \$8.5 million primarily due to investment income earned from investment of new bond funds and better return on investments compared to the prior year.

Portland Community College
Fiscal year ended June 30, 2019

Operating expenses decreased by \$3.2 million. Educational and general expenses are the largest single line item, followed by administrative services and physical plant. Together, they decreased operating expenses by \$2.1 million compared to fiscal year 2018. Nonoperating expenses increased \$9.3 million due to the increase in outstanding bonds payable.

Analysis of Cash Flows

The primary purpose of the Statement of Cash Flows (page 16 & 17) 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)			
	2019	2018	Increase (decrease) 2019-18
Cash provided by (used in)			
Operating activities	\$ (342.5)	\$ (187.7)	\$ (154.8)
Noncapital financing activities	329.5	209.2	120.3
Capital financing activities	(43.1)	195.4	(238.5)
Investing activities	31.4	(215.2)	246.6
Net increase (decrease) in cash	(24.7)	1.7	(26.4)
Cash and cash equivalents,			
beginning of year	59.5	57.8	1.7
Cash and cash equivalents,			
end of year	\$ 34.8	\$ 59.5	\$ (24.7)

Fiscal year 2019 compared to Fiscal year 2018. 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 \$154.8 million more cash in its operating activities in fiscal year 2019 than in fiscal year 2018. This increase of cash usage includes a net \$168.2 million change in deferred outflows and deferred inflows for pension and other post-employment benefits.

Portland Community College
Fiscal year ended June 30, 2019

Noncapital Financing Activities: Proceeds from pension bonds payable, State FTE reimbursements, student financial aid and property taxes are the primary sources of noncapital financing. Cash provided by noncapital financing activity increased by \$120.3 million. The largest changes from the prior year is the \$171.9 million cash provided by issuance of the pension bonds, followed by a \$45.3 million decrease in State FTE and the \$8.7 million decrease in student financial aid grants. Accounting standards require that these sources of revenue be reported as non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash provided by capital financing activities decreased by \$238.5 million compared to last fiscal year. The decrease in cash provided is mostly the net effect of \$209.8 million of bond proceeds provided in fiscal year 2018, but not in current fiscal year, a \$25.2 million increase of cash usage for purchase of capital assets, a \$9.7 million increase in cash provided from property taxes, and a \$9.1 million increase in usage for interest paid for long-term debt.

Investing Activities: Total cash provided by investing activities increased by \$246.6 million compared to fiscal year 2018. The increase in cash provided is the net effect of \$10.0 million increase in interest from investments and a \$236.6 million increase change from the net increase in purchases and sales of investments in 2019 of \$20.4 million compared to the \$216.3 million net decrease 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, 2019 was \$605.7 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 \$733.2 million. All of the current debt is backed by the full faith and credit of the College within the limitation of Sections 11 and 11(b) of Article XI of the Oregon Constitution.

State statutes limit the amount of general obligation debt the College may issue to 1.5% of Real Market Value of properties within the College district. The current legal debt limit is approximately \$3.9 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$725.4 million is roughly 18.5% of the legal debt limit. Additional information on the College's long-term debt may be found in Note 5 of the Notes to Basic Financial Statements.

ECONOMIC OUTLOOK

Oregon's economic growth remains strong with an unemployment rate near historic lows. However, growth in Oregon is no longer outpacing the rest of the country to the same degree seen earlier in the expansion economy. Oregon personal income growth and household income growth remain strong with gains being seen by all ages and racial or ethnic groups across the State, but disparities continue to persist. Economic growth is expected to slow over time with the tapering off of local job growth.

Despite the mostly positive economic news for the State as a whole, Oregon's General Fund revenue picture remains uncertain with the State's high dependence on personal income tax revenues. The strong growth in tax receipts at the end to the 2017-2019 biennium is expected to result in a substantial personal income tax kicker of roughly \$1.57 billion. Further, while the enactment of the Oregon Corporate Activity Tax (HB 3427) is positive for the state budget as a whole, it will further reduce Oregon's General Fund

**Portland Community College
Fiscal year ended June 30, 2019**

resources given its personal tax rate cuts. Collections from the Corporate Activity Tax will be directed to a Fund for Student Success (K-12) and not the Oregon General Fund.

Revenue streams that are challenging to predict help to create economic uncertainty, and this impacts every public college and university in our State. PCC, and Oregon community colleges in general, play a key role in sustaining Oregon's economic growth by providing educational programs and services that are both affordable and accessible, thereby bridging both the opportunity and skills gaps and allowing companies to continue to expand. Community colleges like PCC, are also "economic first responders" during a recession – retraining dislocated workers and helping them reenter the workforce. PCC is currently facing serious challenges providing affordable, quality programs with limited and uncertain resources as we navigate the current 2019-2021 biennium and move into the next.

Portland Community College is changing as the Portland metropolitan region changes. Like the overall Oregon economy, the Portland metro area's regional economy continues to grow alongside jobs, wages, residents, and productivity. Portland ranked in the top five metropolitan areas in growth from 2007 to 2017 for household income, educational attainment, and high-wage jobs among the 100 largest metropolitan areas in the United States.

Recent economic projections for the region indicate that this growth is likely to continue, albeit at a slower pace. This sustained local economic and population growth has framed the key challenges for our region. The cost of housing is rising significantly, even as incomes rise, creating an affordability challenge for both the College's students and employees. Lower-income households are being displaced in Portland, but thankfully are not yet moving out of the Portland region entirely. Talent is being imported to the region to work in Portland's highest paying sectors, and these new residents are primarily living in the center of the region, prompting domestic migration. Further, communities of color are not sharing equitably in the region's economic growth, and are at a continued risk of displacement.

STRATEGIC PLANNING

During the FY 2019-21 Biennium the College is beginning work on a new strategic plan. The plan is intended to be a five year plan (2020-2025) with a 10 to 20 year vision. It will succeed the President's Work Plan, which was developed to serve as a bridge between the current strategic plan and the implementation of a new one.

The overall objective of the planning effort is to complete a social justice and racial equity-led collaborative, research-based strategic planning process, identifying core strategies and objectives for the future, and the plans to fulfill them, for Portland Community College. The strategic planning process will occur in a series of definable phases:

Phase One: Pre Planning

Goal: Creation of the dates, schedule, and steering committee. Integrate equity into the planning process, including outcomes and outputs. Build capacity of steering committee to apply equity throughout the project.

Phase Two: Gather Information

Goal: Organization-wide equity and belonging-based engagement through quantitative and qualitative input mechanisms.

Phase Three: Analysis

Goal: Review and analyze all data collected through an equity- and justice-based lens.

Phase Four: Strategy Formation

Goal: Steering Committee focuses on meetings twice per month, four hours each time, on developing equity-based strategies and action plans, and bringing it all together.

**Portland Community College
Fiscal year ended June 30, 2019**

Phase Five: Develop Action Plans

Goal: Steering Committee focuses on meetings twice per month, four hours each time, on developing strategies, action plans, and bringing it all together.

Phase Six: Bring it All Together

Goal: Steering Committee focuses on meetings twice per month, four hours each time, on developing strategies, action plans, and bringing it all together. Special emphasis on putting forward ideas on the necessary structures and processes that will build accountability to and participation in the plan, internally and externally.

Expected outcomes of the 2020-2025 Strategic Plan include:

- A Common Vision
- Strategic goals as part of a college-wide plan
- High-level, prioritized initiatives
- Objectives, Action Plans
- Accountability and measurable outcomes
- External community input

BUDGET PLANNING – CHALLENGES AND OPPORTUNITIES

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:

1. External (Grow PCC's Role as Opportunity's College):
 - a. Increasing community-responsive educational options.
 - b. Strengthening community partnerships with employers.
 - c. Enhancing and promoting community resources.
2. 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 over the FY 2019-21 Biennium. However, PCC continues to face challenges in the FY 2019-21 Biennium, including:

- Uncertain economic growth and stability;
- Historically declining enrollment patterns;
- Increasing labor costs given market conditions, Oregon minimum wage increases, and the Oregon Pay Equity Act;

Additional internal challenges will impact PCC in the upcoming biennium as well. These include, but are not limited to:

Portland Community College
Fiscal year ended June 30, 2019

- Contract negotiations with the Faculty & Academic Professional and Classified Federations bargaining teams;
- Deferred maintenance backlog that exceeds current available bond funding;
- Limited unrestricted fund balance replenishment to create opportunities for critical, multi-year projects and initiatives like an enterprise resource planning system;
- Any unfunded mandates that may be enacted during the biennium in Oregon and at the federal level.

In addition to these challenges, we also have identified significant growth and improvement opportunities in the upcoming biennium:

- Continue development of partnerships with K-12 districts, businesses, and 4-year institutions to provide relevant services and improve student success;
- Expand our partnership with the Oregon Department of Human Services to increase access to federal benefit programs such as SNAP and SNAP 50/50 for our students;
- Continue our statewide leadership of the Pathways to Opportunity and STEP expansion projects to leverage statewide partnerships between the community colleges and State agencies to help community college students access and complete college;
- Expand our partnership with TriMet to expand student access to the Low Income Fare Card program;
- Expand our partnerships with the Oregon Food Bank to assist food insecure students;
- Continue planning and implementation of our remodel of the Metro Workforce Center into an integrated service center;
- Continue discussions with local housing authorities to help our students access support for subsidized housing;
- Continue to strengthen our business partnerships through our Employer Partner Awards program and membership in the Portland Business Alliance and Greater Portland Inc.;
- Eliminate outcome disparities for marginalized students and the average rate of achievement;
- Educate our students for full and effective economic, social, and civic participation in society;
- Promote regional economic development by providing education and training focused on small and emerging business development;
- Continue refinement of institutional budgeting methodologies, to effectively allocate resources, which includes rebalancing funding, per FTE, across all campuses;
- Implement a strategic enrollment management plan (SEM) to stabilize enrollment, improve fall to fall retention, and close the opportunity gap;
- Enhance institutional recruitment efforts through marketing and cultivating prospective students from the point of first inquiry through enrollment, employing staffing recruitment coordinators at each campus;
- Improve student retention and completion through PCC's commitment to greater alignment of student support services, as well as enhanced commitment to equity, diversity, and inclusion.
- PCC expects to see the full impact of its strategic enrollment management strategy by the fall of 2020.

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, 2019

(In Thousands)

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 34,763
Short-term investments	145,033
Receivables, net of allowance	
Taxes	2,110
Accounts	9,015
Student accounts	4,656
Federal programs	234
Interest	1,374
Inventory and prepaid items	4,064
Total current assets	201,249
Noncurrent assets:	
Long-term investments	137,138
OPEB asset	1,413
Leased property under capital lease, net	61
Capital assets - non-depreciable	84,106
Capital assets - depreciable	692,680
Less: Accumulated depreciation	(171,135)
Total noncurrent assets	744,263
TOTAL ASSETS	945,512
DEFERRED OUTFLOWS OF RESOURCES	
Deferral of amounts on refunding	3,527
Pension related	224,699
OPEB related	3,634
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,177,372
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,630
Payroll liabilities	22,307
Accrued interest payable	1,959
Unearned revenue	9,602
Compensated absences	7,162
Other current liabilities	2,114
Current portion of long-term debt	42,915
Total current liabilities	90,689
Noncurrent liabilities:	
Noncurrent liabilities	910,979
Less: Current portion of long-term debt	(42,915)
Total noncurrent liabilities	868,064
TOTAL LIABILITIES	958,753
DEFERRED INFLOWS OF RESOURCES	
Pension related	26,899
OPEB related	3,765
NET POSITION	
Net investment in capital assets	338,481
Net position: restricted	3,489
Net position: unrestricted	(154,015)
Total net position	187,955
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,177,372

See notes to basic financial statements.



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2019
(In Thousands)

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances	\$ 69,908
Federal contracted programs	11,185
Nongovernment grants and contracts	5,261
Auxiliary enterprises:	
Food services	3,271
Bookstore, net of scholarship allowances	5,334
Parking operation	4,247
Other operating revenues	11
Total operating revenues	<u>99,217</u>
OPERATING EXPENSES	
Educational and general:	
Sylvania Campus	51,695
Rock Creek Campus	39,328
Cascade Campus	30,891
Southeast Campus	15,316
Extended Learning Centers	6,405
President and Governing Board	13,147
Academic and Student Affairs Services	26,499
Administrative Services and Physical Plant	42,553
Other support services:	
Student Activities	3,429
Grants and contracted programs	22,500
Student financial aid, net of tuition and textbooks	19,363
Auxiliary enterprises:	
Food services	3,845
Bookstore	8,064
Parking operation	3,938
Materials, supplies and minor equipment expense	2,952
Depreciation expense	18,794
Amortization of bond premium	(4,502)
Total operating expenses	<u>304,217</u>
Operating income (loss)	<u>(205,000)</u>
NONOPERATING REVENUES (EXPENSES)	
Federal financial aid	49,176
State FTE reimbursement	71,543
State and local government grants and contracts	12,482
Property taxes	87,948
Investment income	11,166
Loss on the disposal of capital assets	(1)
Bond issuance costs	(1,155)
Interest expense	(29,792)
Net nonoperating revenues (expenses)	<u>201,367</u>
Increase (decrease) in net position	<u>(3,633)</u>
NET POSITION	
Net position - beginning of the year	191,588
Net position - end of the year	<u>\$ 187,955</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS
Year ended June 30, 2019
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 73,722
Federal grants and contracts	11,185
Non-government grants and contracts	5,261
Payments to suppliers for goods and services	(43,942)
Payments to employees	(379,270)
Payments for student financial aid and other scholarships	(19,362)
Cash received from customers	9,820
Other cash receipts	<u>11</u>
Net cash used in operating activities	<u>(342,575)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal student financial aid grants	49,685
State and local government grants and contracts	12,482
Cash received from property taxes	38,788
Cash received from State FTE reimbursement	71,543
Proceeds from pension bond payable	171,865
Interest paid on limited tax pension bonds	(7,707)
Principal paid on limited tax pension bonds	<u>(7,120)</u>
Net cash provided by noncapital financing activities	<u>329,536</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	51,206
Principal paid on long-term debt	(28,135)
Obligation under capital lease	(1,052)
Note payable	(520)
Loss on disposition of capital assets	(1)
Proceeds from disposition of capital assets	22
Purchase of capital assets	(40,214)
Cash paid for bond issuance costs	(1,155)
Interest paid on obligation for capital lease	(109)
Interest paid on long-term debt	<u>(23,136)</u>
Net cash used by capital financing activities	<u>(43,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	11,068
Purchases of investments	(115,047)
Proceeds from sales of investments	<u>135,400</u>
Net cash provided by investing activities	<u>31,421</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENT OF CASH FLOWS (CONTINUED)
Year ended June 30, 2019
(In Thousands)

NET DECREASE IN CASH	\$	(24,712)
Cash and cash equivalents - beginning of the year		59,475
Cash and cash equivalents - end of year	\$	34,763
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET POSITION		
Unrestricted cash and cash equivalents	\$	34,763
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$	(205,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense		18,794
Amortization expense		(4,502)
Change in net pension liability		14,461
Change in pension transition liability		(2,053)
Change in OPEB asset		(1,413)
Change in OPEB liability		3,927
Change in deferred outflows of resources		(175,354)
Change in deferred inflows of resources		7,149
(Increases) decreases in current assets used in operations:		
Accounts receivable		(3,033)
Student accounts receivable		532
Inventory and prepaid items		1,071
Increases (decreases) in current liabilities used in operations:		
Accounts payable		494
Payroll liabilities		(1,363)
Unearned revenue		3,282
Other current liabilities		621
Compensated absences		(188)
Net cash used in operating activities	\$	(342,575)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Book value of disposed of assets	\$	1,550

See notes to basic financial statements.



**Portland
Community
College**

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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, provided they are collected within the current period or expected to be collected within sixty days after fiscal year end. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. The financial statements of the College have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

New Accounting Pronouncements – GASB Statements No. 88

The Governmental Accounting Standards Board (GASB) issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The principal objective of this Statement is to assure that essential information of accounting and financial reporting related to debt is disclosed in the notes to the basic financial statements.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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, 2019 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, 2019. 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, 2019 the allowance for uncollectible accounts is \$1.5 million.

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 that 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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

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

Capital Assets

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

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.

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.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$5.6 million and OPEB asset in the amount of \$1.4 million.

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 plan utilized employee census data and benefits provided by the College for purposes of measuring the net 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 in 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, 2019 are \$31.1 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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, 2019</u>
Cash and cash equivalents:	
Cash on hand	\$ 100
Demand deposits	3,265
Cash held by county treasurer	476
Oregon Local Government Investment Pool	<u>30,922</u>
Total cash and cash equivalents basic statements	<u>34,763</u>
Investments:	
Government and agency obligations	251,932
Corporate securities	29,669
Bank obligations	<u>570</u>
Total investments	<u>282,171</u>
Total cash and investments	<u><u>\$ 316,934</u></u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

2. CASH AND INVESTMENTS (Continued)

The Oregon Local Government Investment Pool, certificates of deposit, and some repurchase agreements are unrated. Other investments held at June 30 are categorized by rating as follows (in thousands):

	Year Ended June 30, 2019
Investments categorized by Standard and Poor's rating:	
Government sponsored (Treasury & Federal Agencies), AA+	\$ 251,932
Corporate notes (A or better)	29,669
Bank obligations (certificates of deposit)	570
Total investments	\$ 282,171

Cash and Investments in the amount of \$214.4 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 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 in government sponsored securities and corporate notes are valued using quoted market prices (Level 2 inputs).

Credit Risk:

In accordance with ORS Chapter 294 and the College's investment guidelines, investment in commercial paper must be rated A1 by Standard & Poor's or P1 by Moody's, or an equivalent rating by any nationally recognized rating agency. Corporate securities, bonds and debentures must be rated at settlement date AA or better by Standard & Poor's, Aa or better by Moody's, or an equivalent rating by any nationally recognized rating agency.

Concentration of credit risk:

In accordance with GASB 40, the College is required to report all non-federal investments in any one issuer which exceed 5% of total invested funds. There are no investments that exceed this threshold as of June 30, 2019.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

2. CASH AND INVESTMENTS (Continued)

Custodial credit risk – deposits:

In the 2008 legislative session, new regulations were enacted for collateralizing public funds under ORS 295.004. The statute established a shared liability concept to protect public entities and eliminated personal liability of public officials for balances in excess of the collateral certificates. It also reduced over collateralization and defined qualified depository institutions and addressed collateralization of public funds over \$250 thousand. Finally, it specified the types of instruments that are allowed as collateral and required qualified bank depositories to sign a pledge agreement approved by the board of directors or loan committee. Under ORS 295.004, governmental entities can maintain balances with such bank depositories following their investment policies. On June 30, 2019, the College bank balances were \$6.4 million, which includes time CDs and bank accounts. Of these deposits, \$838 thousand on deposit with seven banks were covered by FDIC and the remaining balance was covered by the procedures for collateralizing public funds.

Custodial credit risk – investments:

The College has a Board approved investment policy which states that the President shall appoint an Investment Officer who will perform specific investment functions for the College. Should a counter-party fail, there is a risk that the College would not be able to recover the value of its investments that are held by an outside party. To minimize this risk, securities purchased through any of the authorized non-bank broker-dealers are held in a bank investment safekeeping division. Bond investments purchased through broker-dealers other than Wells Fargo Bank are held in the investment safekeeping division of Wells Fargo Bank.

As of June 30, 2019, the College had \$282.2 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, 2019, 20% of investments held by the College (excluding Local Government Investment Pool balances) matured within a 180 day timeline. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2019 were: 59.5% mature within 93 days, 18.9% mature from 93 days to one year and 21.6% mature from over one year to three years from settlement date.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

2. CASH AND INVESTMENTS (Continued)

Bond Investments maturing (in thousands)

Bond Investments	Rating	Maturity Date	Fair Value	Classification
US Treasury	AA+	06-30-2019	\$ 1,500	Level 2
US Treasury	AA+	08-31-2019	5,391	Level 2
FHLB Coupon	AA+	09-26-2019	5,384	Level 2
US Treasury	AA+	09-30-2019	21,477	Level 2
US Treasury	AA+	12-31-2019	14,964	Level 2
FFCB Coupon	AA+	01-10-2020	11,816	Level 2
FFCB Coupon	AA+	04-13-2020	4,009	Level 2
US Treasury	AA+	05-31-2020	3,484	Level 2
FNMA Coupon	AA+	06-22-2020	3,033	Level 2
FHLB Coupon	AA+	06-29-2020	1,280	Level 2
FHLB Coupon	AA+	07-06-2020	6,023	Level 2
FHLB Coupon	AA+	07-20-2020	21,006	Level 2
FHLMC Coupon	AA+	09-29-2020	3,289	Level 2
Microsoft Corp	AAA	10-01-2020	5,389	Level 2
Berkshire Hathaway Finance Corp	AA	10-15-2020	13,133	Level 2
FNMA Coupon	AA+	10-30-2020	2,592	Level 2
US Treasury	AA+	11-15-2020	6,567	Level 2
FNMA Coupon	AA+	12-24-2020	9,926	Level 2
Toyota Motor Credit Corp Note	AA-	01-11-2021	5,156	Level 2
FHLMC Coupon	AA+	01-19-2021	7,803	Level 2
FFCB Coupon	AA+	02-12-2021	2,200	Level 2
FFCB Coupon	AA+	03-01-2021	758	Level 2
FHLB Coupon	AA+	03-26-2021	1,300	Level 2
US Treasury	AA+	06-30-2021	8,050	Level 2
US Treasury	AA+	06-30-2021	8,050	Level 2
FFCB Coupon	AA+	09-17-2021	4,493	Level 2
FFCB Coupon	AA+	09-17-2021	4,493	Level 2
US Treasury	AA+	09-30-2021	10,460	Level 2

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

2. CASH AND INVESTMENTS (Continued)

All Other Investments maturing (in thousands)

All Other Investments	Rating	Maturity Date	Fair Value	Classification
FFCB Coupon	AA+	07-03-2019	\$ 3,050	Level 2
FFCB Coupon	AA+	08-01-2019	5,996	Level 2
Apple Corp Note	AA+	08-02-2019	1,998	Level 2
US Treasury	AA+	08-31-2019	5,390	Level 2
Umpqua Bank CD	NR	10-21-2019	230	Level 2
FHLMC Coupon	AA+	10-25-2019	3,991	Level 2
FFCB Coupon	AA+	12-19-2019	2,492	Level 2
US Bank NA Corp	A+	01-24-2020	2,995	Level 2
Apple Corp Note	AA+	02-07-2020	998	Level 2
FHLB Coupon	AA+	02-07-2020	4,485	Level 2
FFCB Coupon	AA+	03-05-2020	4,983	Level 2
FFCB Coupon	AA+	03-20-2020	4,482	Level 2
FHLB Coupon	AA+	05-29-2020	4,979	Level 2
US Treasury	AA+	05-31-2020	4,977	Level 2
FHLB Coupon	AA+	06-12-2020	7,086	Level 2
FHLB Coupon	AA+	06-12-2020	7,593	Level 2
US Treasury	AA+	06-15-2020	6,969	Level 2
FFCB Coupon	AA+	09-04-2020	3,025	Level 2
Heritage Bank CD	NR	09-22-2020	240	Level 2
FFCB Coupon	AA+	11-16-2020	8,115	Level 2
FNMA Coupon	AA+	11-30-2020	4,971	Level 2
Beneficial State Bank CD	NR	03-28-2021	100	Level 2

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

3. CAPITAL ASSETS

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

	Balance June 30, 2018	Increase	Decrease	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 47,449	\$ -	\$ -	\$ 47,449
Art and historical treasure	1,530	-	-	1,530
Construction in progress	54,954	27,346	(47,173)	35,127
Total capital assets not being depreciated	103,933	27,346	(47,173)	84,106
Capital assets being depreciated:				
Land improvements	10,493	-	-	10,493
Building and improvements	533,725	50,848	-	584,573
Equipment and machinery	26,827	766	(479)	27,114
Capital lease	260	-	-	260
Library collections	1,291	112	(101)	1,302
Leasehold improvements	972	-	(972)	-
Infrastructure	60,881	8,317	-	69,198
Total capital assets being depreciated	634,449	60,043	(1,552)	692,940
Less accumulated depreciation for:				
Land improvements	9,645	398	-	10,043
Building and improvements	119,429	15,790	-	135,219
Equipment and machinery	20,087	1,396	(456)	21,027
Capital lease	117	82	-	199
Library collections	655	131	(101)	685
Leasehold improvements	972	-	(972)	-
Infrastructure	3,163	998	-	4,161
Total accumulated depreciation	154,068	18,795	(1,529)	171,334
Total capital assets being depreciated, net	480,381	41,248	(23)	521,606
Total capital assets, net	\$ 584,314	\$ 68,594	\$ (47,196)	\$ 605,712

4. UNEARNED REVENUE

At June 30, 2019, The College's unearned revenue consisted of the following (in thousands):

	Amount
Prepaid Tuition	\$ 5,456
Perkins and Nursing Loans	3,527
Contract and Grant Revenues	619
Total	\$ 9,602

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

5. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2019 are as follows (in thousands):

Bonds and Note Payable	Original Amount	Outstanding June 30, 2018	Increases	Decreases	Outstanding June 30, 2019	Due Within One Year
2018 General obligation bonds, interest ranges from 4.00% - 5.00%, Maturity June 15, 2033	\$ 185,000	\$ 185,000	\$ -	\$ (11,805)	\$ 173,195	\$ 16,165
2016 General obligation refunding bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2029	118,630	118,445	-	-	118,445	9,430
2013 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2033	177,495	145,835	-	(6,875)	138,960	7,215
2009 General obligation bonds, interest 5.00%, Maturity June 15, 2019	200,000	9,455	-	(9,455)	-	-
2018 Limited tax pension bonds, interest ranges from 2.97% - 4.64%, Maturity June 1, 2038	171,865	-	171,865	(1,310)	170,555	3,080
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	82,005	-	(5,810)	76,195	6,505
Note Payable, interest 0%, Maturity August 4, 2019	\$ 2,081	\$ 1,041	\$ -	\$ (521)	\$ 520	\$ 520
Premium on General obligation bonds	49,670	58,815	-	(4,873)	53,942	-
	<u>\$ 1,024,736</u>	<u>\$ 600,596</u>	<u>\$ 171,865</u>	<u>\$ (40,649)</u>	<u>\$ 731,812</u>	<u>\$ 42,915</u>

Transactions for the fiscal year ended June 30, 2019 are as follows (in thousands):

<u>Other Long-Term Liabilities</u>	<u>Outstanding June 30, 2019</u>
Capital leases	\$ 1,429
Transition liability - pre SLGRP	16,672
Net pension liability	149,678
OPEB liability	11,388
	<u>\$ 179,167</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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
2020	\$ 42,915	\$ 31,211
2021	46,740	29,383
2022	51,290	27,306
2023	37,565	24,821
2024	41,430	23,029
2025-2029	244,940	82,014
2030-2034	155,565	32,703
2035-2038	57,425	6,298
	\$ 677,870	\$ 256,765

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

On November 27, 2018 the College issued Full Faith and Credit Pension Bonds in the amount of \$171.9 million to finance all or a portion of the College's unfunded actuarial liability (UAL). Bond funds in the amount of \$170.7 million were sent to the Oregon Public Employees Retirement System (PERS) and \$1.2 million was used to cover the costs of issuance. Pension bonds are direct obligations that pledge the full faith and credit of the College.

As of June 30, 2019, \$105 million of the General Obligation Bonds, Series 2009 is outstanding and considered defeased. These bonds were callable on June 15, 2019.

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2019, the College had no arbitrage rebate liabilities.

Note Payable

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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):

Year Ending June 30,	Amount
2020	\$ 1,079
2021	429
Total minimum lease payments	1,508
Less:	
amount representing interest	(79)
Present value of minimum lease payments	\$ 1,429

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):

Year Ending June 30,	Amount
2020	\$ 1,471
2021	814
2022	326
2023	179
2024	46
Later years	13
Total	\$ 2,849

The expense for operating leases for the year ended June 30, 2019 was \$1.6 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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 \$666,700 per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2019 and no insurance settlement exceeded insurance coverage for the past three years. Liability insurance generally covers casualty losses in excess of \$666,700 per occurrence. Excess insurance above the Self Insured Retention has a limit of \$15 million per occurrence and \$30 million in the aggregate. The College's property insurance total loss limit is \$200 million with a \$25 thousand deductible. Earthquake and flood coverage has a loss limit of \$100 million per occurrence and annual aggregate with a \$100,000 deductible.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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, 2019	Year Ended June 30, 2018
Unpaid claims, July 1	\$ 578	\$ 543
Incurred claims	500	454
Claim payments	(519)	(419)
Unpaid claims, June 30	\$ 559	\$ 578

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, 2019**

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, 2019**

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, 2019**

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, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 to the Tier One/Tier Two and OPSRP plans totaled \$154.3 million, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 14.49% for Tier One/Tier Two General Service Members and 7.98% for OPSRP Pension Program General Service Members, net of 9.10% of side account rate relief. An additional 6% contribution is required for the OPSRP Individual Account Program and totaled \$8.1 million for the year ended June 30, 2019.

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

At June 30, 2019, the College reported net pension liability of \$148.2 million for its proportionate share of PERS net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018 and 2017, the College's proportion were 1.20% and 1.22% respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

11. PENSION PLANS (Continued)

For the year ended June 30, 2019, the College recognized pension expense of \$21.7 million. At June 30, 2019, 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	\$ 6,175	\$ -
Changes in assumptions	42,206	-
Net difference between projected and actual earnings on investments	-	8,061
Changes in proportionate share	-	9,688
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,895
College's contributions subsequent to the measurement date	175,668	-
Year Ended June 30, 2019	\$ 224,049	\$ 26,644

There are \$175.7 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	Amount
2020	\$ 15,526
2021	10,628
2022	(5,505)
2023	291
2024	797
Total	\$ 21,737

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
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-back 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, 2019**

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation*	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Med Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OLC Statement of Investment Objectives and Policy Framework for the the Oregon Public Employees Retirement Fund, revised as of June 7, 2007.

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, 2019**

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)	\$ 270,111	\$ 148,267	\$ 47,695

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 \$16.7 million at June 30, 2019. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.76% of covered payroll for payment of this transition liability.

EARLY RETIREMENT INCENTIVE (STIPEND)

Plan Description

The College maintains a single-employer, defined benefit early retirement incentive program for qualifying Faculty, Academic Professionals (AP), and Classified Employees. The Board has authority to set benefit provisions and funding policy for the plan. The management employee portion of this plan was replaced in fiscal year 2000 by a 2.0% employer contributed 403(b) plan. The actuarial information is from an actuarial valuation report as of June 30, 2019.

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, 2019**

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.

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

At June 30, 2019, 95 retirees and surviving spouses received benefits and 2,282 current active employees are covered.

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, 2019, changes in the pension liability are as follows (in thousands):

	<u>Total Stipend Liability</u>
Beginning of Year, 7/1/2018	\$ 870
Benefit Payments	(196)
Service Cost	36
Interest on Stipend Liability	27
Change of Benefit Terms	26
Change in Assumptions	245
Experience (Gain)/Loss	403
End of Year, 6/30/2019	\$ 1,411

Actuarial valuations:

The actuarial information is from an actuarial valuation report as of June 30, 2019.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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-back as described in the valuation.

Active employees: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-back 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, 2019**

11. PENSION PLANS (Continued)

Discount Rate Sensitivity

(in thousands)

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total Stipend Liability on 6/30/2019	\$ 1,479	\$ 1,411	\$ 1,346

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

For the year ended June 30, 2019, the College recognized stipend expense of \$541 thousand. As of June 30, 2019, 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	\$ 430	\$ -
Changes of assumptions or other inputs	219	256
Total	\$ 649	\$ 256

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in Pension expense for the year ended June 30, 2019 as follows (in thousands):

Year Ended June 30,	Amount
2020	\$ 40
2021	40
2022	40
2023	40
2024	40
All Subsequent Years	193
Total	\$ 393

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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, 2019 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, 2019 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.

Employees covered by benefit terms:

Employees covered by the benefit terms for the year ended June 30, 2019 is as follows:

Inactive employees or beneficiaries currently receiving benefit payments	95
Active employees	<u>2,282</u>
Total	<u><u>2,377</u></u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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

The College's total OPEB liability of \$11.4 million was measured as of June 30, 2019 and 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*
2020	7.00%	4.00%	3.00%	3.00%	7.00%
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, 7/1/2018</u>	<u>\$ 8,001</u>
Benefit Payments - Explicit Medical	(434)
Benefit Payments - Implicit Medical	(306)
Service Cost	423
Interest on Total OPEB Liability	267
Change of Benefit Terms	72
Change in Assumptions	2,251
Experience (Gain)/Loss	1,113
<u>End of Year, 6/30/2019</u>	<u>\$ 11,387</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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 (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate presents for the year ended June 30, 2019 as follows (in thousands):

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 12,213	\$ 11,387	\$ 10,617

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 (2.5%) or 1-percentage-point higher (4.5%) than the current healthcare cost trend rates presents for the year ended June 30, 2019 as follow (in thousands):

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 10,459	\$ 11,387	\$ 12,355

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

For the year ended June 30, 2019, the College recognized OPEB expense of 3.4 million. At June 30, 2019, 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	\$ 996	\$ 431
Changes of assumptions or other inputs	2,015	2,940
Total	\$ 3,011	\$ 3,371

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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
2020	\$ (116)
2021	(116)
2022	(116)
2023	(116)
2024	(116)
All Subsequent Years	220
Total	<u>\$ (360)</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, 2019**

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, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$618 thousand. The rates in effect for the fiscal year ended June 30, 2019 were 0.50% for Tier One/Tier Two General Service Members and 0.43% for OPSRP Pension Program General Service Members. Employees are not required to contribute to the RHIA Program.

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

At June 30, 2019, the College reported an asset of \$1.41 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. 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, 2018 and 2017, the College's proportion were 1.27% and 1.29% respectively.

For the year ended June 30, 2019, the College recognized OPEB expense of approximately (\$133) thousand. At June 30, 2019, 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	\$ -	\$ 80
Changes of assumptions	-	4
Net difference between projected and actual earnings on investments	-	305
Changes in proportionate share	5	5
College's contributions subsequent to the measurement date	618	-
Year Ended June 30, 2019	\$ 623	\$ 394

Contributions subsequent to the measurement date of \$618 thousand reported as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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
2020	\$ (129)
2021	(128)
2022	(102)
2023	(30)
2024	-
Total	\$ (389)

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
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: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-back as described in the valuation.
	Active Members: Mortality rates are percentage of healthy retiree rates that vary by group, as described in the valuation.
	Disabled retirees: Mortality rates are percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 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, 2019**

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 September 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation*	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Med Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OLC Statement of Investment Objectives and Policy Framework for the the Oregon Public Employees Retirement Fund, revised as of June 7, 2007.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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 7.2%, 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 (6.2%) or 1-percentage-point higher (8.2%) than the current rate (in thousands):

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
College's proportionate share of the net OPEB liability (asset)	\$ (823)	\$ (1,413)	\$ (1,915)

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 years ended June 30, 2019 is as follows (in thousands):

	Year Ended June 30, 2019
Total assets	\$ 18,360
Total net assets	17,793
Total support and revenues	7,435
Total expenses	5,523

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Year ended June 30, 2019**

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):

	<u>Year Ended June 30, 2019</u>
Clackamas County	\$ 150
Columbia County	122
Multnomah County	571
Washington County	7,132
Yamhill County	<u>3</u>
	<u>\$ 7,978</u>

All data is estimated based on tax roll values.

15. COMMITMENTS AND CONTINGENCIES

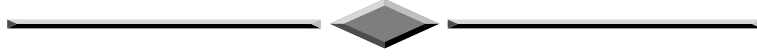
Construction Commitments

The College has approximately \$3.9 million in on-going construction commitments as of June 30, 2019. 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, and Columbia County OMIC Center include new classrooms, childcare facilities, 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
2019	1.19835063%	\$ 148,267,124	\$ 133,230,693	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-employee payroll is equal to the amount reported to PERS in the applicable to the proceeding year presented.

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

**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%

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-employee payroll is equal to the amount reported to PERS in the applicable to the proceeding year presented.

**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	-	134,218,139	0.453%

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-employee payroll is equal to the amount reported 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****

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

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

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 36,337	\$ 28,796	\$ 27,822	\$ 47,419
Interest	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	(195,681)	(210,650)	(143,160)	(220,495)
Net change in total OPEB liability	540,599	(149,125)	(337,129)	(131,731)
Total OPEB liability beginning	870,427	1,019,552	1,356,681	1,488,412
Total OPEB liability ending	<u>\$ 1,411,026</u>	<u>\$ 870,427</u>	<u>\$ 1,019,552</u>	<u>\$ 1,356,681</u>
Covered employee payroll	\$ 43,962,611	\$ 43,137,258	\$ 41,678,510	\$44,442,240
Total OPEB liability as a percentage of covered employee payroll	3.2%	2.0%	2.4%	3.1%

See notes to the required supplementary information

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
Notes to Required Supplementary Information
June 30, 2019

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 2014 Experience Study which was published on September 23, 2015 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 2014 Experience Study which was published on September 23, 2015 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 2014 Experience Study which was published on September 23, 2015 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 2014 Experience Study which was published on September 23, 2015 and can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
Notes to Required Supplementary Information
June 30, 2019

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.

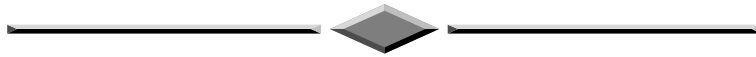
Changes in Plan or Assumptions

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, 2019

<u>GENERAL FUND</u>					
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
From local sources:					
District tax levy:					
Current	\$ 68,649,059	\$ 34,153,829	\$ 35,535,004	\$ 69,688,833	\$ 1,039,774
Prior	1,647,578	421,521	1,206,882	1,628,403	(19,175)
Total district tax levy	<u>70,296,637</u>	<u>34,575,350</u>	<u>36,741,886</u>	<u>71,317,236</u>	<u>1,020,599</u>
Tuition and fees	<u>202,626,264</u>	<u>93,890,463</u>	<u>93,366,028</u>	<u>187,256,491</u>	<u>(15,369,773)</u>
Other sources:					
Interest from investments	500,000	786,356	1,428,373	2,214,729	1,714,729
Miscellaneous local sources	4,234,237	2,643,868	1,583,284	4,227,152	(7,085)
Total other sources	<u>4,734,237</u>	<u>3,430,224</u>	<u>3,011,657</u>	<u>6,441,881</u>	<u>1,707,644</u>
Total from local sources	<u>277,657,138</u>	<u>131,896,037</u>	<u>133,119,571</u>	<u>265,015,608</u>	<u>(12,641,530)</u>
From state sources:					
FTE reimbursement	184,129,450	95,477,069	96,090,334	191,567,403	7,437,953
Other state sources	-	953,516	332,621	1,286,137	1,286,137
Total from state sources	<u>184,129,450</u>	<u>96,430,585</u>	<u>96,422,955</u>	<u>192,853,540</u>	<u>8,724,090</u>
TOTAL REVENUES, BUDGETARY BASIS	<u>461,786,588</u>	<u>228,326,622</u>	<u>229,542,526</u>	<u>457,869,148</u>	<u>(3,917,440)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2019

GENERAL FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:					
Campus program areas:					
Sylvania campus	\$ 98,323,280	\$ 47,950,064	\$ 48,246,513	\$ 96,196,577	\$ 2,126,703
Rock Creek campus	73,868,324	35,820,633	36,632,098	72,452,731	1,415,593
Cascade campus	56,543,836	27,696,641	28,666,469	56,363,110	180,726
Southeast campus	28,366,026	13,943,117	14,205,449	28,148,566	217,460
Total Campus program areas	<u>257,101,466</u>	<u>125,410,455</u>	<u>127,750,529</u>	<u>253,160,984</u>	<u>3,940,482</u>
Non-campus program areas:					
Office of the President	11,675,907	5,621,156	5,371,184	10,992,340	683,567
Office of the Executive Vice President	15,361,196	6,773,358	6,879,679	13,653,037	1,708,159
Administrative Services	121,669,846	59,708,464	58,479,294	118,187,758	3,482,088
Academic & Student Affairs	50,166,112	23,170,973	24,705,850	47,876,823	2,289,289
Total Non-campus program areas	<u>198,873,061</u>	<u>95,273,951</u>	<u>95,436,007</u>	<u>190,709,958</u>	<u>8,163,103</u>
Contingencies	<u>14,304,722</u>	-	-	-	<u>14,304,722</u>
TOTAL EXPENDITURES	<u>470,279,249</u>	<u>220,684,406</u>	<u>223,186,536</u>	<u>443,870,942</u>	<u>26,408,307</u>
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	<u>(8,492,661)</u>	<u>7,642,216</u>	<u>6,355,990</u>	<u>13,998,206</u>	<u>22,490,867</u>
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers in	15,870,439	5,584,804	8,700,275	14,285,079	(1,585,360)
Transfers out	(8,170,570)	(3,619,987)	(3,769,535)	(7,389,522)	781,048
Bond proceeds	1,743,651	755,069	-	755,069	(988,582)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,443,520</u>	<u>2,719,886</u>	<u>4,930,740</u>	<u>7,650,626</u>	<u>(1,792,894)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	950,859	10,362,102	11,286,730	21,648,832	20,697,973
Beginning fund balance	<u>20,434,097</u>	<u>20,434,097</u>	<u>30,796,199</u>	<u>20,434,097</u>	-
Ending fund balance - budgetary basis	<u>\$ 21,384,956</u>	<u>\$ 30,796,199</u>	<u>\$ 42,082,929</u>	<u>\$ 42,082,929</u>	<u>\$ 20,697,973</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

CONTINUING AND COMMUNITY EDUCATION FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Other local sources	\$ 2,872,944	\$ 792,742	\$ 970,796	\$ 1,763,538	\$ (1,109,406)
Tuition and fees	12,593,186	4,579,198	4,271,731	8,850,929	(3,742,257)
TOTAL REVENUES	<u>15,466,130</u>	<u>5,371,940</u>	<u>5,242,527</u>	<u>10,614,467</u>	<u>(4,851,663)</u>
EXPENDITURES:					
Sylvania campus	80,000	-	456	456	79,544
Workforce/Continuing Education	18,134,815	5,870,671	5,918,007	11,788,678	6,346,137
Cascade campus	87,075	17,224	22,192	39,416	47,659
Contingency	1,273,404	-	-	-	1,273,404
TOTAL EXPENDITURES	<u>19,575,294</u>	<u>5,887,895</u>	<u>5,940,655</u>	<u>11,828,550</u>	<u>7,746,744</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,109,164)</u>	<u>(515,955)</u>	<u>(698,128)</u>	<u>(1,214,083)</u>	<u>2,895,081</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	2,349,740	1,182,382	1,167,358	2,349,740	-
Transfers (out)	(220,078)	(79,408)	(9,517)	(88,925)	131,153
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,129,662</u>	<u>1,102,974</u>	<u>1,157,841</u>	<u>2,260,815</u>	<u>131,153</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(1,979,502)</u>	<u>587,019</u>	<u>459,713</u>	<u>1,046,732</u>	<u>3,026,234</u>
Beginning fund balance	<u>1,979,502</u>	<u>1,979,502</u>	<u>2,566,521</u>	<u>1,979,502</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 2,566,521</u>	<u>\$ 3,026,234</u>	<u>\$ 3,026,234</u>	<u>\$ 3,026,234</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

<u>AUXILIARY FUND</u>					
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Facilities usage	\$ 771,506	\$ 570,506	\$ 710,070	\$ 1,280,576	\$ 509,070
Campus activities	193,848	73,570	241,590	315,160	121,312
TOTAL REVENUES	<u>965,354</u>	<u>644,076</u>	<u>951,660</u>	<u>1,595,736</u>	<u>630,382</u>
EXPENDITURES:					
Facilities usage	1,111,040	367,315	464,592	831,907	279,133
Campus activities	266,978	52,455	52,387	104,842	162,136
Contingency	74,030	-	-	-	74,030
TOTAL EXPENDITURES	<u>1,452,048</u>	<u>419,770</u>	<u>516,979</u>	<u>936,749</u>	<u>515,299</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(486,694)</u>	<u>224,306</u>	<u>434,681</u>	<u>658,987</u>	<u>1,145,681</u>
OTHER FINANCING SOURCES (USES):					
Transfers:					
Transfers (out)	(52,926)	(19,702)	(23,030)	(42,732)	10,194
TOTAL OTHER FINANCING SOURCES (USES)	<u>(52,926)</u>	<u>(19,702)</u>	<u>(23,030)</u>	<u>(42,732)</u>	<u>10,194</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(539,620)	204,604	411,651	616,255	1,155,875
Beginning fund balance	862,968	862,968	1,067,572	862,968	-
Ending fund balance - budgetary basis	<u>\$ 323,348</u>	<u>\$ 1,067,572</u>	<u>\$ 1,479,223</u>	<u>\$ 1,479,223</u>	<u>\$ 1,155,875</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

STUDENT ACTIVITIES FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 4,000	\$ 6,854	\$ 6,826	\$ 13,680	\$ 9,680
From local sources:					
Student activities fees	5,096,246	2,553,021	2,408,358	4,961,379	(134,867)
Other local sources	490,000	97,728	120,545	218,273	(271,727)
Total from local sources	5,586,246	2,650,749	2,528,903	5,179,652	(406,594)
TOTAL REVENUES	5,590,246	2,657,603	2,535,729	5,193,332	(396,914)
EXPENDITURES:					
Sylvania campus programs	1,373,696	596,235	612,263	1,208,498	165,198
Rock Creek campus programs	1,200,214	546,234	520,445	1,066,679	133,535
Cascade campus programs	1,040,820	550,327	401,955	952,282	88,538
Southeast campus programs	803,190	426,019	309,539	735,558	67,632
District-wide programs	1,429,905	319,262	1,067,919	1,387,181	42,724
Contingency	132,251	-	-	-	132,251
TOTAL EXPENDITURES	5,980,076	2,438,077	2,912,121	5,350,198	629,878
REVENUES OVER (UNDER) EXPENDITURES	(389,830)	219,526	(376,392)	(156,866)	232,964
Beginning fund balance	389,830	389,830	609,356	389,830	-
Ending fund balance - budgetary basis	\$ -	\$ 609,356	\$ 232,964	\$ 232,964	\$ 232,964

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

CONTRACTS AND GRANTS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Local sources	\$ 14,073,797	\$ 5,626,106	\$ 5,261,123	\$ 10,887,229	\$ (3,186,568)
State sources	15,748,511	6,184,155	8,352,005	14,536,160	(1,212,351)
Federal sources	<u>37,335,600</u>	<u>11,633,750</u>	<u>11,184,692</u>	<u>22,818,442</u>	<u>(14,517,158)</u>
TOTAL REVENUES	<u>67,157,908</u>	<u>23,444,011</u>	<u>24,797,820</u>	<u>48,241,831</u>	<u>(18,916,077)</u>
EXPENDITURES:					
Local contracts	15,057,851	5,514,342	4,495,443	10,009,785	5,048,066
State grants	14,796,854	5,582,436	7,462,840	13,045,276	1,751,578
Federal grants	<u>34,133,212</u>	<u>10,911,772</u>	<u>10,563,456</u>	<u>21,475,228</u>	<u>12,657,984</u>
TOTAL EXPENDITURES	<u>63,987,917</u>	<u>22,008,550</u>	<u>22,521,739</u>	<u>44,530,289</u>	<u>19,457,628</u>
Contingency	<u>2,301,228</u>	-	-	-	<u>2,301,228</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>868,763</u>	<u>1,435,461</u>	<u>2,276,081</u>	<u>3,711,542</u>	<u>2,842,779</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	400,109	192,052	192,219	384,271	(15,838)
Transfers (out)	<u>(3,693,780)</u>	<u>(1,364,175)</u>	<u>(1,399,218)</u>	<u>(2,763,393)</u>	<u>930,387</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,293,671)</u>	<u>(1,172,123)</u>	<u>(1,206,999)</u>	<u>(2,379,122)</u>	<u>914,549</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(2,424,908)</u>	<u>263,338</u>	<u>1,069,082</u>	<u>1,332,420</u>	<u>3,757,328</u>
Beginning fund balance	<u>2,424,908</u>	<u>2,424,908</u>	<u>2,688,246</u>	<u>2,424,908</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 2,688,246</u>	<u>\$ 3,757,328</u>	<u>\$ 3,757,328</u>	<u>\$ 3,757,328</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

STUDENT FINANCIAL AID FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
From local sources:					
Interest from investments	\$ 15,400	\$ 9,159	\$ 23,722	\$ 32,881	\$ 17,481
Private scholarships	2,188,891	53,460	36,245	89,705	(2,099,186)
Miscellaneous income	-	72,081	(44)	72,037	72,037
Total from local sources	2,204,291	134,700	59,923	194,623	(2,009,668)
From federal sources	280,340,907	110,877,352	97,739,655	208,617,007	(71,723,900)
TOTAL REVENUES	282,545,198	111,012,052	97,799,578	208,811,630	(73,733,568)
EXPENDITURES:					
College funded programs	123,280	43,065	35,127	78,192	45,088
Federal programs	282,733,876	110,795,672	97,106,642	207,902,314	74,831,562
Short term student loan program	244,400	53,460	36,245	89,705	154,695
Contingency	1,400,055	-	-	-	1,400,055
TOTAL EXPENDITURES	284,501,611	110,892,197	97,178,014	208,070,211	76,431,400
REVENUES OVER (UNDER) EXPENDITURES	(1,956,413)	119,855	621,564	741,419	2,697,832
OTHER FINANCING SOURCES (USES):					
Transfers in	823,782	58,572	-	58,572	(765,210)
Transfers (out)	(546,203)	(253,922)	(148,531)	(402,453)	143,750
TOTAL OTHER FINANCING SOURCES (USES)	277,579	(195,350)	(148,531)	(343,881)	(621,460)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,678,834)	(75,495)	473,033	397,538	2,076,372
Beginning fund balance	1,678,834	1,678,834	1,603,339	1,678,834	-
Ending fund balance - budgetary basis	\$ -	\$ 1,603,339	\$ 2,076,372	\$ 2,076,372	\$ 2,076,372

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

GENERAL OBLIGATION (G.O.) BOND FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
From local sources:					
Proceeds from tax levies - current year	\$ 90,055,536	\$ 39,435,419	\$ 51,633,707	\$ 91,069,126	\$ 1,013,590
Proceeds from tax levies - prior year	1,119,999	584,109	1,582,030	2,166,139	1,046,140
Interest from investments	45,494	277,999	271,989	549,988	504,494
TOTAL REVENUES	<u>91,221,029</u>	<u>40,297,527</u>	<u>53,487,726</u>	<u>93,785,253</u>	<u>2,564,224</u>
EXPENDITURES:					
Principal payments	56,490,000	28,355,000	28,135,000	56,490,000	-
Interest payments	37,389,862	14,144,738	23,244,463	37,389,201	661
TOTAL EXPENDITURES	<u>93,879,862</u>	<u>42,499,738</u>	<u>51,379,463</u>	<u>93,879,201</u>	<u>661</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,658,833)</u>	<u>(2,202,211)</u>	<u>2,108,263</u>	<u>(93,948)</u>	<u>2,564,885</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(2,658,833)	(2,202,211)	2,108,263	(93,948)	2,564,885
Beginning fund balance	5,980,318	5,980,318	3,778,107	5,980,318	-
Ending fund balance - budgetary basis	<u>\$ 3,321,485</u>	<u>\$ 3,778,107</u>	<u>\$ 5,886,370</u>	<u>\$ 5,886,370</u>	<u>\$ 2,564,885</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

P.E.R.S. DEBT SERVICE FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
EXPENDITURES:					
Principal payments	\$ 14,737,337	\$ 5,165,000	\$ 7,120,000	\$ 12,285,000	\$ 2,452,337
Interest payments	9,447,318	4,192,877	7,706,778	11,899,655	(2,452,337)
TOTAL EXPENDITURES	24,184,655	9,357,877	14,826,778	24,184,655	-
REVENUES OVER (UNDER) EXPENDITURES	(24,184,655)	(9,357,877)	(14,826,778)	(24,184,655)	-
OTHER FINANCING SOURCES (USES):					
Transfer from PERS Reserve Fund	24,184,655	9,357,877	14,826,778	24,184,655	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-	-	-
Beginning fund balance	-	-	-	-	-
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2019

CAPITAL PROJECTS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 70,000	\$ 41,141	\$ 45,714	\$ 86,855	\$ 16,855
Other revenues	360,000	162,598	135,589	298,187	(61,813)
TOTAL REVENUES	430,000	203,739	181,303	385,042	(44,958)
EXPENDITURES:					
Capital outlay	6,181,779	2,928,833	1,233,705	4,162,538	2,019,241
Contingency	90,989	-	-	-	90,989
TOTAL EXPENDITURES	6,272,768	2,928,833	1,233,705	4,162,538	2,110,230
REVENUES OVER (UNDER) EXPENDITURES	(5,842,768)	(2,725,094)	(1,052,402)	(3,777,496)	2,065,272
OTHER FINANCING SOURCES (USES):					
Transfers in	2,015,000	1,000,000	1,000,000	2,000,000	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,015,000	1,000,000	1,000,000	2,000,000	(15,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,827,768)	(1,725,094)	(52,402)	(1,777,496)	2,050,272
Beginning fund balance	3,827,768	3,827,768	2,102,674	3,827,768	-
Ending fund balance - budgetary basis	\$ -	\$ 2,102,674	\$ 2,050,272	\$ 2,050,272	\$ 2,050,272

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

CAPITAL CONSTRUCTION FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Interest from investments	\$ 110,000	\$ 1,852,326	\$ 5,619,696	\$ 7,472,022	\$ 7,362,022
State sources	8,000,000	-	-	-	(8,000,000)
Miscellaneous income	350,000	2,656,046	10,956	2,667,002	2,317,002
TOTAL REVENUES	8,460,000	4,508,372	5,630,652	10,139,024	1,679,024
EXPENDITURES:					
Sylvania campus	21,500,000	5,362,984	9,377,440	14,740,424	6,759,576
Cascade campus	450,000	68,882	339,244	408,126	41,874
Rock Creek campus	7,800,000	2,300,554	5,862,219	8,162,773	(362,773)
Southeast campus	380,000	55,312	108,114	163,426	216,574
District-wide projects	229,957,341	5,277,490	23,723,264	29,000,754	200,956,587
Contingency	6,067,256	-	-	-	6,067,256
TOTAL EXPENDITURES	266,154,597	13,065,222	39,410,281	52,475,503	213,679,094
REVENUES OVER (UNDER) EXPENDITURES	(257,694,597)	(8,556,850)	(33,779,629)	(42,336,479)	215,358,118
OTHER FINANCING SOURCES (USES):					
Bonds issued	209,008,073	184,244,931	-	184,244,931	(24,763,142)
Premium on bonds issued	-	24,763,142	-	24,763,142	24,763,142
Transfers out	(676,052)	(676,052)	-	(676,052)	-
TOTAL OTHER FINANCING SOURCES (USES)	208,332,021	208,332,021	-	208,332,021	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(49,362,576)	199,775,171	(33,779,629)	165,995,542	215,358,118
Beginning fund balance	49,737,187	49,737,187	249,512,358	49,737,187	-
Ending fund balance - budgetary basis	<u>\$ 374,611</u>	<u>\$ 249,512,358</u>	<u>\$ 215,732,729</u>	<u>\$ 215,732,729</u>	<u>\$ 215,358,118</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

<u>FOOD SERVICES FUND</u>					
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Food sales	\$ 10,853,439	\$ 3,627,606	\$ 3,271,152	\$ 6,898,758	\$ (3,954,681)
TOTAL REVENUES	<u>10,853,439</u>	<u>3,627,606</u>	<u>3,271,152</u>	<u>6,898,758</u>	<u>(3,954,681)</u>
EXPENDITURES:					
Food services operations	12,282,915	4,162,622	3,845,190	8,007,812	4,275,103
Contingency	917,674	-	-	-	917,674
TOTAL EXPENDITURES	<u>13,200,589</u>	<u>4,162,622</u>	<u>3,845,190</u>	<u>8,007,812</u>	<u>5,192,777</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,347,150)</u>	<u>(535,016)</u>	<u>(574,038)</u>	<u>(1,109,054)</u>	<u>1,238,096</u>
OTHER FINANCING SOURCES (USES):					
Interest from investments	9,148	9,066	1,366	10,432	1,284
Transfers in	1,535,164	-	535,164	535,164	(1,000,000)
Transfers (out)	(108,534)	(36,276)	(32,712)	(68,988)	39,546
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,435,778</u>	<u>(27,210)</u>	<u>503,818</u>	<u>476,608</u>	<u>(959,170)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(911,372)	(562,226)	(70,220)	(632,446)	278,926
Beginning fund balance	<u>911,372</u>	<u>911,372</u>	<u>349,146</u>	<u>911,372</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 349,146</u>	<u>\$ 278,926</u>	<u>\$ 278,926</u>	<u>\$ 278,926</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

BOOKSTORE FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Bookstore sales	\$ 23,055,061	\$ 8,872,674	\$ 7,358,706	\$ 16,231,380	\$ (6,823,681)
Miscellaneous income	460,222	142,557	128,933	271,490	(188,732)
TOTAL REVENUES	<u>23,515,283</u>	<u>9,015,231</u>	<u>7,487,639</u>	<u>16,502,870</u>	<u>(7,012,413)</u>
EXPENDITURES:					
Bookstore operations	26,657,799	11,103,716	8,063,326	19,167,042	7,490,757
Contingency	3,080,226	-	-	-	3,080,226
TOTAL EXPENDITURES	<u>29,738,025</u>	<u>11,103,716</u>	<u>8,063,326</u>	<u>19,167,042</u>	<u>10,570,983</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,222,742)</u>	<u>(2,088,485)</u>	<u>(575,687)</u>	<u>(2,664,172)</u>	<u>3,558,570</u>
OTHER FINANCING SOURCES (USES):					
Transfers (out)	(6,206,613)	(266,180)	(4,720,761)	(4,986,941)	1,219,672
Interest from investments	237,058	149,027	139,868	288,895	51,837
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,969,555)</u>	<u>(117,153)</u>	<u>(4,580,893)</u>	<u>(4,698,046)</u>	<u>1,271,509</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(12,192,297)</u>	<u>(2,205,638)</u>	<u>(5,156,580)</u>	<u>(7,362,218)</u>	<u>4,830,079</u>
Beginning fund balance	<u>12,351,506</u>	<u>12,351,506</u>	<u>10,145,868</u>	<u>12,351,506</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 159,209</u>	<u>\$ 10,145,868</u>	<u>\$ 4,989,288</u>	<u>\$ 4,989,288</u>	<u>\$ 4,830,079</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

PARKING OPERATIONS FUND

	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Parking permits	\$ 5,024,460	\$ 2,835,921	\$ 2,633,874	\$ 5,469,795	\$ 445,335
Parking fines	533,880	323,043	268,953	591,996	58,116
Other revenue	3,328,542	1,635,372	1,346,594	2,981,966	(346,576)
TOTAL REVENUES	<u>8,886,882</u>	<u>4,794,336</u>	<u>4,249,421</u>	<u>9,043,757</u>	<u>156,875</u>
EXPENDITURES:					
Parking operations	11,890,351	5,015,516	3,938,151	8,953,667	2,936,684
Contingency	1,554,299	-	-	-	1,554,299
TOTAL EXPENDITURES	<u>13,444,650</u>	<u>5,015,516</u>	<u>3,938,151</u>	<u>8,953,667</u>	<u>4,490,983</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,557,768)</u>	<u>(221,180)</u>	<u>311,270</u>	<u>90,090</u>	<u>4,647,858</u>
OTHER FINANCING SOURCES (USES):					
Interest from investments	20,077	69,549	127,244	196,793	176,716
Transfers in	115,612	56,396	59,216	115,612	-
Transfers (out)	(768,557)	(348,989)	(322,416)	(671,405)	97,152
TOTAL OTHER FINANCING SOURCES (USES)	<u>(632,868)</u>	<u>(223,044)</u>	<u>(135,956)</u>	<u>(359,000)</u>	<u>273,868</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(5,190,636)</u>	<u>(444,224)</u>	<u>175,314</u>	<u>(268,910)</u>	<u>4,921,726</u>
Beginning fund balance	<u>5,190,636</u>	<u>5,190,636</u>	<u>4,746,412</u>	<u>5,190,636</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 4,746,412</u>	<u>\$ 4,921,726</u>	<u>\$ 4,921,726</u>	<u>\$ 4,921,726</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

<u>PRINT CENTER FUND</u>					
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Charges for services-internal	\$ 1,035,782	\$ 480,550	\$ 430,924	\$ 911,474	\$ (124,308)
Charges for services-external	45,328	23,308	39,539	62,847	17,519
Copy machine income	881,636	521,136	631,785	1,152,921	271,285
Miscellaneous income	854,658	-	-	-	(854,658)
TOTAL REVENUES	2,817,404	1,024,994	1,102,248	2,127,242	(690,162)
EXPENDITURES:					
Print center operations	2,542,335	958,798	1,160,203	2,119,001	423,334
Contingency	341,169	-	-	-	341,169
TOTAL EXPENDITURES	2,883,504	958,798	1,160,203	2,119,001	764,503
REVENUES OVER (UNDER) EXPENDITURES	(66,100)	66,196	(57,955)	8,241	74,341
OTHER FINANCING SOURCES (USES):					
Interest from investments	-	2,863	6,043	8,906	8,906
Transfers in	99,993	-	99,993	99,993	-
Transfers (out)	(112,696)	(40,100)	(44,090)	(84,190)	28,506
TOTAL OTHER FINANCING SOURCES (USES)	(12,703)	(37,237)	61,946	24,709	37,412
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(78,803)	28,959	3,991	32,950	111,753
Beginning fund balance	192,471	192,471	221,430	192,471	-
Ending fund balance - budgetary basis	<u>\$ 113,668</u>	<u>\$ 221,430</u>	<u>\$ 225,421</u>	<u>\$ 225,421</u>	<u>\$ 111,753</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

<u>RISK MANAGEMENT FUND</u>					
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Department charges & other revenues	\$ 5,421,302	\$ 3,107,090	\$ 3,148,635	\$ 6,255,725	\$ 834,423
Insurance reimbursement	18,000	-	-	-	(18,000)
TOTAL REVENUES	<u>5,439,302</u>	<u>3,107,090</u>	<u>3,148,635</u>	<u>6,255,725</u>	<u>816,423</u>
EXPENDITURES:					
Self-insurance & risk administration	5,502,450	2,376,746	2,594,730	4,971,476	530,974
Contingency	1,347,996	-	-	-	1,347,996
TOTAL EXPENDITURES	<u>6,850,446</u>	<u>2,376,746</u>	<u>2,594,730</u>	<u>4,971,476</u>	<u>1,878,970</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,411,144)</u>	<u>730,344</u>	<u>553,905</u>	<u>1,284,249</u>	<u>2,695,393</u>
OTHER FINANCING SOURCES (USES):					
Interest from investments	51,000	96,832	218,590	315,422	264,422
Transfers in	1,731,170	865,585	865,585	1,731,170	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,782,170</u>	<u>962,417</u>	<u>1,084,175</u>	<u>2,046,592</u>	<u>264,422</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>371,026</u>	<u>1,692,761</u>	<u>1,638,080</u>	<u>3,330,841</u>	<u>2,959,815</u>
Beginning fund balance	<u>5,572,479</u>	<u>5,572,579</u>	<u>7,265,340</u>	<u>5,572,579</u>	<u>100</u>
Ending fund balance - budgetary basis	<u>\$ 5,943,505</u>	<u>\$ 7,265,340</u>	<u>\$ 8,903,420</u>	<u>\$ 8,903,420</u>	<u>\$ 2,959,915</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2019

	<u>P.E.R.S./RESERVE FUND</u>				
	2017-19 ADJUSTED BUDGET	1st YEAR ACTUAL	2nd YEAR ACTUAL	TOTAL ACTUALS	VARIANCE FROM BUDGET
REVENUES:					
Department PERS charges	\$ 23,804,320	\$ 7,931,091	\$ 16,899,562	\$ 24,830,653	\$ 1,026,333
TOTAL REVENUES	<u>23,804,320</u>	<u>7,931,091</u>	<u>16,899,562</u>	<u>24,830,653</u>	<u>1,026,333</u>
OPERATING EXPENSES:					
Contingency	350,902	-	-	-	350,902
TOTAL OPERATING EXPENSES	<u>350,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,902</u>
OTHER FINANCING SOURCES (USES):					
Bond issuance	170,702,833	-	171,865,000	171,865,000	1,162,167
Bond issuance costs	-	-	(995,717)	(995,717)	(995,717)
Payment to PERS for UAL	(170,702,833)	-	(170,702,833)	(170,702,833)	-
Transfers (out)	(29,184,655)	(11,857,877)	(17,326,778)	(29,184,655)	-
Interest from investments	215,000	335,644	649,899	985,543	770,543
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,969,655)</u>	<u>(11,522,233)</u>	<u>(16,510,429)</u>	<u>(28,032,662)</u>	<u>936,993</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	(5,516,237)	(3,591,142)	389,133	(3,202,009)	2,314,228
Beginning fund balance	24,932,749	24,932,749	21,341,607	24,932,749	-
Ending fund balance - budgetary basis	<u>\$ 19,416,512</u>	<u>\$ 21,341,607</u>	<u>\$ 21,730,740</u>	<u>\$ 21,730,740</u>	<u>\$ 2,314,228</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

For the year ended June 30, 2019

EARLY RETIREMENT INCENTIVE PLAN

	<u>2017-19 ADJUSTED BUDGET</u>	<u>1st YEAR ACTUAL</u>	<u>2nd YEAR ACTUAL</u>	<u>TOTAL ACTUALS</u>	<u>VARIANCE FROM BUDGET</u>
ADDITIONS:					
Amount provided by General Fund	\$ 615,000	\$ 265,000	\$ 350,000	\$ 615,000	\$ -
Interest from investments	80,000	21,590	22,767	44,357	(35,643)
 TOTAL ADDITIONS	 <u>695,000</u>	 <u>286,590</u>	 <u>372,767</u>	 <u>659,357</u>	 <u>(35,643)</u>
DEDUCTIONS:					
Other post-retirement benefits	1,427,812	664,194	702,476	1,366,670	61,142
Contingency	237,143	-	-	-	237,143
 TOTAL DEDUCTIONS	 <u>1,664,955</u>	 <u>664,194</u>	 <u>702,476</u>	 <u>1,366,670</u>	 <u>298,285</u>
 NET ADDITIONS (DEDUCTIONS):	 <u>(969,955)</u>	 <u>(377,604)</u>	 <u>(329,709)</u>	 <u>(707,313)</u>	 <u>262,642</u>
 Beginning fund balance	 <u>1,280,953</u>	 <u>1,280,953</u>	 <u>903,349</u>	 <u>1,280,953</u>	 <u>-</u>
 Ending fund balance - budgetary basis	 <u>\$ 310,998</u>	 <u>\$ 903,349</u>	 <u>\$ 573,640</u>	 <u>\$ 573,640</u>	 <u>\$ 262,642</u>



OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2019

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2013, ISSUED 03/28/2013		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 7,215,000	\$ 6,048,238	\$ 13,263,238
2020-21	7,580,000	5,687,488	13,267,488
2021-22	7,955,000	5,308,488	13,263,488
2022-23	8,355,000	4,910,738	13,265,738
2023-24	8,770,000	4,492,988	13,262,988
2024-25	9,210,000	4,054,488	13,264,488
2025-26	9,670,000	3,593,988	13,263,988
2026-27	10,155,000	3,110,488	13,265,488
2027-28	10,660,000	2,602,738	13,262,738
2028-29	10,980,000	2,282,938	13,262,938
2029-30	11,420,000	1,843,738	13,263,738
2030-31	11,880,000	1,386,938	13,266,938
2031-32	12,355,000	911,738	13,266,738
2032-33	12,755,000	510,200	13,265,200
TOTALS	\$ 138,960,000	\$ 46,745,194	\$ 185,705,194

FISCAL YEAR	SERIES 2016, ISSUED 03/28/2015		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 9,430,000	\$ 5,862,250	\$ 15,292,250
2020-21	9,885,000	5,450,750	15,335,750
2021-22	10,380,000	4,956,500	15,336,500
2022-23	10,900,000	4,437,500	15,337,500
2023-24	11,445,000	3,892,500	15,337,500
2024-25	12,020,000	3,320,250	15,340,250
2025-26	12,615,000	2,719,250	15,334,250
2026-27	13,250,000	2,088,500	15,338,500
2027-28	13,910,000	1,426,000	15,336,000
2028-29	14,610,000	730,500	15,340,500
TOTALS	\$ 118,445,000	\$ 34,884,000	\$ 153,329,000

FISCAL YEAR	SERIES 2018, ISSUED 04/02/2018		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 16,165,000	\$ 8,313,250	\$ 24,478,250
2020-21	18,485,000	7,666,650	26,151,650
2021-22	20,870,000	6,927,250	27,797,250
2022-23	4,840,000	5,883,750	10,723,750
2023-24	6,265,000	5,641,750	11,906,750
2024-25	7,785,000	5,328,500	13,113,500
2025-26	9,435,000	4,939,250	14,374,250
2026-27	11,190,000	4,467,500	15,657,500
2027-28	13,085,000	3,908,000	16,993,000
2028-29	15,100,000	3,253,750	18,353,750
2029-30	10,790,000	2,498,750	13,288,750
2030-31	11,880,000	1,959,250	13,839,250
2031-32	13,035,000	1,365,250	14,400,250
2032-33	14,270,000	713,500	14,983,500
TOTALS	\$ 173,195,000	\$ 62,866,400	\$ 236,061,400

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2019

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 6,505,000	\$ 3,664,980	\$ 10,169,980
2020-21	7,250,000	3,352,089	10,602,089
2021-22	8,050,000	3,003,364	11,053,364
2022-23	8,910,000	2,616,159	11,526,159
2023-24	9,825,000	2,187,588	12,012,588
2024-25	10,810,000	1,715,006	12,525,006
2025-26	11,860,000	1,195,045	13,055,045
2026-27	12,985,000	624,579	13,609,579
TOTALS	<u>\$ 76,195,000</u>	<u>\$ 18,358,810</u>	<u>\$ 94,553,810</u>

FISCAL YEAR	SERIES 2018, ISSUED 11/27/18		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 3,080,000	\$ 7,322,240	\$ 10,402,240
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>\$ 170,555,000</u>	<u>\$ 93,910,905</u>	<u>\$ 264,465,905</u>

NOTE PAYABLE

FISCAL YEAR	SIX DEGREES, ISSUED 8/1/2017		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2019-20	\$ 520,267	\$ -	\$ 520,267
TOTALS	<u>\$ 520,267</u>	<u>\$ -</u>	<u>\$ 520,267</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.

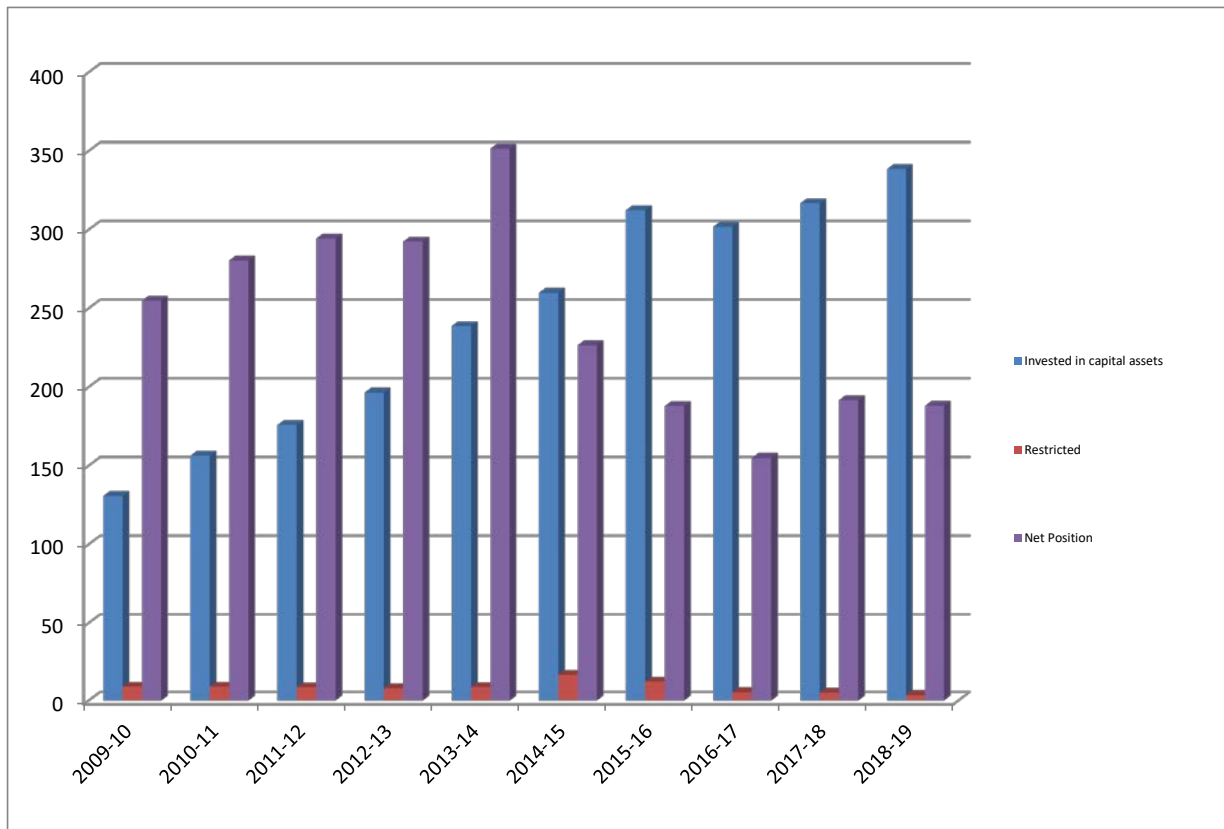
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2018-19	2017-18	2016-17	2015-16
Net invested in capital assets	\$ 605,712	\$ 584,314	\$ 586,034	\$ 575,232
Less related debt	<u>(267,231)</u>	<u>(267,661)</u>	<u>(284,189)</u>	<u>(294,173)</u>
Net investment in capital assets	338,481	316,653	301,845	281,059
Net position, restricted	3,489	4,995	5,422	12,552
Net position, unrestricted	<u>(154,015)</u>	<u>(130,060)</u>	<u>(152,347)</u>	<u>(105,818)</u>
TOTAL NET POSITION	<u><u>\$ 187,955</u></u>	<u><u>\$ 191,588</u></u>	<u><u>\$ 154,920</u></u>	<u><u>\$ 187,793</u></u>

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



<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</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>	\$ 300,161 <u>(169,457)</u>
259,781	238,664	196,408	175,816	156,295	130,704
16,497	8,596	7,935	8,510	8,782	8,764
<u>(49,776)</u>	<u>104,248</u>	<u>88,105</u>	<u>110,021</u>	<u>115,262</u>	<u>115,364</u>
<u>\$ 226,502</u>	<u>\$ 351,508</u>	<u>\$ 292,448</u>	<u>\$ 294,347</u>	<u>\$ 280,339</u>	<u>\$ 254,832</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

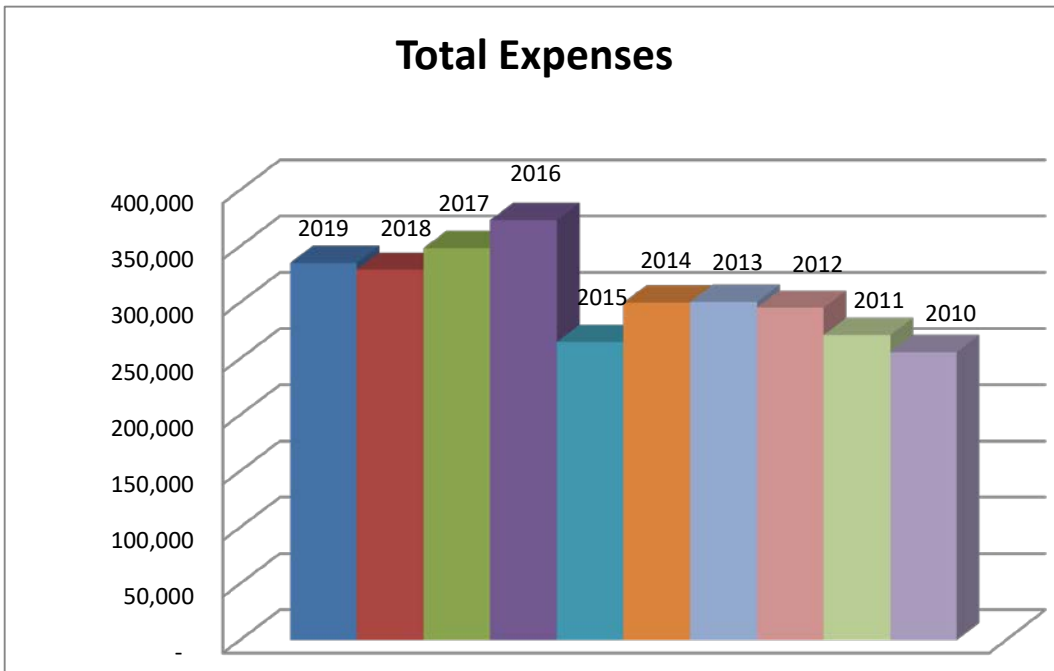
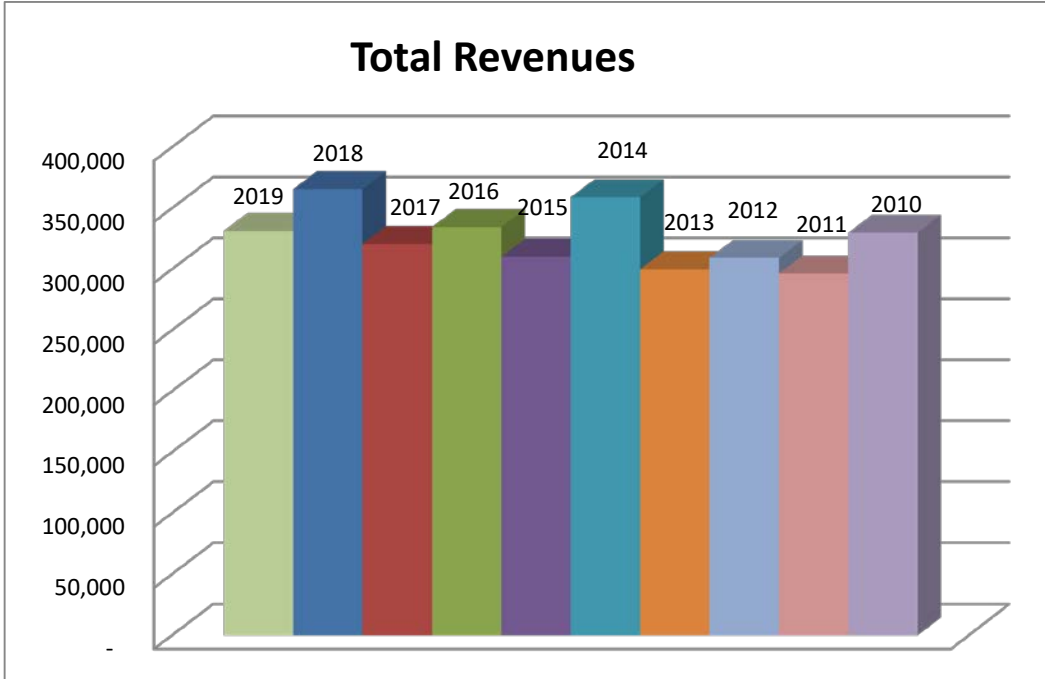
	2018-19	2017-18	2016-17	2015-16
Operating revenues				
Student tuition and fees, net	\$ 69,908	\$ 68,398	\$ 66,752	\$ 65,901
Grants and contracted programs	16,446	17,260	20,478	16,725
Auxiliary enterprises	12,852	14,548	15,820	16,701
Other operating revenues	11	75	10	239
Total operating revenues	99,217	100,281	103,060	99,566
Nonoperating revenues				
State FTE reimbursement	71,543	116,888	67,933	102,767
Property taxes	87,948	76,405	80,013	66,165
Federal financial aid	49,176	56,869	56,860	56,448
State and local grants and contracts	12,482	10,214	11,941	8,196
Investment income	11,166	2,265	996	1,316
Investment gain on pension asset	-	-	-	-
Gain on disposal of assets	-	-	15	48
Gain on legal settlement	-	2,750	-	-
Total nonoperating revenues	232,315	265,391	217,758	234,940
Total Revenues	331,532	365,672	320,818	334,506
Operating expenses				
Campus educational and campus general	156,782	136,919	144,870	169,754
Other educational and general	69,052	90,977	97,588	108,034
Grants and contracted programs	22,500	21,850	26,149	21,277
Auxiliary enterprises	15,847	18,575	19,962	20,812
Student financial aid, net tuition and textbooks	19,363	21,186	22,038	18,325
Other support services	6,381	5,382	4,856	5,245
Depreciation and amortization	14,292	12,546	12,213	8,202
Total operating expenses	304,217	307,435	327,676	351,649
Nonoperating expenses				
Interest expense	29,792	20,518	19,964	21,566
Investment loss on pension asset	-	-	-	-
Bond issuance costs	1,155	755	638	-
Loss on disposal of assets	1	297	-	-
Total nonoperating expenses	30,948	21,570	20,602	21,566
Total Expenses	335,165	329,005	348,278	373,215
Capital contributions	-	-	-	-
TOTAL INCREASE (DECREASE) IN NET POSITION	\$ (3,633)	\$ 36,667	\$ (27,460)	\$ (38,709)

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

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$	63,196	\$ 63,775	\$ 60,845	\$ 62,216	\$ 62,644	\$ 61,946
	17,194	16,416	19,085	20,362	21,045	18,944
	18,717	17,731	19,139	21,259	18,298	18,093
	638	606	12	20	221	61
	<u>99,745</u>	<u>98,528</u>	<u>99,081</u>	<u>103,857</u>	<u>102,208</u>	<u>99,044</u>
	53,710	78,243	39,191	71,604	41,003	77,046
	77,393	74,246	65,790	58,282	59,895	57,622
	65,488	69,780	73,239	62,720	57,471	54,704
	12,809	15,583	9,357	8,899	11,740	18,881
	1,136	2,388	514	1,313	1,814	4,208
	-	20,273	12,918	2,651	22,373	18,416
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>210,536</u>	<u>260,513</u>	<u>201,009</u>	<u>205,469</u>	<u>194,296</u>	<u>230,877</u>
	<u>310,281</u>	<u>359,041</u>	<u>300,090</u>	<u>309,326</u>	<u>296,504</u>	<u>329,921</u>
	100,927	131,068	129,297	134,836	118,239	111,610
	61,590	78,008	72,426	68,982	59,521	55,597
	23,881	21,906	24,778	25,617	26,881	23,658
	23,256	22,747	24,069	23,904	20,885	19,919
	19,630	20,092	22,678	16,123	20,235	24,535
	4,009	4,149	4,434	4,479	3,614	4,034
	7,975	6,428	7,508	7,438	6,670	5,458
	<u>241,268</u>	<u>284,398</u>	<u>285,190</u>	<u>281,379</u>	<u>256,045</u>	<u>244,811</u>
	23,469	15,583	13,919	13,931	14,930	11,092
	-	-	-	-	-	-
	166	-	1,425	-	-	-
	-	-	-	8	22	4
	<u>23,635</u>	<u>15,583</u>	<u>15,344</u>	<u>13,939</u>	<u>14,952</u>	<u>11,096</u>
	<u>264,903</u>	<u>299,981</u>	<u>300,534</u>	<u>295,318</u>	<u>270,997</u>	<u>255,907</u>
	-	-	-	-	-	234
\$	<u>45,378</u>	<u>\$ 59,060</u>	<u>\$ (444)</u>	<u>\$ 14,008</u>	<u>\$ 25,507</u>	<u>\$ 74,248</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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





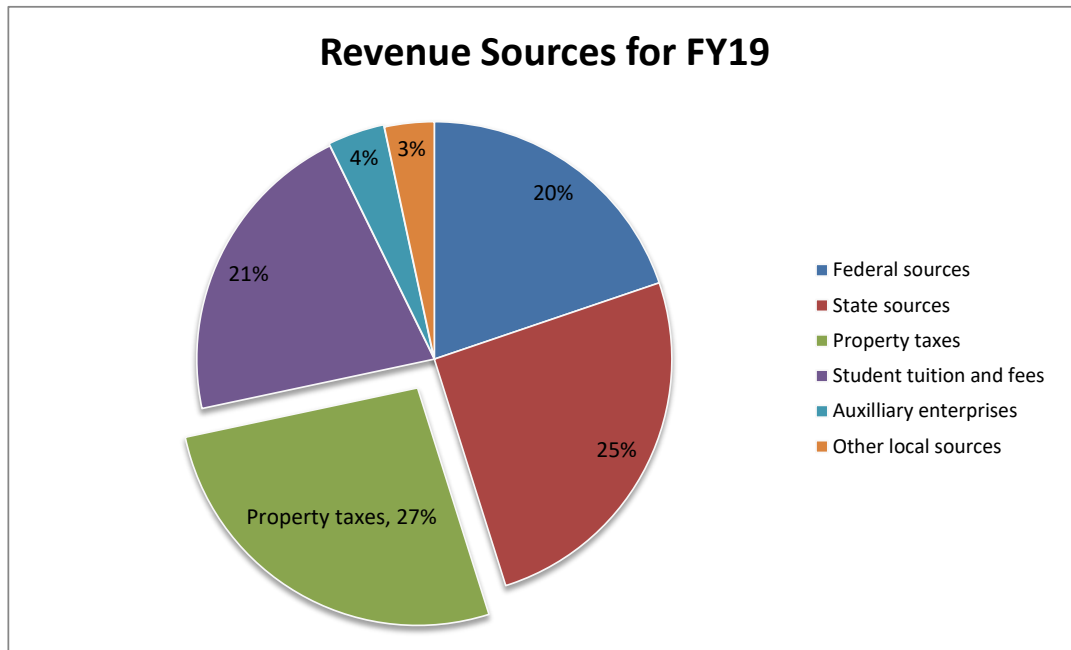
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2018-19	2017-18	2016-17	2015-16
Federal financial aid	\$ 49,176	\$ 56,869	\$ 56,860	\$ 56,448
Other federal grants and contracts	16,446	17,260	20,478	16,725
Federal sources	\$ 65,622	\$ 74,129	\$ 77,338	\$ 73,173
State FTE reimbursement	71,543	116,888	67,933	102,767
Other state grants and contracts	12,482	10,214	11,941	8,196
State sources	84,025	127,102	79,874	110,963
Local sources:				
Property taxes (2)	87,948	76,405	80,013	66,165
Student tuition and fees, net	69,908	68,398	66,752	65,901
Auxiliary enterprise	12,852	14,548	15,820	16,701
Food Services	3,271	3,628	4,024	4,315
Bookstore, net of scholarship allowance	5,334	6,128	6,940	7,585
Parking Operation	4,247	4,792	4,856	4,801
Other local sources	11,177	5,090	1,021	1,603
Investment income	11,166	2,265	996	1,316
Gain on disposal of capital assets	-	-	15	48
Investment gain on pension asset	-	-	-	-
Other local sources	11	75	10	239
Legal settlement	-	2,750	-	-
Total local sources	181,885	164,441	163,606	150,370
Total revenues (1)	\$ 331,532	\$ 365,672	\$ 320,818	\$ 334,506

(1) Restated in 2015, 2011 and 2010.

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

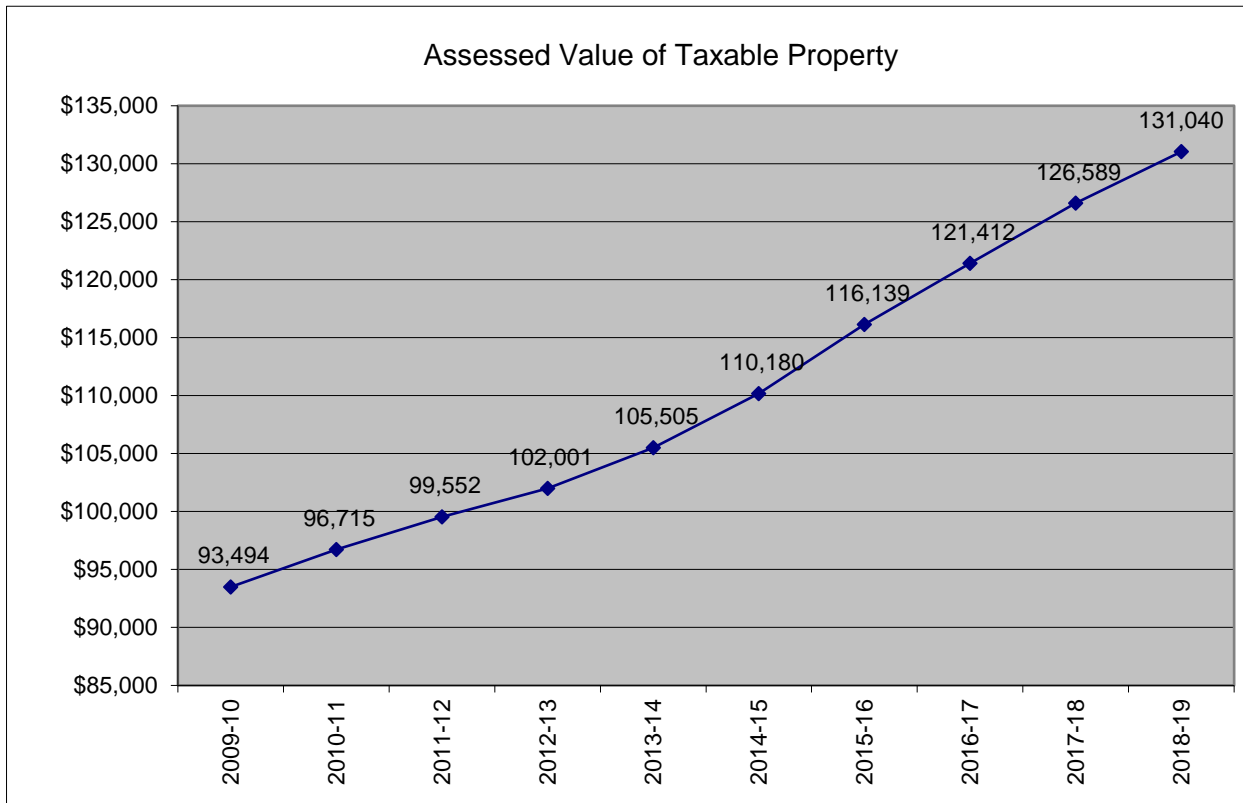


	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
\$	65,488	\$ 69,780	\$ 73,239	\$ 62,720	\$ 57,471	\$ 54,704
	17,194	16,416	19,085	20,362	21,045	18,944
\$	82,682	\$ 86,196	\$ 92,324	\$ 83,082	\$ 78,516	\$ 73,648
	53,710	78,243	39,191	71,604	41,003	77,046
	12,809	15,583	9,357	8,899	11,740	18,881
	66,519	93,826	48,548	80,503	52,743	95,927
	77,393	74,246	65,790	58,282	59,895	57,622
	63,196	63,775	60,845	62,216	62,644	61,946
	18,717	17,731	19,139	21,259	18,298	18,093
	4,606	4,571	4,827	4,915	4,581	4,124
	9,464	8,048	9,095	11,478	9,697	10,300
	4,647	5,112	5,217	4,866	4,020	3,669
	1,774	23,267	13,444	3,984	24,408	22,685
	1,136	2,388	514	1,313	1,814	4,208
	-	-	-	-	-	-
	-	20,273	12,918	2,651	22,373	18,416
	638	606	12	20	221	61
	-	-	-	-	-	-
	161,080	179,019	159,218	145,741	165,245	160,346
\$	310,281	\$ 359,041	\$ 300,090	\$ 309,326	\$ 296,504	\$ 329,921

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2018-19	2017-18	2016-17	2015-16
Net Assessed Valuation (1)	\$ 131,040,033	\$ 126,589,172	\$ 121,411,734	\$ 116,139,150
Percentage Increased (decreased)	3.5%	4.3%	4.5%	5.4%
Direct Tax Rate (2)	\$ 0.687	\$ 0.605	\$ 0.679	\$ 0.586
Real Market Valuation	\$ 260,781,492	\$ 240,182,547	\$ 213,829,495	\$ 186,844,997
Percentage Increased (decreased)	8.6%	12.3%	14.4%	9.7%
Ratio of Assessed Valuation to Real Market Valuation	50.2%	52.7%	56.8%	62.2%



(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

2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
\$ 110,179,585	\$ 105,504,924	\$ 102,000,829	\$ 99,551,921	\$ 96,714,788	\$ 93,493,947
4.4%	3.4%	2.5%	2.9%	3.4%	3.6%
\$ 0.722	\$ 0.734	\$ 0.665	\$ 0.598	\$ 0.636	\$ 0.633
\$ 170,320,945	\$ 154,652,630	\$ 147,092,511	\$ 150,172,560	\$ 158,329,495	\$ 165,721,635
10.1%	5.1%	-2.1%	-5.2%	-4.5%	-3.9%
64.7%	68.2%	69.3%	66.3%	61.1%	56.4%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	<u>2018-19 (4)</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Levy extended by assessor (1)	<u>\$ 90,572</u>	<u>\$ 76,978</u>	<u>\$ 82,318</u>	<u>\$ 68,035</u>
Reduction of taxes receivable: (2) (3)				
Current year	<u>\$ 89,369</u>	<u>\$ 75,901</u>	<u>\$ 80,793</u>	<u>\$ 66,673</u>
First year prior	650	769	648	772
Second year prior	518	272	232	256
Third year prior	354	193	194	195
Fourth year prior	452	94	81	72
Fifth year prior	362	11	10	12
Sixth year prior and earlier	<u>913</u>	<u>30</u>	<u>14</u>	<u>9</u>
Total prior	<u>3,249</u>	<u>1,369</u>	<u>1,179</u>	<u>1,316</u>
Total Property Taxes	<u>\$ 92,618</u>	<u>\$ 77,270</u>	<u>\$ 81,972</u>	<u>\$ 67,989</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>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
<u>\$ 77,437</u>	<u>\$ 67,620</u>	<u>\$ 59,435</u>	<u>\$ 61,449</u>	<u>\$ 59,191</u>	<u>\$ 45,298</u>
<u>\$ 77,999</u>	<u>\$ 75,599</u>	<u>\$ 65,902</u>	<u>\$ 57,706</u>	<u>\$ 59,771</u>	<u>\$ 57,342</u>
904	839	879	691	1,108	950
281	262	389	143	301	226
235	236	250	193	156	105
122	108	85	68	58	47
20	13	11	7	6	6
14	17	16	7	7	7
<u>1,576</u>	<u>1,475</u>	<u>1,630</u>	<u>1,109</u>	<u>1,636</u>	<u>1,341</u>
<u>\$ 79,575</u>	<u>\$ 77,074</u>	<u>\$ 67,532</u>	<u>\$ 58,815</u>	<u>\$ 61,407</u>	<u>\$ 58,683</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
(in Thousands)

	2019		
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	<u>PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION</u>
Intel Corporation	\$ 2,078,052	1	1.59 %
Nike	1,093,542	2	0.83
Portland General Electric	1,055,148	3	0.81
Northwest Natural Gas	672,570	4	0.51
Comcast	468,537	5	0.36
Pacific Realty Associates	393,579	6	0.30
Centurylink	355,011	7	0.27
Fred Meyer Stores Inc	329,127	8	0.25
Verizon	322,362	9	0.25
PacificCorp	321,551	10	0.25
	<u>7,089,479</u>		<u>5.41</u>
ALL OTHER TAXPAYERS	<u>123,950,554</u>		<u>94.59</u>
TOTAL	<u>\$ 131,040,033</u>		<u>100.00 %</u>

	2010		
	<u>ASSESSED VALUATION</u>	<u>RANK</u>	<u>PERCENT OF TOTAL DISTRICT'S ASSESSED VALUATION</u>
Intel Corporation	\$ 1,053,478	1	1.13 %
Portland General Electric	689,305	2	0.74
Verizon Northwest Inc.	606,168	3	0.65
Comcast Corporation	502,943	4	0.54
Northwest Natural Gas	483,115	5	0.52
Nike	429,873	6	0.46
PacifiCorp	298,242	7	0.32
Pacific Realty Associates	294,193	8	0.31
Qwest Corporation	236,023	9	0.25
Weston Investment Co.	217,298	10	0.23
	<u>4,810,638</u>		<u>5.15</u>
ALL OTHER TAXPAYERS	<u>88,683,309</u>		<u>94.85</u>
TOTAL	<u>\$ 93,493,947</u>		<u>100.00 %</u>

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>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Current tax levy	\$ 90,572	\$ 76,978	\$ 82,318	\$ 68,035	\$ 79,676
Current tax collections	\$ 86,725	\$ 73,303	\$ 78,392	\$ 64,757	\$ 75,788
Current collections as a percentage of current levy	95.8%	95.2%	95.2%	95.2%	95.1%
Delinquent tax collections	\$ 2,820	\$ 1,067	\$ 1,153	\$ 1,353	\$ 1,504
Total tax collections	\$ 89,545	\$ 74,370	\$ 79,545	\$ 66,110	\$ 77,292
Total tax collections as a percentage of current levy	98.9%	96.6%	96.6%	97.2%	97.0%
Uncollected tax	\$ 2,110	\$ 4,157	\$ 4,449	\$ 4,103	\$ 4,058
Uncollected percentage of current levy	2.3%	5.4%	5.4%	6.0%	5.1%

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

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 77,437	\$ 67,620	\$ 59,435	\$ 61,449	\$ 59,191
\$ 73,400	\$ 64,089	\$ 56,104	\$ 57,975	\$ 55,575
94.8%	94.8%	94.4%	94.3%	93.9%
\$ 1,504	\$ 1,324	\$ 1,100	\$ 1,611	\$ 1,281
\$ 74,904	\$ 65,413	\$ 57,204	\$ 59,586	\$ 56,856
96.7%	96.7%	96.2%	97.0%	96.1%
\$ 3,957	\$ 3,594	\$ 3,507	\$ 2,886	\$ 2,844
5.1%	5.3%	5.9%	4.7%	4.8%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2018-19	2017-18	2016-17	2015-16
Outstanding Debt				
General obligation bonds (1)	\$ 484,542	\$ 517,550	\$ 340,728	\$ 366,132
Limited tax pension bonds	246,750	82,005	87,170	91,760
Certificate of participation	-	-	-	-
Note payable	520	1,041	1,561	-
Capital leases	1,429	2,481	1,935	-
Total Outstanding Debt	\$ 733,241	\$ 603,077	\$ 431,394	\$ 457,892
Student population	68	71	74	79
Total Debt per student (in dollars)	\$ 10,849	\$ 8,481	\$ 5,813	\$ 5,811
Personal income (2)	N/A	N/A	\$ 131,861,400	\$ 122,433,633
Total Debt to personal income	N/A	N/A	0.33%	0.37%

(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 2018-19 and 2017-18 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

2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
\$ 393,636	\$ 419,600	\$ 448,191	\$ 272,293	\$ 292,805	\$ 312,190
95,820	99,385	102,495	105,180	107,470	109,400
-	-	860	1,010	1,150	1,285
-	-	-	300	375	466
-	83	163	231	290	342
\$ 489,456	\$ 519,068	\$ 551,709	\$ 379,014	\$ 402,090	\$ 423,683
85	88	90	95	93	94
\$ 5,738	\$ 5,887	\$ 6,137	\$ 4,005	\$ 4,345	\$ 4,517
\$ 115,690,881	\$ 107,536,731	\$ 101,210,007	\$ 98,698,029	\$ 93,449,170	\$ 88,964,975
0.42%	0.48%	0.55%	0.38%	0.43%	0.48%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2018-19	2017-18	2016-17	2015-16
General Bonded Debt Outstanding:				
General obligation bonds (1)	\$ 484,542	\$ 517,550	\$ 340,728	\$ 366,132
Limited tax pension bonds	246,750	82,005	87,170	91,760
Certificate of participation	-	-	-	-
Total General bonded Debt	\$ 731,292	\$ 599,555	\$ 427,898	\$ 457,892
Less: Amounts set aside to repay general debt	(5,886)	(3,778)	(5,980)	(1,460)
Net General Bonded Debt	\$ 725,406	\$ 595,777	\$ 421,918	\$ 456,432
Taxable Assessed Property Value (2)	\$ 131,040,033	\$ 126,589,172	\$ 121,411,734	\$ 116,139,150
Population Estimate (3)	N/A	1,396	1,374	1,351
Net bonded debt to assessed value	0.55%	0.47%	0.35%	0.39%
Net bonded debt per capita (in dollars)	N/A	\$ 427	\$ 307	\$ 338

(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 2018-19 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.

2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
\$ 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	\$ 312,190 109,400 1,285
\$ 489,456	\$ 518,985	\$ 551,546	\$ 378,483	\$ 401,425	\$ 422,875
(8,604)	(3,486)	(4,935)	(1,087)	(3,917)	(3,399)
\$ 480,852	\$ 515,499	\$ 546,611	\$ 377,396	\$ 397,508	\$ 419,476
\$ 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	\$ 93,493,947 1,243
0.44% \$ 363	0.49% \$ 396	0.54% \$ 426	0.38% \$ 298	0.41% \$ 317	0.45% \$ 337

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	2018-19	2017-18	2016-17	2015-16
Legal debt limit (1)	3,911,722	3,602,738	3,207,442	2,802,675
Net general bonded debt applicable to debt limit	725,406	595,777	421,918	456,432
Legal debt margin	<u>\$ 3,186,316</u>	<u>\$ 3,006,961</u>	<u>\$ 2,785,524</u>	<u>\$ 2,346,243</u>
Legal debt margin as a percentage of the debt limit	81.46%	83.46%	86.85%	83.71%

Legal Debt Margin Calculation for Fiscal Year 2019

Real Market Value (2)	\$ 260,781,492	
Applicable percentage	1.5%	
Legal Debt Limit	<u>\$ 3,911,722</u>	
Bonded Debt Outstanding	\$ 731,292	
Less: Amounts set aside to repay general debt	<u>(5,886)</u>	
Total Applicable Debt	<u>\$ 725,406</u>	
Legal Debt Margin	<u><u>\$ 3,186,316</u></u>	

- (1) The community college district bonded indebtedness shall not exceed 1.5% of the real market value of all taxable property within district in accordance with ORS 341.675.
- (2) Real market value used in calculation of debt margin comes from the Tax Supervising and Conservation Commission, Portland, Oregon.

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
2,554,814	2,319,789	2,206,388	2,252,588	2,374,942	2,485,825
480,852	515,499	546,611	377,396	397,508	419,476
<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>	<u>\$ 2,066,349</u>
81.18%	77.78%	75.23%	83.25%	83.26%	83.13%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2019
(dollars in Thousands)

	<u>PERCENT OVERLAP</u>	<u>OVERLAPPING GROSS BONDED DEBT</u>
<u>OVERLAPPING DISTRICT</u>		
DIRECT DEBT		
Portland Community College	100.0%	\$ 733,241
OVERLAPPING DISTRICT		
Chehalem Park & Recreation District	100.0%	25,900
City of Beaverton	100.0%	34,134
City of Hillsboro	100.0%	47,930
City of Lake Oswego	99.1%	200,893
City of Newberg	100.0%	16,965
City of Portland	86.4%	630,709
City of Sherwood	100.0%	31,134
City of Tigard	100.0%	18,522
City of Tualatin	88.3%	23,014
Clackamas County	16.6%	21,622
Clackamas County School District 7J (Lake Oswego)	98.7%	245,836
Columbia County School District 1J (Scappose)	100.0%	24,780
Columbia County School District 47J (Vernonia)	100.0%	19,606
Columbia County School District 502 (St Helens)	99.9%	65,915
Metro	74.1%	619,820
Multnomah County	76.8%	253,610
Multnomah County School District 1J (Portland)	100.0%	867,241
Multnomah County School District 51J (Riverdale)	100.0%	18,127
Multnomah ESD	75.7%	20,318
Port of Portland	70.4%	41,169
Tualatin Hills Park & Rec. District	100.0%	76,499
Tualatin Valley Fire & Rescue District	86.3%	32,887
Washington County	100.0%	228,770
Washington County School District 13 (Banks)	100.0%	11,371
Washington County School District 15 (Forest Grove)	100.0%	82,404
Washington County School District 1J (Hillsboro)	100.0%	461,390
Washington County School District 23J (Tigard-Tualatin)	95.9%	327,752
Washington County School District 48J (Beaverton)	100.0%	996,146
Washington County School District 511J (Gaston)	81.8%	12,126
Washington County School District 88J (Sherwood)	93.7%	307,362
Yamhill County School District 29J (Newberg)	98.2%	28,696
Other Overlapping Districts under \$9,000,000	100.0%	75,027
Total Overlapping Debt		<u>5,867,675</u>
TOTAL DIRECT AND OVERLAPPING DEBT		<u><u>\$ 6,600,916</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)

				2019		
				EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT
Intel Corporation				20,000	1	1.63 %
Providence Health & Services				18,885	2	1.54
Oregon Health & Science University				17,556	3	1.43
Kaiser Permanente				13,500	4	1.10
Nike Inc.				12,000	5	0.98
Legacy Health				11,404	6	0.93
Fred Meyer Stores				9,777	7	0.80
City of Portland				9,710	8	0.79
Portland Public Schools				7,600	9	0.62
Beaverton School District				5,457	10	0.44
	SUB TOTAL			125,889		10.24
ALL OTHER EMPLOYERS				1,103,511		89.76
	TOTAL			1,229,400		100.00 %

				2010		
				EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT
Intel Corporation				15,228	1	1.45 %
Providence Health System				13,831	2	1.32
Oregon Health & Science University				13,283	3	1.27
Fred Meyer Stores				9,630	4	0.92
Kaiser Foundation Health Plan of the NW				9,204	5	0.88
Legacy Health System				8,250	6	0.79
Multnomah County				6,310	7	0.60
Nike Inc.				6,000	8	0.57
Portland School District				5,101	9	0.49
City of Portland				5,000	10	0.48
	SUB TOTAL			91,837		8.77
ALL OTHER EMPLOYERS				955,556		91.23
	TOTAL			1,047,393		100.00 %

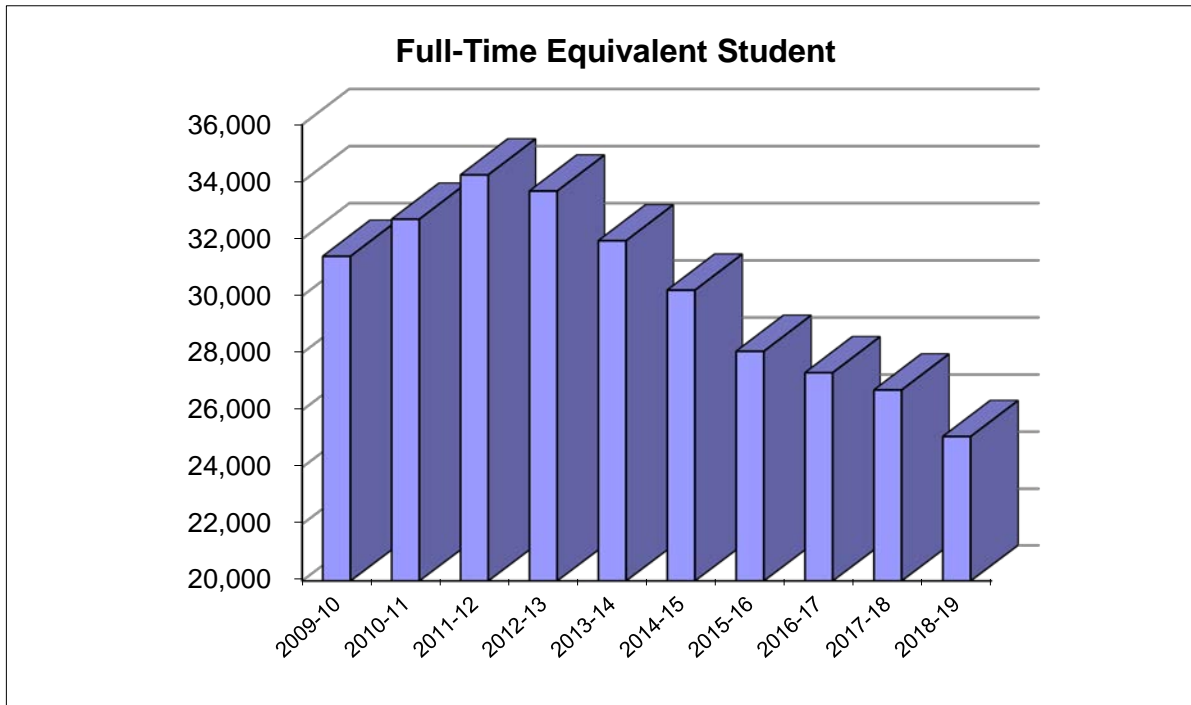
(1) Specific data for the District is not available.

Sources: Oregon Employment Department, Current Employment Estimates
Portland Business Journal June 28, 2019

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16	2014-15
District population (estimated) (1)	N/A	1,395,790	1,374,279	1,350,756	1,324,490
Personal income (estimated, in millions) (2)	N/A	N/A	\$ 131,861	\$ 122,434	\$ 115,691
Per capita income (estimated, in dollars) (2)	N/A	N/A	\$ 53,751	\$ 50,489	\$ 48,422
FTE (3) student enrollment	25,084	26,712	27,319	28,068	30,210
Unemployment rate (estimated) (4)	3.8%	3.8%	4.1%	4.9%	5.4%



(1) District population for fiscal year 2018-19 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 2018-19 & 2017-18 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.

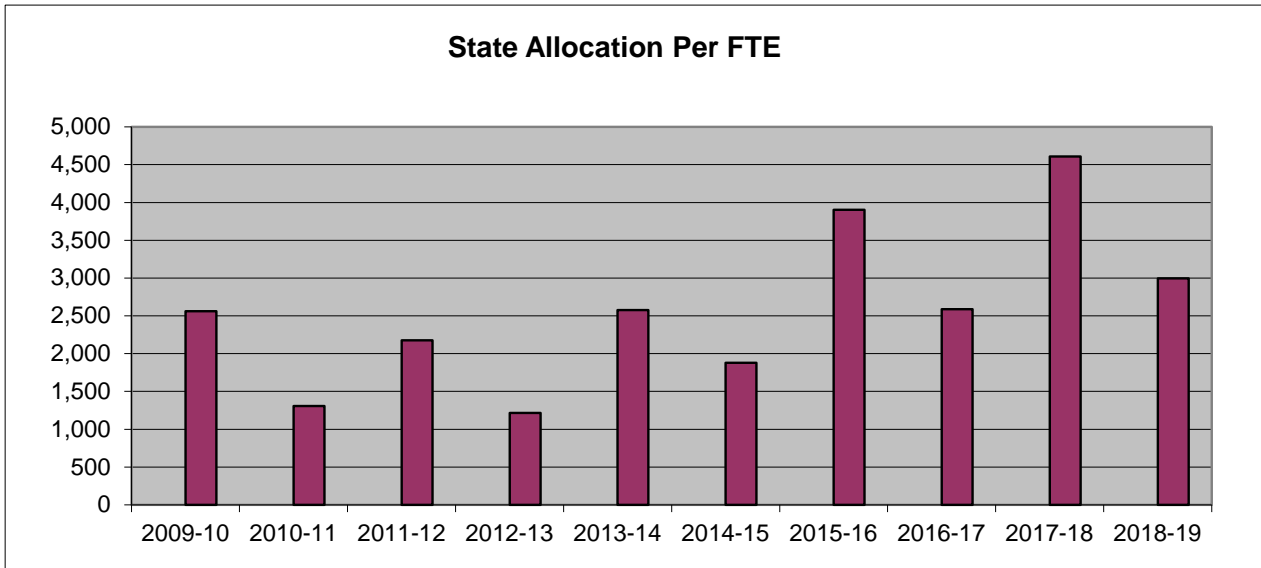
Sources: Portland State University, Population Research Center
Portland Community College, Office of Institutional Effectiveness, Enrollment Reporting -Final Official Data.
Bureau of Economic Analysis, Regional Economic Information System
Oregon Employment Department, Local Area Unemployment Statistics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

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
1,302,694	1,283,687	1,267,001	1,253,981	1,243,264
\$ 107,537	\$ 101,210	\$ 98,698	\$ 93,449	\$ 88,965
\$ 45,794	\$ 43,728	\$ 43,103	\$ 41,302	\$ 39,843
31,940	33,680	34,246	32,694	31,395
6.1%	7.5%	8.0%	9.2%	10.2%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16	2014-15
Allocations per FTE	\$ 2,995	\$ 4,609	\$ 2,588	\$ 3,901	\$ 1,879
Annual State Funding (in thousands)	\$ 71,543	\$ 116,888	\$ 66,846	\$ 102,767	\$ 53,710
Total Reimbursable FTE	23,888	25,361	25,830	26,341	28,577



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

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

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 2,576	\$ 1,215	\$ 2,178	\$ 1,308	\$ 2,563
\$ 78,243	\$ 39,191	\$ 71,603	\$ 41,003	\$ 77,046
30,371	32,267	32,875	31,354	30,064

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Total operating expenses (in thousands)	\$ 304,217	\$ 307,435	\$ 327,676	\$ 351,649	\$ 241,268
District population (estimated) (2) (in thousands)	N/A	1,396	1,374	1,351	1,324
FTE student enrollment (3)	25,084	26,712	27,319	28,068	30,210
Percent of FTE to district population	N/A	1.9%	2.0%	2.1%	2.3%
Cost per FTE (1)	\$ 12,128	\$ 11,509	\$ 11,994	\$ 12,528	\$ 7,986
Number of employees	3,798	3,859	3,986	3,871	3,913
Ratio of employees to FTE	1:7	1:7	1:7	1:7	1:8

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

(2) District population for fiscal year 2018-19 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>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 284,398	\$ 285,190	\$ 281,379	\$ 256,045	\$ 244,811
1,303	1,284	1,267	1,254	1,243
31,940	33,680	34,246	32,694	31,395
2.5%	2.6%	2.7%	2.6%	2.5%
\$ 8,904	\$ 8,468	\$ 8,216	\$ 7,832	\$ 7,798
3,979	4,071	4,181	4,153	3,904
1:8	1:8	1:8	1:8	1:8

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Sylvania Campus					
Buildings/leases	15	15	15	15	17
Gross square feet	888,227	888,227	886,286	886,286	887,556
Campus expenditures (1)	\$ 51,695	\$ 50,048	\$ 54,195	\$ 63,059	\$ 37,474
Cascade Campus					
Buildings/leases	13	13	13	13	11
Gross square feet	485,282	485,282	485,282	485,382	420,588
Campus expenditures (1)	\$ 30,891	\$ 28,924	\$ 30,624	\$ 35,704	\$ 21,499
Rock Creek Campus					
Buildings/leases	12	12	12	12	11
Gross square feet	644,996	635,702	635,702	595,026	574,684
Campus expenditures (1)	\$ 39,328	\$ 37,219	\$ 37,779	\$ 44,295	\$ 25,896
Southeast Campus (2)					
Buildings/leases	6	6	6	6	N/A (2)
Gross square feet	228,455	228,455	228,455	228,455	
Campus expenditures (1)	\$ 15,316	\$ 14,573	\$ 15,417	\$ 17,798	
Extended Learning Centers (2)					
Buildings/leases	10	11	11	11	17
Gross square feet	272,177	271,623	271,623	272,238	500,481
Campus expenditures (1)	\$ 6,405	\$ 6,155	\$ 6,855	\$ 8,898	\$ 16,057

(1) In Thousands

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

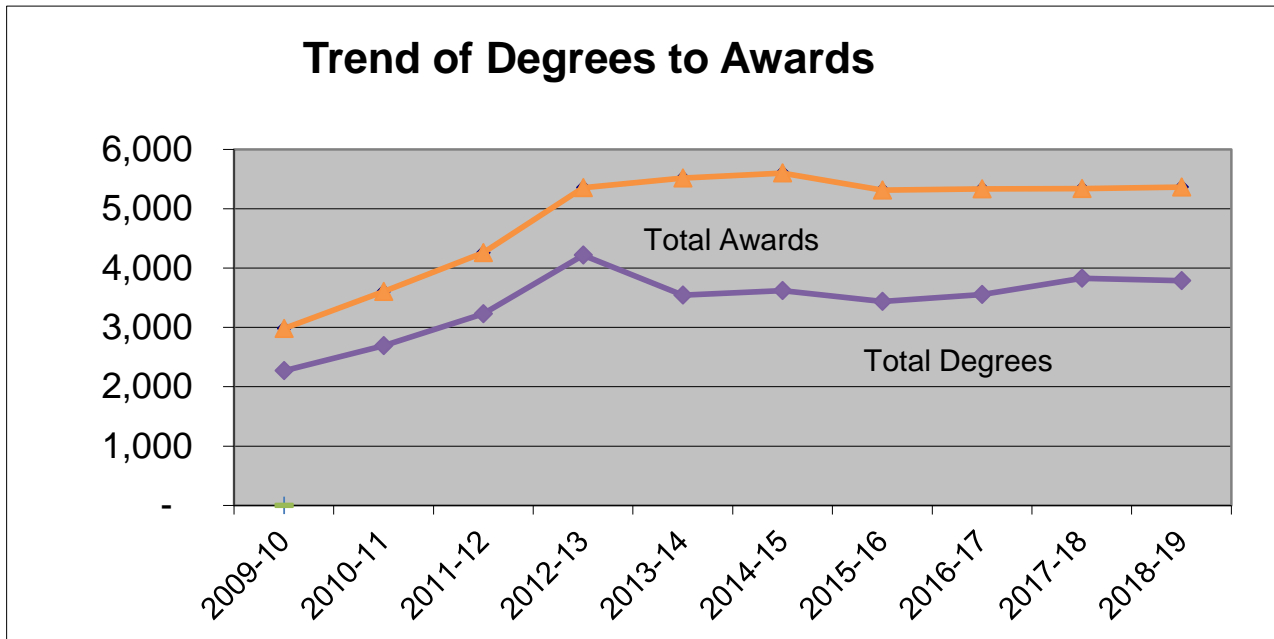
Source: Facilities Management Services Manager

<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
17 887,556 \$ 49,904	17 887,556 \$ 49,083	16 885,207 \$ 51,452	16 885,207 \$ 46,564	16 885,207 \$ 44,180
11 420,588 \$ 28,146	11 420,123 \$ 28,849	9 347,852 \$ 30,647	9 347,852 \$ 26,618	9 347,852 \$ 24,538
11 574,684 \$ 33,780	11 565,808 \$ 33,428	11 542,723 \$ 35,239	11 542,723 \$ 30,231	11 542,723 \$ 28,045
N/A (2)	N/A (2)	N/A (2)	N/A (2)	N/A (2)
16 484,193 \$ 19,169	18 509,093 \$ 17,937	13 329,232 \$ 17,498	12 314,874 \$ 14,826	12 314,874 \$ 14,847

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2018-19	2017-18	2016-17	2015-16
Certificates				
One-Year	409	414	520	551
Two-Year	68	100	96	110
Others	1,102	997	1,163	1,208
Total Certificates	1,579	1,511	1,779	1,869
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	550	626	549	560
Associate of Science, Oregon Transfer (ASORT)	76	85	73	112
Associate of Science (AS)	1,042	975	870	731
Associate of General Studies (AGEN)	1,060	1,014	954	940
Associate of Applied Science (AAS)	1,059	1,129	1,108	1,097
Total Degrees	3,787	3,829	3,554	3,440
High School Diplomas	-	-	-	4
Total Awards	5,366	5,340	5,333	5,313



Source: Portland Community College, Office of Institutional Effectiveness

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
494	513	313	330	269	244
153	96	52	76	69	48
<u>1,308</u>	<u>1,311</u>	<u>706</u>	<u>522</u>	<u>459</u>	<u>300</u>
<u>1,955</u>	<u>1,920</u>	<u>1,071</u>	<u>928</u>	<u>797</u>	<u>592</u>
600	618	613	503	470	342
127	110	117	104	72	75
767	722	857	649	515	456
937	1,020	1,473	905	725	599
<u>1,188</u>	<u>1,074</u>	<u>1,157</u>	<u>1,071</u>	<u>912</u>	<u>797</u>
<u>3,619</u>	<u>3,544</u>	<u>4,217</u>	<u>3,232</u>	<u>2,694</u>	<u>2,269</u>
<u>27</u>	<u>51</u>	<u>68</u>	<u>101</u>	<u>115</u>	<u>120</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>	<u><u>2,981</u></u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Per Credit Hour				
General Tuition	\$ 111	\$ 104	\$ 97	\$ 96
Fees	8	8	7	7
Combined Per Credit Total	<u>\$ 119</u>	<u>\$ 112</u>	<u>\$ 104</u>	<u>\$ 103</u>
Per Term - College Service & Transportation Fee (2)	\$ 23	\$ 23	\$ 23	\$ 23
Annual cost (45 credit hours)	\$ 5,408	\$ 5,093	\$ 4,736	\$ 4,691

National and Statewide Comparisons

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
PCC District				
Annual Cost (45 credit hours)	\$ 5,408	\$ 5,093	\$ 4,736	\$ 4,691
Percentage Change	6%	8%	1%	4%
National Community College Average (3)				
Annual Cost	N/A	\$ 3,243	\$ 3,156	\$ 3,038
Percentage Change		3%	4%	3%
Oregon Universities Average (4)				
Annual Cost (45 credit hours)	\$ 9,874	\$ 9,655	\$ 9,117	\$ 8,791
Percentage Change	2%	6%	4%	7%

(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 - 2018-19 Annual Costs for 2-year colleges are not available at this time.

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 93	\$ 88	\$ 82	\$ 79	\$ 76	\$ 74
6	6	6	6	6	6
<u>\$ 99</u>	<u>\$ 94</u>	<u>\$ 88</u>	<u>\$ 85</u>	<u>\$ 82</u>	<u>\$ 80</u>
\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19
\$ 4,521	\$ 4,296	\$ 4,026	\$ 3,891	\$ 3,756	\$ 3,666

<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
\$ 4,521 5%	\$ 4,296 7%	\$ 4,026 3%	\$ 3,891 4%	\$ 3,756 2%	\$ 3,666 7%
\$ 2,955 3%	\$ 2,882 3%	\$ 2,792 5%	\$ 2,647 9%	\$ 2,439 7%	\$ 2,285 7%
\$ 8,210 3%	\$ 7,964 1%	\$ 7,877 3%	\$ 7,623 8%	\$ 7,082 7%	\$ 6,601 8%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2018-19	2017-18	2016-17	2015-16	2014-15
Residential Construction (1)					
Permits	15.0	16.5	15.3	14.9	12.7
Value	\$ 3,055,717	\$ 3,217,155	\$ 3,158,656	\$ 2,900,448	\$ 2,468,921
Bank Deposits (2)	N/A	45,339,837	43,988,737	\$ 40,657,736	\$ 37,468,000
Property Values (3)					
Assessed Values:					
Real Property	\$ 129,513,143	\$ 124,479,160	\$ 118,714,575	\$ 113,554,257	\$ 107,625,199
Personal Property	4,953,038	5,049,679	4,601,052	4,349,460	4,081,805
Manufactured Structures	182,265	171,220	188,095	162,324	139,864
Public Utility	4,490,760	4,353,038	4,123,037	3,881,839	3,804,319
Total Assessed Value	<u>139,139,206</u>	<u>134,053,097</u>	<u>127,626,759</u>	<u>121,947,880</u>	<u>115,651,187</u>
Total Real Market Value	\$ 260,713,118	\$ 240,170,507	\$ 213,806,259	\$ 186,837,348	\$ 170,619,869

(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>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
11.8	10.2	6.5	4.3	4.4
\$ 2,257,252	\$ 1,773,855	\$ 1,222,124	\$ 914,517	\$ 940,129
\$ 35,589,000	\$ 33,475,000	\$ 41,427,000	\$ 36,122,000	\$ 28,823,000
\$ 103,179,134	\$ 99,627,505	\$ 97,004,090	\$ 93,794,528	\$ 90,761,489
3,911,730	3,796,361	3,736,655	3,948,297	3,973,480
129,150	134,973	169,057	180,087	201,783
3,611,064	3,495,084	3,550,533	3,584,011	3,528,839
<u>110,831,078</u>	<u>107,053,923</u>	<u>104,460,335</u>	<u>101,506,923</u>	<u>98,465,591</u>
\$ 154,652,556	\$ 146,954,618	\$ 150,177,435	\$ 158,344,983	\$ 165,643,688

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2019

DATE OF INCORPORATION: July 1, 1969

CENTRAL MAILING ADDRESS:

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

MAIN CAMPUSES AND CENTERS:

Sylvania Campus
12000 S.W. 49th
Portland, OR 97219

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

Newberg Center
135 Werth Blvd.
Newberg, OR 97132

Cascade Campus
705 N. Killingsworth
Portland, OR 97217

CLIMB Center for Advancement
1626 S.E. Water Avenue
Portland, OR 97214

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

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

Portland Metropolitan
Workforce Training Center
5600 N.E. 42nd
Portland, OR 97218

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

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

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

Columbia County
Various locations in
Scappoose and St. Helens

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

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



AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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





Independent Auditor's 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, 2019, and have issued our report thereon dated November 22, 2019. 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, except as follows:

- The College's expenditures exceeded appropriations for one of the six appropriations in the College's capital construction fund.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Purpose of this Report

This report is intended solely for the information and use of the Board of Education and 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
November 22, 2019

**DISCLOSURES IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM GUIDANCE**





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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 22, 2019.

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) 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The College's Response to Findings

The College's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 22, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Portland Community College
Portland, Oregon

Report on Compliance for Each Major Federal Program

We have audited Portland Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2019. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Portland Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Portland Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-002 that we consider to be a material weakness.

Portland Community College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Boise, Idaho
November 22, 2019

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	947,508
Federal Work-Study Program	84.033	N/A	944,083
Federal Pell Grant Program	84.063	N/A	37,591,248
Federal Perkins Loan Program	84.038	N/A	2,871,030
Direct Loans Program	84.268	N/A	43,722,925
Federal Nursing Student Loans	93.364	N/A	1,531,596
Total Student Financial Assistance Cluster			87,608,390
WIOA CLUSTER			
WIA/WIOA Adult Program - Metro One Stop	17.258	17-10100	54,662
WIA/WIOA Adult Program - WIOA Adult Express	17.258	17-10101	5,782
WIA/WIOA Adult Program - WorkSource Liaison - Adult	17.258	17-10102	9,378
WIA/WIOA Adult Program - Tualatin	17.258	17-10300	17,682
WIA/WIOA Adult Program - Hillsboro	17.258	18-11200	209,649
WIA/WIOA Adult Program - Hillsboro Liaison	17.258	18-11202	34,975
WIA/WIOA Youth Activities - WIOA Adult - Youth Metro	17.259	18-11100	16,790
WIA/WIOA Youth Activities - WIOA Adult- Youth Hillsboro	17.259	18-11200	33,605
WIA/WIOA Youth Activities - WIOA Youth Tualatin	17.259	18-11300	14,897
WIA/WIOA Dislocated Worker Formula Grants - DW Express	17.278	17-10101	18,868
WIA/WIOA Dislocated Worker Formula Grants -Worksource Liaison - DWP	17.278	17-10102	39,345
WIA/WIOA Dislocated Worker Formula Grants- Rapid Response Center Metro	17.278	17-10125	6,778
WIA/WIOA Dislocated Worker Formula Grants - DW WL Transfer Hillsboro	17.278	17-10200	78,810
WIA/WIOA Dislocated Worker Formula Grants- Rapid Response Tualatin	17.278	17-10318	3,979
WIA/WIOA Dislocated Worker Formula Grants-DW Metro	17.278	18-11100	92,751
WIA/WIOA Dislocated Worker Formula Grants-DW Transfer	17.278	18-11101	12,531
WIA/WIOA Dislocated Worker Formula Grants - DW WL Transfer Metro	17.278	18-11102	68,644
WIA/WIOA Dislocated Worker Formula Grants-WSI: DWP Program Hillsboro	17.278	18-11200	200,043
WIA/WIOA Dislocated Worker Formula Grants - Hillsboro Liaison DW	17.278	18-11202	47,789
WIA/WIOA Dislocated Worker Formula Grants-DW Tualatin	17.278	18-11300	268,187
Total WIOA Cluster			1,235,145
FEDERAL TRANSIT CLUSTER			
Federal Transit—Formula Grants	20.507	934636	60,904
Total Federal Transit Cluster			60,904
TRIO CLUSTER			
TRIO - Student Support Services	84.042	N/A	246,368
TRIO - Talent Search	84.044	N/A	307,045
Total TRIO Cluster			553,413

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY CLUSTERS	Federal CFDA Number	Pass Through Number	Total Expenditures
SUBTOTAL CLUSTER PROGRAMS			89,457,852
NON-CLUSTER PROGRAMS			7,123,016
TOTAL FEDERAL FINANCIAL ASSISTANCE			96,580,868

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	947,508
Federal Work-Study Program	84.033	N/A	944,083
Federal Pell Grant Program	84.063	N/A	37,591,248
Federal Perkins Loan Program	84.038	N/A	2,871,030
Direct Loans Program	84.268	N/A	43,722,925
Federal Nursing Student Loans	93.364	N/A	1,531,596
TRIO - Student Support Services	84.042	N/A	246,368
TRIO - Talent Search	84.044	N/A	307,045
Migrant Education - High School Equivalency Program	84.141	N/A	488,388
Migrant Education - College Assistance Migrant Program	84.149	N/A	487,354
Child Care Means Parents in School - CCAMPIS	84.335	N/A	<u>180,787</u>
			89,318,332
Career and Technical Education - National Programs Oregon High School CTE Teacher Pathway	84.051	N/A	116,433
Career and Technical Education - National Programs - Juvenile Justice	84.051	N/A	<u>372,755</u>
Total Career and Technical Education - National Programs			489,188
Total Direct Programs			89,807,520
Passed through Office of Community Colleges and Workforce Development			
Adult Education - Basic Grants to States -Learning Standards State Trainers	84.002	18-060	4,049
Adult Education - Basic Grants to States - Program Improvement	84.002	18-140	7,670
Adult Education - State Grant Program - TOPS Accountability	84.002	18-140	136,062
Adult Education - State Grant Program - Comprehensive Services	84.002	18-140	<u>557,470</u>
			705,251
Passed through State of Oregon, Department of Education			
Career & Technical Education - Basic Grants to States - Perkins Reserve	84.048	48947	268,222
Career & Technical Education - Basic Grants to States - Region 2A Consortium	84.048	48928	239,555
Career & Technical Education - Basic Grants to States - Perkins	84.048	48915	<u>1,820,313</u>
			2,328,090
Passed through Columbia University			
Education Research, Development and Dissemination - Adapting Lesson Study	84.305	OPP1160172	<u>9,795</u>
			9,795
Passed through Portland Public Schools			
Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up	84.334	61334	<u>27,190</u>
			27,190
TOTAL U.S. DEPARTMENT OF EDUCATION			92,877,846
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Oregon Department of Education			
Child and Adult Care Food Program	10.558	S141A150030	<u>2,070</u>
			2,070
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,070

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE:			
Passed through Oregon Department of Justice			
Crime Victim Assistance - VOCA	16.575	VOCA FI-2018-PCC-0082	64,760
Total passed through Oregon Department of Justice			64,760
TOTAL U.S. DEPARTMENT OF JUSTICE			64,760
U.S. DEPARTMENT OF LABOR:			
Passed through Worksystems, Inc:			
WIA/WIOA Adult Program - Metro One Stop	17.258	17-10100	54,662
WIA/WIOA Adult Program - WIOA Adult Express	17.258	17-10101	5,782
WIA/WIOA Adult Program - WorkSource Liaison - Adult	17.258	17-10102	9,378
WIA/WIOA Adult Program - Tualatin	17.258	17-10300	17,682
WIA/WIOA Adult Program - Hillsboro	17.258	18-11200	209,649
WIA/WIOA Adult Program - Hillsboro Liaison	17.258	18-11202	34,975
			332,128
WIA/WIOA Youth Activities - WIOA Adult - Youth Metro	17.259	18-11100	16,790
WIA/WIOA Youth Activities - WIOA Adult- Youth Hillsboro	17.259	18-11200	33,605
WIA/WIOA Youth Activities - WIOA Youth Tualatin	17.259	18-11300	14,897
			65,292
H-1B Job Training Grants - Reboot NW Coaching metro	17.268	17-10107	44,499
H-1B Job Training Grants - Reboot NW Career Link	17.268	17-10108	51,239
H-1B Job Training Grants - Tech Rise Career Link	17.268	17-10108	4,605
H-1B Job Training Grants - NW Promise Un-Under Employed	17.268	17-10111	11,366
H-1B Job Training Grants - TechRise Hillsboro	17.268	17-10200	4,644
H-1B Job Training Grants -NW Promise Hillsboro	17.268	17-10211	23,165
H-1B Job Training Grants -Tech Rise Metro	17.268	18-11100	8,827
H-1B Job Training Grants - Reboot NW Metro	17.268	18-11107	65,767
H-1B Job Training Grants - TechRise Career Link	17.268	18-11108	70,617
H-1B Job Training Grants - Reboot NW Career Link	17.268	18-11108	44,205
H-1B Job Training Grants -NW Promise Metro	17.268	18-11111	2,765
H-1B Job Training Grants - TechRise Hillsboro	17.268	18-11200	35,120
H-1B Job Training Grants - Reboot NW Hillsboro	17.268	18-11207	258,668
H-1B Job Training Grants -NW Promise Hillsboro	17.268	18-11211	198,239
H-1B Job Training Grants - Tech Rise Tualatin	17.268	18-11300/2	13,500
H-1B Job Training Grants - Reboot NW Tualatin	17.268	18-11307	186,018
H-1B Job Training Grants - Tech Hire Partnership tualatin	17.268	18-11307	27,810
H-1B Job Training Grants - OED: AIM	17.268	18-228	59,879
			1,110,933
WIA/WIOA Dislocated Worker Formula Grants - DW Express	17.278	17-10101	18,868
WIA/WIOA Dislocated Worker Formula Grants -Worksource Liaison - DWP	17.278	17-10102	39,345
WIA/WIOA Dislocated Worker Formula Grants- Rapid Response Center Metro	17.278	17-10125	6,778
WIA/WIOA Dislocated Worker Formula Grants - DW WL Transfer Hillsboro	17.278	17-10200	78,810
WIA/WIOA Dislocated Worker Formula Grants- Rapid Response Tualatin	17.278	17-10318	3,979
WIA/WIOA Dislocated Worker Formula Grants-DW Metro	17.278	18-11100	92,751
WIA/WIOA Dislocated Worker Formula Grants-DW Transfer	17.278	18-11101	12,531
WIA/WIOA Dislocated Worker Formula Grants - DW WL Transfer Metro	17.278	18-11102	68,644
WIA/WIOA Dislocated Worker Formula Grants-WSI: DWP Program Hillsboro	17.278	18-11200	200,043
WIA/WIOA Dislocated Worker Formula Grants - Hillsboro Liaison DW	17.278	18-11202	47,789
WIA/WIOA Dislocated Worker Formula Grants-DW Tualatin	17.278	18-11300	268,187
			837,725

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Workforce Innovation Fund - Rethinking Job Search	17.283	17-10205	7,030
			<u>7,030</u>
Total passed through Worksystems, Inc.			2,353,108
TOTAL U.S. DEPARTMENT OF LABOR			<u>2,353,108</u>
DEPARTMENT OF TRANSPORTATION			
Passed through TriMet			
Federal Transit Formula Grants	20.507	934636	60,904
			<u>60,904</u>
Total passed through TriMet			60,904
TOTAL DEPARTMENT OF TRANSPORTATION			<u>60,904</u>
GENERAL SERVICES ADMINISTRATION			
Passed through State of Oregon Department of Administrative Services Property Distribution Center:			
Donation of Federal Surplus Personal Property	39.003	19-079	10,112
			<u>10,112</u>
Total Passed through State of Oregon Department Of Administrative Services			10,112
TOTAL GENERAL SERVICES ADMINISTRATION			<u>10,112</u>
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Education and Human Resources - NSF RETA	47.076	1564691	203,927
Education and Human Resources - Mentoring in Manufacturing Technology	47.076	643624	177,556
Total Direct Programs			<u>381,483</u>
Passed through University of Washington			
Education and Human Resources -University of WA	47.076	UWSC8005	17,658
Total passed through University of Washington			<u>17,658</u>
Total Education and Human Resources			399,141
Passed through Occidental College			
Mathematical and Physical Sciences - NSF: Research Subcontract	47.049	DMS-1722563	5,250
			<u>5,250</u>
Total passed through Occidental College			5,250
TOTAL NATIONAL SCIENCE FOUNDATION			<u>404,391</u>
SMALL BUSINESS ADMINISTRATION:			
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	SBAHQ-18-B-0034	16,500
Small Business Development Center - SBDC SBA Center#20	59.037	SBAHQ-18-B-0034	18,289
			<u>18,289</u>
Total passed through Lane Community College			34,789
TOTAL SMALL BUSINESS ADMINISTRATION			<u>34,789</u>

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Worksystems, Inc.			
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10106	48,784
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10106	9,413
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10106	13,306
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10106	49,261
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	17-10206	17,515
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	18-10106	121,135
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	18-10106	103,493
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	18-10106	41,311
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	18-10206	<u>127,424</u>
Total passed through Worksystems, Inc.			531,642
Passed through Portland State University			
Trans-NIH Research Support - Exito	93.310	205CRE485	<u>90,649</u>
Total passed through Portland State University			90,649
Passed through Oregon Department of Human Services			
Foster Care Title IV-E - Fostering Success	93.658	156306	91,005
Block Grants for Prevention and Treatment of Substance Abuse - Oregon Health Authority	93.959	153356	<u>59,454</u>
Total passed through Oregon Department of Human Services			150,459
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	2H65HA00006-17-00	<u>138</u>
Total passed through Oregon Health Sciences University			138
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>772,888</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u><u>96,580,868</u></u>

See notes to schedule of expenditures of federal awards

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2019

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Portland Community College (the College) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note C - LOANS RECEIVABLE

The federal student loan programs listed subsequently are administered directly by the College, and balances and transactions relating to these programs are included in the College's basic financial statements. Perkins and Nursing loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

	Federal CFDA Number		Expenditures
Federal Perkins Loan Program	84.038	\$	2,328,339
Federal Nursing Student Loans	93.364		1,315,275
			\$ 3,643,614

Note D - PERKINS LOAN PROGRAM - EXCESS LIQUID CAPITAL

Section 466(c) of the Higher Education Act requires institutions to return to the Department of Education (the Department) the Federal share of any Excess Liquid Capital (ELC) from the institution's Federal Perkins Loan Revolving Fund (Fund). ELC is the amount of the Fund's "Cash On Hand" that is in excess of the institution's estimated immediate needs for the Perkins Loan Program. For the 2018-19 Award Year, the Department of Education has decided not to require a distribution of assets from the Perkins Fund as they explore options to reimburse institutions for their Federal Perkins Loan service cancellations.

Note E - SUBRECIPIENTS

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

	Federal CFDA Number		Expenditures
H-1B Job Training Grants - Reboot NW Career Link	17.268	\$	6,243
Education and Human Resources - NSF RETA	47.076		3,884
			\$ 10,127



Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U. S. Department of Education Direct Programs	
Student Financial Aid Cluster	
Supplemental Educational Opportunity Grants Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Pell Grant Program	84.063
Direct Loan Program	84.268
Federal Nursing Student Loans	93.364
U.S. Department of Labor	
H1-1B Job Training Grant	17.268
Workforce Innovation and Opportunity Act Adult Program	17.258
Workforce Innovation and Opportunity Act Youth Activities	17.259
Workforce Innovation and Opportunity Act Dislocated Worker Formula	17.278
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

2019-001

Significant Audit Adjustments

Significant Deficiency in Internal Control

Criteria:

The internal control structure for the College should include procedures to ensure that the trial balance and associated financial statements provided for the audit are free from misstatement.

Condition:

As a result of audit procedures, there were significant audit adjustments that were found in the financial statements provided for the audit.

Cause:

Under the current process, there is no independent review of financial statements by the appropriate level of management prior to being submitted for auditor for testing. The compilation of the financial statements and recording of the entity-wide entries is a manual process. The financial statements, including footnotes, should be reviewed by someone independent of the preparer prior to submitting to the auditor for testing.

During our testing, it was also noted that responsibility for various balance sheet and income statement accounts that are reported on the financial statements are spread across several departments and several individuals. There is currently no review process of the balances as a whole to ensure what is reported is reasonable and accurate.

Effect:

The financial statements that were provided for the audit were misstated.

Recommendation:

Management should have a process in place where an individual independent of the preparation of the financial statements reviews the underlying trial balance reports from Banner, the entity-wide entries, and the financial statements prior to the audit. This individual should also review the overall balances for reasonableness.

Views of Responsible Officials:

Management agrees with the finding. While multiple layers of management review are currently performed on the financial statements and supporting documents, not all of the review has been completed prior to commencement of audit fieldwork. We will confer with the auditors to prevent these findings from occurring in the future through adjustments to the timing and levels of review and other means.

Section III – Federal Award Findings and Questioned Costs

2019-002

Direct Programs – Department of Education

CFDA# 84.007, 84.033, 84.038, 84.063, 84.268, 93.364

Student Financial Aid Cluster

Special Test and Provisions: Enrollment Reporting

Material Weakness in Internal Control Over Compliance

Criteria:

A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to FFEL Program loan holders by the Department of Education. Enrollment Reporting in a timely and accurate manner, including withdrawal dates, is critical for effective management of the programs. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days.

Condition:

In our student testing, there were students that had a change in enrollment status (i.e. withdrawal, reduction from fulltime to part-time). We identified instances where status changes per the institution's records did not agree to the Department of Education's National Student Loan Data System (NSLDS) final records.

- 3 students out of 60 tested for enrollment status where one term reflected "No status reported" on NSLDS;
- 1 student out of 60 tested for enrollment status where no record was found on NSLDS;
- 2 students out of 60 tested for enrollment status where enrollment status for one term was incorrect on NSLDS;
- 19 students out of 60 tested for withdrawal where the withdrawal date was incorrect on NSLDS;
- 9 students out of 60 tested for withdrawal where no withdrawal date was reported in NSLDS.

Cause:

The College's existing control procedures for reporting student enrollment status and withdrawal dates to the National Student Clearinghouse (NSC) in a timely and accurate manner were not sufficiently designed to identify inaccuracies.

Effect:

The College reported the incorrect enrollment status or withdrawal date to NSLDS as required by the NSLDS Reporting Guide and the Student Financial Aid Handbook.

Questioned Costs:

None reported

Context/Sampling:

A nonstatistical sampling was used. Sample size was 120 students out of 452 total student withdrawals/R2T4 calculations.

Repeat Finding from Prior Year:

No

Recommendation:

The College should implement a control process in which the information provided to NSLDS is complete and accurate. The College should also periodically monitor this process to ensure that it is working effectively and that enrollment status, including withdrawal dates, are accurately reflected on NSLDS.

Views of Responsible Officials:

Management agrees. A combination of factors impacted external enrollment reporting for certain students and information reported to the National Student Loan Data System (NSLDS) on our behalf. The College is modifying control procedures to provide more timely collection of student course attendance and to ensure correct reporting to NSLDS.

