

NOTICE OF AMENDMENT TO OFFICIAL NOTICE OF SALE

\$177,560,000*

**PORTLAND COMMUNITY COLLEGE DISTRICT
MULTNOMAH, WASHINGTON, YAMHILL, CLACKAMAS AND COLUMBIA
COUNTIES, OREGON
GENERAL OBLIGATION BONDS
SERIES 2013**

NOTICE IS HEREBY GIVEN that the Official Notice of Sale of the Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon for the above-captioned Series 2013 Bonds (the "Bonds") published electronically on March 4, 2013 has been changed.

The section "OREGON STATE BOND GUARANTY PROGRAM" is deleted. The successful bidder will not have the option of electing to have the Bonds guaranteed by the Oregon State Bond Guaranty Program.

All other provisions of the original notice remain in effect. Bids will be received until 10:00 a.m. (Prevailing Pacific Time), on Thursday, March 14, 2013.

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$177,560,000*

**PORTLAND COMMUNITY COLLEGE DISTRICT
MULTNOMAH, WASHINGTON, YAMHILL, CLACKAMAS AND COLUMBIA
COUNTIES, OREGON
GENERAL OBLIGATION BONDS
SERIES 2013**

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the "District") for the purchase of the above-captioned Series 2013 Bonds (the "Bonds") until 10:00 o'clock a.m. (Prevailing Pacific Time) on:

March 14, 2013

Bids must be submitted electronically through *PARITY* as described herein.

SECURITY: The Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

RATINGS: Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned their municipal bond ratings of "Aa1" and "AA", respectively, to the Bonds. The District will pay the cost of the ratings.

INTEREST PAYMENTS AND MATURITY: Interest on the Bonds is payable semiannually on June 15 and December 15 of each year until maturity, commencing December 15, 2013. The Bonds will be dated with their date of delivery, will be issued in the aggregate principal amount of \$177,560,000* and will mature on the following dates in the following amounts, subject to adjustment as provided below:

Due	Principal Amount*
December 15, 2013	3,560,000
June 15, 2014	3,905,000
June 15, 2015	5,770,000
June 15, 2016	6,000,000
June 15, 2017	6,240,000
June 15, 2018	6,490,000
June 15, 2019	6,750,000
June 15, 2020	7,085,000
June 15, 2021	7,440,000
June 15, 2022	7,810,000

* - Preliminary, subject to change

Due	Principal Amount*
June 15, 2023	8,200,000
June 15, 2024	8,610,000
June 15, 2025	9,040,000
June 15, 2026	9,495,000
June 15, 2027	9,970,000
June 15, 2028	10,465,000
June 15, 2029	10,990,000
June 15, 2030	11,540,000
June 15, 2031	12,115,000
June 15, 2032	12,725,000
June 15, 2033	13,360,000

* - Preliminary, subject to change

ADJUSTMENT OF MATURITIES: The Bonds will be awarded based on the maturity schedule above. However, the District reserves the right to adjust the total principal amount of the Bonds and of each maturity specified in the bidding maturity schedule in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder promptly after bid opening. The underwriter's spread will be preserved at the same overall percentage as bid.

RIGHT TO CANCEL, CHANGE TIMING AND TERMS OF SALE: The District reserves the right to change the date, timing or terms under which the Bonds are offered for sale, or to cancel the sale based on market conditions, by placing a notice of the changes on i-Deal Prospectus and on Thomson Muni News on Thomson Municipal Market Monitor (www.tm3.com).

OPTIONAL REDEMPTION: The Bonds maturing on and after June 15, 2024 are subject to redemption at the option of the District on any date on or after June 15, 2023, with maturities to be selected by the District and by lot within a maturity, at a price of par plus accrued interest to the date of redemption.

TERM BONDS: Bidders may designate two or more consecutive maturities of Bonds, with identical interest rates, as term Bonds. Each term Bonds will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Bonds will be subject to mandatory redemption at par and by lot, in the amounts and on the dates which would have been consecutive maturities. If no term Bonds are designated in the winning bid, the Bonds will mature serially as provided in this Notice of Sale.

BIDDING CONSTRAINTS: All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the Bonds must comply with the following conditions: (1) each interest rate must be a multiple of one thousandths of one percent (0.001%); (2) each Bond that matures on the same date shall bear interest from its date to its stated maturity date at a single, fixed interest rate; (3) bids must be for a purchase price of not less than one hundred percent (100.00%) of the principal amount of the Bonds; and (4) no bid will be considered that does not offer to purchase all of the maturities of the Bonds.

OREGON STATE BOND GUARANTY PROGRAM: The District is eligible to participate in the Oregon School Bond Guaranty Program "OSBGP." The successful bidder may elect to have the

Bonds guaranteed by the OSBGP at its option and expense. The fee for the OSBGP is 3 basis points of total debt service on the Bonds. With the OSBGP, it is expected that Moody's Investors Service, Inc. and Standard & Poor's Ratings Services would assign their municipal bond ratings of "Aa1" and "AA+", respectively, to the Bonds.

BIDS: Bids must be submitted via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Notice of Sale. No bid will be received after the time for receiving bids specified above. For further information about submitting a bid using **PARITY**, potential bidders may contact Chip Pierce, Western Financial Group, LLC (the "Financial Advisor") at Telephone: (503) 719-6113 or **PARITY** at Telephone: (212) 849-5021. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. Bidders electing to submit bids through **PARITY** must obtain access to the **PARITY** system and bear all risks associated with using that system, including errors and delays in receipt of bids. In the event there are any technical problems associated with **PARITY**, **PARITY** may fax bids that it receives prior to 10:00 a.m. (Prevailing Pacific Time), as soon as practicable to (503) 402-1331 to the attention of District's Bond Counsel, Ann Sherman of Hawkins Delafield & Wood LLP, for consideration by the District. Bids received by **PARITY** prior to 10:00 a.m. (Prevailing Pacific Time), but faxed after 10:00 a.m. (Prevailing Pacific Time) as provided in the preceding sentence, shall be considered conforming to the time requirements of this Notice.

BASIS OF AWARD: Unless all bids are rejected, the Bonds will be awarded to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the Bonds to March 28, 2013 (the estimated closing date of the Bonds), and to the aggregate purchase price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the District will pay on the Bonds if the bid is accepted.

GOOD FAITH DEPOSIT: The successful bidder will be required to provide a good faith deposit in the amount of \$500,000.00 in immediately available funds wired to the District not later than 1:00 p.m. (Pacific Time) on March 14, 2013. The District or the District's Financial Advisor will provide the wire information immediately upon the award of bids.

The good faith deposit will be held by the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the District as liquidated damages if the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase of the Bonds in accordance with this Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the District, and will not be credited against the purchase price of the Bonds. The successful bidder shall pay the balance of the purchase price of the Bonds at closing, in funds immediately available to the District on the date and at the time of closing.

RIGHT OF REJECTION: The District reserves the right to reject any or all bids, and to waive any irregularities.

BOOK ENTRY ONLY: The Bonds will be issued in registered, book-entry only form through DTC. Bonds will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Bond principal and interest payments will be made by the District to DTC through the District's paying agent and registrar, which is currently U.S. Bank National Association. DTC will be responsible for making payments to beneficial owners of Bonds.

STANDARD FILINGS AND CHARGES: The successful bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rules G-8, G-11, and G-36. The successful bidder will be required to pay the standard MSRB charge for the Bonds purchased. In addition, if the successful bidder is a member of the Securities Industry and Financial Markets Association (“SIFMA”) it will be required to pay SIFMA’s standard charges.

PURPOSE: The Bonds were authorized pursuant to Oregon Revised Statutes Chapters 287A and the Resolution adopted by the District on February 21, 2013. The Bonds will be issued to finance capital construction and improvements and to pay the costs of issuance incidental thereto. In addition, the District will refund on a current basis the December 1, 2013 maturity of its General Obligation Refunding Bonds, 2002 Series A.

REOFFERING PRICE, CERTIFICATE OF ISSUE PRICE: The successful bidder must provide the reoffering yields or prices which will be printed on the inside cover of the final official statement for the Bonds to the District’s Financial Advisor within one hour after bids are opened. In addition, the successful bidder must execute, not less than three business days prior to closing, a certificate provided by Bond Counsel, substantially as follows in the section titled “Form of Certificate of Issue Price,” containing information reasonably requested by the District and Bond Counsel as shall be necessary to enable the District to determine the “issue price” (within the meaning of Treasury Regulations Section 1.148-1) for each maturity of the Bonds. Such certificate will state, in part, that (i) the successful bidder has made a bona fide offering of all of the Bonds to the public at the reoffering yields or prices provided by the successful bidder; and (ii) the successful bidder reasonably expected that the first price at which at least 10% of each maturity of the Bonds would be sold to the public would be the respective reoffering yield or price for that maturity. For these purposes, the term “public” does not include bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers. Failure to provide this information or the certificate may result in cancellation of the sale and forfeiture of the successful bidder's good faith deposit.

LEGAL OPINION: The approving opinion of Hawkins Delafield & Wood LLP Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the Bonds at the expense of the District.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the District complying with certain covenants relating to the tax-exempt status of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, as provided in greater detail in the preliminary official statement for the Bonds. In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income taxation.

NOT BANK QUALIFIED: The District has not designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

DELIVERY: It is expected that delivery of the Bonds will be made to the paying agent under DTC’s Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the Bonds will be made on or about March 28, 2013.

PRELIMINARY OFFICIAL STATEMENT AND ADDITIONAL INFORMATION: The preliminary official statement for the Bonds is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or or contact the

Financial Advisor, Chip Pierce, Western Financial Group, LLC, Telephone: (503) 719-6113; or Wing-Kit Chung, Vice President of Administrative Services, Portland Community College District, 12000 SW 49th Avenue, Portland, Oregon 97219, Telephone: (503) 533-2911. Requests for additional information about this sale should also be directed to the Financial Advisor.

FINAL OFFICIAL STATEMENT; COMPLIANCE WITH SEC RULES: The District agrees to provide the successful bidder with a sufficient number of copies of the official statement in a form “deemed final” by the District to enable the successful bidder to satisfy its responsibilities under the SEC rules at the expense of the District, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the District, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations (the “Rule”).

CONTINUING DISCLOSURE: The District will enter into an undertaking to provide ongoing continuing disclosure for the benefit of the Bond Owners as required by the Rule, in substantially the form shown in the preliminary official statement.

CUSIP: The CUSIP Service Bureau charge for the assignment of CUSIP numbers shall be paid by the purchaser.

CLOSING CERTIFICATES: At the time of payment for the delivery of the Bonds, the District will certify that to its knowledge there is no litigation pending affecting the validity of the Bonds, and that the portion of the official statement that describes the District does not contain any material misstatements or omissions.

**BY ORDER OF PORTLAND COMMUNITY COLLEGE DISTRICT MULTNOMAH,
WASHINGTON, YAMHILL, CLACKAMAS AND COLUMBIA COUNTIES, OREGON**

FORM OF CERTIFICATE OF ISSUE PRICE

CERTIFICATE OF ISSUE PRICE

\$ _____

**PORTLAND COMMUNITY COLLEGE DISTRICT
MULTNOMAH, WASHINGTON, YAMHILL, CLACKAMAS AND COLUMBIA
COUNTIES, OREGON**

**GENERAL OBLIGATION BONDS
SERIES 2013**

On behalf of [Name of Underwriter], the undersigned, as authorized representative of the underwriters for the above-referenced bonds (the “Bonds”) being issued by Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the “District”), based on available records and information which the undersigned believes to be correct, hereby represents that:

1. On the date of the Bonds’ sale (the “Sale Date”), all Bonds of all maturities have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at prices not higher than, or, in the case of Bonds sold on a yield basis, at yields not lower than, those shown in the final Official Statement relating to the Bonds (the “Official Statement”).

2. On the Sale Date, to the best of our knowledge based on our records, the first price or yield at which at least ten percent (10%) of each maturity of the Bonds [(except the Bonds maturing in the years _____),] was sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) was not greater than the respective price, or was not lower than the respective yield, shown in the Official Statement. [Less than ten percent (10%) of the Bonds maturing in the years ____ was sold to the public following a *bona fide* public offering at the prices or yields shown in the Official Statement.]

3. On the Sale Date, based on our assessment of the then prevailing market conditions, we had no reason to believe that any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields lower than the yields, shown in the Official Statement.

4. The prices and yields of the Bonds, maturity-by-maturity, shown in the Official Statement, represented our best judgment of the fair market value of the Bonds.

We understand that the representations contained herein may be relied upon by the District in making certain of the representations contained in the Tax Certificate executed by the District in connection with the Bonds, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the District for the Bonds, may rely upon this certificate, among

other things, in providing an opinion with respect to the exclusion from gross income of the interest paid with respect to the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), provided, however, that nothing herein represents our interpretation of any laws and, in particular, regulations under Section 103 of the Code.

Dated as of the _____ day of _____, 2013.

[NAME OF UNDERWRITER],

Authorized Officer

Name: _____

Title: _____

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This is a Preliminary Official Statement and the information contained herein is subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 4, 2013

NEW ISSUE - Competitive
BOOK-ENTRY ONLY

RATINGS: Moody's: Aa1
Standard & Poor's: AA
(See "RATINGS" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, interest on the Bonds is exempt from Oregon personal income tax under existing law. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

\$177,560,000*
Portland Community College District
Multnomah, Washington, Yamhill, Clackamas and Columbia
Counties, Oregon
General Obligation Bonds, Series 2013



DATED: Date of Delivery

DUE: As shown on the reverse hereof

The Portland Community College District (the "District" or "College"), Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon, General Obligation Bonds, Series 2013, (the "Bonds") will be issued in fully registered book-entry form only, when issued, and will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominee of such owners. Principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, Portland, Oregon, as paying agent (the "Paying Agent"), with respect to the Bonds, to DTC, which, in turn, will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "PAYMENT OF BONDS WHILE IN BOOK-ENTRY-ONLY SYSTEM" and APPENDIX D herein.

MATURITIES, AMOUNTS AND INTEREST RATES ARE SHOWN ON THE INSIDE COVER

The Bonds will bear interest at the rates set forth on the inside cover. Interest on the Bonds will be payable semiannually on December 15 and June 15 of each year, beginning December 15, 2013.

Proceeds of the Bonds will be used to expand, modernize and construct facilities for additional students and programs, upgrade technology, refund certain outstanding bonds for debt service savings and to pay for the costs of issuing the Bonds.

The Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due. See "SECURITY" herein.

The Bonds are subject to redemption prior to maturity as described herein. See "REDEMPTION" herein.

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Potential investors must read the entire Official Statement, including the appendices hereto, to obtain information essential to the making of an informed investment decision.

The Bonds are offered when as, and if issued and sold by the District and accepted by the Bond Purchaser, subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about March 28, 2013.



Western Financial Group, LLC
3300 NW 185th Ave., #270
Portland, Oregon 97229

* Preliminary; subject to change.

MATURITY SCHEDULE

<u>Due December 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP #736688</u>
2013	\$ 3,560,000			
 <u>Due June 15</u>				
2014	3,905,000			
2015	5,770,000			
2016	6,000,000			
2017	6,240,000			
2018	6,490,000			
2019	6,750,000			
2020	7,085,000			
2021	7,440,000			
2022	7,810,000			
2023	8,200,000			
2024	8,610,000			
2025	9,040,000			
2026	9,495,000			
2027	9,970,000			
2028	10,465,000			
2029	10,990,000			
2030	11,540,000			
2031	12,115,000			
2032	12,725,000			
2033	13,360,000			

CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are included above for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

This Preliminary Official Statement has been "deemed final" by the District, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

OFFICIAL STATEMENT

\$177,560,000*

Portland Community College District Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon General Obligation Bonds, Series 2013

COLLEGE BOARD

Denise Frisbee, Chair
Deanna Palm, Vice Chair
Jim Harper
Kali Thorne Ladd
Bob Palmer
Gene Pitts
David Squire

ADMINISTRATION

Preston Pulliams, Ed.D., District President
Randy McEwen MS, District Vice President
Wing-Kit Chung, CPA, MBA, Vice President, Administrative Services
Jim Langstraat, CPA, Associate Vice President, Finance

Portland Community College
12000 SW 49th Avenue
Portland, Oregon 97219
www.pcc.edu

BOND COUNSEL

Hawkins Delafield & Wood LLP Portland, Oregon

FINANCIAL ADVISOR

Western Financial Group, LLC
Portland, Oregon

PAYING AGENT

U.S. Bank National Association
Portland, Oregon

The Official Statement DOES NOT constitute a recommendation, express or implied, to purchase or not to purchase these Bonds or any other previous bonds of the District.

* Preliminary; subject to change.



Portland Community College

No dealer, broker, salesperson or other person has been authorized by the Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the "District") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. In making an investment decision, potential investors must rely on their own examination of the District and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

No website mentioned in this Official Statement is intended to be part of this Official Statement, and investors should not rely upon any other information presented on any such website in determining whether to purchase the Bonds. Inactive textual references to any website are not hyperlinks and do not incorporate such website by reference.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

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OFFICIAL STATEMENT
\$177,560,000*
Portland Community College District
Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon
General Obligation Bonds, Series 2013

INTRODUCTION

This Official Statement sets forth certain information concerning the Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the "District" or "College"), and its \$177,560,000 General Obligation Bonds, Series 2013 (the "Bonds").

DESCRIPTION OF THE BONDS

GENERAL

The Bonds will be dated the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on December 15, 2013, and semi-annually thereafter on June 15 and December 15 of each year, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued initially in fully registered book-entry-only form in denominations of \$5,000 and integral multiples thereof.

AUTHORIZATION

The Bonds are issued under and pursuant to the authority of Oregon Revised Statutes ("ORS") Chapter 287A (the "Act") which provides general authority for the issuance of general obligation bonds. The Bonds were approved by the electorate within the District at the November 4, 2008 General Election. See **Table 10 – Bond Levy Election History**. The Bonds were authorized by Resolution 13-071 adopted by the District Board of Directors on February 21, 2013 (the "Resolution"). All acts and other approvals have been achieved and performed in regular and due time, form and manner, as required by law and regulation in the issuance, sale and delivery of the Bonds.

PAYING AGENT/REGISTRAR

The Bonds will be registered and payable upon presentation at the principal corporate trust office of U.S. Bank National Association, Portland, Oregon, (the "Paying Agent," or the "Registrar").

REDEMPTION

Optional Redemption

The Bonds maturing on and after June 15, 2024 are subject to redemption at the option of the District on any date on or after June 15, 2023, with maturities to be selected by the District and by lot within a maturity, at a price of par plus accrued interest to the date of redemption.

Any notice of optional redemption to the Registrar or to the Bondowners may state that the optional redemption is conditional upon receipt by the Registrar of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected Bondowners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

* Preliminary; subject to change.

[Mandatory Redemption]

Unless previously called under the provisions for optional redemption, the Term Bonds maturing on June 15, 20__ are subject to mandatory redemption by the Paying Agent on June 15 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of redemption.

<u>Year</u>	<u>20__ Term Bond</u>	<u>Amount</u>
20__		
20__*		

(* Final maturity)]

Notice of Redemption

While the Bonds are in book-entry form, the Paying Agent will give notice of any redemption to DTC, and DTC will be responsible for giving notice and making redemption payments to Beneficial Owners. Notice of redemption will be given pursuant to the Bond Declaration. See "APPENDIX D - BOOK-ENTRY-ONLY SYSTEM".

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Proceeds of the Bonds will be used to expand, modernize and construct facilities for additional students, programs; upgrade technology and to pay for the costs of issuing the Bonds. Projects funded by the Bonds are expected to complete the remaining general obligation bonds authorized by voters at the November 2008 election include, but are not limited to:

- Sylvania – multiple building renovations and Early Childhood program space, real estate acquisition
- Rock Creek –multiple building renovations, new building additions, campus egress and traffic improvements,
- Cascade – multiple building renovations, new Student Center and Education buildings, underground parking structure,
- ELC/Southeast –multiple building expansions, new classroom building and library building,
- Columbia County - real estate acquisition, education building,
- Swan Island - building expansion/renovation for trades education, and
- District-wide – master planning, technology modernization and bandwidth expansion, capitalized maintenance, business recovery, safety/security projects, and bond staffing.

Proceeds of the Bonds will also be used to refund the District’s outstanding General Obligation Refunding Bonds, Series 2002A (the "Refunded Bonds") for debt service savings and to pay the cost of issuing the Bonds.

THE REFUNDING PLAN

A portion of the proceeds of the Bonds will be used to provide funds to establish an irrevocable escrow to refund the Refunded Bonds:

<u>Refunded Bonds</u>	<u>Dated</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Principal Amount Refunded</u>
Series 2002A GO Bonds	5/1/2002	2013	4/27/2013	100%	\$3,505,000

From a portion of the proceeds of the Bonds, the District will deposit cash in the custody of U.S. Bank National Association, Portland, Oregon, as escrow agent ("Escrow Agent"). The deposit will provide funds sufficient to pay accrued interest and redeem the principal amount of the Refunded Bonds on April 27, 2013 at the price of par. These funds will irrevocably be pledged to and held in trust for the benefit of the owners of the respective Refunded Bonds by the Escrow Agent, pursuant to an Escrow Deposit Agreement to be executed by the District and the Escrow Agent.

The anticipated sources and uses of proceeds are itemized in the following table.

Table 1 - Sources and Uses of Bond Proceeds

SOURCES:

Par amount of bonds
 Net original issue premium
TOTAL SOURCES

USES:

Refunding escrow deposit
 Projects
 Underwriter's discount
 Costs of issuance
TOTAL USES

Source: Portland Community College District.

The following table presents the estimated debt service on the Bonds.

Table 2 - Debt Service on the Bonds

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 7,465,000	\$ 10,172,052	\$ 17,637,052
2015	5,770,000	8,259,750	14,029,750
2016	6,000,000	8,028,950	14,028,950
2017	6,240,000	7,788,950	14,028,950
2018	6,490,000	7,539,350	14,029,350
2019	6,750,000	7,279,750	14,029,750
2020	7,085,000	6,942,250	14,027,250
2021	7,440,000	6,588,000	14,028,000
2022	7,810,000	6,216,000	14,026,000
2023	8,200,000	5,825,500	14,025,500
2024	8,610,000	5,415,500	14,025,500
2025	9,040,000	4,985,000	14,025,000
2026	9,495,000	4,533,000	14,028,000
2027	9,970,000	4,058,250	14,028,250
2028	10,465,000	3,559,750	14,024,750
2029	10,990,000	3,036,500	14,026,500
2030	11,540,000	2,487,000	14,027,000
2031	12,115,000	1,910,000	14,025,000
2032	12,725,000	1,304,250	14,029,250
2033	13,360,000	668,000	14,028,000
	\$177,560,000	\$106,597,802	\$284,157,802

Note: Columns may not foot due to rounding.

Source: Portland Community College District.

SECURITY

The Bonds are general obligations of the District. The full faith and credit of the District are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and any other funds available, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

THE DISTRICT

GENERAL DESCRIPTION

Oregon community college districts are special districts authorized by ORS 341 to provide post-secondary, professional technical education programs and lower division collegiate programs but not four-year baccalaureate programs. Each community college district is governed by an elected board of education and is subject to supervision by the State Board of Education (the "State Board"), a group of seven people appointed by the governor. The District commonly refers to its board of education as the "Board of Directors." The chief executive officer of a community college district is a president chosen by the board of education.

The State Board prepares estimates and makes the request for legislative appropriations for a reasonable and consistent basis of support and establishes standards for the distribution of that support. The administrative functions of the State are handled through the Oregon Department of Community Colleges and Workforce Development, whose executive head is the Commissioner for Community College Services appointed pursuant to ORS Chapter 326.

The District was established by the voters of the District in 1968. The District serves all of Washington County and portions of Multnomah, Yamhill, Clackamas and Columbia counties and covers more than 1,500 square miles. The District operates three major campuses: the Sylvania Campus in Southwest Portland, the Cascade Campus in North Portland and the Rock Creek Campus in Washington County, which provide lower-division college transfer courses, two-year associate degree programs and professional and technical career training programs. The District also operates an Extended Learning Campus that offers credit and non-credit adult education, job training and retraining, small business development and other programs at seven training centers and at approximately 200 other locations throughout the District.

Associate of Applied Science degrees are awarded to students who complete the requirements of a specified two-year applied science program, and Associate of Arts of Science degrees are awarded to students who complete the requirements of a specified, two-year, lower division program. Those students who complete a non-specified, two-year curriculum are awarded an Associate of General Studies degree. Certificates are awarded by the District to students completing specific requirements within a professional technical major or upon the recommendation of the instructional staff within that field.

Most Portland Community College instructors have advanced degrees. In the professional technical areas, instructors are trained through four-year colleges, technical schools and apprenticeship/journeyman programs. They are often current or former practitioners of their respective profession. The District has approximately 267 academic professionals and 477 full-time faculty. There are approximately 621 full-time and 165 part-time classified staff and a total 1,395 part-time faculty at the District as of January 31, 2013. Including executive officers, there are 196 management employees with the District.

In addition to programs based at the District's campuses and centers, the District conducts a number of programs in cooperation with private industry and with other units of state and local governments. These programs focus on training of current and prospective work forces for employers.

As of July 1, 2012, the estimated population within the District is 1,255,483. The District's estimated enrollment for the FY ending June 30, 2012 was approximately 94,634 students, with a full-time equivalent (FTE) enrollment of approximately 34,246.

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Table 3 - Historical Estimated District Population and Enrollment

Fiscal Year Ended June 30	Estimated District Population	FTE Student Enrollment¹	Student Head Count²
2003	1,133,010	26,061	105,000
2004	1,148,545	23,472	83,193
2005	1,164,115	23,406	91,030
2006	1,182,385	22,808	88,255
2007	1,201,048	23,011	86,164
2008	1,218,014	23,794	86,730
2009	1,232,567	26,419	87,145
2010	1,243,264	31,395	93,799
2011	1,253,981	32,694	92,537
2012	1,255,483 ²	34,246	94,634

Includes enrollment in reimbursable and non-reimbursable courses. FTE is based on the number of contact hours (510) generated by student enrollment per term.

1. Total unduplicated number of students enrolled during the academic year.
2. Estimated as of July 1, 2012.

Source: Portland Community College District

BOARD

The Board of Directors of the District consists of seven members. Members are elected to four year terms. Members of the Board are:

<u>Position</u>	<u>Occupation</u>	<u>Term Expires</u>
Denise Frisbee, Chair	Attorney, Development Liaison City of Lake Oswego	June 30, 2013
Deanna Palm, Vice Chair	President, Greater Hillsboro Chamber of Commerce	June 30, 2013
Jim Harper, Director	Partner, HCS Incorporated	June 30, 2013
Kali Thorne Ladd, Director	Education Strategy Director, Mayor's Office, City of Portland	June 30, 2013
Bob Palmer, Director	Manager, Multnomah Co. Aging & Disability Svc. Dept.	June 30, 2015
Gene Pitts, Director	Technical Marketing Director, Intel Corp.	June 30, 2013
David Squire, Director	Vice President for Engineering, LightSpeed Technologies	June 30, 2013

Source: Portland Community College District

ADMINISTRATION

Preston Pulliams, Ph.D., District President. Dr. Pulliams became the District's fifth president on May 24, 2004. Dr. Pulliams has been a high school and community college professor and administrator for more than 35 years. He came to the District from State University of New York, where he served as Vice Chancellor for Community Colleges where he coordinated and directed the activities of the 30 community colleges in the SUNY system. He served as president of Orange County Community College in Middleton, New York from 1997 to 2003 and as president of the Highland Lakes Campus of the Oakland Community College District in Bloomfield Hills, Michigan from 1993 to 1997. Dr. Pulliams received his Associate degree in Science from Muskegon Community College, his Bachelor of Science degree in Social Science from Michigan State University, a Master of Arts degree in Counseling and Personnel from Western Michigan University, and a Doctor of Education in Educational Administration from the University of Michigan in Ann Arbor, Michigan. Dr. Pulliams has received numerous leadership awards for his work in educational administration. Dr. Pulliam plans to retire in July 2013 and the District is conducting a national search for his successor.

Randy McEwen, District Vice President. Mr. McEwen was promoted to the District Vice President in July 1, 2007 after serving as Vice President for Administrative Services for seven years. He joined Portland Community College District as Physical Plant Director in 1998. Mr. McEwen has 20 years of experience in manufacturing, technical, and financial leadership roles and worked for companies such as Crown Zellerbach Corp., James River Corp. and Fort James Corp. He holds a Bachelor of Science degree and a Master of Science degree from Stanford University.

Wing-Kit Chung, Vice President, Administrative Services. Mr. Chung was promoted to the current position in 2007 after serving as the Associate Vice President since September 2000. He joined the District as the Financial Services Director/Controller in July 1991, after working as the Financial Operations and Reporting Manager for Eugene School District 4J, as the Financial Systems Development Manager for the City of Eugene and as an auditor for Ernst & Young. Mr. Chung holds a Bachelor of Arts degree from Southern Oregon University, a Master in Business Administration degree from Oregon State University, and is a Certified Public Accountant.

Jim Langstraat, CPA, Associate Vice President, Finance. Mr. Langstraat joined the District in January 2012 as the Associate Vice President, Finance. He comes to the District after six years as the chief financial officer at North Clackamas School District in Clackamas County. Before that, he served as executive director of administrative services for Waterloo Community Schools in Waterloo, Iowa. Mr. Langstraat holds a Bachelor of Arts degree from Central College, in Pella, Iowa, and a Master in Business Administration degree from the University of Iowa.

STAFF AND BARGAINING UNITS

As of January 2013, the District employed 4,753 persons of which approximately 2,932 are represented by two collective bargaining units. The Portland Community College Federation of Faculty and Academic Professionals, Local 2277, American Federation of Teachers - Oregon, American Federation of Teachers, AFL-CIO includes approximately 2,146 members (Teaching Faculty, Counselors, Librarians, and Academic Professionals) and the Portland Community College Federation of Classified Employees, Local 3922, American Federation of Teachers, AFL-CIO, affiliated with AFT-Oregon includes approximately 786 members. The contract covering Classified Staff expires on June 30, 2015 and the contract covering Faculty and Academic Professionals expires on August 31, 2015. Salary and health care contributions will be re-opened for negotiation in 2013.

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FINANCIAL INFORMATION

BASIS OF PRESENTATION

The District's 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 District follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the District's financial activities.

BASIS OF ACCOUNTING

The District's basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. The financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to local governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

FISCAL YEAR

The District operates on a fiscal year beginning July 1 and ending June 30.

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 to 297.555 and 297.990) requires an audit and examination be made of the accounts and financial affairs of every municipal corporation at least once each year. The audits are made by accountants whose names are included on the roster prepared by the State Board of Accountancy. The District's audit for FY 2007-08 was performed by Talbot, Korvola & Warwick LLP. The District's audits for FY 2008-09 through FY 2011-12 were performed by Kenneth Kuhns & Co., Salem, Oregon.

The District's FY 2012 audit is included in "**APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2012**" herein. The "**FINANCIAL DATA TABLES**" follow this section are excerpted from the District's Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2008 through June 30, 2012.

Kenneth Kuhns & Co., the District's independent auditor, has not been engaged to perform and has not performed, since the date of its independent auditor's report included herein, any procedures on the financial statements addressed in that report. Kenneth Kuhns & Co. also has not performed any procedures relating to this statement.

FINANCIAL OPERATIONS

The District has received the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting for each year since 1992. According to GFOA, the Certificate of Achievement is "the highest form of recognition in the area of governmental financial reporting." To be awarded the certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose content conforms to program requirements and satisfies both generally accepted accounting principles and applicable legal requirements.

BUDGETING PROCESS

The District is subject to the provisions of the Oregon Local Budget Law. The law sets out several specific procedures that must be followed during the budgeting process. Foremost is that the budget must be adopted by the governing body by resolution or ordinance by June 30—the day before the start of the fiscal year to which the budget applies. Without a budget for the new fiscal year in place, the local government’s authority to levy property taxes and to spend money or incur obligations expires on June 30.

Oregon’s Local Budget Law has two important objectives. They are:

- It establishes standard procedures for preparing, presenting, and administering the budget, and
- It provides for citizen involvement in preparing the budget and public exposure of the budget before its formal adoption.

The Oregon Department of Revenue has the statutory authority to ensure compliance with Local Budget Law and all other laws relating to the imposition of property taxes by municipal corporations. The department has the sole authority to interpret and administer Local Budget Law and to issue rules for compliance.

The Tax Supervising and Conservation Commission ("TSCC"), an oversight agency created under ORS 294.610, supervises local government budgeting and taxing activities within its jurisdiction. TSCC was established for counties with over 500,000 in population. Currently, only Multnomah County has such a commission. TSCC reviews and certifies budgets from all units of local government within its jurisdiction.

Because the District levies property taxes in Multnomah County, its budget process is under the supervision of TSCC.

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The District's Adopted Budget for Biennium 2009-2011 and Biennium 2011-2013 - General Fund is summarized in Table 4 below.

Table 4 - Adopted Budgets Biennium2009-2011 and 2011-13 - General Fund

Revenues	Fiscal Years 2009-2011 Biennium	Fiscal Years 2011-2013 Biennium
From local sources		
Property tax – current year	\$ 50,516,356	\$ 52,125,293
Property tax – prior year	1,434,170	1,434,170
Tuition and fees	117,848,724	157,849,298
Interest from investments	1,344,004	1,079,268
Other local sources	3,439,284	2,210,710
State sources	114,341,381	114,040,332
Operating transfers in:		
From Contracts & Grants Fund	4,161,481	4,228,186
From Internal PERS Reserve	-	1,292,895
From CEU/CED Fund	-	450,000
From Bookstore Fund	726,585	945,578
From Auxiliary Fund	101,047	106,434
From Student Financial Aid Fund	615,000	426,390
From Print Center Fund	87,773	95,868
From Parking Operations Fund	798,405	1,172,378
From Food Services Fund	86,331	97,914
Total Operating Revenues	<u>\$295,500,540</u>	<u>\$337,554,714</u>
Beginning Fund Balance	<u>32,174,810</u>	<u>26,807,776</u>
Total Revenues	<u><u>\$327,675,350</u></u>	<u><u>\$364,362,490</u></u>
Expenditures		
Sylvania Campus	\$ 71,748,428	\$ 81,295,501
Rock Creek Campus	42,858,666	48,502,057
Cascade Campus	36,935,478	41,305,914
Extended Learning Campus	14,455,930	15,994,711
President and Governing Board	7,196,536	7,672,986
Office of the District Vice President	669,890	405,012
Office of Students & Academic Affairs	28,566,620	34,977,774
Administrative and Plant Services	86,509,720	96,828,672
Debt Service		
Transfers out	8,193,141	6,570,370
Contingency	16,650,057	21,482,014
Total Expenditures	<u>\$313,783,466</u>	<u>\$355,035,011</u>
Unappropriated Ending Fund Balance	<u>13,891,884</u>	<u>9,327,479</u>
Total General Fund	<u><u>\$327,675,350</u></u>	<u><u>\$364,362,490</u></u>

Source: Portland Community College District.

MAJOR RESOURCES

The District derives its revenue from five major sources:

State Resources: The State budget allocation for all 17 community colleges in the state was approved by the legislature in June 2011 of \$395 million for the biennium ended June 2013, a 5.55% decrease from the 2009-2011 final biennium level. The College's share of the state support is approximately \$56.4 million for FY 2011-12 and \$52.36 million for FY 2012-13. This represents approximately 35% of the total General Fund operating resources in FY 2011-12. The allocation to individual colleges is based on a formula newly approved in 2011 by the State Board of Education. The new formula is based on the concept that state funding will not be provided for enrollments above a certain level, effectively implementing a cap on the number of students funded by the state at each college. The cap for the District is approximately 26,700 FTE. Additionally, the state provides resources restricted to certain programs which total approximately \$15.1 million for the biennium. Some of the large state-funded contracts and grants include the Public School Dropout Recovery Program and Coffee Creek Corrections.

Tuition and Fees: Tuition and fee revenue is estimated at \$95 million for FY 2011-12 and \$98.2 million for FY 2012-13. This represents approximately 48 percent of the total General Fund operating resources. The revenue estimates are based on an estimated average annual enrollment of 26,000 full-time equivalent (FTE) students for the biennium. Tuition per credit is \$82. The Board has approved tuition increases of \$6 for FY 2013-14 and a \$5 increase for FY 2014-15. Differentiated fees for self-improvement courses, continuing education units and community education classes are estimated at \$16.9 million for the biennium.

Federal Resources: The College receives federal funds in support of student aid. The recent Federally adopted Student Aid and Fiscal Responsibility Act (SAFRA) eliminated the Federal Family Education Loan program and moved all federal student loans into the Direct Loan program, requiring colleges to fund and manage loans. These funds are budgeted in the Student Financial Aid Fund and are estimated at \$381 million for the biennium.

Additionally, sponsored program revenue from federal sources, estimated at \$33.3 million, is budgeted in the Contracts and Grants Fund.

Property Taxes: The total of District property tax revenue to support ongoing operating costs is estimated at \$25.7 million for FY 2011-12, and \$26.5 million for FY 2012-13, accounting for approximately 16.5% of the General Fund operating resources. The property taxes are generated from levying the District's permanent rate of \$0.2828 per \$1,000 of assessed value.

Additionally, the District levies property taxes to pay for the maturing principal and interest on voter-approved general obligation bonds, such as the Bonds. These taxes are estimated at \$33.5 million for FY 2011-12, and \$34.2 million for FY 2012-13. These taxes average approximately \$0.349 per \$1,000 of assessed value.

Revenues from Sales: Bookstore sales are estimated at \$31.5 million for the biennium, with a net profit projected at 5.1% of sales. The Food Service operation is estimated to generate \$9.9 million in sales for the biennium, with a net profit projected at 1.2% of sales. Parking Operations revenue is estimated at \$10.7 million for the biennium, with a net profit of approximately 2.8% at the end of the biennium.

INVESTMENTS

The District held the following current investments as of January 31, 2013, as authorized under ORS 294.035 and Board Policy B-502:

	<u>Principal Amount</u>	<u>Percent</u>
Federal Agencies	\$118,076,042	44.86%
Corporate Notes	42,596,446	16.18
Certificates of Deposit	1,419,990	0.54
State & Local Investment Pool	40,586,760	15.42
U.S. Treasuries	5,104,500	1.94
Municipal Debt	1,512,287	0.57
Bank Deposits	48,939,156	18.59
National Commercial Paper	<u>4,996,407</u>	<u>1.90</u>
Total	\$263,231,588	100.00%

FINANCIAL DATA TABLES

Table 5 - Statement of Net Assets for Fiscal Years Ending June 30 (Figures in thousands)

	2008	2009	2010	2011	2012
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 24,437	\$ 57,807	\$ 48,670	\$ 70,428	\$67,338
Restricted cash and cash equivalents	38	-	-	-	-
Short-term investments	68,553	89,875	104,498	135,026	111,090
Receivables:					
Taxes	1,895	2,337	2,844	2,886	3,507
Accounts	1,497	2,835	5,150	5,315	4,295
Student accounts	11,043	12,074	12,774	5,194	8,677
Federal programs	6,942	5,923	6,706	18,579	69
Interest	720	1,130	1,291	850	804
Inventory and prepaid items	1,840	1,986	2,312	2,118	2,992
Total current assets	116,965	173,967	184,245	240,396	198,772
Noncurrent assets:					
Long-term investments	3,385	125,496	115,655	35,247	58,493
Pension asset	156,879	108,675	111,247	119,986	111,620
Net pension obligation	2,536	2,714	2,440	2,194	1,867
Bond issuance costs	1,221	1,888	1,744	1,599	1,455
Leased property under capital lease, net	-	-	340	271	202
Capital assets – non-depreciable	23,499	57,784	58,208	74,940	83,797
Capital assets – depreciable	248,039	250,860	312,862	326,932	341,814
Less: Accumulated depreciation	(59,973)	(65,722)	(71,250)	(78,224)	(85,956)
Total Noncurrent assets	375,586	481,695	531,246	482,945	513,292
TOTAL ASSETS	\$492,551	\$655,662	\$715,491	\$723,341	\$712,064
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 3,828	\$ 6,023	\$ 3,876	\$ 7,398	\$ 6,690
Payroll liabilities	13,979	15,461	14,734	11,977	18,890
Accrued interest payable	1,102	3,170	1,229	1,159	1,060
Deferred revenue	1,928	2,122	958	953	978
Compensated absences	4,357	4,901	5,296	5,472	5,822
Other current liabilities	2,951	4,238	8,815	10,813	766
Current portion of long-term debt	15,049	17,186	20,642	22,354	24,399
Total current liabilities	43,194	53,101	55,550	60,126	58,605
Noncurrent liabilities					
Noncurrent liabilities	243,460	439,160	425,751	405,230	383,511
Less: Current portion of long-term debt	(15,049)	(17,186)	(20,642)	(22,354)	(24,399)
Total Noncurrent liabilities	228,411	421,974	405,109	382,876	359,112
TOTAL LIABILITIES	271,605	475,075	460,659	443,002	417,717
NET ASSETS					
Net assets invested in capital assets	211,565	242,922	300,161	323,919	339,857
Less: Related debt	(129,947)	(148,025)	(169,457)	(167,624)	(164,041)
Investment in capital assets, net	81,618	94,897	130,704	156,295	175,816
Restricted					
Student financial aid grants and loans	8,203	8,700	8,764	8,782	8,510
Unrestricted	131,125	76,987	115,364	115,262	110,021
Total net assets	220,946	180,584	254,832	280,339	294,347
TOTAL LIABILITIES AND NET ASSETS	\$492,551	\$655,659	\$715,491	\$723,341	\$712,064

Note: The Fiscal Year ended June 30, 2008 is restated. Columns may not foot due to rounding.

Source: Derived from Portland Community College District audited annual financial statements, as restated.

**Table 6 - Statement of Revenues, Expenditures and Changes in Net Assets
for Fiscal Years Ended June 30 (Figures in thousands)**

	2008	2009	2010	2011	2012
OPERATING REVENUES					
Student tuition and fees, net of scholarship allowances	\$49,203	\$52,837	\$61,946	\$62,644	\$62,216
Federal contracted programs	15,054	12,514	13,063	16,205	14,715
Nongovernment grants and contracts	4,791	3,935	5,881	4,840	5,647
Auxiliary enterprises					
Food services	3,402	3,764	4,124	4,581	4,915
Bookstore, net of scholarship allowances	9,070	9,500	10,300	9,697	11,478
Parking operation	2,207	2,457	3,669	4,020	4,866
Other operating revenues	3,129	11	61	221	20
Total operating revenues	<u>86,856</u>	<u>85,018</u>	<u>99,044</u>	<u>102,208</u>	<u>103,857</u>
OPERATING EXPENSES					
Educational and general:					
Sylvania Campus	40,028	40,850	44,180	46,564	51,452
Rock Creek Campus	24,289	25,175	28,045	30,231	35,239
Cascade Campus	20,443	22,017	24,538	26,618	30,647
Extended Learning Campus	13,764	15,185	14,847	14,826	17,498
President and Governing Board	3,335	3,717	3,606	3,708	4,207
Academic and Student Affairs Services	13,723	15,849	15,872	17,818	19,262
Administrative Services and Physical Plant	28,852	33,332	36,119	37,995	45,513
Other support services					
Student Activities	1,142	1,650	1,764	2,171	2,158
Grants and Contracted Programs	24,841	21,649	23,658	26,881	25,617
Student financial aid, net of tuition and textbooks	7,451	11,953	35,635	20,235	16,123
Auxiliary enterprises:					
Food services	3,507	3,885	4,048	4,486	5,099
Bookstore	10,566	11,612	13,999	14,039	15,438
Parking operation	1,743	1,639	1,872	2,360	3,367
Miscellaneous	412	-	-	-	-
Early retirement costs	323	350	228	28	228
Materials, supplies and minor equipment expense	1,383	1,696	2,042	1,415	2,093
Depreciation expense	6,102	6,196	6,294	7,499	8,002
Amortization of bond related costs	(247)	(366)	(836)	(829)	(564)
Total operating expenses	<u>201,657</u>	<u>216,389</u>	<u>255,911</u>	<u>256,045</u>	<u>281,379</u>
Operating loss	<u>(114,801)</u>	<u>(131,371)</u>	<u>(156,867)</u>	<u>(153,837)</u>	<u>(177,522)</u>
NONOPERATING REVENUES (EXPENSES)					
Federal financial aid ¹	20,837	31,828	65,804	57,471	62,720
State FTE reimbursement ²	81,165	48,945	77,046	41,003	71,604
State and local government grants and contracts	6,962	11,069	18,881	11,740	8,899
Property taxes	42,504	44,162	57,622	59,895	58,282
Investment income	4,362	3,267	4,208	1,814	1,313
Investment gain (loss) on pension asset	-	(35,023)	18,416	22,373	2,651
Gain (Loss) on disposal of capital assets	(7,749)	10	(4)	(22)	(8)
Interest expense	(11,796)	(13,281)	(11,092)	(14,930)	(13,931)
Net nonoperating revenues (expenses)	<u>136,285</u>	<u>90,977</u>	<u>230,881</u>	<u>179,344</u>	<u>191,530</u>
Income (Loss) before capital contributions	21,484	(40,394)	74,014	25,507	14,008
Capital contributions	-	32	234	-	-
Increase in net assets	<u>21,484</u>	<u>(40,362)</u>	<u>74,248</u>	<u>25,507</u>	<u>14,008</u>
NET ASSETS					
Net assets – beginning of year	199,462	220,946	180,584	254,832	280,339
Net assets – end of the year	<u>\$220,946</u>	<u>\$180,584</u>	<u>\$254,832</u>	<u>\$280,339</u>	<u>\$294,347</u>

Note: The Fiscal Year ended June 30, 2008 is restated. Columns may not foot due to rounding.

1. The increase in FY 2011 is due to the Student Aid and Fiscal Responsibility Act (SAFRA), which eliminated the Federal Family Education Loan program and moved all federal student loans into the Direct Loan program.
2. The annual variations in FTE reimbursement from the State of Oregon are due to the fact that in some years the District receives three payments, and in alternate years, five payments from the State. Beginning in 2003, the Oregon Legislature enacted this system of deferrals in alternate years so that the State can balance its biennial budget.

Source: Derived from Portland Community College District audited annual financial statements, as restated.

GENERAL FUND

Financial operations of the District that are not accounted for in any other fund are shown in the general fund (the "General Fund"). The General Fund provides for the ongoing operations of the District. The fund's principal revenue sources are local property taxes, student tuition and fees, and State of Oregon FTE reimbursements. Primary expenditures are budgeted by campus location and service area.

**Table 7 – General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances
for Fiscal Years Ended June 30 (Budgetary Basis)**

	2008	2009	2010	2011	2012
REVENUES					
From local sources:					
District tax levy					
Current	\$ 23,203,007	\$24,089,900	\$ 25,054,771	\$ 25,936,637	\$ 26,636,531
Prior	378,784	397,459	513,581	595,070	462,390
Tuition and fees:	55,369,892	61,783,482	78,996,703	86,399,902	95,726,123
Interest from investments	1,691,293	736,386	428,948	295,341	287,703
Other sources:	1,584,277	1,589,983	1,590,877	1,700,709	2,013,047
From state resources ¹ :	66,635,969	65,707,908	60,282,542	55,908,630	56,698,167
Total operating revenues	\$148,863,222	\$154,305,118	\$166,867,422	\$170,836,289	\$181,823,961
EXPENDITURES					
Campus program areas:					
Sylvania Campus	\$36,015,008	\$ 37,223,968	\$ 40,513,945	\$ 44,377,618	\$ 46,085,931
Rock Creek Campus	22,139,021	23,105,349	25,901,983	28,838,064	31,752,255
Cascade Campus	18,482,927	20,107,791	22,677,211	25,312,303	27,478,820
Extended Learning Campus	7,638,822	8,782,997	8,449,983	9,422,928	11,082,289
Total Campus program areas	84,275,778	89,220,105	97,543,122	107,950,913	116,399,295
Non-program areas:					
Personal Services	36,795,112	40,444,553	41,321,547	44,185,720	49,900,241
Materials & Services	16,889,719	17,357,865	18,408,415	20,488,253	20,023,909
Capital Outlay	918,507	344,319	738,515	3,622,253	404,861
Total Non-program areas	54,603,338	58,146,737	60,468,477	68,296,226	70,329,011
Total Expenditures	138,879,116	147,366,842	158,011,599	176,247,139	186,728,306
Revenues over (under) expenditures, budgetary basis	9,984,106	6,938,276	8,855,823	(5,410,850)	(4,904,345)
OTHER FINANCING SOURCES (USES)					
Sources:					
Transfers in	3,247,707	3,765,483	3,740,650	3,498,239	3,398,467
Uses:					
Transfers out	(7,041,003)	(5,020,943)	(3,169,880)	(3,436,182)	(2,959,252)
Amount Provided to Early Retirement Fund	(828,144)	(528,144)	(228,144)	-	-
Total other financing sources (uses)	(4,621,441)	(1,783,604)	342,626	62,057	439,215
Revenues and other financing sources (uses) over (under) expenditures, budgetary basis	5,362,665	5,154,672	9,198,449	(5,348,793)	(4,465,130)
Beginning fund balance	17,794,164	23,156,829	28,311,501	37,509,950	32,161,157
Ending fund balance - budgetary basis	\$ 23,156,829	\$ 28,311,501	\$ 37,509,950	\$ 32,161,157	\$ 27,696,027

Note: Columns may not foot due to rounding.

- The annual variations in FTE reimbursement from the State of Oregon are due to the fact that in some years the District receives three payments, and in alternate years, five payments from the State. Beginning in 2003, the Oregon Legislature enacted this system of deferrals in alternate years so that the State can balance its biennial budget.

Source: Derived from Portland Community College District audited annual financial statements.

RISK MANAGEMENT

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

The College retains the risk of liability claims under \$500 thousand per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2012 and no insurance settlement exceeded insurance coverage for the past three years. General liability insurance generally covers casualty losses in excess of \$500 thousand per occurrence with a loss limit of \$10 million per occurrence and a \$20 million aggregate loss limit. The College's property insurance total loss limit is \$400 million with a \$25 thousand deductible. Earthquake and flood coverage has a loss limit of \$100 million.

The District maintains a risk management program for workers' compensation and unemployment to pay claims, maintain claims reserves and pay administrative expenses. Liabilities for workers' compensation are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District has obtained an excess coverage insurance policy to cover workers' compensation claims in excess of \$500 thousand. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Tort Claims Against Oregon Governments

In response to a decision by the Oregon Supreme Court in *Clarke v. Oregon Health Sciences University* ("OHSU"), related to the constitutionality of portions of the Oregon Tort Claims Act ("OTCA"), the 2009 Legislative Assembly enacted Oregon Laws 2009, chapter 67 ("OR Laws 2009, Ch 67"). This law increased the liability limits for Oregon public bodies under the OTCA, as described below. The State is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010, through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in OR Laws 2009, Ch 67. The adjustment may not exceed 3 percent for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009, are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in OR Laws 2009, Ch 67. The adjustment may not exceed 3 percent for any year.

PENSION PLANS

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all District employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program participant contributions fund individual retirement accounts under the separate defined contribution program

described below. Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated. See "Employer Contribution Rates" herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Public Employees Retirement Board ("PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2010) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2011) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the District (the "District Valuation"). Valuations are released nine to eleven months after the valuation date. PERS' current actuary is Milliman, Inc. ("Milliman") which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation	Release Date	Rates Effective
December 31, 2009	October 2010	July 1, 2011-June 30, 2013
December 31, 2010	November 2011	Advisory only
December 31, 2011	October 2012	July 1, 2013-June 30, 2015

The 2011 System Valuation indicated that the System-wide funded status decreased from approximately 87 percent at December 31, 2010 to 82 percent at December 31, 2011 due to lower than assumed investment returns, taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand into Side Accounts (see "Pension Bonds and Side Accounts" herein).

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

District UAL. For the T1/T2 Pension Programs, the District is pooled with the State and Oregon local government and community college public employers (the "State and Local Government Rate Pool" or "SLGRP"). The District's portion of the SLGRP's assets and liabilities is based on the District's proportionate share of the SLGRP's pooled payroll (the "District Allocated T1/T2 UAL"). Changes in the District's relative growth in payroll will cause the District Allocated T1/T2 UAL to shift. The District Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District's allocated share of OPSRP's assets and liabilities is based on the District's proportionate share of OPSRP's pooled payroll (the "District Allocated OPSRP UAL"). Changes in the District's relative growth in payroll will cause the District Allocated OPSRP UAL to shift.

Pension Bonds and Side Accounts. In June 2003, the District issued pension bonds to make a \$119,995,000 lump-sum payment to PERS. The payment was deposited in the District's side account of the PERS fund (the "District Side Account") to finance the District's transition liability and all or a portion of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, reducing the District's contribution rates, although debt service payments are also due on the pension bonds.

The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL, District allocated pre-SLGRP pooled liability and District Allocated OPSRP UAL, less amounts in the District Side Account. The District's net unfunded pension UAL as of the 2009 Valuation and 2011 Valuation is shown in the following table.

	2009 Valuation	2011 Valuation
Allocated pooled SLGRP T1/T2 UAL	\$140,430,321	\$190,046,740
Allocated pre-SLGRP pooled liability	23,556,785	25,829,069
Allocated pooled OPSRP UAL	1,100,100	2,034,090
District Side Account	(120,295,868)	(115,108,347)
Net unfunded pension actuarial accrued liability	<u>\$103,934,392</u>	<u>\$ 102,801,576</u>

Source: 2009 District Valuation and 2011 District Valuation.

The funded status of PERS and of the District as reported by Milliman will change over time depending on a variety of factors, including the market performance of the securities in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 21 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERS Board and changes in benefits resulting from legislative modifications. Employees are required to contribute 6 percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The District has elected to make the employee contribution.

Contribution Rate Collar. In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of three percent of payroll or 20 percent of the current base rate. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches six percent at the 70 percent funded level (if under the three percent parameter), or by two percent for every percentage point under the 80 percent funded level (if under the 20 percent of current base rate parameter). The 2011 System Valuation found that the SLGRP was 75 percent funded, resulting in a rate collar of 4.63 percent. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA.

District Contribution Rates. The District's current contribution rates are based on the 2009 Valuation. The District's contribution rates effective July 1, 2013 through June 30, 2015 are based on the 2011 Valuation. The following table shows the District's current contribution rates (2009 Valuation) and the rates effective July 1, 2013 (2011 Valuation).

Portland Community College District Pension Contribution Rates

	2009 Valuation			2011 Valuation		
	T1/T2	OPSRP		T1/T2	OPSRP	
		General	P&F		General	P&F
Normal cost rate	7.70%	6.13%	8.84%	8.07%	6.27%	9.00%
T1/T2 UAL rate	6.10	6.10	6.10	10.36	10.36	10.36
OPSRP UAL rate	0.08	0.08	0.08	0.15	0.15	0.15
Pre-SLGRP pooled liability rate	1.80	1.80	1.80	1.86	1.86	1.86
Transition liability/(surplus) rate	0.00	0.00	0.00	0.00	0.00	0.00
Side account rate relief	-9.17	-9.17	-9.17	-8.31	-8.31	-8.31
Retiree Healthcare rate (RHIA)1	<u>0.59</u>	<u>0.50</u>	<u>0.50</u>	<u>0.59</u>	<u>0.49</u>	<u>0.49</u>
Total net contribution rate	<u>7.10%</u>	<u>5.44%</u>	<u>8.15%</u>	= <u>12.72%</u>	<u>10.82%</u>	<u>13.55%</u>

(1) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits- Retirement Health Insurance Account" below.

Source: 2009 District Valuation and 2011 District Valuation.

Early Retirement Incentive Plan. The District maintains a single-employer, defined benefit early retirement incentive program for qualifying Faculty, Academic Professionals (AP), and Classified Employees. The District does not publish a standalone financial report for this plan. The Board has authority to set benefit provisions and funding policy for the plan. The management employee portion of this plan was replaced in fiscal year 2000 by a 2% employer contributed 403(b) plan. See Note 9 in Notes to Basic Financial Statements in Appendix A.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2011 System Valuation, this program had a UAL of approximately \$221.5 million. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2011 District Valuation, the District's allocated share of the RHIA program's UAL was \$3,088,324.

GASB 45. GASB 45 requires the District to determine the extent of its liabilities for postemployment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported.

The District operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. The District is required by Oregon Revised Statutes 243.303 to provide retirees who qualify for retirement under Oregon PERS 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 may continue enrollment in the health plans on a self-pay basis until age 65.

The District's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution of the District ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the District's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the District's OPEB obligation to the plan.

	Fiscal Year 2012 <u>\$ in thousands</u>
Annual Required Contribution (ARC)	\$2,182
Interest on prior year Net OPEB Obligation	107
Adjustment to ARC	<u>(119)</u>
Annual OPEB Cost	2,170
Contributions made	(885)
Increase in Net OPEB Obligation	1,285
Net OPEB Obligation - beginning	<u>3,279</u>
Net OPEB Obligation - ending	<u>\$4,564</u>

Source: District Audited Financial Statement for the Fiscal Year ended June 30, 2012.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009, 2010, and 2011 (\$ in thousands) is as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$1,779	43%	\$2,280
2011	1,841	46%	3,279
2012	2,170	41%	4,564

Source: District Audited Financial Statement for the Fiscal Year ended June 30, 2012.

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DEBT INFORMATION

OUTSTANDING LONG TERM DEBT

The District issues a variety of debt types for the purpose of carrying out its capital financing activities. These various debt types are shown in the table titled "Long-Term Debt Statement." Outstanding debt amounts are as of March 28, 2013.

Debt History

The District has met all principal and interest payments on its indebtedness in a timely manner and in the required amounts. In addition, the District has never been required to refinance any general obligation indebtedness to meet regular operating expenses.

Unlimited Tax General Obligation Bonds

Including the Bonds, the District has \$430,735,000* of outstanding tax-supported general obligation bonds. These bonds were issued for the purpose of funding construction, equipment acquisition, and major capital facilities and to refund bonds to achieve debt service savings. The District is authorized to levy an unlimited ad valorem tax to pay these bonds.

Obligations Paid and Secured by the General Fund

These obligations are secured by the full faith and credit of the District. The District is obligated to pay these obligations from any taxes or other revenues available to the District which may legally be applied to pay them. The District is not authorized to levy taxes outside of the limitations of Sections 11 and 11b, Article IX of the Oregon Constitution to pay these obligations.

Certificates of Participation. The District currently has \$860,000 in outstanding Certificates of Participation.

Limited Tax Pension Bonds. The District has \$105,180,000 in outstanding Limited Tax Pension Bonds.

Additional Obligations. The District has the right to issue additional obligations that are secured by its full faith and credit and are payable from the available general funds.

CASH FLOW BORROWINGS

The District may borrow for General Fund operating purposes through the issuance of short-term tax anticipation notes ("TANs"). State law limits the amount of TANs that a political subdivision may sell annually to no more than 80% of the amount of the annual revenues and all TANs must mature within 13 months. The District does not currently have any TANs outstanding.

SHORT-TERM BORROWINGS

The District has no short-term debt outstanding. The District leases building and office facilities and other equipment under non-cancelable operating leases. The expense for operating leases for the years ended June 30, 2012 and 2011 was \$0.77 million and \$0.84 million, respectively.

LONG-TERM LEASE

In August 2008, the District entered into a ninety-nine year ground lease with Tri-County Metropolitan Transportation District of Oregon ("Trimet"). The District's Willow Creek Center was built at the Southwest 185th Willow Creek Westside Light Rail Station. Payment of \$2.4 million was made in August 2008 as settlement of the lease. In 2102, five years before the end of the lease the parties are to begin discussions regarding renewal of the lease. If the District 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 Trimet without compensation to the District.

FUTURE DEBT ISSUES

Other than a potential refunding of the District's outstanding Certificate of Participation, Series 1998, currently outstanding in the amount of \$860,000, the District does not anticipate any financings during the next two years.

* Preliminary; subject to change.

Table 8 - Long-Term Debt Statement as of March 28, 2013*

Type of Debt	Date of Issue	Date of Maturity	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS			
Series 1993 Zero Coupon Bonds	03/24/93	07/01/13	\$ 1,165,000
Series 2002 A, General Obligation Refunding Bonds	05/01/02	12/01/13	3,505,000
Less: refunded bonds			-3,505,000
Series 2005, General Obligation Refunding Bonds	06/14/05	06/15/18	69,670,000
Series 2009, General Obligation Bonds	04/01/09	06/15/29	182,340,000
Series 2013, General Obligation Bonds (this issue) *	03/28/13	06/15/33	<u>177,560,000*</u>
Total Tax Supported G.O. Bonds			<u>\$430,735,000*</u>
II. DEBT PAID AND/OR SECURED BY THE GENERAL FUND			
Series 1998, Certificates of Participation	04/01/98	01/15/18	\$ 860,000
Series 2003, Limited Tax Pension Bonds	06/30/03	06/01/27	<u>105,180,000</u>
Total Limited Tax Obligations			<u>\$106,040,000</u>
III. LONG-TERM LOANS			
Legin Property #1	10/23/09	01/07/14	\$ 75,000
Legin Property #2	10/23/09	01/07/15	<u>150,000</u>
Total Long-Term Loans			<u>\$ 225,000</u>
TOTAL - ALL OUTSTANDING LONG-TERM DEBT*			<u>\$537,000,000</u>

* Preliminary; subject to change.

Source: Portland Community College District.

Table 9 - General Obligation Capital Debt Ratios as of March 28, 2013¹

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
Estimated 2012 Population	1,255,483			
2012-13 Real Market Value	\$147,092,510,881	\$117,160	100.00%	
2012-13 Assessed Value	102,000,829,371	81,244	69.34	100.00%
Gross Overlapping Property-tax Backed Debt ⁽²⁾	3,744,724,676	2,983	2.55	3.67
Net Overlapping Property-tax Backed Debt ⁽³⁾	2,718,728,930	2,165	1.85	2.67
Net Debt ⁽⁴⁾	<u>430,735,000</u>	<u>343</u>	<u>0.29</u>	<u>0.42</u>
Net Overlapping Property-tax Backed and Net Debt	3,149,463,930	2,509	2.14	3.09

Notes:

1. Overlapping debt information is as of February 11, 2013.
2. Gross Property-tax Backed Debt includes all General Obligation (GO) Bonds and Full Faith and Credit Bonds.
3. Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax GO and Self-supporting Full Faith and Credit debt.
4. Includes the Bonds.

Source: Portland Community College District.

Table 10 - Bond Levy Election History

Year	Type of Election	Amount Requested	Votes		No. Registered Voters	% Turnout	% Yes Votes of Those Voting
			Yes	No			
Nov, 1998	New Buildings, Repairs & Improvements	\$135,500,000	141,723	148,766	543,914	59.2%	48.8%
May, 2000	Construction, Repairs & Improvements	\$144,000,000	131,931	98,471	817,991	48.6%	57.3% ¹
Nov, 2000	Construction, Repairs & Improvements	\$144,000,000	253,034	144,282	551,874	80.5%	63.7%
Nov, 2008	Construction, Repairs & Improvements	\$374,000,000	269,006	236,646	1,006,817	86.3%	53.2%

1. The May 2000 bond measure failed because the election did not meet the requirement which existed at that time at least 50 percent of eligible voters must cast their votes. Elections held in May and November no longer have to meet that requirement.

Source: State of Oregon Elections Division, Clackamas, Columbia, Multnomah, Washington & Yamhill Counties' Elections Departments, Tax Supervising and Conservation Commission.

Table 11 - Projected General Obligation Bonds Debt Service

Fiscal Year Ending June 30	Outstanding Debt Service	Less Refunded Bonds	Series 2013 (this issue)*			Total Debt Service*
			Principal*	Interest*	Subtotal*	
2013	\$ 34,302,019	(\$ 96,388)	-	-	-	\$ 34,205,631
2014	34,759,138	(3,601,387)	\$ 7,465,000	\$ 10,172,052	\$ 17,637,052	66,431,855
2015	29,250,500		5,770,000	8,259,750	14,029,750	57,310,000
2016	29,719,750		6,000,000	8,028,950	14,028,950	57,777,650
2017	30,209,500		6,240,000	7,788,950	14,028,950	58,267,400
2018	30,720,250		6,490,000	7,539,350	14,029,350	58,778,950
2019	16,172,250		6,750,000	7,279,750	14,029,750	44,231,750
2020	16,174,500		7,085,000	6,942,250	14,027,250	44,229,000
2021	16,173,000		7,440,000	6,588,000	14,028,000	44,229,000
2022	16,171,750		7,810,000	6,216,000	14,026,000	44,223,750
2023	16,174,500		8,200,000	5,825,500	14,025,500	44,225,500
2024	16,174,750		8,610,000	5,415,500	14,025,500	44,225,750
2025	16,176,250		9,040,000	4,985,000	14,025,000	44,226,250
2026	16,172,500		9,495,000	4,533,000	14,028,000	44,228,500
2027	16,172,250		9,970,000	4,058,250	14,028,250	44,228,750
2028	16,173,750		10,465,000	3,559,750	14,024,750	44,223,250
2029	16,175,250		10,990,000	3,036,500	14,026,500	44,228,250
2030	-		11,540,000	2,487,000	14,027,000	28,054,000
2031	-		12,115,000	1,910,000	14,025,000	28,050,000
2032	-		12,725,000	1,304,250	14,029,250	28,058,500
2033	-		13,360,000	668,000	14,028,000	28,056,000
	\$ 366,871,907	(\$ 3,697,775)	\$ 177,560,000	\$ 106,597,802	\$ 284,157,802	\$ 931,489,736

Note: Columns may not foot due to rounding.

* Preliminary; subject to change.

Source: Portland Community College District.

DEBT LIMITATION

Oregon Revised Statutes Chapter 341 limits the principal amount of general obligation bonded indebtedness which an Oregon community college may have outstanding at any time to one and one-half percent of the real market value of the taxable property within its boundaries.

2012-13 Real Market Value	\$147,092,510,881
Debt Limitation (1.5% RMV)	2,206,387,663
Less Outstanding Debt Subject to Limitation	<u>430,735,000¹</u>
Remaining Legal Debt Capacity	\$1,775,652,663

1. Includes the Bonds; preliminary subject to change.

Table 12 - Overlapping Debt as of February 11, 2013

<u>Overlapping District</u>	<u>2012-13 RMV</u>	<u>Percent Overlapping Debt</u>	<u>Overlapping Gross Property Tax Backed Debt¹</u>	<u>Overlapping Net Property- Tax Backed Debt²</u>
Banks Fire District #13	\$ 581,519,795	100.00%	\$ 885,000	\$ 885,000
Chehalem Park and Recreation District	3,339,447,230	100.00	5,610,000	1,255,000
City of Banks	132,974,988	100.00	1,693,622	1,480,000
City of Beaverton	10,334,543,667	100.00	9,495,000	0
City of Cornelius	738,086,261	100.00	2,420,000	0
City of Durham	195,375,448	100.00	1,185,000	1,185,000
City of Forest Grove	1,572,445,477	100.00	5,200,000	1,865,000
City of Hillsboro	11,370,126,702	100.00	51,165,000	37,225,000
City of Lake Oswego	7,677,304,835	98.84	137,251,311	34,018,950
City of Milwaukie	2,023,326,169	0.89	36,806	0
City of Newberg	1,956,379,200	100.00	5,421,000	2,791,000
City of North Plains	209,755,757	100.00	260,000	260,000
City of Portland	81,911,043,430	85.72	618,393,672	128,069,620
City of Scappoose	538,892,225	100.00	255,816	255,816
City of Sherwood	2,082,741,617	100.00	25,729,444	6,029,444
City of Tigard	6,904,779,394	100.00	30,745,912	30,110,000
City of Tualatin	5,141,875,140	86.50	7,252,916	7,252,916
City of West Linn	3,487,552	1.00	203,471	203,471
City of Wilsonville	2,905,420,141	12.08	5,685,601	0
Clackamas County	46,272,270,083	17.81	21,034,245	19,926,289
Clackamas County ESD	44,081,280,604	19.04	5,256,624	398,509
Clackamas Cty RFPD #1	18,283,729,929	0.20	45,338	5,400
Clackamas Cty SD 3J	7,105,548,919	1.35	2,860,822	2,860,822
Clackamas Cty SD 7J	8,387,014,112	98.45	108,972,059	108,972,059
Columbia County	4,842,863,072	71.15	10,149,860	4,629,685
Columbia Cty SD 13	670,726,741	0.22	17,736	17,736
Columbia Cty SD 1J	1,705,864,901	100.00	32,230,000	32,230,000
Columbia Cty SD 47J	532,815,788	100.00	15,895,000	15,895,000
Columbia Cty SD 502	1,684,043,517	99.84	27,114,730	27,114,730
Columbia River Fire and Rescue	2,330,589,268	77.55	2,419,516	2,419,516
Columbia Soil & Water Conservation	4,836,193,697	71.11	620,114	620,114
Dundee RFPD	202,025,700	86.10	1,110,673	1,110,673
Forest Grove RFPD	523,463,999	100.00	40,000	40,000

(continued on next page)

Table 12 - Overlapping Debt as of February 11, 2013 (Continued)

<u>Overlapping District</u>	<u>2012-13 RMV</u>	<u>Percent Overlapping Debt</u>	<u>Overlapping Gross Property Tax Backed Debt¹</u>	<u>Overlapping Net Property Tax Backed Debt²</u>
Gaston RFPD	\$ 422,447,530	77.30%	\$ 69,566	\$ 69,566
Metro	188,213,817,015	73.92	225,505,068	190,490,728
Mist-Birkenfeld RFPD	250,896,514	84.41	105,517	105,517
Multnomah County	96,115,185,157	75.36	280,176,039	152,706,908
Multnomah County Drainage Dist. No. 1	194,734,784	100.00	3,135,000	110,000
Multnomah Cty SD 1J	71,565,796,882	99.98	459,932,276	459,932,276
Multnomah Cty SD 40	4,155,074,974	0.04	40,404	40,404
Multnomah Cty SD 51J	721,576,844	100.00	27,728,267	27,728,267
Multnomah ESD	97,184,919,419	74.37	25,838,467	0
Northwest Regional ESD	82,595,259,515	81.03	4,731,878	0
Port of Portland	206,003,917,447	70.04	48,541,340	0
Sauvie Island RFPD 30J	179,783,313	100.00	90,000	90,000
Tualatin Hills Park & Rec Dist.	25,378,840,802	100.00	105,810,000	105,770,000
Tualatin Valley Fire & Rescue Dist.	55,724,813,188	84.87	53,015,665	40,285,795
Washington County	63,616,446,137	100.00	106,590,000	8,105,000
Washington Cty SD 13	668,237,145	100.00	18,752,495	18,752,495
Washington Cty SD 15	2,671,843,624	100.00	123,568,115	123,568,115
Washington Cty SD 1J - Hillsboro	14,168,928,250	99.99	315,021,276	315,021,276
Washington Cty SD 23J	12,169,399,883	95.01	126,384,685	126,384,685
Washington Cty SD 48J	30,166,591,572	100.00	479,865,000	479,865,000
Washington Cty SD 511J - Gaston	312,695,951	79.15	2,803,562	2,803,562
Washington Cty SD 88J	3,807,347,708	93.45	113,533,187	113,533,187
Willamette ESD	43,305,779,203	8.18	1,745,839	136,681
Yamhill County	9,189,326,981	36.99	277,450	0
Yamhill County Housing Authority	9,189,326,981	36.99	706,574	0
Yamhill Cty SD 29J - Newberg	3,633,273,993	97.55	84,101,929	84,101,929
Yamhill RFPD	402,876,691	0.46	789	789
			<u>\$ 3,744,724,676</u>	<u>\$ 2,718,728,930</u>

Notes:

1. Gross Property-tax Backed Debt includes all General Obligation (GO) Bonds and Full Faith and Credit Bonds.
2. Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax GO and less Self-supporting Full Faith and Credit debt.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

PROPERTY TAX INFORMATION

GENERAL

Most local governments, school districts, education services districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that voters approve a new Operating Tax Rate Limit.

Local governments with operating tax rates may not increase the Operating Tax Rate Limits; rather they may request only that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local option levies that fund operating expenses are limited to five years, and local option levies that are dedicated to capital expenditures are limited to ten years. The District has no local option levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year, which is July 1 through June 30. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Assessment. Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation. Forestland is subject to special assessment that provides a reduction in property tax that would be paid if based on the real market value. Property used for charitable, religious, fraternal and governmental purposes is exempt and reductions in assessments may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its fair market value, and ordinarily is less than its fair market value. The assessed value of property was initially established as a result of the enactment of a constitutional amendment. That amendment (now Article XI, Section 11 of the Oregon Constitution and often called "Measure 50") assigned each property a value that was in most cases less than its fair market value in fiscal year 1997-1998, and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Tax Rate Limitation – Real Market Value. Article XI, Section 11b of the State Constitution separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts) and one to fund government operations other than the public school system. Public school system taxes are limited to \$5 per \$1,000 of the Real Market Value of property. Other government operations taxes are limited to \$10 per \$1,000 of the Real Market Value of property. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed. Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to the foregoing limitations: (1) bonded indebtedness authorized by a specific provision of the State Constitution; and (2) general obligation bonded indebtedness incurred for capital construction or improvements approved by the electors of the municipality issuing bonds.

Property Tax Collections. The County Assessor is required to deliver the tax roll to the County Tax Collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by the County for all taxing units within the County are required to be placed in an unsegregated pool, and each taxing unit shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing units within the County. As a result, the tax collection record of each taxing unit is a pro-rata share of the total tax collection record of all taxing units within the County combined.

The method of giving notice of taxes due, the County Treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

STRATEGIC INVESTMENTS PROGRAM

The Strategic Investment Program ("SIP") was authorized by the Oregon Legislature in 1993 to provide tax incentives for capital-intensive investments by firms in Oregon's key industries, particularly in the high technology and metals industries. For a SIP Project, the first \$100 million (\$25 million for projects located in a rural area) in real market value as provided by law, increased annually for growth at the rate of 3 percent, shall be taxed at its assessed value as provided by law. Property within a Project in excess of this amount shall be exempt from ad valorem taxation up to an agreed-upon investment ceiling as provided by State law and rules. The maximum tax abatement period is 15 years.

SIP recipients are required to pay an annual Community Service Fee equal to 25 percent of the value of the property taxes exempted in each tax year, subject to a statutory cap of \$2 million per year (\$500,000 per year for projects located in a rural area). The Community Service Fee is not considered a property tax and thus is outside of the constitutional property tax rate limitations.

Washington County has active SIP agreements with Intel (1999 and 2005) and Genentech (2006).

Intel Agreements

The 1999 Intel SIP Agreement is based on a total estimated investment of \$12.5 billion. Over the first 13 years of the agreement to date, this investment has generated \$22.65 million in property tax revenues based on the first \$100 million of investment, and \$24.0 million in Community Service Fees. This Agreement also includes an additional Guaranteed Annual Payment that has totaled \$25.0 million to date, which was a guaranteed amount regardless of the amount of the Intel investment. This Agreement further provides for Intel to pay a Fee In Lieu of Property Taxes that has totaled \$53.21 million to date. Total revenues generated from all sources to date total \$124.86 million. Through an agreement with the Northwest Regional Education Service District (NWRESD), the County allocated \$500,000 per year for 10 years for distribution to K - 12 programs. Payments from the County to NWRESD ended after fiscal year 2009-10.

The 2005 Intel SIP Agreement provides a framework for additional Intel investment of up to \$25 billion over a 15-year period. The Exemption Period under this agreement began in fiscal year 2010-11. Pursuant to this Agreement, Intel shall owe to the County Guaranteed Annual Payments of \$2.87 million each year, beginning in fiscal year 2015-16, after the 1999 Intel SIP expires. In addition, in each year that the Project receives a SIP property tax exemption, Intel shall pay to the County a Fee In Lieu of Property taxes, that in no event shall be less than the amount of property taxes that would have been due on any land and buildings within the Project assuming no tax exemption.

Genentech Agreement

The 2006 SIP agreement with Genentech is for a maximum investment of \$250 million. The 15-year Exemption Period began in fiscal year 2010-11 when the Project first received a property tax exemption. Each year that Genentech receives a SIP property tax exemption, it shall pay a Community Service Fee of 25 percent of the property tax exempted, not to exceed \$500,000 in any tax year, and additional negotiated payments totaling approximately \$7.6 million over the 15-year period.

DATA TABLES

The following tables provide information about the District's assessed valuation, real market value, tax levies, tax rates and main taxpayers.

Table 13 - Assessed Value and Real Market Value (\$000)¹

Assessed Value (\$000)								
FY Ending June 30	Multnomah County	Clackamas County	Columbia County	Washington County	Yamhill County	Total Assessed Value	Percent Change	
2004	\$29,998,448	\$4,374,458	\$2,246,191	\$33,842,430	\$1,750,963	\$72,212,490	3.02%	
2005	30,931,152	4,527,411	2,322,499	35,353,772	1,896,106	75,030,939	3.90	
2006	31,841,423	4,693,081	2,460,864	37,154,862	2,051,634	78,201,864	4.23	
2007	33,040,755	4,919,138	2,605,740	39,062,491	2,150,719	81,778,843	4.57	
2008	34,777,856	5,176,472	2,701,850	41,148,920	2,189,407	85,994,505	5.15	
2009	36,316,966	5,426,810	2,866,524	43,278,753	2,334,514	90,223,567	4.92	
2010	37,634,465	5,665,678	2,968,655	44,775,992	2,449,157	93,493,947	3.62	
2011	38,683,119	5,853,983	3,006,649	46,603,239	2,567,799	96,714,788	3.44	
2012	39,902,897	6,030,014	3,023,661	48,028,416	2,566,934	99,551,921	2.93	
2013	40,925,817	6,218,642	3,075,598	49,134,937	2,645,835	102,000,829	2.46	

Real Market Value (\$000)								
FY Ending June 30	Multnomah County	Clackamas County	Columbia County	Washington County	Yamhill County	Total Real Market Value ¹	Percent Change	
2004	\$48,493,735	\$6,066,828	\$2,783,368	\$50,523,742	\$2,232,279	\$110,099,951	8.49%	
2005	51,412,496	6,507,011	2,906,240	52,646,589	2,510,071	115,982,407	5.34	
2006	57,440,691	7,386,150	3,133,200	52,371,123	2,812,524	123,143,688	6.17	
2007	64,054,983	8,568,751	3,776,641	63,862,044	3,514,160	143,776,579	16.76	
2008	74,182,387	10,226,961	4,259,814	70,931,235	4,021,329	163,621,726	13.80	
2009	79,742,817	10,744,723	4,591,479	73,237,599	4,183,510	172,500,178	5.43	
2010	78,666,445	9,889,178	4,266,742	68,906,341	3,992,930	165,721,635	(3.93)	
2011	76,544,211	8,685,739	3,954,719	65,313,657	3,831,170	158,329,495	(4.46)	
2012	72,314,001	8,241,256	3,444,331	62,768,036	3,399,447	150,167,071	(5.16)	
2013	71,188,423	7,960,730	3,470,518	61,073,392	3,399,447	147,092,511	(2.05)	

Notes:

1. Columns may not foot due to rounding.

Sources: Multnomah County Department of Assessment and Taxation; Multnomah County Tax Supervising and Conservation Commission.

The following tables present the 2012–13 tax rates for the District and other taxing jurisdictions in a representative area within the District. The District's permanent rate is \$0.2828 per \$1,000 of assessed value. The permanent levy rate was calculated in conjunction with the implementation of Measure 50 by dividing the tax levy by the assessed value (see "Valuation of Property – Assessment" herein). After the Oregon Supreme Court ruling in *Shilo v. Multnomah County* the county assessor began to report billing rates. The billing rates shown in the following table are applied to the taxable assessed value of the taxing district; they may be different from the permanent rate of the taxing district due to a variety of factors, including the existence of an urban renewal area and resulting compression under Article XI, Section 11b of the State Constitution (see "Tax Rate Limitation – Real Market Value" below) or the decision of the taxing district to levy less than the permanent rate. The District is levying at its permanent rate. For the 2012-2013 tax year, it is estimated that the District will lose an estimated \$407,037 in compression loss as a result of the tax rate limitation.

Table 14 - Consolidated Tax Rates: Fiscal Year 2012-13 Multnomah County Levy Codes 001 and 201¹

Taxing District	Permanent and Local Option Tax Rate Per \$1000 A.V.	General Obligation Debt Tax Rate Per \$1000 A.V.	Total Tax Rate Per \$1000 A.V.
Levy Code 001			
City of Portland	6.8522	0.2036	7.0558
East/West Soil/Water Conservation District	0.0639	-	0.0639
Portland Urban Renewal	2.4827	-	2.4827
Port of Portland	0.0638	-	0.0638
Metro	0.0877	0.2796	0.3673
Multnomah County	4.7742	0.1274	4.9016
Subtotal – General Government	14.3245	0.6106	14.9351
Portland Community College	0.2532	0.3441	0.5973
Portland School District	6.5159	-	6.5159
Multnomah Co. Education Service District	0.4135	-	0.4135
Subtotal – Education	7.1826	0.3441	7.5267
Totals	21.5071	0.9547	22.4618
Levy Code 201			
City of Portland	6.8522	0.2036	7.0558
East/West Soil/Water Conservation District	0.0935	-	0.0935
Portland Urban Renewal	2.4781	-	2.4781
Port of Portland	0.0638	-	0.0638
Metro	0.0877	0.2796	0.3673
Multnomah County	4.7742	0.1274	4.9016
Subtotal – General Government	14.3495	0.6106	14.9601
Portland Community College	0.2532	0.3441	0.5973
Portland School District	6.5159	-	6.5159
Multnomah Co. Education Service District	0.4135	-	0.4135
Subtotal – Education	7.1826	0.3441	7.5267
Totals	21.5321	0.9547	22.4868

Notes:

1. Levy Code 001 has an Assessed Value of \$18,118,942,312 which is approximately 17.8% of the total assessed value of the District. Levy Code 201 has an Assessed Value of \$33,723,333,341 which is approximately 33.1% of the total assessed value of the District.

Source: Multnomah County Tax Supervising and Conservation Commission.

Table 15 - Consolidated Tax Rates: Fiscal Year 2012-13 Washington County Levy Code 051.58¹

<u>Taxing District</u>	<u>Permanent and Local Option Tax Rate Per \$1000 A.V.</u>	<u>Urban Renewal</u>	<u>General Obligation Debt Tax Rate Per \$1000 A.V.</u>	<u>Total Tax Rate Per \$1000 A.V.</u>
City of Beaverton	\$4.0122	\$0.0113	\$0.2228	\$4.2350
Tualatin Hills Park & Recreation	1.3064	-	0.4225	\$1.7289
Tualatin Valley Fire & Rescue	1.7742	-	0.1393	\$1.9135
Port of Portland	0.0701	-	0.0000	\$0.0701
Metro	0.0966	-	0.3076	\$0.4042
Washington County	2.8368	-	0.1317	\$2.9685
Tri-County Metropolitan Trans. Dist.	0.0000	-	0.0803	\$0.0803
Subtotal – General Government	\$10.0963	\$0.0113	\$1.3042	\$11.4118
Portland Community College	\$0.2826	-	\$0.3822	\$0.6648
Beaverton School District #48	4.6896	-	2.0809	\$6.7705
NW Regional Education Service District	0.1537	-	0.0000	\$0.1537
Subtotal – Education	\$5.1259	-	\$2.631	\$7.5890
Totals	\$15.2222	\$0.0113	\$3.7673	\$19.0008

Notes:

1. Levy Code 051-58 with an Assessed Value of \$4,700,871,193 which is approximately 4.61% of the total assessed value of the District.

Source: Washington County Department of Taxation and Assessment.

Table 16 - District Tax Collection Record for the Last Ten Years

<u>FY Ending June 30</u>	<u>Taxable Assessed Valuation</u>	<u>Percent Change</u>	<u>Total Levy¹</u>	<u>Percent Change</u>	<u>Tax Rate Per \$1,000</u>	<u>Collected² Yr. Of Levy</u>	<u>Collected³ As of 6/30/2012</u>
2004	\$ 72,212,489,846	3.02%	\$34,940,311	0.81%	0.28%	94.0%	97.0%
2005	75,030,938,882	3.90	37,218,006	6.52	0.28	94.3	97.2
2006	78,201,863,408	4.23	38,714,807	4.02	0.28	94.4	98.9
2007	81,778,844,272	4.57	39,984,984	3.28	0.28	94.7	97.2
2008	85,994,504,506	5.15	43,438,428	8.64	0.28	94.7	97.0
2009	90,223,566,724	4.92	45,395,847	4.51	0.28	94.4	96.6
2010	93,493,946,979	3.62	59,297,047	30.62	0.28	93.9	96.1
2011	96,714,787,918	3.44	61,584,649	3.86	0.28	94.3	97.0
2012	99,551,920,948	2.93	59,616,246	(3.20)	0.28	94.4	96.2
2013	102,000,829,371	2.46	67,927,241	13.94	0.28	NA	NA

Notes:

1. Includes levy for operations and for debt.
2. Tax collection information is for Multnomah County, which represents approximately 40.4% of the District's tax base.
3. Taxes are due November 15, February 15 and May 15 of the tax year. The 2008-09 collections represent payments only for the November 15 payment periods. Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy; discounts associated with the 2008-09 tax levy represent about 2.4% of that year's levy.

Sources: Portland Community College District, Tax Supervising and Conservation Commission, Multnomah County Department of Assessment and Taxation.

MAJOR TAXPAYERS

The following table lists the largest taxpayer accounts within the District.

Table 17 - Largest Taxpayer Accounts¹

<u>Taxpayer Account</u>	<u>County(s)</u>	<u>Business</u>	<u>2012-13 Assessed Valuation (AV)</u>	<u>Percent of District AV</u>
Intel Corporation	W	Electronics manufacturer	\$1,317,485,109	1.29%
Nike, Inc.	W	Sports apparel manufacturer	458,134,800	0.45
Portland General Electric	W	Electric utility	430,132,692	0.42
NW Natural	W	Natural gas utility	303,517,250	0.30
Pacific Realty Associates	W	Commercial property developer	301,554,205	0.30
PacifiCorp (PP&L)	M	Electric utility	294,662,000	0.29
Portland General Electric	M	Electric utility	268,719,907	0.26
Shorenstein Properties LLC	C	Commercial property	259,553,858	0.25
Frontier Communications	W	Telephone/communications	250,268,000	0.25
Comcast Corporation	W	Telephone & cable utility	247,208,700	0.24
Weston Investment Co. LLC	M	Commercial property	224,600,710	0.22
Evrax Inc. NA	M	Steel recycling, smelting	217,362,464	0.21
Port of Portland	M	Port property	212,676,470	0.21
Comcast Corporation	M	Telecommunications, cable	208,045,900	0.20
LC Portland LLC	M	Commercial property	178,597,560	0.18
Fred Meyer Stores Inc.	M	Department, retail, grocery, etc.	149,532,916	0.15
Maxim Integrated Products	W	Silicon wafer manufacturer	142,776,738	0.14
CenturyLink	M	Telephone/communications	137,621,300	0.13
555 SW Oak LLC	M	Commercial property	134,475,160	0.13
PPR Washington Square LLC	W	Commercial property	131,116,871	0.13
Fred Meyer Stores Inc.	M	Department, retail, grocery, etc.	129,284,736	0.13
AT&T, Inc.	M	Telephone/communications	124,464,500	0.12
BV Centercal LLC	W	Commercial property	123,158,741	0.12
PS Business Parks LP	W	Commercial property	112,151,006	0.11
Oswego Lender	C	Commercial property	39,934,366	0.04
Property Reserve Inc.	C	Commercial property	33,929,655	0.03
Comcast Corporation	C	Telecommunications, cable	33,666,800	0.03
GRAMOR Development Inc.	C	Commercial property	27,119,378	0.03
Phoenix Commercial Inv. LLC	C	Commercial property	26,843,739	0.03
Portland General Electric	C	Electric utility	24,304,000	0.02
One Jefferson	C	Commercial property	20,621,543	0.02
Nationwide Health Properties	C	Healthcare & Senior Properties	20,426,890	0.02
Kruse Way Centerpointe LLC	C	Commercial property	<u>19,419,099</u>	<u>0.02</u>
Totals			<u>\$6,603,367,063,</u>	<u>6.47%</u>

Notes:

1. Values based on individual accounts of listed taxpayers, the top ten accounts for Clackamas, Multnomah and Washington Counties; taxpayers may have more than one account. Does not include Columbia or Yamhill counties.

Sources: Clackamas County Department of Assessment and Taxation, Multnomah County Department of Assessment and Taxation, Washington County Department of Assessment and Taxation.

DISTRICT ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

The District serves all or part of Multnomah, Washington, Yamhill, Clackamas, and Columbia Counties. The District covers over 1,500 square miles and operates four major campuses: the Sylvania Campus in Southwest Portland, the Cascade Campus in North Portland, the Rock Creek Campus in Washington County, and the Extended Learning Campus, which offers credit and non-credit courses at the three centers and throughout the District.

Data sources that are most applicable to the District and represent the highest population of the District's residents and students include the City of Portland, Multnomah, Washington and Clackamas counties and the Portland-Vancouver-Beaverton Metropolitan Statistical Area. The Portland-Vancouver-Beaverton Metropolitan Statistical Area (the "MSA") consists of Multnomah, Clackamas, Washington, Yamhill, and Columbia counties in Oregon, and Clark and Skamania counties in Washington. Metropolitan statistical areas are based on commuting patterns within a metropolitan area, and are used primarily for labor, employment and unemployment statistics. The following information provides a brief summary of the economic and demographic characteristics of the District.

POPULATION

The following table presents population estimates.

Table 18 - Population Estimates for the Last Ten Years

Year	City of Portland	Percent Change	Multnomah County	Percent Change	Washington County	Percent Change	Portland Metro Area ¹	Percent Change
2003	545,140	1.3%	677,850	1.1%	472,600	2.1%	1,592,050	1.3%
2004	550,560	1.0	685,950	1.2	480,200	1.6	1,611,600	1.2
2005	555,650	0.9	692,825	1.0	489,785	2.0	1,634,220	1.4
2006	562,690	1.3	701,545	1.3	500,585	2.2	1,660,845	1.6
2007	568,380	1.0	710,025	1.2	511,075	2.1	1,686,455	1.5
2008	575,930	1.3	717,880	1.1	519,925	1.7	1,708,790	1.3
2009	582,130	1.1	731,001	1.8	525,641	1.1	1,729,936	7.2
2010	581,484	(0.1)	736,785	0.8	531,070	1.0	1,744,040	0.8
2011	583,546	0.4	741,925	0.7	536,370	1.0	1,756,625	0.7
2012	587,865	0.7	748,445	0.9	542,845	1.2	1,773,520	1.0
Compounded Annual Rate of Growth								
2003-2012	0.84%		1.11%		1.55%		1.21%	

1. Includes Multnomah, Clackamas, Washington, and Yamhill counties.

Source: Portland State University Center for Population Research.

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INCOME

The following table shows personal income and per capita income for the MSA, compared to similar data for the State of Oregon and the United States.

Table 19 - Total Personal Income and Per Capita Income¹

Year	Personal Income (\$000)			Per Capita Income		
	Portland MSA	State of Oregon	U.S. Total ²	Portland MSA ²	State of Oregon	U.S. Total ²
2002	\$66,298	\$104,690	\$ 9,054,702	\$33,101	29,727	\$28,413
2003	68,222	108,487	9,369,072	33,705	30,582	29,271
2004	70,927	112,974	9,928,790	34,780	31,650	30,718
2005	74,750	117,634	10,476,669	36,158	32,557	32,011
2006	80,794	127,403	11,256,516	38,416	34,706	33,855
2007	85,305	133,821	11,900,562	39,903	35,950	35,575
2008	89,977	140,976	12,451,660	41,410	37,407	37,210
2009	85,103	133,907	11,852,715	38,565	35,159	35,380
2010	87,940	137,821	12,308,496	39,384	35,906	36,460
2011	93,449	145,300	12,949,905	41,302	37,527	38,205

Compounded

Annual

Rate of Growth

2002 – 2011	3.89%	3.71%	4.06%	2.49%	2.62%	3.34%
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1. Preliminary data, subject to change.

2. U.S. personal income data includes metro and non-metro areas. U.S. per capita income includes averaged metro and non-metro data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

LABOR FORCE AND UNEMPLOYMENT

The following table shows the average annual civilian labor force, employment level and unemployment level for the MSA, and the unemployment rates for the MSA, State of Oregon and the U.S.

Table 20 - MSA - Labor Force and Unemployment Rates (000)¹

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Civilian Labor Force	1,090.1	1,089.2	1,097.6	1,121.4	1,142.4	1,170.3	1,183.4	1,188.5	1,197.8	1,196.4
Employment	1,000.0	1,012.6	1,033.3	1,065.0	1,086.8	1,100.4	1,056.7	1,063.9	1,088.5	1,099.4
Unemployment	90.1	76.6	64.3	56.4	55.5	69.9	126.7	124.6	109.3	97.0
Unemployment Rates										
MSA	8.3%	7.0%	5.9%	5.0%	4.8%	6.0%	10.8%	10.6%	9.1%	8.1%
State of Oregon	8.1	7.3	6.2	5.3	5.2	6.5	11.1	10.7	9.5	8.6
United States	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1

1. Civilian labor force employment includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers, and labor disputants.

Source: Oregon Employment Department. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

EMPLOYMENT BY INDUSTRY

The table below shows the Non-Agricultural wage and salary employment for the MSA.

Table 21 - MSA Non-Agricultural Wage and Salary Employment

	2008	2009	2010	2011	2012	Percent of Nonfarm 2012
Total Nonfarm employment	890,336	835,367	832,891	851,460	870,134	100.00%
Total Private	774,295	718,743	715,752	735,659	765,946	88.0%
Natural resources and mining	13,636	12,441	12,060	11,728	15,577	1.8
Construction	48,694	39,125	36,001	37,737	41,542	4.8
Manufacturing	109,243	96,475	94,918	99,021	102,806	11.8
Trade, transportation & utilities	176,708	164,013	162,050	164,753	168,068	19.3
Wholesale trade	52,007	49,085	47,455	48,371	50,082	5.8
Retail trade	92,133	85,671	85,920	87,296	88,976	10.2
Transportation, warehousing, & utilities	32,568	29,257	28,675	29,086	29,010	3.3
Information	22,152	20,155	19,674	19,736	20,013	2.3
Financial activities	53,535	51,295	49,559	49,293	50,207	5.8
Professional and business services	120,911	110,059	112,453	117,937	125,123	14.4
Education and health services	109,721	111,312	114,998	118,351	119,143	13.7
Leisure and hospitality	85,563	81,237	81,465	84,012	89,598	10.3
Other Services	33,800	32,426	32,297	32,821	33,362	3.8
Government	116,041	116,624	117,139	115,801	104,188	12.0

Note: Columns may not foot due to rounding. Data is through 3rd quarter 2012..

Source: Oregon Employment Department. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

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Table 22 - Major Employers in the Portland Metropolitan Area

The table below shows the estimated 2012 major employers in the Portland Metropolitan Area.

Employer	Product or Service	2012 Estimated Employment¹
State of Oregon	Government	18,400
Intel Corporation	Semiconductor integrated circuits	15,636
Providence Health System	Health care & health insurance	14,089
U.S. Government	Government	13,900
Oregon Health and Science University	Health care & education	12,000
Fred Meyer Stores	Grocery & retail variety chain	9,858
Legacy Health System	Nonprofit health care	9,732
Kaiser Foundation Health Plan of the Northwest	Healthcare	9,039
City of Portland	Government	8,876
NIKE Inc.	Sports shoes and apparel	7,000
Portland School District	Education	6,855
Evergreen School District	Education	6,448
Multnomah County	Government	5,797
Wells Fargo	Banking and finance	4,748
Portland Community College	Higher education	4,390
Beaverton School District	Education	4,247
Portland State University	Higher education	4,066
U.S. Bank	Banking and finance	3,899

1. Total may include part-time, seasonal and temporary employees.

Source: Portland Business Journal Book of Lists 2012.

METROPOLITAN AREA ECONOMIC DEVELOPMENT

The Portland Metropolitan Area is a major transportation hub of the Pacific Coast with water, land and air connections. Local cities and counties also within the metro area serve expanding regional, national and international markets. The Portland Metropolitan Area is home to Nike, Inc. a Fortune 500 Corporation, located in Washington County. Also located in Washington County is the metropolitan area's largest manufacturing employer, Intel, with more than 15,636 employees.

Major construction projects are centered in downtown areas of the City of Portland and near the Portland International Airport, along the Highway 217 and Sunset corridors in Washington County, and along the I-205 corridor in Clackamas and Multnomah counties.

There are approximately 300 business parks located in and around the Portland Metropolitan area.

TRADE

The metropolitan area is served by a network of interstate freeways, Union Pacific and Burlington Northern Santa Fe rail lines, and the Columbia/Snake river barge system.

The Port of Portland's aviation and marine activities created 32,460 jobs in the Portland area and produced a total value of approximately \$1.7 billion in waterborne commerce in 2012. The Portland harbor exports the largest volume of wheat in the United States. The Columbia River is the third largest grain exporting center in the world.

**Table 23 - Portland-Vancouver International Trade
Through the Columbia-Snake Customs District**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Tonnage	14,109,432	10,281,130	13,121,666	13,379,403	12,351,569
Containers (total import and export)	245,459	174,203	181,100	198,179	183,203
Automobile Units	407,803	240,683	264,871	234,048	284,138
Grain Tonnage	4,410,476	4,282,011	4,749,475	4,739,669	4,020,663
Mineral Bulk Tonnage	5,460,421	3,130,848	5,259,992	5,232,883	4,800,315

1. 2012 data is preliminary and is year-to-date through November 2008..

Source: Port of Portland, Oregon.

BUILDING ACTIVITY

Table 24 - Building Permits¹

Fiscal Year Ending June 30	Residential Construction	
	Total Units	Value (\$000)
2002	14,342	\$2,138,142
2003	15,984	2,325,180
2004	15,859	2,490,144
2005	17,251	3,008,429
2006	15,376	2,767,808
2007	13,115	2,333,009
2008	7,408	1,448,204
2009	4,020	795,799
2010	4,476	951,296
2011	5,213	1,016,236

1. Includes Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

Source: U.S. Census Bureau.

INFORMATION SOURCES

Historical data has been collected from generally accepted standard sources, usually from public bodies. In Oregon, data is frequently available for counties and also, to a lesser degree, for cities. This Official Statement presents data for Multnomah County, Washington County and for the Portland Metropolitan Statistical Area.

THE INITIATIVE AND REFERENDUM PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative and referendum power pursuant to which measures designed to amend the Oregon Constitution or enact legislation can be placed on the statewide general election ballot for consideration by the voters.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voter's pamphlet and on the ballot.

Referendum

"Referendum" generally refers measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiatives

"Initiative" generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State's office. The Oregon Attorney general is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petitioners, the proponents of the initiative may start gathering initiative petition signatures from qualified voters. The number of signatures required is determined by a fixed percentage of the votes cast for all candidates for governor at the preceding gubernatorial election. The signature requirements are eight percent for a constitutional measure (116,284 signatures for November 2014) and six percent for a statutory initiative (87,213 signatures for November 2014).

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits person circulating initiative petitions to pay money to obtaining signatures for the petition. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

Historical Initiative Petitions. The number of initiatives that have been approved in general elections since 1998 are as follows:

Historical Initiative Petitions

<u>Number of Year of General Election</u>	<u>Number of Initiatives that Qualified</u>	<u>Initiatives that were Approved¹</u>
2002	7	3
2004	6	2
2006	10	3
2008	8	0
2010	4	2
2012	7	2 ⁽¹⁾

(1) The two measures that were approved by voters are: Measure 79 which prohibits real estate transfer taxes, fees and other assessments, except those operative on December 31, 2009. Measure 85 allocates corporate income/excise tax "kicker" refund to additionally fund K-12 public education.

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated

in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds by the District are subject to the approving opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel to the District. The opinion of Bond Counsel will be delivered to the Purchaser of the Bonds. The proposed text of that opinion is set forth in **APPENDIX B** to this Official Statement. Bond Counsel has reviewed the Official Statement only to confirm that the portions of it describing the Bonds, the Bond Resolution and the authority to issue the Bonds, conform to the Bonds and the applicable laws under which they are issued.

LITIGATION

There is no litigation pending or threatened against the District that would affect the validity of the Bonds.

RATINGS

Moody's Investors Service and Standard & Poor's, a Division of the McGraw-Hill Companies, Inc. are expected to assign their municipal bond ratings of "Aa1" and "AA" respectively, to the Bonds. Any desired explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such ratings will be maintained for any given period of time or that they may not be raised, lowered, suspended or withdrawn entirely by the rating agencies, or any of them if in their or its judgment, circumstances warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the District, as the "obligated person" within the meaning of the Rule, will execute and deliver a Continuing Disclosure Certificate, substantially in the form attached hereto as APPENDIX E for the benefit of the Bond holders. The District previously has executed and delivered Continuing Disclosure Certificates with respect to debt issues for which the District is the "obligated person" as defined in the Rule. To the best of the District's knowledge, during the last five years, the District has complied with all previous Continuing Disclosure Certificates associated with the District's general obligation bonds (CUSIP 736688).

To the best of the District's knowledge, during the last five years, the District has complied with the previous Continuing Disclosure Certificate associated with the District's Certificate of Participation (CUSIP 736689), except for the District's failure to associate the annual financial statement for the fiscal years ending 2007 through 2010 with that CUSIP number. The District has since made the appropriate filing.

UNDERWRITING

The Bonds are being purchased by _____ acting as underwriter who successfully bid for the Bonds in a competitive sale on _____, 2013. The bid provides that the underwriter will purchase all of the Bonds, if any Bonds are purchased, at a price of ____ percent of the par value of the Bonds. The Bonds will be re-offered at an average price of ____ percent of the par value of the Bonds. After the initial public offering, the public offering prices may vary from time to time.

FINANCIAL ADVISOR

The District has retained Western Financial Group, LLC, Portland, Oregon, as Financial Advisor with respect to the issuance of the Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds.

OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of its Authorized Representative addressed to the Bond Purchaser to the effect that he has examined this Official Statement and the financial and other data concerning the District contained herein and that, to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of the delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the District except as set forth in the Official Statement or an amendment thereto.

The execution and delivery of this Official Statement has been duly approved by the District.

PORTLAND COMMUNITY COLLEGE DISTRICT

By: /s/ _____
Authorized Representative

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APPENDIX A
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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East Elevation, Rock Creek



Plaza, Southeast Center

Portland Community College **Comprehensive Annual Financial Report**



**Portland
Community
College**

For the year ended June 30, 2012
Portland, Oregon



PORTLAND COMMUNITY COLLEGE

PORTLAND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2012

Preston Pulliams, Ed.D.
District President

Randy J. McEwen, MS
District Vice President

Wing-Kit Chung, CPA, MBA
Vice President

Jim Langstraat, CPA
Associate Vice President of Finance

Report Prepared by:

James H. Crofts, CPA
Accounting Services Manager

Revathi Aditham
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Cathy Huey

Teri Hunt
Yen Lee
Diana Liu
Ken Nelson
Kathy Kiaunis
Dana Petersen, MBA
Kathy Stone
Cam Lien Tran
Sandy Wanner

PORTLAND COMMUNITY COLLEGE

12000 Southwest 49th Avenue
Portland, OR 97219

For the year ended June 30, 2012

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

ADMINISTRATION

Preston Pulliams, Ed.D. District President
Randy J. McEwen, MS, District Vice President
Wing-Kit Chung, CPA, MBA, Vice President
Jim Langstraat, CPA, Associate Vice President of Finance
James H. Crofts, CPA, Accounting Services Manager

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

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**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

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**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

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INTRODUCTORY SECTION



November 16, 2012

Board of Directors
Portland Community College
Portland, Oregon

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Portland Community College (the College) for the fiscal year ended June 30, 2012, together with the audit opinion thereon of our auditors as required by Oregon State Laws. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the College. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain maximum understanding of the College's financial affairs have been included.

This report consists of management's representations concerning the finances of the College. To provide a reasonable basis for making these representations, management of the College has established a comprehensive internal control framework that is designed both to protect the College's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the College's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefit, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The College's CAFR has been prepared in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and other recognized standard setting bodies. A summary of significant accounting policies is found in the notes accompanying the basic financial statements.

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P.O. Box 19000
Portland, Oregon
97280-0990

District President
Dr. Preston Pulliams

An Affirmative Action,
Equal Employment
Opportunity Institution

The budget is both a legal and operational plan for the financial operations to be conducted during the coming fiscal year and is adopted, prior to July 1 of each biennial period, by the Board of Directors after consideration by the Multnomah County Tax Supervising and Conservation Commission as well as the College Budget Planning and Advisory Committee. After adoption, the budget may be revised periodically through procedures specified by state statute and board policy. Budgetary controls are maintained through monitoring expenditures on various legally adopted appropriation levels. Depending upon the budget structure, the appropriation levels may be classified by cost centers, such as campus and division; by programs; by fund source, such as federal or state grants; or by object classification, such as personal services, materials and supplies, capital outlay, operating transfers and contingency. Budget-to-actual comparisons are provided in this report as part of the Other Supplementary Information in the Financial Section.

The College

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Campus Information. The College operates three comprehensive campuses and the Extended Learning Campus. Each provides lower-division college transfer courses, two-year associate degree programs and career/technical training programs.

The Cascade Campus is located in the urban heart of the city of Portland and serves over 23,200 students representing over 7,300 FTE each year in a diverse, lively and close-knit neighborhood. The campus offers a full array of educational offerings, including the first two years of courses leading to a bachelor's degree and a variety of opportunities for degrees and certificates in career technical programs.

The Rock Creek Campus sits about 15 miles west of downtown Portland in the rapidly growing Beaverton-Hillsboro area of Washington County. The 256-acre campus provides a beautiful setting for college transfer and career and technical programs and annually serves over 26,000 students or 8,600 FTE. The campus provides a model for successful partnerships with area high schools. The campus also provides classes at other locations. A smaller center located in Hillsboro provides community education programs and selected credit courses. The center is designed to meet the needs for computer education, customized training courses and English as a Second Language program.

The Sylvania Campus is located in suburban southwest Portland surrounded by Lake Oswego, Tigard and Portland. It is the largest campus, serving over 33,000 students or over 12,300 FTE this fiscal year. Sylvania is home for the College's nursing and dental programs, which have national reputations for excellence. Sylvania also provides college transfer and career technical programs as well as developmental education courses.

The Extended Learning Campus not only provides credit offerings, but adult basic education, job training and retraining, small business development, life enrichment courses, adult and continuing education, literacy, and contracted short-term training for business and industry. Annually, over 44,000 people representing more than 4,500 FTE participate in the Extended Learning Campus programs in training centers and community settings throughout the five-county district. The Extended Learning Campus operates four major facilities throughout the district, including both the CLIMB Center for Advancement in downtown Portland and a facility adjacent to the Willow Creek Westside Light Rail station, providing enhanced service and easy access for the Washington County community.

Local Economy

The Portland metropolitan area's seasonally adjusted unemployment rate as of June 2012 was 8.1%, down from 9.4% one year ago. Over the past year, the area has gained 11,000 jobs, a .9% increase. Metro area employment is still down by 58,800 jobs since peaking in April 2008. Recent employment has been close to flat following strong gains during the earlier period of October 2011 through January 2012.

Higher gasoline and commodity prices, Japan's earthquake, and the European debt situation took their toll on the economy. Despite these strong headwinds, the Oregon Office of Economic Analysis (OEA) does not forecast a recession for Oregon. The OEA expects employment to increase by 1% in the second quarter of 2012 and by 2.3% in the third quarter of 2012. Growth is projected to be at 2.4% in 2013 and 2.3% in 2014. OEA points to two main drags on growth: the financial crisis within the European Union and a production slowdown among some of Oregon's largest trading partners in Asia.

The State budget allocation for all 17 community colleges in the state was approved by the legislature in June 2011 of \$395 million for the biennium ended June 2013, a 5.55% decrease from the 2009-2011 final biennium level. The College's share of the state support is approximately \$56.4 million for fiscal year 2012 and \$52.36 million for fiscal year 2013. The allocation to individual colleges is based on a formula newly approved in 2011 by the State Board of Education. The new formula is based on the concept that state funding will not be provided for enrollments above a certain level, effectively implementing a cap on the number of students funded by the state at each college.

Additionally, the state provides resources restricted to certain programs which total approximately \$15.1 million for the biennium. Some of the large state-funded contracts and grants include the Public School Dropout Recovery Program and Coffee Creek Corrections.

Another major piece of revenue comes from student tuition and fees. Tuition and fee revenue accounts for approximately 48% of the total General Fund operating resources. The total revenue from tuition and fees is estimated at \$95.7 million for fiscal year 2012 and \$98.2 million for fiscal year 2013.

The College receives federal funds in support of student aid. The recent Federally adopted Student Aid and Fiscal Responsibility Act (SAFRA) eliminated the Federal Family Education Loan program and moved all federal student loans into the Direct Loan program, requiring colleges to fund and manage loans. These funds are budgeted in the Student Financial Aid Fund and are estimated at \$381 million for the biennium.

The College also receives property tax revenue to support ongoing operating costs estimated at \$25.7 million in fiscal year 2012, accounting for approximately 16.5% of the General Fund operating resources. PCC also levies property taxes to pay for the maturing principal and interest on voter approved General Obligation bonds estimated at \$33.5 million for 2012.

The College has proactively managed its budget based on reasonable projections of future funding. This enables the College to continue to meet its student-centered mission. The College has initiated a long term planning process to ensure the financial viability of the College. An internal Budget and Planning Advisory Committee (BPAC) serves as part of the College's budget development process with committee membership including students, faculty, academic professionals, classified staff, managers and the President's Cabinet.

Long-Term Financial Planning

The population in Oregon counties in the Portland metro area is expected to increase from 1.75 million in 2010 to 1.9 million in 2015, a 7% increase. Current projections indicate that by 2020 the area will increase in population to 2.0 million. Modest population increases are anticipated in most age groups. However, a noticeable shift is expected in the age distribution of the population given a significant increase in the 50+ age brackets. Increases in the older age brackets are projected to impact the College's workforce development, healthcare, and community and continuing education programs. Some enrollment increase is also expected due to students choosing PCC as an alternative to higher-cost four-year universities and as new facilities are built out through the bond program, reaching new markets and student populations.

The September 2012 Oregon Economic and Revenue Forecast is projecting revenue growth rates in the state General Fund of over 11% for both the 2013-15 biennium and the 2015-17 biennium. Future challenges for PCC will include the potential of declining enrollment as the economy improves, a rate

increase of 5.5% for the required PERS contribution, and the potential for future state funding to be linked to outcomes through the developing achievement compact initiatives implemented by the governor and legislature.

In November of 2008 voters of the district approved a \$374 million ballot measure for the college to issue general obligation bonds for the acquisition, construction, renovation, and improvement of various college facilities and campuses. In March 2009 the college sold \$200 million of the approved amount to finance the following projects:

- Willow Creek Project completed for \$40.6 million of which \$7.5 million was funded by the state.
- Acquisition and renovation of the Willamette Block Building in downtown Portland to house various administrative functions (Financial Services, Human Resources, Institutional Effectiveness, and Enrollment Services) completed for \$15.5 million.
- Acquisition/construction of the Newberg/Sherwood Center completed for \$11.3 million, officially opened in September 2011.
- Other major projects include renovations to the library, health technology building, science technology building and college center on the Sylvania campus; installation of a solar array, major building renovations and classroom additions on the Rock Creek campus; a new academic building and a new student center on the Cascade campus, and a new student commons and a new library on the Southeast Center campus. Many projects are underway and are anticipated to be completed during the next two years.

The overall implementation of the bond program continues, with issuance of the remaining \$174 million in general obligation bonds anticipated in FY2012-13.

Accreditation

The Northwest Commission on Colleges and Universities (NWCCU) granted accreditation to Portland Community College in 1970. In July 2012, the NWCCU reaffirmed the accreditation of the College, based on the comprehensive, full scale evaluation and visit that took place in April and May 2012. The Oregon Department of Education has approved all of the career-technical programs and college transfer courses. Professional associations have also accredited those career-technical programs that require approval.

Independent Audits

The provisions of Oregon Revised Statutes, Section 297.405 to 297.555 require an independent audit of the fiscal affairs of the College. The firm of Kenneth Kuhns & Co. has completed their examination of the College's basic financial statements and, accordingly, has included their Independent Auditor's Report in the Financial Section of this CAFR.

The Single Audit Act and OMB Circular A-133 require state and local governments that receive and expend directly or indirectly certain amounts in federal assistance to have an audit conducted for that year. In addition, the College issues a separate report on the requirements of the Single Audit Act. Included in this report are a Schedule of Expenditures of Federal Awards, required reports on internal controls and compliance with laws and regulations, and a schedule of findings and questioned costs.

Awards

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Portland Community College for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. The College has achieved this prestigious award since 1992. In order to be awarded a Certificate of Achievement, the College must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current


Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the College also received the GFOA's Distinguished Budget Presentation Award for its budget document for the biennial period beginning July 1, 2011. The College has earned this award since 2001. In order to qualify for the Distinguished Budget Presentation Award, Portland Community College's budget document was judged to be proficient in several categories that include its use as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

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

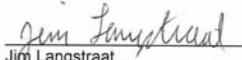
Respectfully submitted,



Preston Pulliams
District President



Wing-Kit Chung
Vice President of Administrative Services



Jim Langstraat
Associate Vice President of Finance



James Crofts
Accounting Services Manager

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

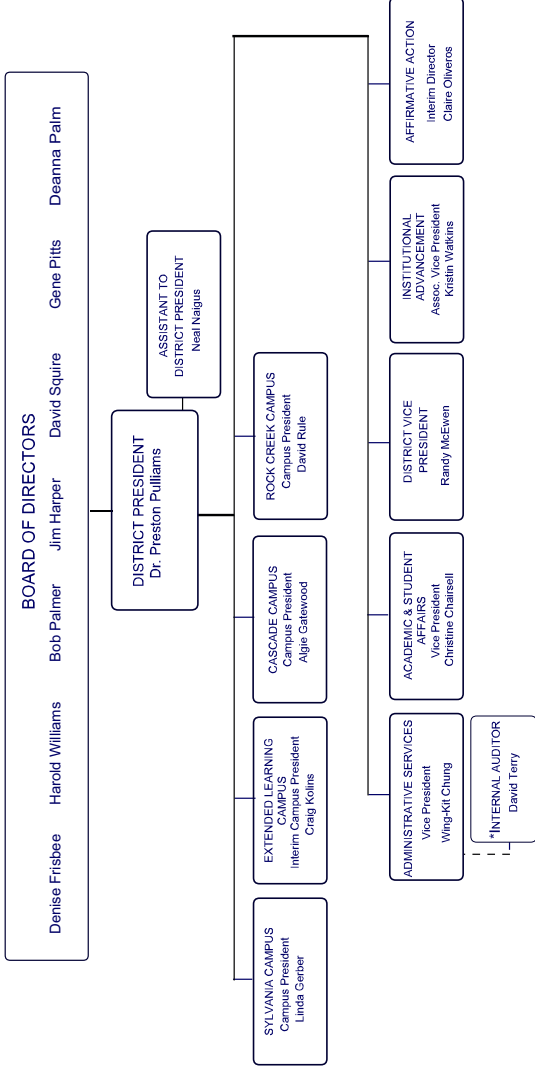




Linda C. Danison
President


Jeffrey R. Emmer
Executive Director

PORTLAND COMMUNITY COLLEGE
Administrative Organization
2011-12



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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 13, 2012

Board of Directors
Portland Community College
Portland, Oregon

We have audited the basic financial statements of Portland Community College as of and for the years ended June 30, 2012, and 2011. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements present fairly, in all material respects, the financial position of Portland Community College as of June 30, 2012, and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the College restated certain amounts in the College's Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2011 as a result of a change in accounting for the Direct Loan Program.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012 on our consideration of Portland Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other supplementary information and schedule of expenditures of federal awards required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information and schedule of expenditures of federal awards have 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

Board of Directors
Portland Community College

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, 2012, 2011 and 2010. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities and known facts, and any resulting changes.

FINANCIAL HIGHLIGHTS

The major events of fiscal year ended June 30, 2012 that impacted the College are as follows:

- Full-time equivalent students (FTE) increased 4.0% from 32,694 in 2011 to 34,246 in 2012. The total headcount of students increased slightly from 92,537 in 2011 to 94,634 in 2012. More information about enrollment is available in the Statistical Section of this CAFR.
- FTE reimbursement from the State of Oregon increased from \$41.0 million to \$71.6 million. The increase was caused by the Oregon Legislature's deferral of its eighth quarter reimbursement from April 2011 to August 2011. The deferrals were enacted in 2003 and are scheduled to occur on alternate years so that the State can balance its biennial budget.
- Capital assets, net of depreciation, increased from \$323.9 million in 2011 to \$339.8 million in 2012 due primarily to capital additions made possible by a \$374 million bond measure approved by voters in 2008.
- The College has increased its net assets from \$280.3 million in 2011 to \$294.3 million in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. These entity-wide statements consist of comparative (1) Statements of Net Assets, (2) Statements of Revenues, Expenses and Changes in Net Assets and (3) Statements 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, 2012**

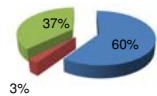
Analysis of Net Assets

The Statements of Net Assets (page 11) present information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Statements of Net Assets includes all assets and liabilities of the College using the accrual basis of accounting, which is similar to the accounting presentation used by most private colleges.

Net Assets (in millions)					
	2012	2011	Increase (decrease) 2012-11	2010	Increase (decrease) 2011-10
Assets					
Current assets	\$ 198.8	\$ 240.4	\$ (41.6)	\$ 184.2	\$ 56.2
Capital assets, net of depreciation	339.8	323.9	15.9	300.2	23.7
Other noncurrent assets	173.4	159.0	14.4	231.1	(72.1)
Total assets	\$ 712.0	\$ 723.3	\$ (11.3)	\$ 715.5	\$ 7.8
Liabilities					
Current liabilities	\$ 58.6	\$ 60.1	\$ (1.5)	\$ 55.6	\$ 4.5
Noncurrent liabilities	359.1	382.9	(23.8)	405.1	(22.2)
Total liabilities	417.7	443.0	(25.3)	460.7	(17.7)
Net assets					
Invested in capital assets, Net of related debt	175.8	156.3	19.5	130.7	25.6
Restricted	8.5	8.8	(0.3)	8.8	-
Unrestricted	110.0	115.2	(5.2)	115.3	(0.1)
Total net assets	294.3	280.3	14.0	254.8	25.5
Total liabilities and net assets	\$ 712.0	\$ 723.3	\$ (11.3)	\$ 715.5	\$ 7.8

2012 Net assets - \$294.3 million

- Invested in capital assets, net of related debt \$175.8
- Restricted \$8.5
- Unrestricted \$110.0



**Portland Community College
Fiscal year ended June 30, 2012**

Fiscal year 2012 compared to 2011. Net Assets increased \$14.0 million from \$280.3 million in 2011 to \$294.3 million in 2012. Current assets decreased by \$41.6 million. Current assets of \$198.8 million were more than sufficient to cover current liabilities of \$58.6 million. This represents a current ratio of 3.4. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. Currently, \$175.8 million is invested in capital assets, net of related debt and represents an increase of \$19.5 million from the prior year. The College uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets are the amounts set aside for student financial aid grants and loans. Unrestricted net assets are used for the continuing operations of the College.

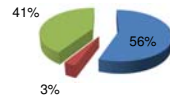
Fiscal year 2011 compared to 2010. Net Assets increased \$25.5 million from \$254.8 million in 2010 to \$280.3 million in 2011. Current assets increased by \$56.2 million. Current assets of \$240.4 million were more than sufficient to cover current liabilities of \$60.1 million. This represents a current ratio of 4.0. The College's current liabilities consist primarily of payroll, interest and various payables for operations, and the current portion of long-term debt. In 2011, \$156.3 million was invested in capital assets, net of related debt and represents an increase of \$25.6 million from the prior year.

Analysis of Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets (page 12) present the revenues earned and the expenses incurred during the year. All changes in net assets 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 statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating, with operating revenues primarily coming from tuition and fees, and federal grants. State appropriations, property taxes and student financial aid are classified as the primary non-operating revenues. Because of the College's dependency on state aid and property tax revenue, this statement presents an operating loss, while the non-operating revenues significantly offset the operating loss on overall net assets.

2011 Net assets - \$280.3 million

- Invested in capital assets, net of related debt \$156.3
- Restricted \$8.8
- Unrestricted \$115.2



**Portland Community College
Fiscal year ended June 30, 2012**

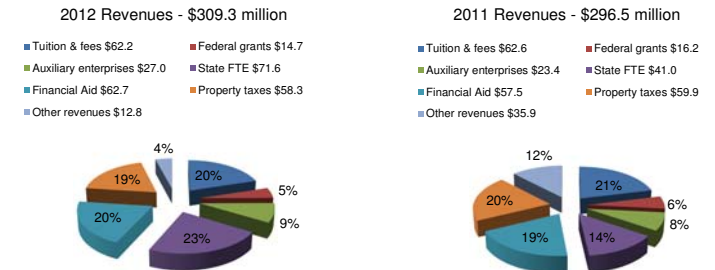
Changes in Net Assets (In Millions)

	2012	2011	Increase (decrease) 2012-11	2010	Increase (decrease) 2011-10
Operating revenues					
Student tuition and fees	\$ 62.2	\$ 62.6	\$ (0.4)	\$ 61.9	\$ 0.7
Federal contracted programs	14.7	16.2	(1.5)	13.1	3.1
Auxiliary enterprises and other	27.0	23.4	3.6	24.0	(0.6)
Total operating revenues	103.9	102.2	1.7	99.0	3.2
Nonoperating revenues					
State FTE reimbursement	71.6	41.0	30.6	77.1	(36.1)
Property taxes	58.3	59.9	(1.6)	57.6	2.3
Federal financial aid	62.7	57.5	5.2	54.7	2.8
Other nonoperating revenues	12.8	35.9	(23.1)	41.5	(5.6)
Total nonoperating revenues	205.4	194.3	11.1	230.9	(36.6)
Total revenues	309.3	296.5	12.8	329.9	(33.4)
Operating expenses					
Educational and general	158.3	139.7	18.6	131.1	8.6
Administrative services and physical plant	45.5	38.0	7.5	36.1	1.9
Grants and contracted programs	25.6	26.9	(1.3)	23.7	3.2
Auxiliary enterprises	23.9	20.9	3.0	19.9	1.0
Depreciation	7.4	6.7	0.7	5.4	1.3
Other support services	20.7	23.9	(3.2)	28.6	(4.7)
Total operating expenses	281.4	256.1	25.3	244.8	11.3
Nonoperating expenses					
Other nonoperating expenses	13.9	14.9	(1.0)	11.1	3.8
Total expenses	295.3	271.0	24.3	255.9	15.1
Income before capital contributions	14.0	25.5	(11.5)	74.0	(48.5)
Capital contributions	-	-	-	0.2	(0.2)
Increase (decrease) in net assets	14.0	25.5	(11.5)	74.2	(48.7)
Net assets, beginning of year	280.3	254.8	25.5	180.6	74.2
Net assets, end of year	\$ 294.3	\$ 280.3	\$ 14.0	\$ 254.8	\$ 25.5

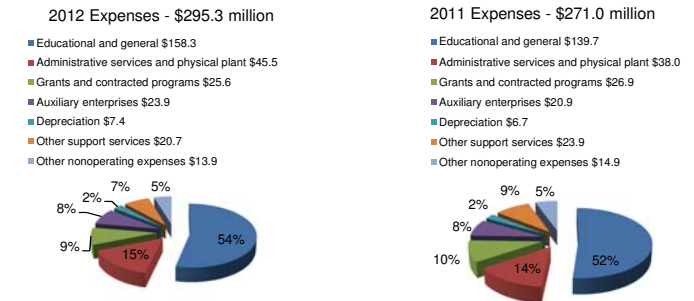
**Portland Community College
Fiscal year ended June 30, 2012**

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

The following graphics show the allocation of total revenues for fiscal years 2012 and 2011:



The following graphics show the allocation of total expenses for fiscal years 2012 and 2011:



Fiscal year 2012 compared to 2011. The most significant source of operating revenues is tuition and fees, followed by auxiliary services and federal grants. Operating revenues increased by \$1.7 million, or 2%, which reflects increases in auxiliary services offset by decreases mainly in federal contracted programs.

The largest non-operating revenue source is state FTE reimbursements, followed by federal financial aid and property tax. The increase in FTE reimbursement is a timing difference due to the deferral of the eighth quarter FTE received in fiscal year 2012. The decrease in other non-operating revenue is primarily due to the decrease in investment income on pension assets compared to fiscal year 2011.

**Portland Community College
Fiscal year ended June 30, 2012**

Operating expenses increased by \$25.3 million overall. Educational expense is the largest single line item and had the largest increase of \$18.6 million, or 13.3% to \$158.3 million.

Fiscal year 2011 compared to 2010. Operating revenues increased by \$3.2 million, or 3%, which reflects increases in student tuition and fees and federal contracted programs.

Non-operating revenues decreased by \$36.6 million primarily due to the timing of the eighth quarter State FTE reimbursement. The largest non-operating revenue source is property tax, followed by federal financial aid and state FTE reimbursements.

Operating expenses increased by \$11.3 million overall. Educational expense is the largest single line item and increased by \$8.6 million, or 6.5%, to \$139.7 million.

Analysis of Cash Flows

The primary purpose of the Statements of Cash Flows (page 13 & 14) is to provide relevant information about cash receipts and cash payments, which is a basis to assess the financial health of the College. The statements present information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. They provide the net increase or decrease in cash between the beginning and end of the fiscal year, and assist 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)					
	2012	2011	Increase (decrease) 2012-11	2010	Increase (decrease) 2011-10
Cash provided by (used in)					
Operating activities	\$ (164.2)	\$ (121.8)	\$ (42.4)	\$ (125.6)	\$ 3.8
Noncapital financing activities	212.1	151.2	60.9	200.1	(48.9)
Capital financing activities	(53.0)	(59.8)	6.8	(82.9)	23.1
Investing activities	2.0	52.1	(50.1)	(0.7)	52.8
Net increase (decrease) in cash	(3.1)	21.7	(24.8)	(9.1)	30.8
Cash and cash equivalents, beginning of year	70.4	48.7	21.7	57.8	(9.1)
Cash and cash equivalents, end of year	\$ 67.3	\$ 70.4	\$ (3.1)	\$ 48.7	\$ 21.7

Fiscal year 2012 compared to 2011. 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 \$42.4 million more in cash in its operating activities than the prior year due to increases in payments to suppliers and employees and decreases in cash payments from tuition and fees.

Noncapital Financing Activities: Student financial aid, State FTE reimbursements and property taxes are the primary sources of noncapital financing. Cash provided by noncapital financing activity increased by \$60.9 million, the majority of the change is due to a \$30.6 million increase in State FTE and an \$18.5 million decrease in grants receivable. Accounting standards require that these sources of revenue be

**Portland Community College
Fiscal year ended June 30, 2012**

reported as non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash used in capital financing activities decreased by \$6.8 million. This is due to the net decrease in use of cash for capital asset purchases and increase in use for principal payments on long-term debt.

Investing Activities: Increase in purchases of investments and decrease in proceeds from sale of investments are responsible for the \$50.1 million decrease in cash provided from investing activities.

Fiscal year 2011 compared to 2010. Operating Activities: The College's major sources of cash included in operating activities were student tuition and fees, federal grants and auxiliary enterprises. Major uses of cash were payments made to employees, suppliers and students for financial aid.

Noncapital Financing Activities: State FTE reimbursements, property taxes, and student financial aid were the primary sources of noncapital financing. Cash provided by noncapital financing activity decreased by \$48.9 million. The predominant factors for the decrease is the \$36.1 million difference in State FTE and the \$11.9 million increase in grants receivable. Accounting standards require that these sources of revenue be reported as non-operating even though the College depends on these revenues to continue the current level of operations.

Capital Financing Activities: Cash used in capital financing activities decreased by \$23.1 million. This was due to the net decrease in use of cash for capital asset purchases and principal and interest payments on long-term debt.

Investing Activities: Increase in proceeds from sales of investments was primarily responsible for the \$52.8 million increase in cash provided by investing activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The College's investment in capital assets as of June 30, 2012, was \$339.8 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, art and historical treasures, library collections and infrastructure.

Additional information on the College's capital assets can be found in Note 3 of the Notes to Basic Financial Statements.

Debt Administration. At the end of the current fiscal year, the College had debt instruments with a total outstanding principal of \$383.5 million. Of this amount, \$378.7 million comprises debt backed by the full faith and credit of the College within the limitation of Sections 11 and 11(b) of Article XI of the Oregon Constitution; approximately \$1.0 million is certificates of participation, which are a certified interest in a lease purchase agreement; and \$300 thousand is in the form of notes payable.

State statutes limit the amount of general obligation debt the College may issue to 1.5 percent of Real Market Value of properties within the College district. The current legal debt limit is approximately \$2.3 billion, which is significantly higher than the College's outstanding general obligation debt. The College's outstanding general obligation debt of \$280.7 million is roughly 12% of the legal debt limit. Additional information on the College's long-term debt can be found in Note 4 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The College proactively manages its financial position and adopts budgetary guidelines and principles that address cost reductions and revenue enhancement. Since its formation in 1961, the College has adopted its budget on an annual basis in accordance with the requirement of Oregon Budget Law. In

**Portland Community College
Fiscal year ended June 30, 2012**

2001, the State Legislature amended Local Budget Law allowing municipalities to adopt a budget for a period of 24 months (a biennial budget). In January 2007 the Board passed a resolution granting the District President authority to prepare and submit a biennial budget commencing July 1, 2007.

During fiscal year 2012, the College received \$30.6 million more in state revenue than fiscal year 2011. The primary difference is from the payment structure of the state FTE reimbursement.

The development of the FY2011-2013 Biennium budget took into consideration the long-term effect of the current economic challenges and the financial health of the College. We have proactively managed our financial resources and have adopted budgetary principles that address the College priorities, revenue enhancement and the impact of our current actions on the future financial health of the College.

The College experienced unprecedented enrollment growth the past biennium due to the economic downturn. For the FY 2011-13 Biennium, the College anticipates that enrollment will plateau and maintain current levels. The budget assumes that as the economy strengthens, some students will return to the workforce, but new students will enroll at PCC as an affordable alternative to the higher-cost four-year universities. Additionally, as we build out new facilities through the bond program, we will reach new markets and student populations, increasing enrollment as well.

In February 2011, the incoming Governor proposed an FY11-13 Biennium budget of \$410 million for Community College Support Fund (CCSF) allocation through the formula approved by the State Board of Education. That proposal was later reduced and adopted at \$395 million by the Oregon Legislature. For the FY11-13 Biennium budget, based on the \$410 million proposal, we prudently budgeted on a \$400 million state support level for community colleges. At the \$400 million level, State support accounts for approximately 35% of the General Fund operating resources in the FY 2011-13 Biennium budget, down from 40% in the current biennium. In spite of our efforts to budget conservatively, we will need to review our FY 11-13 Biennium budget for potential reductions based on the reduced final CCSF allocation.

Because of these factors, the FY2011-2013 budget includes a projected 1% increase in enrollment from the FY 2009-2011 Biennium. We are estimating an annual average enrollment of approximately 26,000 credit student full-time equivalent (FTE) per year of the biennium. The FY2011-2013 Biennium budget includes a tuition fee increase of \$3 per credit hour in each year, an increase of 3.8% for the biennium. The tuition rate for the first year of the biennium period will be \$79 per credit hour and will increase to \$82 for the second year of the biennium period. Tuition and fees account for approximately 48% of the General Fund operating resources, up from 41% in the FY2009-2011 budget. The phased-in increase in tuition is consistent with the Board's direction to not radically increase tuition charges to students. There are no budgeted increases in the major general fund fees for Technology, Transportation or College Service.

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

STATEMENTS OF NET ASSETS
June 30,

	2012	2011
	(In Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 67,338	\$ 70,428
Short-term investments	111,090	135,026
Receivables:		
Taxes	3,507	2,886
Accounts	4,295	5,315
Student accounts	8,677	5,194
Federal programs	69	18,579
Interest	804	850
Inventory and prepaid items	2,992	2,118
Total current assets	<u>198,772</u>	<u>240,396</u>
Noncurrent assets:		
Long-term investments	58,493	35,247
Pension asset	111,620	119,986
Net pension obligation	1,867	2,194
Bond issuance costs	1,455	1,599
Leased property under capital lease, net	202	271
Capital assets - non-depreciable	83,797	74,940
Capital assets - depreciable	341,814	326,932
Less: Accumulated depreciation	(85,956)	(78,224)
Total noncurrent assets	<u>513,292</u>	<u>482,945</u>
TOTAL ASSETS	<u>\$ 712,064</u>	<u>\$ 723,341</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,690	\$ 7,398
Payroll liabilities	18,890	11,977
Accrued interest payable	1,060	1,159
Deferred revenue	978	953
Compensated absences	5,822	5,472
Other current liabilities	766	10,813
Current portion of long-term debt	24,399	22,354
Total current liabilities	<u>58,605</u>	<u>60,126</u>
Noncurrent liabilities:		
Noncurrent liabilities	383,511	405,230
Less: Current portion of long-term debt	(24,399)	(22,354)
Total noncurrent liabilities	<u>359,112</u>	<u>382,876</u>
TOTAL LIABILITIES	<u>417,717</u>	<u>443,002</u>
NET ASSETS		
Net assets invested in capital assets	339,857	323,919
Less: Related debt	(164,041)	(167,624)
Investment in capital assets, net	175,816	156,295
Restricted:		
Student financial aid grants and loans	8,510	8,782
Unrestricted	110,021	115,262
Total net assets	<u>294,347</u>	<u>280,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 712,064</u>	<u>\$ 723,341</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended June 30,

	2012	2011
	(In Thousands)	
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	\$ 62,216	\$ 62,644
Federal contracted programs	14,715	16,205
Nongovernment grants and contracts	5,647	4,840
Auxiliary enterprises:		
Food services	4,915	4,581
Bookstore, net of scholarship allowances	11,478	9,697
Parking operation	4,866	4,020
Other operating revenues	20	221
Total operating revenues	<u>103,857</u>	<u>102,208</u>
OPERATING EXPENSES		
Educational and general:		
Sylvania Campus	51,452	46,564
Rock Creek Campus	35,239	30,231
Cascade Campus	30,647	26,618
Extended Learning Campus	17,498	14,826
President and Governing Board	4,207	3,708
Academic and Student Affairs Services	19,262	17,818
Administrative Services and Physical Plant	45,513	37,995
Other support services:		
Student Activities	2,158	2,171
Grants and contracted programs	25,617	26,881
Student financial aid, net of tuition and textbooks	16,123	20,235
Auxiliary enterprises:		
Food services	5,099	4,486
Bookstore	15,438	14,039
Parking operation	3,367	2,360
Early retirement costs	228	28
Materials, supplies and minor equipment expense	2,093	1,415
Depreciation expense	8,002	7,499
Amortization of bond related costs	(564)	(829)
Total operating expenses	<u>281,379</u>	<u>256,045</u>
Operating income (loss)	<u>(177,522)</u>	<u>(153,837)</u>
NONOPERATING REVENUES (EXPENSES)		
Federal financial aid	62,720	57,471
State FTE reimbursement	71,604	41,003
State and local government grants and contracts	8,899	11,740
Property taxes	58,282	59,895
Investment income	1,313	1,814
Investment income (loss) on pension asset	2,651	22,373
Gain (loss) on the disposal of capital assets	(8)	(22)
Interest expense	(13,931)	(14,930)
Net nonoperating revenues (expenses)	<u>191,530</u>	<u>179,344</u>
Increase (decrease) in net assets	14,008	25,507
NET ASSETS		
Net assets - beginning of the year	280,339	254,832
Net assets - end of the year	<u>\$ 294,347</u>	<u>\$ 280,339</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS
Years ended June 30,

	2012	2011
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 58,758	\$ 70,219
Federal grants and contracts	14,715	16,205
Non-government grants and contracts	5,647	4,840
Payments to suppliers for goods and services	(70,068)	(34,293)
Payments to employees	(179,487)	(176,835)
Payments for student financial aid and other scholarships	(16,123)	(20,235)
Cash received from customers	22,279	18,134
Other cash receipts	20	221
	<u>20</u>	<u>221</u>
Net cash used in operating activities	<u>(164,259)</u>	<u>(121,744)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal student financial aid grants	81,230	45,598
State and local government grants and contracts	8,898	11,739
Cash received from property taxes	57,662	59,854
Cash received from State FTE reimbursement	71,604	41,003
Interest paid on limited tax pension bonds	(5,001)	(5,068)
Principal paid on limited tax pension bonds	(2,290)	(1,930)
	<u>212,103</u>	<u>151,196</u>
Net cash provided by noncapital financing activities	<u>212,103</u>	<u>151,196</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on long-term debt	(20,064)	(18,672)
Purchase of capital assets	(19,154)	(26,529)
Proceeds from disposition of capital assets	-	13
Interest paid on long-term debt	(13,764)	(14,640)
	<u>(52,982)</u>	<u>(59,828)</u>
Net cash used in capital financing activities	<u>(52,982)</u>	<u>(59,828)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,360	2,255
Purchases of investments	(220,066)	(182,270)
Proceeds from sales of investments	220,754	232,149
	<u>2,048</u>	<u>52,134</u>
Net cash provided by (used in) investing activities	<u>2,048</u>	<u>52,134</u>

See notes to basic financial statements.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended June 30,

	2012	2011
	(In Thousands)	
NET INCREASE (DECREASE) IN CASH		
	\$ (3,090)	\$ 21,758
Cash and cash equivalents - beginning of the year	70,428	48,670
Cash and cash equivalents - end of year	<u>\$ 67,338</u>	<u>\$ 70,428</u>
RECONCILIATION TO AMOUNTS SHOWN ON STATEMENTS OF NET ASSETS		
Unrestricted cash and cash equivalents	<u>\$ 67,338</u>	<u>\$ 70,428</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (177,522)	\$ (153,837)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	8,002	7,499
Pension contributions paid from pension asset	11,016	13,634
Amortization expense	(564)	(829)
Change in net pension obligation	327	246
Change in OPEB liability	1,285	999
(Increases) decreases in current assets used in operations:		
Accounts receivable	1,021	(165)
Student accounts receivable	(3,483)	7,580
Inventory and prepaid items	(873)	195
Increases (decreases) in current liabilities used in operations:		
Accounts payable	(708)	3,523
Payroll liabilities	6,913	(2,758)
Deferred revenue	24	(5)
Other current liabilities	(10,047)	1,998
Compensated absences	350	176
Net cash used in operating activities	<u>\$ (164,259)</u>	<u>\$ (121,744)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Investment income (loss) on pension asset	\$ 2,651	\$ 22,373
Interest capitalized on construction	4,795	4,765
Bond accretion	60	57
Book value of capital assets disposed	8	35

See notes to basic financial statements.



**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College

Portland Community College (the College) is organized under the general laws of the State of Oregon and, as such, is a public institution under the general supervision of the State Board of Education through the Department of Community Colleges and Workforce Development. The College defines itself as a primary government because it has a separately elected governing body, it is a legally separate entity, and it is fiscally independent. There are various governmental agencies, cities, school districts, and special service districts, which provide services within the College's boundaries. However, since the College is not financially accountable for any of these entities, they do not qualify as component units of the College, and therefore are not included in the basic financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The College follows the "business-type activities" reporting requirements of GASB Statement No. 35 that provides a comprehensive one-column look at the College's financial activities.

Basis of Accounting

The basic financial statements are accounted for on the flow of economic resources measurement focus and are prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. The financial statements of the College have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, the Oregon Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. The LGIP is stated at cost, which approximates fair value. Fair value of the investment in the LGIP is the same as the value of the pool shares.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012 and 2011 and for the years 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 at year-end.

Receivables

All accounts, student loans, grants and property taxes receivable are shown net of an allowance for uncollectable accounts.

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Student loan receivables are recorded as tuition as assessed or as amounts are advanced to students under various federal student financial assistance programs.

Unreimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred. Grant funds received prior to the occurrence of qualifying expenses are recorded as unearned revenue.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the retail cost method for the Bookstore and first-in/first-out method for all other inventory.

Pension Asset

The pension asset is the result of the transfer of the College's pension bond proceeds to PERS to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. This pension asset is separately reported by PERS and is being used to pay a portion of the College's annual required contribution.

Capital Assets

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

Compensated Absences

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

Long-term Debt

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

Retirement Plans

Eligible college employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses.

Other Postemployment Benefits Obligation

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for fiscal year ended June 30, 2008. The Net OPEB Obligation is recognized as a long-term liability in the Statement of Net Assets, the amount of which is actuarially determined.

Operating and Nonoperating Revenues and Expenses

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets. The scholarship allowances for the years ended June 30, 2012 and 2011 were \$146.16 million and \$134.23 million respectively.

Federal Financial Assistance Program

The College participates in various federally funded programs including Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. In addition, the College receives a variety of federal grants including Dislocated Workers Grants, ABE/GED, and Perkins Title I. Federal programs are audited in accordance with the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

Starting fall term 2011, the College switched its financial aid year from a fall through summer term to a summer through spring term year. Because of this change, only three quarters of financial aid transactions are reported for the transitional year ending June 30, 2012 in the accompanying financial statements.

Net Assets

Net assets represent the difference between the College's total assets and total liabilities. Net assets are subdivided into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Net assets invested in capital assets, net of related debt represents capital assets, less accumulated depreciation and outstanding principal of capital asset related debt. Net assets subject to restriction by externally imposed restrictions are categorized as restricted net assets. This category represents the net assets of student financial aid grant and loan programs.

The unrestricted net asset balance of \$110.02 million at June 30, 2012 includes \$1.38 million reserved for contracted grant programs, \$1.13 million reserved for future debt service, \$3.49 million reserved for risk management and \$38.20 million reserved for PERS bond debt service, with \$65.82 million remaining for other purposes. The unrestricted net asset balance of \$115.26 million at June 30, 2011 includes \$1.51 million reserved for contracted grant programs, \$3.96 million reserved for future debt service, \$3.65 million reserved for risk management and \$36.56 million reserved for PERS bond debt service, with \$69.58 million remaining for other purposes.

Budgetary Information

Beginning July 1, 2007, the College changed its method of adopting its budget from an annual basis to a biennial basis in accordance with Oregon Revised Statutes. The College makes appropriations on a fund basis, using either the modified accrual or accrual basis of accounting depending on the fund type.

The resolution authorizing appropriations by fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control for appropriations is set at the fund and organization level. Transfers of appropriations may be made between legally authorized appropriations when authorized by Board resolution. In addition, unexpected resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The biennial appropriations lapse on June 30 of the second year of the biennial period.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

2. CASH AND INVESTMENTS

The primary investment objectives of the College's investment activities are preservation of capital, liquidity, diversification and yield. The following schedule comprises the combined value of the College's cash and investment portfolio at June 30 (in thousands).

	Year Ended June 30,	
	2012	2011
Cash and cash equivalents:		
Cash on hand	\$ 143	\$ 97
Demand deposits	28,020	34,788
Cash held by county treasurer	340	386
Oregon Local Government Investment Pool	<u>40,850</u>	<u>37,331</u>
Total cash and cash equivalents	<u>69,353</u>	<u>72,602</u>
Less cash Pension Trust Fund - Early Retirement	<u>(2,015)</u>	<u>(2,174)</u>
Total cash and cash equivalents basic statements	<u>67,338</u>	<u>70,428</u>
Investments:		
Government and agency obligations	123,535	122,436
Corporate securities	39,628	42,937
Bank obligations	<u>6,420</u>	<u>4,900</u>
Total investments	<u>169,583</u>	<u>170,273</u>
Total cash and investments	<u>\$ 236,921</u>	<u>\$ 240,701</u>

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

	Year Ended June 30,	
	2012	2011
Investments categorized by Standard and Poor's rating:		
Government sponsored (Treasury & Federal Agencies), AA+ (*)	\$ 123,303	\$ 122,436
Municipal Bonds (A+)	232	-
Corporate notes (A or better)	38,628	39,946
Corporate commercial paper (A1 or better)	1,000	2,991
Bank obligations (CD, Banker's acceptance, Repurchase agreements)	<u>6,420</u>	<u>4,900</u>
Total investments	<u>\$ 169,583</u>	<u>\$ 170,273</u>

(*) In August 2011, Standard and Poor's lowered its rating on government sponsored securities to AA+.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

2. CASH AND INVESTMENTS (Continued)

The Oregon Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Short Term Fund Board and the Oregon Short Term Investment Council and is not required to be categorized by risk. The State of Oregon Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds.

Economic surveys and key indicators point to a slight momentum in the economy. However, due to the stresses in the financial and credit markets, the Federal Reserve is likely to maintain low rates this calendar year to spur more borrowing and spending. The College will continue to take a cautious and strategic approach to risk through diversification, credit analysis, liquidity management and investing in high grade government treasuries, government sponsored enterprises, time deposits and credible corporate bonds.

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, 2012.

Custodial credit risk – investments:

The College has a Board approved investment policy which states that the President shall appoint an Investment Officer who will perform specific investment functions for the College. Should a counterparty fail, there is a risk that the College would not be able to recover the value of its investments that are held by an outside party. To minimize this risk, securities purchased through any of the authorized non-bank broker-dealers are held in a bank investment safekeeping division. Certain non-depository investment instruments purchased through Wells Fargo Bank are held in the investment safekeeping division of Wells Fargo Bank, who is counterparty to these transactions. As of June 30, 2012, the College had \$169.58 million in various investment instruments, of which \$37.99 million was purchased from and held by Wells Fargo Bank. With these holdings, the total custodial credit risk for investments was 22.4% of the total investment portfolio, not including Local Government Investment Pool balances and interest and non-interest bearing accounts.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk:

In accordance with the objectives of the College's investment guidelines, interest rate risk is mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. As of June 30, 2012, investment instruments held by the College (excluding Local Government Investment Pool balances) that matured within a 180 day timeline, measured as a percentage of their respective portfolio, were as follows: Bond investments 26.4%; Workers' Compensation investments 100%; and all other investments 21.5%. Weighted average maturities of investments in the Local Government Investment Pool at June 30, 2012 were: 62.8% mature within 93 days, 16.9% mature from 93 days to one year and 20.3% mature from over one year to three years from settlement date.

Bond Investments maturing after 180 days (in thousands)

Bond Investments	Standard and Poor's Rating	Maturity Date	Market Value
GE Corp Note	AA+	02-01-2013	\$ 2,564
Berkshire Hathaway Financial	AA+	02-11-2013	1,261
Berkshire Hathaway Financial	AA+	02-11-2013	1,010
FNMA Coupon	AA+	02-12-2013	2,041
FHLB Coupon	AA+	03-20-2013	1,010
FNMA Coupon	AA+	04-08-2013	3,610
FFCB Coupon	AA+	04-15-2013	5,022
FHLMC Coupon	AA+	04-15-2013	1,011
GECC Corp. Note	AA+	05-01-2013	5,169
Wells Fargo & Co.	A+	05-01-2013	3,117
IBM Corp	A+	05-06-2013	1,520
FHLB Coupon	AA+	05-07-2013	3,001
FNMA Coupon	AA+	06-26-2013	4,555
FNMA Coupon	AA+	08-20-2013	5,053
FHLB Coupon	AA+	09-06-2013	5,218
PepsiCo Inc.	A	10-25-2013	2,005
FHLMC Coupon	AA+	10-30-2013	4,010
FHLMC Coupon	AA+	11-27-2013	3,002

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

2. CASH AND INVESTMENTS (Continued)

All Other Investments maturing after 180 days (in thousands)

All Other Investments	Standard and Poor's		Market Value
	Rating	Maturity Date	
U.S. Bank CP	A1	03-25-2013	\$ 1,000
Wal-Mart Stores Corp.	AA	05-01-2013	1,551
USBK Corp	A	09-13-2013	857
IBM Corp	A+	10-15-2013	1,231
IBM Corp	A+	10-15-2013	1,076
FNMA Coupon	AA+	02-27-2014	3,049
FFCB Coupon	AA+	01-03-2013	5,105
FNMA Coupon	AA+	02-26-2013	4,013
FHLB Coupon	AA+	03-08-2013	3,836
Albina Community Bk CD	NR	03-28-2014	230
FHLMC Coupon	AA+	04-15-2013	3,033
FFCB Coupon	AA+	04-15-2013	1,823
FFCB Coupon	AA+	05-15-2013	4,241
FHLMC Coupon	AA+	05-29-2013	3,090
Bank of The West CD	NR	06-03-2013	230
FHLB Coupon	AA+	06-06-2013	4,004
USBK Corp	A+	06-14-2013	3,043
FFCB Coupon	AA+	06-24-2013	525
FHLB Coupon	AA+	07-09-2013	4,003
City of Hermiston Muni	A+	08-01-2013	107
USBK Corp	A	09-13-2013	2,522
FHLB Coupon	AA+	09-13-2013	4,112
GECC Corp. Note	AA+	09-16-2013	3,032
Umpqua Bank CD	NR	10-06-2013	140
Umpqua Bank CD	NR	10-10-2013	90
FHLMC Coupon	AA+	10-15-2013	4,009
IBM Corp	A+	10-15-2013	1,076
FNMA Coupon	AA+	10-22-2013	1,132
FHLB Coupon	AA+	10-28-2013	2,556
FHLMC Coupon	AA+	12-05-2013	4,003
Pepsico Inc.	A	03-15-2014	2,210
FHLMC Coupon	AA+	03-20-2014	2,001
FFCB Coupon	AA+	01-26-2015	1,999

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 \$100 thousand originally (currently FDIC guarantees amounts up to \$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, 2012, the College bank balances were \$36.55 million which includes time CDs and bank accounts. Of these deposits, \$1.67 million on deposit with seven banks were covered by FDIC and the remaining balance was covered by the procedures for collateralizing public funds.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

3. CAPITAL ASSETS

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

	Balance			Balance			Balance		
	June 30, 2010	Increases	Decreases	June 30, 2011	Increases	Decreases	June 30, 2012	Increases	Decreases
Capital assets not being depreciated:									
Land	\$ 44,714	\$ 248	\$ -	\$ 44,962	\$ -	\$ -	\$ 44,962		
Art and historical treasures	767	12	-	779	70	-	849		
Construction in progress	12,727	22,625	(6,153)	29,199	19,580	(10,793)	37,986		
Total capital assets not being depreciated	58,208	22,885	(6,153)	74,940	19,650	(10,793)	83,797		
Capital assets being depreciated:									
Land improvements	10,509	-	(16)	10,493	-	-	10,493		
Buildings and improvements	275,941	1,843	-	277,784	12,588	-	290,372		
Equipment and machinery	17,241	1,811	(287)	18,765	840	(14)	19,591		
Capital lease	346	-	-	346	-	-	346		
Library collections	1,603	155	(203)	1,555	153	(196)	1,512		
Leasehold improvements	627	345	-	972	-	-	972		
Infrastructure	6,941	10,422	-	17,363	1,511	-	18,874		
Total capital assets being depreciated	313,208	14,576	(506)	327,278	15,092	(210)	342,160		
Less accumulated depreciation for:									
Land improvements	4,744	738	-	5,482	729	-	6,211		
Buildings and improvements	52,494	5,242	-	57,736	5,463	-	63,199		
Equipment and machinery	12,439	1,115	(253)	13,301	1,167	(5)	14,463		
Capital lease	6	69	-	75	69	-	144		
Library collections	997	126	(203)	920	127	(196)	851		
Leasehold improvements	105	108	-	213	174	-	387		
Infrastructure	471	101	-	572	273	-	845		
Total accumulated depreciation	71,256	7,499	(456)	78,299	8,002	(201)	86,100		
Total capital assets being depreciated, net	241,952	7,077	(50)	248,979	7,090	(9)	256,060		
Total capital assets, net	\$ 300,160	\$ 29,962	\$ (6,203)	\$ 323,919	\$ 26,740	\$ (10,802)	\$ 339,857		

Interest incurred during the construction phase of capital assets constructed with proceeds from the Series 2009 General Obligation Bonds is included as part of the capitalized cost of the assets constructed. The College is capitalized interest for the fiscal year ended June 30, 2012 and 2011 were \$4.80 million and \$4.77 million respectively.

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

A significant addition to capital assets includes completion of the Newberg building, \$11.44 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

4. LONG-TERM LIABILITIES

Transactions for the fiscal year ended June 30, 2012 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2011	Increases	Decreases	Outstanding June 30, 2012	Due Within One Year
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	\$ 200,000	\$ 189,190	\$ -	\$ (6,850)	\$ 182,340	\$ 7,055
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	12,190	6,260	-	(3,050)	3,210	3,210
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	78,395	-	(8,725)	69,670	10,000
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	107,470	-	(2,290)	105,180	2,685
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%, Maturity December 1, 2013	15,605	5,825	-	(1,165)	4,660	1,155
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	1,041	60	-	1,101	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,150	-	(140)	1,010	150
Note Payable, Legin Property, Maturity October 23, 2016	450	375	-	(75)	300	75
Premium on General obligation bonds	16,016	12,094	-	(782)	11,312	-
Less: deferred amount on refunding	(364)	(139)	-	73	(66)	-
Capital leases	497	290	-	(59)	231	69
OPEB liability	-	3,279	1,285	-	4,564	-
	<u>\$ 459,214</u>	<u>\$ 405,230</u>	<u>\$ 1,345</u>	<u>\$ (23,063)</u>	<u>\$ 383,511</u>	<u>\$ 24,399</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

4. LONG-TERM LIABILITIES (Continued)

Transactions for the fiscal year ended June 30, 2011 are as follows (in thousands):

	Original Amount	Outstanding July 1, 2010	Increases	Decreases	Outstanding June 30, 2011	Due Within One Year
2009 General obligation refunding bonds, interest 5.00%, Maturity June 15, 2029	\$ 200,000	\$ 195,715	\$ -	\$ (6,525)	\$ 189,190	\$ 6,850
2008 General obligation refunding bonds, interest ranges from 3.00% - 4.00%, Maturity July 1, 2012	12,190	9,165	-	(2,905)	6,260	3,050
2005 General obligation bonds, interest ranges from 3.00% - 5.00%, Maturity June 15, 2018	87,830	79,490	-	(1,095)	78,395	8,725
2003 Limited tax pension bonds, interest ranges from 1.07% - 4.81%, Maturity June 1, 2027	119,995	109,400	-	(1,930)	107,470	2,290
2002A General obligation refunding bonds, interest ranges from 3.00% - 5.50%, Maturity December 1, 2013	15,605	7,000	-	(1,175)	5,825	1,165
2001B General obligation bonds, interest ranges from 4.00% - 5.25%, Maturity June 1, 2021	98,000	4,550	-	(4,550)	-	-
2001A General obligation bonds, interest ranges from 4.10% - 5.50%, Maturity June 1, 2021	46,000	2,145	-	(2,145)	-	-
1993 General obligation deferred interest bonds, interest ranges from 4.50% - 5.80%, Maturity July 1, 2013	4,465	984	57	-	1,041	-
Certificate of Participation, interest ranges from 4.20% - 5.80%, Maturity January 15, 2018	2,530	1,285	-	(135)	1,150	140
Note Payable, interest rate 6.83%, Maturity March 18, 2011	174	16	-	(16)	-	-
Note Payable, Legin Property, Maturity October 23, 2016	450	450	-	(75)	375	75
Premium on General obligation bonds	16,016	13,141	-	(1,047)	12,094	-
Less: deferred amount on refunding	(364)	(212)	-	73	(139)	-
Capital leases	497	342	-	(52)	290	59
OPEB liability	-	2,280	999	-	3,279	-
	<u>\$ 603,388</u>	<u>\$ 425,751</u>	<u>\$ 1,056</u>	<u>\$ (21,577)</u>	<u>\$ 405,230</u>	<u>\$ 22,354</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

4. LONG-TERM LIABILITIES (Continued)

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

Fiscal Year Ending June 30,	Bonds Payable		Certificate of Participation		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 24,105	\$ 17,799	\$ 150	\$ 49	\$ 75	\$ -	\$ 24,330	\$ 17,848
2014	25,961	16,723	155	42	75	-	26,191	16,765
2015	21,980	15,529	165	34	75	-	22,220	15,563
2016	23,865	14,466	170	27	75	-	24,110	14,493
2017	25,875	13,310	180	18	-	-	26,055	13,328
2018	28,025	12,053	190	9	-	-	28,215	12,062
2019	15,265	10,662	-	-	-	-	15,265	10,662
2020	16,435	9,909	-	-	-	-	16,435	9,909
2021	17,675	9,100	-	-	-	-	17,675	9,100
2022	18,995	8,230	-	-	-	-	18,995	8,230
2023	20,405	7,296	-	-	-	-	20,405	7,296
2024	21,895	6,292	-	-	-	-	21,895	6,292
2025	23,485	5,216	-	-	-	-	23,485	5,216
2026	25,165	4,063	-	-	-	-	25,165	4,063
2027	26,955	2,827	-	-	-	-	26,955	2,827
2028	14,670	1,504	-	-	-	-	14,670	1,504
2029	15,405	770	-	-	-	-	15,405	770
	<u>\$ 366,161</u>	<u>\$ 155,749</u>	<u>\$ 1,010</u>	<u>\$ 179</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 367,471</u>	<u>\$ 155,928</u>

General Obligation Bonds are direct obligations and pledge the full faith and credit of the College. The Certificate of Participation is also a general obligation backed by the full faith and credit of the College. Funds provided by the General Obligation Bonds and the Certificate of Participation were used and are being used for the acquisition and construction of major capital facilities.

Pension bonds are also direct obligations that pledge the full faith and credit of the College. Funds provided by the Pension bonds were used to prepay the College's pension unfunded actuarial liability (UAL).

On November 4, 2008, Portland area voters approved a \$374 million bond measure to provide for expansions in academic space and college programs within the five county college district. In March 2009, the College issued General Obligation Bonds, Series 2009 in the amount of \$200 million. The proceeds of the bonds are being used to expand, modernize and construct facilities for additional students and programs; upgrade technology and to pay for the costs of issuing the Bonds.

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, 2012 and 2011, the College had no arbitrage rebate liabilities.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

4. LONG-TERM LIABILITIES (Continued)

In prior years, the College defeased other general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the basic financial statements. For the year ended June 30, 2012, the outstanding balance of refunded bonds defeased totaled \$88 million.

In June 2010, the College entered into a capital lease agreement as lessee for financing the acquisition of equipment. The fair value of the assets was \$345,564. The future minimum lease obligations and the net present value of these minimum lease payments are as follows (in thousands):

Year Ending June 30,	Amount
2013	\$ 98
2014	98
2015	89
Total minimum lease payments	285
Less:	
amount representing interest	(54)
Present value of minimum lease payments	<u>\$ 231</u>

5. OPERATING LEASES

Minimum Lease Payments

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

Year Ending June 30,	Amount
2013	\$ 660
2014	335
2015	209
2016	103
Total	<u>\$ 1,307</u>

The expense for operating leases for the years ended June 30, 2012 and 2011 was \$0.77 million and \$0.84 million respectively.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

5. OPERATING LEASES (Continued)

Minimum Future Rentals

The College as lessor leases land and buildings under non-cancelable operating leases. The land and buildings under the leases have a carrying amount of \$5.13 million and \$43.88 million respectively. However, only 10% of the Willow Creek Center, which represents \$39.27 million of the building carrying value, is under the leasing arrangement. The last lease will expire in November of 2018 with an option to extend up to an additional four years.

The minimum future rentals on the non-cancelable operating leases are as follows (in thousands):

Year Ending June 30,	Amount
2013	\$ 442
2014	359
2015	233
2016	239
2017	246
Late years	381
Total	<u>\$ 1,900</u>

Solar Power Agreement

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

6. LONG-TERM LEASE

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

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

7. GROUND LEASE AND JOINT USE AGREEMENT

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

8. RISK MANAGEMENT

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

The College retains the risk of liability claims under \$500 thousand per occurrence. There has been no significant reduction in insurance coverage during the year ended June 30, 2012 and no insurance settlement exceeded insurance coverage for the past three years. General liability insurance generally covers casualty losses in excess of \$500 thousand per occurrence with a loss limit of \$10 million per occurrence and a \$20 million aggregate loss limit. The College's property insurance total loss limit is \$400 million with a \$25 thousand deductible. Earthquake and flood coverage has a loss limit of \$100 million.

The College maintains a risk management program for workers' compensation and unemployment to pay claims, maintain claims reserves and pay administrative expenses. Liabilities for workers' compensation are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The College has obtained an excess coverage insurance policy to cover workers' compensation claims in excess of \$500 thousand. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims liabilities are as follows (in thousands):

	Year Ended June 30,	
	2012	2011
Unpaid claims, July 1	\$ 394	\$ 662
Incurred claims	711	117
Claim payments	(518)	(385)
Unpaid claims, June 30	<u>\$ 587</u>	<u>\$ 394</u>

9. PENSION PLANS

PERS

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College employees hired after August 29,

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
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9. PENSION PLANS (Continued)

PERS (continued)

2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The Individual Account Program (IAP), the defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is then invested in the OPSRP Individual Account Program. This contribution is Employer Paid Pre-Taxed (EPPT). The College is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2012 were 16.27% and 14.61% respectively. These rates include approximately 9.17% contributed from the pension asset. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

The College's contribution to PERS (including contributions from the pension asset) for the years ended June 30, 2012, 2011, and 2010 were \$19.00 million, \$13.80 million and \$16.00 million respectively, which was the required contribution.

Pension Asset

The pension asset is the result of the transfer of the College's pension bond proceeds to PERS to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. This pension asset is separately reported by PERS and is being used to pay a portion of the College's annual required contribution. Changes in the pension asset for the last two fiscal years are below (in thousands):

	Year Ended June 30,	
	2012	2011
Balance, July 1	\$ 119,986	\$ 111,247
Investment income	2,650	22,373
Contributions to cost sharing plan	(11,016)	(13,634)
Balance, June 30	<u>\$ 111,620</u>	<u>\$ 119,986</u>

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan

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

Retirement eligibility:

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

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

Benefit eligibility:

Faculty and AP employees - retire prior to age 65.

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

Supplemental early retirement benefits:

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

Classified employees - \$270 per month until age 62 or for 48 months, whichever is earlier. For those who retire on or after July 1, 2011 and prior to June 30, 2013, an additional lump sum equal to \$130 per month for each month the \$270 benefit is payable.

Actuarial costing method:

The actuarial funding method used to determine the cost of the Supplemental Early Retirement Program is the Aggregate cost method. This method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. 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 dates of retirement, termination, disability and death. The method does not distinguish between benefits credited for past and future service, or between liabilities created before and after the introduction of the cost method.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (continued)

A detailed description of the calculation follows:

- The present value of projected benefits is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.
- The present value of future normal costs is the excess of the present value of benefits over the actuarial asset value of the plan.
- The normal cost for a given year is determined by dividing the present value of future normal costs by the present value of future service to obtain a per participant normal cost amount, which is then multiplied by the number of active participants under the assumed retirement age.

Under this method, any difference between the actual experience and that assumed in the determination of costs and liabilities is fully reflected in the determination of normal costs.

Changes since prior valuation:

The unfunded frozen initial liability has been fully amortized, as a result of the assets exceeding the present value of benefits. With the frozen initial liability equal to \$0, the method reverts to the Aggregate cost method.

Basis of Accounting:

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

Asset Valuation Method:

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

Basic actuarial assumptions:

1. Discount rate 3.25 percent per year
2. Mortality Male retirees: The RP-2000 generational combined active/healthy annuitant male mortality table with 75% white 25% blue collar adjustment and 12-month setback.
Male actives: 85% of the male retirees' rates.
Female retirees: The RP-2000 generational combined active/healthy annuitant female mortality table with white collar adjustment and no setback.
Female actives: 50% of the female retirees' rates.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

9. PENSION PLANS (Continued)

Early Retirement Incentive Plan (continued)

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

	Year Ended June 30,		
	2012	2011	2010
Annual required contribution	\$ 127	\$ -	\$ -
Interest on net pension surplus	(71)	(73)	(81)
Adjustment to required contribution	<u>279</u>	<u>319</u>	<u>355</u>
Annual pension cost	334	246	274
Contribution made (*)	<u>(7)</u>	<u>-</u>	<u>-</u>
Decrease in pension surplus	327	246	274
Net pension surplus, beginning of year	<u>(2,194)</u>	<u>(2,440)</u>	<u>(2,714)</u>
Net pension surplus, end of year	<u>\$ (1,867)</u>	<u>\$ (2,194)</u>	<u>\$ (2,440)</u>
Interest on pension surplus	3.25%	3.00%	3.00%
Amortization factor	7.86	7.64	7.64
% of annual pension cost contributed	2.23%	0%	0%

(*) For GASB reporting purposes, the annual contribution allocated to the SERP's earmarked assets has been calculated as the portion of the overall contribution reported by the College in excess of pay-as-you-go costs for other programs funded by the overall contributions. For the fiscal year ended June 30, 2011, pay-as-you-go OPEB and EAP costs of \$204 thousand exceeded the overall reported contribution of \$28 thousand by \$175 thousand. As such, the contribution allocated to the SERP is \$0 and \$175 thousand of pay-as-you-go OPEB costs were assumed to have been paid from investment earnings on earmarked SERP assets. In the fiscal year ended June 30, 2010, pay-as-you-go OPEB and EAP costs of \$234 thousand exceeded the overall reported contribution of \$228 thousand by \$6 thousand. As such, the contribution allocated to the SERP is \$0 and \$6 thousand of pay-as-you-go OPEB costs were assumed to have been paid from investment earnings on earmarked SERP assets.

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

10. POSTEMPLOYMENT HEALTHCARE PLAN

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension for the fiscal year ended June 30, 2008. This implementation allows the College to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

The College operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

The College contributes to the premiums for eligible faculty and academic professional employees and their eligible dependents up to the employer paid maximum at the time of retirement (College Paid-Cap). The maximum monthly employer paid premium contribution at June 30, 2012 is \$1,208 and is based on the number of dependents covered by a medical plan at the time of retirement. This maximum amount may change based on the contract negotiations process or if dependents come off of the plan. If the insurance premium exceeds the college contribution, the balance is then paid by the employee.

To be eligible, retired employees must be receiving pension benefits from Oregon PERS and the duration of College's contribution towards benefits is up to 72 months or until the attainment of age 65, if earlier.

Benefits and eligibility for faculty, academic professionals and classified staff are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for administrators and confidential support staff are established and amended by the governing body.

The College is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Retired employees who are eligible for the College Paid-Cap which ends prior to age 65 may continue enrollment in the health plans on a self-pay basis until age 65. Retired employees who are not eligible for the College Paid-Cap may continue enrollment in the health plans on a self-pay basis until age 65.

For the fiscal year ended June 30, 2012, the College contributed \$0.22 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of \$4.56 million.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
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10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Current healthcare premiums for plan members were as follows for the year ended June 30, 2012. Employees eligible for the College Paid-Cap pay the difference between the cap and premium. Employees eligible on a self-pay basis pay 100% of the premiums.

<u>Medical Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 3	\$ 653.80	\$ 1,438.35	\$ 1,242.24	\$ 2,026.77
ODS Plan 6	491.36	1,080.99	933.59	1,523.21
ODS Plan 8	394.02	866.86	748.65	1,221.44
Kaiser Plan 1	479.30	1,054.46	910.66	1,485.83
<u>Vision Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 1	\$ 9.84	\$ 21.67	\$ 18.71	\$ 30.52
Kaiser Plan 5	7.58	16.69	14.41	23.51
<u>Dental Coverages</u>	<u>Employee Only</u>	<u>Employee + Spouse</u>	<u>Employee + Child(ren)</u>	<u>Family</u>
ODS Plan 4	\$ 48.59	\$ 96.22	\$ 97.68	\$ 149.18
Willamette Plan 8	40.49	80.18	85.32	128.23
Kaiser Plan 8	65.48	144.07	124.43	203.01

The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the College (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's OPEB obligation to the plan (in thousands).

	<u>Year Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Annual Required Contribution	\$ 2,182	\$ 1,849
Interest on net OPEB obligation	107	68
ARC adjustment	<u>(119)</u>	<u>(76)</u>
Annual OPEB Cost	2,170	1,841
Contributions Made	<u>(885)</u>	<u>(842)</u>
Increase in net OPEB obligation	1,285	999
Net OPEB obligation at beginning of year	<u>3,279</u>	<u>2,280</u>
Net OPEB obligation at end of year	<u>\$ 4,564</u>	<u>\$ 3,279</u>
Interest rate	3.25%	3.00%
Amortization factor for ARC adjustment	27.6	29.7

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
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10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011 and 2010 were as follows (in thousands):

Year	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,779	43%	\$ 2,280
2011	1,841	46%	3,279
2012	2,170	41%	4,564

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

Actuarial Valuation Date	AVA (1)	AAL (2)	UAAL (3)	Percent Funded	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1,						
2007	\$ -	\$ 13,627	\$ 13,627	0 %	\$ 67,791	20.1%
2009	-	16,498	16,498	0 %	85,454	19.3%
2011	-	19,033	19,033	0 %	94,614	20.1%

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.25% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0% for Medical, reduced by decrements to an ultimate rate of 6.2% after ten years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of thirty years.

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

10. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERS) the College contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating community colleges are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to RHIA for the years ended June 30, 2012, 2011 and 2010 were \$71 thousand, \$78 thousand and \$82 thousand, which equaled the required contributions each year.

11. RELATED ORGANIZATION

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

**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

11. RELATED ORGANIZATION (Continued)

Summarized financial information from the Foundation's audited financial statements as of and for the years ended June 30, 2012 and 2011 is as follows (in thousands):

	2012	2011
Total assets	\$ 9,785	\$ 8,619
Total net assets	9,526	8,390
Total support and revenues	3,508	4,393
Total expenses	2,372	2,253

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The College has approximately \$23 million in on-going construction commitments as of June 30, 2012. The commitments include consulting contracts for architectural and engineering services at each of the four campuses. A construction manager/general contractor has now been selected for each campus, and building renovation projects are ongoing at the Sylvania campus, and underway at Southeast Center, Cascade Campus and Rock Creek Campus. Projects include new classrooms, lab facilities, student services and faculty workspaces to accommodate the large increase in student enrollment.

State of Oregon Department of Energy ARRA Grant

In 2009, the College was approved to receive \$1 million through an Oregon Department of Energy American Recovery and Reinvestment Act pass-through grant. This grant was matched with College bond funds and used for energy saving upgrades and movement towards a more sustainable operation at Sylvania, the largest campus. Work was completed in late winter, 2011. As of June 30, 2012, the college has received all the funds from the state.

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.

13. SUBSEQUENT EVENTS

In 2009 the College purchased property from Legin Restaurant and in return signed a lease back to the seller. In August of 2012 the College signed an early lease termination with Legin Restaurant. The terms of the early lease termination are that the College will pay Legin Restaurant \$700,000 over the course of six months with the last payment to occur on January 7, 2013.

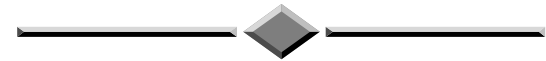
**PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON**
NOTES TO BASIC FINANCIAL STATEMENTS
Years ended June 30, 2012 and 2011

14. RESTATEMENTS

Certain amounts reported in the College's June 30, 2011 Statement of Revenues, Expenses, and Changes in Net Assets basic financial statements have been restated due to the elimination of Direct Loans. The elimination impacts Operating Expenses by decreasing the amount of Student financial aid, net of tuition and textbooks and affects Nonoperating Revenues (Expenses) by decreasing Federal financial aid. As a result, for the year ended June 30, 2011, the impact to Operating Expenses and Nonoperating Revenues (Expenses) was a decrease of \$102.64 million. The change does not affect net assets.



Other SUPPLEMENTARY INFORMATION



Individual funds
and other financial schedules



Individual Funds

General Fund

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

Continuing and Community Education Fund

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

Auxiliary Fund

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

Student Activities Fund

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

Contracts and Grants Fund

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

Student Financial Aid Fund

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

General Obligation Bond Fund

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

Capital Lease/Purchase Fund

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

P.E.R.S. Debt Service Fund

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

Capital Projects Fund

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

Capital Construction Fund

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

Food Services Fund

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

Bookstore Fund

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

Parking Operations Fund

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

Print Center Fund

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

Risk Management Fund

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

P.E.R.S./Reserve Fund

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

Pension Trust Fund: Early Retirement

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2012

GENERAL FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
District tax levy:			
Current	\$ 52,125,293	\$ 26,636,531	\$ (25,488,762)
Prior	1,434,170	462,390	(971,780)
Total district tax levy	<u>53,559,463</u>	<u>27,098,921</u>	<u>(26,460,542)</u>
Tuition and fees	<u>180,764,144</u>	<u>95,726,123</u>	<u>(85,038,021)</u>
Other sources:			
Interest from investments	1,079,268	287,703	(791,565)
Miscellaneous local sources	<u>1,813,786</u>	<u>2,013,047</u>	<u>199,261</u>
Total other sources	<u>2,893,054</u>	<u>2,300,750</u>	<u>(592,304)</u>
Total from local sources	<u>237,216,661</u>	<u>125,125,794</u>	<u>(112,090,867)</u>
From state sources:			
FTE reimbursement	<u>114,040,332</u>	<u>56,698,167</u>	<u>(57,342,165)</u>
Total from state sources	<u>114,040,332</u>	<u>56,698,167</u>	<u>(57,342,165)</u>
TOTAL REVENUES, BUDGETARY BASIS	<u>351,256,993</u>	<u>181,823,961</u>	<u>(169,433,032)</u>

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PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2012

GENERAL FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Campus program areas:			
Sylvania	\$ 89,784,640	\$ 46,085,931	\$ 43,698,709
Rock Creek Campus	57,917,576	31,752,255	26,165,321
Cascade	49,885,145	27,478,820	22,406,325
Extended Learning	<u>22,176,572</u>	<u>11,082,289</u>	<u>11,094,283</u>
Total Campus program areas	<u>219,763,933</u>	<u>116,399,295</u>	<u>103,364,638</u>
Non-program areas:			
Personal Services	100,234,183	49,900,241	50,333,942
Materials & Services	44,382,108	20,023,909	24,358,199
Capital Outlay	<u>2,850,090</u>	<u>404,861</u>	<u>2,445,229</u>
Total Non-program areas	<u>147,466,381</u>	<u>70,329,011</u>	<u>77,137,370</u>
Contingencies	<u>8,901,848</u>	<u>-</u>	<u>8,901,848</u>
TOTAL EXPENDITURES	<u>376,132,162</u>	<u>186,728,306</u>	<u>189,403,856</u>
REVENUES OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	<u>(24,875,169)</u>	<u>(4,904,345)</u>	<u>19,970,824</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,786,187	3,398,467	(5,387,720)
Transfers out	<u>(6,744,698)</u>	<u>(2,959,252)</u>	<u>3,785,446</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,041,489</u>	<u>439,215</u>	<u>(1,602,274)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES, BUDGETARY BASIS	<u>(22,833,680)</u>	<u>(4,465,130)</u>	<u>18,368,550</u>
Beginning fund balance	<u>32,161,157</u>	<u>32,161,157</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 9,327,477</u>	<u>\$ 27,696,027</u>	<u>\$ 18,368,550</u>

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PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

CONTINUING AND COMMUNITY EDUCATION FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Other local sources	\$ 4,102,068	\$ 1,509,169	\$ (2,592,899)
Tuition and fees	12,398,256	3,943,766	(8,454,490)
TOTAL REVENUES	<u>16,500,324</u>	<u>5,452,935</u>	<u>(11,047,389)</u>
EXPENDITURES:			
Sylvania Campus	517,069	136,755	380,314
Extended Learning Campus	15,783,882	5,013,349	10,770,533
Cascade Campus	81,366	8,094	73,272
Contingency	599,814	-	599,814
TOTAL EXPENDITURES	<u>16,982,131</u>	<u>5,158,198</u>	<u>11,823,933</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(481,807)</u>	<u>294,737</u>	<u>776,544</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(416,794)	(416,794)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(416,794)</u>	<u>(416,794)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(898,601)</u>	<u>(122,057)</u>	<u>776,544</u>
Beginning fund balance	898,601	898,601	-
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 776,544</u>	<u>\$ 776,544</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

AUXILIARY FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Facilities usage	\$ 715,782	\$ 254,665	\$ (461,117)
Campus activities	336,794	105,161	(231,633)
TOTAL REVENUES	<u>1,052,576</u>	<u>359,826</u>	<u>(692,750)</u>
EXPENDITURES:			
Facilities usage	735,731	185,160	550,571
Campus activities	567,823	121,489	446,334
Sustainability	15,000	-	15,000
Contingency	139,256	-	139,256
TOTAL EXPENDITURES	<u>1,457,810</u>	<u>306,649</u>	<u>1,151,161</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(405,234)</u>	<u>53,177</u>	<u>458,411</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(110,184)	(17,188)	92,996
TOTAL OTHER FINANCING SOURCES (USES)	<u>(110,184)</u>	<u>(17,188)</u>	<u>92,996</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(515,418)</u>	<u>35,989</u>	<u>551,407</u>
Beginning fund balance	515,418	515,418	-
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 551,407</u>	<u>\$ 551,407</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

STUDENT ACTIVITIES FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 8,000	\$ 3,042	\$ (4,958)
From local sources:			
Student activities fees	3,781,227	1,830,625	(1,950,602)
Other local sources	70,000	93,805	23,805
Total from local sources	<u>3,851,227</u>	<u>1,924,430</u>	<u>(1,926,797)</u>
TOTAL REVENUES	<u>3,859,227</u>	<u>1,927,472</u>	<u>(1,931,755)</u>
EXPENDITURES:			
Sylvania Campus Programs	1,570,308	620,547	949,761
Rock Creek Campus Programs	1,132,437	629,893	502,544
Cascade Campus Programs	988,586	473,173	515,413
Extended Learning Campus Programs	323,681	139,018	184,663
District-wide Programs	377,700	-	377,700
Contingency	175,288	-	175,288
TOTAL EXPENDITURES	<u>4,568,000</u>	<u>1,862,631</u>	<u>2,705,369</u>
REVENUES OVER (UNDER) EXPENDITURES	(708,773)	64,841	773,614
Beginning fund balance	708,773	708,773	-
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 773,614</u>	<u>\$ 773,614</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

CONTRACTS AND GRANTS FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Local sources	\$ 11,715,137	\$ 5,646,531	\$ (6,068,606)
State sources	16,011,775	6,313,112	(9,698,663)
Federal sources	34,244,990	14,715,445	(19,529,545)
TOTAL REVENUES	<u>61,971,902</u>	<u>26,675,088</u>	<u>(35,296,814)</u>
EXPENDITURES:			
Local contracts	10,391,007	5,519,537	4,627,950
State grants	14,087,027	6,313,221	7,773,806
Federal grants	30,916,993	13,801,844	17,115,149
TOTAL EXPENDITURES	<u>55,395,027</u>	<u>25,634,602</u>	<u>29,516,905</u>
Contingency	2,975,538	-	2,975,538
REVENUES OVER (UNDER) EXPENDITURES	<u>3,601,337</u>	<u>1,040,486</u>	<u>(2,560,851)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	492,440	255,000	(237,440)
Transfers (out)	(4,228,186)	(1,551,589)	2,676,597
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,735,746)</u>	<u>(1,296,589)</u>	<u>2,439,157</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(134,409)	(256,103)	(121,694)
Beginning fund balance	2,625,927	2,625,927	-
Ending fund balance - budgetary basis	<u>\$ 2,491,518</u>	<u>\$ 2,369,824</u>	<u>\$ (121,694)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

STUDENT FINANCIAL AID FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Interest from investments	\$ 17,174	\$ 3,246	\$ (13,928)
Private scholarships	4,312,404	163,467	(4,148,937)
Miscellaneous income	-	894	894
Total from local sources	4,329,578	167,607	(4,161,971)
From federal sources	381,333,506	169,661,904	(211,671,602)
TOTAL REVENUES	385,663,084	169,829,511	(215,833,573)
EXPENDITURES:			
College funded programs	924,300	90,809	833,491
Federal programs	385,130,668	169,348,618	215,782,050
Short term student loan program	596,000	164,268	431,732
Contingency	954,358	-	954,358
TOTAL EXPENDITURES	387,605,326	169,603,695	218,001,631
REVENUES OVER (UNDER) EXPENDITURES	(1,942,242)	225,816	2,168,058
OTHER FINANCING SOURCES (USES):			
Transfers in	1,338,844	258,693	(1,080,151)
Transfers (out)	(426,390)	(262,700)	163,690
TOTAL OTHER FINANCING SOURCES (USES)	912,454	(4,007)	(916,461)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(1,029,788)	221,809	1,251,597
Beginning fund balance	1,029,788	1,029,788	-
Ending fund balance - budgetary basis	\$ -	\$ 1,251,597	\$ 1,251,597

PORTLAND COMMUNITY COLLEGE
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

GENERAL OBLIGATION (G.O.) BOND FUND

	2011-13 ADJUSTED BUDGET	1ST YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
From local sources:			
Proceeds from tax levies - current year	\$ 66,311,707	\$ 30,009,208	\$ (36,302,499)
Proceeds from tax levies - prior year	1,902,162	490,624	(1,411,538)
Interest from investments	148,254	129,445	(18,809)
TOTAL REVENUES	68,362,123	30,629,277	(37,732,846)
EXPENDITURES:			
Principal payments	41,210,000	19,790,000	21,420,000
Interest payments	26,552,123	13,670,103	12,882,020
TOTAL EXPENDITURES	67,762,123	33,460,103	34,302,020
REVENUES OVER (UNDER) EXPENDITURES	600,000	(2,830,826)	(3,430,826)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	600,000	(2,830,826)	(3,430,826)
Beginning fund balance	3,917,381	3,917,381	-
Ending fund balance - budgetary basis	\$ 4,517,381	\$ 1,086,555	\$ (3,430,826)

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

CAPITAL LEASE / PURCHASE FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 2,362	\$ -	\$ (2,362)
TOTAL REVENUES	2,362	-	(2,362)
EXPENDITURES:			
Principal payment	290,000	140,000	150,000
Interest payment	104,320	55,448	48,872
TOTAL EXPENDITURES	394,320	195,448	198,872
REVENUES OVER (UNDER) EXPENDITURES	(391,958)	(195,448)	196,510
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	394,320	195,450	(198,870)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	2,362	2	(2,360)
Beginning fund balance	44,765	44,765	-
Ending fund balance - budgetary basis	\$ 47,127	\$ 44,767	\$ (2,360)

PORTLAND COMMUNITY COLLEGE
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
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P.E.R.S. DEBT SERVICE FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
EXPENDITURES:			
Principal payments	\$ 4,975,000	\$ 2,290,000	\$ 2,685,000
Interest payments	9,918,833	5,001,438	4,917,395
TOTAL EXPENDITURES	14,893,833	7,291,438	7,602,395
REVENUES OVER (UNDER) EXPENDITURES	(14,893,833)	(7,291,438)	7,602,395
OTHER FINANCING SOURCES (USES):			
Transfer from PERS Bond Fund	14,893,833	7,291,438	(7,602,395)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	-	-	-
Beginning fund balance	-	-	-
Ending fund balance - budgetary basis	\$ -	\$ -	\$ -

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

CAPITAL PROJECTS FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 200,000	\$ 58,702	\$ (141,298)
Other revenues	200,000	158,458	(41,542)
TOTAL REVENUES	400,000	217,160	(182,840)
EXPENDITURES:			
Capital outlay	5,100,000	3,237,342	1,862,658
Contingency	3,117,958	-	3,117,958
TOTAL EXPENDITURES	8,217,958	3,237,342	4,980,616
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,817,958)</u>	<u>(3,020,182)</u>	<u>4,797,776</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	3,975,965	1,975,965	(2,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,975,965	1,975,965	(2,000,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,841,993)	(1,044,217)	2,797,776
Beginning fund balance	11,777,185	11,777,185	-
Ending fund balance - budgetary basis	<u>\$ 7,935,192</u>	<u>\$ 10,732,968</u>	<u>\$ 2,797,776</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

CAPITAL CONSTRUCTION FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Interest from investments	\$ 2,800,000	\$ 821,297	\$ (1,978,703)
State sources	8,000,000	250,000	(7,750,000)
Miscellaneous income	200,000	233,558	33,558
TOTAL REVENUES	11,000,000	1,304,855	(9,695,145)
EXPENDITURES:			
Sylvania Campus	35,000,000	5,088,188	29,911,812
Cascade Campus	16,000,000	1,541,091	14,458,909
Rock Creek Campus	17,000,000	1,760,719	15,239,281
Southeast Center	18,000,000	2,544,495	15,455,505
District-wide Projects	26,039,902	7,500,475	18,539,427
Bond issuance costs	1,000,000	-	1,000,000
Contingency	67,729,141	-	67,729,141
TOTAL EXPENDITURES	180,769,043	18,434,968	162,334,075
REVENUES OVER (UNDER) EXPENDITURES	<u>(169,769,043)</u>	<u>(17,130,113)</u>	<u>152,638,930</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued	174,000,000	-	(174,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	174,000,000	-	(174,000,000)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	4,230,957	(17,130,113)	(21,361,070)
Beginning fund balance	126,857,267	126,857,267	-
Ending fund balance - budgetary basis	<u>\$ 131,088,224</u>	<u>\$ 109,727,154</u>	<u>\$ (21,361,070)</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

FOOD SERVICES FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Food sales	\$ 9,949,853	\$ 4,914,888	\$ (5,034,965)
TOTAL REVENUES	9,949,853	4,914,888	(5,034,965)
EXPENDITURES:			
Food services operations	10,066,745	5,103,779	4,962,966
Contingency	766,789	-	766,789
TOTAL EXPENDITURES	10,833,534	5,103,779	5,729,755
REVENUES OVER (UNDER) EXPENDITURES	<u>(883,681)</u>	<u>(188,891)</u>	<u>694,790</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	6,090	2,373	(3,717)
Transfers in	307,953	155,922	(152,031)
Transfers (out)	(97,914)	(48,394)	49,520
TOTAL OTHER FINANCING SOURCES (USES)	216,129	109,901	(106,228)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(667,552)</u>	<u>(78,990)</u>	<u>588,562</u>
Beginning fund balance	<u>667,552</u>	<u>667,552</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 588,562</u>	<u>\$ 588,562</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

BOOKSTORE FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Bookstore sales	\$ 31,519,242	\$ 17,262,965	\$ (14,256,277)
Miscellaneous income	116,040	84,009	(32,031)
TOTAL REVENUES	31,635,282	17,346,974	(14,288,308)
EXPENDITURES:			
Bookstore operations	30,480,926	15,439,522	15,041,404
Contingency	2,475,901	-	2,475,901
TOTAL EXPENDITURES	32,956,827	15,439,522	17,517,305
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,321,545)</u>	<u>1,907,452</u>	<u>3,228,997</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	(1,045,229)	(516,226)	529,003
Interest from investments	155,846	86,324	(69,522)
TOTAL OTHER FINANCING SOURCES (USES)	(889,383)	(429,902)	459,481
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(2,210,928)</u>	<u>1,477,550</u>	<u>3,688,478</u>
Beginning fund balance	<u>11,958,274</u>	<u>11,958,274</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 9,747,346</u>	<u>\$ 13,435,824</u>	<u>\$ 3,688,478</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

PARKING OPERATIONS FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Parking permits	\$ 7,711,086	\$ 3,188,156	\$ (4,522,930)
Parking fines	465,608	250,039	(215,569)
Other revenue	2,541,600	1,427,378	(1,114,222)
TOTAL REVENUES	<u>10,718,294</u>	<u>4,865,573</u>	<u>(5,852,721)</u>
EXPENDITURES:			
Parking operations	8,991,067	3,623,419	5,367,648
Contingency	2,331,322	-	2,331,322
TOTAL EXPENDITURES	<u>11,322,389</u>	<u>3,623,419</u>	<u>7,698,970</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(604,095)</u>	<u>1,242,154</u>	<u>1,846,249</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	35,582	16,812	(18,770)
Transfers (in)	74,000	37,000	(37,000)
Transfers (out)	(1,272,031)	(636,372)	635,659
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,162,449)</u>	<u>(582,560)</u>	<u>579,889</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(1,766,544)</u>	<u>659,594</u>	<u>2,426,138</u>
Beginning fund balance	<u>2,766,544</u>	<u>2,766,544</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ 1,000,000</u>	<u>\$ 3,426,138</u>	<u>\$ 2,426,138</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

PRINT CENTER FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Charges for services-internal	\$ 1,109,558	\$ 526,658	\$ (582,900)
Charges for services-external	61,430	19,434	(41,996)
Copy machine income	1,172,713	536,396	(636,317)
Miscellaneous income	8,386	-	(8,386)
TOTAL REVENUES	<u>2,352,087</u>	<u>1,082,488</u>	<u>(1,269,599)</u>
EXPENDITURES:			
Print center operations	2,199,227	1,042,683	1,156,544
Contingency	339,553	-	339,553
TOTAL EXPENDITURES	<u>2,538,780</u>	<u>1,042,683</u>	<u>1,496,097</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(186,693)</u>	<u>39,805</u>	<u>226,498</u>
OTHER FINANCING SOURCES (USES):			
Interest from investments	-	2,247	2,247
Transfers (out)	(195,519)	(96,126)	99,393
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195,519)</u>	<u>(93,879)</u>	<u>101,640</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(382,212)</u>	<u>(54,074)</u>	<u>328,138</u>
Beginning fund balance	<u>382,212</u>	<u>382,212</u>	<u>-</u>
Ending fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 328,138</u>	<u>\$ 328,138</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

RISK MANAGEMENT FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department charges & other revenues	\$ 2,882,072	\$ 1,843,786	\$ (1,038,286)
Insurance reimbursement	30,600	35,444	4,844
TOTAL REVENUES	<u>2,912,672</u>	<u>1,879,230</u>	<u>(1,033,442)</u>
EXPENDITURES:			
Self-insurance & risk administration	3,497,796	2,057,034	1,440,762
Contingency	876,565	-	876,565
TOTAL EXPENDITURES	<u>4,374,361</u>	<u>2,057,034</u>	<u>2,317,327</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,461,689)</u>	<u>(177,804)</u>	<u>1,283,885</u>
OTHER FINANCING SOURCES (USES)			
Interest from investments	136,948	18,366	(118,582)
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,948</u>	<u>18,366</u>	<u>(118,582)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(1,324,741)</u>	<u>(159,438)</u>	<u>1,165,303</u>
Beginning fund balance	3,646,408	3,646,408	-
Ending fund balance - budgetary basis	<u>\$ 2,321,667</u>	<u>\$ 3,486,970</u>	<u>\$ 1,165,303</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2012

P.E.R.S./RESERVE FUND

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
REVENUES:			
Department PERS charges	\$ 16,446,017	\$ 8,738,116	\$ (7,707,901)
TOTAL REVENUES	<u>16,446,017</u>	<u>8,738,116</u>	<u>(7,707,901)</u>
OTHER FINANCING SOURCES (USES):			
Transfers to Debt Service Fund	(16,186,728)	(7,291,438)	8,895,290
Interest from investments	741,952	193,273	(548,679)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,444,776)</u>	<u>(7,098,165)</u>	<u>8,346,611</u>
REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	1,001,241	1,639,951	638,710
Beginning fund balance	36,556,083	36,556,083	-
Ending fund balance - budgetary basis	<u>\$ 37,557,324</u>	<u>\$ 38,196,034</u>	<u>\$ 638,710</u>

PORTLAND COMMUNITY COLLEGE
 PORTLAND, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2012

PENSION TRUST FUND: EARLY RETIREMENT

	2011-13 ADJUSTED BUDGET	1st YEAR ACTUAL	VARIANCE FROM BUDGET
ADDITIONS:			
Amount provided by General Fund	\$ 456,288	\$ 228,144	\$ (228,144)
Interest from investments	120,554	10,137	(110,417)
TOTAL ADDITIONS	576,842	238,281	(338,561)
DEDUCTIONS:			
Other post-retirement benefits	1,070,644	402,716	667,928
Contingency	170,846	-	170,846
TOTAL DEDUCTIONS	1,241,490	402,716	838,774
NET ADDITIONS (DEDUCTIONS):	(664,648)	(164,435)	500,213
Beginning fund balance	1,908,648	1,908,650	2
Ending fund balance - budgetary basis	\$ 1,244,000	\$ 1,744,215	\$ 500,215

OTHER FINANCIAL SCHEDULES

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2012

GENERAL OBLIGATION BONDS

FISCAL YEAR	SERIES 2002A, ISSUED 04/30/2002		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 1,155,000	\$ 217,319	\$ 1,372,319
2013-14	3,505,000	96,388	3,601,388
TOTALS	<u>\$ 4,660,000</u>	<u>\$ 313,707</u>	<u>\$ 4,973,707</u>

FISCAL YEAR	SERIES 2005, ISSUED 06/15/2005		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 10,000,000	\$ 3,483,500	\$ 13,483,500
2013-14	10,835,000	2,983,500	13,818,500
2014-15	10,635,000	2,441,750	13,076,750
2015-16	11,635,000	1,910,000	13,545,000
2016-17	12,710,000	1,328,250	14,038,250
2017-18	13,855,000	692,750	14,547,750
TOTALS	<u>\$ 69,670,000</u>	<u>\$ 12,839,750</u>	<u>\$ 82,509,750</u>

FISCAL YEAR	SERIES 2009, ISSUED 04/01/2009		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 7,055,000	\$ 9,117,000	\$ 16,172,000
2013-14	7,410,000	8,764,250	16,174,250
2014-15	7,780,000	8,393,750	16,173,750
2015-16	8,170,000	8,004,750	16,174,750
2016-17	8,575,000	7,596,250	16,171,250
2017-18	9,005,000	7,167,500	16,172,500
2018-19	9,455,000	6,717,250	16,172,250
2019-20	9,930,000	6,244,500	16,174,500
2020-21	10,425,000	5,748,000	16,173,000
2021-22	10,945,000	5,226,750	16,171,750
2022-23	11,495,000	4,679,500	16,174,500
2023-24	12,070,000	4,104,750	16,174,750
2024-25	12,675,000	3,501,250	16,176,250
2025-26	13,305,000	2,867,500	16,172,500
2026-27	13,970,000	2,202,250	16,172,250
2027-28	14,670,000	1,503,750	16,173,750
2028-29	15,405,000	770,250	16,175,250
TOTALS	<u>\$ 182,340,000</u>	<u>\$ 92,609,250</u>	<u>\$ 274,949,250</u>

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2012

LIMITED TAX PENSION BONDS

FISCAL YEAR	SERIES 2003, ISSUED 6/12/2003		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 2,685,000	\$ 4,917,395	\$ 7,602,395
2013-14	3,110,000	4,815,097	7,925,097
2014-15	3,565,000	4,693,496	8,258,496
2015-16	4,060,000	4,551,252	8,611,252
2016-17	4,590,000	4,385,198	8,975,198
2017-18	5,165,000	4,192,877	9,357,877
2018-19	5,810,000	3,944,441	9,754,441
2019-20	6,505,000	3,664,980	10,169,980
2020-21	7,250,000	3,352,089	10,602,089
2021-22	8,050,000	3,003,364	11,053,364
2022-23	8,910,000	2,616,159	11,526,159
2023-24	9,825,000	2,187,588	12,012,588
2024-25	10,810,000	1,715,006	12,525,006
2025-26	11,860,000	1,195,045	13,055,045
2026-27	12,985,000	624,579	13,609,579
TOTALS	<u>\$ 105,180,000</u>	<u>\$ 49,858,566</u>	<u>\$ 155,038,566</u>

GENERAL OBLIGATION CITIZEN BONDS (ZERO-COUPON)

MATURITY -- JULY 1st	MATURITY (FACE) VALUE	DISCOUNT	PRINCIPAL OUTSTANDING
	2013	\$ 1,165,000	\$ 63,669

GENERAL OBLIGATION - ADVANCE REFUNDING BONDS

FISCAL YEAR	SERIES 2008, ISSUED 05/29/2008		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 3,210,000	\$ 64,200	\$ 3,274,200
TOTALS	<u>\$ 3,210,000</u>	<u>\$ 64,200</u>	<u>\$ 3,274,200</u>

PORTLAND COMMUNITY COLLEGE
 PORTLAND, OREGON

SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
 June 30, 2012

CERTIFICATE OF PARTICIPATION AND NOTE PAYABLE

CERTIFICATE OF PARTICIPATION

FISCAL YEAR	SERIES 1998, ISSUED 4/01/98		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 150,000	\$ 48,870	\$ 198,870
2013-14	155,000	41,820	196,820
2014-15	165,000	34,380	199,380
2015-16	170,000	26,460	196,460
2016-17	180,000	18,130	198,130
2017-18	190,000	9,310	199,310
TOTALS	<u>\$ 1,010,000</u>	<u>\$ 178,970</u>	<u>\$ 1,188,970</u>

NOTE PAYABLE

FISCAL YEAR	LEGIN PROPERTY		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	
2012-13	\$ 75,000	\$ -	\$ 75,000
2013-14	75,000	-	75,000
2014-15	75,000	-	75,000
2015-16	75,000	-	75,000
TOTALS	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- GENERAL FUND
For the year ended June 30, 2012

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2011	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12
GENERAL FUND:						
Current: 2011-12	\$ 27,891,506	\$ (704,511)	\$ (53,596)	\$ 6,368	\$ (26,328,436)	\$ 811,331
Prior years:						
2010-11	741,717	4,122	(40,241)	19,666	(289,413)	435,851
2009-10	328,565	2,832	(19,213)	17,021	(63,991)	265,214
2008-09	172,557	23	(7,067)	19,482	(120,527)	64,468
2007-08	51,844	19	(3,403)	6,690	(41,001)	14,149
2006-07	11,253	2	(1,018)	794	(3,643)	7,388
2005 and prior	30,172	-	(2,295)	1,463	(3,349)	25,991
Total prior	1,336,108	6,998	(73,237)	65,116	(521,924)	813,061
Total General Fund	\$ 29,227,614	\$ (697,513)	\$ (126,833)	\$ 71,484	\$ (26,850,360)	\$ 1,624,392

RECONCILIATION TO REVENUES:

Cash collection by county treasurer above
Property taxes susceptible to accrual at June 30, 2012
Property taxes susceptible to accrual at July 1, 2011
Taxes in lieu of property taxes and other adjustments

GENERAL FUND
\$ 26,850,360
143,090
(168,052)
273,524
<u>\$ 27,098,922</u>

Total revenues

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED -- DEBT SERVICE FUND
For the year ended June 30, 2012

TAX YEAR	ORIGINAL LEVY AND BALANCE UNCOLLECTED 7/1/2011	DISCOUNTS	ADJUSTMENTS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12
DEBT SERVICE FUND:						
Current: 2011-12	\$ 31,543,990	\$ (796,746)	\$ (61,049)	\$ 7,189	\$ (29,775,070)	\$ 918,314
Prior years:						
2010-11	936,582	5,205	(50,883)	24,759	(365,270)	550,393
2009-10	411,401	3,548	(24,022)	21,263	(80,075)	332,115
2008-09	135,583	17	(5,533)	15,279	(94,682)	50,664
2007-08	41,115	13	(2,692)	5,292	(32,514)	11,214
2006-07	8,282	1	(746)	582	(2,682)	5,437
2005 and prior	17,033	-	(1,736)	1,108	(2,402)	14,003
Total prior	1,549,996	8,784	(85,612)	68,283	(577,625)	963,826
Total Debt Service Fund	\$ 33,093,986	\$ (787,962)	\$ (146,661)	\$ 75,472	\$ (30,352,695)	\$ 1,882,140

RECONCILIATION TO REVENUES:

Cash collection by county treasurer above
Property taxes susceptible to accrual at June 30, 2012
Property taxes susceptible to accrual at July 1, 2011
Taxes in lieu of property taxes and other adjustments

DEBT SERVICE FUND
\$ 30,352,695
156,076
(194,232)
185,292
<u>\$ 30,499,831</u>

Total revenues



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.

<u>Contents</u>	<u>Page</u>
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.	65
Revenue Capacity These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.	70
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.	79
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.	84
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.	87

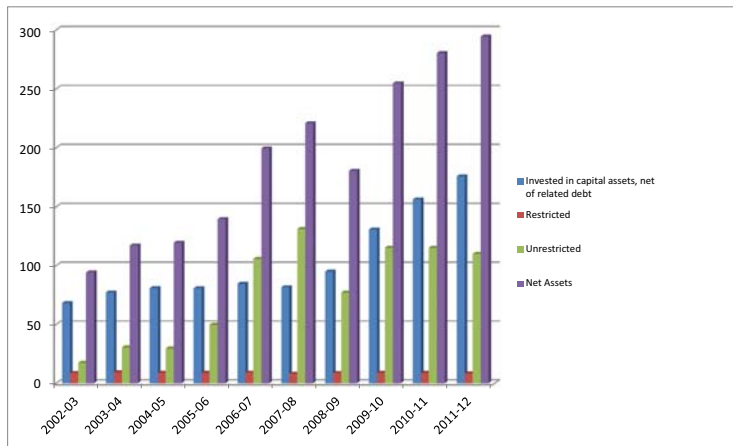
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2011-12	2010-11	2009-10	2008-09
Net assets invested in capital assets	\$ 339,857	\$ 323,919	\$ 300,161	\$ 242,922
Less related debt	(164,041)	(167,624)	(169,457)	(148,025)
Invested in capital assets, net	175,816	156,295	130,704	94,897
Net assets, restricted	8,510	8,782	8,764	8,700
Net assets, unrestricted	110,021	115,262	115,364	76,987
TOTAL NET ASSETS	\$ 294,347	\$ 280,339	\$ 254,832	\$ 180,584

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



	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Net assets invested in capital assets	\$ 211,565	\$ 226,769	\$ 228,863	\$ 225,776	\$ 202,340	\$ 143,388
Less related debt	(129,947)	(142,130)	(148,176)	(144,881)	(125,142)	(75,124)
Invested in capital assets, net	81,618	84,639	80,687	80,895	77,198	68,264
Net assets, restricted	8,203	9,056	8,996	8,975	9,497	8,688
Net assets, unrestricted	131,125	105,837	49,805	29,538	30,460	17,307
TOTAL NET ASSETS	\$ 220,946	\$ 199,532	\$ 139,488	\$ 119,408	\$ 117,155	\$ 94,259

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

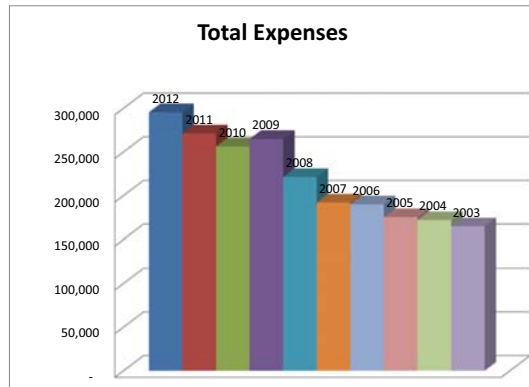
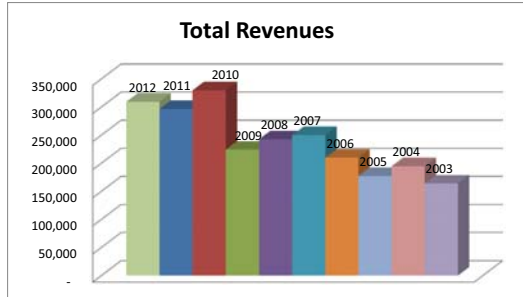
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (in Thousands)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Operating revenues										
Student tuition and fees, net	\$ 62,216	\$ 62,644	\$ 61,946	\$ 52,837	\$ 49,203	\$ 45,085	\$ 41,213	\$ 39,887	\$ 34,938	\$ 32,435
Grants and contracted programs	20,362	21,045	18,944	16,449	19,845	20,958	20,248	19,909	19,392	17,674
Auxiliary enterprises	21,259	18,298	18,093	15,721	14,679	13,564	13,039	13,238	13,062	13,305
Other operating revenues	20	221	61	11	3,129	3,775	4,343	3,922	5,947	5,265
Total operating revenues	103,857	102,208	99,044	85,018	86,856	83,382	78,843	76,956	73,339	68,679
Nonoperating revenues										
State FTE reimbursement	71,604	41,003	77,046	48,945	81,165	42,146	66,695	37,722	62,346	34,994
Property taxes	58,282	59,895	57,622	44,162	42,504	39,100	37,715	37,100	36,028	33,391
Federal financial aid	62,720	57,471	54,704	31,828	20,837	17,631	17,522	17,745	16,388	14,034
State and local grants and contracts	8,899	11,740	18,881	11,069	6,962	6,814	5,935	5,826	5,323	5,280
Investment income	1,313	1,814	4,208	3,267	4,362	60,925	3,209	2,038	1,329	5,146
Investment gain on pension asset	2,651	22,373	18,416	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	10	-	-	-	-	-	-
Other nonoperating revenues	-	-	-	-	-	31	-	-	-	2,500
Total nonoperating revenues	205,469	194,296	230,877	139,281	155,830	166,647	131,076	100,431	121,414	95,345
Total Revenues	309,326	296,504	329,921	224,299	242,686	250,029	209,919	177,387	194,753	164,024
Operating expenses										
Campus educational and campus general	134,836	118,239	111,610	103,227	98,524	84,331	78,907	82,283	80,101	75,755
Other educational and general	68,982	59,521	55,597	52,898	45,910	36,917	45,930	30,356	28,473	29,810
Grants and contracted programs	25,617	26,881	23,658	21,649	24,841	25,675	24,516	23,369	22,751	20,695
Auxiliary enterprises	23,904	20,885	19,919	17,136	16,228	14,914	14,232	14,136	14,157	13,025
Student financial aid, net tuition and textbooks	16,123	20,235	24,535	11,953	7,451	6,617	5,726	6,671	7,757	8,195
Other support services	4,479	3,614	4,034	3,696	2,848	3,163	2,674	3,134	3,568	4,349
Depreciation and amortization	7,438	6,670	5,458	5,830	5,855	7,292	6,770	5,059	4,666	3,496
Total operating expenses	281,379	256,045	244,811	216,389	201,657	178,909	178,755	165,008	161,473	155,325
Nonoperating expenses										
Interest expense	13,931	14,930	11,092	13,281	11,796	12,412	10,884	9,667	10,226	9,200
Investment loss on pension asset	-	-	-	35,023	-	-	-	-	-	-
Loss on disposal of assets	8	22	4	-	7,749	624	-	-	-	-
Other nonoperating expenses	-	-	-	-	-	-	200	459	158	-
Total nonoperating expenses	13,939	14,952	11,096	48,304	19,545	13,036	11,084	10,126	10,384	9,200
Total Expenses	295,318	270,997	255,907	264,693	221,202	191,945	189,839	175,134	171,857	164,525
Capital contributions	-	-	234	32	-	-	-	-	-	-
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ 14,008	\$ 25,507	\$ 74,248	\$ (40,362)	\$ 21,484	\$ 58,084	\$ 20,080	\$ 2,253	\$ 22,896	\$ (501)

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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



PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

REVENUES BY SOURCES
LAST TEN FISCAL YEARS (in Thousands)

	2011-12	2010-11	2009-10	2008-09
Federal sources:				
Federal financial aid	\$ 62,720	\$ 57,471	\$ 54,704	\$ 31,828
Other federal grants and contracts	20,362	21,045	18,944	16,449
Total federal sources	83,082	78,516	73,648	48,277
State sources:				
State FTE reimbursement	71,604	41,003	77,046	48,945
Other state grants and contracts	8,899	11,740	18,881	11,069
Total state sources	80,503	52,743	95,927	60,014
Local sources:				
Property taxes	58,282	59,895	57,622	44,162
Student tuition and fees, net of scholarship allowance (1)	62,216	62,644	61,946	52,837
Auxiliary enterprise:				
Food Services	4,915	4,581	4,124	3,764
Bookstore, net of scholarship allowance	11,478	9,697	10,300	9,500
Parking Operation	4,866	4,020	3,669	2,457
Investment income	1,313	1,814	4,208	3,267
Gain on disposal of capital assets	-	-	-	10
Investment gain on pension asset	2,651	22,373	18,416	-
Other local sources (1)	20	221	61	11
Total local sources	145,741	165,245	160,346	116,008
Total revenues (1)	\$ 309,326	\$ 296,504	\$ 329,921	\$ 224,299

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

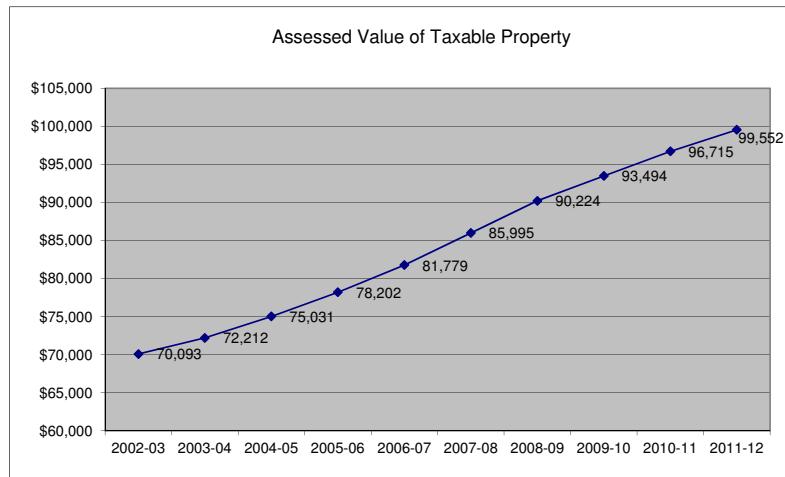
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Federal sources:						
Federal financial aid	\$ 20,837	\$ 17,631	\$ 17,522	\$ 17,745	\$ 16,388	\$ 14,034
Other federal grants and contracts	19,845	20,958	20,248	19,909	19,392	17,674
Total federal sources	40,682	38,589	37,770	37,654	35,780	31,708
State sources:						
State FTE reimbursement	81,165	42,146	66,695	37,722	62,346	34,994
Other state grants and contracts	6,962	6,814	5,935	5,826	5,323	5,280
Total state sources	88,127	48,960	72,630	43,548	67,669	40,274
Local sources:						
Property taxes	42,504	39,100	37,715	37,100	36,028	33,391
Student tuition and fees, net of scholarship allowance (1)	49,203	45,085	41,213	39,887	34,938	32,435
Auxiliary enterprise:						
Food Services	3,402	3,085	3,051	3,089	2,905	2,851
Bookstore, net of scholarship allowance	9,070	8,504	8,167	8,461	8,580	8,765
Parking Operation	2,207	1,975	1,821	1,688	1,577	1,689
Investment income	4,362	60,925	3,209	2,038	1,329	5,146
Gain on disposal of capital assets	-	-	-	-	-	-
Investment gain on pension asset	-	-	-	-	-	-
Other local sources (1)	3,129	3,806	4,343	3,922	5,947	7,765
Total local sources	113,877	162,480	99,519	96,185	91,304	92,042
Total revenues (1)	\$ 242,686	\$ 250,029	\$ 209,919	\$ 177,387	\$ 194,753	\$ 164,024

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2011-12	2010-11	2009-10	2008-09
Assessed Valuation (1)	\$ 99,551,921	\$ 96,714,788	\$ 93,493,947	\$ 90,223,567
Percentage Increased (decreased)	2.9%	3.4%	3.6%	4.9%
Direct Tax Rate (2)	\$ 0.598	\$ 0.636	\$ 0.633	\$ 0.503
Real Market Valuation	\$ 150,172,560	\$ 158,329,495	\$ 165,721,635	\$ 172,500,177
Percentage Increased (decreased)	-5.2%	-4.5%	-3.9%	5.4%
Ratio of Assessed Valuation to Real Market Valuation	66.3%	61.1%	56.4%	52.3%

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
\$ 85,994,505	\$ 81,778,844	\$ 78,201,863	\$ 75,030,939	\$ 72,212,490	\$ 70,093,393
5.2%	4.6%	4.2%	3.9%	3.0%	4.5%
\$ 0.505	\$ 0.489	\$ 0.495	\$ 0.510	\$ 0.512	\$ 0.494
\$ 163,621,726	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645
13.8%	16.8%	6.2%	-4.9%	7.3%	9.1%
52.6%	56.9%	63.5%	64.7%	59.2%	61.7%



(1) Property taxes are based on taxable assessed value. This is defined as the lower of maximum assessed value (MAV) or real market value. MAV is limited to 3% annual increases. The net levy is the actual imposed tax after adjustments and property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Voter approved bond levies are not subject to these limitations.

(2) Rates per \$1,000 of assessed value. This is the combined rate of the General and Debt Service Funds.

Source: Tax Supervising and Conservation Commission, Portland, Oregon

PORTLAND COMMUNITY COLLEGE
 PORTLAND, OREGON
 SCHEDULE OF PROPERTY TAX TRANSACTIONS
 LAST TEN FISCAL YEARS (in Thousands)

	2011-12	2010-11	2009-10	2008-09
Levy extended by assesor (1)	\$ 59,435	\$ 61,449	\$ 59,191	\$ 45,298
Reduction of taxes receivable: (2) (3)				
Current year	\$ 57,706	\$ 59,771	\$ 57,342	\$ 43,739
First year prior	691	1,108	950	754
Second year prior	143	301	226	154
Third year prior	193	156	105	83
Fourth year prior	68	58	47	42
Fifth year prior	7	6	6	4
Sixth year prior and earlier	7	7	7	7
Total prior	1,109	1,636	1,341	1,044
Total Property Taxes	\$ 58,815	\$ 61,407	\$ 58,683	\$ 44,783

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Levy extended by assesor (1)	\$ 43,358	\$ 39,893	\$ 38,725	\$ 38,140	\$ 36,817	\$ 34,523
Reduction of taxes receivable: (2) (3)						
Current year	\$ 42,128	\$ 38,900	\$ 37,789	\$ 37,145	\$ 35,767	\$ 33,434
First year prior	656	635	704	721	707	732
Second year prior	156	144	177	217	203	174
Third year prior	86	94	101	124	86	101
Fourth year prior	43	46	51	42	37	46
Fifth year prior	6	9	4	5	4	11
Sixth year prior and earlier	4	5	5	6	5	4
Total prior	951	933	1,042	1,115	1,042	1,068
Total Property Taxes	\$ 43,079	\$ 39,833	\$ 38,831	\$ 38,260	\$ 36,809	\$ 34,502

(1) Extended levy after additions and offsets by the county assessor.

(2) Amounts include collections, interest on deficiencies, discount allowed for early payment and adjustments and cancellations made by the county assessors.

(3) Amounts are based upon the tax collection year July 1 to June 30. Revenues as recorded in the financial statements are recognized when measurable and available.

Sources: Departments of Assessment and Taxation for Clackamas, Columbia, Multnomah, Washington and Yamhill counties
 Portland Community College financial records
 Tax Supervising and Conservation Commission



PORTLAND COMMUNITY COLLEGE
 PORTLAND, OREGON
 LARGEST PROPERTY TAXPAYERS WITHIN DISTRICT
 (in Thousands)

	2012		PERCENT OF TOTAL DISTRICT'S	
	ASSESSED VALUATION	RANK	ASSESSED VALUATION	
Intel Corporation	\$ 1,316,340	1	1.32	%
Portland General Electric	742,340	2	0.75	
Comcast Corporation	445,761	3	0.45	
Nike	437,734	4	0.44	
Northwest Natural Gas	428,534	5	0.43	
Frontier Communications	394,991	6	0.40	
Port of Portland	330,184	7	0.33	
Pacific Realty Associates	299,183	8	0.30	
PacifiCorp	282,604	9	0.28	
Fred Meyer Stores Inc.	242,663	10	0.24	
	<u>4,920,334</u>		<u>4.94</u>	
ALL OTHER TAXPAYERS	<u>94,631,587</u>		<u>95.06</u>	
TOTAL	<u>\$ 99,551,921</u>		<u>100.00</u>	%

	2003		PERCENT OF TOTAL DISTRICT'S	
	ASSESSED VALUATION	RANK	ASSESSED VALUATION	
Intel Corporation	\$ 1,182,026	1	1.69	%
Portland General Electric	462,627	2	0.66	
Quest Communications	402,988	3	0.57	
Verizon Northwest Inc.	363,332	4	0.52	
Nike	298,123	5	0.43	
Northwest Natural	288,983	6	0.41	
PacifiCorp.	218,988	7	0.31	
Wacker Siltronic Corporation	204,816	8	0.29	
Pacific Realty Associates	179,283	9	0.26	
Oregon Steel Mills Inc.	149,337	10	0.21	
	<u>3,750,503</u>		<u>5.35</u>	
ALL OTHER TAXPAYERS	<u>66,342,890</u>		<u>94.65</u>	
TOTAL	<u>\$ 70,093,393</u>		<u>100.00</u>	%

Source: Multnomah County Assessment, Recording & Taxation
 Washington County Assessment and Taxation Department
 Yamhill County Assessment and Taxation

PORTLAND COMMUNITY COLLEGE
 PORTLAND, OREGON
 PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS
 LAST TEN FISCAL YEARS (in Thousands)

	2011-12	2010-11	2009-10	2008-09	2007-08
Current tax levy	\$ 59,435	\$ 61,449	\$ 59,191	\$ 45,298	\$ 43,358
Current tax collections	\$ 56,104	\$ 57,975	\$ 55,575	\$ 42,500	\$ 40,953
Current collections as a percentage of current levy	94.4%	94.3%	93.9%	94.4%	94.7%
Delinquent tax collections	\$ 1,100	\$ 1,611	\$ 1,281	\$ 936	\$ 935
Total tax collections	\$ 57,204	\$ 59,586	\$ 56,856	\$ 41,888	\$ 38,661
Total tax collections as a percentage of current levy	96.2%	97.0%	96.1%	96.6%	97.0%
Uncollected tax	\$ 3,507	\$ 2,886	\$ 2,844	\$ 2,337	\$ 1,823
Uncollected percentage of current levy	5.9%	4.7%	4.8%	5.2%	4.2%

	2006-07	2005-06	2004-05	2003-04	2002-03
Current tax levy	\$ 39,893	\$ 38,725	\$ 38,140	\$ 36,817	\$ 34,523
Current tax collections	\$ 37,805	\$ 36,677	\$ 36,012	\$ 34,707	\$ 32,457
Current collections as a percentage of current levy	94.7%	94.4%	94.3%	94.0%	94.0%
Delinquent tax collections	\$ 856	\$ 967	\$ 1,694	\$ 1,096	\$ 1,027
Total tax collections	\$ 37,644	\$ 37,706	\$ 35,804	\$ 33,485	\$ 34,951
Total tax collections as a percentage of current levy	97.2%	98.9%	97.2%	97.0%	95.7%
Uncollected tax	\$ 1,544	\$ 1,487	\$ 1,593	\$ 1,714	\$ 1,707
Uncollected percentage of current levy	3.9%	3.8%	4.2%	4.7%	4.9%

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2011-12	2010-11	2009-10	2008-09
General obligation bonds	\$ 260,981	\$ 280,711	\$ 299,049	\$ 311,260
Actual property value	\$ 150,172,560	\$ 158,329,495	\$ 165,721,635	\$ 172,500,177
Percentage of actual property value	0.17%	0.18%	0.18%	0.18%
Student population	95	93	94	87
Per student	\$ 2.76	\$ 3.03	\$ 3.19	\$ 3.58
Other Governmental non tax bonded debt				
Limited tax pension bonds	\$ 105,180	\$ 107,470	\$ 109,400	\$ 111,165
Certificate of participation	\$ 1,010	\$ 1,150	\$ 1,285	\$ 1,415
Note Payable	\$ 300	\$ 375	\$ 466	\$ 37
Per student	\$ 1.11	\$ 1.16	\$ 1.17	\$ 1.28
Total Debt				
Total Debt	\$ 367,471	\$ 389,706	\$ 410,200	\$ 423,877
Percentage of actual property value	0.24%	0.25%	0.25%	0.25%
Per student	\$ 3.88	\$ 4.21	\$ 4.37	\$ 4.87
Personal income (1)	N/A	N/A	\$ 88,964,975	\$ 87,893,727
Percentage of personal income	N/A	N/A	0.46%	0.48%

(1) Personal income is not available for the District. The best estimate available and used above is the Portland metropolitan area. Data for fiscal year 2011-12 and 2010-11 was not available at this time.

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

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
General obligation bonds	\$ 127,075	\$ 138,567	\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231
Actual property value	\$ 163,621,726	\$ 143,776,579	\$ 123,143,688	\$ 115,982,407	\$ 121,895,037	\$ 113,625,645
Percentage of actual property value	0.08%	0.10%	0.12%	0.14%	0.14%	0.15%
Student population	87	86	88	91	84	102
Per student	\$ 1.46	\$ 1.61	\$ 1.69	\$ 1.74	\$ 2.00	\$ 1.72
Other Governmental non tax bonded debt						
Limited tax pension bonds	\$ 112,875	\$ 114,545	\$ 116,180	\$ 117,730	\$ 118,965	\$ 119,995
Certificate of participation	\$ 1,540	\$ 1,660	\$ 1,775	\$ 1,885	\$ 1,990	\$ 2,090
Note Payable	\$ 56	\$ 73	\$ 90	\$ 103	\$ 115	\$ 126
Per student	\$ 1.30	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.42	\$ 1.18
Total Debt						
Total Debt	\$ 241,546	\$ 254,845	\$ 267,134	\$ 278,286	\$ 288,837	\$ 297,442
Percentage of actual property value	0.15%	0.18%	0.22%	0.24%	0.24%	0.26%
Per student	\$ 2.78	\$ 2.96	\$ 3.04	\$ 3.06	\$ 3.44	\$ 2.92
Personal income (1)	\$ 88,021,653	\$ 84,151,048	\$ 79,013,985	\$ 73,287,419	\$ 69,328,033	\$ 66,576,262
Percentage of personal income	0.27%	0.30%	0.34%	0.38%	0.42%	0.45%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (in Thousands)

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
General obligation bonds outstanding	\$ 260,981	\$ 280,711	\$ 299,049	\$ 311,260	\$ 127,075	\$ 138,567	\$ 149,089	\$ 158,568	\$ 167,767	\$ 175,231
Less: Amounts set aside to repay general debt	<u>(1,087)</u>	<u>(3,917)</u>	<u>(3,399)</u>	<u>(3,877)</u>	<u>(3,298)</u>	<u>(2,537)</u>	<u>(3,216)</u>	<u>(3,668)</u>	<u>(2,573)</u>	<u>(1,854)</u>
Total net debt applicable to debt limit (1)	259,894	276,794	295,650	307,383	123,777	136,030	145,873	154,900	165,194	173,377
Legal debt limit (2)	<u>2,252,588</u>	<u>2,374,942</u>	<u>2,485,825</u>	<u>2,587,503</u>	<u>2,454,326</u>	<u>2,156,649</u>	<u>1,847,155</u>	<u>1,739,736</u>	<u>1,828,426</u>	<u>1,704,385</u>
Legal debt margin	<u>\$ 1,992,694</u>	<u>\$ 2,098,149</u>	<u>\$ 2,190,175</u>	<u>\$ 2,280,120</u>	<u>\$ 2,330,549</u>	<u>\$ 2,020,619</u>	<u>\$ 1,701,282</u>	<u>\$ 1,584,836</u>	<u>\$ 1,663,232</u>	<u>\$ 1,531,008</u>
Legal debt margin as a percentage of the debt limit	88.46%	88.35%	88.11%	88.12%	94.96%	93.69%	92.10%	91.10%	90.97%	89.83%

(1) The Certificate of Participation and limited tax pension bonds do not meet the definition of gross bonded debt per ORS 341.675

(2) The legal debt limit for the gross bonded debt is calculated as 1.5% of real market value.

Source: Tax Supervising and Conservation Commission, Portland, Oregon

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT
June 30, 2012
(dollars in Thousands)

	PERCENT OVERLAP	OVERLAPPING GROSS BONDED DEBT (1)
OVERLAPPING DISTRICT		
DIRECT DEBT		
Portland Community College General Obligation Bonds (2)	100.0%	\$ 260,981
OVERLAPPING DISTRICT		
Chehalam Park & Recreation District	100.0%	5,905
City of Beaverton	100.0%	9,495
City of Forest Grove	100.0%	5,200
City of Hillsboro	100.0%	30,870
City of Lake Oswego	98.8%	139,762
City of Newberg	100.0%	5,611
City of Portland	85.7%	587,398
City of Sherwood	100.0%	21,358
City of Tigard	100.0%	31,444
City of Tualatin	86.5%	7,794
City of Wilsonville	12.1%	5,858
Clackamas County	17.8%	17,566
Clackamas County School District 7J (Lake Oswego)	98.5%	108,985
Columbia County	71.2%	10,172
Columbia County School District 1J (Scappoose)	100.0%	32,230
Columbia County School District 47J (Vernonia)	100.0%	15,895
Columbia County School District 502 (St Helens)	99.8%	27,115
Metro	73.9%	238,655
Multnomah County	75.4%	199,064
Multnomah County School District 1J (Portland)	100.0%	460,349
Multnomah County School District 51J (Riverdale)	100.0%	27,728
Multnomah ESD	74.4%	25,838
Port of Portland	70.0%	48,541
Tualatin Hills Park & Rec. District	100.0%	105,850
Tualatin Valley Fire & Rescue District	84.9%	53,016
Washington County	100.0%	112,535
Washington County School District 13 (Banks)	100.0%	8,255
Washington County School District 15 (Forest Grove)	100.0%	123,568
Washington County School District 1J (Hillsboro)	100.0%	315,741
Washington County School District 23J (Tigard-Tualatin)	95.0%	126,385
Washington County School District 48J (Beaverton)	100.0%	500,995
Washington County School District 88J (Sherwood)	93.5%	113,533
Yamhill County School District 29J (Newberg)	97.6%	84,102
Other	100.0%	32,133
Total Overlapping Debt		3,638,946
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 3,899,927

(1) Gross Bonded Debt includes all bonds backed by general obligation pledge including Bancroft Act general obligation improvement bonds, self-supporting obligation bonds and limited tax debt.

(2) The Certificate of Participation and limited tax pension bonds do not meet the definition of gross bonded debt per ORS 341.675.

Source: Oregon State Treasury

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

LARGEST EMPLOYERS WITHIN PORTLAND METROPOLITAN AREA (1)

	2012		
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT
Intel Corporation	16,250	1	1.47 %
Providence Health System	14,389	2	1.30
U.S. Federal Government	13,900	3	1.26
Oregon Health & Science University	13,733	4	1.24
Fred Meyer Stores	10,389	5	0.94
Legacy Health System	9,662	6	0.87
Kaiser Foundation Health Plan of the NW	9,195	7	0.83
City of Portland	8,951	8	0.81
State of Oregon	7,559	9	0.68
Nike Inc.	7,000	10	0.63
SUB TOTAL	111,028		10.04
ALL OTHER EMPLOYERS	995,100		89.96
TOTAL	1,106,128		100.00 %
	2003		
	EMPLOYEES	RANK	PERCENT OF TOTAL DISTRICT'S EMPLOYMENT
Intel Corporation	14,363	1	1.45 %
Providence Health System	13,753	2	1.39
Oregon Health & Science University	11,400	3	1.15
Legacy Health System	7,907	4	0.80
Kaiser Foundation Health Plan of the NW	7,433	5	0.75
Portland School District	6,700	6	0.68
Nike	5,742	7	0.58
City of Portland	5,355	8	0.54
Fred Meyer Stores	5,300	9	0.53
Safeway Inc., Portland Division	5,282	10	0.53
SUB TOTAL	83,235		8.40
ALL OTHER EMPLOYERS	908,916		91.61
TOTAL	992,151		100.00 %

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

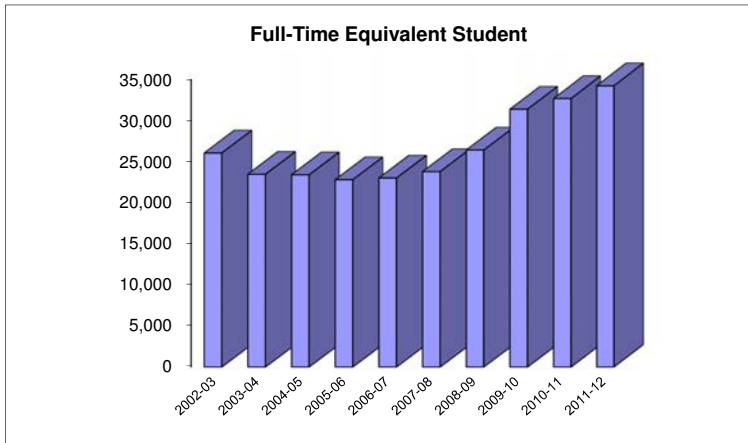
Sources: Oregon Employment Department, Oregon Labor Market Information System
Portland Business Journal May 18, 2012

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

	2011-12	2010-11	2009-10	2008-09	2007-08
District population (estimated) (1)	N/A	1,253,981	1,243,264	1,232,567	1,218,014
Personal income (in millions) (2)	N/A	N/A	\$ 88,965	\$ 87,894	\$ 88,022
Per capita income (estimated) (2)	N/A	N/A	\$ 39,843	\$ 39,206	\$ 39,942
FTE (3) student enrollment	34,246	32,694	31,395	26,419	23,794
Unemployment rate (estimated) (4)	8.0%	9.2%	10.2%	11.7%	5.3%

2006-07	2005-06	2004-05	2003-04	2002-03
1,201,048	1,182,385	1,164,115	1,148,545	1,133,010
\$ 84,151	\$ 79,014	\$ 73,287	\$ 69,328	\$ 66,576
\$ 38,842	\$ 36,845	\$ 35,430	\$ 34,018	\$ 32,629
23,011	22,808	23,406	23,472	26,061
4.8%	5.3%	6.3%	6.8%	8.9%



(1) District population for fiscal year 2011-12 was not available at the time of this report. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

(2) Personal income and Per capita personal income is not available for the District. The best estimate available and used above is the Portland metropolitan area. Data for fiscal year 2011-12 and 2010-11 was not available at this time.

(3) FTE represents Full Time Equivalency enrollment. This FTE includes reimbursable and non-reimbursable FTE.

(4) Unemployment rate is for the Portland metropolitan area.

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

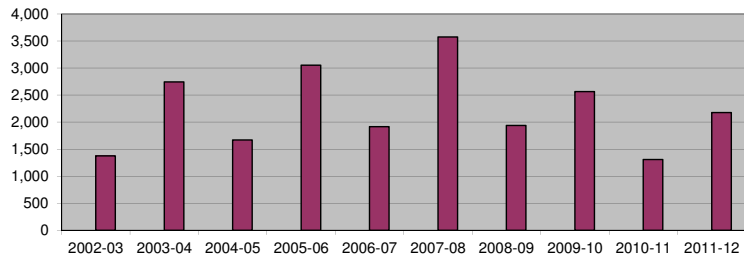
PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

STATE ALLOCATIONS PER FTE
LAST TEN FISCAL YEARS

	2011-12	2010-11	2009-10	2008-09	2007-08
Allocations per FTE	\$ 2,178	\$ 1,308	\$ 2,563	\$ 1,939	\$ 3,574
Annual State Funding (in thousands)	\$ 71,603	\$ 41,003	\$ 77,046	\$ 48,945	\$ 81,165
Total Reimbursable FTE	32,875	31,354	30,064	25,236	22,713

2006-07	2005-06	2004-05	2003-04	2002-03
\$ 1,917	\$ 3,054	\$ 1,669	\$ 2,742	\$ 1,373
\$ 42,146	\$ 66,695	\$ 37,722	\$ 62,346	\$ 34,994
21,988	21,842	22,596	22,737	25,480

State Allocation Per FTE



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

Source: Office of Institutional Effectiveness

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Total operating expenses (in thousands)	\$ 281,379	\$ 256,045	\$ 244,811	\$ 216,389	\$ 201,657	\$ 178,909	\$ 178,755	\$ 161,431	\$ 157,688	\$ 155,327
District population (estimated) (2) (in thousands)	N/A	\$ 1,254	1,243	1,233	1,218	1,201	1,182	1,164	1,149	1,133
FTE student enrollment (3)	34,246	32,694	31,395	26,419	23,794	23,011	22,808	23,406	23,472	26,061
Percent of FTE to district population	N/A	2.6%	2.5%	2.1%	2.0%	1.9%	1.9%	2.0%	2.0%	2.3%
Cost per FTE (1)	\$ 8,216	\$ 7,832	\$ 7,798	\$ 8,191	\$ 8,475	\$ 7,775	\$ 7,837	\$ 6,897	\$ 6,718	\$ 5,960
Number of employees	4,181	4,153	3,904	3,604	3,475	3,522	3,812	3,831	3,752	4,200
Ratio of employees to FTE	1:8	1:8	1:8	1:7	1:7	1:7	1:6	1:6	1:6	1:6

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

(2) District population for fiscal year 2011-12 was not available. District population includes all of Washington and Columbia Counties and parts of Multnomah, Clackamas and Yamhill Counties.

(3) FTE represents Full Time Equivalency enrollment. This FTE includes reimbursable and non-reimbursable FTE.

Sources: Portland Community College - Office of Institutional Effectiveness
Portland State University, Population Research Center

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CAMPUS FACILITIES AND OPERATING INFORMATION
LAST TEN FISCAL YEARS

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Sylvania Campus										
Buildings/leases	16	16	16	15	15	15	14	14	13	13
Gross square feet	885,207	885,207	885,207	884,559	884,559	884,559	857,559	857,559	813,065	813,065
Campus expenditures (1)	\$ 51,452	\$ 46,564	\$ 44,180	\$ 40,850	\$ 40,028	\$ 34,707	\$ 32,394	\$ 32,089	\$ 35,958	\$ 33,195
Cascade Campus										
Buildings/leases	9	9	9	9	9	9	9	8	7	9
Gross square feet	347,852	347,852	347,852	347,852	347,852	347,852	347,852	293,412	204,750	199,335
Campus expenditures (1)	\$ 30,647	\$ 26,618	\$ 24,538	\$ 22,017	\$ 20,443	\$ 16,590	\$ 15,472	\$ 15,285	\$ 14,564	\$ 13,415
Rock Creek Campus										
Buildings/leases	11	11	11	11	11	10	10	10	10	8
Gross square feet	542,723	542,723	542,723	542,723	542,723	540,323	540,323	540,323	504,323	427,323
Campus expenditures (1)	\$ 35,239	\$ 30,231	\$ 28,045	\$ 25,175	\$ 24,289	\$ 20,230	\$ 18,345	\$ 18,931	\$ 18,446	\$ 17,013
Extended Learning Campuses										
Buildings/leases	13	12	12	12	11	9	9	9	10	10
Gross square feet	329,232	314,874	314,874	246,551	241,251	247,631	247,631	247,631	331,946	256,147
Campus expenditures (1)	\$ 17,498	\$ 14,826	\$ 14,847	\$ 15,185	\$ 13,764	\$ 12,805	\$ 12,696	\$ 11,620	\$ 11,132	\$ 12,133

(1) In Thousands

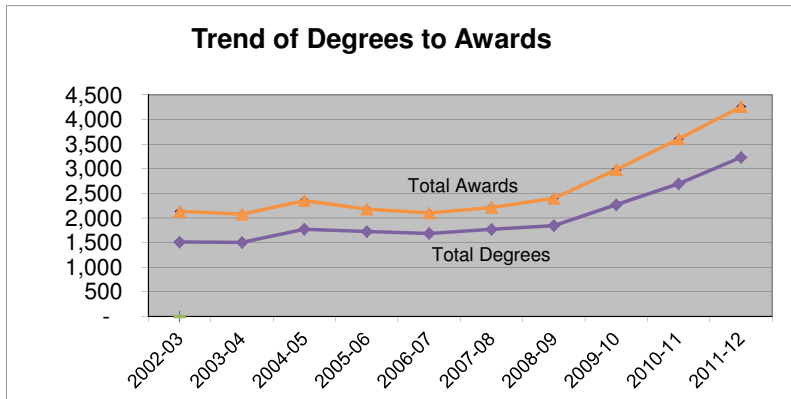
Source: PCC Director of Physical Plant

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

CERTIFICATES AND DEGREES GRANTED
LAST TEN FISCAL YEARS

	2011-12	2010-11	2009-10	2008-09
Certificates				
One-Year	330	269	244	271
Two-Year	76	69	48	37
Others	522	459	300	149
Total Certificates	928	797	592	457
Degrees				
Associate of Arts, Oregon Transfer (AAORT)	503	470	342	232
Associate of Science, Oregon Transfer (ASORT)	104	72	75	60
Associate of Science (AS)	649	515	456	371
Associate of General Studies (AGEN)	905	725	599	440
Associate of Applied Science (AAS)	1,071	912	797	742
Total Degrees	3,232	2,694	2,269	1,845
High School Diplomas	101	115	120	97
Total Awards	4,261	3,606	2,981	2,399

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
240	211	234	306	364	334
56	58	59	69	58	76
61	68	90	93	24	29
357	337	383	468	446	439
204	209	218	267	250	231
55	22	9	2	1	
328	329	365	384	324	370
439	426	400	360	283	209
744	699	731	758	644	702
1,770	1,685	1,723	1,771	1,502	1,512
87	80	73	114	128	184
2,214	2,102	2,179	2,353	2,076	2,135



Source: Portland Community College, Office of Institutional Effectiveness

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

TUITION AND FEES
LAST TEN FISCAL YEARS

Portland Community College (1)

	2011-12	2010-11	2009-10	2008-09
Per Credit Hour				
General Tuition	\$ 79	\$ 76	\$ 74	\$ 70
Fees	6	6	6	6
Combined Per Credit Total	85	82	80	76
Per Term - College Service Fee (2)	\$ 19	\$ 19	\$ 19	\$ -
Annual cost (3)	\$ 3,891	\$ 3,756	\$ 3,666	\$ 3,425

National and Statewide Comparisons

	2011-12	2010-11	2009-10	2008-09
PCC District				
Annual Cost (3)	\$ 3,891	\$ 3,756	\$ 3,666	\$ 3,425
Percentage Change	4%	2%	7%	3%
National Community College Average (4)				
Annual Cost	N/A	\$ 2,439	\$ 2,285	\$ 2,137
Percentage Change		7%	7%	4%
Oregon Universities Average (5)				
Annual Cost	\$ 7,623	\$ 7,082	\$ 6,601	\$ 6,105
Percentage Change	8%	7%	8%	5%

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

(2) College Service Fee is assessed once per term to all credit students effective Summer 2009. The fee combines multiple small dollar fees commonly assessed to students and enhances transportation options.

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

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

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

N/A - 2011-12 Annual Costs for 2-year colleges are not available at this time.

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Per Credit Hour						
General Tuition	\$ 68	\$ 67	\$ 64	\$ 62	\$ 58	\$ 45
Fees	6	6	6	5	3	3
Combined Per Credit Total	74	73	70	67	61	48
Per Term - College Service Fee (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual cost (3)	\$ 3,335	\$ 3,274	\$ 3,139	\$ 3,026	\$ 2,723	\$ 2,138

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
PCC District						
Annual Cost (3)	\$ 3,335	\$ 3,274	\$ 3,139	\$ 3,026	\$ 2,723	\$ 2,138
Percentage Change	2%	4%	4%	11%	27%	12%
National Community College Average (4)						
Annual Cost	\$ 2,063	\$ 2,017	\$ 1,935	\$ 1,849	\$ 1,702	\$ 1,483
Percentage Change	2%	4%	5%	9%	15%	7%
Oregon Universities Average (5)						
Annual Cost	\$ 5,801	\$ 5,471	\$ 5,219	\$ 5,023	\$ 4,603	\$ 4,174
Percentage Change	6%	5%	4%	9%	10%	12%

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

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

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Residential Construction (1)										
Permits	6.5	4.3	4.4	5.1	9.9	13.9	14.0	13.9	12.0	10.6
Value	\$ 1,222,124	\$ 914,517	\$ 940,129	\$ 1,008,088	\$ 1,760,447	\$ 2,494,886	\$ 2,829,975	\$ 2,416,366	\$ 1,998,450	\$ 1,907,744
Bank Deposits (2)	N/A	\$ 36,122,000	\$ 28,823,000	\$ 27,650,000	\$ 25,409,000	\$ 24,370,598	\$ 22,662,624	\$ 17,781,469	\$ 19,165,465	\$ 25,615,695
Property Values (3)										
Assessed Values:										
Real Property	\$ 97,004,090	\$ 93,794,528	\$ 90,761,489	\$ 87,260,824	\$ 82,937,829	\$ 78,484,722	\$ 74,669,941	\$ 70,801,121	\$ 67,701,058	\$ 65,070,616
Personal Property	3,736,655	3,948,297	3,973,480	4,077,206	3,852,351	3,759,738	3,680,634	3,700,881	3,774,631	3,961,717
Manufactured Structures	169,057	180,087	201,783	191,635	194,630	174,803	245,964	259,833	262,833	276,079
Public Utility	3,550,533	3,584,011	3,528,839	3,051,076	2,894,350	2,833,673	2,729,714	2,927,060	2,886,994	2,944,751
Total Assessed Value	104,460,335	101,506,923	98,465,591	94,580,741	89,879,160	85,252,936	81,326,253	77,688,895	74,625,516	72,253,163
Total Real Market Value	\$ 150,177,435	\$ 158,344,983	\$ 165,643,688	\$ 171,761,783	\$ 163,394,017	\$ 140,256,940	\$ 119,987,875	\$ 113,785,892	\$ 108,081,905	\$ 99,963,940

(1) For the Portland Metropolitan Area.

(2) For all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties. Specific data for the District is not available. Fiscal year 2007-08 and later data was obtained from the Federal Deposit Insurance Corporation which reports amounts in millions.

(3) Real market values are used by the assessor to determine Measure 5 limitations. Taxes, however are computed based upon assessment value. The State has reverted back this year to providing district specific assessment values, prior year CAFRs reported estimates based on a total for the Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

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

PORTLAND COMMUNITY COLLEGE
PORTLAND, OREGON

MISCELLANEOUS INFORMATION
June 30, 2012

DATE OF INCORPORATION: July 1, 1969

CENTRAL MAILING ADDRESS:

Portland Community College
P.O. Box 19000
Portland, OR 97280-0990
Telephone: (503) 244-6111

MAIN CAMPUSES AND CENTERS:

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

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

Southeast Center
2305 SE 82nd
Portland, OR 97216

Cascade Campus
705 N. Killingsworth
Portland, OR 97217

CLIMB Center for Advancement
1626 SE Water Avenue
Portland, OR 97214

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

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

Portland Metropolitan
Workforce Training Center
5600 NE 42nd
Portland, OR 97218

Hillsboro Center
775 SE Baseline Street
Hillsboro, OR 97123

Newberg Center
135 Werth Blvd.
Newberg, OR 97132

CONTRACTED EDUCATION SERVICE DISTRICTS:

Columbia Gorge Community College
400 East Scenic Drive
The Dalles, OR 97058
Telephone: (503) 298-3112

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

AUDIT SECTION



AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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



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

INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

November 13, 2012

Board of Directors
Portland Community College
Portland, Oregon

We have audited the financial statements of Portland Community College as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. 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.

Internal Control

Our report on Portland Community College's internal control over financial reporting is presented elsewhere in this Comprehensive Annual Financial Report.

Compliance

As part of obtaining reasonable assurance about whether Portland Community College's financial statements are free 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

**DISCLOSURES IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND OMB CIRCULAR A-133**



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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

November 13, 2012

Board of Directors
Portland Community College
Portland, Oregon

We have audited the financial statements of Portland Community College as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. 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.

Internal Control Over Financial Reporting

Management of Portland Community College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Portland Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Portland Community College's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portland Community College's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth Kuhns & Co.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON THE INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

November 13, 2012

Board of Directors
Portland Community College
Portland, Oregon

Compliance

We have audited Portland Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Portland Community College's major federal programs for the year ended June 30, 2012. Portland Community College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Portland Community College's management. Our responsibility is to express an opinion on Portland Community College's compliance based on our audit.

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

In our opinion, Portland Community College complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Portland Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Portland Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Portland Community College's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

**PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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	\$ 880,908
Federal Work-Study Program	84.033	N/A	829,409
Federal Pell Grant Program	84.063	N/A	56,785,675
Direct Loans Program	84.268	N/A	104,910,826
Total Student Financial Assistance Cluster			163,406,818
WIA CLUSTER			
Workforce Investment Act - Adult Program - Hillsboro	17.258	11-70508	272,835
Workforce Investment Act - Adult Program - Tualatin	17.258	11-70508	219,001
Workforce Investment Act - Adult Program - Bridge Courses	17.258	11-67566	2,769
Workforce Investment Act - Adult Program - Worksource North	17.258	11-70509	238,567
Workforce Investment Act - Adult Program - Home Forward	17.258	11-70509	65,722
Workforce Investment Act - Adult Program - Job Readiness	17.258	11-70574	2,062
Workforce Investment Act - Adult Program - New Columbia Center	17.258	11-70509	40,313
Workforce Investment Act - Adult Program - WorkSource Liason	17.258	11-70509	79,754
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	142,487
Workforce Investment Act - Adult Program - Foundation Skills	17.258	11-70509	63,807
Workforce Investment Act - Adult Program - NCRC Tualatin	17.258	11-70554	8,013
Workforce Investment Act - Adult Program - NCRC Hillsboro	17.258	11-70555	7,872
Workforce Investment Act - Adult Program - NCRC METRO	17.258	11-70556	9,836
Workforce Investment Act - Dislocated Workers - Oregon National Guard	17.260	10-70551	19,856
Workforce Investment Act - Dislocated Workers - OJT NEG	17.260	10-70562	481,334
Workforce Investment Act - Dislocated Workers - Hillsboro	17.260	11-70508	187,988
Workforce Investment Act - Dislocated Workers - Sauer Danfoss - NEG	17.260	08-70515	261
Workforce Investment Act - Dislocated Workers - Benchmark Electronics NEG	17.260	09-70538	184,641
Workforce Investment Act - Dislocated Workers - WorkSource Liaison	17.260	11-70509	52,521
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	11-70509	42,636
WIA Dislocated Worker Formula Grants - NCRC METRO	17.278	11-70556	48,148
WIA Dislocated Worker Formula Grants - NCRC Hillsboro	17.278	11-70555	38,536
WIA Dislocated Worker Formula Grants - NCRC Tualatin	17.278	11-70554	39,222
WIA Dislocated Worker Formula Grants - RPS	17.278	09-70518	126,313
WIA Dislocated Worker Formula Grants - Bridge Courses	17.278	11-67566	6,504
WIA Dislocated Worker Formula Grants - Tektronix	17.278	11-70565	85,136
WIA Dislocated Worker Formula Grants - Job Readiness	17.278	11-70574	4,472
WIA Dislocated Worker Formula Grants - Siltronic	17.278	11-70580	7,794
Workforce Investment Act - Dislocated Workers - METRO	17.278	11-70509	150,259
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	11-70510	151,301
Workforce Investment Act - Dislocated Workers - New Columbia Express Ctr	17.278	11-70509	26,478
Workforce Investment Act - Youth Activities - Learning Standards Pilot	17.259	IGRA0285	16,683
Total WIA Cluster			2,823,121
TRANSIT SERVICES PROGRAMS CLUSTER			
Job Access-Reverse Commute - Tri-Met	20.516	JC12025950	44,345
Total Transit Services Programs Cluster			44,345
TRIO CLUSTER			
TRIO - Student Support Services	84.042	N/A	531,821
TRIO - Talent Search	84.044	N/A	190,240
TRIO - Upward Bound	84.047	N/A	233,737
Total TRIO Cluster			955,798
CSBG CLUSTER			
ARRA - Community Services Block Grant	93.710	11-70509	41,328
Total CSBG Cluster			41,328
SUBTOTAL CLUSTER PROGRAMS			167,271,410
NON-CLUSTER PROGRAMS			8,240,144
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 175,511,554

**PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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	\$ 880,908
Federal Work-Study Program	84.033	N/A	829,409
Federal Pell Grant Program	84.063	N/A	56,785,675
Direct Loans Program	84.268	N/A	104,910,826
Higher Educational Institutional Aid	84.031	N/A	461,151
TRIO - Student Support Services	84.042	N/A	531,821
TRIO - Talent Search	84.044	N/A	190,240
TRIO - Upward Bound	84.047	N/A	233,737
Fund for the Improvement of Postsecondary Education	84.116	N/A	52,609
Migrant Education - High School Equivalency Program	84.141	N/A	526,384
Migrant Education - College Assistance Migrant Program	84.149	N/A	56,434
Child Care Means Parents in School - CCAMPIS	84.335	N/A	189,740
Total Direct Programs			165,648,934
Passed through East West Inc.			
Undergraduate International Studies and Foreign Language Programs	84.016	HC128-11	4,412.00
Passed through Dept. of Community Colleges and Workforce Development			
Adult Education - State Grant Program - Program Improvement	84.002	EE111217	6,891
Adult Education - State Grant Program - Multnomah Co Corrections	84.002	EE111217	30,450
Adult Education - State Grant Program - TOPS Accountability	84.002	EE111217	73,666
Adult Education - State Grant Program - Outreach Tutoring	84.002	EE111217	71,202
Adult Education - State Grant Program - Comprehensive Services	84.002	EE111217	496,955
Adult Education - State Grant Program - El Civics	84.002	EE111217	50,173
Total passed through Dept. of Community Colleges and Workforce Development			729,337
Passed through State of Oregon, Department of Education			
Vocational Education - Basic Grants to States - Perkins Reserve	84.048	19190/15376	233,517
Vocational Education - Basic Grants to States - Perkins Non-Traditional	84.048	22271	9,046
Vocational Education - Basic Grants to States - PAVTEC Small School Alliance	84.048	19164/22141	170,586
Vocational Education - Basic Grants to States - Perkins	84.048	19163/22140	1,394,189
Vocational Education - Basic Grants to States - Oregon Tradeswomen	84.048	22270	18,000
Vocational Education - Basic Grants to States - PAVTEC Construction	84.048	19866	85
Total passed through State of Oregon, Department of Education			1,825,423
Passed through State of Oregon, Department of Community Colleges and Workforce Development			
Vocational Education - Basic Grants to States - Career Pathways	84.048	IGA0426	11,377
Vocational Education - Basic Grants to States - First Year Persistence	84.048	IGRA0465	19,028
Total passed through State of Oregon, Department of Community Colleges and Workforce Development			30,405
TOTAL U.S. DEPARTMENT OF EDUCATION			168,238,511

See notes to schedule of expenditures of federal awards
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**PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
U.S. DEPARTMENT OF ENERGY:			
Passed through Worksystems, Inc.			
Energy Efficiency and Conservation Block Grant Program	81.128	11-70518	13,194
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through State of Oregon, Department of Education			
Child and Adult Care Food Program	10.558	26-16022	2,151
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,151
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through State of Oregon:			
Job Access-Reverse Commute - Tri-Met	20.516	JC12025950	44,345
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			44,345
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Program:			
Grants for Training in Primary Care Medicine and Dentistry	93.884	N/A	73,758
Passed through State of Oregon, Department of Human Services			
Injury Prevention and Control Research and State and Community Based Programs	93.136	2010-001	41,418
Passed through Portland State University:			
Biomedical Research and Research Training - Bridges to Baccalaureate	93.859	209CRE138	35,772
Passed through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements	93.924	APBHD0014	3,284
Passed through Worksystems, Inc.:			
ARRA - Community Services Block Grant	93.710	11-70509	41,328
Passed through Bellvue Community College:			
ARRA - Health Information Technology Professionals in Health Care	93.721	BD-90CC07702-G	372,664
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			568,224
U.S. DEPARTMENT OF LABOR:			
Direct Program:			
Community Based Job Training Grants - HOPE	17.269	N/A	1,897,740
Trade Adjustment Assistance Community College and Career Training Grants	17.282	N/A	140,143
Total Direct Programs			2,037,883

See notes to schedule of expenditures of federal awards
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**PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Worksystems, Inc:			
Workforce Investment Act - Adult Program - Hillsboro	17.258	11-70508	272,835
Workforce Investment Act - Adult Program - Tualatin	17.258	11-70508	219,001
Workforce Investment Act - Adult Program - Bridge Courses	17.258	11-67566	2,769
Workforce Investment Act - Adult Program - Worksource North	17.258	11-70509	238,567
Workforce Investment Act - Adult Program - Home Forward	17.258	11-70509	65,722
Workforce Investment Act - Adult Program - Job Readiness	17.258	11-70574	2,062
Workforce Investment Act - Adult Program - New Columbia Center	17.258	11-70509	40,313
Workforce Investment Act - Adult Program - WorkSource Liason	17.258	11-70509	79,754
Workforce Investment Act - Adult Program - RBS	17.258	09-70518	142,487
Workforce Investment Act - Adult Program - Foundation Skills	17.258	11-70509	63,807
Workforce Investment Act - Adult Program - NCRC Tualatin	17.258	11-70554	8,013
Workforce Investment Act - Adult Program - NCRC Hillsboro	17.258	11-70555	7,872
Workforce Investment Act - Adult Program - NCRC METRO	17.258	11-70556	9,836
Workforce Investment Act - Dislocated Workers - Oregon National Guard	17.260	10-70551	19,856
Workforce Investment Act - Dislocated Workers - OJT NEG	17.260	10-70562	481,334
Workforce Investment Act - Dislocated Workers - METRO	17.278	11-70509	150,259
Workforce Investment Act - Dislocated Workers - Hillsboro	17.260	11-70508	187,988
Workforce Investment Act - Dislocated Workers - Tualatin	17.278	11-70510	151,301
Workforce Investment Act - Dislocated Workers - Sauer Danfoss - NEG	17.260	08-70515	261
Workforce Investment Act - Dislocated Workers - Benchmark Electronics NEG	17.260	09-70538	184,641
Workforce Investment Act - Dislocated Workers - New Columbia Express Ctr	17.278	11-70509	26,478
Workforce Investment Act - Dislocated Workers - WorkSource Liaison	17.260	11-70509	52,521
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	11-70509	42,636
H-1B Job Training Grants - STEM	17.268	08-70514	122,024
Community Based Job Training Grants - HOPE	17.269	10-70557	222,471
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	09-70518	345,034
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Metro	17.275	10-70547	184,138
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Tualatin	17.275	10-70548	6,001
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ITA Hillsboro	17.275	10-70549	67,012
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - State Energy Sector Partnership	17.275	09-70540	122,921
WIA Dislocated Worker Formula Grants - NCRC METRO	17.278	11-70556	48,148
WIA Dislocated Worker Formula Grants - NCRC Hillsboro	17.278	11-70555	38,536
WIA Dislocated Worker Formula Grants - NCRC Tualatin	17.278	11-70554	39,222
WIA Dislocated Worker Formula Grants - RPS	17.278	09-70518	126,313
WIA Dislocated Worker Formula Grants - Bridge Courses	17.278	11-67566	6,504
WIA Dislocated Worker Formula Grants - Tektronix	17.278	11-70565	85,136
WIA Dislocated Worker Formula Grants - Job Readiness	17.278	11-70574	4,472
WIA Dislocated Worker Formula Grants - Siltronic	17.278	11-70580	7,794
Total passed through Worksystems, Inc			3,876,039

See notes to schedule of expenditures of federal awards

**PORTLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

FEDERAL AWARDS BY FEDERAL AGENCY	Federal CFDA Number	Pass Through Number	Total Expenditures
Passed through Community Colleges and Workforce Development:			
Workforce Investment Act - Youth Activities - Learning Standards Pilot	17.259	IGRA0285	16,683
Total passed through Community Colleges and Workforce Development			16,683
TOTAL U.S. DEPARTMENT OF LABOR			5,930,605
NATIONAL SCIENCE FOUNDATION:			
Direct Programs:			
Geosciences - EarthScope	47.050	N/A	1,740
OCATE	47.076	N/A	123,413
Education and Human Resources - SSTEM	47.076	N/A	191,780
Education and Human Resources - STTE	47.076	N/A	114,620
Total Direct Programs			431,553
Passed through Saddleback Community College			
Education and Human Resources - Rapid Prototype	47.076	Y1090107PCC	13,684
Passed through Portland State University			
Education and Human Resources - Climate Change	47.076	201DRE278	3,000
Passed through Linn Benton Community College			
Education and Human Resources - Exploring Biotechnology	47.076	MOU-5/16/11	198
Passed through OMSI			
Education and Human Resources - Sustainability	47.076	N/A	9,000
TOTAL NATIONAL SCIENCE FOUNDATION			457,435
SMALL BUSINESS ADMINISTRATION:			
Direct Program:			
Project Grants: Fueling Portland Green Economic Recovery	59.059	N/A	13,299
Passed through Lane Community College:			
Small Business Development Center - SBDC	59.037	12-152	69,005
Small Business Development Center - SBJA	59.037	12-SJB-141	106,283
Small Business Development Center - Veterans Assistance	59.037	12-3-152V	29,498
Total Passed through Lane Community College			204,786
TOTAL SMALL BUSINESS ADMINISTRATION			218,085
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Worksystems, Inc			
Community Development Block Grants/Entitlement Grants	14.218	11-70509	39,004
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			39,004
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 175,511,554

See notes to schedule of expenditures of federal awards



PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2012

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Portland Community College and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Matching costs, the nonfederal share of certain program costs, are not included in the Schedule. The Schedule appears in two formats: Federal Awards by program clusters, and Federal Awards by federal agency.

Starting fall term 2011, the College switched its financial aid year from a fall through summer term to a summer through spring term year. Because of this change, only three quarters of financial aid transactions are reported for the transitional year ending June 30, 2012 in the accompanying Schedule of Expenditures of Financial Awards.

Note B - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note A.

Note C - LOANS RECEIVABLE

Portland Community College had the following loan balances outstanding at June 30, 2012.

	Federal CFDA Number	Loans Receivable
Gross loans receivable at June 30, 2012:		
Federal Perkins Loan Program-Federal Capital Contributions	84.038	\$ 7,189,670
Federal Nursing Student Loans	93.364	1,064,840
		\$ 8,254,510

Note D - LOANS DISBURSED

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

	Federal CFDA Number	New Loans
Federal Perkins Loan Program	84.038	\$ 581,120
Direct Loan Program	84.268	104,910,826
Nursing Student Loans	93.364	139,648
		\$ 105,631,594

Note E - INSTITUTIONAL CAPITAL CONTRIBUTIONS

The College's matching institutional capital contribution was waived, for Department of Education grants, for Fiscal Year 2012. The contributions not included in expenditures is as follows;

	Federal CFDA Number	Expenditures
Federal Supplemental Educational Opportunity Grants	84.007	\$ 92,693

PORTLAND COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:
YEAR ENDED JUNE 30, 2012

Note F - SUBRECIPIENTS

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

	Federal CFDA Number	Expenditures
Workforce Investment Act - Adult Program - RBS	17.258	\$ 23,575
Workforce Investment Act - Adult Program - Foundation Skills	17.258	20,608
Workforce Investment Act - Dislocated Workers - Foundational Skills	17.278	14,010
Workforce Investment Act - Dislocated Workers - NEG OJT	17.278	20,592
Community Based Job Training Grants - HOPE	17.269	1,637,504
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - RENEW ARRA	17.275	43,205
WIA Dislocated Worker Formula Grants - RBS	17.278	8,853
ARRA - Health Information Technology Professionals in Health Care	93.721	98,080
		\$ 1,866,427

PORTLAND COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Portland Community College.
2. There were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Portland Community College.
3. No instances of noncompliance material to the financial statements of Portland Community College were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance reported during the audit of the major federal award programs of Portland Community College.
5. The independent auditor's report on compliance for the major federal award programs of Portland Community College expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs of Portland Community College are reported in this schedule.
7. The programs tested as major programs included the following programs:

<u>Program Name</u>	<u>CFDA Number</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Perkins Loans	84.038
Federal Pell Grant Program	84.063
Direct Loan Program	84.268
Federal Academic Competitiveness Grant	84.375
Nursing Student Loans	93.364

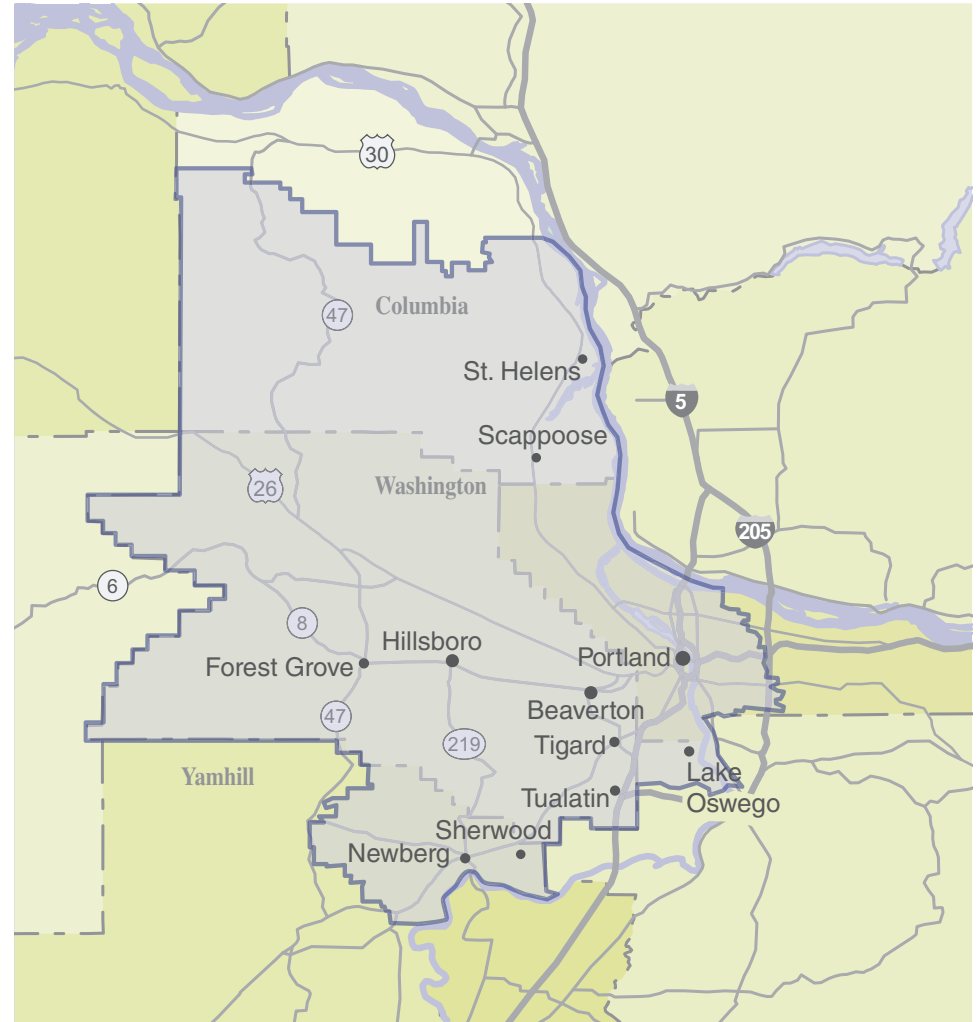
8. The threshold for distinguishing Type A programs from Type B programs was \$2,118,000.
9. Portland Community College was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

C - FINDINGS AND QUESTIONED COSTS, MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None.



APPENDIX B
FORM OF LEGAL OPINION

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March __, 2013

Portland Community College District
12000 SW 49th Avenue
Portland, Oregon 97219

***Re: Portland Community College District
Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon
\$ __,000,000 General Obligation Bonds, Series 2013***

Ladies and Gentlemen:

We have acted as bond counsel to Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the "District") in connection with the authorization, sale, issuance and delivery by the District of its \$ __,000,000 aggregate principal amount of General Obligation Bonds, Series 2013 (the "Bonds"), which are dated March __, 2013. The Bonds are issued pursuant to Oregon Revised Statutes Chapter 287A and Resolution No. 13-071 adopted by the Board of Directors of the District on February 21, 2013 (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

We have examined the applicable law, a duly certified transcript of proceedings of the District, prepared in part by us, and other documents which we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied on the representations of the District contained in the Bond Resolution and other certified proceedings and certifications of officials of the District and others furnished to us without undertaking to verify such representations and certifications by independent investigation.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

A. The Bonds have been legally authorized and issued under and pursuant to the Constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the District enforceable against the District in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning,

affecting, or limiting the enforcement of rights or remedies against governmental entities such as the District.

B. The District has pledged its full faith and credit to the payment of interest on and the principal of the Bonds as the same become due and payable. The District covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the District in an amount without limitation as to rate or amount, and outside of the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

C. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Bonds, and we have assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for Federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things required by the Code to assure that interest paid on the Bonds will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph C hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

D. Interest on the Bonds is exempt from present personal income taxation by the State of Oregon.

Except as stated in paragraphs C and D above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as bond counsel to the District regarding the sale and issuance of the Bonds and have not represented any other party in connection with the Bonds. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the District.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering materials relating to the Bonds, and we express no opinion relating thereto. We express no opinion as to the creditworthiness of the District, the investment quality of the Bonds or the adequacy of the security for the Bonds.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent of Hawkins Delafield & Wood LLP.

Very truly yours,

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APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated March ____, 2013 is executed and delivered by Portland Community College District, Multnomah, Washington, Yamhill, Clackamas and Columbia Counties, Oregon (the "Issuer") in connection with the execution and delivery of the Issuer's \$__,000,000 aggregate principal amount of General Obligation Bonds, Series 2013 (the "Bonds"), which are dated March ____, 2013. The Bonds are authorized pursuant to Resolution No. 13-071 adopted by the governing body of the Issuer on February 21, 2013 (the "Resolution"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution or the Purchase Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Bonds and to assist the Underwriter in complying with paragraph (b)(5) of Securities and Exchange Commission (the "SEC") Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule").

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person", hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB"), the financial information regarding the Issuer of the type set forth in the final official statement dated March ____, 2013 (the "Official Statement") under the following tables:

Statement of Net Assets**

Statement of Revenues, Expenditures and Changes in Net Assets**

General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances**

Long-Term Debt Statement

District Tax Collection Record**

Largest Taxpayer Accounts**

**Current (preceding fiscal year): no historical information will be provided

The annual financial information described above will be available no later than 270 days after the end of the preceding fiscal year, beginning with the Issuer's fiscal year ending June 30, 2013. Such information will include audited financial statements prepared in accordance with the laws of the State of Oregon as in effect from time to time; provided, however, that if audited financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents provided to the MSRB.

Section 3. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults, if material;

- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g. modifications to rights of security holders, if material;
- h. bond calls, if material, and tender offers;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the securities, if material;
- k. rating changes;
- l. bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.)
- m. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Timely Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 2 herein on or prior to the time set forth in Section 2 herein.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the Issuer no longer remains an obligated person with respect to the Bonds, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Bonds. In addition, and notwithstanding the provisions of Section 8 herein, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Bonds, and (ii) the Issuer notifies and provides to the MSRB, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of registered and beneficial holders of the Bonds and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder of an obligation to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders of the Bonds representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the obligation documents. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Bonds, and any Dissemination Agent.

Section 8. Amendment. The Issuer may amend this Certificate without the consent of holders of the Bonds under the following conditions:

- a. The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- b. This Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment (i) does not materially impair the interest of holders of the Bonds, as determined either by parties unaffiliated with the Issuer (such as nationally recognized special counsel), or (ii) is approved by holders of the Bonds in the same manner as provided in the obligation documents with the consent of holders of the Bonds.

The financial information provided pursuant to Section 2 hereof will explain, in narrative form, the reasons for any amendment and the impact of the change in the type of operating data or financial information being provided.

Section 9. Form of Information. All information required to be provided under this Certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is www.emma.msrb.org.

Section 11. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

**PORTLAND COMMUNITY COLLEGE DISTRICT
MULTNOMAH, WASHINGTON, YAMHILL, CLACKAMAS
AND COLUMBIA COUNTIES, OREGON**

By: _____
Authorized Representative

APPENDIX D
BOOK-ENTRY ONLY SYSTEM

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The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest



**The Depository Trust &
Clearing Corporation**

of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and



**The Depository Trust &
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corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



**The Depository Trust &
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