

**LANE COMMUNITY COLLEGE
EUGENE, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2005**

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**Mary F.T. Spilde, President
Marie Matsen, Vice President & Chief Financial Officer
Stan Barker, Director of College Finance and Purchasing**

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INTRODUCTORY SECTION

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December 1, 2005

Board of Education
Lane Community College
4000 E. 30th Ave.
Eugene, Oregon 97405

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for Lane Community College for the fiscal year ended June 30, 2005, in accordance with Oregon Revised Statutes (ORS) 297.405 to 297.555 and 297.990, known as Municipal Audit Law. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the management of Lane Community College. We believe the report and its data are accurate and complete in all material aspects in disclosing the financial position and results of operations of Lane Community College as of June 30, 2005, and for the year then ended.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Lane Community College's MD&A can be found immediately following the independent auditor's report in the Financial Section.

The Comprehensive Annual Financial Report is organized in five sections, as follows:

1. The Introductory Section contains the letter of transmittal with an overview of the college that includes factors affecting the financial conditions and required supplementary information, a listing of principal officials, and the organization chart.
2. The Financial Section includes the basic financial statements and accompanying notes as well as the Independent auditor's report.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
4. The College is required to have an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133. Audits of States, Local Governments and Non-profit Organization. Information related to the single audit, and Government Auditing Standards, including the Schedule of Expenditures of Federal Awards and various independent auditors' reports, are included in the Governmental auditing Standards and OMB Circular A-133 Disclosures Section.
5. The independent Auditor's Comments Section includes the auditor's comments required by the Minimum standards for Audits of Oregon Municipal Corporations.

COLLEGE INFORMATION

Lane Community College is a comprehensive, two-year, public college founded in 1964. Lane serves a 4,600 square-mile area from the Cascade Mountains to the Pacific Ocean. The district has a population of approximately 325,000. In recent years, more than 30,000 people take one or more classes at Lane each year (unduplicated headcount). Congruent with its mission, Lane offers a broad range of educational programs leading to four associate degrees: associate of arts/Oregon transfer, associate of science, associate of general studies, and associate of applied science. All Lane educational programs are based on recognized fields of study and are approved by the Oregon Department of Community College and Workforce Development as sufficient in content and length. The College is the third largest of Oregon's seventeen community colleges.

College Mission

Lifelong learning is a key element of Lane's comprehensive mission. Lane is a learning-centered community college that provides affordable, high-quality, lifelong educational opportunities that include:

Professional technical and lower division college transfer programs,
Employee skill upgrading, business development and career enhancement,
Foundational academic, language and life skills development,
Lifelong personal development and enrichment and
Cultural and community services.

Programs

Lane Community College has five major areas of study:

Professional-Technical education trains students who want to qualify to work in specific fields.

College Transfer courses for students who will continue their education at a four-year college or university.

Lifelong learning opportunities through both credit and non-credit courses and workshops.

Developmental skill-building classes for people who want to learn basic reading, writing, mathematics and study skills, finish high school, or learn English as a second language.

Workforce training and small business development: In cooperation with district businesses and agencies, Lane offers job-related training customized to the organization's needs. In addition, Lane offers training and support for area small businesses.

Economy

Lane County is larger than Delaware and Rhode Island combined. Although 90 percent of Lane County is forestland, Eugene and Springfield combined are the second largest urban area in

Oregon. The principal industries in Lane County are agriculture, higher education, high technology, forest products, recreation, RV manufacturing and tourism. Lane County is the home of the University of Oregon, several high tech companies such as HYNIX Semiconductor, in addition to forest products companies such as Weyerhaeuser. Lane County's median income according to the 2000 U.S. Census was \$36,942, Oregon's median income was \$40,916 and the United States median income was \$43,527. Oregon's third quarter economic analysis for 2005 shows job growth increased 2.1 percent. This is the ninth consecutive quarter of positive job gains. 2005 will most likely be the strongest yearly job growth since 1997. The Oregon Office of Economic Analysis (OEA) projects growth will remain positive but milder to reflect the forecast for a slowing economy at the national level. Population growth is expected to be slightly higher than the U.S. average, but much slower than the growth experienced in the mid-1990's. Slower but increasing growth will prevail over the next three years with growth rate hovering near 1.2 percent. Other financial and demographic information can be found in the Statistical Section of Lane Community College's CAFR.

Governing Bodies

The members of the Board of Education of Lane Community College are duly elected representatives of the people, pursuant to the statutes of Oregon and consistent with the rules of the Oregon Board of Education. The Lane Community College Board of education has statutory charge and control of all activities, operations and programs of the College including its property, personnel, and finances. The college is not a component unit of any other entity. The College has one discretely presented component unit, Lane Community College Foundation, for which the College is considered to be financially accountable. The Board of Education comprises seven qualified members elected for four-year terms. Members are elected from established zones within the community college district.

Oregon State Board of Education

The Oregon State Board of Education is the agency that provides state-level regulations of Oregon's community college system. The Commissioner of the Department of Community Colleges and Workforce Development serves as an administrative officer of community college matters. The Board establishes state standards for educational programs and facilities and approves courses of study.

College Management

The President, appointed by the local Board of Education, is the Chief Executive Officer of the College. The President and management team of the college administer policies set by the Lane Board of Education.

Accreditation

The Northwest Association of Schools and Colleges has granted accreditation to Lane Community College. The college's most recent full-scale accreditation visit occurred in October

2004; the commission's report was issued in 2005. The Oregon Department of Education has approved all of the professional-technical programs and college transfer courses.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Lane Board of Education has selected the accounting firm of Kenneth Kuhns & Co. as its auditors. In addition to meeting the requirements set forth in Oregon statutes, the audit also was designed to meet the requirements of the federal Single Audit Amendment of 1996 and related OMB Circular A-133.

Awards

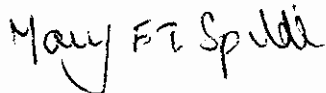
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Lane Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that 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.

Acknowledgments

We wish to express our appreciation to the entire business office staff for their efforts and contributions to our Comprehensive Annual Financial Report. We further extend our thanks to the staff of Kenneth Kuhns & Co. for their efforts during this audit. We also thank the Lane Board of Education for its support and dedication to the financial health of the college.

Sincerely,



Mary F. T. Spilde
President



Marie Matsen
Vice President & Chief Financial Officer



Stan Barker
Director of College Finance and Purchasing

LANE COMMUNITY COLLEGE

June 30, 2005

Board of Education

<u>Official</u>	<u>Address</u>	<u>Office</u>
Paul Holman	1490 Myrtle Loop Florence, Oregon 97439	Chair
Kathleen C. Shelley	46525 McKenzie Highway Vida, Oregon 97488	Vice Chair
Jay Bozievich	304 Sunnyside Drive Eugene, Oregon 97404	Member
Roger C. Hall	3275 Bryceler Drive Eugene, Oregon 97405	Member
Larry A. Romine	2655 Polk Street Eugene, Oregon 97405	Member
Michael R. Rose	2690 Lawrence Street Eugene, Oregon 97405	Member
Dennis Shine	2923 Game Farm Road Springfield, Oregon 97477	Member

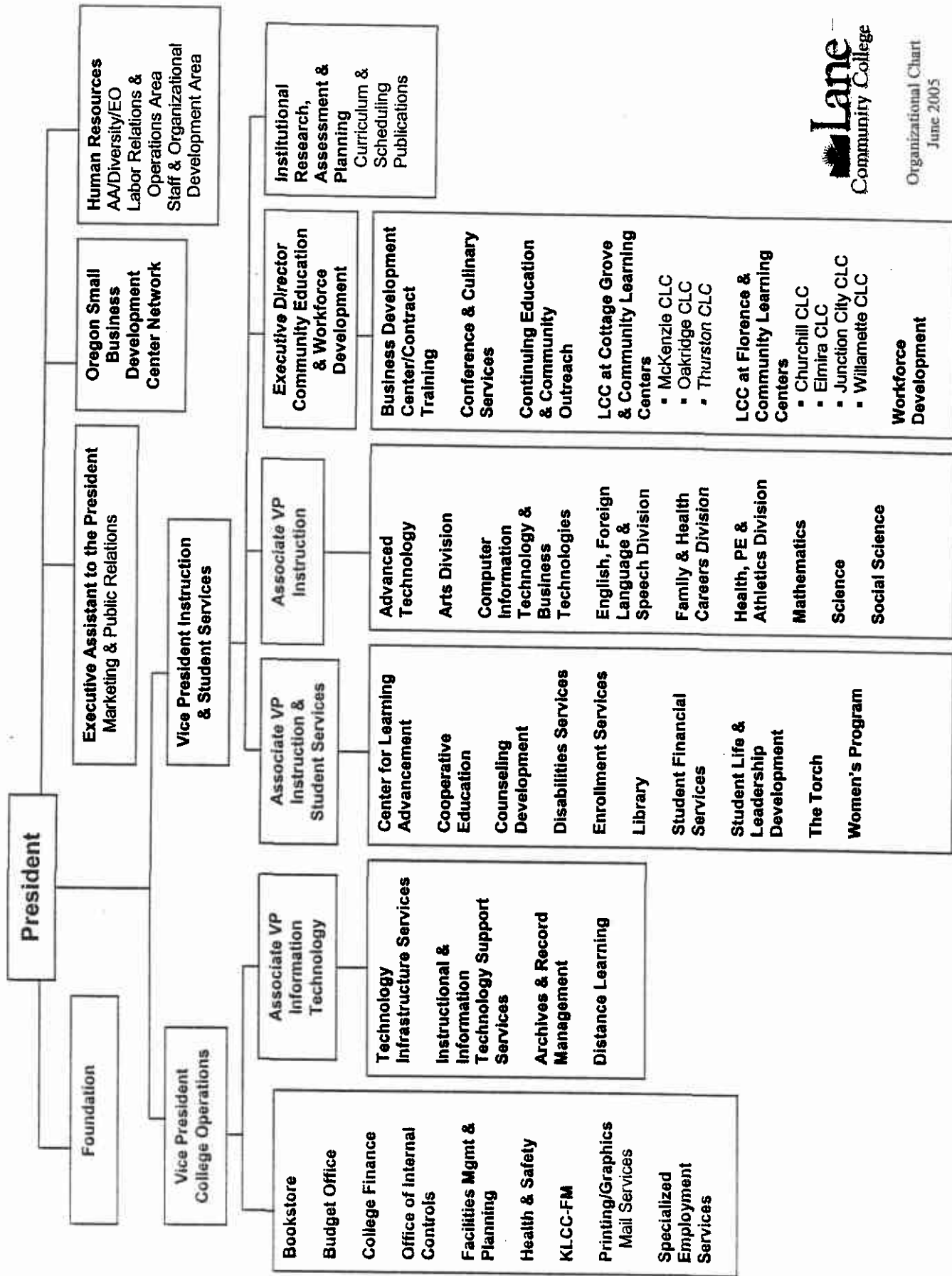
Administration

Mary Spilde

President

Marie Matsen

Vice President for College Operations



Organizational Chart
June 2005

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lane Community College,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zelle

President

Jeffrey R. Emmer

Executive Director

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

October 7, 2005

Board of Education
Lane Community College
Eugene, Oregon

We have audited the statement of net assets of Lane Community College as of June 30, 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. 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 audit. We did not audit the financial statements of Lane Community College Foundation, a discretely presented component unit of Lane Community College. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lane Community College Foundation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Lane Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College as of June 30, 2005, and the changes in its financial position and, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 9 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005 on our consideration of Lane Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Kenneth Kuhns & Co.
Kenneth Kuhns & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Lane Community College

Management's Discussion and Analysis

This section of Lane Community College's (the College) annual financial report provides an overview and analysis of the College's financial performance during the fiscal year ended June 30, 2005. This overview has been prepared by management, along with the financial statements and related note disclosures, and should be read in conjunction with them. The financial statements, notes to the financial statements and this discussion are the responsibility of management.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the College's basic entity-wide financial statements, which have been prepared in accordance with generally accepted accounting principles. The entity-wide presentation is designed to provide readers with a broad overview of the College's finances, in a manner similar to a private sector business. These financial statements focus on the College's overall financial condition, its results of operations and its cash flows. The entity-wide financial statements consist of:

- *The Statement of Net Assets*, which presents the College's financial position at the end of the year and includes all assets and liabilities. The difference between total assets and total liabilities – Net Assets – is an indicator of the College's present financial condition. Over time, increases or decreases in the College's net assets show whether its financial health is improving or deteriorating. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.
- *The Statement of Revenues, Expenses and Changes in Net Assets*, which presents the College's operating results for the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless of when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Operating revenues come primarily from tuition, auxiliary enterprises (such as the Bookstore), and student financial aid grants. State appropriations and property taxes, while budgeted for operations, must be classified in the statement as non-operating revenues.
- *The Statement of Cash Flows*, which presents information about cash receipts and cash payments during the year. This statement also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its potential need for external financing.
- *The Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Financial Highlights

- As of June 30, 2005 the College's assets exceeded its liabilities by \$67,842,872 (*net assets*). Of this amount, \$8,501,502 is classified as unrestricted net assets. These unrestricted net assets may be used to meet the College's ongoing obligations. The largest component (\$39,977,408) of net assets is the College's investment in capital assets, which represents its land, buildings, machinery and equipment, net of accumulated depreciation and related debt. The College uses these capital assets to provide educational services to its students; consequently these assets are not available for future spending.
- State community college support revenues show a 41.57% decrease from 2004. This is because the state is following a pattern of paying five quarterly state payments (one payment being deferred from the prior fiscal year) in the first year of a biennium and three quarterly payments (the fourth quarterly payment being deferred to the next fiscal year) in the second year of a biennium. Thus there is an uneven revenue flow from the state. This is further explained on page 6.
- The College's financial position improved from the prior year. This is due in large part to the Pension assets of the College, which grew 27.76% in 2005. This is also reflected in the College's nonoperating revenue with investment income increasing over 2004 by 295.92%. Without this single line item, the College's overall financial condition would have deteriorated from 2004 by 10.76%.

Analysis of the Statement of Net Assets As of June 30, 2005

This Statement includes all of the assets and liabilities of the College using the previously described accrual method of accounting, which is similar to the accounting presentation used by business. Net Assets is a measure of the College's financial condition.

In summary form Net Assets consisted of:

	2005	2004	Percent Change
Assets			
Current assets	\$ 20,382,938	\$ 29,371,739	-30.60%
Pension asset	66,593,532	52,123,331	27.76%
Capital assets, net	58,798,042	59,340,358	-0.91%
Other noncurrent assets	5,766,322	6,480,605	-11.02%
Total assets	\$ 151,540,834	\$ 147,316,033	2.87%
Liabilities			
Current liabilities	\$ 14,400,893	\$ 13,523,179	6.49%
Noncurrent liabilities	69,297,069	73,609,820	-5.86%
Total liabilities	83,697,962	87,132,999	-3.94%
Net Assets			
Invested in capital assets, net of related debt	39,977,408	36,011,588	11.01%
Restricted	19,363,962	5,598,883	245.85%
Unrestricted	8,501,502	18,572,563	-54.23%
Total net assets	67,842,872	60,183,034	12.73%
Total liabilities and net assets	\$ 151,540,834	\$ 147,316,033	2.87%

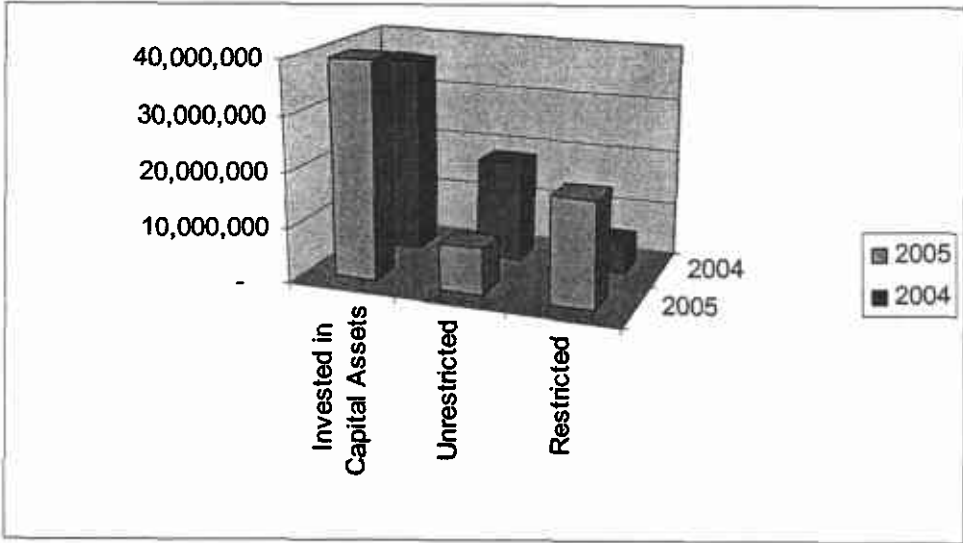
At June 30, 2005 the College's current assets of \$20.4 million were sufficient to cover current liabilities of \$14.4 million. This represents a current ratio of 1.4. Inclusion of the fourth quarter

State payment would have resulted in a current ratio of 1.9. Current assets consist primarily of cash and cash equivalents, receivables from property taxes, student accounts and grants, plus bookstore inventory. The College's largest noncurrent asset is its \$66.6 million pension asset, created when the College paid a portion of its unfunded actuarial liability to PERS. Also included in noncurrent assets is capital assets (land, buildings, machinery and equipment), net of accumulated depreciation, used to provide services to students.

Current liabilities consisted primarily of payroll, interest and operating payables, plus the current portion (\$7,237,259) of current maturities of long-term obligations. Noncurrent liabilities consist of long-term debt relating to general obligation bonds, pension bonds, and other debt obligations.

Within Net Assets, the "invested in capital assets" amount of \$39,977,408 represents the total original cost of all of the College's land, buildings, machinery and equipment, and infrastructure, less total accumulated depreciation on these assets, and also less debt related to their acquisition. Restricted net assets consisted of amounts legally restricted for pension obligations, student financial aid grants and loans, debt service, and grants and contracts.

The following graph shows the allocation of Net Assets for the College:



Analysis of the Statement of Revenues, Expenses and Changes in Net Assets For the Year Ended June 30, 2005

The Statement of Revenues, Expenses and Changes in Net Assets presents the College's operating results, as well as its nonoperating revenues and expenses, and reconciles the changes in Net Assets (discussed above). State appropriations and property taxes, while budgeted for operations, must be classified in the statement as non-operating revenues. In summary form the year's results were:

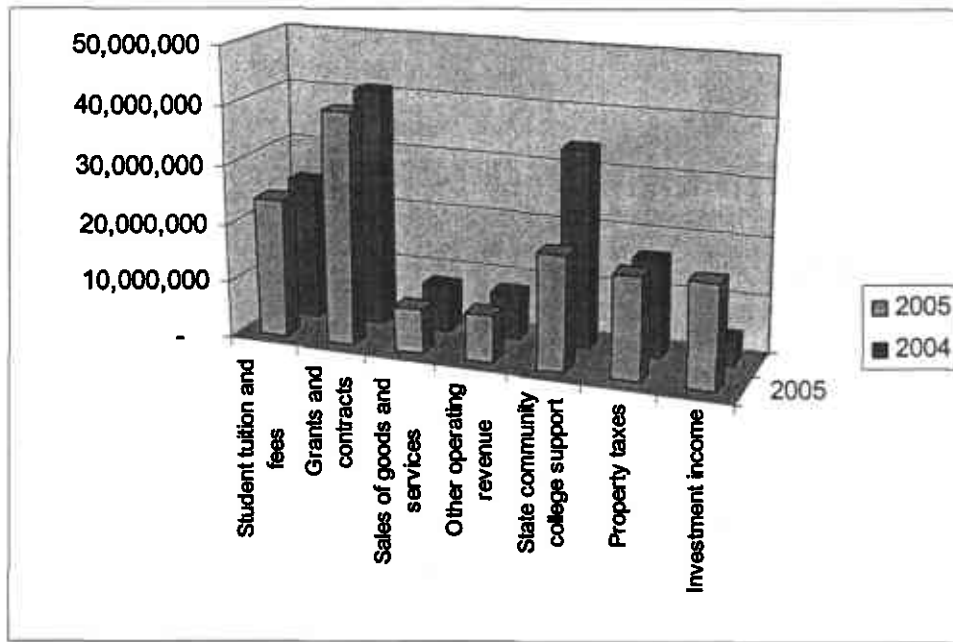
	<u>2005</u>	<u>2004</u>	<u>Percent Change</u>
Operating revenues:			
Student tuition and fees	\$ 23,995,084	\$ 24,271,741	-1.14%
Grants and contracts	39,881,385	40,861,592	-2.40%
Sales of goods and services	7,715,107	7,909,354	-2.46%
Other operating revenue	<u>8,129,542</u>	<u>8,004,852</u>	1.56%
Total operating revenues	79,721,118	81,047,539	-1.64%
Nonoperating revenues:			
State community college support	19,840,398	33,953,152	-41.57%
Property taxes	17,645,859	16,672,694	5.84%
Investment income	<u>17,867,687</u>	<u>4,512,905</u>	295.92%
Total revenues	<u>135,075,062</u>	<u>136,186,290</u>	-0.82%
Operating expenses:			
Instruction	42,897,001	40,388,797	6.21%
Community services	4,628,001	4,341,655	6.60%
Instructional support services	4,240,181	4,021,474	5.44%
Student services	16,970,501	16,501,475	2.84%
College support services	10,573,040	9,967,619	6.07%
Plant operations and maintenance	7,000,488	8,200,617	-14.63%
Financial aid	34,340,095	34,984,430	-1.84%
Depreciation	<u>2,615,716</u>	<u>2,673,187</u>	-2.15%
Total operating expenses	123,265,023	121,079,254	1.81%
Nonoperating expenses	<u>4,150,201</u>	<u>4,762,590</u>	-12.86%
Total expenses	<u>127,415,224</u>	<u>125,841,844</u>	1.25%
Change in net assets	<u>\$ 7,659,838</u>	<u>\$ 10,344,446</u>	-25.95%

Revenues:

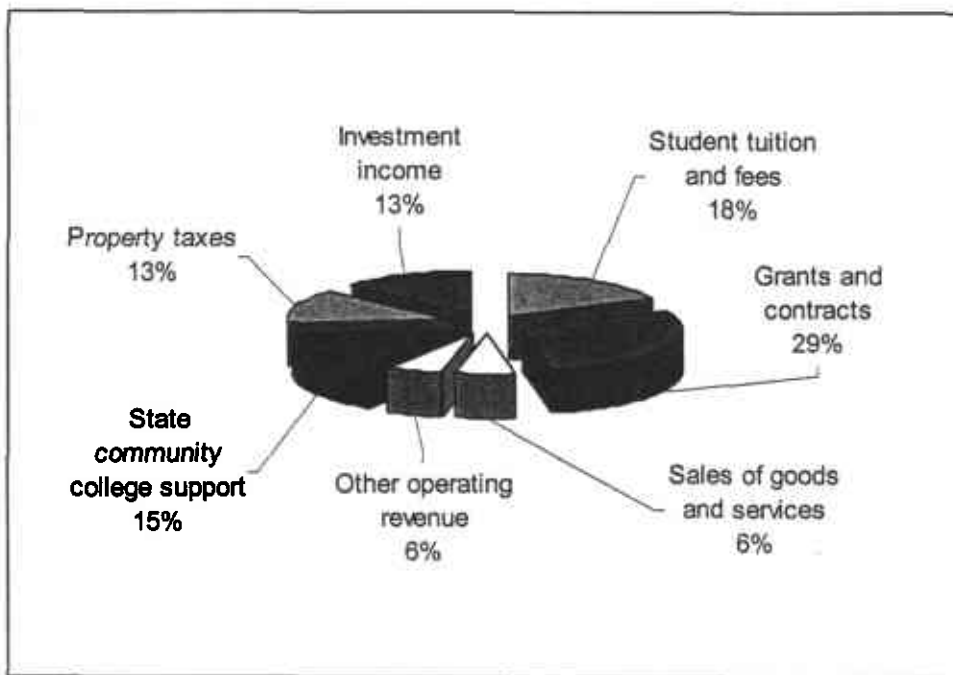
The largest sources of operating revenue for the College are tuition and fees, financial aid, auxiliary enterprise activities, and grants and contracts. Auxiliary enterprise activities are College operations that provide goods and services to students, faculty, staff or the general public, and charge fees directly related to the cost of these goods and services. They include the Bookstore, Foodservices, the Laundry and the Center for Meeting and Learning, and are intended to be self-supporting.

Appropriations from the State of Oregon constitute the largest share of nonoperating revenue. The College received \$19,840,398 in State aid in this fiscal year, which represented a 41.57% decrease from the prior year. The reason for this stems from the 2003 legislative session, in which the Oregon Legislature acted to defer their fourth quarterly payment from April until July 2003. This increased the College's revenue by \$7,648,410 in 2004. In 2005, the State again deferred the fourth quarter payment from April until July 2005. This decreased the College's revenue coming from the State by \$6,513,433 in 2005.

The following graph shows a comparison of revenue sources from 2004 to 2005:



The following graph shows the allocation of revenue sources for 2005:

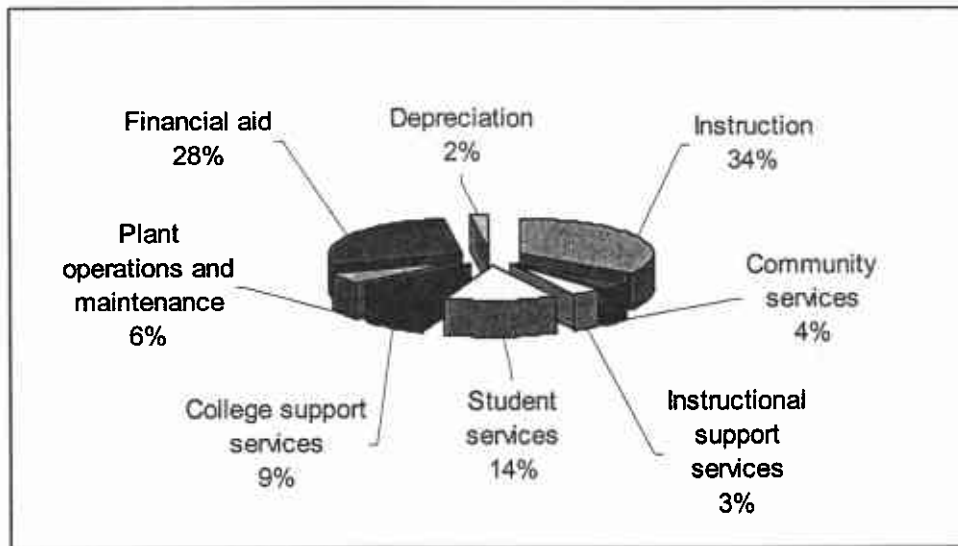


Expenses:

The College expended \$123,265,023 on salaries and benefits, materials and services, utilities, scholarships and depreciation. Instructional expenses represent the largest percentage of total expenses, and include all three outreach centers, contracted trainings and open-entry programs.

The largest nonoperating expense was interest paid on debt related to capital improvements and debt related to prepayment of the College's PERS unfunded actuarial liability.

The following graph shows the percentage allocation of operating expenses for the College:



Analysis of the Statement of Cash Flows For the Year Ended June 30, 2005

This statement provides a measurement of the College's financial health by supplying information about cash receipts and cash payments during the year. It also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. This statement is reported on the direct method, which portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and payments (e.g. cash paid to employees). GASB Statements 34 and 35 require the use of this method for reporting cash flows. In summary form the cash flows for the year were:

	2005	2004	Percent % Change
Cash provided by (used in)			
Operating activities	\$(36,498,924)	\$(34,767,752)	-5.0%
Noncapital financing activities	37,540,137	50,731,390	-26.0%
Capital financing activities	(9,780,767)	(8,733,153)	-12.0%
Investing activities	439,031	811,583	-45.9%
Net increase (decrease) in cash	(8,300,523)	8,042,068	-203.2%
Cash - beginning of year	20,958,697	12,916,629	62.3%
Cash - end of year	<u>\$ 12,658,174</u>	<u>\$ 20,958,697</u>	-39.6%

The largest sources of cash from operating activities were student tuition and fees, federal student financial aid, auxiliary enterprises and grants and contracts. Major uses of cash were payments made to employees, vendors, and student financial aid.

State aid and property taxes are the primary sources of noncapital financing cash. GASB Statements 34 and 35 require the College to report these sources as nonoperating even though the College's budget depends on these sources to continue to provide our current level of educational offerings. Both noncapital financing activities and net increase (decrease) in cash had significant

decreases due in large part to the effect of the State's fourth quarter payments being delayed between years as explained on page 6.

Cash payments for the acquisition of capital assets and principal and interest payments on long-term debt are the primary uses of capital financing cash.

Capital Asset and Debt Administration

Capital Assets:

The College's investment in capital assets at June 30, 2005 amounts to \$58.8 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, machinery and equipment, library collections and infrastructure.

Debt:

At June 30, 2005 the College had total long-term obligations outstanding of \$76,534,328. Additional information pertaining to the College's long-term obligations is located in the notes to these financial statements.

Contacting the College's Financial Management

This financial report is designed to provide our stakeholders, taxpayers and creditors with a *general overview of the College's finances*. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

College Finance
Lane Community College
4000 E. 30th Avenue
Eugene, OR 97405

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BASIC FINANCIAL STATEMENTS

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LANE COMMUNITY COLLEGE

Statement of Net Assets
June 30, 2005

	College	Foundation (Component Unit)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 12,658,174	\$ 1,410,722
Receivables, net:		
Property taxes	1,047,705	-
Accounts	4,761,467	351,546
Loans and notes, current portion	950,000	25,043
Accrued interest	-	32,758
Prepayments	296,947	1,307
Inventories	668,645	-
Total current assets	20,382,938	1,821,376
Noncurrent assets:		
Receivables, net	2,505,931	401,339
Foundation investments	-	6,402,382
Pension asset	66,593,532	-
Net pension obligation	2,666,738	-
Deferred charges	593,653	-
Investment in property, annuity trust	-	787,200
Capital assets:		
Land	1,152,260	-
Construction in progress	633,000	-
Buildings and improvements	77,771,183	-
Furniture and equipment	9,891,790	14,250
Library books	3,948,979	-
Less accumulated depreciation	(34,599,170)	(12,904)
Total noncurrent assets	131,157,896	7,592,267
Total assets	151,540,834	9,413,643
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	2,084,894	15,621
Accrued liabilities	3,201,076	-
Accrued interest payable	128,234	-
Due to others	36,421	-
Unearned revenue	1,713,009	16,278
Current maturities of long-term obligations	7,237,259	-
Total current liabilities	14,400,893	31,899
Noncurrent liabilities:		
Long-term obligations, net of current maturities:		
General obligation bonds payable	15,210,000	-
Pension bonds payable	52,432,069	-
Debt obligations payable	1,655,000	-
Obligations under split-interest agreements	-	762,810
Total noncurrent liabilities	69,297,069	762,810
Total liabilities	83,697,962	794,709
<u>Net Assets</u>		
Invested in capital assets, net of related debt	39,977,408	1,346
Restricted for debt service	1,677,462	-
Restricted for pension obligations	13,046,463	-
Restricted for student financial aid	4,461,311	-
Restricted for grants and contracts	178,726	-
Restricted for permanent endowment	-	4,769,542
Restricted for temporary endowment and scholarships	-	3,529,097
Total restricted net assets	19,363,962	8,298,639
Unrestricted	8,501,502	318,949
Total net assets	\$ 67,842,872	\$ 8,618,934

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2005

	<u>College</u>	<u>Foundation (Component Unit)</u>
Operating revenues:		
Student tuition and fees	\$ 23,995,084	\$ -
Grants and contracts	39,881,385	-
Sales of goods and services	7,715,107	-
Other operating revenue	8,129,542	2,687,335
	<u>79,721,118</u>	<u>2,687,335</u>
Total operating revenues		
Operating expenses:		
Instruction	42,897,001	-
Community services	4,628,001	-
Instructional support services	4,240,181	-
Student services	16,970,501	-
College support services	10,573,040	-
Plant operations and maintenance	7,000,488	-
Financial aid	34,340,095	-
Foundation programs	-	2,161,486
Depreciation	2,615,716	2,307
	<u>123,265,023</u>	<u>2,163,793</u>
Total operating expenses		
Operating income-(loss)	<u>(43,543,905)</u>	<u>523,542</u>
Nonoperating revenues-(expenses):		
State community college support	19,840,398	-
Property taxes	17,645,859	-
Investment income	17,867,687	286,026
Interest expense	(4,150,201)	-
	<u>51,203,743</u>	<u>286,026</u>
Total nonoperating revenues-(expenses)		
Change in net assets	7,659,838	809,568
Net assets - July 1, 2004	<u>60,183,034</u>	<u>7,809,366</u>
Net assets - June 30, 2005	<u>\$ 67,842,872</u>	<u>\$ 8,618,934</u>

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2005

	<u>College</u>
Cash flows from operating activities:	
Tuition and fees	\$ 24,556,675
Grants and contracts	40,290,279
Sales of goods and services	7,562,284
Other cash receipts	8,046,083
Payments to employees for services	(65,861,179)
Payments to suppliers for goods and services	(16,757,464)
Payments for student scholarships and grants	(34,335,602)
Net cash provided by-(used in) operating activities	<u>(36,498,924)</u>
Cash flows from noncapital financing activities:	
Cash received from State community college support	19,840,398
Cash received from property taxes	17,699,739
Net cash provided by noncapital financing activities	<u>37,540,137</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,073,400)
Principal paid on long term debt	(4,875,000)
Interest paid on long term debt	(2,832,367)
Net cash used in capital and related financing activities	<u>(9,780,767)</u>
Cash flows from investing activities:	
Interest on investments	439,031
Net increase-(decrease) in cash and cash equivalents	<u>(8,300,523)</u>
Cash and cash equivalents - July 1, 2004	<u>20,958,697</u>
Cash and cash equivalents - June 30, 2005	<u>\$ 12,658,174</u>
Reconciliation of operating income-(loss) to net cash provided by-(used in) operating activities:	
Operating income-(loss)	<u>\$ (43,543,905)</u>
Adjustments to reconcile operating income-(loss) to net cash provided by-(used) in operating activities:	
Depreciation	2,615,716
Amortization	2,984,267
Decrease-(increase) in:	
Accounts receivable	544,416
Loans and notes receivable	105,531
Inventories	144,074
Prepaid expenses	145,908
Net pension obligation	382,940
Increase-(decrease) in:	
Accounts payable	(468,682)
Accrued liabilities	213,029
Vacation payable	261,544
Due to others	31,982
Unearned revenue	84,256
Total adjustments	<u>7,044,981</u>
Net cash provided by-(used in) operating activities	<u>\$ (36,498,924)</u>

The accompanying notes are an integral part of this statement.

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LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Lane Community College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis for Public Colleges and Universities*. The College follows the “business-type activities” reporting requirements of GASB Statement Nos. 34 and 35.

(A) Organization and Operation

Lane Community College (the College) was formed in 1964 under ORS Chapter 341. The College is governed by a seven member Board of Education whose members are elected independently.

(B) Description of the Reporting Entity

The financial statements of the College present the College and its component unit, Lane Community College Foundation, for which the College is considered to be financially accountable. The Foundation is a discretely presented component unit and is reported in a separate column in the basic financial statements.

The Foundation is a legally separate, tax-exempt entity and acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of Directors of the Foundation is self-perpetuating. 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 and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation reports as a *not-for-profit organization under Financial Accounting Standards Board (FASB) standards*. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the year ended June 30, 2005, the Foundation provided scholarships of \$422,235 for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling \$287,676 during the year. Complete financial statements for the Foundation can be obtained at: 4000 East 30th Avenue, Eugene, Oregon 97405-0640.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(C) Basis of Accounting

The basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the years in which they are levied. Grants and other similar types of revenue are recognized as soon as all eligibility requirements imposed by the grantor have been met.

The College applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's ongoing operations. The principal operating revenues of the College are charges to students for tuition and fees, grants and contracts for specific operating activities of the College and sales of goods and services. Operating expenses include the cost of faculty, administration and support expenses, enterprise operations and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(E) Investments

Investments included in cash and investments are reported at fair value. The College invests primarily in the State of Oregon Local Government Investment Pool and U.S. government and agencies securities. All College investments are authorized by Oregon Revised Statutes. For purposes of the statement of cash flows, cash, demand deposits, the State of Oregon Local Government Investment Pool and short-term investments purchased with original maturities of three months or less are considered to be cash and cash equivalents.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(E) Investments (Contd)

The College maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool and U.S. government and agencies securities, which are exempt from statutes requiring such insurance.

(F) Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become an enforceable lien on that date for real property and for personal property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if amounts due are received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes, including delinquent amounts, are considered substantially collectable or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes are recognized as revenues when levied.

(G) Accounts, Grants and Loans Receivable

Unreimbursed grant expenditures due from grantor agencies are recorded in the financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue.

Loans receivable consist primarily of student financial aid loans made with federal funds.

Accounts receivable and loans receivable are shown net of an allowance for uncollectible amounts.

(H) Inventories

Inventories, primarily books and supplies, are valued at the lower of cost (first-in, first-out method) or market, and are charged to expense as sold or used.

(I) Capital Assets

Capital assets include land, buildings and improvements, furniture and equipment and library books. The College's capitalization threshold is \$5,000 for all capital assets except library books. Library books are capitalized regardless of cost. Donated assets are recorded at their fair market value on the date donated. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value or functionality to the asset are not capitalized, but are expensed as incurred.

Notes to Financial Statements
 Year Ended June 30, 2005

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(I) Capital Assets (Contd)

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 25
Library books	10

(J) Compensated Absences

Vacation payable is recorded as a liability and an expense when earned by employees. Sick pay, which does not vest, is recorded when leave is taken.

(K) Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases. Leases which do not meet criteria of a capital lease are classified as operating leases.

(L) Retirement Plans

Public Employees Retirement System

Substantially all of the College's employees are participants in the Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and charged to expense as accrued.

Early Retirement Program

The College offers a voluntary early retirement program to management and faculty employees who are between the ages of 55 and 65 and meet certain service criteria. Participants receive a monthly early retirement payment (until age 62 for faculty employees, until age 65 or a maximum of 84 payments for management employees). Payment of benefits is made from a pension trust fund which accumulates employer contributions. The employer contributions are based upon actuarially determined amounts. Pension expense equal to the annual required contribution is recognized on the accrual basis.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(L) Retirement Plans

Post-Retirement Program

The College offers a voluntary early retirement health care and life insurance program to faculty and management employees who are between the ages of 55 and 65 and meet certain service criteria. For faculty participants, the College pays the employees' and employee spouses' monthly cost of coverage until the employee reaches age 65 or qualifies for Medicare coverage. Spouse coverage continues until the spouse reaches age 65. For management participants, the College pays the employees' and employee spouses' monthly cost of coverage until the employee qualifies for Medicare coverage or for 84 months, whichever comes first. Spouse coverage ceases when employee coverage ceases. The plan has a benefit cap, whereby the College pays the lesser of the full insurance premium or the employer cap. The retiree pays any premium amounts in excess of the employer cap. Payment of benefits is made from a pension trust fund which accumulates employer contributions. The employer contributions are based upon actuarially determined amounts. Pension expense equal to the annual required contribution is recognized on the accrual basis.

(M) Restricted Net Assets

Restricted net assets reported in the Statement of Net Assets represent amounts for which constraints were imposed by creditors, grantors, contributors or laws or regulations.

2 - CASH AND INVESTMENTS:

The College's cash and investments comprise the following at June 30, 2005:

Cash on hand	\$ 128,133
Cash with County Treasurer	2,778
Deposits with financial institutions	501,302
Investments	<u>20,638,353</u>
Total cash and investments	21,270,566
Less cash and investments in pension trust funds	<u>(8,612,392)</u>
Cash and investments, as reported in statement of net assets	<u>\$12,658,174</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

2 - CASH AND INVESTMENTS: (Contd)

Deposits

Deposits with financial institutions are bank demand deposits. The total bank balance, as shown on the banks' records at June 30, 2005, is \$2,312,241. Of these deposits, \$306,039 was covered by federal depository insurance, and \$1,956,202 was collateralized to the extent required by state law. Oregon laws require municipal corporations to obtain certificates of participation issued by a pool manager for amounts on deposit in excess of federal depository insurance, and the College held \$12,700,000 in certificates at June 30, 2005. Oregon Revised Statutes require the depository institution to maintain on deposit with a custodian bank collateral pool securities having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. Deposits in excess of federal depository insurance, even to the extent collateralized by certificates of participation, are considered uncollateralized by GASB Statement No. 40.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The College does not have a policy for deposits custodial credit risk. As of June 30, 2005, \$1,956,202 of the College's bank balance of \$2,312,241 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$1,467,152
Uninsured and collateral held by pledging bank's collateral custodian but not in the College's name	<u>489,050</u>
Total	<u><u>\$1,956,202</u></u>

Investments

State statutes authorize the College to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper, and the Oregon Local Government Investment Pool, among others. The College has no investment policy that would further limit its investment choices.

At June 30, 2005, the College's investments consisted of:

Investment in Oregon Local Government Investment Pool	\$18,637,440
FNMA discount notes	<u>2,000,913</u>
Total investments	<u><u>\$20,638,353</u></u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements Year Ended June 30, 2005

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. The fair value of the College's position in the pool is substantially the same as the value of the College's participant balance. The College's investment in the Oregon Local Government Investment Pool is approximately 90% of total investments.

The Oregon Local Government Investment Pool is an external investment pool which is part of the Oregon Short-Term Fund. Investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund does not receive credit quality ratings from nationally recognized statistical rating organizations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund manages this risk by limiting the maturity of the investments held by the fund. Weighted average maturities of investments in the Oregon Short-Term Fund at June 30, 2005 were: 82% mature within 93 days, 12% mature from 94 days to one year, and 6% mature from one to three years.

The College's investment in FNMA discount notes consists of two securities which are approximately 10% of total investments. The securities are each valued at approximately \$1 million and mature on 8/19/2005 and 11/10/2005. A credit quality rating for the securities is not available.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment in FNMA discount notes is held by the College's counterparty, not in the College's name.

Foundation Cash and Investments

The Foundation's cash and cash equivalents consist of demand deposits with financial institutions. At June 30, 2004, \$136,956 of these cash balances were not covered by federal depository insurance.

The Foundation's investments consist of certificates of deposit, equity securities, U.S. Government and agency securities and corporate bonds. The investments are held in a pooled account managed by a professional fund manager. These investments are carried at fair value. A summary of investments at June 30, 2005 is as follows:

Money market/cash management accounts	\$ 239,327
Certificates of deposit	661,996
Equity securities	3,451,969
U.S. Government and agency obligations	860,108
Corporate bonds	<u>1,188,982</u>
Total investments	<u>\$6,402,382</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

3 - CAPITAL ASSETS:

The College's capital assets activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets not being depreciated:				
Land	\$ 1,152,260	\$ -	\$ -	\$ 1,152,260
Construction in progress	-	633,000	-	633,000
Total capital assets not being depreciated	<u>1,152,260</u>	<u>633,000</u>	<u>-</u>	<u>1,785,260</u>
Capital assets being depreciated:				
Buildings and improvements	77,560,016	211,167	-	77,771,183
Furniture and equipment	8,916,192	975,598	-	9,891,790
Library books	3,695,344	253,635	-	3,948,979
Total capital assets being depreciated	<u>90,171,552</u>	<u>1,440,400</u>	<u>-</u>	<u>91,611,952</u>
Less accumulated depreciation for:				
Buildings and improvements	23,765,391	1,838,022	-	25,603,413
Furniture and equipment	5,382,502	615,987	-	5,998,489
Library books	2,835,561	161,707	-	2,997,268
Total accumulated depreciation	<u>31,983,454</u>	<u>2,615,716</u>	<u>-</u>	<u>34,599,170</u>
Total capital assets being depreciated, net	<u>58,188,098</u>	<u>(1,175,316)</u>	<u>-</u>	<u>57,012,782</u>
Total capital assets, net	<u>\$ 59,340,358</u>	<u>\$ (542,316)</u>	<u>\$ -</u>	<u>\$ 58,798,042</u>

4 - LONG-TERM OBLIGATIONS:

Changes in the College's long-term obligations for the year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year	Interest Paid
Vacation payable	\$ 1,320,715	\$ 1,582,259	\$ 1,320,715	\$ 1,582,259	\$ 1,582,259	\$ -
Bonds payable	23,200,000	-	3,800,000	19,400,000	4,190,000	1,194,798
Debt obligations payable	2,350,000	-	345,000	2,005,000	350,000	108,320
Pension bonds payable	52,934,820	1,342,249	730,000	53,547,069	1,115,000	1,529,249
Total	<u>\$ 79,805,535</u>	<u>\$ 2,924,508</u>	<u>\$ 6,195,715</u>	<u>\$ 76,534,328</u>	<u>\$ 7,237,259</u>	<u>\$ 2,832,367</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

4 - LONG-TERM OBLIGATIONS: (Contd)

Bonds Payable

The full faith and credit of the College is pledged for the Series 1995 General Obligation Bonds. The bonds were issued to provide funds for improvements to existing facilities, construct additional learning centers and purchase instructional equipment. The bonds are being retired from property taxes levied by the College. The bonds are due annually and interest is payable semi-annually, on June 1 and December 1, with interest rates ranging from 4.85% to 5.5%. Future bonded debt requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	\$ 4,190,000	\$ 997,198	\$ 5,187,198
2006-07	4,610,000	766,747	5,376,747
2007-08	5,055,000	522,418	5,577,418
2008-09	<u>5,545,000</u>	<u>277,250</u>	<u>5,822,250</u>
Total	<u>\$ 19,400,000</u>	<u>\$ 2,563,613</u>	<u>\$ 21,963,613</u>

Debt Obligations Payable

The College has outstanding at June 30, 2005, the Full Faith and Credit Debt Obligations, Series 1992, in the amount of \$185,000. These obligations are due serially, with an interest rate of 6.15%, payable semi-annually on August 1 and February 1. Obligations maturing on or after February 1, 2001 are subject to redemption at the option of the College on or after February 1, 2000, in whole at any time or in part on any interest payment date at a price of par plus accrued interest to the date of redemption. The full faith and credit of the College is pledged for the payment of this debt. Future obligations requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	\$ 90,000	\$ 11,376	\$ 101,376
2006-07	<u>95,000</u>	<u>5,843</u>	<u>100,843</u>
Total	<u>\$ 185,000</u>	<u>\$ 17,219</u>	<u>\$ 202,219</u>

During 2001-02, the College issued a Financing Agreement Note, Series 2001, in the amount of \$2,600,000. The note is payable in annual principal payments of \$260,000 and interest is payable semi-annually at a rate of 4.7% per annum. The full faith and credit of the College is pledged for the payment of this debt. Future obligations requirements are as follows:

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

4 - LONG-TERM OBLIGATIONS: (Contd)

Debt Obligations Payable (Contd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	\$ 260,000	\$ 79,430	\$ 339,430
2006-07	260,000	67,210	327,210
2007-08	260,000	54,990	314,990
2008-09	260,000	42,770	302,770
2009-10	260,000	30,550	290,550
2010-11	260,000	18,330	278,330
2011-12	260,000	6,110	266,110
Total	<u>\$ 1,820,000</u>	<u>\$ 299,390</u>	<u>\$ 2,119,390</u>

Pension Bonds Payable

In April 2003, the College issued \$51,803,948 of Limited Tax Pension Obligation Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. The resulting pension asset will be used to pay a portion of the College's annual required contribution. Principal payments are due annually through June 30, 2028 and interest is payable in December and June of each year with rates ranging from 2.73% to 6.25%. Future pension bonds requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	\$ 1,115,000	\$ 1,529,250	\$ 2,644,250
2006-07	1,265,000	1,529,250	2,794,250
2007-08	1,420,000	1,529,250	2,949,250
2008-09	1,580,000	1,529,250	3,109,250
2009-10	1,750,000	1,529,250	3,279,250
2010-11	1,925,000	1,529,250	3,454,250
2011-12	2,105,000	1,529,250	3,634,250
2012-13	2,295,000	1,529,250	3,824,250
2013-14	2,495,000	1,529,250	4,024,250
2014-15	2,700,000	1,529,250	4,229,250
2015-16	2,915,000	1,529,250	4,444,250
2016-17	3,140,000	1,529,250	4,669,250
2017-18	3,375,000	1,529,250	4,904,250
2018-19	3,620,000	1,529,250	5,149,250
2019-20	3,875,000	1,529,250	5,404,250
2020-21	4,140,000	1,529,250	5,669,250
2021-22	4,420,000	1,529,250	5,949,250
2022-23	4,705,000	1,529,250	6,234,250
2023-24	5,010,000	1,529,250	6,539,250
2024-25	5,605,000	1,245,684	6,850,684
2025-26	6,250,000	927,880	7,177,880
2026-27	6,945,000	572,880	7,517,880
2027-28	3,285,000	183,960	3,468,960
Total	75,935,000	<u>\$ 31,986,154</u>	<u>\$ 107,921,154</u>
Less deferred interest	<u>(22,387,931)</u>		
Carrying amount	<u>\$ 53,547,069</u>		

4 - LONG-TERM OBLIGATIONS: (Contd)

Foundation Obligations under Split-Interest Agreements

The Foundation's obligations under split-interest agreements are recorded when incurred at the present value of the distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience, but the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions in the statement of activities. The net revaluation of split-interest agreements at June 30, 2005 was \$29,173.

5 - RETIREMENT PLANS:

STATE OF OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM:

Plan Description

The College participates in the State of Oregon Public Employees Retirement System (PERS), a cost sharing multiple-employer pension plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The system is a statewide defined benefit retirement plan for units of state government, community colleges, political subdivisions, and school districts. PERS is administered under Oregon Revised Statutes Chapter 238 by the Public Employees Retirement Board. Participation by state government units, community colleges, and school districts is mandatory. Participation by most political subdivisions is optional but irrevocable if elected. A stand-alone financial report is not available for the College. However, the State of Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, 11410 S.W. 68th Parkway, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-PERS.

Funding Policy

PERS members are required to contribute 6% of their annual covered salary. The College is required to contribute an actuarially determined rate. The current rate is 2.41% of annual covered payroll for member employees of the State and Local Government Rate Pool. The current rate is 8.04% of annual covered payroll for member employees of the Oregon Public Service Retirement Plan. The contribution requirements of plan members and the College are established and may be amended by the Public Employees Retirement Board. The College's contributions to PERS for the years ending June 30, 2005, 2004 and 2003, totaled \$1,092,142, \$862,710 and \$3,195,441, respectively, equal to the required contributions.

Notes to Financial Statements
Year Ended June 30, 2005

5 - RETIREMENT PLANS: (Contd)

STATE OF OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM:

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 being used to pay a portion of the College's annual required contribution. During the 2004-05 fiscal year, changes in the pension asset were as follows:

Balance - July 1, 2004	\$ 52,123,331
Investment income	17,428,656
Contributions to cost sharing plan	<u>(2,958,455)</u>
Balance - June 30, 2005	<u>\$ 66,593,532</u>

EARLY RETIREMENT PLAN:

Plan Description

The College maintains a single-employer defined benefit public employee early retirement supplement plan which provides early retirement benefits to substantially all management personnel who commenced employment with the College prior to July 1, 1991, and all faculty members of the College. The plan was established under collective bargaining agreements with the faculty and contract negotiations with management.

Funding Policy

The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Although there is no obligation on the part of the College to fund these benefits in advance, the College has established the Early Retirement Fund, a pension trust fund, to accumulate assets to pay these benefits in the future. The funding policy for this plan provides for actuarially determined transfer of resources to the Early Retirement Fund that is intended to be a constant dollar amount for each employee covered by the plan so that sufficient assets will be available to pay benefits when due.

Annual Pension Cost and Net Pension Obligation

The College's annual pension cost and net pension obligation to the plan for the year ended June 30, 2005, are as follows:

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

5 - RETIREMENT PLANS: (Contd)

EARLY RETIREMENT PLAN: (CONTD)

Annual required contribution	\$ 74,801
Interest on net pension obligation	(67,645)
Adjustment to annual required contribution	<u>267,505</u>
Annual pension cost	274,661
Contribution made	<u>(74,801)</u>
Increase-(decrease) in net pension obligation	199,860
Net pension obligation - July 1, 2004	<u>(1,591,657)</u>
Net pension obligation - June 30, 2005	<u><u>\$ (1,391,797)</u></u>

The annual required contribution for the year was determined as part of the June 30, 2003 actuarial valuation using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 4% compounded annually, and (b) 4.25% salary increases per annum for management employees, reflecting both inflation and seniority/merit adjustments.

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-05	\$ 274,661	27%	\$ (1,391,797)
6-30-04	\$ 303,361	25%	\$ (1,591,657)
6-30-03	\$ 76,883	0%	\$ (1,820,217)

POST-RETIREMENT BENEFITS PLAN:

Plan Description

The College maintains a single-employer defined benefit post-retirement benefits plan. The plan provides group health care and life insurance benefits for retired employees from the employees' retirement date to age 65. Substantially all management personnel who commenced employment with the College prior to July 1, 1991, and all faculty employees become eligible for these benefits if they qualify for retirement while working for the College. The plan was established under collective bargaining agreements with the faculty and contract negotiations with management.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

5 - RETIREMENT PLANS: (Contd)

POST-RETIREMENT BENEFITS PLAN: (CONTD)

Funding Policy

The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Although there is no obligation on the part of the College to fund these benefits in advance, the College has established the Post-Retirement Benefits Fund, a pension trust fund, to accumulate assets to pay these benefits in the future. The funding policy for this plan provides for actuarially determined transfer of resources to the Post-Retirement Benefits Fund that is intended to be a constant dollar amount for each employee covered by the plan so that sufficient assets will be available to pay benefits when due.

Annual Pension Cost and Net Pension Obligation

The College's annual pension cost and net pension obligation to the plan for the year ended June 30, 2005, are as follows:

Annual required contribution	\$ 766,823
Interest on net pension obligation	(61,966)
Adjustment to annual required contribution	<u>245,046</u>
Annual pension cost	949,903
Contribution made	<u>(766,823)</u>
Increase-(decrease) in net pension obligation	183,080
Net pension obligation - July 1, 2004	<u>(1,458,021)</u>
Net pension obligation - June 30, 2005	<u><u>\$ (1,274,941)</u></u>

The annual required contribution for the year was determined as part of the June 30, 2003 actuarial valuation using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 4% compounded annually, and (b) annual rate of increase in medical care costs of 11%, decreasing to 5% after 6 years.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

5 - RETIREMENT PLANS: (Contd)

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-05	\$ 949,903	81%	\$ (1,274,941)
6-30-04	\$ 976,193	79%	\$ (1,458,021)
6-30-03	\$ 948,687	83%	\$ (1,667,391)

PENSION TRUST FUND STATEMENTS:

Information regarding the pension trust funds, which are not included in the basic financial statements, is detailed, as of and for the year ended June 30, 2005, in the following table:

	<u>Early Retirement Plan</u>	<u>Post-Retirement Benefits Plan</u>	<u>Total</u>
Statement of Plan Net Assets:			
Assets:			
Cash and investments	<u>\$ 1,952,514</u>	<u>\$ 6,659,878</u>	<u>\$ 8,612,392</u>
Net assets:			
Reserved for employee benefits	<u>\$ 1,952,514</u>	<u>\$ 6,659,878</u>	<u>\$ 8,612,392</u>
Statement of Changes in Plan Net Assets:			
Additions:			
Employer contributions	\$ 74,801	\$ 766,823	\$ 841,624
Interest income	<u>44,752</u>	<u>152,741</u>	<u>197,493</u>
Total additions	119,553	919,564	1,039,117
Deductions:			
Benefits	<u>525,909</u>	<u>781,611</u>	<u>1,307,520</u>
Change in net assets	(406,356)	137,953	(268,403)
Net assets - beginning	<u>2,358,870</u>	<u>6,521,925</u>	<u>8,880,795</u>
Net assets - ending	<u>\$ 1,952,514</u>	<u>\$ 6,659,878</u>	<u>\$ 8,612,392</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

6 - CONTINGENCIES:

Grants receivable and grant receipts are subject to adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including claims already collected, could become a liability to the College.

The College is involved in various legal proceedings. Management believes that any losses arising from these actions will not materially affect the College's financial position.

7 - 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; injuries to employees; and natural disasters. The College participates in the Oregon School Boards Association Property and Casualty Trust and pays an annual premium to the Trust for its property, crime, commercial general liability and automobile liability and physical damage coverages. The Trust is to be self-sustaining through participant premiums and reinsures through commercial companies for claims in excess of certain limits.

The College carries commercial insurance for workers' compensation, boiler and machinery, public official bond and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

8 - BUDGET:

The College budgets all College funds required to be budgeted in accordance with the Oregon Local Budget Law on a Non-GAAP budgetary basis. The College follows these procedures in establishing its budget:

1. In the spring of each year, the President of the College submits a proposed budget to the budget committee which consists of the Board of Education and an equal number of concerned citizens of the community. Estimated receipts and expenditures are budgeted by fund, department and major category.
2. The budget committee conducts public hearings for the purpose of obtaining taxpayer comments.
3. The budget committee proposes a budget to the Board of Education. The estimated expenditures for each fund may not be increased by more than 10 percent by the Board, and ad valorem taxes for all funds may not exceed the amount shown in the budget document unless the Board republishes the budget and holds additional public hearings.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2005

8 - BUDGET: (Contd)

4. The Board legally adopts the budget before July 1 through a Board resolution. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control established by the resolution for each fund is at the major expense function level (i.e. Instruction, Community Services, etc.). Appropriations lapse at year-end.
5. The Board may change the budget throughout the year by appropriation transfers between levels of control and supplemental budgets as authorized by Oregon Revised Statutes. During the fiscal year ended June 30, 2005, the Board adopted a supplemental budget and approved transfer resolutions as allowed by state law.

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OTHER SUPPLEMENTARY INFORMATION
Description of Budgeted College Funds

Other supplementary information consists of schedules required by the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are presented on a Non GAAP budgetary basis for each College fund required to be budgeted in accordance with the Oregon Local Budget Law.

The level of control established by the College's appropriation resolution is by program (i.e. Instruction, Community Services, Instructional Support Services, Student Services, etc.).

Budgeted College funds are as follows:

General Fund - Accounts for all resources traditionally associated with operating the College which are not required legally or by sound financial management to be accounted for in another fund.

Administratively Restricted Fund - Accounts for specific programs where funds are administratively restricted. Activities recorded in this fund generate revenue primarily through specifically assessed tuition and fees or through other revenue-generating activities.

Special Revenue Fund - Accounts for projects funded from federal, state, and local grant funds.

Student Financial Aid Fund - Accounts for federal, state, and local student loan and grant programs associated with student financial aid.

Debt Service Fund - Accounts for the funds collected to pay the debt service requirements on bonds, debt obligations and pension bonds payable.

Capital Projects Fund - Accounts for improvements to the physical plant of the College and major equipment additions.

Enterprise Fund - Accounts for the operation of the College's bookstore, food service, student health service, laundry, performance season, ASLCC Childcare Co-op, and ASLCC Student Body Fees.

Internal Service Fund - Accounts for goods and services provided on a cost-reimbursement basis to various departments within the College. Programs and activities include warehouse, printing and graphics, coast property, telephone services, motor pool and electronics CPU-LTD.

Beginning fund balances for the General Fund, Administratively Restricted Fund and Enterprise Fund have been restated to reflect certain interfund amounts that were not recorded in the 2002-03 fiscal year. These restatements did not change the College's overall fund balance.

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 26,357,000	\$ 19,840,398	\$ (6,516,602)
Property taxes	12,368,000	12,393,393	25,393
Tuition and fees:			
Tuition	23,063,000	19,065,525	(3,997,475)
Instruction fees	2,380,000	1,404,297	(975,703)
Other sources:			
Sales of goods and services	750,000	474,070	(275,930)
Interest income	310,000	263,402	(46,598)
Fees	1,865,000	1,072,412	(792,588)
Other	2,656,000	1,271,369	(1,384,631)
Total revenues	69,749,000	55,784,866	(13,964,134)
Expenditures:			
Instruction:			
Personal services	33,339,211	33,230,504	108,707
Materials and services	2,650,588	2,094,612	555,976
Capital outlay	328,161	196,768	131,393
Total instruction	36,317,960	35,521,884	796,076
Instructional support services:			
Personal services	3,282,226	3,249,985	32,241
Materials and services	868,507	502,237	366,270
Capital outlay	342,748	285,190	57,558
Total instructional support services	4,493,481	4,037,412	456,069
Student services:			
Personal services	6,914,568	6,905,108	9,460
Materials and services	844,910	641,324	203,586
Capital outlay	39,855	39,525	330
Total student services	7,799,333	7,585,957	213,376
College support services:			
Personal services	7,763,303	6,891,538	871,765
Materials and services	4,805,352	2,804,141	2,001,211
Capital outlay	355,396	158,208	197,188
Total college support services	12,924,051	9,853,887	3,070,164

SCHEDULE 1
(Continued)

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures: (Contd)			
Plant operations and maintenance:			
Personal services	\$ 3,225,912	\$ 3,198,066	\$ 27,846
Materials and services	2,392,021	1,954,493	437,528
Capital outlay	203,417	203,267	150
Total plant operations and maintenance	<u>5,821,350</u>	<u>5,355,826</u>	<u>465,524</u>
Reserves:			
Contingency	<u>4,970,775</u>	-	<u>4,970,775</u>
Total expenditures	<u>72,326,950</u>	<u>62,354,966</u>	<u>9,971,984</u>
Revenues over-(under) expenditures	<u>(2,577,950)</u>	<u>(6,570,100)</u>	<u>(3,992,150)</u>
Other financing sources-(uses):			
Transfers in	832,500	626,973	(205,527)
Transfers out	<u>(6,905,550)</u>	<u>(6,722,119)</u>	<u>183,431</u>
Total other financing sources-(uses)	<u>(6,073,050)</u>	<u>(6,095,146)</u>	<u>(22,096)</u>
Changes in fund balance	(8,651,000)	(12,665,246)	(4,014,246)
Fund balance - July 1, 2004	<u>8,651,000</u>	<u>8,480,965</u>	<u>(170,035)</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ (4,184,281)</u>	<u>\$ (4,184,281)</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ADMINISTRATIVELY RESTRICTED FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 11,500	\$ 11,086	\$ (414)
Tuition and fees:			
Tuition	866,501	864,638	(1,863)
Instruction fees	1,852,773	2,233,267	380,494
Other sources:			
Sales of goods and services	1,176,888	1,041,930	(134,958)
Interest income	1,000	8,356	7,356
Other	5,664,216	4,110,196	(1,554,020)
Total revenues	9,572,878	8,269,473	(1,303,405)
Expenditures:			
Instruction:			
Personal services	2,349,599	2,231,698	117,901
Materials and services	1,995,174	1,212,004	783,170
Capital outlay	24,745	-	24,745
Total instruction	4,369,518	3,443,702	925,816
Community services:			
Personal services	980,756	978,573	2,183
Materials and services	587,400	388,133	199,267
Capital outlay	322,358	24,681	297,677
Total community services	1,890,514	1,391,387	499,127
Instructional support services:			
Personal services	46,250	46,137	113
Materials and services	656,435	396,665	259,770
Capital outlay	65,798	61,395	4,403
Total instructional support services	768,483	504,197	264,286
Student services:			
Personal services	1,116,758	1,057,552	59,206
Materials and services	900,041	613,884	286,157
Total student services	2,016,799	1,671,436	345,363
College support services:			
Personal services	125,129	120,462	4,667
Materials and services	554,413	487,030	67,383
Total college support services	679,542	607,492	72,050

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ADMINISTRATIVELY RESTRICTED FUND
Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Reserves:			
Contingency	\$ 1,217,877	\$ -	\$ 1,217,877
Total expenditures	<u>10,942,733</u>	<u>7,618,214</u>	<u>3,324,519</u>
Revenues over-(under) expenditures	<u>(1,369,855)</u>	<u>651,259</u>	<u>2,021,114</u>
Other financing sources-(uses):			
Transfers in	1,814,089	1,476,535	(337,554)
Transfers out	<u>(793,874)</u>	<u>(793,874)</u>	<u>-</u>
Total other financing sources-(uses)	<u>1,020,215</u>	<u>682,661</u>	<u>(337,554)</u>
Changes in fund balance	(349,640)	1,333,920	1,683,560
Fund balance - July 1, 2004	<u>349,640</u>	<u>2,720,777</u>	<u>2,371,137</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ 4,054,697</u>	<u>\$ 4,054,697</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL REVENUE FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 18,200,000	\$ 6,673,263	\$ (11,526,737)
Tuition and fees	156,000	126,763	(29,237)
Other sources:			
Grants and contracts	795,000	289,607	(505,393)
Other	236,150	78,210	(157,940)
Total revenues	19,387,150	7,167,843	(12,219,307)
Expenditures:			
Instruction:			
Personal services	3,000,000	2,637,106	362,894
Materials and services	2,000,000	889,188	1,110,812
Capital outlay	951,000	166,011	784,989
Total instruction	5,951,000	3,692,305	2,258,695
Community services:			
Personal services	2,000,000	697,392	1,302,608
Materials and services	3,000,000	2,523,773	476,227
Capital outlay	181,550	-	181,550
Total community services	5,181,550	3,221,165	1,960,385
Instructional support services:			
Personal services	50,000	11,233	38,767
Materials and services	53,000	5,035	47,965
Total instructional support services	103,000	16,268	86,732
Student services:			
Personal services	230,000	192,843	37,157
Materials and services	79,544	61,207	18,337
Total student services	309,544	254,050	55,494
College support services:			
Materials and services	54,000	-	54,000

SCHEDULE 3
(Continued)

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL REVENUE FUND
Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures: (Contd)			
Reserves:			
Contingency	\$ 8,000,000	\$ -	\$ 8,000,000
Total expenditures	<u>19,599,094</u>	<u>7,183,788</u>	<u>12,415,306</u>
Revenues over-(under) expenditures	(211,944)	(15,945)	195,999
Other financing sources-(uses):			
Transfers in	15,944	22,556	6,612
Transfers out	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
Total other financing sources-(uses)	<u>11,944</u>	<u>22,556</u>	<u>10,612</u>
Changes in fund balance	(200,000)	6,611	206,611
Fund balance - July 1, 2004	<u>200,000</u>	<u>172,115</u>	<u>(27,885)</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ 178,726</u>	<u>\$ 178,726</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
STUDENT FINANCIAL AID FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 51,000,000	\$ 33,197,036	\$ (17,802,964)
Other sources:			
Interest income	96,000	79,421	(16,579)
Other	603,500	2,136,851	1,533,351
Total revenues	<u>51,699,500</u>	<u>35,413,308</u>	<u>(16,286,192)</u>
Expenditures:			
Student services:			
Personal services	285,073	284,678	395
Materials and services	39,481	18,764	20,717
Total student services	<u>324,554</u>	<u>303,442</u>	<u>21,112</u>
Financial aid:			
Personal services	1,025,000	622,801	402,199
Materials and services	51,153,011	34,590,162	16,562,849
Total financial aid	<u>52,178,011</u>	<u>35,212,963</u>	<u>16,965,048</u>
Total expenditures	<u>52,502,565</u>	<u>35,516,405</u>	<u>16,986,160</u>
Revenues over-(under) expenditures	<u>(803,065)</u>	<u>(103,097)</u>	<u>699,968</u>
Other financing sources-(uses):			
Transfers in	779,229	762,464	(16,765)
Transfers out	(234,164)	(184,164)	50,000
Total other financing sources-(uses)	<u>545,065</u>	<u>578,300</u>	<u>33,235</u>
Changes in fund balance	<u>(258,000)</u>	<u>475,203</u>	<u>733,203</u>
Fund balance - July 1, 2004	<u>258,000</u>	<u>532,694</u>	<u>274,694</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ 1,007,897</u>	<u>\$ 1,007,897</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
DEBT SERVICE FUND
Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 4,996,747	\$ 5,306,346	\$ 309,599
Other sources:			
Interest income	-	27,339	27,339
Other	<u>2,064,250</u>	<u>2,259,250</u>	<u>195,000</u>
Total revenues	<u>7,060,997</u>	<u>7,592,935</u>	<u>531,938</u>
Expenditures:			
Materials and services	7,345	2,925	4,420
Debt service:			
Principal	4,875,000	4,875,000	-
Interest	<u>2,832,302</u>	<u>2,832,367</u>	<u>(65)</u>
Total expenditures	<u>7,714,647</u>	<u>7,710,292</u>	<u>4,355</u>
Revenues over-(under) expenditures	<u>(653,650)</u>	<u>(117,357)</u>	<u>536,293</u>
Other financing sources-(uses):			
Transfers in	<u>453,650</u>	<u>453,650</u>	<u>-</u>
Total other financing sources-(uses)	<u>453,650</u>	<u>453,650</u>	<u>-</u>
Changes in fund balance	(200,000)	336,293	536,293
Fund balance - July 1, 2004	<u>200,000</u>	<u>1,186,199</u>	<u>986,199</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ 1,522,492</u>	<u>\$ 1,522,492</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
CAPITAL PROJECTS FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other sources:			
Interest income	\$ 100,000	\$ 60,513	\$ (39,487)
Other	2,782,000	172,771	(2,609,229)
Total revenues	<u>2,882,000</u>	<u>233,284</u>	<u>(2,648,716)</u>
Expenditures:			
Plant additions:			
Personal services	793,112	645,952	147,160
Materials and services	4,367,748	1,568,324	2,799,424
Capital outlay	4,098,711	378,326	3,720,385
Total expenditures	<u>9,259,571</u>	<u>2,592,602</u>	<u>6,666,969</u>
Revenues over-(under) expenditures	<u>(6,377,571)</u>	<u>(2,359,318)</u>	<u>4,018,253</u>
Other financing sources-(uses):			
Transfers in	4,750,000	3,401,125	(1,348,875)
Transfers out	(3,368,361)	(150,000)	3,218,361
Total other financing sources-(uses)	<u>1,381,639</u>	<u>3,251,125</u>	<u>1,869,486</u>
Changes in fund balance	(4,995,932)	891,807	5,887,739
Fund balance - July 1, 2004	<u>4,995,932</u>	<u>4,379,798</u>	<u>(616,134)</u>
Fund balance - June 30, 2005	<u>\$ -</u>	<u>\$ 5,271,605</u>	<u>\$ 5,271,605</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ENTERPRISE FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Sale of goods and services	\$ 9,384,470	\$ 6,957,692	\$(2,426,778)
Other sources	906,950	255,964	(650,986)
Total revenues	10,291,420	7,213,656	(3,077,764)
Expenditures:			
Instruction:			
Materials and services	60,500	6,165	54,335
Student services:			
Personal services	2,247,450	2,229,772	17,678
Materials and services	7,137,175	5,292,257	1,844,918
Capital outlay	1,240,445	36,868	1,203,577
Total student services	10,625,070	7,558,897	3,066,173
College support services:			
Personal services	246,127	193,351	52,776
Materials and services	84,145	59,066	25,079
Capital outlay	40,575	14,140	26,435
Total college support services	370,847	266,557	104,290
Reserves:			
Contingency	843,036	-	843,036
Total expenditures	11,899,453	7,831,619	4,067,834
Revenues over-(under) expenditures	(1,608,033)	(617,963)	990,070
Other financing sources-(uses):			
Transfers in	845,550	773,355	(72,195)
Transfers out	(77,517)	(5,423)	72,094
Total other financing sources-(uses)	768,033	767,932	(101)
Changes in fund balance	(840,000)	149,969	989,969
Fund balance - July 1, 2004	840,000	2,390,354	1,550,354
Fund balance - June 30, 2005	\$ -	\$ 2,540,323	\$ 2,540,323

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
INTERNAL SERVICE FUND
Year Ended June 30, 2005

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Sale of goods and services	\$ 1,345,404	\$ 1,158,745	\$ (186,659)
Fees	76,060	51,642	(24,418)
Other sources	752,233	84,961	(667,272)
Total revenues	2,173,697	1,295,348	(878,349)
Expenditures:			
College support services:			
Personal services	684,195	649,457	34,738
Materials and services	1,170,110	925,212	244,898
Capital outlay	160,900	31,151	129,749
Total college support services	2,015,205	1,605,820	409,385
Reserves:			
Contingency	721,908	-	721,908
Total expenditures	2,737,113	1,605,820	1,131,293
Revenues over-(under) expenditures	(563,416)	(310,472)	252,944
Other financing sources-(uses):			
Transfers in	365,211	342,423	(22,788)
Transfers out	(3,500)	(3,500)	-
Total other financing sources-(uses)	361,711	338,923	(22,788)
Changes in fund balance	(201,705)	28,451	230,156
Fund balance - July 1, 2004	201,705	70,581	(131,124)
Fund balance - June 30, 2005	\$ -	\$ 99,032	\$ 99,032

LANE COMMUNITY COLLEGE

Schedule of Property Tax Transactions
ALL COUNTIES
Year Ended June 30, 2005

<u>Tax Year</u>	<u>Uncollected Taxes 7/1/2004</u>	<u>2004-05 Levy</u>	<u>Discounts/ Adjustments</u>	<u>Collections</u>	<u>Uncollected Taxes 6/30/2005</u>
2003-04	\$ -	\$ 17,960,646	\$ (572,081)	\$ 16,909,509	\$ 479,056
2003-04	507,756	-	(32,667)	262,583	212,506
2002-03	266,004	-	(14,536)	117,914	133,554
2001-02	116,700	-	(7,519)	58,623	50,558
2000-01	54,595	-	(2,517)	28,588	23,490
1999-00	19,100	-	(163)	3,805	15,132
1998-99	12,283	-	(191)	1,230	10,862
Prior	125,147	-	(1,318)	1,282	122,547
Totals	\$ 1,101,585	\$ 17,960,646	\$ (630,992)	17,383,534	\$ 1,047,705
		Forest sales and other taxes		137,307	
		Interest and other		178,898	
		Total turnovers by counties		\$ 17,699,739	
		Allocation by fund:			
		General Fund		\$ 12,393,393	
		Debt Service Fund		5,306,346	
		Total allocations		\$ 17,699,739	

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STATISTICAL SECTION

TABLE 1A

LANE COMMUNITY COLLEGE

General Fund Expenditures and Transfers by Function
Last Ten Fiscal Years

Function	2004-05	2003-04	2002-03	2001-02
Instruction	\$ 35,521,884	\$ 29,519,738	\$ 31,978,721	\$ 37,958,210
Community Services	-	-	-	1,324,880
Instructional Support Services	4,037,412	3,724,078	3,350,683	3,273,699
Student Services	7,585,957	6,983,356	6,713,507	6,994,787
College Support Services	9,853,887	9,598,008	10,065,403	8,886,133
Plant Operations and Maintenance	5,355,826	5,235,817	5,231,730	4,812,449
Financial Aid	-	-	-	4
Transfers	<u>6,927,650</u>	<u>4,328,366</u>	<u>5,844,808</u>	<u>3,222,322</u>
Total	<u>\$ 69,282,616</u>	<u>\$ 59,389,363</u>	<u>\$ 63,184,852</u>	<u>\$ 66,472,484</u>

Source: *Statements of Revenues, Expenditures, and Changes in Fund Balance by Year*

LANE COMMUNITY COLLEGE

General Fund Expenditures and Transfers by Function
Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
\$ 36,453,578	\$ 35,259,169	\$ 33,074,722	\$ 31,893,143	\$ 30,547,378	\$ 29,317,213
1,128,077	1,081,908	1,017,228	963,193	826,509	788,682
2,713,706	2,757,368	2,395,012	2,299,945	2,189,053	2,194,626
6,441,617	5,887,064	5,529,431	5,025,554	5,072,696	4,646,958
8,748,173	8,979,649	9,068,809	8,543,162	9,211,256	8,179,024
4,489,607	4,020,925	3,705,173	3,565,797	3,508,831	3,294,168
-	-	492	-	720	-
<u>2,883,104</u>	<u>3,878,111</u>	<u>2,289,627</u>	<u>2,478,155</u>	<u>2,437,404</u>	<u>2,680,593</u>
<u>\$ 62,857,862</u>	<u>\$ 61,864,194</u>	<u>\$ 57,080,494</u>	<u>\$ 54,768,949</u>	<u>\$ 53,793,847</u>	<u>\$ 51,101,264</u>

TABLE 1B

LANE COMMUNITY COLLEGE

Expenditures and Transfers (Budgetary Basis)
 Funds Other than General Fund
 Last Ten Fiscal Years

<u>Fund</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Administratively Restricted Fund	\$ 8,453,485	\$ 8,271,656	\$ 4,708,172	\$ -
Special Revenue Fund	7,183,788	7,621,444	8,331,320	8,146,162
Student Financial Aid Fund	35,798,702	36,347,491	30,878,510	27,443,576
Debt Service Fund	7,710,292	7,471,652	56,891,132	4,566,037
Capital Projects Fund	5,960,963	4,188,296	8,957,361	14,451,356
Enterprise Fund	7,909,136	8,799,737	10,273,766	9,372,357
Internal Service Fund	<u>1,609,320</u>	<u>1,844,499</u>	<u>1,971,065</u>	<u>19,587,458</u>
Total	<u>\$ 74,625,686</u>	<u>\$ 74,544,775</u>	<u>\$ 122,011,326</u>	<u>\$ 83,566,946</u>

Source: Statements of Revenues, Expenditures, and Changes in Fund Balance by Year

LANE COMMUNITY COLLEGE

Expenditures and Transfers (Budgetary Basis)
 Funds Other than General Fund
 Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,232,255	7,043,786	7,008,069	6,270,639	6,787,160	6,962,783
21,687,232	19,196,236	16,372,241	14,784,928	13,273,048	6,799,361
4,311,284	4,199,437	4,265,923	4,015,323	3,771,320	3,588,330
18,300,218	15,581,509	4,100,102	4,006,636	4,369,462	3,771,117
8,908,566	8,034,213	7,418,585	6,736,284	7,204,877	6,204,871
<u>17,506,834</u>	<u>16,752,812</u>	<u>16,173,710</u>	<u>14,933,538</u>	<u>15,328,879</u>	<u>14,482,189</u>
<u>\$ 77,946,389</u>	<u>\$ 70,807,993</u>	<u>\$ 55,338,630</u>	<u>\$ 50,747,348</u>	<u>\$ 50,734,746</u>	<u>\$ 41,808,651</u>

TABLE 2A

LANE COMMUNITY COLLEGE
General Fund Revenues and Transfers by Source
Last Ten Fiscal Years

<u>Source</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Property Taxes	\$ 12,393,393	\$ 11,725,008	\$ 11,435,526	\$ 10,974,364
Tuition and Fees	20,469,822	18,755,124	19,162,904	17,332,484
Intergovernmental	19,840,398	33,953,152	19,664,280	30,862,022
Other Sources	3,081,253	3,484,009	3,651,186	5,201,991
Transfers	<u>832,504</u>	<u>44,950</u>	<u>1,432,370</u>	<u>222,663</u>
Total	<u>\$ 56,617,370</u>	<u>\$ 67,962,243</u>	<u>\$ 55,346,266</u>	<u>\$ 64,593,524</u>

Source: Statements of Revenues, Expenditures, and Changes in Fund Balance by Year

LANE COMMUNITY COLLEGE

General Fund Revenues and Transfers by Source
Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
\$ 10,316,442	\$ 9,939,709	\$ 9,509,132	\$ 9,219,781	\$ 10,018,544	\$ 9,334,292
16,336,279	15,910,252	15,590,089	13,501,490	13,500,788	12,987,554
29,964,650	29,456,241	28,848,379	27,671,711	24,948,769	24,799,591
5,673,632	5,278,559	4,969,293	4,977,003	4,619,020	3,108,464
<u>163,688</u>	<u>144,250</u>	<u>142,015</u>	<u>192,283</u>	<u>181,746</u>	<u>219,374</u>
<u>\$ 62,454,691</u>	<u>\$ 60,729,011</u>	<u>\$ 59,058,908</u>	<u>\$ 55,562,268</u>	<u>\$ 53,268,867</u>	<u>\$ 50,449,275</u>

LANE COMMUNITY COLLEGE

Revenues and Other Financing Sources (Budgetary Basis)
 Funds Other than General Fund
 Last Ten Fiscal Years

Fund	2004-05	2003-04	2002-03	2001-02
Administratively Restricted Fund	\$ 9,787,405	\$ 10,174,523	\$ 5,040,075	\$ -
Special Revenue Fund	7,190,429	7,613,475	8,321,203	8,121,602
Student Financial Aid Fund	36,273,905	36,491,409	30,746,045	27,799,540
Debt Service Fund	8,046,585	7,846,140	57,148,459	4,611,393
Capital Projects Fund	6,852,770	2,398,142	3,391,835	5,739,230
Enterprise Fund	8,059,105	8,759,627	10,083,785	9,524,526
Internal Service Fund	1,637,771	1,582,419	1,540,840	18,791,016
Total	<u>\$ 77,847,970</u>	<u>\$ 74,865,735</u>	<u>\$116,272,242</u>	<u>\$ 74,587,307</u>

Source: *Statements of Revenues, Expenditures, and Changes in Fund Balance by Year*

LANE COMMUNITY COLLEGE

Revenues and Other Financing Sources (Budgetary Basis)
 Funds Other than General Fund
 Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,203,875	7,085,392	6,960,967	6,266,348	6,768,699	6,987,842
21,487,264	19,111,816	16,412,616	14,690,235	13,368,843	6,921,649
4,395,893	4,253,002	4,310,326	3,741,750	3,767,982	4,049,131
5,784,254	3,695,304	2,852,992	3,146,359	2,996,144	4,642,988
8,958,512	8,679,748	7,646,128	7,104,671	6,797,191	6,369,504
<u>17,386,993</u>	<u>17,034,668</u>	<u>16,015,237</u>	<u>15,575,072</u>	<u>15,362,527</u>	<u>13,918,382</u>
<u>\$ 65,216,791</u>	<u>\$ 59,859,930</u>	<u>\$ 54,198,266</u>	<u>\$ 50,524,435</u>	<u>\$ 49,061,386</u>	<u>\$ 42,889,496</u>

TABLE 3

LANE COMMUNITY COLLEGE
General Fund Expenditures and Transfers by Object
Last Ten Fiscal Years

<u>Object</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Personal services	\$ 53,475,201	\$ 46,238,518	\$ 47,839,664	\$ 52,535,450
Materials and services	7,996,807	8,390,367	9,062,800	10,279,721
Capital outlay	<u>882,958</u>	<u>432,112</u>	<u>437,580</u>	<u>434,991</u>
Total expenditures	62,354,966	55,060,997	57,340,044	63,250,162
Transfers	<u>6,927,650</u>	<u>4,328,366</u>	<u>5,844,808</u>	<u>3,222,322</u>
Total expenditures and transfers	<u>\$ 69,282,616</u>	<u>\$ 59,389,363</u>	<u>\$ 63,184,852</u>	<u>\$ 66,472,484</u>

Source: Statements of Revenues, Expenditures, and Changes in Fund Balance by Year

LANE COMMUNITY COLLEGE

General Fund Expenditures and Transfers by Object
Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
\$ 48,679,914	\$47,146,922	\$ 44,745,347	\$ 42,695,605	\$ 40,878,380	\$ 38,918,237
10,713,153	10,092,144	9,613,046	9,004,255	9,300,788	8,253,528
<u>581,691</u>	<u>747,017</u>	<u>432,474</u>	<u>590,934</u>	<u>1,177,275</u>	<u>1,248,906</u>
59,974,758	57,986,083	54,790,867	52,290,794	51,356,443	48,420,671
<u>2,883,104</u>	<u>3,878,111</u>	<u>2,289,627</u>	<u>2,478,155</u>	<u>2,437,404</u>	<u>2,680,593</u>
<u>\$ 62,857,862</u>	<u>\$61,864,194</u>	<u>\$ 57,080,494</u>	<u>\$ 54,768,949</u>	<u>\$ 53,793,847</u>	<u>\$ 51,101,264</u>

LANE COMMUNITY COLLEGE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Tax Collections In First Year <i>(1)</i>	Percent of Levy Collected In First Year	Delinquent Tax Collections <i>(1)</i>	Total Tax Collections <i>(1)</i>	Percent of Total Tax Collections To Tax Levy	Uncollected Taxes	Percent of Delinquent Taxes To Tax Levy
2004-05	\$ 17,960,646	\$ 16,909,509	94.1 %	\$ 474,025	\$ 17,383,534	96.79 %	\$ 1,047,705	5.83 %
2003-04	16,996,180	16,019,015	94.3	545,153	16,564,168	97.46	1,101,585	6.48
2002-03	16,451,425	15,334,516	93.2	573,571	15,908,087	96.70	1,207,129	7.34
2001-02	15,406,431	14,196,436	92.1	525,863	14,722,299	95.56	1,250,590	8.12
2000-01	14,575,221	13,569,799	93.1	504,711	14,074,510	96.56	1,168,776	8.02
1999-00	13,800,777	12,867,510	93.2	465,505	13,333,015	96.61	1,109,195	8.04
1998-99	13,296,536	12,415,471	93.4	474,729	12,890,200	96.94	1,105,636	8.32
1997-98	12,154,692	11,329,564	93.2	491,343	11,820,907	97.25	1,135,641	9.34
1996-97	12,913,675	11,955,653	92.6	563,764	12,519,417	96.95	1,167,827	9.04
1995-96	12,106,573	11,243,650	92.9	528,625	11,772,275	97.24	1,167,827	9.65

Source: General Purpose Financial Statements

(1) Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors

LANE COMMUNITY COLLEGE

Assessed Valuation
True Cash Valuation and Tax Rate
Lane County
Last Ten Fiscal Years

Fiscal Year	Assessed Valuation	Ratio of Assessed Valuation to True Cash Valuation	True Cash Valuation
2004-05	\$20,159,385,923	75.4 %	\$26,749,361,683
2003-04	19,191,256,460	79.1	24,256,098,187
2002-03	18,476,659,814	80.3	23,022,376,114
2001-02	18,045,909,262	79.0	22,846,616,910
2000-01	16,552,068,130	73.1	22,628,274,669
1999-00	15,470,169,278	74.6	20,744,172,758
1998-99	14,611,215,135	79.9	18,282,278,914
1997-98	13,951,289,444	78.7	17,724,168,650
1996-97	16,059,910,852	99.0	16,229,908,525
1995-96	14,560,245,605	99.1	14,698,583,158

Source: Lane County Summary of Assessment and Tax Rolls

LANE COMMUNITY COLLEGE

Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004-05	N/A	\$ 20,159,385,923	\$ 19,400,000	\$ 1,522,492	\$ 17,877,508	0.09%	N/A
2003-04	623,800	19,191,256,460	23,200,000	1,186,199	22,013,801	0.11%	35
2002-03	616,600	18,476,659,814	26,640,000	811,711	25,828,289	0.14%	42
2001-02	613,350	18,045,909,262	29,715,000	604,913	29,110,087	0.16%	47
2000-01	609,600	16,552,068,130	32,445,000	555,374	31,889,626	0.19%	52
1999-00	604,580	15,470,169,278	34,860,000	474,419	34,385,581	0.22%	57
1998-99	602,060	14,611,215,135	36,985,000	409,783	36,575,217	0.25%	61
1997-98	599,990	13,951,289,444	38,870,000	358,986	38,511,014	0.28%	64
1996-97	596,020	16,059,910,852	40,445,000	619,873	39,825,127	0.25%	67
1995-96	587,720	14,560,245,605	41,720,000	624,242	41,095,758	0.28%	70

(1) Source: Portland State University - Center for Population Research and Census

(2) Source: Lane County Assessors

(3) Source: District Comprehensive Annual Financial Report

LANE COMMUNITY COLLEGE

Computation of Legal Debt Margin
June 30, 2005

Total Real Market Value of Taxable Property		<u>\$ 26,749,361,683</u>
Debt Limitation (1.5% of Real Market Value)		\$ 401,240,425
Total Bonded Debt	<u>\$ 19,400,000</u>	
Debt Subject to Limitation		<u>19,400,000</u>
Legal Debt Margin		<u>\$ 381,840,425</u>

LANE COMMUNITY COLLEGE

Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General
Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Fund Expenditures And Transfers</u>	<u>Ratio of Debt Service To General Fund Expenditures And Transfers</u>
2004-05	\$ 3,800,000	\$ 1,194,798	\$ 4,994,798	\$ 69,282,616	7.21%
2003-04	3,440,000	1,373,678	4,813,678	59,389,363	8.11%
2002-03	3,150,000	1,559,715	4,709,715	63,184,852	7.45%
2001-02	2,800,000	1,705,575	4,505,575	66,472,484	6.78%
2000-01	2,480,000	1,829,920	4,309,920	62,857,862	6.86%
1999-00	2,255,000	1,943,060	4,198,060	61,864,194	6.79%
1998-99	1,885,000	1,981,707	3,866,707	57,080,494	6.77%
1997-98	1,895,000	2,118,570	4,013,570	54,768,949	7.33%
1996-97	1,585,000	2,185,070	3,770,070	53,793,847	7.01%
1995-96	1,350,000	2,236,070	3,586,070	51,101,264	7.02%

LANE COMMUNITY COLLEGE

Principal Taxpayers
Year Ended June 30, 2005

LANE COUNTY

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Total Assessed Value</u>	<u>Percentage Of Total Assessed Value</u>	<u>Taxes</u>
Hynix Semiconductor MFG	Electronics	\$ 570,780,961	2.84 %	\$ 6,910,227
Weyerhaeuser Co	Wood Products	373,822,243	1.85	5,030,915
Qwest Corporation	Utility	243,704,900	1.21	3,718,507
Valley River Center LLC	Shopping Mall	79,443,780	0.39	1,489,940
Northwest Natural Gas Co.	Utility	74,161,600	0.37	1,119,725
Gateway Mall Partners	Shopping Mall	45,534,317	0.23	756,380
Peacehealth	Medical Group	44,917,341	0.22	531,048
Symantec Corporation	Electronics	37,172,945	0.18	225,599
Emerald PUD	Utility	51,098,800	0.25	496,189
Monaco Coach Corp	Custom RV	34,487,419	0.17	509,510
Subtotal - ten of the largest taxpayers		1,555,124,306	7.71	
All other taxpayers in Lane County		18,604,261,617	92.29	
Total Lane County Taxpayers		\$ 20,159,385,923	100.00 %	

Source: Lane County Assessor

LANE COMMUNITY COLLEGE
Average Number of Contracted Employees
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Faculty</u>	<u>Classified</u>	<u>Exempt</u>	<u>Total</u>
2004-05	286	461	66	813
2003-04	236	366	63	665
2002-03	252	372	60	684
2001-02	273	394	68	735
2000-01	270	367	71	708
1999-00	271	379	71	721
1998-99	268	361	73	702
1997-98	265	344	71	680
1996-97	275	337	78	690
1995-96	269	320	80	669

LANE COMMUNITY COLLEGE
Tuition Rates and Enrollment Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tuition Rate Per Credit Hour</u>	<u>Total FTE</u>	<u>Unduplicated Headcount</u>
2004-05	64.50	10,174.00	29,868
2003-04	63.00	10,699.90	29,743
2002-03	49.00	12,364.30	34,394
2001-02	38.00	13,265.10	40,099
2000-01	38.00	12,760.10	43,223
1999-00	36.00	12,449.40	41,766
1998-99	36.00	11,968.30	40,113
1997-98	34.00	12,148.80	37,954
1996-97	34.00	12,007.30 (1)	37,841
1995-96	32.00	12,141.80	38,441

(1) Oregon community colleges changed calculation for total FTE in 1995-96

TABLE 12

LANE COMMUNITY COLLEGE

Full-Time Equivalent Students
Last Ten Fiscal Years

<u>Category</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Lower Division Transfer Courses	5,067.98	5,224.70	5,767.90	5,860.90
Vocational Preparatory	2,587.81	2,689.38	2,993.70	2,962.40
Vocational Supplemental	384.61	453.91	695.50	790.60
Vocational Apprentice	171.28	198.80	213.20	256.10
Developmental Education	1,366.27	1,524.92	1,851.30	2,219.90
Self Improvement	<u>451.01</u>	<u>461.67</u>	<u>696.40</u>	<u>989.10</u>
Total reimbursable FTE	<u>10,028.96</u>	<u>10,553.38</u>	<u>12,218.00</u>	<u>13,079.00</u>
Non-Reimbursable	<u>144.77</u>	<u>146.52</u>	<u>146.30</u>	<u>186.10</u>
Total FTE	<u>10,173.73</u>	<u>10,699.90</u>	<u>12,364.30</u>	<u>13,265.10</u>

(1) Oregon community colleges changed calculation for total FTE in 1995-96

LANE COMMUNITY COLLEGE

Full-Time Equivalent Students
Last Ten Fiscal Years

<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u> (1)
5,418.60	5,223.10	5,103.30	5,078.50	4,896.50	4,749.60
2,759.20	2,781.80	2,716.90	2,639.80	2,613.40	2,643.10
927.90	911.60	914.30	895.60	886.60	865.10
286.40	416.40	261.80	265.50	260.50	259.80
2,150.40	1,997.50	1,886.80	2,160.40	2,150.00	2,369.80
<u>1,016.30</u>	<u>932.50</u>	<u>925.50</u>	<u>886.20</u>	<u>931.40</u>	<u>987.50</u>
<u>12,558.80</u>	<u>12,262.90</u>	<u>11,808.60</u>	<u>11,926.00</u>	<u>11,738.40</u>	<u>11,874.90</u>
<u>201.30</u>	<u>186.50</u>	<u>159.70</u>	<u>222.80</u>	<u>268.90</u>	<u>266.90</u>
<u><u>12,760.10</u></u>	<u><u>12,449.40</u></u>	<u><u>11,968.30</u></u>	<u><u>12,148.80</u></u>	<u><u>12,007.30</u></u>	<u><u>12,141.80</u></u>

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

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

October 7, 2005

Board of Education
Lane Community College
Eugene, Oregon

We have audited the financial statements of Lane Community College as of and for the year ended June 30, 2005, and have issued our report thereon dated October 7, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether Lane 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, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lane Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Education, 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 specific parties.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON THE INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

October 7, 2005

Board of Education
Lane Community College
Eugene, Oregon

Compliance

We have audited the compliance of Lane Community College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Lane 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 Lane Community College's management. Our responsibility is to express an opinion on Lane 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 Lane 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 on Lane Community College's compliance with those requirements.

In our opinion, Lane Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Lane Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lane Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Lane Community College as of and for the year ended June 30, 2005, and have issued our report thereon dated October 7, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Board of Education, 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.

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue		Expenditures	Accrued (Deferred) Revenue
			July 1, 2004	June 30, 2005		
		\$ 496,458	\$ -	\$ 544,591	\$ 544,591	\$ -
84.007		657,393	187,363	860,164	672,801	-
84.033		160,379	-	131,114	131,719	605
84.038		9,862,228	21,020	9,881,783	9,862,228	1,465
84.063		20,302,328	142,566	20,439,337	20,302,328	5,557
84.268		240,905	17,289	46,491	29,202	-
84.042A	P042A010806-03	239,827	-	181,730	197,763	16,033
84.042A	P042A010806-04	97,730	8,199	14,418	6,219	-
84.116B	P116B031282	154,734	-	112,022	118,888	6,866
U.S. DEPARTMENT OF EDUCATION: Direct programs: Student Financial Aid: Supplemental Educational Opportunity Grants College Work Study Perkins Loans Pell Grant Federal Direct Student Loan SSS - TRIO 8-04 SSS - TRIO 8-05 FIPSE 8-04 FIPSE 8-05 Passed Through Oregon Department of Community Colleges and Workforce Development: Comprehensive Services 6-04 Comprehensive Services 6-05 EL/Civics 6-04 EL/Civics 6-05 Corrections 6-04 Corrections 6-05 Outreach Tutoring 6-04 Outreach Tutoring 6-05 Set-Aside/Accountability 6-04 Set-Aside/Accountability 6-05 Set-Aside/PIP 6-04 Set-Aside/PIP 6-05 Passed Through Oregon Department of Education: Carl Perkins Grant 7-04 Carl Perkins Grant 9-05 Passed Through Oregon Department of Human Services: Occ Skills/DHS 6-05 (Note B) Passed Through Lane Education Service District: Tech Prep 6-04 Tech Prep 6-05						
84.002	9413	230,000	25,086	25,086	-	-
84.002	9513	230,000	-	120,599	230,000	109,401
84.002	6406	59,500	43,547	43,547	-	-
84.002	6506	59,500	-	37,723	55,037	17,314
84.002	9413C	35,700	5,578	5,578	-	-
84.002	9513C	35,700	-	26,773	35,697	8,924
84.002	9413T	13,200	12,566	12,566	-	-
84.002	9513T	13,200	-	7,984	13,195	5,211
84.002	9413SAA	32,500	8,456	8,456	-	-
84.002	9513SAA	32,500	-	27,544	32,500	4,956
84.002	9413SAPI	7,700	622	622	-	-
84.002	9513SAPI	8,816	-	3,468	8,815	5,347
84.048	EE003845	1,085,620	529,229	617,239	88,010	-
84.048	3156	1,034,974	-	596,957	895,164	298,207
84.126A	106408	131,721	17,686	72,244	74,503	19,945
84.243A		53,814	53,804	53,804	-	-
84.243		55,454	-	-	55,448	55,448

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2004	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2005
Passed Through Oregon University System - University of Oregon:						
84.334S		\$ 4,015	\$ -	\$ -	\$ 2,971	\$ 2,971
84.334S		15,000	-	-	2,011	2,011
Total U.S. Department of Education			1,073,011	33,871,840	33,359,090	560,261
U. S. DEPARTMENT OF COMMERCE:						
<u>SMALL BUSINESS ADMINISTRATION:</u>						
Direct programs:						
59.037	4-603001-Z-0039-21-01	961,278	198,328	833,167	634,839	-
59.037	5-603001-0039	950,706	-	133,591	338,738	205,147
Total U.S. Department of Commerce			198,328	966,758	973,577	205,147
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE:</u>						
Direct programs:						
94.016	02SCPOR025-1	313,973	92,793	92,793	-	-
94.016	04SCPOR002	313,973	-	207,095	313,973	106,878
Total Corporation for National & Community Service			92,793	299,888	313,973	106,878
<u>U. S. DEPARTMENT OF LABOR:</u>						
Passed Through Oregon Department of Community Colleges and Workforce Development:						
17.267	GRNT1008	51,500	-	2,556	20,630	18,074
Passed Through Oregon Department of Human Services:						
17.261	102516-4	491,559	51,459	167,507	116,812	764
Passed Through Lane Workforce Partnership:						
17.260	21203 Mod #2	602,138	51,337	51,337	-	-
17.260	23201 Mod#4	705,301	54,654	54,654	-	-
17.258	23201 Mod#4	136,520	11,594	11,594	-	-
17.260	24201 Mod#2	428,875	-	349,097	423,101	74,004
17.258	24201 Mod#2	140,770	-	116,366	141,034	24,668
17.259	24410	15,329	-	1,061	8,946	7,885
Total U.S. Department of Labor			169,044	754,172	710,523	125,395

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2004	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2005
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:						
Passed Through Oregon Childcare Resource & Referral Network:						
LFC/CCD Network 6-05 (Note G)	93.575					
LFC/DHS 6-05 (Note F)	93.575	\$ 302,679	\$ 43,611	\$ 154,896	\$ 156,377	\$ 45,092
LFC/DHS 6-05 (Note F)	93.558	139,832	31,037	88,461	79,546	22,122
LFC/DHS 6-05 (Note F)	93.558	18,375	-	17,415	24,499	7,084
Passed Through Oregon Department of Human Services:						
Employment Retention 7-05 (Note D)	93.558	35,000	-	18,865	38,281	19,416
Employment Retention 7-05 (Note D)	93.647	25,000	-	7,230	16,982	9,752
Passed Through Lane Workforce Partnership:						
Jobs/WTW 6-04 (Note I)	93.558	106,365	23,014	23,014	-	-
Jobs/WTW 6-05 (Note J)	93.558	94,850	-	76,226	93,416	17,190
Passed Through Lane County Commission on Children and Families:						
LFC/CCF 6-05	93.575	99,760	11,133	49,202	56,834	18,765
Passed Through Lane County:						
LFC/SIG 6-05	93.243	34,615	-	417	12,594	12,177
Passed Through Marion County:						
LFC/CARES 6-05	93.575	119,636	12,236	66,388	70,620	16,468
Total U.S. Department of Health & Human Services						
			121,031	502,114	549,149	168,066
Total all programs			\$1,654,207	\$ 36,394,772	\$35,906,312	\$ 1,165,747

Note To Schedule of Expenditures of Federal Awards:

Basis of Accounting - The schedule of expenditures of federal awards presents receipts on the cash basis of accounting and presents expenditures on the accrual basis of accounting. Differences between receipts and expenditures are reflected as accrued (deferred) revenues.

LANE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Lane Community College.
2. There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements of Lane Community College.
3. No instances of noncompliance material to the financial statements of Lane Community College were disclosed during the audit.
4. There were no reportable conditions in internal control over compliance disclosed during the audit of the major federal award programs of Lane Community College.
5. The independent auditor's report on compliance for the major federal award programs of Lane Community College expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs of Lane 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:	
Supplemental Educational Opportunity Grants	84.007
College Work Study	84.033
Perkins Loans	84.038
Pell Grant	84.063
Federal Direct Student Loan	84.268

8. The threshold for distinguishing Type A programs from Type B programs was \$468,000.
9. Lane 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.

INDEPENDENT AUDITOR'S COMMENTS

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INDEPENDENT AUDITOR'S COMMENTS

Internal Control

Our report on the College's internal control over financial reporting is presented on pages 56 and 57 of this audit report.

Other Comments and Disclosures

In connection with our audit, nothing came to our attention that caused us to believe the College was not substantially in compliance with:

- ORS Chapter 295 regarding collateral securing depository balances,
- ORS 294.035 regarding the investment of surplus public funds,
- the legal requirements relating to debt,
- ORS 294.305 to 294.565 in the preparation and adoption of its budget for the fiscal years ending June 30, 2005 and June 30, 2006, and the execution of its budget for the fiscal year ended June 30, 2005,
- ORS Chapter 279 in the awarding of public contracts and the construction of public improvements,
- the appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies,

except as follows:

- The College exceeded its collateral coverage in one institution for several days during the year.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Additionally, we make the following comments:

- The accounting records are generally adequate for the needs of the College.
- We have reviewed the College's insurance and fidelity bond coverage for compliance with legal requirements. Since we are not experts in insurance matters, we make no representation as to the adequacy of such coverage.

COMMENDATION

The courteous assistance and cooperation extended to us by employees and officials of the College during the course of the audit are sincerely appreciated.

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