

NWCCU Year 3 Report

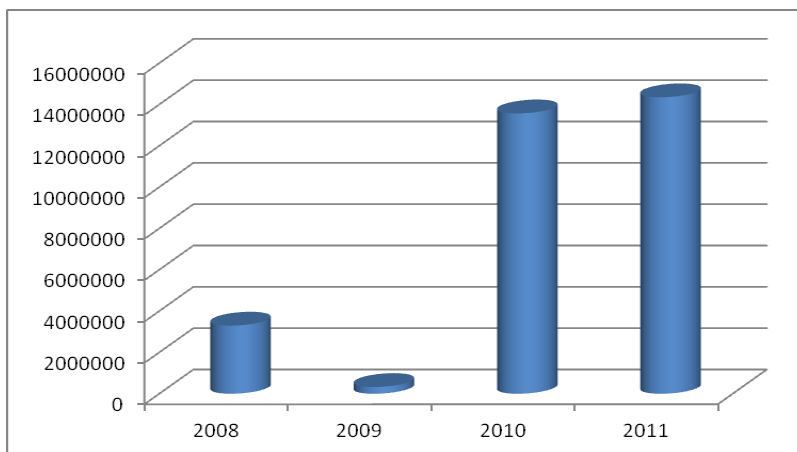
2.F Financial Resources

2.F.1 How does Lane Community College demonstrate financial stability, with sufficient cash flow and reserves to support its programs and services?

Does financial planning reflect available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and anticipate long-term obligations, including payment of future liabilities?

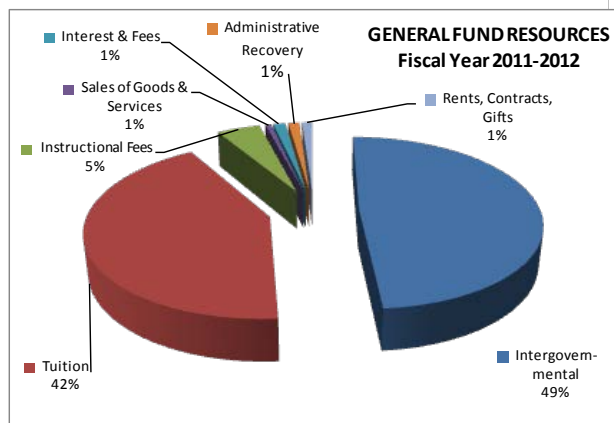
Lane Community College makes financial sustainability a priority consistent with its core value of sustainability and strategic direction of

a sustainable learning and working environment. The college demonstrates fiscal stability with sufficient cash flow and reserves to support college programs and services. A financial report is prepared quarterly for the Board of Education. Budgets are developed annually through a broad-based process that incorporates input from all departments and the college governance structure for review and approval by the Budget Committee consistent with Oregon Budget Law. A balanced budget in accordance with expected revenues is then presented to the Board of Education for final adoption and assessment of taxes. The Executive Team reviews requests for new positions and expenditures brought forward by departments. Risk is managed appropriately to ensure financial stability and the college employs a risk management and safety specialist consistent with our core value of Safety. A contingency is built into the annual budget for unexpected expenditures. The Board of education has a reserves policy which requires a reserve equal to five percent of operating expenditures. These factors are also considered during the budget planning and development process.

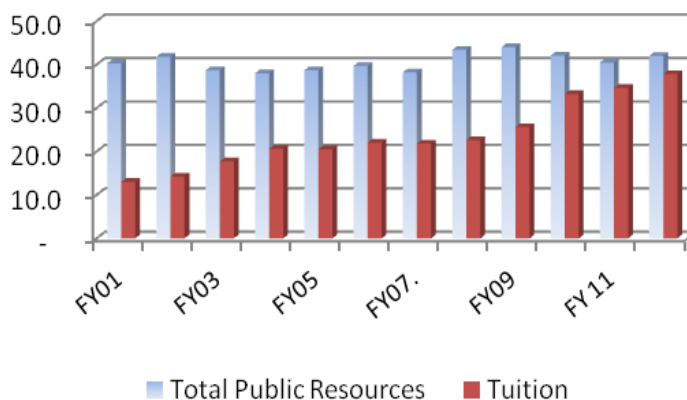


2.F.2 Do resource planning and development include realistic budgeting, enrollment management, and responsible projections of grants, donations, and other non-tuition revenue sources?

College financial planning is guided by a Long Range Financial plan that incorporated board policies into the planning. Budget planning considers historical averages, tuition and fee



Total Public Resources & Tuition Revenues FY01 through FY12



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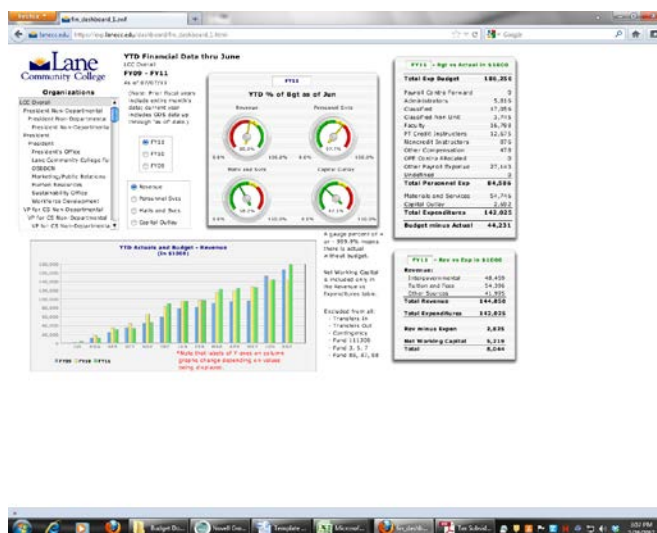
rates, wage and salary adjustments and state allocations, and is realistic with respect to expected revenues. Enrollment is carefully managed to align student demand with capacity as closely as possible in order to meet student needs while maintaining efficient class loads. LCC's state funding allocation is based on the college's share of total FTE to divide a fixed appropriation for community colleges. Therefore, increased enrollment may not bring much in additional state support and must be covered from increased tuition and fee revenue. Grants are budgeted in a special revenue fund based on grant contracts in place. The areas budgeted with Grant and other non tuition revenues are required to expend only the revenue received. The college employs two grant accountants that regularly review grant revenue and expenditures to ensure all activities are financially sustainable.

2.F.3 Does Lane Community College clearly define and follow its policies, guidelines, and processes for financial planning and budget development that include appropriate opportunities for participation by its constituencies?

The budget development process involves all college departments and stakeholders and is guided by a board approved long range financial plan published annually with the budget. Each year a budget development calendar is published by the budget office with milestones leading to formal approval by the Board. A budget sub-committee of the college council with management, faculty, classified employee, and student representatives represents the governance system in budgeting. Departments communicate budget needs directly to the budget office. The President also holds open meetings to advise college employees about issues affecting the budget. The budget development process is also available to all stakeholders through the college budget development website www.lanec.edu/budget present information to their colleagues. The college has won the Government Financial Officers Association Award for budgeting for the last six years.

2.F.4 Does Lane Community College ensure timely and accurate financial information through its use of an appropriate accounting system that follows generally-accepted accounting principles and through its reliance on an effective system of internal controls?

LCC meets institutional policy and state and federal regulations through its Sunguard accounting system designed specifically for higher education. The system has powerful reporting capabilities and the college also maintains a data warehouse to enhance financial reporting and analysis capabilities. A full time Internal Control Accountant regularly reviews financial operations based on risk assessment and assists departments to strengthen processes for better efficiency and internal control. Access to the financial system is controlled by role based security profiles to ensure employees have access



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to only that information they need. The college finance office has won the Government Financial Officers Association award for Financial Reporting for seven years in a row.

2.F.5 How do capital budgets reflect Lane Community College's mission and core theme objectives and relate to its plans for physical facilities and acquisition of equipment?

Do long-range capital plans support Lane Community College's mission and goals and reflect projections of the total cost of ownership, equipment, furnishing, and operation of new or renovated facilities?

Is debt for capital outlay purposes periodically reviewed, carefully controlled, and justified, so as not to create an unreasonable drain on resources available for educational purposes?

LCC has embarked on a long term master planning process in partnership with the University of Oregon and stakeholder representatives on the master planning task force meet regularly to refine the plan. Planning is centered on the college's strategic directions, with mission fulfillment at its core. The college passed an \$83 million dollar general obligation bond in 2008 and is slightly more than midway in executing the projects to be financed by the bond. The college has leveraged these resources with state and local matching grants. For example, a new \$53 million downtown campus and student housing building is currently under construction with \$9 million in bond funds and the balance from other sources. The general obligation debt will be repaid by additional property taxes and the only other facility debt is \$19.3 M in federally subsidized recovery zone bonds to help pay for the student housing project and will be repaid from rent proceeds.

2.F.6 Does Lane Community College define the financial relationship between its general operations and its auxiliary enterprises, including any use of general operations funds to support auxiliary enterprises or the use of funds from auxiliary services to support general operations?

Auxiliary enterprises at LCC each have a separate set of accounts within the Enterprise Fund. These include bookstore, laundry, food services, international students, and housing operations. The latter is new for Fall of 2012. All inter-fund transfers, either among auxiliary funds or between auxiliary and operating funds, must have board approval but most routine transactions are pre approved in the budget.

2.F.7 For each year of operation, does Lane Community College undergo an external financial audit, in a reasonable timeframe, by professionally-qualified personnel in accordance with generally-accepted auditing standards? Are results from the audit, including findings and management letter recommendations, considered in a timely, appropriate, and comprehensive manner by the administration and the governing board?

LCC undergoes a comprehensive audit by an independent CPA firm every year. LCC's most recent audit, reported to the Board of Education in December 2011 for the year ending 30 June

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2011, resulted in another clean audit.. Audits for the past ten years are available on the college website at www.lanecc.edu/audit.

2.F.8 Are all institutional fundraising activities are conducted in a professional and ethical manner and do they comply with governmental requirements? If Lane Community College has a relationship with a fundraising organization that bears its name and whose major purpose is to raise funds to support its mission, does the college have a written agreement that clearly defines its relationship with that organization?

All fundraising activities on behalf of LCC is conducted by the LCC Foundation which was incorporated for the purpose of encouraging, promoting, and supporting educational programs and scholarly pursuits in connection with LCC. The Foundation provides significant scholarship support to LCC students and contributes funds to the college for special projects and events. For example, the foundation raised the match required to construct the new Health and Wellness center and is continuing to raise funds for endowed chairs and the new Downtown Campus. Authorized student clubs and organizations may also engage in fundraising to support their activities; each organization maintains a separate account with the Associated Students of Lane Community College (ASLCC)