

**LANE COMMUNITY COLLEGE
EUGENE, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006**

LANE COMMUNITY COLLEGE EUGENE, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended June 30, 2006

Mary F.T. Spilde, President
Marie Matsen, Vice President & Chief Financial Officer
Gregory L. Morgan, Associate Vice President for Finance and Budget
Stan Barker, Director of College Finance and Purchasing

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INTRODUCTORY SECTION



December 1, 2006

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, 2006, 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, 2006, 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 336,000. In recent years, more than 36,000 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 for 2003 according to the U.S. Census was \$36,592, Oregon's median income was \$42,593 and the United States median income was \$43,318. Oregon's third quarter economic analysis for 2006 shows job growth increased 1.4 percent. This is the twelfth consecutive quarterly growth in jobs. According to the Oregon Office of Economic Analysis the prognosis is for a slower growth in the Oregon economy. For the six months ending in July 2006, the Oregon Index of Leading Indicators declined an annualized -2.4 percent following a revised 2.5 percent rise in June. 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. 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 executive 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

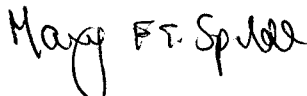
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Lane Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate 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.

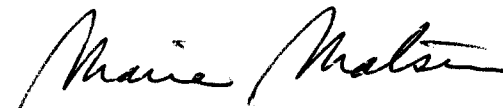
Acknowledgments

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



Greg Morgan
Associate Vice President of Finance and Budget

LANE COMMUNITY COLLEGE

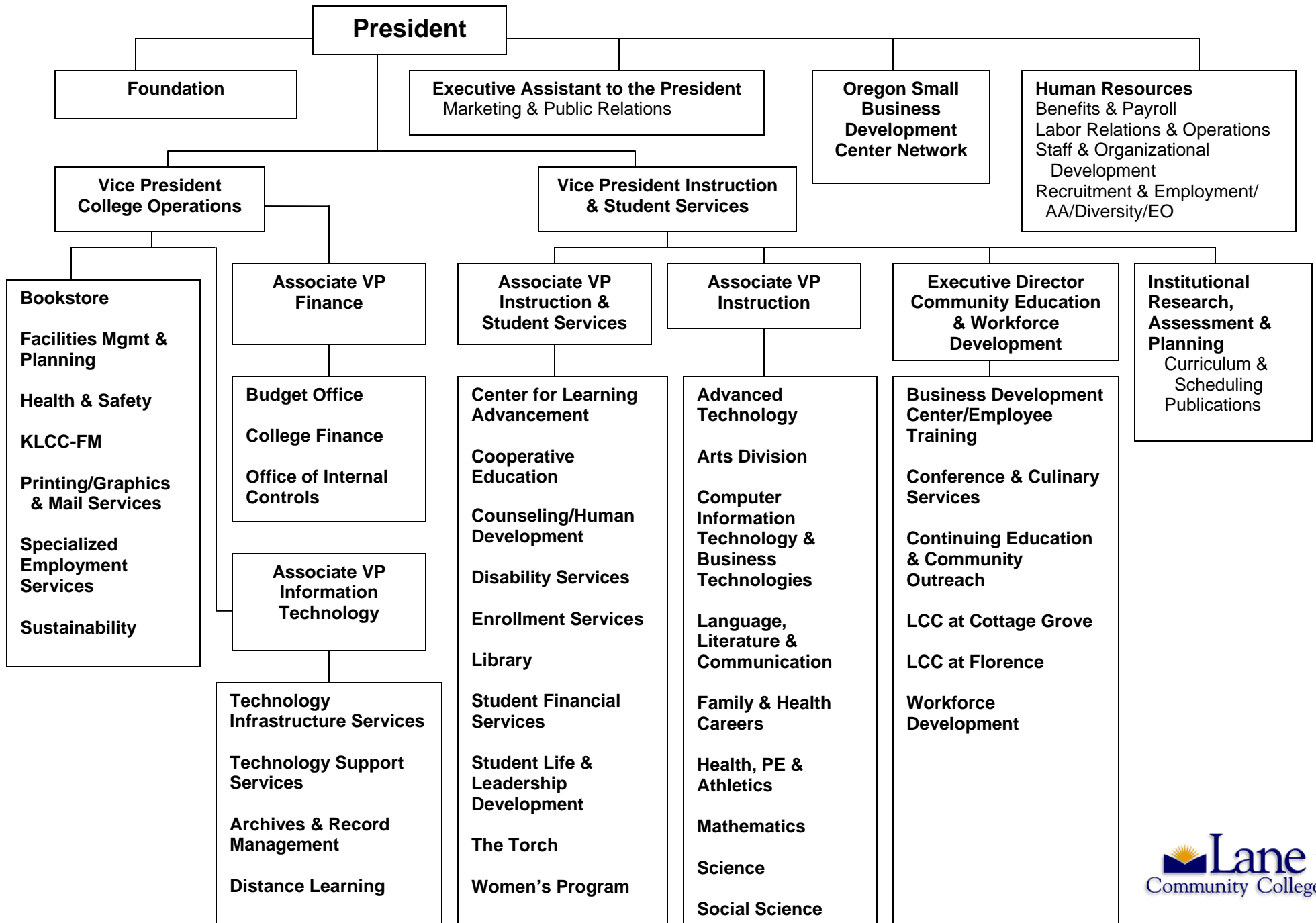
June 30, 2006

Board of Education

<u>Official</u>	<u>Address</u>	<u>Office</u>
Roger C. Hall	3275 Bryceler Drive Eugene, Oregon 97405	Chair
Michael R. Rose	2690 Lawrence Street Eugene, Oregon 97405	Vice Chair
Jay Bozievich	304 Sunnyside Drive Eugene, Oregon 97404	Member
Paul Holman	1490 Myrtle Loop Florence, Oregon 97439	Member
Susie Johnston	35825 N Morningstar Road Pleasant Hill, Oregon 97455	Member
Pat Riggs-Henson	317 South F Street Springfield, Oregon 97477	Member
Larry A. Romine	2655 Polk Street Eugene, Oregon 97405	Member

Administration

Mary F.T. Spilde	President
Marie Matsen	Vice President & Chief Financial Officer
Gregory L. Morgan	Associate Vice President for Finance and Budget



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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

October 20, 2006

Board of Education
Lane Community College
Eugene, Oregon

We have audited the statement of net assets of Lane Community College as of June 30, 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2006, 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 20, 2006 on our consideration of Lane Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

Management's Discussion and Analysis

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, 2006. 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 shows 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, 2006 the College's assets exceeded its liabilities by \$81,257,973 (*Net Assets*). Of this amount, \$8,750,459 is classified as unrestricted net assets. These unrestricted net assets may be used to meet the College's ongoing obligations. The largest component (\$47,987,203) 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 67.06% increase from 2005. 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 asset of the College, which grew 8.25% in 2006, and the State support situation described above.

Analysis of the Statement of Net Assets As of June 30, 2006

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:

	2006	2005	% Change
Assets			
Current assets	\$ 21,199,564	\$ 20,382,938	4.01%
Pension asset	72,085,476	66,593,532	8.25%
Capital assets, net	63,225,872	61,486,674	2.83%
Other noncurrent assets	4,912,264	5,766,322	-14.81%
Total assets	<u>\$ 161,423,176</u>	<u>\$ 154,229,466</u>	4.66%
Liabilities			
Current Liabilities	\$ 15,697,873	\$ 14,400,893	9.01%
Noncurrent liabilities	64,467,330	69,297,069	-6.97%
Total liabilities	<u>80,165,203</u>	<u>83,697,962</u>	-4.22%
Net Assets			
Invested in capital assets, net of related debt	47,987,203	42,666,040	12.47%
Restricted	24,520,311	19,363,962	26.63%
Unrestricted	8,750,459	8,501,502	2.93%
Total net assets	<u>81,257,973</u>	<u>70,531,504</u>	15.21%
Total liabilities and net assets	<u>\$ 161,423,176</u>	<u>\$ 154,229,466</u>	4.66%

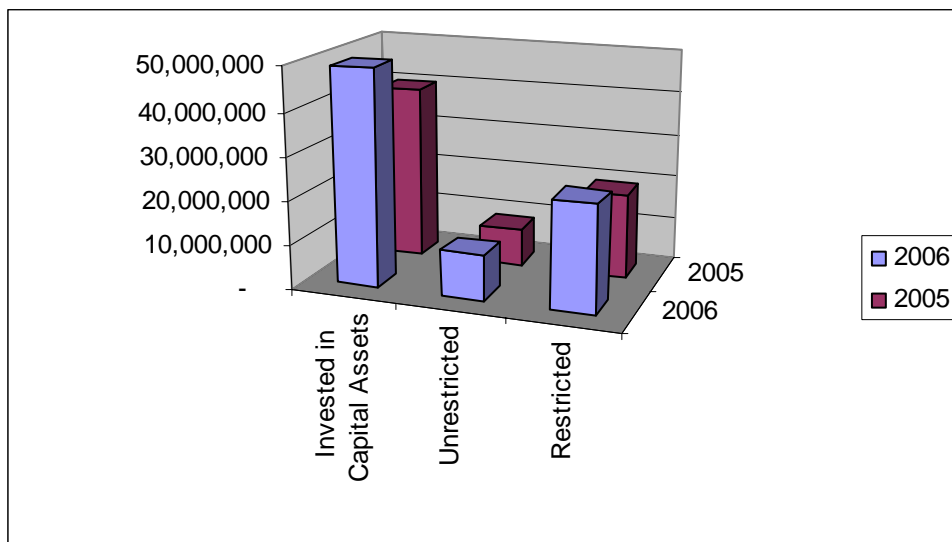
At June 30, 2006 the College's current assets of \$21.2 million were sufficient to cover current liabilities of \$15.7 million. This represents a current ratio of 1.35. Current assets consist primarily of cash and cash equivalents, receivables from property taxes, student accounts and grants, plus bookstore inventory. The College's largest noncurrent asset is its \$72.1 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 (\$7,850,207) 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 \$47,987,203 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 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, 2006

The Statement of Revenues, Expenses and Changes in Net Assets presents the College’s operating results, as well as its non-operating 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:

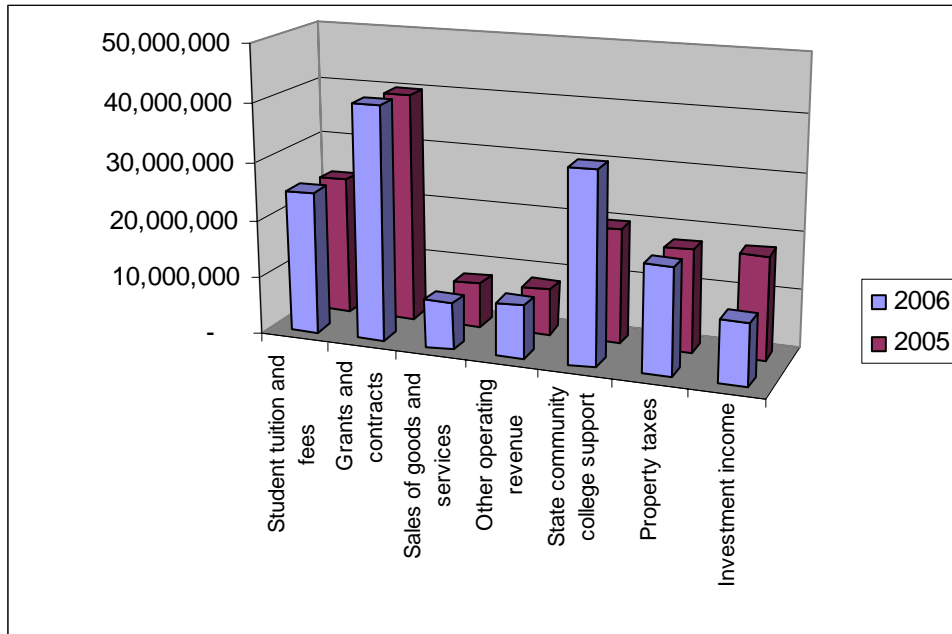
	<u>2006</u>	<u>2005</u>	<u>Percent Change</u>
Operating revenues:			
Student tuition and fees	\$ 24,738,713	\$ 23,995,084	3.10%
Grants and contracts	40,516,420	39,881,385	1.59%
Sales of goods and services	8,164,357	7,715,107	5.82%
Other operating revenue	<u>8,241,378</u>	<u>8,129,542</u>	1.38%
Total operating revenues	81,660,868	79,721,118	2.43%
Nonoperating revenues:			
State community college support	33,145,221	19,840,398	67.06%
Property taxes	18,417,047	17,645,859	4.37%
Investment income	10,726,048	17,867,687	-39.97%
Gain on disposal of capital assets	<u>2,542</u>	-	N/A
Total revenues	<u>143,951,726</u>	<u>135,075,062</u>	6.57%
Operating expenses:			
Instruction	46,786,387	42,897,001	9.07%
Community services	6,228,143	4,628,001	34.58%
Instructional support services	4,158,551	4,240,181	-1.93%
Student services	17,696,977	16,970,501	4.28%
College support services	10,209,791	10,573,040	-3.44%
Plant operations and maintenance	7,392,183	7,000,488	5.60%
Financial aid	35,000,075	34,340,095	1.92%
Depreciation	<u>2,688,425</u>	<u>2,615,716</u>	2.78%
Total operating expenses	130,160,532	123,265,023	5.59%
Nonoperating expenses	<u>3,990,268</u>	<u>4,150,201</u>	-3.85%
Total expenses	<u>134,150,800</u>	<u>127,415,224</u>	5.29%
Capital contributions	<u>925,543</u>	-	N/A
Change in net assets	<u>\$ 10,726,469</u>	<u>\$ 7,659,838</u>	40.04%

Revenues:

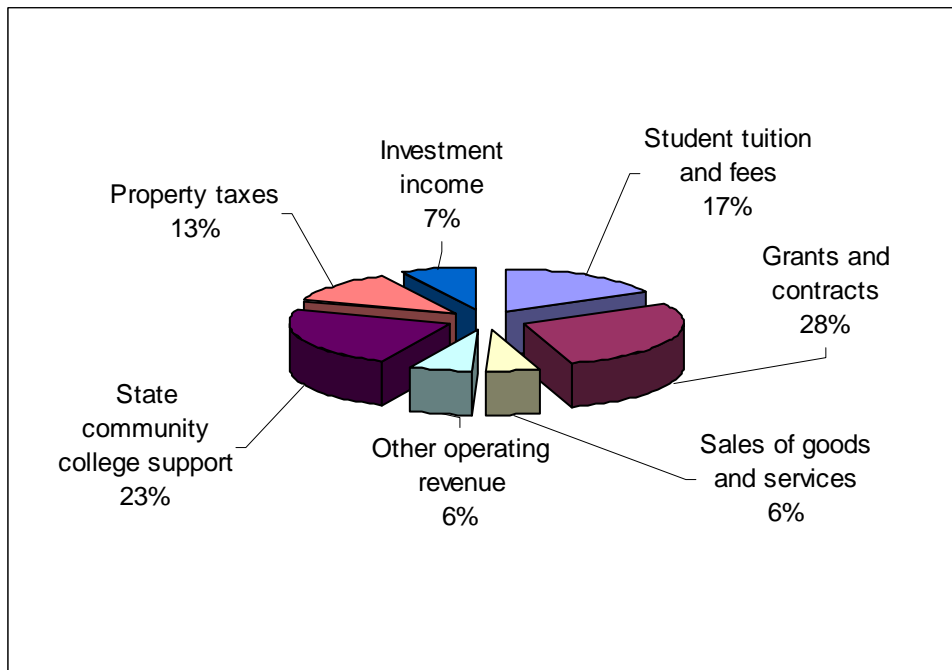
The largest sources of operating revenue for the College are tuition and fees, financial aid, auxiliary enterprise activities, and grants and contracts. Auxiliary enterprise activities are College operations that provide goods and services to students, faculty, staff or the general public, and charge 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 non-operating revenue. The College received \$33,145,221 in State aid in this fiscal year, which represented a 67.06% increase 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 2005. This decreased the College's revenue by \$6,513,433 in 2005 and shifted it into 2006. This produces the large disparity in State aid between 2005 and 2006.

The following graph shows a comparison of revenue sources from 2005 to 2006:



The following graph shows the percentage allocation of revenue sources for 2006:

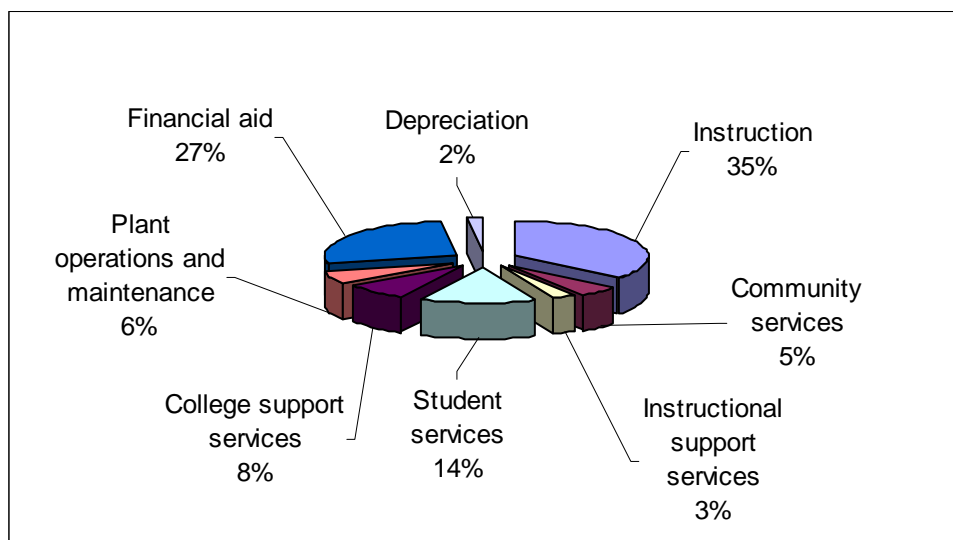


Expenses:

The College expended \$131,046,508 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 non-operating 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, 2006

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:

	<u>2006</u>	<u>2005</u>	<u>Percent Change</u>
Cash provided by (used in)			
Operating activities	\$(41,982,786)	\$(36,498,924)	15.02%
Non-capital financing activities	49,003,873	35,280,888	38.90%
Capital financing activities	(9,127,577)	(7,521,518)	21.35%
Investing activities	867,929	439,031	97.69%
Net increase (decrease) in cash	(1,238,561)	(8,300,523)	-85.08%
Cash - beginning of year	<u>12,658,174</u>	<u>20,958,697</u>	-39.60%
Cash - end of year	<u>\$ 11,419,613</u>	<u>\$ 12,658,174</u>	-9.78%

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 non-capital financing cash. GASB Statements 34 and 35 require the College to report these sources as non-operating even though the College's budget depends on these sources to continue to provide our current level of educational offerings. The non-capital financing activities and net increase (decrease) in cash had

significant changes 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, 2006 amounts to \$63.2 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, machinery and equipment, library collections and infrastructure. Additional information pertaining to the College's capital assets is located in note 3 to these financial statements found on page 20.

Debt:

At June 30, 2006 the College had total long-term obligations outstanding of \$72,317,537. Additional information pertaining to the College's long-term obligations is located in note 4 to these financial statements found on page 20.

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

Basic Financial Statements

LANE COMMUNITY COLLEGE

Statement of Net Assets
June 30, 2006

<u>Assets</u>	<u>College</u>	<u>Foundation (Component Unit)</u>
Current assets:		
Cash and cash equivalents	\$ 11,419,613	\$ 704,896
Receivables, net:		
Property taxes	961,851	-
Accounts	6,617,843	189,265
Loans and notes, current portion	985,000	10,013
Accrued interest	-	53,611
Prepayments	249,215	8,062
Inventories	966,042	-
Total current assets	<u>21,199,564</u>	<u>965,847</u>
Noncurrent assets:		
Receivables, net	2,614,088	363,293
Foundation investments	-	9,028,163
Pension asset	72,085,476	-
Net pension obligation	1,730,335	-
Deferred charges	567,841	-
Investment in property, annuity trust	-	787,200
Capital assets:		
Land	5,695,521	-
Construction in progress	1,924,506	-
Buildings and improvements	75,736,993	-
Furniture and equipment	9,404,356	-
Library books	4,074,785	-
Less accumulated depreciation	(33,610,289)	-
Total noncurrent assets	<u>140,223,612</u>	<u>10,178,656</u>
Total assets	<u>161,423,176</u>	<u>11,144,503</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	2,553,966	8,800
Accrued liabilities	3,266,593	-
Accrued interest payable	100,953	-
Due to others	92,437	-
Unearned revenue	1,833,717	60,000
Current maturities of long-term obligations	7,850,207	100,000
Total current liabilities	<u>15,697,873</u>	<u>168,800</u>
Noncurrent liabilities:		
Long-term obligations, net of current maturities:		
General obligation bonds payable	10,600,000	-
Pension bonds payable	52,567,330	-
Debt obligations payable	1,300,000	-
Obligations under split-interest agreements	-	617,333
Total noncurrent liabilities	<u>64,467,330</u>	<u>617,333</u>
Total liabilities	<u>80,165,203</u>	<u>786,133</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	<u>47,987,203</u>	<u>-</u>
Restricted for debt service	1,804,776	-
Restricted for pension bonds	18,253,146	-
Restricted for student financial aid	4,291,047	-
Restricted for grants and contracts	171,342	-
Restricted for permanent endowment	-	6,869,173
Restricted for temporary endowment and scholarships	-	3,111,515
Total restricted net assets	<u>24,520,311</u>	<u>9,980,688</u>
Unrestricted	<u>8,750,459</u>	<u>377,682</u>
Total net assets	<u>\$ 81,257,973</u>	<u>\$ 10,358,370</u>

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, 2006

	<u>College</u>	<u>Foundation (Component Unit)</u>
Operating revenues:		
Student tuition and fees	\$ 24,738,713	\$ -
Grants and contracts	40,516,420	-
Sales of goods and services	8,164,357	-
Other operating revenue	<u>9,123,625</u>	<u>4,606,872</u>
Total operating revenues	<u>82,543,115</u>	<u>4,606,872</u>
Operating expenses:		
Instruction	46,786,387	-
Community services	6,271,872	-
Instructional support services	4,158,551	-
Student services	18,539,224	-
College support services	10,209,791	-
Plant operations and maintenance	7,392,183	-
Financial aid	35,000,075	-
Foundation programs	-	3,283,988
Depreciation	<u>2,688,425</u>	<u>-</u>
Total operating expenses	<u>131,046,508</u>	<u>3,283,988</u>
Operating income-(loss)	<u>(48,503,393)</u>	<u>1,322,884</u>
Nonoperating revenues-(expenses):		
State community college support	33,145,221	-
Property taxes	18,417,047	-
Investment income	10,729,777	416,552
Gain on disposal of capital assets	2,542	-
Interest expense	<u>(3,990,268)</u>	<u>-</u>
Total nonoperating revenues-(expenses)	<u>58,304,319</u>	<u>416,552</u>
Income before capital contributions	9,800,926	1,739,436
Capital contributions	<u>925,543</u>	<u>-</u>
Change in net assets	10,726,469	1,739,436
Net assets, as restated (Note 8) - July 1, 2005	<u>70,531,504</u>	<u>8,618,934</u>
Net assets - June 30, 2006	<u>\$ 81,257,973</u>	<u>\$ 10,358,370</u>

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2006

	<u>College</u>
Cash flows from operating activities:	
Tuition and fees	\$ 24,453,356
Grants and contracts	38,941,790
Sales of goods and services	8,189,029
Other cash receipts	9,080,115
Payments to employees for services	(68,846,419)
Payments to suppliers for goods and services	(18,772,027)
Payments for student scholarships and grants	(35,028,630)
	<u>(41,982,786)</u>
Net cash used in operating activities	(41,982,786)
Cash flows from noncapital financing activities:	
Cash received from State community college support	33,145,221
Cash received from property taxes	18,502,901
	<u>51,648,122</u>
Net cash provided by noncapital financing activities	51,648,122
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	217,490
Acquisition of capital assets	(3,717,028)
Principal paid on long term debt	(5,655,000)
Interest paid on long term debt	(2,617,288)
	<u>(11,771,826)</u>
Net cash used in capital and related financing activities	(11,771,826)
Cash flows from investing activities:	
Interest on investments	867,929
	<u>867,929</u>
Net decrease in cash and cash equivalents	(1,238,561)
Cash and cash equivalents - July 1, 2005	<u>12,658,174</u>
Cash and cash equivalents - June 30, 2006	<u>\$ 11,419,613</u>
Reconciliation of operating income-(loss) to net cash used in operating activities:	
Operating income-(loss)	<u>\$ (48,503,393)</u>
Adjustments to reconcile operating income-(loss) to net cash used in operating activities:	
Depreciation	2,688,425
Amortization	4,395,716
Decrease-(increase) in:	
Accounts receivable	(1,856,376)
Loans and notes receivable	(143,157)
Inventories	(297,397)
Prepaid expenses	47,732
Net pension obligation	936,403
Increase-(decrease) in:	
Accounts payable	469,072
Accrued liabilities	65,517
Vacation payable	37,948
Due to others	56,016
Unearned revenue	120,708
	<u>6,520,607</u>
Total adjustments	6,520,607
Net cash used in operating activities	<u>\$ (41,982,786)</u>
Noncash Investing, Capital and Financing Activities:	
Capital assets contributions	\$ 925,543
Acquisition of capital assets	(925,543)
Book value of capital assets disposed	214,948
Gain on disposal of capital assets	(214,948)
	<u>\$ -</u>
Total noncash investing, capital and financing activities	-

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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, 2006, the Foundation provided scholarships of \$387,851 for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling \$299,343 during the year. Complete financial statements for the Foundation can be obtained at: 4000 East 30th Avenue, Eugene, Oregon 97405-0640.

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, 2006

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.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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	10 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, 2006

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. 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 are comprised of the following at June 30, 2006:

Cash on hand and other	\$ 133,843
Deposits with financial institutions	612,619
Investments	<u>19,282,425</u>
Total cash and investments	20,028,887
Less cash and investments in pension trust funds	<u>(8,609,274)</u>
Cash and investments, as reported in statement of net assets	<u><u>\$11,419,613</u></u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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, 2006, is \$2,344,666. Of these deposits, \$278,313 was covered by federal depository insurance, and \$2,066,353 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 \$15,000,000 in certificates at June 30, 2006. 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, 2006, \$2,066,353 of the College's bank balance of \$2,344,666 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,549,765
Uninsured and collateral held by pledging bank's collateral custodian but not in the College's name	<u>516,588</u>
Total	<u><u>\$2,066,353</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, 2006, the College's investments consisted of:

Investment in Oregon Local Government Investment Pool	\$ 16,725,202
Bankers' acceptance	1,057,717
Freddie Mac discount note	<u>1,499,506</u>
Total investments	<u><u>\$ 19,282,425</u></u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements Year Ended June 30, 2006

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 87% 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, 2006 were: 79% mature within 93 days, 10% mature from 94 days to one year, and 11% mature from one to three years.

The College's bankers acceptance investment matures on 8/21/2006 and the College's Freddie Mac discount note investment matures on 7/17/2006. A credit quality rating for the securities underlying these investments 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 bankers' acceptance investment and Freddie Mac discount note investment are 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, 2006, \$380,357 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, 2006 is as follows:

Money market/cash management accounts	\$ 226,724
Certificates of deposit	641,755
Equity securities	5,120,073
U.S. Government and agency obligations	1,643,638
Corporate bonds	1,395,973
Total investments	<u><u>\$9,028,163</u></u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

3 - CAPITAL ASSETS:

The College's capital assets activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Capital assets not being depreciated:				
Land	\$ 4,750,426	\$ 962,860	\$ 17,765	\$ 5,695,521
Construction in progress	633,000	1,597,850	306,344	1,924,506
Total capital assets not being depreciated	<u>5,383,426</u>	<u>2,560,710</u>	<u>324,109</u>	<u>7,620,027</u>
Capital assets being depreciated:				
Buildings and improvements	74,173,017	1,648,327	84,351	75,736,993
Furniture and equipment	9,891,790	614,072	1,101,506	9,404,356
Library books	3,948,979	125,806	-	4,074,785
Total capital assets being depreciated	<u>88,013,786</u>	<u>2,388,205</u>	<u>1,185,857</u>	<u>89,216,134</u>
Less accumulated depreciation for:				
Buildings and improvements	22,570,064	1,871,856	34,706	24,407,214
Furniture and equipment	6,294,877	650,068	953,968	5,990,977
Library books	3,045,597	166,501	-	3,212,098
Total accumulated depreciation	<u>31,910,538</u>	<u>2,688,425</u>	<u>988,674</u>	<u>33,610,289</u>
Total capital assets being depreciated, net	<u>56,103,248</u>	<u>(300,220)</u>	<u>197,183</u>	<u>55,605,845</u>
Total capital assets, net	<u>\$ 61,486,674</u>	<u>\$ 2,260,490</u>	<u>\$ 521,292</u>	<u>\$ 63,225,872</u>

4 - LONG-TERM OBLIGATIONS:

Changes in the College's long-term obligations for the year ended June 30, 2006 are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year	Interest Paid
Vacation payable	\$ 1,582,259	\$ 1,620,207	\$ 1,582,259	\$ 1,620,207	\$ 1,620,207	\$ -
Bonds payable	19,400,000	-	4,190,000	15,210,000	4,610,000	997,198
Debt obligations payable	2,005,000	-	350,000	1,655,000	355,000	90,841
Pension bonds payable	53,547,069	1,400,261	1,115,000	53,832,330	1,265,000	1,529,249
Total	<u>\$ 76,534,328</u>	<u>\$ 3,020,468</u>	<u>\$ 7,237,259</u>	<u>\$ 72,317,537</u>	<u>\$ 7,850,207</u>	<u>\$ 2,617,288</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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 5.3%. Future bonded debt requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$15,210,000</u>	<u>\$ 1,566,415</u>	<u>\$16,776,415</u>

Debt Obligations Payable

The College has outstanding at June 30, 2006, the Full Faith and Credit Debt Obligations, Series 1992, in the amount of \$95,000. 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>
2006-07	<u>\$ 95,000</u>	<u>\$ 5,843</u>	<u>\$ 100,843</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, 2006

4 - LONG-TERM OBLIGATIONS: (Contd)

Debt Obligations Payable (Contd)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>260,000</u>	<u>6,110</u>	<u>266,110</u>
Total	<u>\$ 1,560,000</u>	<u>\$ 219,960</u>	<u>\$ 1,779,960</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 is being 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>
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	<u>3,285,000</u>	<u>183,960</u>	<u>3,468,960</u>
Total	74,820,000	<u>\$ 30,456,904</u>	<u>\$ 105,276,904</u>
Less deferred interest	<u>(20,987,670)</u>		
Carrying amount	<u>\$ 53,832,330</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, 2006 was \$45,477.

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 and Chapter 238A 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 4.18% 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, 2006, 2005 and 2004, totaled \$2,012,502, \$1,092,142 and \$862,710, respectively, equal to the required contributions.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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 2005-06 fiscal year, changes in the pension asset were as follows:

Balance - July 1, 2005	\$ 66,593,532
Investment income	9,861,848
Contributions to cost sharing plan	<u>(4,369,904)</u>
Balance - June 30, 2006	<u>\$ 72,085,476</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, 2006, are as follows:

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

5 - RETIREMENT PLANS: (Contd)

EARLY RETIREMENT PLAN: (CONTD)

Annual required contribution	\$ 74,716
Interest on net pension obligation	(55,672)
Adjustment to annual required contribution	<u>223,044</u>
Annual pension cost	242,088
Contribution made	<u>(43,157)</u>
Increase-(decrease) in net pension obligation	198,931
Net pension obligation - July 1, 2005	<u>(1,391,797)</u>
Net pension obligation - June 30, 2006	<u><u>\$(1,192,866)</u></u>

The annual required contribution for the year was determined as part of the June 30, 2005 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</u> <u>Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6-30-06	\$ 242,088	18%	\$ (1,192,866)
6-30-05	\$ 274,661	27%	\$ (1,391,797)
6-30-04	\$ 303,361	25%	\$ (1,591,657)

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, 2006

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, 2006, are as follows:

Annual required contribution	\$ 1,382,996
Interest on net pension obligation	(50,998)
Adjustment to annual required contribution	<u>204,317</u>
Annual pension cost	1,536,315
Contribution made	<u>(798,843)</u>
Increase-(decrease) in net pension obligation	737,472
Net pension obligation - July 1, 2005	<u>(1,274,941)</u>
Net pension obligation - June 30, 2006	<u><u>\$ (537,469)</u></u>

The annual required contribution for the year was determined as part of the June 30, 2005 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.

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>
6-30-06	\$ 1,536,315	52%	\$ (537,469)
6-30-05	\$ 949,903	81%	\$ (1,274,941)
6-30-04	\$ 976,193	79%	\$ (1,458,021)

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

5 - RETIREMENT PLANS: (Contd)

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, 2006, in the following table:

	Early Retirement Plan	Post-Retirement Benefits Plan	Total
Statement of Plan Net Assets:			
Assets:			
Cash and investments	<u>\$ 1,580,865</u>	<u>\$ 7,028,409</u>	<u>\$ 8,609,274</u>
Net assets:			
Reserved for employee benefits	<u>\$ 1,580,865</u>	<u>\$ 7,028,409</u>	<u>\$ 8,609,274</u>
Statement of Changes in Plan Net Assets:			
Additions:			
Employer contributions	\$ 43,157	\$ 798,843	\$ 842,000
Interest income	<u>67,735</u>	<u>275,824</u>	<u>343,559</u>
Total additions	110,892	1,074,667	1,185,559
Deductions:			
Benefits	<u>482,541</u>	<u>706,136</u>	<u>1,188,677</u>
Change in net assets	(371,649)	368,531	(3,118)
Net assets - beginning	<u>1,952,514</u>	<u>6,659,878</u>	<u>8,612,392</u>
Net assets - ending	<u>\$ 1,580,865</u>	<u>\$ 7,028,409</u>	<u>\$ 8,609,274</u>

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.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2006

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 – NET ASSETS – RESTATED BEGINNING BALANCE:

During the 2005-06 year, the College completed a conversion of its capital assets records to a new system. During the conversion, the College identified some assets that were misclassified in previous years. As a result, the College's accumulated depreciation was overstated by \$2,688,632 at July 1, 2005. Therefore, the College's beginning net assets have been restated as follows:

Net assets, as previously stated - July 1, 2005	\$67,842,872
Correction of depreciation of capital assets	<u>2,688,632</u>
Net assets, as restated - July 1, 2005	<u><u>\$70,531,504</u></u>

9 – 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, 2006

9 – 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, 2006, the Board approved transfer resolutions as allowed by state law.

During the 2005-06 fiscal year, the College overexpended appropriations in the following funds:

Special Revenue Fund – instructional support services	\$2,311
Special Revenue Fund – transfers out	5,227

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.

SCHEDULE 1

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$26,835,560	\$33,145,221	\$ 6,309,661
Property taxes	12,863,000	12,998,427	135,427
Tuition and fees:			
Tuition	26,827,300	19,872,582	(6,954,718)
Instruction fees	2,233,000	2,068,729	(164,271)
Other sources:			
Sales of goods and services	482,000	438,122	(43,878)
Interest income	696,000	433,470	(262,530)
Fees	1,316,682	1,050,055	(266,627)
Other	1,420,320	1,956,331	536,011
Total revenues	<u>72,673,862</u>	<u>71,962,937</u>	<u>(710,925)</u>
Expenditures:			
Instruction:			
Personal services	36,300,000	36,165,634	134,366
Materials and services	3,355,603	2,126,678	1,228,925
Capital outlay	135,940	129,449	6,491
Total instruction	<u>39,791,543</u>	<u>38,421,761</u>	<u>1,369,782</u>
Instructional support services:			
Personal services	3,312,315	3,190,210	122,105
Materials and services	681,977	345,960	336,017
Capital outlay	200,000	177,762	22,238
Total instructional support services	<u>4,194,292</u>	<u>3,713,932</u>	<u>480,360</u>
Student services:			
Personal services	7,458,949	7,435,068	23,881
Materials and services	657,440	652,981	4,459
Total student services	<u>8,116,389</u>	<u>8,088,049</u>	<u>28,340</u>
College support services:			
Personal services	8,258,747	6,136,420	2,122,327
Materials and services	3,781,972	3,013,364	768,608
Capital outlay	252,000	136,284	115,716
Total college support services	<u>12,292,719</u>	<u>9,286,068</u>	<u>3,006,651</u>

SCHEDULE 1

(Continued)

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures: (Contd)			
Plant operations and maintenance:			
Personal services	\$ 3,024,087	\$ 3,021,619	\$ 2,468
Materials and services	2,649,289	2,549,533	99,756
Capital outlay	<u>674,000</u>	<u>673,749</u>	<u>251</u>
Total plant operations and maintenance	<u>6,347,376</u>	<u>6,244,901</u>	<u>102,475</u>
Reserves:			
Contingency	<u>7,226,332</u>	<u>-</u>	<u>7,226,332</u>
Total expenditures	<u>77,968,651</u>	<u>65,754,711</u>	<u>12,213,940</u>
Revenues over-(under) expenditures	<u>(5,294,789)</u>	<u>6,208,226</u>	<u>11,503,015</u>
Other financing sources-(uses):			
Transfers in	862,900	680,699	(182,201)
Transfers out	<u>(4,042,111)</u>	<u>(3,802,354)</u>	<u>239,757</u>
Total other financing sources-(uses)	<u>(3,179,211)</u>	<u>(3,121,655)</u>	<u>57,556</u>
Changes in fund balance	(8,474,000)	3,086,571	11,560,571
Fund balance (deficit) - July 1, 2005	<u>8,474,000</u>	<u>(4,184,281)</u>	<u>(12,658,281)</u>
Fund balance (deficit) - June 30, 2006	<u>\$ -</u>	<u>\$ (1,097,710)</u>	<u>\$ (1,097,710)</u>

SCHEDULE 2

LANE COMMUNITY COLLEGE
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 ADMINISTRATIVELY RESTRICTED FUND
 Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 15,000	\$ 11,054	\$ (3,946)
Tuition and fees:			
Tuition	840,000	481,210	(358,790)
Instruction fees	2,696,850	1,943,271	(753,579)
Other sources:			
Sales of goods and services	1,121,700	1,120,579	(1,121)
Interest income	11,000	17,786	6,786
Other	7,009,600	4,386,648	(2,622,952)
Total revenues	11,694,150	7,960,548	(3,733,602)
Expenditures:			
Instruction:			
Personal services	1,995,456	1,941,929	53,527
Materials and services	1,439,430	1,000,596	438,834
Capital outlay	6,750	6,750	-
Total instruction	3,441,636	2,949,275	492,361
Community services:			
Personal services	1,024,881	1,014,577	10,304
Materials and services	525,000	521,391	3,609
Capital outlay	1,000,000	976,816	23,184
Total community services	2,549,881	2,512,784	37,097
Instructional support services:			
Personal services	20,000	17,680	2,320
Materials and services	500,000	385,737	114,263
Capital outlay	41,250	41,571	(321)
Total instructional support services	561,250	444,988	116,262
Student services:			
Personal services	1,114,862	1,155,067	(40,205)
Materials and services	855,838	634,889	220,949
Capital outlay	1,700	-	1,700
Total student services	1,972,400	1,789,956	182,444
College support services:			
Personal services	180,592	165,406	15,186
Materials and services	4,701,335	500,103	4,201,232
Total college support services	4,881,927	665,509	4,216,418

SCHEDULE 2
(Continued)

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ADMINISTRATIVELY RESTRICTED FUND
Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Reserves:			
Contingency	\$ 1,628,684	\$ -	\$ 1,628,684
Total expenditures	<u>15,035,778</u>	<u>8,362,512</u>	<u>6,673,266</u>
Revenues over-(under) expenditures	<u>(3,341,628)</u>	<u>(401,964)</u>	<u>2,939,664</u>
Other financing sources-(uses):			
Transfers in	1,571,014	1,255,945	(315,069)
Transfers out	<u>(638,741)</u>	<u>(638,741)</u>	<u>-</u>
Total other financing sources-(uses)	<u>932,273</u>	<u>617,204</u>	<u>(315,069)</u>
Changes in fund balance	(2,409,355)	215,240	2,624,595
Fund balance - July 1, 2005	<u>2,409,355</u>	<u>4,054,697</u>	<u>1,645,342</u>
Fund balance - June 30, 2006	<u>\$ -</u>	<u>\$ 4,269,937</u>	<u>\$ 4,269,937</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL REVENUE FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 10,850,000	\$ 7,338,051	\$ (3,511,949)
Tuition and fees	90,000	113,858	23,858
Other sources:			
Grants and contracts	572,000	227,951	(344,049)
Other	4,378,500	58,499	(4,320,001)
Total revenues	15,890,500	7,738,359	(8,152,141)
Expenditures:			
Instruction:			
Personal services	3,200,000	2,677,926	522,074
Materials and services	3,208,000	919,450	2,288,550
Capital outlay	185,000	101,382	83,618
Total instruction	6,593,000	3,698,758	2,894,242
Community services:			
Personal services	1,320,750	1,176,519	144,231
Materials and services	3,229,050	2,591,332	637,718
Capital outlay	311,000	-	311,000
Total community services	4,860,800	3,767,851	1,092,949
Instructional support services:			
Personal services	10,000	12,311	(2,311)
Student services:			
Personal services	250,000	220,701	29,299
Materials and services	137,200	42,145	95,055
Total student services	387,200	262,846	124,354
College support services:			
Personal services	147,750	-	147,750
Materials and services	93,000	-	93,000
Total college support services	240,750	-	240,750

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, 2006

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures: (Contd)			
Reserves:			
Contingency	\$ 4,000,000	\$ -	\$ 4,000,000
Total expenditures	<u>16,091,750</u>	<u>7,741,766</u>	<u>8,349,984</u>
Revenues over-(under) expenditures	(201,250)	(3,407)	197,843
Other financing sources-(uses):			
Transfers in	5,250	5,250	-
Transfers out	<u>(4,000)</u>	<u>(9,227)</u>	<u>(5,227)</u>
Total other financing sources-(uses)	<u>1,250</u>	<u>(3,977)</u>	<u>(5,227)</u>
Changes in fund balance	(200,000)	(7,384)	192,616
Fund balance - July 1, 2005	<u>200,000</u>	<u>178,726</u>	<u>(21,274)</u>
Fund balance - June 30, 2006	<u><u>\$ -</u></u>	<u><u>\$ 171,342</u></u>	<u><u>\$ 171,342</u></u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
STUDENT FINANCIAL AID FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$50,728,500	\$33,167,315	\$ (17,561,185)
Other sources:			
Interest income	45,000	59,812	14,812
Other	1,926,000	2,212,161	286,161
Total revenues	<u>52,699,500</u>	<u>35,439,288</u>	<u>(17,260,212)</u>
Expenditures:			
Student services:			
Personal services	307,900	306,679	1,221
Materials and services	15,000	13,388	1,612
Total student services	<u>322,900</u>	<u>320,067</u>	<u>2,833</u>
Financial aid:			
Personal services	850,000	843,051	6,949
Materials and services	52,452,006	35,311,904	17,140,102
Total financial aid	<u>53,302,006</u>	<u>36,154,955</u>	<u>17,147,051</u>
Total expenditures	<u>53,624,906</u>	<u>36,475,022</u>	<u>17,149,884</u>
Revenues over-(under) expenditures	<u>(925,406)</u>	<u>(1,035,734)</u>	<u>(110,328)</u>
Other financing sources-(uses):			
Transfers in	800,406	722,313	(78,093)
Transfers out	(50,000)	-	50,000
Total other financing sources-(uses)	<u>750,406</u>	<u>722,313</u>	<u>(28,093)</u>
Changes in fund balance	(175,000)	(313,421)	(138,421)
Fund balance - July 1, 2005	<u>175,000</u>	<u>1,007,897</u>	<u>832,897</u>
Fund balance - June 30, 2006	<u>\$ -</u>	<u>\$ 694,476</u>	<u>\$ 694,476</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
DEBT SERVICE FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 5,443,669	\$ 5,504,474	\$ 60,805
Other sources:			
Interest income	250	61,767	61,517
Other	2,644,250	2,644,250	-
Total revenues	<u>8,088,169</u>	<u>8,210,491</u>	<u>122,322</u>
Expenditures:			
Materials and services	207,311	2,927	204,384
Debt service:			
Principal	5,655,000	5,655,000	-
Interest	2,617,288	2,617,288	-
Total expenditures	<u>8,479,599</u>	<u>8,275,215</u>	<u>204,384</u>
Revenues over-(under) expenditures	(391,430)	(64,724)	326,706
Other financing sources:			
Transfers in	191,430	191,430	-
Changes in fund balance	(200,000)	126,706	326,706
Fund balance - July 1, 2005	<u>200,000</u>	<u>1,522,492</u>	<u>1,322,492</u>
Fund balance - June 30, 2006	<u>\$ -</u>	<u>\$ 1,649,198</u>	<u>\$ 1,649,198</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
CAPITAL PROJECTS FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other sources:			
Interest income	\$ 105,000	\$ 291,365	\$ 186,365
Other	3,611,924	264,699	(3,347,225)
Total revenues	3,716,924	556,064	(3,160,860)
Expenditures:			
College support services:			
Capital outlay	900,000	-	900,000
Plant operations and Maintenance:			
Materials and services	2,768,500	501,737	2,266,763
Plant additions:			
Personal services	600,095	589,709	10,386
Materials and services	1,872,441	1,448,301	424,140
Capital outlay	1,500,000	1,510,878	(10,878)
Total plant additions	3,972,536	3,548,888	423,648
Reserves:			
Contingency	2,000,000	-	2,000,000
Total expenditures	9,641,036	4,050,625	5,590,411
Revenues over-(under) expenditures	(5,924,112)	(3,494,561)	2,429,551
Other financing sources-(uses):			
Transfers in	1,158,076	1,158,076	-
Transfers out	(453,964)	(453,964)	-
Total other financing sources-(uses)	704,112	704,112	-
Changes in fund balance	(5,220,000)	(2,790,449)	2,429,551
Fund balance - July 1, 2005	5,220,000	5,271,605	51,605
Fund balance - June 30, 2006	\$ -	\$ 2,481,156	\$ 2,481,156

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ENTERPRISE FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Sale of goods and services	\$ 10,404,966	\$ 7,270,331	\$(3,134,635)
Interest income	5,000	3,729	(1,271)
Fees	325,000	315,199	(9,801)
Other	414,842	75,832	(339,010)
Total revenues	<u>11,149,808</u>	<u>7,665,091</u>	<u>(3,484,717)</u>
Expenditures:			
Instruction:			
Materials and services	15,000	9,260	5,740
Student services:			
Personal services	2,000,000	1,939,185	60,815
Materials and services	8,661,719	6,350,985	2,310,734
Capital outlay	550,000	24,248	525,752
Total student services	<u>11,211,719</u>	<u>8,314,418</u>	<u>2,897,301</u>
College support services:			
Personal services	254,228	221,844	32,384
Materials and services	69,836	41,917	27,919
Capital outlay	50,000	35,056	14,944
Total college support services	<u>374,064</u>	<u>298,817</u>	<u>75,247</u>
Reserves:			
Contingency	886,382	-	886,382
Total expenditures	<u>12,487,165</u>	<u>8,622,495</u>	<u>3,864,670</u>
Revenues over-(under) expenditures	<u>(1,337,357)</u>	<u>(957,404)</u>	<u>379,953</u>
Other financing sources-(uses):			
Transfers in	516,433	516,483	50
Transfers out	(19,076)	(19,076)	-
Total other financing sources-(uses)	<u>497,357</u>	<u>497,407</u>	<u>50</u>
Changes in fund balance	(840,000)	(459,997)	380,003
Fund balance - July 1, 2005	<u>840,000</u>	<u>2,540,323</u>	<u>1,700,323</u>
Fund balance - June 30, 2006	<u>\$ -</u>	<u>\$ 2,080,326</u>	<u>\$ 2,080,326</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
INTERNAL SERVICE FUND
Year Ended June 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Sale of goods and services	\$ 1,509,000	\$ 1,117,541	\$ (391,459)
Fees	84,500	69,063	(15,437)
Other sources	800,536	56,806	(743,730)
Total revenues	2,394,036	1,243,410	(1,150,626)
Expenditures:			
College support services:			
Personal services	723,263	680,401	42,862
Materials and services	1,159,184	807,677	351,507
Capital outlay	280,000	83,107	196,893
Total college support services	2,162,447	1,571,185	591,262
Reserves:			
Contingency	779,755	-	779,755
Total expenditures	2,942,202	1,571,185	1,371,017
Revenues over-(under) expenditures	(548,166)	(327,775)	220,391
Other financing sources-(uses):			
Transfers in	407,911	417,911	10,000
Transfers out	(24,745)	(24,745)	-
Total other financing sources-(uses)	383,166	393,166	10,000
Changes in fund balance	(165,000)	65,391	230,391
Fund balance - July 1, 2005	165,000	99,032	(65,968)
Fund balance - June 30, 2006	\$ -	\$ 164,423	\$ 164,423

LANE COMMUNITY COLLEGE

Schedule of Property Tax Transactions
 ALL COUNTIES
 Year Ended June 30, 2006

<u>Tax Year</u>	<u>Uncollected Taxes 7/1/2005</u>	<u>2005-06 Levy</u>	<u>Discounts/ Adjustments</u>	<u>Collections</u>	<u>Uncollected Taxes 6/30/2006</u>
2005-06	\$ -	\$ 18,777,789	\$ (551,741)	\$ 17,771,627	\$ 454,421
2003-04	479,056	-	(26,098)	275,714	177,244
2003-04	212,506	-	(21,618)	90,976	99,912
2002-03	133,554	-	(18,853)	63,858	50,843
2001-02	50,558	-	(5,071)	24,216	21,271
2000-01	23,490	-	(2,821)	2,414	18,255
1999-00	15,132	-	(733)	1,943	12,456
Prior	133,409	-	(1,259)	4,701	127,449
Totals	<u>\$ 1,047,705</u>	<u>\$ 18,777,789</u>	<u>\$ (628,194)</u>	18,235,449	<u>\$ 961,851</u>
		Forest sales and other taxes		183,633	
		Interest and other		<u>83,819</u>	
		Total turnovers by counties		<u>\$ 18,502,901</u>	
		Allocation by fund:			
		General Fund		\$ 12,998,427	
		Debt Service Fund		<u>5,504,474</u>	
		Total allocations		<u>\$ 18,502,901</u>	

STATISTICAL SECTION

Financial Trends Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Net Assets by Component and
Changes in Net Assets
Last 4 Fiscal Years

	June 30,			
	2006	2005	2004	2003
NET ASSETS BY COMPONENT				
Invested in capital assets, net of related debt	\$ 47,987,203	\$ 42,666,040	\$ 38,700,220	\$ 37,384,058
Net assets, restricted	24,520,311	19,363,962	5,598,883	4,666,052
Net assets, unrestricted	8,750,459	8,501,502	18,572,563	10,477,110
TOTAL NET ASSETS	\$ 81,257,973	\$ 70,531,504	\$ 62,871,666	\$ 52,527,220
	Years ended June 30,			
	2006	2005	2004	2003
CHANGES IN NET ASSETS				
Operating revenues				
Student tuition and fees	\$ 24,738,713	\$ 23,995,084	\$ 24,271,741	\$ 20,888,674
Grants and contracts	40,516,420	39,881,385	40,861,592	36,188,800
Sale of goods and services	8,164,357	7,715,107	7,909,354	7,844,387
Other operating revenue	8,241,378	8,129,542	8,004,852	7,166,643
Total operating revenues	81,660,868	79,721,118	81,047,539	72,088,504
Operating expenses				
Instruction	46,786,387	42,897,001	40,388,797	38,590,488
Community services	6,228,143	4,628,001	4,341,655	4,566,641
Instructional support services	4,158,551	4,240,181	4,021,474	3,533,114
Student services	17,696,977	16,970,501	16,501,475	16,928,976
College support services	10,209,791	10,573,040	9,967,619	10,337,220
Plant operations and maintenance	7,392,183	7,000,488	8,200,617	9,700,529
Financial aid	35,000,075	34,340,095	34,984,430	29,443,255
Depreciation	2,688,425	2,615,716	2,673,187	2,647,499
Total operating expenses	130,160,532	123,265,023	121,079,254	115,747,722
Nonoperating revenues (expenses)				
State community college support	33,145,221	19,840,398	33,953,152	19,646,961
Property taxes	18,417,047	17,645,859	16,672,694	16,247,883
Investment income	10,726,048	17,867,687	4,512,905	462,034
Interest expense	(3,990,268)	(4,150,201)	(4,541,056)	(1,914,800)
Other nonoperating revenues (expenses)	2,542	-	(221,534)	(131,079)
Total nonoperating revenues (expenses)	58,300,590	51,203,743	50,376,161	34,310,999
Capital contributions	925,543	-	-	-
CHANGE IN NET ASSETS	\$ 10,726,469	\$ 7,659,838	\$ 10,344,446	\$ (9,348,219)

Source

Lane Community College Comprehensive Annual Financial Report

Revenue Capacity Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Tax Collections In First Year ^a	Percent of Levy Collected In First Year	Delinquent Tax Collections ^a	Total Tax Collections ^a	Percent of Total Tax Collections To Tax Levy	Uncollected Taxes	Percent of Delinquent Taxes To Tax Levy
2005-06	\$ 18,777,789	\$ 17,771,627	94.6 %	\$ 463,822	\$ 18,235,449	97.11 %	\$ 961,851	5.12 %
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

Notes

a. Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors.

Source

Lane Community College Comprehensive Annual Financial Report

LANE COMMUNITY COLLEGE
EUGENE, OREGON

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
2005-06	\$21,095,062,435	69.5 %	\$30,357,084,748
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

Notes

Lane Community College District encompasses all of Lane County and smaller portions of Benton County, Douglas County and Linn County. These statistics are just for Lane County.

Source

Lane County Summary of Assessment and Tax Rolls

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Direct and Overlapping ^a Property Tax Rates
Last Ten Fiscal Years - Unaudited
Rate per \$1,000 of assessed value

Taxing Entity	Fiscal Year Taxes are Payable ^b			
	1997	1998 ^c	1999	2000
<u>County Direct Rate</u>				
Lane County ^d	1.2283	1.2569	1.2585	1.2546
General Obligation Debt Service	<u>0.2237</u>	<u>0.2710</u>	<u>0.1960</u>	<u>0.1914</u>
	1.4520	1.5279	1.4545	1.4460
<u>Lane Community College</u>				
Lane Community College	1.8876	0.8628	0.9031	0.8870
<u>Lane Education Service District</u>				
Lane Education Service District	0.5981	0.2234	0.2232	0.2232
<u>Linn-Benton-Lincoln ESD</u>				
Linn-Benton-Lincoln ESD	0.5554	0.3130	0.3129	0.3129
<u>Schools</u>				
Alsea	18.1262	5.2813	5.3115	5.4250
Bethel	13.7667	7.9026	7.8989	7.8731
Blachly	50.7714	5.1064	5.1023	5.1023
Creswell	17.9986	5.3863	5.4379	5.4329
Crow-Applegate	18.8634	6.5520	6.4927	6.5320
Eugene	13.7275	6.2127	5.8714	5.9674
Fern Ridge	13.7876	4.8297	7.0727	7.2835
Harrisburg	16.2628	5.1242	5.1193	5.1193
Harrisburg/Wyatt ^e	0.6185	0.8640	0.8982	0.7066
Junction City	14.2404	6.2574	6.1220	6.0447
Lincoln County	6.3255	5.7509	5.7261	5.7337
Lowell	19.6921	5.9171	5.9617	5.7888
Mapleton	19.9948	4.8946	4.8917	4.8917
Marcola	15.5110	6.6257	6.5592	6.4896
McKenzie	12.5321	4.6972	7.3211	7.2200
Monroe	14.6522	5.9312	5.7380	5.6596
Oakridge	24.4439	4.8277	4.8223	6.5232
Pleasant Hill	18.4269	7.3320	6.3573	6.6510
Siuslaw	7.7407	4.3347	4.3055	5.5695
South Lane	13.2953	4.7584	4.7532	4.7532
Springfield	14.3104	6.0473	5.9699	5.8125
<u>Cities</u>				
Coburg	3.7812	4.0068	4.0048	3.7506
Cottage Grove	6.8949	7.2161	7.2087	7.2087
Creswell	2.6558	2.5183	2.6705	2.6704
Eugene	7.0340	7.6013	7.5452	7.8862
Florence	3.6527	4.1017	4.2215	4.0247
Junction City	5.6866	6.0525	6.0445	6.0445
Lowell	2.0545	2.5348	2.5178	2.3352
Oakridge	8.0242	8.1665	8.2035	7.8428
Springfield	5.2475	5.7757	5.5496	5.5063
Veneta	6.3037	6.2660	6.4869	6.4421
Westfir	10.2099	9.3185	9.3036	9.3036
<u>Water Districts</u>				
Blue River	1.0120	0.9440	0.9488	0.9433
Glenwood	2.7046	4.1490	4.1425	4.1425
Heceta	0.1144	0.4545	0.4231	0.4471
Junction City	0.3255	0.3564	0.3457	0.3367
Marcola	0.3942	0.4043	0.4037	0.4037
McKenzie-Palisades	1.0028	1.1032	1.0675	1.7450
Rainbow Water & Fire	1.9351	2.0655	2.0631	3.1903
River Road	1.8745	1.9707	1.9694	1.9681
River Road Subdistrict #1	0.2530	0.2795	0.2796	0.2793

Fiscal Year Taxes and Payable^b

2001	2002	2003	2004	2005	2006
1.2690	1.2637	1.2712	1.2710	1.2763	1.2773
<u>0.1718</u>	<u>0.1754</u>	<u>0.1666</u>	<u>0.1554</u>	<u>0.1306</u>	<u>0.1297</u>
1.4408	1.4391	1.4378	1.4264	1.4069	1.4070
0.8739	0.8590	0.8848	0.8790	0.8850	0.8814
0.2232	0.2232	0.2232	0.2232	0.2232	0.2232
0.3049	0.3049	0.3049	0.3049	0.3049	0.3049
5.1717	5.3583	5.4155	5.2941	5.2232	5.0811
7.3701	7.2950	7.2583	7.0612	7.0725	6.8802
5.1023	5.1023	5.1023	5.1023	5.1023	5.1023
8.6846	8.3379	8.2003	8.6097	8.2889	7.1900
6.9395	7.8162	7.8422	6.4255	6.4255	6.4255
7.3674	6.9810	7.5571	7.2850	7.2819	7.6460
7.3062	7.3159	5.9498	7.5838	7.3979	7.2300
7.2643	7.0304	6.9592	6.9097	6.8023	6.2940
0.6214	0.7350	0.7066	-	-	-
6.0407	6.0747	6.0418	6.1773	4.5604	4.5604
5.7390	5.7010	5.9321	5.8102	5.7579	5.7893
5.7296	5.7324	5.6540	5.6716	5.6514	5.0409
4.8917	4.8917	4.8917	4.8917	4.8917	4.8917
6.2692	6.0455	4.6887	4.6687	4.6687	4.6687
6.9985	7.0587	7.0227	6.5633	6.7114	6.7077
5.4829	5.5633	5.7285	5.5369	4.7740	4.6341
6.2171	6.2030	6.2731	6.2736	6.3333	6.0645
6.8845	6.8213	6.7918	6.8636	7.2862	7.4557
5.5607	5.4381	5.4296	5.3695	5.3728	5.2274
6.9134	6.8342	6.2689	6.6472	6.5484	6.4694
5.6705	5.6886	5.5210	5.5664	5.6143	5.4978
3.7506	3.7506	3.7506	3.7506	3.7506	3.7506
7.2087	7.2087	6.5907	6.1687	6.4687	7.2087
2.6705	2.6705	2.6705	2.6705	2.6705	2.6705
8.1918	8.1841	8.4130	9.0446	9.0866	9.0222
3.6929	3.6366	3.5261	3.4718	3.4453	3.4019
6.0445	6.0445	6.0445	6.0445	6.0445	6.0445
2.4239	2.3668	2.3348	2.3204	2.2569	2.2434
7.8163	7.7883	8.6504	7.7722	7.8283	7.9370
5.1838	5.1701	5.1514	6.1743	6.1473	6.1078
6.4129	6.3697	8.3047	6.2568	6.1732	6.1149
9.3036	9.3035	9.3035	9.3036	9.3036	9.3036
0.9488	0.9488	0.9488	0.9488	0.9488	0.9488
2.8663	4.1425	1.8983	3.1855	4.1425	4.1425
0.4048	0.4594	0.2202	0.3453	0.3200	0.2896
0.3609	0.3504	0.3239	0.3378	0.3200	0.2893
0.4037	0.4037	0.4037	0.4037	0.4037	0.4037
1.6687	0.9384	0.6969	0.6817	0.6695	0.6635
3.1551	3.1224	3.0955	3.2471	3.2122	3.1816
1.9694	1.9694	1.9694	1.9694	1.9694	1.9694
0.2796	0.2796	0.2796	0.2796	0.2796	0.2796

(Continues)

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Direct and Overlapping^a Property Tax Rates
Last Ten Fiscal Years - Unaudited
Rate per \$1,000 of assessed value

Taxing Entity	Fiscal Year Taxes are Payable ^b			
	1997	1998 ^c	1999	2000
<u>Rural Fire Protection Districts</u>				
Bailey-Spencer	2.0388	2.3759	2.3930	2.3714
Coburg	1.3810	1.4352	1.4381	1.4097
Creswell ^e	0.4575	1.0106	1.0180	1.0180
Dexter	1.5352	1.4420	1.4444	1.4279
Eugene	2.1408	2.5357	2.5417	2.5331
Goshen	1.7043	1.7161	1.7196	1.7183
Hazeldell	-	-	-	-
Junction City	0.9479	0.9841	0.9844	0.9831
Lake Creek	3.0243	3.1598	3.0887	2.9332
Lane County District #1	1.9812	1.9543	1.9848	1.9473
Lane Rural	1.9328	2.1078	2.1174	2.1035
Lorane	2.0340	2.2776	2.2952	2.2722
Lowell	2.6230	2.7327	2.7346	2.6686
Mapleton	1.2451	1.3494	1.3869	1.3641
McKenzie	1.7018	1.6729	1.6398	1.6312
Mohawk Valley	2.0746	1.8941	1.9126	2.8573
Monroe	1.4619	2.2398	2.4227	2.2257
Pleasant Hill	1.1088	1.1016	1.1031	1.1011
Santa Clara	0.9971	1.0453	1.0439	1.0439
Siuslaw	1.2973	1.5376	1.5417	1.5357
South Lane ^e	-	-	-	-
Southern Lane ^e	1.0339	1.0269	1.0476	1.0257
Swishhome-Deadwood	1.9360	1.8937	2.1452	1.8984
Upper McKenzie	1.2125	1.1942	1.1951	1.1941
Willakenzie	2.4904	3.0669	3.0669	1.7176
Zumwalt	1.5767	2.2111	2.3419	1.7894
<u>Miscellaneous Districts</u>				
Fern Ridge Library	0.3537	0.3614	0.3824	0.5396
Lane Library	-	-	-	-
Metro Wastewater ^g	0.2131	0.2464	0.2040	0.1843
Port of Siuslaw	0.1319	0.1393	0.1474	0.1384
River Road Park & Recreation	3.5596	3.6555	3.6215	3.6270
Siuslaw Library	0.5466	0.6367	0.6493	0.6349
Western Lane Ambulance	0.2985	0.3129	0.3198	0.3124
Willamalane Park & Recreation	2.1727	2.3086	2.2548	2.4786

Notes

- a. Overlapping rates are those of other local governments that apply to property owners within Lane County who are located within the other local government's boundaries.
- b. Rates may vary based on map code combination of taxing districts and application of Oregon Ballot Measure 5 limits.
- c. Beginning in FY1998, tax rates were adjusted under Oregon Ballot Measure 50.
- d. Lane County rate is shown net of timber offset
- e. Represents Wyatt school district bonds
- f. For 2004 Creswell Fire District merged with Southern Lane County FPD to form South Lane County Fire & Rescue.
- g. Bonds paid off in 2003.

Source

Lane County Department of Assessment and Taxation

(Continued)

Fiscal Year Taxes and Payable ^b					
2001	2002	2003	2004	2005	2006
2.3930	2.3930	2.3930	2.3930	2.3930	2.3930
1.4048	1.3277	1.3277	1.7791	1.7750	1.7259
1.0180	1.0180	1.0180	-	-	-
1.4304	1.4151	1.4151	1.6151	1.6151	1.6151
2.5417	2.5417	2.5417	2.5417	1.7199	2.5417
1.7196	1.7196	1.7196	1.7196	1.7196	1.7196
-	-	-	2.7115	2.7115	2.7115
0.9844	0.9844	0.9844	0.9844	0.9844	1.6694
3.0757	3.0757	3.0757	3.0757	3.0757	3.0757
1.9848	1.9848	1.9848	1.9848	1.9848	1.9848
2.1174	2.1174	2.1174	2.1174	2.1174	2.1174
2.2952	2.2952	2.2952	2.8587	2.9589	2.9159
2.6974	3.7558	3.5903	3.6349	3.4430	3.3938
1.3869	1.3869	1.3869	1.3869	1.3869	1.3869
2.3106	2.3106	2.3106	2.3106	2.3106	2.3106
2.8308	2.8932	2.6784	2.5642	2.5126	2.5451
2.2170	2.1759	2.2554	2.1732	1.7298	1.6854
1.1031	1.1031	1.1031	1.1031	1.1031	1.1031
1.0439	1.0439	1.0439	1.0439	1.0439	1.0439
1.5417	1.5417	1.5417	1.5417	1.5417	1.5417
-	-	-	1.0335	1.0335	1.0335
1.0476	1.0476	1.0476	-	-	-
2.1452	2.1452	2.1452	2.1452	2.1452	2.1452
1.1951	1.1951	1.1951	1.1951	1.1951	1.1951
1.7242	2.8391	1.8796	3.0669	3.0669	3.0669
2.1198	2.3419	2.3419	2.3419	2.3419	2.3419
0.5624	0.5624	0.4212	0.3824	0.3824	0.6324
-	-	-	-	-	0.5900
0.0462	0.0462	-	-	-	-
0.1474	0.1474	0.1474	0.1474	0.1474	0.1474
3.5311	3.5322	3.5176	3.4794	3.5123	3.5010
0.6317	0.6268	0.6228	0.6175	0.6118	0.6060
0.3198	0.3198	0.3198	0.3198	0.3198	0.4198
2.4441	2.3775	2.4203	2.3491	2.3344	2.3255

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Principal Taxpayers
Year Ended June 30, 2006

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	\$ 608,638,524	2.90 %	\$ 6,999,615
Weyerhaeuser Co	Wood Products	430,669,675	2.04	5,698,755
Qwest Corporation	Utility	149,776,400	0.71	2,313,406
Valley River Center LLC	Shopping Mall	84,545,407	0.40	1,620,602
Peacehealth	Medical Group	60,302,178	0.29	880,429
Northwest Natural Gas Co.	Utility	79,755,000	0.38	1,213,086
Gateway Mall Partners	Shopping Mall	46,900,346	0.22	771,168
Symantec Corporation	Electronics	39,182,820	0.19	284,594
Emerald PUD	Utility	55,028,200	0.26	536,960
Chase Village LLC	Real Estate	28,778,598	0.14	551,968
Subtotal - ten of the largest taxpayers		1,583,577,148	7.53	
All other taxpayers in Lane County		19,511,485,287	92.47	
Total Lane County Taxpayers		<u>\$ 21,095,062,435</u>	<u>100.00 %</u>	

Notes

Lane Community College District encompasses all of Lane County and smaller portions of Benton County, Douglas County and Linn County. These statistics are just for Lane County.

Source

Lane County Assessor

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>
2005-06	67.00	10,738.00	36,089
2004-05	64.50	10,465.00	29,868
2003-04	63.00	11,022.00	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	37,841

Debt Capacity Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

COMPUTATION OF LEGAL DEBT MARGIN
Last Three Fiscal Years.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Real Market Value of Taxable Propety	\$ 30,804,920,860	\$ 26,749,361,683	\$ 24,256,098,187
Debt Limitation (1.5% of Real Market Value)	\$ 462,073,813	\$ 401,240,425	\$ 363,841,473
Debt Subject to Limitation	15,210,000	19,400,000	23,200,000
Legal Debt Margin	<u>\$ 446,863,813</u>	<u>\$ 381,840,425</u>	<u>\$ 340,641,473</u>
Legal Debt Margin as a Percentage of the Debt Limitation	96.71%	95.16%	93.62%

LANE COMMUNITY COLLEGE
EUGENE, OREGON

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

Fiscal Year	Population ^a	Assessed Value ^b	Gross Bonded Debt ^c	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005-06	623,800	\$ 21,095,062,435	\$ 15,210,000	\$ 1,649,198	\$ 13,560,802	0.06%	22
2004-05	623,800	20,159,385,923	19,400,000	1,522,492	17,877,508	0.09%	29
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

Source

- a. Portland State University - Center for Population Research and Census
- b. Lane County Assessors
- c. Lane Community College District Comprehensive Annual Financial Report

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Overlapping Debt Schedule
June 30, 2006

Overlapping District	Real Market Valuation	Percent Overlap	Overlapping	
			Gross Property-tax Backed Debt	Net Property-tax Backed Debt
BENTON COUNTY	7,226,922,269	1.6166%	306,402	-
BENTON CITY SD 1J (MONROE)	232,737,126	54.4336%	931,262	-
CITY OF MONROE	34,260,013	100.0000%	551,996	-
RIVER ROAD PARK & REC DISTRICT	547,881,937	100.0000%	1,235,000	1,235,000
WILLAMALANE PARK & RECREATION DISTRICT	4,590,159,368	100.0000%	3,625,000	1,790,000
HECETA WATER DISTRICT	443,126,201	100.0000%	72,000	720,000
JUNCTION CITY WATER CONTROL DISTRICT	796,565,447	99.9340%	338,173	338,173
SIUSLAW PUBLIC LIBRARY DIST	1,813,499,299	100.0000%	285,000	285,000
COBURG RFPD	373,585,883	100.0000%	901,000	901,000
JUNCTION CITY RFPD	711,304,384	100.0000%	2,360,000	2,360,000
MOHAWK VALLEY RFPD	301,580,988	99.9669%	339,887	339,887
SIUSLAW RFPD 1	794,511,027	100.0000%	1,340,000	-
LORANE FRPD	56,810,048	100.0000%	200,000	200,000
LANE CITY FIRE DISTRICT #1	1,207,434,849	100.0000%	1,175,000	-
LANE CITY SD 1 (PLEASANT HILL)	573,296,744	100.0000%	8,375,000	8,375,000
LANE CTY SD 4J (EUGENE)	14,445,452,088	100.0000%	206,599,719	153,164,719
LANE CTY SD 19 (SPRINGFIELD)	5,337,210,736	100.0000%	84,430,000	22,280,000
LANE CTY SD 28J (FERN RIDGE)	831,800,230	99.6876%	21,381,771	14,953,140
LANE CTY SD 40 (CRESWELL)	603,782,845	100.0000%	12,845,000	12,845,000
LANE CTY SD 45J3 (SOUTH LANE)	1,366,662,902	100.0000%	48,437,952	26,720,000
LANE CTY SD 52 (BETHEL)	3,021,031,287	100.0000%	41,000,000	41,000,000
LANE CTY SD 68 (MCKENZIE)	374,197,487	100.0000%	5,390,000	5,390,000
LANE DTY SD 76 (OAKRIDGE)	232,303,629	100.0000%	2,530,000	2,530,000
LANE CTY SD 97J (SIUSLAW)	1,766,233,805	100.0000%	24,950,000	14,935,000
CITY OF COTTAGE GROVE	570,949,638	100.0000%	1,830,833	-
CITY OF EUGENE	14,098,455,197	99.8557%	119,927,332	41,135,556
CITY OF FLORENCE	855,234,480	100.0000%	5,150,000	2,285,000
CITY OF LOWELL	51,501,423	100.0000%	10,259	10,259
CITY OF OAKRIDGE	125,864,577	100.0000%	430,000	430,000
CITY OF SPRINGFIELD	4,247,810,785	100.0000%	11,805,000	11,805,000
CITY OF VENETA	219,516,795	100.0000%	630,648	630,648
LINN COUNTY	7,935,407,802	4.1851%	66,752	66,752
LINN CTY SD 7J (HARRISBURG)	356,114,114	100.0000%	4,615,000	4,615,000
CITY OF HARRISBURG	170,051,562	100.0000%	1,420,377	168,183
NORTH DOUGLAS FIRE & EMS DISTRICT	284,134,456	0.7239%	1,351	-
Totals:	Overlapping Issuer Count: 35		615,487,714	371,508,317
Net Property-tax Backed Debt of Subject Issuer is:	15,210,000		Ratio of Net Property-tax Backed Debt to Real Market Value is:	0.05%
Net Property-tax Backed Debt of Overlapping Issuers is:	371,508,317		Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	1.26%
Total Net Property-tax Backed Debt of Subject issuer and Overlapping Issuers is:	386,718,317			
Real Market Value of Subject Issuer is:	30,804,920,860	As of: 01/01/2005		

Source
Oregon State Treasury.

Demographic and Economic Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Demographic and Economic Statistics
Last 10 fiscal Years

Fiscal Year	Population ^d	Personal Income (in thousands) ^{b, e}	Per Capita Income ^c	Unemployment Rate ^f
2006	336,085	\$ 9,339,130	\$ 27,788	6.1%
2005	333,350	9,263,130	27,788	7.4%
2004	329,400	9,213,725	27,788	8.0%
2003	328,150	8,698,081	26,344	7.1%
2002	325,900	8,491,421	25,966	6.9%
2001	323,950	8,420,557	25,948	5.4%
2000	320,970	8,247,544	25,500	5.3%
1999	318,730	7,825,023	24,318	5.7%
1998	315,790	7,544,064	23,601	5.5%
1997	310,320	7,120,988	22,494	5.5%

Notes

- a. Lane Community College District encompasses all of Lane County and smaller portions of Benton County, Douglas County and Linn County. These statistics are just for Lane County.
- b. The 2005 and 2006 personal income was not available and has been estimated by multiplying population by per capita income.
- c. The 2005 and 2006 per capita income was not available and has been estimated to be the same as 2004.

Source

- d. Population Research Center, Portland State University. Estimates are for July 1 of the fiscal year.
- e. Bureau of Economic Analysis, U.S. Department of Commerce.
- f. Bureau of Labor Statistics, U.S. Department of Labor. Rates presented are annualized for the calendar year.

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Principal Employers for Lane County
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees ^b	Rank	Percentage of County Employment	Employees ^b	Rank	Percentage of County Employment
University of Oregon	4,000	1	2.45%	3,132	3	2.12%
Peacehealth	3,146	2	1.93%	3,200	2	2.16%
City of Eugene	2,200	3	1.35%	1,200	9	0.81%
Eugene School District	2,025	4	1.24%	1,949	5	1.32%
Lane Community College	2,000	5	1.23%	1,984	4	1.34%
U.S. Government	1,800	6	1.10%	3,650	1	2.47%
Lane County	1,462	7	0.90%	1,300	8	0.88%
Springfield School District	1,406	8	0.86%	1,198	10	0.81%
State of Oregon	1,100	9	0.67%	1,301	7	0.88%
McKenzie-Willamette Medical Center	750	10	0.46%	-		
Weyerhaeuser	-			1,350	6	0.91%
	<u>19,889</u>		<u>12.19%</u>	<u>20,264</u>		<u>13.69%</u>

Total Employees 163,148

147,999

(Per OLMIS Labor Force Data - Employed Level - Monthly Data (January))

Notes

- a. Lane Community College District encompasses all of Lane County and smaller portions of Benton County, Douglas County and Linn County. These statistics are just for Lane County.
- b. Employee count and percent of county employment is as of January 1st of each year.

Source

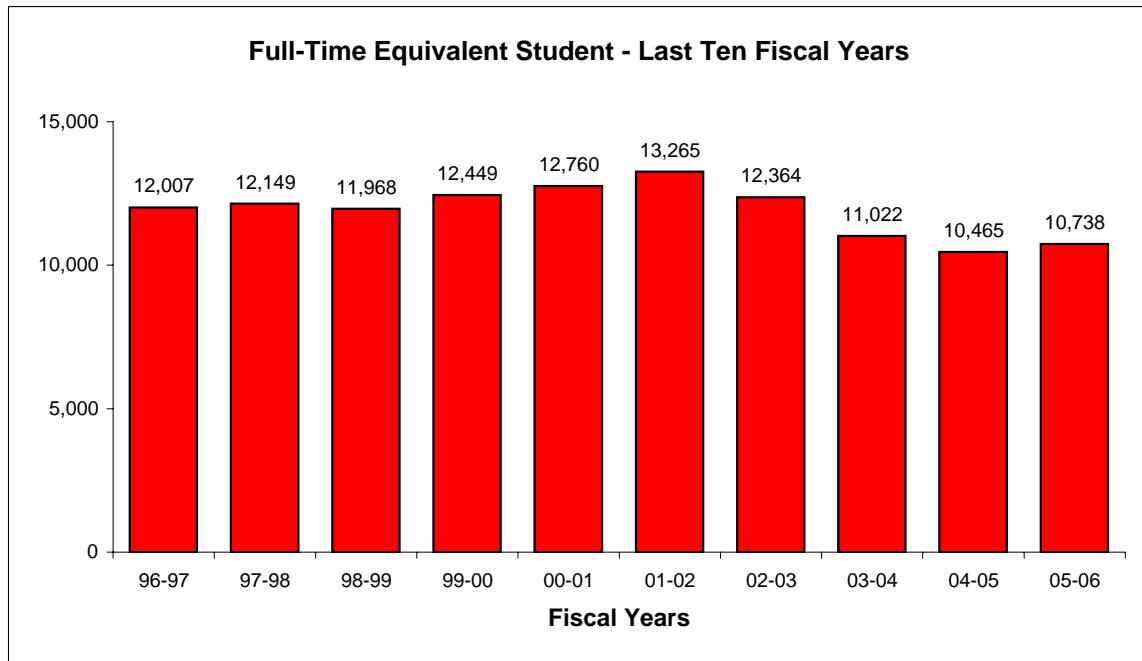
Eugene Chamber of Commerce

Operating Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Enrollment Statistic
Last ten fiscal years

	Total Operating Expenses	District Population (Estimated)	Full-time Equivalent Student ^a	Percent of Total District Population	Cost Per FTE ^a	Number of Employees	Ratio of Student FTE Per Employee
2005-06	130,160,532	623,800	10,738	1.72%	NA	786	7.32
2004-05	123,265,023	623,800	10,465	1.68%	8,263	779	7.44
2003-04	121,079,254	623,800	11,022	1.77%	7,365	744	6.75
2002-03	115,747,722	616,600	12,364	2.01%	6,587	828	6.70
2001-02		613,350	13,265	2.16%	6,223	827	6.23
2000-01		609,600	12,760	2.09%	5,976	804	6.30
1999-00		604,580	12,449	2.06%	4,869	790	6.35
1998-99		602,060	11,968	1.99%		774	6.47
1997-98		599,990	12,149	2.02%		774	6.37
1996-97		596,020	12,007	2.01%		795	6.62



Notes

NA Not available

Source

a. Oregon Community College Profile

LANE COMMUNITY COLLEGE
EUGENE, OREGON

CERTIFICATES AND DEGREES GRANTED
Last Five Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Lower Division Transfer					
AAOT/ASOT	294	356	400	320	276
Associate of General Studies	27	40	38	37	44
Associate of Science	12	23	27	11	16
Total Transfer Awards	<u>333</u>	<u>419</u>	<u>465</u>	<u>368</u>	<u>336</u>
Technical					
Associate of Applied Science	316	351	355	408	380
Certificate	141	183	163	192	171
Apprentice: Assoc. of Applied Science	0	1	0	3	1
Total Technical Awards	<u>457</u>	<u>535</u>	<u>518</u>	<u>603</u>	<u>552</u>
 Total Awards	 <u>790</u>	 <u>954</u>	 <u>983</u>	 <u>971</u>	 <u>888</u>
 % of Degree-Seeking Students	 <u>9.2%</u>	 <u>10.9%</u>	 <u>10.4%</u>	 <u>9.9%</u>	 <u>8.6%</u>

LANE COMMUNITY COLLEGE
EUGENE, OREGON

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>
2005-06	269	449	68	786
2004-05	260	454	65	779
2003-04	248	437	59	744
2002-03	277	483	68	828
2001-02	289	467	71	827
2000-01	284	447	73	804
1999-00	277	439	74	790
1998-99	275	426	73	774
1997-98	271	422	81	774
1996-97	285	432	78	795

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

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

October 20, 2006

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, 2006, and have issued our report thereon dated October 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of 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 20, 2006

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, 2006. 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, 2006.

Internal Control Over Compliance

The management of Lane Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 the 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 reportable 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 the applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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, 2006, and have issued our report thereon dated October 20, 2006. 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 and use 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, 2006

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2005	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2006
<u>U.S. DEPARTMENT OF EDUCATION:</u>							
Direct programs:							
Student Financial Aid:							
Supplemental Educational Opportunity Grants	84.007		\$ 496,458	\$ -	\$ 446,813	\$ 446,813	\$ -
College Work Study	84.033		657,393	-	657,393	657,393	-
Perkins Loans	84.038		160,379	605	605	-	-
Pell Grant	84.063		9,862,228	1,465	9,525,401	9,569,524	45,588
Federal Direct Student Loan	84.268		20,302,328	5,557	20,194,229	20,380,584	191,912
SSS - TRIO 8-05	84.042A	P042A010806-04	239,827	16,033	44,517	28,484	-
SSS - TRIO 8-06	84.042A	P042A010806-05	256,614	-	196,222	221,373	25,151
FIPSE 8-05	84.116	P116B031282-04	154,734	6,866	11,760	4,894	-
FIPSE 8-07	84.116	P116B031282-05	194,155	-	73,092	86,134	13,042
Passed Through Oregon Department of Community Colleges and Workforce Development:							
Comprehensive Services 6-05	84.002	9513	230,000	109,401	109,401	-	-
Comprehensive Services 6-06	84.002	EE5613 BG	251,164	-	171,181	251,129	79,948
EL/Civics 6-05	84.002	6506	59,500	17,314	21,704	4,390	-
EL/Civics 6-05	84.002	EE5613 BG	59,500	-	36,556	59,495	22,939
Corrections 6-05	84.002	9513C	35,700	8,924	8,924	-	-
Corrections 6-06	84.002	EE5613 CG	35,700	-	17,869	35,695	17,826
Outreach Tutoring 6-05	84.002	9513T	13,200	5,211	5,211	-	-
Outreach Tutoring 6-06	84.002	EE5613 TG	13,200	-	8,972	13,175	4,203
Set-Aside/Accountability 6-05	84.002	9513SAA	32,500	4,956	4,956	-	-
Set-Aside/Accountability 6-06	84.002	EE5613 AG	32,500	-	28,454	32,499	4,045
Set-Aside/PIP 6-05	84.002	9513SAPI	8,816	5,347	5,347	-	-
Set-Aside/PIP 6-06	84.002	EE5613 PG	8,100	-	6,047	8,082	2,035
Passed Through Oregon Department of Education:							
Carl Perkins Grant 9-05	84.048	3156	1,035,974	298,207	438,978	140,771	-
Carl Perkins Grant 9-06	84.048	5454	923,307	-	638,982	796,606	157,624
21st Century Community Learning 9-05	84.287	5957	15,805	-	15,804	15,804	-
Passed Through Oregon Department of Human Services:							
Occ Skills/DHS 6-05	84.126A	106408	131,721	19,945	19,945	-	-
Occ Skills/DHS 6-07	84.126A		165,579	-	51,631	69,960	18,329

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2005	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2006
Passed Through Lane Education Service District:							
Tech Prep 6-05	84.243		\$ 55,454	\$ 55,448	\$ 55,448	\$ -	\$ -
Tech Prep 6-06	84.243		46,590	-	-	45,559	45,559
Passed Through Oregon University System - University of Oregon:							
College Awareness 9-05	84.334S	SG-24022	4,015	2,971	2,971	-	-
College Awareness H-L/Gear Up 9-06	84.334S	SG-25024	5,000	-	-	3,443	3,443
Rights of Passage 9-05	84.334S	SG-24028	15,000	2,011	15,000	12,989	-
Total U.S. Department of Education				560,261	32,813,413	32,884,796	631,644
<u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION:</u>							
Passed through Whitworth College:							
NW Archives Processing 6-07	89.003	2005-061 WA	20,303	-	8,594	12,646	4,052
<u>U. S. DEPARTMENT OF COMMERCE:</u>							
<u>SMALL BUSINESS ADMINISTRATION:</u>							
Direct programs:							
OSBDCN/SBA 12-05	59.037	4-603001-Z-0039-21-01	950,706	205,147	817,115	611,968	-
OSBDCN/SBA 12-06	59.037	6-603001-Z-0039-23	947,659	-	74,770	459,313	384,543
Total U.S. Department of Commerce				205,147	891,885	1,071,281	384,543
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE:</u>							
Direct programs:							
Senior Companion 6-05	94.016	04SCPOR002	313,973	106,878	106,878	-	-
Senior Companion 6-06	94.016	04SCPOR002	313,973	-	225,474	313,962	88,488
Total Corporation for National & Community Service				106,878	332,352	313,962	88,488

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2005	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2006
<u>U. S. DEPARTMENT OF LABOR:</u>							
Passed Through Oregon Department of Community Colleges and Workforce Development:							
OCCWD Incentive Grant 1-06	17.267	GRNT1008	\$ 51,500	\$ 18,074	\$ 48,934	\$ 30,860	\$ -
OCCWD Pathways 1-07	17.267	IGA06315	72,470	-	-	9,315	9,315
Passed Through Oregon Department of Human Services:							
Employment Retention 7-05	17.261	102516-4	491,559	879	879	-	-
Passed Through Oregon Employment Department:							
BDC/DOL 9-05	17.245	06-222	35,500	-	35,500	35,500	-
BDC/Trade Act #3 12-05	17.245		18,789	-	18,789	18,789	-
BDC/Trade Act #4 12-06	17.245	06-222 002	19,516	-	19,516	19,516	-
Passed Through Lane Workforce Partnership:							
LWP/WIA 6-05	17.260	24201 Mod#2	428,875	74,004	74,004	-	-
LWP/WIA 6-05	17.258	24201 Mod#2	140,770	24,668	24,668	-	-
LWP/WIA 6-06	17.260	25201	434,061	-	348,352	420,467	72,115
LWP/WIA 6-06	17.258	25201	163,216	-	128,842	159,484	30,642
LWP/WIA Older Youth RTEC 6-05	17.259	24410	15,329	7,885	7,885	-	-
Total U.S. Department of Labor				125,510	707,369	693,931	112,072
<u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES:</u>							
Passed Through Oregon Childcare Resource & Referral Network:							
LFC/CCD Network 6-05	93.575	03-05RR06-01	302,679	45,092	45,092	-	-
LFC/CCD Network 6-07	93.575	05-07RR06	360,602	-	110,324	155,339	45,015
LFC/DHS 6-05	93.575	DHS03-RR06	139,832	22,122	22,122	-	-
LFC/DHS 6-05	93.558	DHS03-RR06	42,875	7,084	7,084	-	-
LFC/DHS-ICCP 6-07	93.575	DHS05-07RR06	159,807	-	55,630	76,489	20,859
Passed Through Oregon Department of Human Services:							
Employment Retention 7-05	93.558	102516-4	35,000	15,622	19,795	4,173	-
Employment Retention 7-05	93.647	102516-4	25,000	11,209	16,616	5,407	-
LFC/DHS-JOBS 6-07	93.558	114184	24,500	-	14,847	24,485	9,638
Progress 9-06	93.558	113812	59,982	-	39,666	54,597	14,931

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued (Deferred) Revenue July 1, 2005	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2006
Passed Through Lane Workforce Partnership:							
Jobs/WTW 6-05	93.558	24301 Mod 1	\$ 94,850	\$ 17,190	\$ 17,190	\$ -	\$ -
Jobs/WTW 6-06	93.558	25303	94,850	-	67,795	80,446	12,651
Passed Through Lane County Commission on Children and Families:							
LFC/CCF 6-05	93.575	214313-1	99,760	18,765	18,765	-	-
LFC/CCF 6-07	93.575		99,760	-	30,517	43,952	13,435
Passed Through Lane County:							
LFC/SIG 6-05	93.243	220361	34,615	12,177	12,177	-	-
LFC/SIG 6-06	93.243	220361 Amend #1	73,944	-	22,829	43,637	20,808
Passed Through Marion County:							
LFC/CARES 6-05	93.575	1200321	119,636	16,468	16,468	-	-
Total U.S. Department of Health & Human Services				165,729	516,917	488,525	137,337
Total all programs				\$ 1,163,525	\$ 35,270,530	\$ 35,465,141	\$ 1,358,136

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, 2006

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
Small Business Development Center	59.037
Vocational Education – Basic Grants to States	84.048

8. The threshold for distinguishing Type A programs from Type B programs was \$452,000.
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

INDEPENDENT AUDITOR'S COMMENTS

Internal Control

Our report on the College's internal control over financial reporting is presented on pages 57 and 58 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, 2006 and June 30, 2007, and the execution of its budget for the fiscal year ended June 30, 2006,
- 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:

- As discussed in Note 9 to the financial statements, the College overexpended appropriations in one fund.
- 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.