

**LANE COMMUNITY COLLEGE
EUGENE, OREGON**

**FEDERAL GRANT COMPLIANCE REPORT
Year Ended June 30, 2019**

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



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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

December 9, 2019

Board of Education
Lane Community College
Eugene, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lane Community College as of and for the year ended June 30, 2019, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lane Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lane Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Lane Community College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 9, 2019

Board of Education
Lane Community College
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited Lane Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lane Community College's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lane Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lane Community College's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct programs:			
Student Financial Assistance Cluster:			
Supplemental Educational Opportunity Grants	84.007		\$ 364,390
College Work Study	84.033		781,507
Federal Perkins Loans	84.038		2,591,183
Pell Grant	84.063		11,861,014
Federal Direct Student Loan	84.268		11,147,894
			<u>26,745,988</u>
TRIO - SSS 8-18	84.042		12,666
TRIO - SSS 8-19	84.042		254,992
TRIO STEM 8-18	84.042		26,382
TRIO STEM 8-19	84.042		225,723
			<u>519,763</u>
CCAMPIS 9-18	84.335		20,880
CCAMPIS 9-19	84.335		144,813
			<u>165,693</u>
Passed Through Oregon Higher Education			
Coordinating Commission:			
Adult Education - Comprehensive 6-19	84.002	18-136 COMP	296,049
Adult Education - IEL/CE 6-19	84.002	18-136 IELCE	77,449
Adult Education - Corrections 6-19	84.002	18-136 CORR	36,223
Adult Education - Accountability 6-19	84.002	18-136 ACC	76,520
Adult Education - Program Improvement 6-19	84.002	18-136 PI	49,391
Passed Through Columbia University			
Learning Standards Trainers 6-20	84.002	18-058	15,565
			<u>551,197</u>
Passed Through Oregon Higher Education			
Coordinating Commission:			
Teacher's College 9-20	84.305	OPP1160172	13,565
Passed Through Oregon Department of Education:			
Career and Technical Education - Perkins 9-19	84.048	48154	497,119
Career and Technical Education - Perkins 9-18	84.048	44303	40,701
			<u>537,820</u>
Passed Through Lane Education Service District:			
Career and Technical Education - Reserve 7-19	84.048	48944	18,347
Career and Technical Education - Reserve 7-18	84.048	44311	6,573
			<u>24,920</u>
Total U.S. Department of Education			<u>28,558,946</u>

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>NATIONAL SCIENCE FOUNDATION:</u>			
Direct programs:			
NSF: Tipping the Scale 6-18	47.076		\$ 2,110
NSF: ILEED 6-20	47.076		236,303
NSF: Water-I 6-21	47.076		114,216
Passed Through Madison College:			
CREATE 6-19	47.076	1600934	<u>9,712</u>
Total National Science Foundation			<u>362,341</u>
<u>SMALL BUSINESS ADMINISTRATION:</u>			
Direct programs:			
SBA Portability Assistance 9-18	59.037		28,430
SBA Portability Assistance 9-19	59.037		71,091
SBA/OSBDCN 12-18	59.037		929,549
SBA/OSBDCN 12-19	59.037		<u>479,782</u>
Total Small Business Administration			<u>1,508,852</u>
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE:</u>			
Direct programs:			
Senior Companion 6-19	94.016		<u>180,345</u>
<u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES:</u>			
Direct programs:			
HRSA 3-19	93.924		<u>77,822</u>
Passed Through Oregon Department of Human Services:			
DHS JOBS 6-21	93.596	15853	55,282
Passed through Oregon Department of Education:			
ODE ELD CCR&R 06-19	93.596	52410, 12220	<u>269,050</u>
			<u>324,332</u>
Total U.S. Department of Health & Human Services			<u>402,154</u>
Total all programs			<u>\$ 31,012,638</u>

LANE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

1. BASIS OF PRESENTATION:

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

2. SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Direct loans (CFDA No. 84.268) are loans held by the Federal Government and are not included in loans receivable for the College. Direct loans disbursed during the year are included in the federal expenditures presented in the Schedule. Perkins Loans (CFDA No. 84.038) outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The College has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. FEDERAL PERKINS LOANS:

Activity of the College's Federal Perkins Loan program (CFDA # 84.038) during the 2018-19 fiscal year is as follows:

Balance - 7/1/2018	\$ 2,591,183
Loan advances	-
Loan repayments, assignments and cancellations	<u>(2,010,597)</u>
 Balance - 6/30/2019	 <u><u>\$ 580,586</u></u>

4. SUBRECIPIENTS:

During the year ended June 30, 2019, the College provided federal awards to subrecipients as follows:

	<u>CFDA Number</u>	<u>Expenditures</u>
Small Business Development Centers	59.037	\$ 697,991

LANE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Lane Community College.
2. There were no significant deficiencies in internal control over financial reporting reported 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 significant deficiencies in internal control over compliance reported 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 unmodified 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:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Loans	84.268

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
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.

LANE COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

Finding 2018-01:

Finding - Reconciliations of the College's bank accounts were not performed on a timely basis during most of the 2017-18 fiscal year.

Status - Corrected.