

**LANE COMMUNITY COLLEGE
EUGENE, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2017**



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**Margaret A. Hamilton, President
Brian Kelly, Vice-President for College Services
Greg Holmes, Chief Financial Officer**

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INTRODUCTORY SECTION



December 5, 2017

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, 2017, 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, 2017, 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.

College Description

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 356,200. In recent years, more than 34,000 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.

College Mission

Lane is the community's college:

We provide comprehensive, accessible, quality, learning-centered educational opportunities that promote student success.

Core Themes

Lane's core themes represent the essential elements of our comprehensive mission. In accordance with our accrediting body, the Northwest Commission on Colleges and Universities, we have established objectives and indicators of achievement for each core theme to evaluate accomplishment of core theme objectives, and, ultimately, our mission.

Core Theme 1: Responsive Community Engagement

As an engaged member of our community, Lane's programs, services, and activities serve the community's needs.

Core Theme 2: Accessible and Equitable Learning Opportunities

Lane's policies, procedures, programs, and services facilitate open, fair and just educational experiences.

Core Theme 3: Quality Educational Environment

Lane's quality educational environment embraces academic and instructional integrity, relevancy, rigor, innovation and transparency.

Core Theme 4: Individual Student Achievement.

Lane's students advance on their academic paths and reach their educational goals.

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, health care, and tourism. Lane County is the home of the University of Oregon, Northwest Christian University and several high tech companies, in addition to forest products companies such as Weyerhaeuser.

According to the Oregon Office of Economic Analysis (OOEA), in Oregon, the state is at or near full employment. This means progress is beginning to be seen and felt in broader measures of economic well-being like median household income, poverty rate and needs-based caseloads and the like. Revenue growth for the state has slowed in recent months. However, this slowdown did not come as a surprise, with less growth having been built into the baseline forecast.

Other financial and demographic information can be found in the Statistical Section of Lane Community College's CAFR and budget document.

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 State 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.

Higher Education Coordinating Commission

The Higher Education Coordinating Commission 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 Commission 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 Community College Board of Education.

Accreditation

The Northwest Commission on Colleges and Universities has granted accreditation to Lane Community College. The college's most recent full-scale accreditation visit occurred in October 2015. The Oregon Department of Community Colleges and Workforce Development has approved all college transfer courses, and the State Board of Education has approved all career-technical programs.

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 the Uniform Guidance.

Long Range Financial Plan

The Board of Education approved a Long Range Financial Plan to guide future budget decisions on July 13, 2017. It includes board financial policies and guides financial and budget development.

Internal Controls

Management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure that adequate accounting information is available for the preparation on of the financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

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, 2016. 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 Community College Board of Education for its support and dedication to the financial health of the college.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Holmes', with a horizontal line extending to the right.

Greg Holmes
Chief Financial Officer

LANE COMMUNITY COLLEGE

June 30, 2017

Board of Education

<u>Official</u>	<u>Address</u>	<u>Office</u>
Rosie Pryor	2671 Wilshire Drive Eugene, Oregon 97405	Chair
Matt Keating	2486 Blackburn Eugene, Oregon 97405	Vice-Chair
Phil Carrasco	1585 Polk Street, #4 Eugene, Oregon 97402	Member
Susie Johnston	301 Spyglass Drive Eugene, Oregon 97401	Member
Gary LeClair	942 McKenzie Crest Drive Springfield, Oregon 97477	Member
Tony McCown	1090 Maple Drive Eugene, Oregon 97404	Member
Melanie Muenzer	5544 Wales Drive Eugene, Oregon 97402	Member

Administration

Mary F.T. Spilde	President
(Retired effective June 30, 2017 and succeeded by Margaret A. Hamilton)	
Brian Kelly	Vice-President for College Services
Greg Holmes	Chief Financial Officer



Government Finance Officers Association

**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, 2016



Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

December 5, 2017

Board of Education
Lane Community College
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Lane Community College and Lane Community College Foundation, its discretely presented component unit, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lane Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 respective financial position of Lane Community College and Lane Community College Foundation as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements under the caption "New Accounting Pronouncement," during the 2016-17 fiscal year the College adopted new accounting guidance related to accounting and financial reporting for postemployment benefits other than pensions. GASB Statement No. 75 establishes standards for measuring and recognizing other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 40 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lane Community College's basic financial statements. The other supplementary information listed in the table of contents, introductory section, statistical section, and schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017 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* in considering Lane Community College's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 5, 2017 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 and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

Management's Discussion and Analysis

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis section of the College’s annual financial performance provides an overview of the financial activities of Lane Community College (the College) for the fiscal year ended June 30, 2017. The discussion is designed to assist the readers in understanding the accompanying financial statements through an objective and easily readable analysis of the College’s financial activities.

Financial information for the College is presented in this annual report two very different ways, as follows.

<u>Information</u>	<u>Measurement Focus</u>	<u>Basis of Accounting</u>	<u>Location in Report</u>
Basic financial statements	Economic resources	Full accrual	Financial section
Schedules of budget and actual	Current financial resources	Modified accrual	Other supplementary information

Overview of the Basic Financial Statements

The discussion and analysis serves as an introduction to the College’s basic entity-wide financial statements. 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 statements are comprised of the following:

- The **Statement of Net Position** presents the College’s assets, deferred outflows, liabilities, and deferred inflows with the difference between the four reported as *net position*. Over time, increases or decreases in net position are indicators of the improvement or erosion of the College’s financial condition. 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 Position** presents the revenues earned and the expenses incurred during the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of the assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Primary sources of operating revenues include tuition, grants and contracts. State appropriations and property taxes are classified as non-operating revenues.
- The **Statement of Cash Flows** presents information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement assists in evaluating financial viability and the College’s ability to meet financial obligations as they become due.
- 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.

Overview of the Schedules of Budget and Actual

The **Fund Financial Statements** are included in a latter section entitled other supplementary information. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called “modified accrual” accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of, and compliance with, annual budgets. Fund financial statements also report the College’s operations in more detail than the government-wide financial statements by providing information about the College’s most significant fund, the general fund.

Financial Highlights

- As of June 30, 2017, the College's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$31.2 million (Net Position). Of this amount, (\$63.9) million is classified as unrestricted net position. This negative unrestricted net position was the result of the effects of Governmental Accounting Standards Board (GASB) Statement Nos. 68, 71 and 73 which require the College to accrue pension liabilities and related deferred inflows and deferred outflows of resources. The largest component \$90.9 million of net position is the College's net 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.
- The College's net position decreased \$26.6 million from prior year. College recognized \$13.0 million in pension expense related to State of Oregon Public Employees Retirement System (PERS). In 2016 the pension expense related to PERS was \$35.7 million. More information can be found in Note 5 – Pension Plans.
- The \$7.4 million prior period adjustment due to a change in accounting principal. The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The College implemented GASB Statement No. 75 in the year ending June 30, 2017. Additional information can be found in Note 6 – Postemployment Healthcare Benefits and Note 12 – Prior Period Adjustment

Analysis of the Statement of Net Position

The statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows of the College using the accrual basis of accounting. Net position is the difference between assets plus deferred outflows, and liabilities plus deferred inflows. It is an important measure of the financial condition of the college.

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Assets			
Current assets	\$ 38,781,416	\$ 56,938,513	-31.9%
Capital assets, net of depreciation	161,070,034	167,539,213	-3.9%
Other noncurrent assets	19,881,770	16,803,972	18.3%
Deferred Outflows	<u>37,834,869</u>	<u>5,859,442</u>	545.7%
Total assets and deferred outflows	<u>\$ 257,568,089</u>	<u>\$ 247,141,140</u>	4.2%
Liabilities			
Current Liabilities	\$ 32,794,155	\$ 34,447,557	-4.8%
Long-term debt, non-current portion	<u>182,158,502</u>	<u>141,993,044</u>	28.3%
Total liabilities	<u>\$ 214,952,657</u>	<u>\$ 176,440,601</u>	21.8%
Deferred Inflows	<u>\$ 11,407,042</u>	<u>\$ 12,858,967</u>	-11.3%
Net Position			
Net investment in capital assets	\$ 90,967,494	\$ 91,483,617	-0.6%
Restricted	4,194,895	5,265,876	-20.3%
Unrestricted	<u>(63,953,999)</u>	<u>(38,907,921)</u>	64.4%
Total net position	<u>\$ 31,208,390</u>	<u>\$ 57,841,572</u>	-46.0%

At June 30, 2017 the College's current assets of \$38.7 million was sufficient to cover the College's current liabilities of \$32.7 million. This represents a current ratio of 1.18. Current assets consist primarily of cash and cash equivalents, investments, receivables from student accounts, property taxes and grants. The largest

component of noncurrent assets are capital assets of \$161 million (land, buildings, machinery and equipment) net of accumulated depreciation used to provide services to students.

Current liabilities primarily consist of accounts payable, payroll and payroll taxes payable, current maturities of long-term obligations, deferred revenue from property taxes, and compensated absences. Non-current liabilities consist of long-term debt relating to general obligation bonds, pension bond and other debt obligations. The deferred outflows and deferred inflows of resources are related to pensions.

Within Net Position, the "invested in capital assets" amount of \$90.9 million 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 position consists of amounts legally restricted for debt service and grants and contracts.

Analysis of the Statement of Revenues, Expenses and Changes in Net Position

The statement of Revenues, Expenses and Changes in Net Position presents the operating results of the college as well as the non-operating revenues and expenses.

	2017	2016	Percent Change
Revenues:			
Student tuition and fees	\$ 37,336,259	\$ 36,748,559	1.60%
Grants and contracts	28,575,108	28,245,044	1.17%
State community college support	20,592,064	38,476,320	-46.48%
State capital contribution	-	7,600,000	-100.00%
Property taxes	25,550,023	23,918,649	6.82%
Other revenue	16,634,982	18,487,659	-10.02%
Total revenues	128,688,436	153,476,231	-16.15%
Expenses:			
Instruction	52,552,112	66,615,910	-21.11%
Community services	6,439,654	6,995,029	-7.94%
Instructional support services	6,231,338	7,542,474	-17.38%
Student services	22,605,315	26,177,779	-13.65%
College support services	15,151,435	18,017,400	-15.91%
Plant operations and maintenance	7,545,912	10,127,053	-25.49%
Financial aid	24,469,394	25,344,988	-3.45%
Depreciation	6,204,560	5,801,163	6.95%
Other	6,756,715	5,730,613	17.91%
Total expenses	147,956,435	172,352,409	-14.15%
Change in net assets	(19,267,999)	(18,876,178)	2.08%
Net position - beginning	57,841,572	78,432,976	-26.25%
Prior period adjustment	(7,365,183)	(1,715,226)	
Net position - ending	\$ 31,208,390	\$ 57,841,572	-46.05%

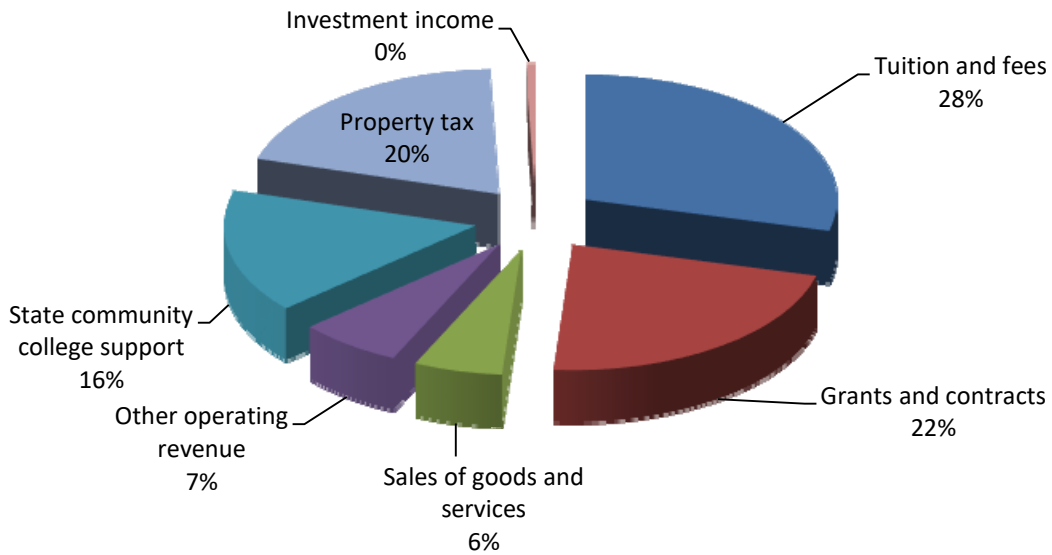
Revenues:

The largest sources of operating revenue for the College are tuition and fees, 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. Tuition and fees totaled \$37.3 million which was up 1.6% over last year's amount.

Property taxes are the largest source of non-operating revenue. The College received \$25.5 million in property tax in this fiscal year, which represented a 6.8% increase over last year.

Total revenues show a decrease of 16.15% over 2016.

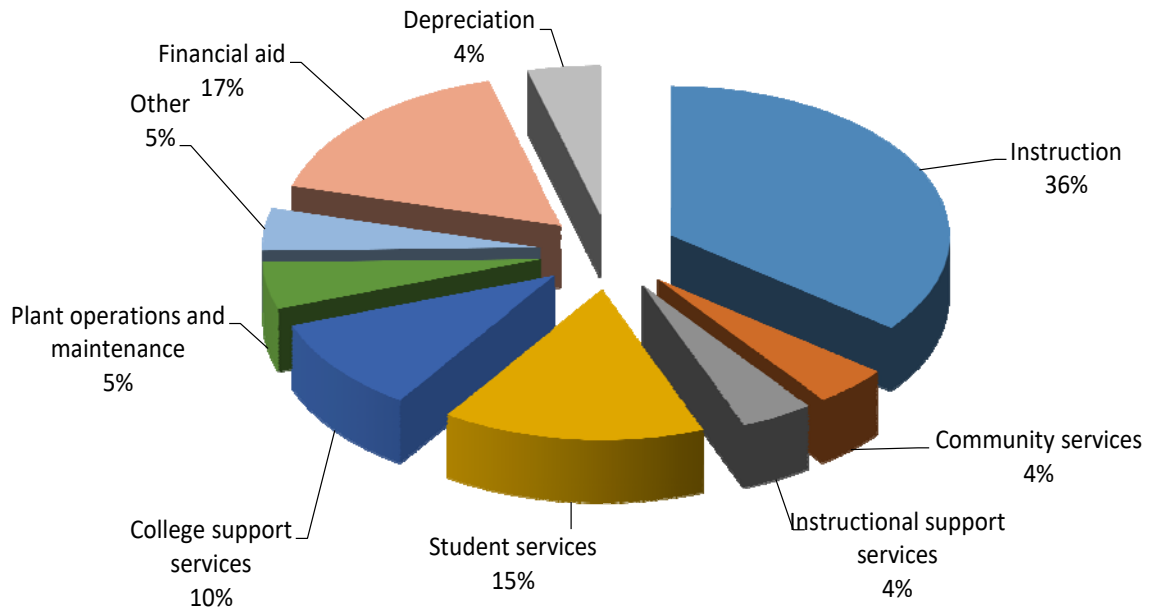
The following graph shows the allocation of total revenues for the College:



Expenses:

Expenses totaling \$147.9 million include salaries and benefits, pension, materials and supplies, utilities, grants and scholarships and depreciation of capital assets. Total expenses show a decrease of 14.15% over 2016.

The following graph shows the allocation of total expenses for the college:



Analysis of the Statement of Cash Flows

This statement provides an assessment of the financial health of the College. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a stated period. The statement of cash flows also helps users assess the ability of the college to meet obligations as they become due and the need for external financing.

In summary from the cash flows for the year were:

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Cash Provided by (Used In):			
Operating Activities	\$ (45,033,652)	\$ (46,931,295)	-4.0%
Noncapital Financing Activities	34,669,566	52,045,863	-33.4%
Capital Financing Activities	(4,351,104)	(10,169,712)	-57.2%
Investing Activities	<u>1,336,797</u>	<u>4,891,839</u>	-72.7%
Net decrease in cash	(13,378,393)	(163,305)	8092.3%
Cash - Beginning of year	<u>37,294,422</u>	<u>37,457,727</u>	-0.4%
Cash - End of year	<u>\$ 23,916,029</u>	<u>\$ 37,294,422</u>	-35.9%

The major sources of cash from operating activities include student tuition and fees, grants and contracts and auxiliary enterprises. Major uses were payments made to employees, employee benefit programs and vendors.

State reimbursements and property taxes are the primary source of non-capital financing. Accounting standards require that the College reflect these sources of revenue as non-operating even though the College's budget depends on these revenues for ongoing operations.

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 activities.

Capital Assets and Debt Administration

At June 30, 2017 the College had \$161 million, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, and equipment. Additional information pertaining to the College's capital assets is located in note 3 to the financial statements.

At June 30, 2017 the College had total long-term obligations outstanding of \$182 million. Additional information pertaining to the College's long-term obligations is located in note 4 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of Lane Community College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

College Finance
Lane Community College
4000 East 30th Avenue
Eugene, Oregon 97405-0640

Basic Financial Statements

LANE COMMUNITY COLLEGE

Statement of Net Position
June 30, 2017

	<u>College</u>	<u>Foundation (Component Unit)</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 23,916,029	\$ 2,308,006
Investments	5,078,463	-
Receivables, net:		
Property taxes	1,107,647	-
Accounts	6,985,239	451,049
Interest	62,281	1,759
Loans and notes, current portion	400,000	22,474
Prepayments and other assets	314,890	3,788
Inventories	916,867	-
Total current assets	<u>38,781,416</u>	<u>2,787,076</u>
Noncurrent assets:		
Receivables, net	14,950,107	862,266
Long term investments	4,931,663	16,077,877
Capital assets:		
Non-depreciable	13,046,938	-
Depreciable	218,775,446	18,438,164
Less accumulated depreciation	<u>(70,752,350)</u>	<u>(1,617,475)</u>
Total noncurrent assets	<u>180,951,804</u>	<u>33,760,832</u>
Deferred Outflows of Resources:		
Deferred on refunding of long-term debt	1,561,968	-
Deferred outflows of resources related to pensions	<u>36,272,901</u>	<u>-</u>
Total assets and deferred outflows	<u>257,568,089</u>	<u>36,547,908</u>
Liabilities:		
Current liabilities:		
Accounts payable	3,235,510	57,748
Accrued liabilities	5,508,069	81,027
Accrued interest payable	113,679	-
Unearned revenue	12,331,948	149,500
Current maturities of long-term debt	<u>11,604,949</u>	<u>-</u>
Total current liabilities	<u>32,794,155</u>	<u>288,275</u>
Noncurrent liabilities:		
Long-term debt	193,763,451	19,100,402
Less: current maturities of long-term debt	<u>(11,604,949)</u>	<u>-</u>
Total noncurrent liabilities	<u>182,158,502</u>	<u>19,100,402</u>
Total liabilities	<u>214,952,657</u>	<u>19,388,677</u>
Deferred inflows of resources:		
Related to pensions	10,343,750	-
Related to OPEB	<u>1,063,292</u>	<u>-</u>
Total deferred inflows of resources	<u>11,407,042</u>	<u>-</u>
Net Position:		
Net investment in capital assets	<u>90,967,494</u>	<u>-</u>
Restricted for debt service	714,087	-
Restricted for student financial aid	3,104,574	-
Restricted for grants and contracts	376,234	-
Restricted for permanent endowment	-	10,802,130
Restricted for temporary endowment and scholarships	<u>-</u>	<u>7,065,582</u>
Total restricted net position	<u>4,194,895</u>	<u>17,867,712</u>
Unrestricted	<u>(63,953,999)</u>	<u>(708,481)</u>
Total net position	<u>\$ 31,208,390</u>	<u>\$ 17,159,231</u>

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017

	College	Foundation (Component Unit)
Operating revenues:		
Student tuition and fees	\$ 37,336,259	\$ -
Grants and contracts	28,575,108	-
Sales of goods and services	7,319,430	-
Other operating revenue	8,557,991	3,726,680
Total operating revenues	81,788,788	3,726,680
Operating expenses:		
Instruction	52,552,112	-
Community services	6,439,654	-
Instructional support services	6,231,338	-
Student services	22,605,315	-
College support services	15,151,435	-
Plant operations and maintenance	7,545,912	-
Financial aid	24,469,394	-
Foundation programs	-	4,828,951
Depreciation	6,204,560	-
Total operating expenses	141,199,720	4,828,951
Operating loss	(59,410,932)	(1,102,271)
Nonoperating revenues-(expenses):		
State community college support	20,592,064	-
Property taxes	25,550,023	-
Investment income	757,561	1,518,227
Interest expense	(4,635,268)	-
Loss on disposal of capital assets	(1,958,263)	-
Debt issuance costs	(163,184)	-
Total nonoperating revenues-(expenses)	40,142,933	1,518,227
Change in net position	(19,267,999)	415,956
Net position - July 1, 2016, as originally reported	57,841,572	16,743,275
Prior period adjustment	(7,365,183)	-
Net position - July 1, 2016, as restated	50,476,389	16,743,275
Net position - June 30, 2017	\$ 31,208,390	\$ 17,159,231

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2017

	College
Cash flows from operating activities:	
Tuition and fees	\$ 37,835,124
Grants and contracts	28,789,177
Sales of goods and services	7,319,430
Other cash receipts	8,385,110
Payments to employees for services	(83,119,091)
Payments to suppliers for goods and services	(20,375,314)
Payments for student scholarships and grants	(23,868,088)
Net cash used in operating activities	(45,033,652)
Cash flows from noncapital financing activities:	
Cash received from State community college support	20,592,064
Cash received from property taxes	18,746,752
Principal paid on pension bonds	(3,140,000)
Interest paid on pension bonds	(1,529,250)
Net cash provided by noncapital financing activities	34,669,566
Cash flows from capital and related financing activities:	
Cash received from property taxes	6,851,438
Proceeds from sale of capital assets	29,591
Debt proceeds, including premium	19,825,665
Payment to refunding bond escrow	(19,662,482)
Issuance costs	(163,184)
Acquisition of capital assets	(2,460,306)
Principal paid on bonds, debt obligations and notes payable	(6,091,588)
Interest paid on bonds, debt obligations and notes payable	(2,680,238)
Net cash used in capital and related financing activities	(4,351,104)
Cash flows from investing activities:	
Purchase of investments	(8,582,184)
Proceeds from sales of investments	9,172,066
Interest on investments	746,915
Net cash provided by investing activities	1,336,797
Net decrease in cash and cash equivalents	(13,378,393)
Cash and cash equivalents - July 1, 2016	37,294,422
Cash and cash equivalents - June 30, 2017	\$ 23,916,029

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2017

	<u>College</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (59,410,932)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,204,560
Change in net pension liability	44,662,586
Change in net OPEB liability	(1,442,497)
Decrease-(increase) in:	
Accounts receivable	357,383
Loans and notes receivable	451,139
Inventories	(22,874)
Prepaid expenses and other assets	287,855
Deferred outflows of resources related to pensions	(31,859,434)
Increase-(decrease) in:	
Operating accounts payable	198,034
Accrued liabilities	(251,890)
Vacation payable	(1,147,013)
Deferred inflows of resources	(1,451,925)
Pension transition liability	(1,340,175)
Unearned revenue	(268,469)
	<u>14,377,280</u>
Total adjustments	<u>14,377,280</u>
Net cash used in operating activities	<u><u>\$ (45,033,652)</u></u>
Noncash Investing, Capital and Financing Activities:	
Accreted interest on deferred interest bonds	\$ 1,307,639
Amortization of debt premium	(1,030,588)
Amortization of deferred on refunding of long-term debt	191,489
Interest expense	(468,540)
Book value of capital assets disposed	1,987,854
Loss on disposal of capital assets	(1,987,854)
	<u>(1,987,854)</u>
Total noncash investing, capital and financing activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

LANE COMMUNITY COLLEGE

Notes to Financial Statements Year Ended June 30, 2017

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*, issued in June and November 1999, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011. 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, 2017, the Foundation provided scholarships of \$810,865 for the benefit of the College. The College provided personnel and administrative contributions to the Foundation totaling \$279,297 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.

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) New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The College implemented GASB Statement No. 75 in the year ending June 30, 2017. Additional information can be found in Note 6 – Postemployment Health Care Benefits and Note 12 – Prior Period Adjustment.

(E) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

(F) 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(G) 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, U.S. government and agencies securities, and corporate debt. 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.

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, U.S. government and agencies securities, and corporate debt, which are exempt from statutes requiring such insurance.

(H) 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. Property taxes are recognized as revenues when levied.

(I) 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 of student financial aid loans made with federal funds and notes receivable from the College's New Market Tax Credits in connection with the Downtown Center construction.

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

(J) Inventories

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(K) Capital Assets

Capital assets include land, buildings and improvements, furniture and equipment and library books with a useful life of more than one year. The College's capitalization threshold is \$10,000 for all capital assets except library books. Library books are capitalized regardless of cost. Donated assets are recorded at their acquisition 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.

Interest incurred during the construction phase of capital assets constructed with proceeds from the Series 2010 Debt Obligations payable is included as part of the capitalized cost of the assets constructed.

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

(L) 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.

(M) Leases

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

(N) Long-Term Debt

Debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Deferred outflows of resources on refunding of long-term debt are being amortized over the shorter of the life of the old debt or new debt using the straight-line method.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Contd)

(O) Pension Plans

Public Employees Retirement System

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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).

(P) Other Postemployment Benefits Obligation

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.

(Q) Net Position

Net position is the difference between the College's total assets and deferred outflows and total liabilities and deferred inflows. Net position is subdivided into three categories: net investment in capital assets, restricted, and unrestricted. When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the College uses restricted resources first.

Net investment in capital assets represents capital assets, less accumulated depreciation and outstanding principal and premiums of capital asset related debt, plus cash held for construction and deferred outflows of resources on refunding. Net position for which constraints were imposed by creditors, grantors, contributors or laws or regulations is categorized as restricted.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

2 - CASH AND INVESTMENTS:

The College's cash and investments are comprised of the following at June 30, 2017:

Cash on hand and other	\$ 100,247
Deposits with financial institutions	5,440,735
Investments	<u>28,385,173</u>
Cash and investments, as reported in statement of net position	<u>\$ 33,926,155</u>

Deposits

Deposits with financial institutions are bank demand deposits and certificates of deposit. The total bank balance, as shown on the banks' records at June 30, 2017, is \$6,457,222. Of these deposits, \$500,000 was covered by federal depository insurance.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primarily on the capitalization level of the depository bank.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College follows State law with respect to custodial credit risk and has not adopted a separate policy. Deposits in excess of FDIC insured amounts were exposed to custodial credit risk as of June 30, 2017, because these deposits were uncollateralized and/or were collateralized but not held by the third-party custodian bank in the College's name.

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, corporate debt, and the Oregon Local Government Investment Pool, among others. The College has no investment policy that would further limit its investment choices.

The College's investments in corporate debt are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College's investments in government debt and corporate debt are valued using quoted market prices (Level 1 inputs).

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

2 - CASH AND INVESTMENTS: (Contd)

	S&P Rating	Fair Value	Percent	Maturities	
				0-1 Year	1-2 Years
Corporate Debt:					
Bank of Nova Scotia	A+	\$ 1,499,990	5.3%	\$ 1,499,990	\$ -
Bank of America	A-	1,560,943	5.5%	1,560,943	-
Westpac Banking Corp	AA-	1,000,136	3.5%	1,000,136	-
JP Morgan Chase	A+	1,471,508	5.2%	-	1,471,508
HSBC USA	A	2,005,640	7.1%	-	2,005,640
Bank of Montreal	A+	1,454,515	5.1%	-	1,454,515
Wells Fargo & Co.	A	1,017,394	3.6%	1,017,394	-
Investment in Oregon Local Government					
Investment Pool		18,375,047	64.7%	18,375,047	-
Total investments		<u>\$ 28,385,173</u>	<u>100.0%</u>	<u>\$ 23,453,510</u>	<u>\$ 4,931,663</u>

The Oregon Local Government Investment Pool is an open-ended, no-load diversified portfolio pool. Participants' account balances in the pool are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon Short-Term Fund.

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, 2017 were: 65% mature within 93 days, 20% mature from 94 days to one year, and 15% mature from one to three years.

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 securities underlying the College's investment in the corporate debt are held by the College's counterparty, not in the College's name.

Restricted Cash and Investments

At June 30, 2017, the College had \$2,240,409 in unspent general obligation bond proceeds. These unspent proceeds are restricted for capital improvements.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

2 - CASH AND INVESTMENTS: (Contd)

Foundation Cash and Investments

The Foundation's cash and cash equivalents consist of demand deposits with financial institutions. At June 30, 2017, \$78,882 of these cash balances was not covered by federal depository insurance.

The Foundation's investments consist of funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and agency obligations, corporate bonds, equity securities, mortgage-backed securities and money market accounts. These investments are carried at market or appraised value, and unrealized gains and losses are reflected in the Foundation's statement of activities. A summary of investments at June 30, 2017 is as follows:

Money market/cash management accounts	\$ 438,780
Certificate of deposits	1,003,947
Equity securities	9,733,149
U.S. Government and agency obligations	2,630,847
Corporate bonds	1,063,806
Other fixed income	<u>1,207,348</u>
Total investments	<u>\$ 16,077,877</u>

3 - CAPITAL ASSETS:

The College's capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 5,463,184	\$ -	\$ -	\$ 5,463,184
Construction in progress	6,752,583	831,171	-	7,583,754
Total capital assets not being depreciated	<u>12,215,767</u>	<u>831,171</u>	<u>-</u>	<u>13,046,938</u>
Capital assets being depreciated:				
Buildings and improvements	206,657,305	-	3,348,857	203,308,448
Furniture and equipment	10,170,651	853,036	726,782	10,296,905
Library books	5,131,065	39,028	-	5,170,093
Total capital assets being depreciated	<u>221,959,021</u>	<u>892,064</u>	<u>4,075,639</u>	<u>218,775,446</u>
Less accumulated depreciation for:				
Buildings and improvements	54,767,100	5,706,358	1,474,312	58,999,146
Furniture and equipment	7,184,930	416,442	613,473	6,987,899
Library books	4,683,545	81,760	-	4,765,305
Total accumulated depreciation	<u>66,635,575</u>	<u>6,204,560</u>	<u>2,087,785</u>	<u>70,752,350</u>
Total capital assets being depreciated, net	<u>155,323,446</u>	<u>(5,312,496)</u>	<u>1,987,854</u>	<u>148,023,096</u>
Total capital assets, net	<u>\$ 167,539,213</u>	<u>\$ (4,481,325)</u>	<u>\$ 1,987,854</u>	<u>\$ 161,070,034</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

4 - LONG-TERM DEBT:

Changes in the College's long-term debt for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016.	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Interest Paid
Vacation payable	\$ 3,184,638	\$ 2,037,625	\$ 3,184,638	\$ 2,037,625	\$ 2,037,625	\$ -
Bonds payable	54,215,000	-	5,130,000	49,085,000	5,560,000	2,274,651
Bonds payable premium	6,813,781	-	952,140	5,861,641	-	-
Debt obligations payable	19,355,000	17,580,000	20,295,000	16,640,000	610,000	399,860
Debt obligations premium	-	2,245,665	78,448	2,167,217	-	-
Pension bonds payable	48,313,648	1,307,639	3,140,000	46,481,287	3,375,000	1,529,250
Notes payable	172,647	-	21,588	151,059	22,324	5,727
Pension transition liability	8,697,048	-	1,340,175	7,356,873	-	-
Net pension liability	11,011,890	44,662,586	-	55,674,476	-	-
Net OPEB liability	9,750,770	-	1,442,497	8,308,273	-	-
Total	<u>\$ 161,514,422</u>	<u>\$ 67,833,515</u>	<u>\$ 35,584,486</u>	<u>\$ 193,763,451</u>	<u>\$ 11,604,949</u>	<u>\$ 4,209,488</u>

Bonds Payable

On November 4, 2008, voters approved authority for the College to issue \$83 million in general obligation bonds to be used to renovate outdated infrastructure and instructional technology. In June 2009, the College issued Series 2009 General Obligation Bonds in the original amount of \$45 million and in August 2012, the College issued \$38 million in Series 2012 General Obligation Bonds. These general obligation bonds were issued to finance the costs of capital construction and improvements to College facilities and to pay the costs of issuance of the Bonds. The bonds will be retired from property taxes levied by the College. The bonds are due annually and interest is payable semi-annually, on June 15 and December 15, with interest rates ranging from 4.0% to 5.0% on the Series 2009 Bonds and 3.0% to 5.0% on the Series 2012 Bonds.

In June 2016, the College issued Series 2016 General Obligation Refunding Bonds in the amount of \$14,135,000. These bonds were used to extinguish \$14,630,000 of outstanding Series 2009 General Obligation Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing a portion of the proceeds of the Series 2016 General Obligation Refunding Bonds in an irrevocable trust from which principal and interest payments will be made on the defeased debt. The excess of the reacquisition price of the defeased debt over its carrying value was deferred and is being amortized over the term of the Series 2009 bonds. At June 30, 2017, \$14,630,000 in Series 2009 bonds were outstanding and considered defeased.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

4 - LONG-TERM DEBT: (Contd)

Future general obligation bonded debt requirements are as follows:

	Series 2009 Bonds		Series 2012 Bonds		Series 2016 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 2,480,000	\$ 154,900	\$ 2,990,000	\$ 1,307,100	\$ -	\$ 546,700
2018-19	1,205,000	50,700	4,575,000	1,176,900	-	546,700
2019-20	-	-	5,070,000	972,650	1,115,000	546,700
2020-21	-	-	4,585,000	774,850	2,160,000	520,800
2021-22	-	-	4,000,000	596,050	3,360,000	434,400
2022-23	-	-	4,295,000	437,300	3,615,000	300,000
2023-24	-	-	4,645,000	228,425	3,885,000	155,400
Totals	<u>\$ 3,685,000</u>	<u>\$ 205,600</u>	<u>\$ 30,160,000</u>	<u>\$ 5,493,275</u>	<u>\$ 14,135,000</u>	<u>\$ 3,050,700</u>

In October 2012, the College issued \$1,500,000 of Qualified Energy Conservation Bonds to finance capital costs for energy conservation measures. The bonds are due annually and interest is payable semi-annually, on June 15 and December 15, with interest at 4.62 percent per annum. The bonds qualify for interest subsidy payments from the U.S. Treasury for up to 70% of the interest payments on the bonds. Future gross bonded debt requirements are as follows:

	Principal	Interest	Total
2017-18	\$ 90,000	\$ 51,051	\$ 141,051
2018-19	95,000	46,893	141,893
2019-20	100,000	42,504	142,504
2020-21	100,000	37,884	137,884
2021-22	105,000	33,264	138,264
2022-23	110,000	28,413	138,413
2023-24	115,000	23,331	138,331
2024-25	125,000	18,018	143,018
2025-26	130,000	12,243	142,243
2026-27	135,000	6,237	141,237
Total	<u>\$ 1,105,000</u>	<u>\$ 299,838</u>	<u>\$ 1,404,838</u>

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

4 - LONG-TERM DEBT: (Contd)

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 5.91% to 6.25%. Future pension bonds requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	51,230,000	<u>\$ 13,635,154</u>	<u>\$ 64,865,154</u>
Less deferred interest	<u>(4,748,713)</u>		
Carrying amount	<u>\$ 46,481,287</u>		

Debt Obligations Payable

In October 2016, the College issued \$17,580,000 of Full Faith and Credit Obligations, Series 2016 to extinguish the remaining \$19,355,000 of Full Faith and Credit Obligations, Series 2010. The Series 2010 Obligations were used to finance the costs of capital improvements for the College's student housing project, to pay capitalized interest and to pay the costs of issuance of the Obligations. The Series 2010 Obligations were called on October 25, 2016.

The College advance refunded the Series 2010 Obligations to take advantage of lower interest rates and to reduce its total debt service payments over the life of the Series 2016 Obligations by \$3,171,550. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,554,977. The Series 2016 Obligations bear interest rates from 1.6% to 5% and the final maturity is on December 1, 2035. Debt service payments are scheduled semiannually.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

4 - LONG-TERM DEBT: (Contd)

Future Series 2016 Obligations debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-18	\$ 610,000	\$ 654,150	\$ 1,264,150
2018-19	635,000	632,300	1,267,300
2019-20	660,000	606,400	1,266,400
2020-21	685,000	579,500	1,264,500
2021-22	705,000	551,700	1,256,700
2022-23	735,000	522,900	1,257,900
2023-24	765,000	492,900	1,257,900
2024-25	790,000	464,200	1,254,200
2025-26	820,000	434,400	1,254,400
2026-27	855,000	400,900	1,255,900
2027-28	885,000	366,100	1,251,100
2028-29	915,000	330,100	1,245,100
2029-30	950,000	292,800	1,242,800
2030-31	990,000	254,000	1,244,000
2031-32	1,035,000	208,325	1,243,325
2032-33	1,080,000	155,450	1,235,450
2033-34	1,135,000	100,075	1,235,075
2034-35	1,180,000	54,000	1,234,000
2035-36	<u>1,210,000</u>	<u>18,150</u>	<u>1,228,150</u>
Totals	<u>\$16,640,000</u>	<u>\$ 7,118,350</u>	<u>\$23,758,350</u>

Notes Payable

In September 2013, the College executed promissory notes for the purchase of two aircraft totaling \$230,000. The notes are payable in monthly installments with interest at 3.685% and 3.2951% per annum. Future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-18	\$ 22,324	\$ 4,992	\$ 27,316
2018-19	23,154	4,162	27,316
2019-20	23,972	3,343	27,315
2020-21	24,838	1,478	26,316
2021-22	25,725	1,591	27,316
2022-23	26,645	671	27,316
2023-24	<u>4,401</u>	<u>24</u>	<u>4,425</u>
Total	<u>\$ 151,059</u>	<u>\$ 16,261</u>	<u>\$ 167,320</u>

4 - LONG-TERM DEBT: (Contd)

Foundation Long-Term Debt

The Foundation's long-term debt consists of \$18,247,605 in notes payable, net of unamortized deferred financing costs (See Note 10) and \$852,797 in obligations under split-interest agreements.

Foundation Obligations under Split-Interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at rates of 2.0 percent, for the year ending June 30, 2017, of the distributions to be made to the donor-designated beneficiaries. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value determined annually. 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 (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. 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 Foundation's consolidated statement of activities. The net revaluation of split-interest agreements as of June 30, 2017 was \$4,801.

5 - PENSION PLANS:

PUBLIC EMPLOYEES RETIREMENT SYSTEM:

Plan Description

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan which applies to qualifying College employees hired on or after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) The Individual Account Program (IAP), the defined contribution portion of the plan. Beginning January 1, 2004, all PERS member contributions go into the IAP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at:

<http://www.oregon.gov/pers/Pages/financials/Actuarial-Financial-Information.aspx>.

Benefits provided

A. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

B. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

C. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$2,544,608, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 9.14 percent for Tier One/Tier Two General Service Members and 3.67 percent for OPSRP Pension Program General Service Members, net of 10.62 percent of side account rate relief. An additional 6 percent contribution is required for the OPSRP Individual Account Program.

Notes to Financial Statements
Year Ended June 30, 2017

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and
Deferred Inflows of Resources related to Pensions

At June 30, 2017, the College reported a liability of \$55,158,787 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. PERS has established side accounts for employers that made lump sum payments to the plan in excess of their actuarially required contributions. Since different contribution rates are assessed to employers based on the value of the side accounts, the side account values were reflected separately in the proportionate share calculation. On June 30, 2016, the College's proportion was 0.50610821%.

For the year ended June 30, 2017, the College recognized pension expense of approximately \$13.0 million. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,513,702	\$ -
Changes in assumptions	16,204,408	-
Net difference between projected and actual earnings on investments	15,010,183	-
Changes in proportionate share	-	5,635,301
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,549,377
College's contributions subsequent to the measurement date	<u>2,544,608</u>	<u>-</u>
Deferred outflows/inflows at June 30, 2017	<u>\$ 36,272,901</u>	<u>\$ 10,184,678</u>

Contributions subsequent to the measurement date of \$2,544,608 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other deferred outflows of resources totaling \$33,728,293 less deferred inflows of resources of \$10,184,678 related to pensions will be recognized in pension expense as follows:

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 3,317,358
2018	3,317,358
2019	8,995,189
2020	7,063,296
2021	850,414
Total	<u>\$ 23,543,615</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

5 - PENSION PLANS: (Contd)

PUBLIC EMPLOYEES RETIREMENT SYSTEM: (Contd)

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	\$101,860,288	\$55,158,787	\$ 16,124,503

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Transition Liability

The College reports a separate liability to the plan with a balance of \$7,356,873 at June 30, 2017. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.85 percent of covered payroll for payment of this transition liability.

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.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

5 - PENSION PLANS: (Contd)

EARLY RETIREMENT PLAN: (CONTD)

Retirement eligibility – management employees with 10 years of College service immediately preceding retirement and age 58 or age 55 with 30 years of Oregon PERS service. Faculty employees at age 55 and 10 years of College service immediately preceding retirement.

Stipend benefit – management employees receive 1.25% of the retiree’s last regular monthly salary, multiplied by the number of full months of continuous permanent employment up to 192 months, divided by 12 payable until age 65. Faculty employees receive \$175 per month payable to age 62.

Contributions and Funding

The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73. The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Benefits are paid when due. There are no administrative costs attributable to the plan and the plan’s activities are reported in the financial statements. For the year ended June 30, 2017, changes in the pension liability are as follows:

Pension liability - July 1, 2016	\$ 831,037
Benefit payments	(168,493)
Service cost	5,418
Interest on total pension liability	26,735
Change in assumptions	(710)
Experience (gain)/loss	<u>(178,298)</u>
Pension liability - June 30, 2017	<u>\$ 515,689</u>

Actuarial Valuation

The actuarial information is from a valuation dated June 30, 2017. The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan’s normal cost for the valuation year. The actuarial assumptions included (a) a discount rate of 3.58%, (b) an assumed inflation rate of 2.5% for all future years, and (c) 3.5% salary increases per annum for all future years. Active employee mortality is assumed to be 75% for males and 60% for females.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

5 - PENSION PLANS: (Contd)

EARLY RETIREMENT PLAN: (CONTD)

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total pension liability - 6/30/2017	\$ 529,299	\$ 515,689	\$ 502,102

Stipend Expense/Gain and Deferred Inflows of Resources

For the year ended June 30, 2017, the College recognized Stipend expense of \$12,217. As of June 30, 2017, the College reported deferred inflows of resources including \$158,442 from experience gain and \$630 from change in assumptions. Amounts reported as deferred inflows of resources will be recognized in expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ (19,936)
2019	(19,936)
2020	(19,936)
2021	(19,936)
2022	(19,936)
All subsequent years	<u>(59,392)</u>
Total	<u>\$ (159,072)</u>

6 – POSTEMPLOYMENT HEALTH CARE BENEFITS:

Plan Description

The College maintains a single-employer defined benefit postemployment health care 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. Additionally, the College makes the same healthcare benefit plans offered to current employees available to retirees and their dependents (regardless of eligibility for the explicit benefits described above) until such time as the retirees are eligible for Medicare. Although the College does not pay any portion of the plan premiums for retirees not eligible for the explicit benefit, there is an implicit benefit because a) the greater claims associated with retirees are reflected in the plan rates and b) those who opt to be covered by the College plans pay lesser premiums than they would had they bought coverage elsewhere. The College Board of Education authorizes the plan and may change the benefits, in conjunction with collective bargaining. The College does not issue a stand-alone report for this plan.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

6 – POSTEMPLOYMENT HEALTH CARE BENEFITS: (Contd)

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

	<u>Classified</u>	<u>Faculty</u>	<u>Management</u>	<u>Total</u>
Active employees	318	181	64	563
Retirees	<u>14</u>	<u>46</u>	<u>12</u>	<u>72</u>
Total	<u><u>332</u></u>	<u><u>227</u></u>	<u><u>76</u></u>	<u><u>635</u></u>

Contributions and Funding

The plan is currently unfunded as defined by current GASB standards. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The benefits from this program are fully paid by the College and, consequently, no contributions by employees are required. Benefits are paid when due. There are no administrative costs attributable to the plan and the plan's activities are reported in the financial statements. For the year ended June 30, 2017, changes in the postemployment healthcare benefits liability are as follows:

Total OPEB liability - July 1, 2016	\$ 9,750,770
Service cost	214,047
Interest on total OPEB liability	334,898
Change in assumptions	(271,482)
Experience gain	(927,782)
Benefit payments - explicit medical	(529,951)
Benefit payments - implicit medical	<u>(262,227)</u>
Total OPEB liability - June 30, 2017	<u>\$ 8,308,273</u>

For the year ended June 30, 2017, the College recognized OPEB expense of \$412,973. As of June 30, 2017, the College reported deferred inflows of resources including \$822,591 from experience gain and \$240,701 from change in assumptions. Amounts reported as deferred inflows of resources will be recognized in expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ (135,972)
2019	(135,972)
2020	(135,972)
2021	(135,972)
2022	(135,972)
All subsequent years	<u>(383,432)</u>
Total	<u>\$ (1,063,292)</u>

6 – POSTEMPLOYMENT HEALTH CARE BENEFITS: (Contd)

Actuarial Valuation

The actuarial information is from a valuation dated June 30, 2017. The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the plan's normal cost for the valuation year. The actuarial assumptions included (a) a discount rate of 3.58%, (b) an assumed inflation rate of 2.5% for all future years, (c) 3.5% salary increases per annum for all future years; and (d) healthcare cost trend rates of 8% or 7% for medical depending on provider graded down to 5%. Active employee mortality is assumed to be 75% for males and 60% for females.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.58%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	<u>1% Decrease</u> <u>(2.58%)</u>	<u>Discount Rate</u> <u>(3.58%)</u>	<u>1% Increase</u> <u>(4.58%)</u>
Total OPEB liability - 6/30/2017	\$ 8,835,056	\$ 8,308,273	\$ 7,813,278

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Health</u> <u>Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability - 6/30/2017	\$ 7,810,111	\$ 8,308,273	\$ 8,836,417

7 - 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.

8 - RISK MANAGEMENT:

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College participates in the United Schools Insurance Program of Oregon and pays an annual premium for its property, crime, commercial general liability and automobile liability and physical damage coverages. The Program 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.

9 – COMMITMENTS:

The College secured additional financing for its Downtown Campus building by using New Markets Tax Credits (NMTC) in accordance with Section 45D of the Internal Revenue Code of 1986, as amended. The NMTC is the result of a federal program designed to stimulate capital investments in low income communities by providing a credit against Federal income taxes for investors that make Qualified Equity Investments (QEI's) into Community Development Entities (CDE's). In order to facilitate the transactions, the College leased that portion of the Downtown Campus building being financed with NMTC's to a special purpose entity (the QALICB). The credit provided to the investor bank (US Bancorp) totals \$7.41 million of the cost of the total investment and is claimed over a seven year period. The College, as one of the guarantors, will indemnify the Bank against the recapture and/or disallowance of NMTC's as a result of (a) the failure of QALICB to maintain its status as a "qualified active low-income community business"; (b) the redemption by a CDE of any portion of the Equity Investments caused directly or indirectly by the QALICB's violation of the CDE Loan Documents; (c) the failure of any tenant or subtenant of the Project to be classified as a Qualified Business; (d) the failure of a CDE to maintain substantially all of the Equity Investments invested in QLICIs attributable to a prepayment of any of the QLICI Loans by the QALICB in violation of the CDE Loan Documents; (e) any Guarantor's gross negligence, fraud, willful misconduct, malfeasance, material violation of any law; (f) any other act or omission by or within the control of any Guarantor; (g) the breach by the QALICB of any warranty or covenant as contained in any of the Transaction Documents; (h) any representation of the QALICB as contained in any Transaction Document shall prove to be false or misleading in any respect; or (i) a determination by the CDFI Fund or the IRS that the use of QLICI proceeds: (i) constituted an inappropriate or abusive use of such proceeds or (ii) is inconsistent with the purposes of Section 45D of the Code and the related Treas. Reg., as provided in Treas. Reg. Section 1.45D-1(g), respectively

The College has approximately \$3.3 million in remaining construction contract commitments at June 30, 2017.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

10 – LANE COMMUNITY COLLEGE FOUNDATION –
DOWNTOWN CAMPUS QALICB, LLC:

In April 2012, the Foundation created Downtown Campus QALICB, LLC, a wholly-owned subsidiary. The LLC was organized to acquire, develop, rehabilitate, own and operate real property.

The LLC entered into a lease agreement with the College to lease real property constructed by the College under a capital lease, which was paid in full during 2012. The lease is for a term of 65 years and was financed with long-term debt. The lease agreement restricts the use of the property and states that the LLC shall sublease the premise to the College.

The LLC entered into an operating lease agreement in June 2012 with the College to lease the property to the College commencing July 1, 2012. The lease calls for quarterly payments of \$50,260 during 2013 through June 2019, and \$215,304 for each quarter thereafter, increasing by 1.96 percent annually, ending June 30, 2045. Management intends to cancel the lease during 2019.

As of June 30, 2017, the assets, liabilities and members capital of the subsidiary consisted of the following:

Cash	\$ 302,171
Building, net of accumulated depreciation	<u>16,820,689</u>
Total assets	<u>\$ 17,122,860</u>
Other liabilities	\$ 81,527
Notes payable	18,247,605
Investment from the Foundation	985,000
Members capital	<u>(2,191,272)</u>
Total liabilities and member capital	<u>\$ 17,122,860</u>

The notes payable consist of six separate notes payable in quarterly interest only installments commencing September 2012 through June 2019 and quarterly payments totaling \$210,998 thereafter, including interest at 1.25%. The final payment is due in June 2045. The notes are secured by a leasehold trust deed, assignment of leases and rents, security agreement and fixture filing.

11 – 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 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.

LANE COMMUNITY COLLEGE

Notes to Financial Statements
Year Ended June 30, 2017

12 – PRIOR PERIOD ADJUSTMENT:

Based on implementation of GASB No. 75, the College had a prior period adjustment to the beginning net position. The effect of this adjustment is as follows:

Net Position:

Net position - beginning of year, as previously reported	\$ 57,841,572
Prior period adjustment	<u>(7,365,183)</u>
Net position - beginning of year, as restated	<u>\$ 50,476,389</u>

Required Supplementary Information

LANE COMMUNITY COLLEGE

Schedule of the Proportionate Share of the Net Pension Liability
Public Employees Retirement System Plan

Year Ended June 30,	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b/c) College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.50610821%	\$ 55,158,787	\$ 51,114,963	107.91%	80.53%
2016	0.53811010%	10,180,853	52,065,390	19.55%	91.88%
2015	0.57906368%	(37,976,127)	52,201,492	-72.75%	103.60%
2014	0.57906368%	5,874,183	50,786,798	11.57%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LANE COMMUNITY COLLEGE

Schedule of Contributions
Public Employees Retirement System Plan

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) College's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 2,544,608	\$ 2,544,608	\$ -	\$ 51,114,963	4.98%
2016	2,747,432	2,747,432	-	52,065,390	5.28%
2015	3,375,672	3,375,672	-	52,201,492	6.47%
2014	3,333,692	3,333,692	-	50,786,798	6.56%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LANE COMMUNITY COLLEGE

Schedule of Total Pension Liability
Early Retirement Plan

Year Ended June 30,	Total Pension Liability (TPL)	Covered Payroll	TPL as a Percentage of Covered Payroll
2017	\$ 515,689	\$ 13,475,913	3.8%
2016	831,037	12,705,056	6.5%
2015	1,024,606	12,245,837	8.4%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LANE COMMUNITY COLLEGE

Schedule of Total OPEB Liability
 Postemployment Health Care Benefits Plan

<u>Year Ended June 30,</u>	<u>Total OPEB Liability (TOL)</u>	<u>Covered Payroll</u>	<u>TOL as a Percentage of Covered Payroll</u>
2017	\$ 8,308,273	\$ 33,969,930	24.5%
2016	9,750,770	36,045,267	27.1%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

LANE COMMUNITY COLLEGE

Notes to Required Supplementary Information

Public Employees Retirement System Plan:

Changes in Plan Provisions

Key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which was published on September 18, 2013 and can be found at:

<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

and in a letter from the plan's actuary dated May 23, 2016 which can be found at:

<http://www.oregon.gov/pers/EMP/Documents/GASB/2015/Letter-From-Actuary-5-23-16.pdf>

Changes of assumptions

Key changes in assumptions for the December 31, 2012 and 2013 valuations are described in the Oregon Public Employees Retirement System's 2012 Experience Study (Updated) which was published on September 18, 2013 and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2013/Experience-Study-Updated.pdf>

Key changes in assumptions for the December 31, 2014 and 2015 valuations are described in the Oregon Public Employees Retirement System's 2014 Experience Study which was published on September 23, 2015 and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Early Retirement Plan:

Changes in plan provisions and assumptions

No material changes in the census or plan provisions have occurred.

There were no significant changes in plan assumptions.

Postemployment Health Care Benefits Plan:

Changes in plan provisions and assumptions

No material changes in the census or plan provisions have occurred.

There were no significant changes in plan assumptions.

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, pension bonds payable and notes 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, telephone services, motor pool and other.

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
GENERAL FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State community college support	\$ 26,930,000	\$ 27,230,150	\$ 300,150
Property taxes	18,958,100	18,746,752	(211,348)
Tuition and fees:			
Tuition	24,967,900	23,326,169	(1,641,731)
Fees	4,691,517	3,951,094	(740,423)
Other sources:			
Sales of goods and services	727,300	906,448	179,148
Interest income	165,000	344,656	179,656
Other	3,442,161	2,636,513	(805,648)
Total revenues	79,881,978	77,141,782	(2,740,196)
Expenditures:			
Instruction	45,199,287	44,060,829	1,138,458
Instructional support services	6,128,935	5,368,796	760,139
Student services	9,614,409	8,436,405	1,178,004
College support services	15,329,127	13,778,025	1,551,102
Plant operations and maintenance	7,234,818	5,884,198	1,350,620
Contingency	2,350,000	-	2,350,000
Total expenditures	85,856,576	77,528,253	8,328,323
Revenues over-(under) expenditures	(5,974,598)	(386,471)	5,588,127
Other financing sources-(uses):			
Transfers in	67,500	246,721	179,221
Transfers out	(3,170,978)	(3,022,105)	148,873
Total other financing sources-(uses)	(3,103,478)	(2,775,384)	328,094
Changes in fund balance	(9,078,076)	(3,161,855)	5,916,221
Fund balance - July 1, 2016	11,610,600	12,988,183	1,377,583
Fund balance - June 30, 2017	<u>\$ 2,532,524</u>	<u>\$ 9,826,328</u>	<u>\$ 7,293,804</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ADMINISTRATIVELY RESTRICTED FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Federal	\$ 105,000	\$ 31,770	\$ (73,230)
Tuition and fees:			
Tuition	455,000	261,414	(193,586)
Fees	5,318,917	5,165,938	(152,979)
Other sources:			
Sales of goods and services	2,112,526	2,031,221	(81,305)
Interest income	9,000	4,303	(4,697)
Other	2,978,588	1,463,387	(1,515,201)
Total revenues	<u>10,979,031</u>	<u>8,958,033</u>	<u>(2,020,998)</u>
Expenditures:			
Instruction	5,035,605	4,160,023	875,582
Community services	2,141,000	1,950,349	190,651
Instructional support services	760,542	674,196	86,346
Student services	3,329,817	2,427,960	901,857
College support services	1,131,088	1,074,852	56,236
Contingency	6,694,684	-	6,694,684
Total expenditures	<u>19,092,736</u>	<u>10,287,380</u>	<u>8,805,356</u>
Revenues over-(under) expenditures	<u>(8,113,705)</u>	<u>(1,329,347)</u>	<u>6,784,358</u>
Other financing sources-(uses):			
Transfers in	1,279,000	1,312,416	33,416
Transfers out	(329,479)	(243,979)	85,500
Total other financing sources-(uses)	<u>949,521</u>	<u>1,068,437</u>	<u>118,916</u>
Changes in fund balance	(7,164,184)	(260,910)	6,903,274
Fund balance - July 1, 2016	<u>7,164,184</u>	<u>7,723,683</u>	<u>559,499</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 7,462,773</u>	<u>\$ 7,462,773</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SPECIAL REVENUE FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State	\$ 2,700,000	\$ 2,242,585	\$ (457,415)
Federal	6,507,000	4,843,428	(1,663,572)
Tuition and fees	125,000	45,153	(79,847)
Other sources:			
Sales of goods and services	20,000	46,680	26,680
Other	2,180,000	821,190	(1,358,810)
Total revenues	<u>11,532,000</u>	<u>7,999,036</u>	<u>(3,532,964)</u>
Expenditures:			
Instruction	4,832,880	2,544,076	2,288,804
Community services	5,692,880	4,489,727	1,203,153
Instructional support services	54,200	2,569	51,631
Student services	1,118,840	913,244	205,596
College support services	54,200	4,982	49,218
Total expenditures	<u>11,753,000</u>	<u>7,954,598</u>	<u>3,798,402</u>
Revenues over-(under) expenditures	(221,000)	44,438	265,438
Other financing sources-(uses):			
Transfers out	(4,000)	-	4,000
Changes in fund balance	(225,000)	44,438	269,438
Fund balance - July 1, 2016	<u>225,000</u>	<u>331,796</u>	<u>106,796</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 376,234</u>	<u>\$ 376,234</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
STUDENT FINANCIAL AID FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State	\$ 4,425,000	\$ 5,253,688	\$ 828,688
Federal	55,158,000	30,164,782	(24,993,218)
Other sources:			
Interest income	100,000	54,137	(45,863)
Other	3,040,000	3,125,496	85,496
Total revenues	<u>62,723,000</u>	<u>38,598,103</u>	<u>(24,124,897)</u>
Expenditures:			
Financial aid	62,690,500	38,810,888	23,879,612
Contingency	207,500	-	207,500
Total expenditures	<u>62,898,000</u>	<u>38,810,888</u>	<u>24,087,112</u>
Revenues over-(under) expenditures	(175,000)	(212,785)	(37,785)
Other financing sources-(uses):			
Transfers out	(550,000)	(198,770)	351,230
Changes in fund balance	(725,000)	(411,555)	313,445
Fund balance - July 1, 2016	<u>725,000</u>	<u>2,072,590</u>	<u>1,347,590</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 1,661,035</u>	<u>\$ 1,661,035</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
DEBT SERVICE FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 6,852,975	\$ 6,851,438	\$ (1,537)
Other sources:			
Interest income	2,600	42,345	39,745
Other	4,549,050	4,621,459	72,409
Total revenues	<u>11,404,625</u>	<u>11,515,242</u>	<u>110,617</u>
Expenditures:			
Debt service	13,662,419	13,441,076	221,343
Issuance costs	-	163,184	(163,184)
Total expenditures	<u>13,662,419</u>	<u>13,604,260</u>	<u>58,159</u>
Revenues over-(under) expenditures	<u>(2,257,794)</u>	<u>(2,089,018)</u>	<u>168,776</u>
Other financing sources-(uses):			
Transfers in	1,638,982	1,611,493	(27,489)
Bond proceeds	-	19,825,665	19,825,665
Payment to refunded bond escrow	-	(19,662,482)	(19,662,482)
Total other financing sources-(uses)	<u>1,638,982</u>	<u>1,774,676</u>	<u>135,694</u>
Changes in fund balance	(618,812)	(314,342)	304,470
Fund balance - July 1, 2016	<u>618,812</u>	<u>842,423</u>	<u>223,611</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 528,081</u>	<u>\$ 528,081</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
CAPITAL PROJECTS FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State	\$ 1,687,000	\$ 298,122	\$ (1,388,878)
Other sources:			
Interest income	-	15,397	15,397
Other	-	350,642	350,642
Total revenues	1,687,000	664,161	(1,022,839)
Expenditures:			
Plant additions	9,625,608	2,475,914	7,149,694
Revenues over-(under) expenditures	(7,938,608)	(1,811,753)	6,126,855
Other financing sources-(uses):			
Transfers in	1,252,475	1,275,424	22,949
Transfers out	(36,000)	(35,951)	49
Total other financing sources-(uses)	1,216,475	1,239,473	22,998
Changes in fund balance	(6,722,133)	(572,280)	6,149,853
Fund balance - July 1, 2016	6,722,133	4,637,219	(2,084,914)
Fund balance - June 30, 2017	\$ -	\$ 4,064,939	\$ 4,064,939

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
ENTERPRISE FUND
Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Tuition and fees	\$ 3,282,000	\$ 4,903,345	\$ 1,621,345
Sale of goods and services	10,130,000	4,335,081	(5,794,919)
Interest income	175,000	197,003	22,003
Other	2,817,499	1,786,947	(1,030,552)
Total revenues	<u>16,404,499</u>	<u>11,222,376</u>	<u>(5,182,123)</u>
Expenditures:			
Instruction	207,127	124,641	82,486
Student services	14,686,573	11,389,852	3,296,721
Contingency	7,987,799	-	7,987,799
Total expenditures	<u>22,881,499</u>	<u>11,514,493</u>	<u>11,367,006</u>
Revenues over-(under) expenditures	<u>(6,477,000)</u>	<u>(292,117)</u>	<u>6,184,883</u>
Other financing sources-(uses):			
Transfers in	25,000	94,771	69,771
Transfers out	(1,548,000)	(1,470,500)	77,500
Total other financing sources-(uses)	<u>(1,523,000)</u>	<u>(1,375,729)</u>	<u>147,271</u>
Changes in fund balance	(8,000,000)	(1,667,846)	6,332,154
Fund balance - July 1, 2016	<u>8,000,000</u>	<u>7,039,141</u>	<u>(960,859)</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 5,371,295</u>	<u>\$ 5,371,295</u>

LANE COMMUNITY COLLEGE

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
INTERNAL SERVICE FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Sale of goods and services	\$ 1,233,000	\$ 876,567	\$ (356,433)
Fees	47,000	30,146	(16,854)
Other sources	25,000	23,782	(1,218)
Total revenues	<u>1,305,000</u>	<u>930,495</u>	<u>(374,505)</u>
Expenditures:			
College support services:	1,720,000	1,151,958	568,042
Contingency	400,000	-	400,000
Total expenditures	<u>2,120,000</u>	<u>1,151,958</u>	<u>968,042</u>
Revenues over-(under) expenditures	<u>(815,000)</u>	<u>(221,463)</u>	<u>593,537</u>
Other financing sources-(uses):			
Transfers in	396,000	446,980	50,980
Transfers out	(56,000)	(16,500)	39,500
Total other financing sources-(uses)	<u>340,000</u>	<u>430,480</u>	<u>90,480</u>
Changes in fund balance	(475,000)	209,017	684,017
Fund balance - July 1, 2016	<u>475,000</u>	<u>401,669</u>	<u>(73,331)</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ 610,686</u>	<u>\$ 610,686</u>

STATISTICAL SECTION

This part of Lane Community College's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

Operating Information - These schedules contain services and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

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

Financial Trends Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Net Position by Component and
Changes in Net Position
Last Ten Fiscal Years

	June 30,			
	2017	2016	2015	2014
NET POSITION BY COMPONENT				
Net investment in capital assets	\$ 90,967,494	\$ 91,483,617	\$ 83,384,282	\$ 86,165,516
Net position, restricted	4,194,895	5,265,876	7,946,942	16,664,097
Net position, unrestricted	<u>(63,953,999)</u>	<u>(38,907,921)</u>	<u>(12,898,248)</u>	<u>39,999,570</u>
TOTAL NET POSITION	<u>\$ 31,208,390</u>	<u>\$ 57,841,572</u>	<u>\$ 78,432,976</u>	<u>\$ 142,829,183</u>
Years ended June 30,				
	2017	2016	2015	2014
CHANGES IN NET POSITION				
Operating revenues				
Student tuition and fees	\$ 37,336,259	\$ 36,748,559	\$ 39,857,670	\$ 44,434,463
Grants and contracts	28,575,108	28,245,044	33,289,160	40,213,952
Sale of goods and services	7,319,430	8,042,658	8,298,210	10,247,324
Other operating revenue	<u>8,557,991</u>	<u>9,756,897</u>	<u>9,908,729</u>	<u>9,004,708</u>
Total operating revenues	<u>81,788,788</u>	<u>82,793,158</u>	<u>91,353,769</u>	<u>103,900,447</u>
Operating expenses				
Instruction	52,552,112	66,615,910	40,983,742	60,885,060
Community services	6,439,654	6,995,029	5,606,626	6,743,984
Instructional support services	6,231,338	7,542,474	4,805,031	6,332,683
Student services	22,605,315	26,177,779	20,481,101	24,902,088
College support services	15,151,435	18,017,400	10,554,688	12,562,786
Plant operations and maintenance	7,545,912	10,127,053	6,198,621	7,710,510
Financial aid	24,469,394	25,344,988	27,986,681	34,753,136
Depreciation	<u>6,204,560</u>	<u>5,801,163</u>	<u>4,918,551</u>	<u>4,584,499</u>
Total operating expenses	<u>141,199,720</u>	<u>166,621,796</u>	<u>121,535,041</u>	<u>158,474,746</u>
Nonoperating revenues (expenses)				
State community college support	20,592,064	38,476,320	24,158,025	36,727,655
Property taxes	25,550,023	23,918,649	24,414,468	22,743,861
Investment income (loss)	757,561	688,104	523,657	11,089,139
Interest expense	(4,635,268)	(5,567,565)	(6,346,762)	(6,514,098)
Gain (loss) on disposal of capital assets	(1,958,263)	-	-	-
Other nonoperating revenues (expenses)	<u>(163,184)</u>	<u>(163,048)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>40,142,933</u>	<u>57,352,460</u>	<u>42,749,388</u>	<u>64,046,557</u>
Capital contributions	<u>-</u>	<u>7,600,000</u>	<u>-</u>	<u>-</u>
Cumulative effect of change in accounting policy	<u>(7,365,183)</u>	<u>(1,715,226)</u>	<u>(73,986,583)</u>	<u>-</u>
TOTAL CHANGE IN NET POSITION	<u>\$ (26,633,182)</u>	<u>\$ (20,591,404)</u>	<u>\$ (61,418,467)</u>	<u>\$ 9,472,258</u>

Source

Lane Community College Comprehensive Annual Financial Report

June 30,					
2013	2012	2011	2010	2009	2008
\$ 83,679,346	\$ 84,501,930	\$ 74,245,090	\$ 71,599,531	\$ 62,199,844	\$ 51,565,256
10,638,915	9,207,952	12,746,012	7,291,576	6,588,984	29,822,485
39,038,664	49,708,518	33,573,524	34,830,818	17,363,286	1,459,072
<u>\$ 133,356,925</u>	<u>\$ 143,418,400</u>	<u>\$ 120,564,626</u>	<u>\$ 113,721,925</u>	<u>\$ 86,152,114</u>	<u>\$ 82,846,813</u>
Years ended June 30,					
2013	2012	2011	2010	2009	2008
\$ 47,533,472	\$ 50,944,010	\$ 48,676,549	\$ 45,582,278	\$ 34,986,270	\$ 29,297,111
47,573,883	52,458,273	48,694,168	56,603,841	34,322,646	22,107,702
11,777,535	13,781,545	13,420,535	12,019,997	10,076,217	9,032,167
11,304,573	7,991,844	7,475,413	6,918,513	5,997,134	6,141,068
<u>118,189,463</u>	<u>125,175,672</u>	<u>118,266,665</u>	<u>121,124,629</u>	<u>85,382,267</u>	<u>66,578,048</u>
61,109,207	59,592,551	58,238,835	54,650,662	49,007,701	45,476,077
6,560,038	6,412,405	5,550,825	5,086,857	5,846,678	5,226,699
6,154,786	5,921,969	5,473,840	4,704,212	4,197,496	3,840,765
25,638,484	26,379,672	23,786,244	22,526,789	19,246,710	18,069,265
15,514,136	14,287,846	11,873,926	11,953,269	13,697,310	9,841,113
9,736,298	10,730,306	10,647,742	18,775,624	10,520,521	6,062,482
40,664,353	45,242,381	40,850,517	38,449,942	23,422,827	16,169,250
4,233,641	3,705,278	3,262,947	2,741,972	2,634,292	2,605,782
<u>169,610,943</u>	<u>172,272,408</u>	<u>159,684,876</u>	<u>158,889,327</u>	<u>128,573,535</u>	<u>107,291,433</u>
18,147,123	33,478,815	18,841,504	35,907,437	23,078,963	35,988,864
22,916,036	23,037,606	21,842,450	15,783,198	20,936,965	18,861,085
6,670,074	905,484	11,781,138	9,093,894	(15,448,802)	(139,417)
(5,781,172)	(4,494,525)	(4,583,511)	(4,718,909)	(3,358,846)	(3,558,839)
-	-	-	-	-	-
(276,526)	(60,033)	(20,669)	(28,901)	(32,696)	(124,643)
<u>41,675,535</u>	<u>52,867,347</u>	<u>47,860,912</u>	<u>56,036,719</u>	<u>25,175,584</u>	<u>51,027,050</u>
448,000	17,083,163	400,000	9,297,790	3,168,405	-
<u>(763,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,838,915</u>
<u>\$ (10,061,475)</u>	<u>\$ 22,853,774</u>	<u>\$ 6,842,701</u>	<u>\$ 27,569,811</u>	<u>\$ (14,847,279)</u>	<u>\$ 18,152,580</u>

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	Percent of Levy Collected In First Year	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2016-17	\$26,145,254	\$24,879,961	95.16 %	\$ -	\$24,879,961	95.16 %
2015-16	24,788,346	23,433,924	94.54	240,141	23,674,065	95.50
2014-15	24,928,189	23,628,240	94.79	246,970	23,875,210	95.78
2013-14	23,684,644	22,435,578	94.73	270,448	22,706,026	95.87
2012-13	23,244,695	21,856,354	94.03	283,519	22,139,873	95.25
2011-12	23,342,260	21,927,389	93.94	431,304	22,358,693	95.79
2010-11	22,325,922	21,062,898	94.34	425,642	21,488,540	96.25
2009-10	22,169,481	20,766,615	93.67	570,486	21,337,101	96.25
2008-09	21,353,330	20,066,039	93.97	600,157	20,666,196	96.78
2007-08	19,644,259	18,425,199	93.79	491,796	18,916,995	96.30

Source

Lane Community College finance records
County Tax Collectors

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Property Tax Collections by County
Last Ten Fiscal Years

Fiscal Year	Lane County Tax Collectons and Percent of Total		Linn County Tax Collectons and Percent of Total		Benton County Tax Collectons and Percent of Total		Douglas County Tax Collectons and Percent of Total		Total Tax Collections	
2016-17	\$25,129,459	98.4%	\$ 312,617	1.2%	\$ 99,055	0.4%	\$ 8,892	0.0%	\$25,550,023	100.0%
2015-16	23,622,396	98.4%	277,081	1.2%	93,542	0.4%	8,617	0.0%	24,001,636	100.0%
2014-15	24,122,570	98.4%	284,030	1.2%	94,721	0.4%	8,881	0.0%	24,510,202	100.0%
2013-14	22,897,089	98.4%	269,345	1.2%	85,843	0.4%	8,366	0.0%	23,260,643	100.0%
2012-13	22,456,637	98.4%	262,892	1.2%	89,911	0.4%	8,533	0.0%	22,817,973	100.0%
2011-12	21,939,330	98.4%	257,512	1.2%	91,471	0.4%	8,016	0.0%	22,296,329	100.0%
2010-11	21,314,282	98.4%	248,115	1.1%	85,159	0.4%	7,357	0.0%	21,654,913	100.0%
2009-10	21,190,905	98.5%	241,456	1.1%	82,365	0.4%	7,045	0.0%	21,521,771	100.0%
2008-09	20,428,518	98.5%	231,219	1.1%	80,178	0.4%	7,655	0.0%	20,747,570	100.0%
2007-08	18,446,121	98.4%	217,703	1.2%	73,665	0.4%	7,046	0.0%	18,744,535	100.0%

Source

Lane Community College Comprehensive Annual Financial Report
Lane Community College finance records

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Lane County, Oregon
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Property Class				
Residential	\$ 11,669,538,072	\$ 12,238,252,806	\$ 12,738,935,537	\$ 13,182,948,833
Commercial ^c	2,648,462,926	2,741,402,996	2,952,788,580	3,122,253,063
Industrial ^c	2,293,935,760	2,144,226,025	2,193,056,565	1,891,268,723
Commercial/Industrial ^c				
Tract	2,700,717,402	2,872,632,830	3,320,335,139	3,564,939,764
Farm and Range	515,361,179	548,688,937	554,752,761	546,310,962
Forest	622,589,415	642,533,655	659,628,419	672,286,396
Multiple Housing	1,025,875,403	1,131,366,250	1,139,612,646	1,184,602,539
Recreation	466,972,883	486,392,156	194,649,646	75,114,951
Small Tract Forestland	93,510,612	96,112,182	99,675,432	100,182,200
Miscellaneous	2,181,525	1,994,500	1,841,079	1,665,266
Personal	737,126,581	764,432,164	742,435,555	699,549,325
Manufactured Structures	348,267,868	349,767,857	327,511,572	274,857,036
Utilities	549,141,809	545,274,620	694,125,923	698,150,851
Machinery & Equipment ^d	-	-	-	-
	23,673,681,435	24,563,076,978	25,619,348,854	26,014,129,909
Other				
Plus Nonprofit Housing	8,289,461	8,538,145	8,794,289	9,058,117
Less Urban Renewal Excess	(245,618,775)	(273,863,735)	(288,676,272)	(290,901,476)
Total Taxable Assessed Value ^{a b}	\$ 23,436,352,121	\$ 24,297,751,388	\$ 25,339,466,871	\$ 25,732,286,550
Total Direct Tax Rate ^c	1.4020	1.4007	1.3971	1.3921
Estimated Actual Value of Property	\$ 41,729,282,436	\$ 43,631,332,946	\$ 41,711,522,718	\$ 38,108,802,366
Actual Value of Property per Capita	121,610	126,146	119,968	109,335
Total Assessed Value to Estimated Actual Value of Taxable Property	56.16%	55.69%	60.75%	67.52%

Notes

- a. Assessments are limited to an increase of 3% not to exceed real market value. However, property is subject to reassessment if improved, partitioned, subdivided, rezoned, previously omitted, or disqualified from exemption.
- b. Taxable assessed values are reported net of tax exempt property.
- c. Total Direct Tax Rate is per \$1,000 of value.
- d. Assessment and Taxation reported machinery and equipment separately in 2013.
In prior years it was combined under both Commercial and Industrial values.
- e. Commercial and Industrial property classes were merged in fiscal year 2013 for reporting purposes

Source

Lane County Department of Assessment and Taxation

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$13,632,435,080	\$ 13,889,294,763	\$ 14,337,813,098	\$ 14,918,464,841	\$ 15,457,386,700	\$ 15,994,920,595
3,196,797,665	-	-	-	-	-
1,869,301,503	-	-	-	-	-
	4,683,148,527	4,801,119,331	4,949,095,195	5,141,874,509	5,183,679,096
3,677,573,128	3,846,693,626	3,938,560,602	4,095,659,549	4,236,301,506	4,377,780,136
540,685,754	535,969,681	552,149,942	582,561,060	609,276,908	634,111,861
686,965,719	691,027,753	715,953,166	748,483,024	790,535,882	828,431,791
1,231,657,010	1,290,099,928	1,349,785,265	1,439,173,974	1,579,882,482	1,675,196,462
77,096,961	4,774,254	4,926,058	4,910,433	5,106,744	5,259,986
100,853,981	97,155,691	100,349,206	107,255,984	112,788,330	116,406,698
1,586,352	1,523,479	1,515,946	1,626,772	1,621,606	2,228,229
672,963,916	659,984,419	657,045,262	673,464,110	698,779,190	741,697,296
273,342,593	261,900,630	251,672,127	258,520,193	270,014,603	285,863,129
718,537,083	711,107,188	738,383,164	803,554,049	881,254,228	927,534,823
-	542,028,713	476,917,483	590,998,713	668,928,594	668,602,471
26,679,796,745	27,214,708,652	27,926,190,650	29,173,767,897	30,453,751,282	31,441,712,573
9,329,861	9,609,757	9,898,049	10,194,991	10,500,841	8,532,472
(302,973,107)	(325,513,533)	(351,557,536)	(394,337,685)	(428,141,705)	(481,657,987)
\$26,386,153,499	\$ 26,898,804,876	\$ 27,584,531,163	\$ 28,789,625,203	\$ 30,036,110,418	\$ 30,968,587,058
1.3942	1.3908	1.3876	1.9345	1.8293	1.6743
\$ 37,261,878,627	\$ 35,736,940,602	\$ 36,172,462,575	\$ 39,151,561,247	\$ 41,012,353,816	\$ 42,542,906,425
105,511	100,895	101,572	109,117	113,247	116,257
70.81%	75.27%	76.26%	73.53%	73.24%	72.79%

LANE COMMUNITY COLLEGE
EUGENE, OREGON

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

Taxing Entity	Fiscal Year Taxes are Payable ^b			
	2008	2009	2010	2011
<u>County Direct Rate</u>				
Lane County ^c	1.2793	1.2793	1.2793	1.2793
General Obligation Debt Service	0.1227	0.1214	0.1178	0.1128
	1.4020	1.4007	1.3971	1.3921
<u>Lane Community College</u>	0.8306	0.8705	0.8534	0.8589
<u>Lane Education Service District</u>	0.2232	0.2232	0.2232	0.2232
<u>Linn-Benton-Lincoln ESD</u>	0.3049	0.3049	0.3049	0.3049
<u>Schools</u>				
Alsea	5.0811	5.0811	5.0811	5.0811
Bethel	6.8041	7.1555	6.8780	6.1279
Blachly	5.1023	5.1023	5.1023	5.1023
Creswell	8.5743	8.7008	8.3737	8.2917
Crow-Applegate	6.4255	6.4255	6.4255	6.4255
Eugene	7.5889	7.6242	7.6414	7.4448
Fern Ridge	6.6965	6.7856	6.8415	6.9201
Harrisburg	6.2815	6.3056	6.1016	6.1666
Junction City	4.5604	4.5604	4.5604	4.5604
Lincoln County	5.6203	5.6348	5.6986	5.6593
Lowell	5.0409	5.0409	5.0409	5.0409
Mapleton	4.8917	4.8917	4.8917	4.8917
Marcola	4.6687	4.6687	4.6687	4.6687
McKenzie	6.7239	6.6563	6.6893	6.6121
Monroe	4.6341	4.6341	4.6341	4.6341
Oakridge	6.4086	6.7461	6.5203	5.4935
Pleasant Hill	7.0455	6.8934	7.2296	6.7206
Siuslaw	5.0460	5.0849	5.7716	5.6134
South Lane	6.3615	6.3478	6.4016	6.4495
Springfield	5.5456	5.3920	5.5868	5.6012
<u>Cities</u>				
Coburg	5.4907	5.4845	3.1918	3.2294
Cottage Grove	7.2087	7.2087	7.2087	7.2087
Creswell	2.6705	2.6705	2.6705	2.6705
Eugene	8.1547	10.3051	8.5617	8.3254
Florence	3.3503	3.2297	3.1827	3.1339
Glenwood				0.0734
Junction City	6.0445	6.0445	6.0445	6.0445
Lowell	2.1613	2.1613	2.1613	2.1613
Oakridge	7.8231	7.7599	7.7166	7.7100
Springfield	6.5391	7.1869	7.4824	7.3901
Veneta	5.0852	5.0355	7.4556	7.6890
Westfir	9.3036	9.3036	9.3036	9.3036
<u>Water Districts</u>				
Blue River	0.9488	0.9488	0.9488	0.9488
Glenwood	3.8949	3.8473	3.8509	3.6901
Heceta	0.2708	0.2573	0.2525	0.2438
Junction City	0.3115	0.2965	0.2859	0.2886
Marcola	0.4037	0.4037	0.4037	0.4037
McKenzie-Palisades	0.3620	0.3620	0.3620	0.3620
Rainbow Water & Fire	3.7303	3.6749	3.6241	3.5816
River Road	1.9694	1.9694	1.9694	1.9694
River Road Subdistrict #1	0.2796	0.2796	0.2796	0.2796
Shangri-La				

Fiscal Year Taxes are Payable^b

2012	2013	2014	2015	2016	2017
1.2793	1.2793	1.8293	1.8293	1.8293	1.6743
<u>0.1149</u>	<u>0.1115</u>	<u>0.1083</u>	<u>0.1052</u>	<u>0.2007</u>	
1.3942	1.3908	1.9376	1.9345	2.0300	1.6743
0.8782	0.8640	0.8646	0.8616	0.8198	0.8419
0.2232	0.2232	0.2232	0.2232	0.2232	0.2232
0.3049	0.3049	0.3049	0.3049	0.3049	0.3049
5.0811	5.0811	5.0811	5.0811	5.0811	5.0811
6.1057	4.5067	4.5067	6.1296	6.0382	5.9381
5.1023	5.1023	5.1023	5.1023	5.1023	5.1023
8.3599	8.2230	8.1405	8.1809	4.6426	7.9389
6.4255	6.4255	6.4255	6.4255	6.4255	6.4255
7.4256	7.2785	7.7310	7.7159	7.6934	7.7279
6.9724	6.9151	7.0136	6.8865	6.9196	6.8241
6.0778	6.1439	5.9787	5.9291	5.8371	5.7949
4.5604	4.5604	4.5604	4.5604	4.5604	6.1745
5.6566	5.6689	5.6826	5.6369	5.6358	5.6362
5.0409	5.0409	5.0409	5.0409	5.0409	5.0409
4.8917	4.8917	4.8917	4.8917	4.8917	6.1855
4.6687	4.6687	4.6687	4.6687	6.8116	6.7977
6.6207	6.7359	6.7275	6.7050	6.7036	6.7146
4.6341	4.6341	4.6341	4.6341	4.6341	4.6341
5.6758	6.2014	6.1550	5.9655	6.0364	6.0595
6.3620	6.2787	6.2657	6.3140	6.4643	6.5664
5.4012	5.4172	5.3873	5.3837	5.3808	5.3859
6.3893	6.3539	6.5030	6.2850	6.1948	6.8933
5.6341	5.6314	5.6082	5.6086	5.7854	5.8839
5.3222	5.2780	4.9264	4.7909	4.7849	5.1318
7.2087	7.2087	7.2087	7.2087	7.2087	7.2087
2.6705	2.6705	2.6705	2.6705	2.6705	2.6705
8.0381	8.0264	8.2778	8.0844	8.2540	7.3828
3.1396	3.1172	3.5393	3.4406	3.3252	3.3505
0.8997	0.7176	0.5819	0.6516	0.7826	0.8143
6.0445	6.0445	6.0445	6.0445	6.0445	6.0445
2.1613	2.1613	2.1613	2.1613	2.1613	2.1613
7.7251	7.7082	7.7088	7.6435	7.1996	7.1996
7.3336	6.9679	7.8253	7.8028	6.8369	6.8501
5.4157	5.4083	7.4190	7.4142	7.2408	7.0522
7.7733	9.3036	9.3036	9.3036	9.3036	9.3036
0.9488	0.9488	0.9488	0.9488	0.9488	0.9488
3.5355	3.4778	3.4111	3.4734	3.4357	3.3600
0.2432	0.2387	0.2177	0.2081	0.2077	
0.2806	0.2523	0.2523	0.2523	0.2523	0.2523
0.4037	0.4037	0.4037	0.4037	0.4037	0.4037
0.3620	0.3620	0.4471	0.4808	0.6875	0.6988
3.7598	3.7205	3.6738	3.6188	3.8295	3.7763
1.9694	1.9694	1.9694	1.9694	1.9694	1.9694
0.2796	0.2796	0.2796	0.2796	0.2796	2.0000

LANE COMMUNITY COLLEGE
EUGENE, OREGON

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

Taxing Entity	Fiscal Year Taxes are Payable ^b			
	2008	2009	2010	2011
<u>Rural Fire Protection Districts</u>				
Bailey-Spencer	2.3930	2.3930	2.3930	2.3930
Coburg	1.6353	2.9685	1.6090	1.3678
Dexter	2.4151	2.4151	2.4151	2.4151
Eugene	2.5417	2.0000	2.0000	1.8500
Goshen	1.7196	1.7196	1.7196	1.7196
Hazeldell	2.7115	2.7115	2.7115	2.7115
Junction City	1.6575	1.4661	1.4717	1.4357
Lake Creek	3.0757	3.0757	3.0757	3.0757
Lane County District #1	1.9848	1.9848	1.9848	1.9848
Lane Rural	2.1174	2.1174	2.1174	2.1174
Lorane	2.7770	2.7458	2.9186	2.8854
Lowell	3.2265	3.1681	3.1059	2.9855
Mapleton	2.0869	2.0869	2.0869	2.0869
McKenzie	2.3106	2.3106	2.3106	2.0606
Mohawk Valley	2.4095	2.4133	1.9126	1.9126
Monroe	1.6854	1.6854	1.6854	1.6854
Pleasant Hill	1.1031	1.1031	1.1031	1.1031
Santa Clara	1.0439	1.0439	1.6439	1.6439
Siuslaw	1.5417	1.5417	1.5417	1.5417
South Lane	1.0335	1.0335	1.0335	1.0335
Swishome-Deadwood	2.1452	2.1452	2.1452	2.1452
Upper McKenzie	1.1951	1.1951	1.1951	1.1951
Willakenzie	3.0669	3.0669	3.0669	3.0669
Zumwalt	2.3419	2.3419	2.3419	2.3419
<u>Miscellaneous Districts</u>				
Fern Ridge Library	0.6324	0.7046	0.6324	0.6324
Lane Library	0.5900	0.5900	0.5900	0.5900
Port of Siuslaw	0.1474	0.1474	0.1474	0.1474
River Road Park & Recreation	3.4789	3.4631	3.5259	3.5259
Siuslaw Library	0.5928	0.5885	0.5163	0.5163
Western Lane Ambulance	0.4198	0.5698	0.5698	0.5698
Willamalane Park & Recreation	2.1457	2.1487	2.0074	2.0074

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. *Lane County rate is shown net of timber offset*

Source

Lane County Department of Assessment and Taxation

Fiscal Year Taxes are Payable^b

2012	2013	2014	2015	2016	2017
2.3930	2.3930	2.3930	2.3930	2.3930	
1.5826	1.5750	1.4056	1.5231	1.4829	1.2784
2.4151	1.9151	1.9151	1.9151	1.9151	1.9151
1.8500	2.1000	2.3500	2.5417	2.5417	2.5417
1.7196	2.2196	2.2196	2.2196	2.2196	2.2196
2.7115	2.7115	2.7115	1.7998	2.7115	2.7115
1.4386	2.0858	2.0203	1.9538	1.5844	1.5844
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
2.8618	2.7573	2.7267	2.6931	2.6654	2.5926
2.6970	2.6970	2.6970	2.6970	2.6970	2.6970
2.0869	2.0869	2.0869	2.0869	2.0869	2.0869
2.0606	2.0606	2.0606	2.0606	2.0606	2.0606
1.9126	1.9126	1.9126	1.9126	1.9126	1.9126
1.6854	1.6854	1.6854	1.6854	1.6854	1.6854
1.1031	1.0131	1.1031	1.1031	1.0131	1.1031
1.6439	1.6439	1.6439	1.0439	1.4939	1.4939
0.8717	0.8891	0.9391	1.1391	1.1019	1.0994
1.0335	1.3350	1.5035	1.5035	1.5035	1.8035
2.1452	2.1452	2.1452	2.1452	2.1452	2.1452
1.1951	1.1951	1.6951	1.6951	1.6951	1.6951
3.0669	3.0669	3.0669	3.0669	3.0669	3.0669
2.3419	2.3419	2.3419	2.3419	2.3419	2.3419
0.6324	0.6324	0.6324	0.5731	0.6324	0.5741
0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
0.1474	0.1474	0.1474	0.1474	0.1474	0.1474
3.8791	3.8730	3.8631	3.8535	3.5259	3.5259
0.5163	0.5026	0.5163	0.5005	0.5163	0.4986
0.5698	0.7613	0.7698	0.7698	0.7698	0.7588
2.0074	2.0074	2.4543	2.3701	2.3386	2.3056

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Principal Taxpayers - Lane County
Current Year and Nine Years Ago

Taxpayer	Nature of Business	Total Assessed Value	Percentage Of Total Assessed Value	Taxes
2016-17:				
IP Eat Three LLC	Wood Products	\$ 248,019,117	0.80 %	\$ 3,955,646
Comcast Corporation	Telecommunications	187,526,700	0.61	3,220,999
Valley River Center LLC	Retail/Commercial	119,143,358	0.39	2,032,730
Shepard Investment Group LLC	Investment	97,495,456	0.32	1,718,496
Century Link	Telecommunications	100,506,000	0.33	1,572,739
Verizon Communications	Telecommunications	97,901,000	0.32	1,544,445
Northwest Natural Gas Co.	Utility	99,361,800	0.32	1,447,504
Peacehealth	Medical Group	641,668,569	2.08	1,384,313
Weyerhaeuser Co.	Wood Products	139,884,392	0.45	1,296,488
Gateway Mall Partners	Shopping Mall	64,241,692	0.21	1,124,902
Subtotal - ten of the largest taxpayers		1,795,748,084	5.83	
All other taxpayers in Lane County		29,114,596,593	94.20	
Total Lane County Taxpayers		<u>\$ 30,910,344,677</u>	<u>100.00 %</u>	
2007-08:				
Hynix Semiconductor MFG	Electronics	\$ 554,577,732	2.37 %	\$ 6,023,784
Weyerhaeuser Co.	Wood Products	448,300,818	1.91	5,830,691
Qwest Corporation	Utility	141,557,800	0.60	2,097,528
Valley River Center LLC	Shopping Mall	93,130,212	0.40	1,681,298
Symantec Corporation	Electronics	78,344,464	0.33	1,315,454
Northwest Natural Gas Co.	Utility	84,285,900	0.36	1,251,096
Peacehealth	Medical Group	166,958,931	0.71	1,119,256
Gateway Mall Partners	Shopping Mall	54,303,882	0.23	885,615
Verizon Wireless VAW LLC	Utility/Electronics	45,917,500	0.20	701,897
Molecular Probes	Biomedical	37,454,990	0.16	645,579
Subtotal - ten of the largest taxpayers		1,704,832,229	7.27	
All other taxpayers in Lane County		21,731,519,892	92.73	
Total Lane County Taxpayers		<u>\$ 23,436,352,121</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
EUGENE, OREGON

Tuition Rates and Enrollment Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tuition Rate Per Credit Hour</u>	<u>Total FTE ¹</u>	<u>Unduplicated Headcount ¹</u>
2016-17	\$ 102.50	8,716.40	26,176
2015-16	99.50	9,249.80	28,219
2014-15	98.00	10,464.20	30,449
2013-14	93.00	12,312.20	33,695
2012-13	90.00	14,014.90	37,254
2011-12	84.00	15,375.00	38,671
2010-11	83.00	15,417.10	37,561
2009-10	81.00	14,957.70	37,783
2008-09	75.50	12,823.00	36,899
2007-08	73.00	11,065.00	34,508

Source

¹ Per Lane Community College Institutional Research and Planning

Debt Capacity Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Computation of Legal Debt Margin
Last Ten Fiscal Years

	2017	2016	2015	2014
Total Real Market Value of Taxable Property ^a	\$ 50,829,563,212	\$ 41,012,353,816	\$ 39,151,561,247	\$ 36,172,462,575
Debt Limitation (1.5% of Real Market Value)	\$ 762,443,448	\$ 615,185,307	\$ 587,273,419	\$ 542,586,939
Debt Subject to Limitation	47,980,000	53,025,000	58,135,000	62,290,000
Legal Debt Margin	\$ 714,463,448	\$ 562,160,307	\$ 529,138,419	\$ 480,296,939
Legal Debt Margin as a Percentage of the Debt Limitation	93.71%	91.38%	90.10%	88.52%

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

a. Lane County Summary of Assessment and Tax Rolls

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>\$ 35,736,940,602</u>	<u>\$ 37,261,878,627</u>	<u>\$ 38,108,802,366</u>	<u>\$ 41,711,522,728</u>	<u>\$ 43,631,332,946</u>	<u>\$ 41,729,282,436</u>
\$ 536,054,109	\$ 558,928,179	\$ 571,632,035	\$ 625,672,841	\$ 654,469,994	\$ 625,939,237
66,220,000	31,910,000	36,655,000	41,015,000	45,000,000	5,545,000
<u>\$ 469,834,109</u>	<u>\$ 527,018,179</u>	<u>\$ 534,977,035</u>	<u>\$ 584,657,841</u>	<u>\$ 609,469,994</u>	<u>\$ 620,394,237</u>
87.65%	94.29%	93.59%	93.44%	93.12%	99.11%

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
2016-17	365,940	\$ 30,968,587,058	\$ 101,427,928	\$ 528,081	\$ 100,899,847	0.33%	\$ 276
2015-16	362,150	29,979,087,945	109,342,429	842,423	108,500,006	0.36%	302
2014-15	358,805	28,789,625,203	114,547,287	1,912,867	112,634,420	0.39%	314
2013-14	356,212	27,533,314,466	114,725,843	1,503,373	113,222,470	0.41%	318
2012-13	354,200	26,898,804,876	119,727,695	1,396,367	118,331,328	0.44%	334
2011-12	353,155	26,386,153,499	84,761,117	1,475,794	83,285,323	0.32%	236
2010-11	348,550	25,732,286,550	90,069,987	1,061,775	89,008,212	0.35%	255
2009-10	347,690	25,339,466,871	94,811,402	1,194,054	93,617,348	0.37%	269
2008-09	345,880	24,297,751,388	99,012,195	905,726	98,106,469	0.40%	284
2007-08	343,140	23,436,352,121	59,622,858	724,659	54,090,840	0.23%	160

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, 2017

Overlapping District	Real Market Valuation	Percent Overlap	Overlapping	
			Gross Property-tax Backed Debt	Net Property-tax Backed Debt
BENTON COUNTY	\$ 11,516,264,155	1.72%	\$ 266,896	\$ 10,558
BENTON CITY SD 1J (MONROE)	440,437,307	47.71%	3,768,049	3,768,049
BROWNSVILLE RFPD 2	336,799,350	22.00%	2,620	2,620
CITY OF COBURG	258,979,442	100.00%	2,026,059	2,026,059
CITY OF COTTAGE GROVE	781,861,537	100.00%	17,881,944	3,156,542
CITY OF CRESWELL	461,728,875	100.00%	4,972,540	4,972,540
CITY OF EUGENE	20,058,943,825	99.87%	69,085,784	17,839,155
CITY OF FLORENCE	1,100,290,325	100.00%	17,559,772	5,739,302
CITY OF HARRISBURG	259,019,956	100.00%	934,482	-
CITY OF LOWELL	84,155,739	100.00%	643,594	643,594
CITY OF MONROE	45,499,203	100.00%	1,300,000	1,300,000
CITY OF OAKRIDGE	172,421,772	100.00%	3,021,790	3,021,790
CITY OF SPRINGFIELD	6,532,454,307	100.00%	14,992,683	14,992,683
CITY OF VENETA	383,650,040	100.00%	1,019,125	1,019,125
CITY OF WESTFIR	17,686,919	100.00%	630,957	630,957
COBURG RFPD	513,309,465	100.00%	56,667	56,667
HARRISBURG RFPD 6	488,932,573	98.36%	6,279,980	6,279,980
HECETA WATER DISTRICT	571,992,178	100.00%	1,373,954	1,373,954
LANE COUNTY	43,061,365,751	99.81%	79,775,405	26,360,006
LANE CITY SD 1 (PLEASANT HILL)	794,987,449	100.00%	17,003,016	17,003,016
LANE CTY SD 19 (SPRINGFIELD)	7,151,021,070	100.00%	169,943,811	169,943,811
LANE CTY SD 28J (FERN RIDGE)	1,218,400,802	99.62%	30,601,409	30,601,409
LANE CTY SD 32 (MAPLETON)	177,029,234	100.00%	3,930,000	3,930,000
LANE CTY SD 40 (CRESWELL)	893,021,328	100.00%	17,960,333	17,960,333
LANE CTY SD 45J3 (SOUTH LANE)	1,826,809,083	100.00%	74,039,728	74,039,728
LANE CTY SD 4J (EUGENE)	21,332,977,179	100.00%	322,936,594	322,936,594
LANE CTY SD 52 (BETHEL)	4,175,468,569	100.00%	52,759,166	52,759,166
LANE CTY SD 66 (CROW-APPLEGATE-LORANE)	324,838,366	100.00%	4,077,542	4,077,542
LANE CTY SD 69 (JUNCTION CITY)	1,395,976,118	100.00%	13,600,000	13,600,000
LANE CTY SD 71 (LOWELL)	282,087,643	100.00%	3,536,894	3,536,894
LANE CTY SD 76 (OAKRIDGE)	323,477,567	100.00%	598,150	598,150
LANE CTY SD 79 (MARCOLA)	232,100,865	100.00%	7,851,074	7,851,074
LANE CTY SD 97J (SIUSLAW)	2,257,762,661	100.00%	12,085,000	12,085,000
LANE ESD	42,949,069,366	99.99%	6,484,300	6,484,300
LANE LIBRARY DISTRICT	889,634,540	100.00%	491,116	491,116
LINN CTY SD 7J (HARRISBURG)	533,302,440	100.00%	1,174,538	1,174,538
LOWER UMPQUA HOSPITAL DISTRICT	633,477,322	1.69%	17,667	17,667
PORT OF SIUSLAW	2,672,844,513	100.00%	1,257,087	1,257,087
RIVER ROAD PARK & REC DISTRICT	686,169,133	100.00%	245,000	245,000
SIUSLAW PUBLIC LIBRARY DIST	2,311,911,420	100.00%	170,000	170,000
SOUTH LANE COUNTY FIRE & RESCUE	2,431,146,204	100.00%	2,145,000	2,145,000
WILLAMALANE PARK & RECREATION DISTRICT	6,950,801,393	100.00%	18,476,560	16,456,560
Totals:	Overlapping Issuer Count: 35		\$ 986,976,286	\$ 852,557,566
Net Property-tax Backed Debt of Subject Issuer is:	\$ 65,725,000		Ratio of Net Property-tax Backed Debt to Real Market Value is: 0.15%	
Net Property-tax Backed Debt of Overlapping Issuers is:	<u>852,557,566</u>		Ratio of Total Net Property-tax Backed Debt to Real Market Value is: 2.10%	
Total Net Property-tax Backed Debt of Subject issuer and Overlapping Issuers is:	<u>\$ 918,282,566</u>			
Real Market Value of Subject Issuer is:	<u>\$ 43,687,876,252</u>	As of: 01/01/2016		

Source

Oregon State Treasury - Debt Management Division

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Tax Bonded Debt		Other Governmental Non Tax Bonded Debt		Total Outstanding Debt	Total Outstanding Debt as a % of Personal Income	Total Outstanding Debt per Capita
	General Obligation Bonds*		Other Debt Obligations	Pension Bonds Payable			
2017	\$ 54,946,641		\$ 18,958,276	\$ 46,481,287	\$ 120,386,204	0.8%	\$ 329
2016	61,028,781		19,527,647	48,313,648	128,870,076	1.0%	356
2015	63,438,544		20,818,472	49,838,743	134,095,759	1.0%	374
2014	68,182,828		20,918,596	51,085,843	140,187,267	1.1%	396
2013	72,702,112		20,780,000	52,082,695	145,564,807	1.2%	411
2012	32,633,012		19,355,000	52,851,117	104,839,129	0.9%	297
2011	37,438,264		19,355,000	53,414,987	110,208,251	0.9%	311
2010	41,015,000		-	53,796,402	94,811,402	0.8%	267
2009	45,000,000		780,000	54,012,195	99,792,195	0.9%	288
2008	5,545,000		1,040,000	54,077,858	60,662,858	0.5%	177

Source

Lane Community College Comprehensive Annual Financial Report

* - Includes bond premium

Demographic and Economic Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ^c	Personal Income (in thousands) ^{a, d}	Per Capita Income ^{b, d}	Unemployment Rate ^e
2017	365,940	\$ 14,590,394	\$ 39,871	5.1%
2016	362,150	13,534,994	39,871	5.9%
2015	358,805	13,409,978	39,871	7.1%
2014	356,125	13,392,647	37,374	7.6%
2013	354,200	13,047,961	36,630	8.6%
2012	353,155	12,742,734	35,941	9.5%
2011	348,550	12,214,306	34,561	11.1%
2010	347,690	11,709,176	33,277	11.9%
2009	345,880	11,783,941	33,562	6.6%
2008	343,140	11,679,994	33,522	5.3%

Notes

- a. The 2016 and 2017 personal income was not available and has been estimated by multiplying population by per capita income.
b. The 2016 and 2017 per capita income was not available and has been estimated to be the same as 2014.

Source

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

Operating Information

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Principal Employers for Lane County
Current Year and Nine Years Ago

Employer	2017			2008		
	Employees ^a	Rank	Percentage of County Employment	Employees ^a	Rank	Percentage of County Employment
PeaceHealth Corp	5,808	1	3.40%	5,000	1	2.90%
University of Oregon	5,549	2	3.24%	4,228	2	2.45%
Eugene 4J School District	2,553	3	1.49%	2,794	3	1.62%
US Government	1,750	4	1.02%	1,800	6	1.05%
City of Eugene	1,747	5	1.02%	1,818	5	1.04%
Lane Community College	1,650	6	0.96%			
Springfield School District	1,610	7	0.94%	1,500	7	0.87%
State of Oregon	1,594	8	0.93%	1,500	8	0.87%
Lane County	1,567	9	0.92%	1,332	9	0.77%
McKenzie-Willamette Medical Center	898	10	0.52%			
Monaco Coach Corp				2,400	4	1.39%
Weyerhaeuser Company				1,236	10	0.72%
	24,726		14.45%	23,608		13.69%

Notes

a. Employee count is for the 1st Quarter of 2017 and percent of county employment is as of January 1st of each year.

Source

Eugene Chamber of Commerce, Oregon Employment Department and City of Eugene.

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Building Construction and Acquisitions
Last Ten Fiscal Years

<u>Year</u>	<u>Building Name</u>	<u>Square Footage</u>	<u>Cumulative Square Footage</u>
Prior to 2004	Center	184,611	184,611
	Student Services	42,699	227,310
	Business	19,358	246,668
	Administration	16,307	262,974
	Health Technology	43,825	306,800
	Physical Education	105,485	412,285
	Performing Arts	60,329	472,613
	Campus Services	42,022	514,635
	Welding Technology	21,236	535,872
	Auto/Diesel Technology	38,621	574,492
	Air Technology	82,476	656,969
	Art/GED	38,884	695,853
	Machine Technology	79,086	774,939
	Electronic Annex	7,179	782,118
	Electronics	17,077	799,195
	Science	89,547	888,742
	Forum	23,244	911,986
	Industrial Technology	19,656	931,642
	Work Force Training	89,281	1,020,923
	2010	Child Care Centers	17,426
Health And Wellness Center		43,255	1,081,604
Native American Longhouse		6,543	1,088,147
FMP Nursery		1,500	1,089,647
Waste Water Treatment Plant		660	1,090,307
FMP Storage		2,240	1,092,547
Test Cells		3,100	1,095,647
Cooling Tower		1,752	1,097,399
PA Storage		2,890	1,100,289
PE Storage		1,430	1,101,719
Greenhouse		240	1,101,959
Chemical Storage Facility		297	1,102,256
Exterior Elevators		260	1,102,516
Bus Station		1,944	1,104,460
Solar Station		5,390	1,109,850
Wildish Building		12,950	1,122,800
Downtown Center		56,508	1,179,308
Flight Tech / Aviation		41,303	1,220,611
Cottage Grove Center		18,613	1,239,224
Florence Center/Siltcoos Station		17,426	1,256,650
2007	KLCC Downtown	8,200	1,264,850
2012	Downtown Campus	185,171	1,450,021

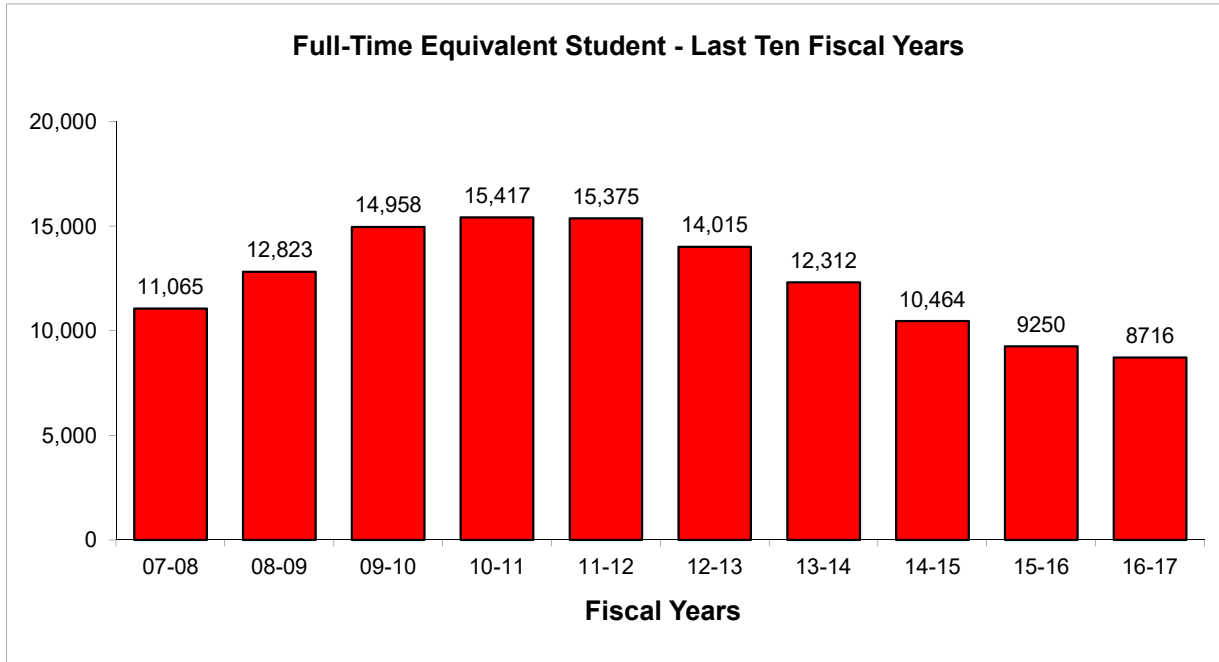
Source

Lane Community College Facilities Management and Planning

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Enrollment Statistics
Last Ten Fiscal Years

	Total Operating Expenses	District Population (Estimated) ^b	Full-time Equivalent Student	Unduplicated Headcount	Percent of Total District Population	Cost Per FTE ^a	Number of Employees ^c	Student FTE Per Employee
2016-17	\$ 141,199,720	369,519	8,716	26,176	7.08%	NA	627	13.9
2015-16	166,621,796	362,150	9,250	28,219	7.79%	NA	645	14.3
2014-15	121,535,041	356,212	10,464	30,449	8.55%	NA	697	15.0
2013-14	161,452,486	356,212	12,312	33,695	9.46%	NA	725	17.0
2012-13	169,610,943	354,200	14,015	37,254	10.52%	NA	730	19.2
2011-12	172,272,408	353,155	15,375	38,671	10.95%	NA	725	21.2
2010-11	159,684,876	348,550	15,417	37,561	10.78%	3,656	738	20.9
2009-10	158,889,327	347,690	14,958	37,783	10.87%	3,507	733	20.4
2008-09	128,573,535	345,880	12,823	36,899	10.67%	3,436	714	18.0
2007-08	107,291,433	343,140	11,065	34,508	10.06%	3,792	710	15.6



Notes

NA Not available

Source

- a. Oregon Community College Profile
- b. Population Research Center, Portland State University. Estimates are for July 1 of the fiscal year.
- c. October 31 Employee Snapshot Data, All Funds

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Awards Earned
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Lower Division Transfer										
AAOT/ASOT	559	453	451	454	573	474	418	407	319	291
Associate of General Studies	539	158	136	158	150	97	86	42	42	40
Associate of Science		87	96	87	61	90	54	47	38	18
Oregon Transfer Module	<u>412</u>	<u>376</u>	<u>422</u>	<u>376</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer Awards	1510	1074	1105	1075	784	661	558	496	399	349
Technical										
Associate of Applied Science	398	493	487	637	548	558	418	320	307	287
Certificate	416	545	417	543	526	434	390	243	158	102
Apprentice: Assoc. of Applied Science	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Total Technical Awards	816	1038	905	1180	1074	992	808	563	466	389
Total Awards	<u>2326</u>	<u>2112</u>	<u>2010</u>	<u>2255</u>	<u>1858</u>	<u>1653</u>	<u>1366</u>	<u>1059</u>	<u>865</u>	<u>738</u>

Source

Per Lane Community College Institutional Research and Planning

LANE COMMUNITY COLLEGE
EUGENE, OREGON

Number of Contracted Employees
Last Ten Fiscal Years
All Funds

<u>Fiscal Year</u>	<u>Faculty</u>	<u>Classified</u>	<u>Exempt</u>	<u>Total</u>
2016-17	222	341	64	627
2015-16	223	352	70	645
2014-15	247	382	68	697
2013-14	255	402	68	725
2012-13	252	406	72	730
2011-12	250	403	72	725
2010-11	252	419	67	738
2009-10	250	416	67	733
2008-09	241	416	57	714
2007-08	244	400	66	710

Source

Lane Community College Institutional Research and Planning
October 31 Employee Snapshot Data

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

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 5, 2017

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, 2017, and have issued our report thereon dated December 5, 2017.

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.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

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

December 5, 2017

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, 2017. 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, 2017.

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, 2017

	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		\$ 413,280
College Work Study	84.033		605,866
Federal Perkins Loans	84.038		3,364,207
Pell Grant	84.063		13,546,130
Federal Direct Student Loan	84.268		14,259,267
			<u>32,188,750</u>
SSS - TRIO 8-17	84.042		239,840
SSS - TRIO 8-16	84.042		37,133
TRIO STEM 8-17	84.042		184,992
TRIO STEM 8-16	84.042		16,320
			<u>478,285</u>
CCCAMPUS 9-17	84.335		185,372
CCCAMPUS 9-16	84.335		7,892
			<u>193,264</u>
Passed Through Oregon Department of Community Colleges and Workforce Development:			
Comprehensive 6-17	84.002	EE 161713 BG	238,272
EL/Civics 6-17	84.002	EE 161713EG	33,261
Corrections 6-17	84.002	EE 161713CG	34,111
Outreach Tutoring 6-17	84.002	EE 161713 TG	12,551
Accountability 6-17	84.002	EE 161713 AG	64,150
Program Improvement 6-17	84.002	EE161713 PG	30,400
Learning Standards Projects 9-16	84.002	IGRA 0844	3,601
			<u>416,346</u>
Passed Through Oregon Department of Education:			
Perkins 9-17	84.048	40316	498,200
Perkins 9-16	84.048	36411	100,703
			<u>598,903</u>
Passed Through Lane Education Service District:			
Reserve 7-17	84.243	36431	30,039
Reserve 7-16	84.243	36431	7,162
			<u>37,201</u>
Total U.S. Department of Education			<u>33,912,749</u>

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<u>NATIONAL SCIENCE FOUNDATION:</u>			
Direct programs:			
NSF: Tipping the Scale 6-17	47.076		\$ 90,389
NSF: ILEED 6-19	47.076		141,957
Passed Through Madison College:			
CREATE 6-18	47.076	1600934	34,044
Total National Science Foundation			<u>266,390</u>
<u>SMALL BUSINESS ADMINISTRATION:</u>			
Direct programs:			
SBA Portability Assistance 9-17	59.037		67,199
SBA/OSBDCN 12-17	59.037		564,650
SBA/OSBDCN 12-16	59.037		893,567
Total Small Business Administration			<u>1,525,416</u>
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE:</u>			
Direct programs:			
Senior Companion 6-17	94.016		236,838
<u>U. S. DEPARTMENT OF JUSTICE:</u>			
Direct programs:			
BVP 8-18	16.607		4,950
<u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES:</u>			
Direct programs:			
HRSA 2-16	93.924		107,208
Passed Through Oregon Department of Human Services:			
Childcare and Development Block Grant	93.575	10433/148900	560,281
Childcare and Development Block Grant	93.575	142943	38,401
			<u>598,682</u>
Child and Adult Care Food Program	93.558	142784	43,162
Total U.S. Department of Health & Human Services			<u>749,052</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed Through Oregon Department of Education:			
Child and Adult Care Food Program	10.558		31,770
Total all programs			<u>\$ 36,727,165</u>

LANE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

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, 2017. 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 2016-17 fiscal year is as follows:

Balance - 7/1/2016	\$ 3,364,207
Loan advances	-
Loan repayments, assignments and cancellations	<u>(449,999)</u>
 Balance - 6/30/2017	 <u><u>\$ 2,914,208</u></u>

4. SUBRECIPIENTS:

During the year ended June 30, 2017, the College provided federal awards to subrecipients as follows:

	<u>CFDA Number</u>	<u>Expenditures</u>
Small Business Development Centers	59.037	\$ 748,357

LANE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

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.

INDEPENDENT AUDITOR'S COMMENTS

INDEPENDENT AUDITOR'S COMMENTS
REQUIRED BY OREGON STATE REGULATIONS

December 5, 2017

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, 2017, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

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

Compliance

As part of obtaining reasonable assurance about whether 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, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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. Accordingly, this communication is not suitable for any other purpose.

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

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.