Financial Statements
June 30, 2015

Treasure Valley Community College

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Education
Treasure Valley Community College
Ontario, Malheur County, Oregon

We have audited the accompanying financial statements of Treasure Valley Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Treasure Valley Community College were not audited in accordance with *Government Auditing Standards*. 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 College'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 College'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.

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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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2015, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle
As discussed in Notes 1 and 12 to the financial statements, the College has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the Other Postemployment Benefits - Schedule of Funding Progress, the Schedule of Employer's Share of Net Pension Liability/(Asset) and the Schedule of Employer Contributions as listed in the table of contents 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 Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplementary information and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and the 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 by us. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information as noted in the table of contents 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the 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 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 the College's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 25, 2016, on our consideration of the College's 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 compliance and the results of that testing and not to provide an opinion on compliance.

Eide Bailly LLP

For Eide Bailly LLP
Boise, Idaho
February 25, 2016

This section of Treasure Valley Community College's (the College) Financial Statements presents an analysis of the financial activities of the College and the Treasure Valley Community College Foundation (the Foundation) for the fiscal year-ended June 30, 2015. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities, resulting changes and current known facts.

Financial Highlights

The significant events that impacted the College for the fiscal year ended June 30, 2015 are as follows:

- The biggest impact on the financial statements is the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68 and 71). The implementation significantly impacted investment income, other support services expenses, pension assets, deferred inflow of resources, and particularly unrestricted fund balance. Additional information regarding pension reporting and the transition is located in Note 7, *Pension Plans* and Note 12, *Adoption of New Standard*.

- Enrollment decreased by 5% from the prior year and resulted in decreased tuition and fees revenues and a decrease in auxiliary enterprise operations.

- State of Oregon community college support revenue decreased by $2,604 thousand or 34% from the prior year. This decrease is attributable to the Oregon Legislature's deferral of the eighth quarter reimbursement for the biennium. The College receives funding from the State across the biennium; however, the cash payments are not equal across the two years. In the first year of the biennium the college receives five payments whereas in the second year it receives three. During the 2014-15 fiscal year, the college received three state payments which caused the decrease in State community college support.

One of the College's largest categories in net position ($7,626 thousand) reflects the amount invested in capital assets, (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Financial Statements

The following tables on pages 6 through 8 presented for the year ended June 30, 2014, have not been restated for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date.*

Overview of Financial Statements

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented to focus on the College as a whole. This discussion and analysis is intended to serve as an introduction to the College's basic financial statements, which are comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. The entity-wide statements are comprised of the following:

- The *Statement of Net Position* presents information on all of the College's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position are indicators of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

  Assets and liabilities are categorized between current and noncurrent with current items maturing or becoming payable within the normal twelve month accounting/operating cycle.

- The *Statement of Revenues, Expenses and Changes in Net Position* presents the College's financial results for the fiscal year. The statement includes the College's revenues and expenses, both operating and nonoperating, with operating revenues coming primarily from tuition and fees, grants, and contracts. State appropriations and property taxes are classified as nonoperating revenues.

- The *Statement of Cash Flows* presents information on the receipt and uses of cash from operating activities, noncapital financing activities, capital financial activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement is intended to help the reader assess the College's ability to generate future cash flows and its ability to meet its obligations as they come due.

Analysis of the Statement of Net Position

The Statement of Net Position includes all of the assets, deferred outflows, liabilities, and deferred inflows of the College using the previously described accrual method of accounting, which is similar to the accounting presentation used by business. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, and it is a measure of the College's financial condition.

In thousands of dollars's (000's)

	2015	2014	$ Change	% Change
Assets				
Current assets	$ 3,683	$ 5,175	$ (1,492)	-28.8%
Pension assets	1,285	12,551	(11,266)	-89.8%
Capital assets, net	15,474	15,899	(425)	-2.7%
Total assets	20,442	33,625	(13,183)	-39.2%
Deferred Outflows of Resources	726	293	433	147.8%
Liabilities				
Current liabilities	4,151	3,322	829	25.0%
Noncurrent liabilities	15,084	16,035	(951)	-5.9%
Total liabilities	19,235	19,357	(122)	-0.6%
Deferred Inflow of Resources	2,549	-	2,549	100.0%
Net Position				
Net investment in capital assets	7,626	7,700	(74)	-1.0%
Restricted	211	4,452	(4,241)	-95.3%
Unrestricted	(8,453)	2,409	(10,862)	-450.9%
Total net position	$ (616)	$ 14,561	$ (15,177)	-104.2%

Assets

Total assets for the College at the end of the fiscal year were approximately $20,442 thousand, comprised of both current assets ($3,683 thousand) and noncurrent assets ($16,759 thousand).

Cash and cash equivalents for the College were $915 thousand at year-end which is a decrease of $2,125 thousand from the prior year. The decrease is due to the receipt of only three State payments in the current year, as opposed to five in the prior year.

The College's Pension asset of $1,285 thousand shows the effects of implementing GASB 68 and 71 and the asset distribution as reported by PERS. The College's prior year prepaid pension asset of $12,551 thousand was funded through the issuance of PERS bonds in 2003. This amount was replaced in the current year with a $1,285 thousand pension asset as the College's proportionate share of the total Oregon PERS pension asset. See Notes 7 and 12 to the financial statements for further details of this change.

At year-end, capital assets and associated accumulated depreciation totaled $27,216 thousand and $11,742 thousand respectively, presenting a net capital asset value of $15,474 thousand. This is a slight decrease from the prior year.

The College's total assets of $20,442 thousand decreased by $13,183 thousand from the prior year. This decrease included $11,266 thousand which was due to the reduction in prepaid pension contribution noted above.

Deferred Outflows of Resources

Deferred outflow of resources increased by $433 thousand due to pension reporting as discussed in Note 7.

Liabilities

Liabilities are classified as current and noncurrent. The current liability balance at year-end was approximately $4,151 thousand and the noncurrent liability balance was $15,084 thousand. Current liabilities are mainly comprised of accounts payable, accrued payroll liabilities, unearned revenue, and the current portion of long-term debt.

Noncurrent liabilities are comprised of three amounts, PERS bonds payable of $7,718 thousand, other post-employment benefits of $691 thousand, and notes payable of $6,675 thousand. The notes payable balance decreased by $661 thousand over last year as the College continued to pay down its debt obligations.

Deferred Inflows of Resources

The deferred inflow of resources totaled $2,549 thousand and is entirely from the pension reporting as discussed in Note 7.

Net Position

Total net position at year-end is negative $616 thousand or a $15,177 thousand decrease from the prior year due to the following:

- GASB 68, *Changes to Accounting and Financial Reporting for Pensions* resulted in the prior year net position being reduced by $15,005 thousand.
- Accounting for State support payments with only three payments recorded during the current year contributed to the actual operational decrease in net position of $172 thousand.

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

The Statement of Revenues, Expenses and Changes in Net Position present the College's operating results, as well as its nonoperating revenues and expenses, and reconciles the changes in net position. State appropriations and property taxes, while budgeted for operations, must be classified in the statement as non-operating revenues.

Operating Revenue

Operating revenue for the fiscal year was approximately $34,556 thousand which is a decrease of $342 thousand from the prior year. The major reason for the decrease was the reduction in enrollment, which had a corresponding reduction in tuition and fees, the amount of state and federal aid provided to students, and Auxiliary enterprise operational revenues.

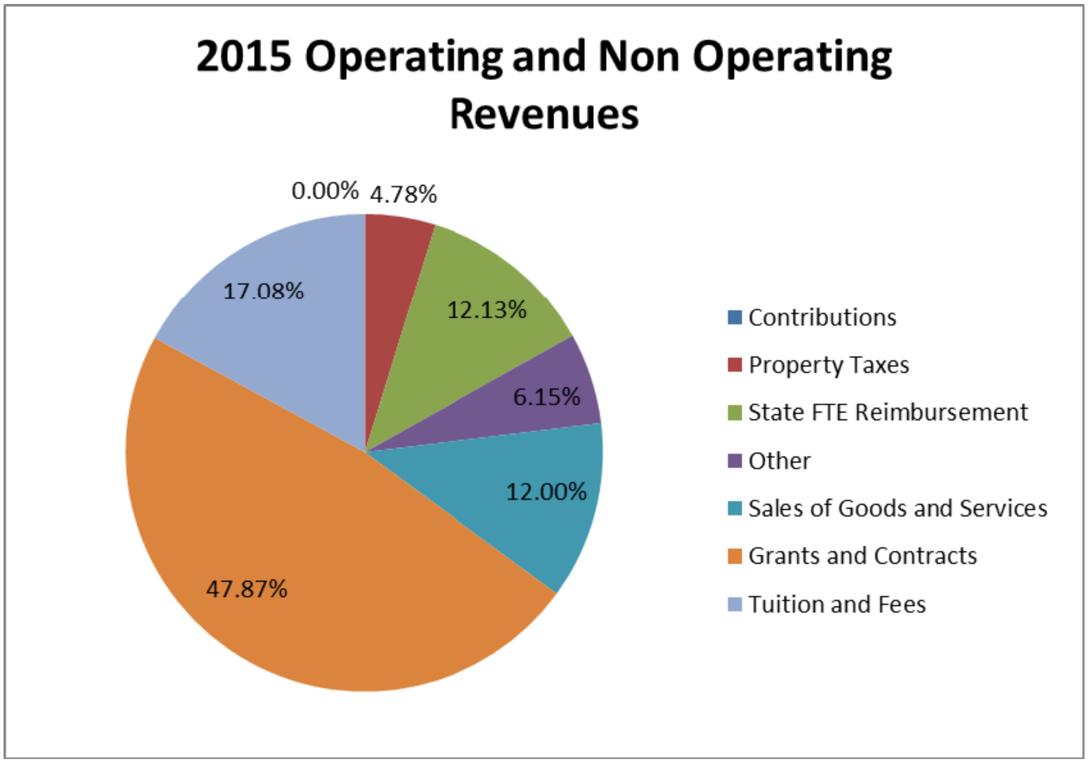
Nonoperating Revenue

Non-operating revenues for the fiscal year end were approximately $7,158 thousand which is a decrease of approximately $5,200 thousand from the prior year. The decrease was primarily from the College only receiving three state payments as compared to the five state payments received in the 2014-15 fiscal year, as well as the investment income being reduced due to the GASB 68 and 71 implementation.

In summary form the year's results were:

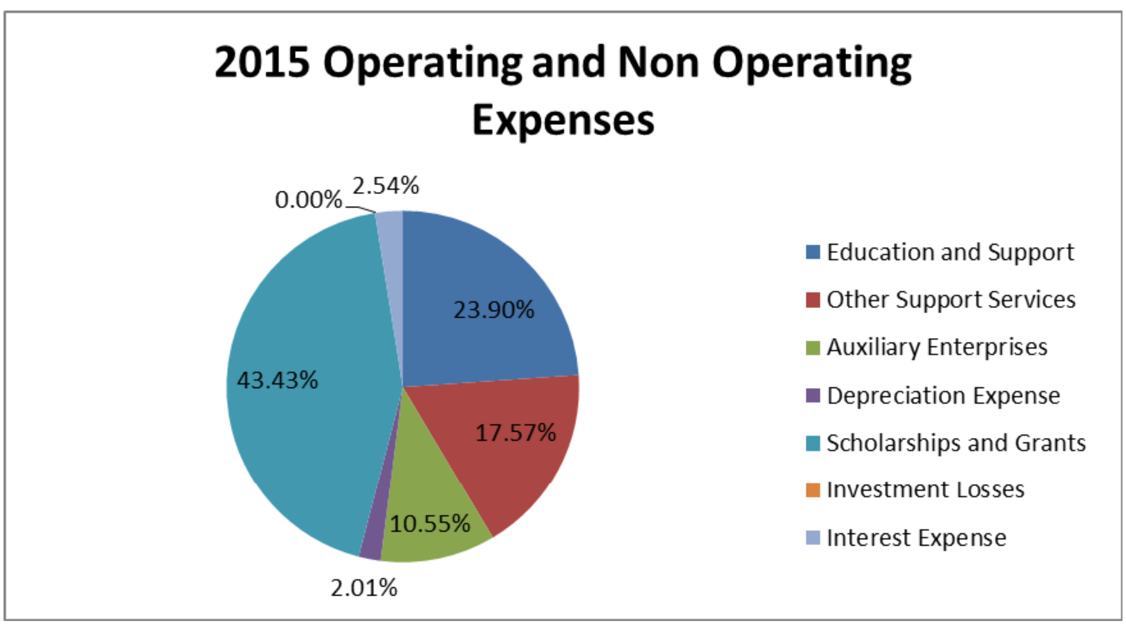
In thousands of dollars's (000's)

	2015	2014	$ Change	% Change
Operating revenues				
Tuition and fees	$ 7,124	$ 7,311	$ (187)	-2.6%
Grants and contracts	19,969	20,111	(142)	-0.7%
Sales of goods and services	5,005	5,404	(399)	-7.4%
Contributions	-	208	(208)	-100.0%
Other operating revenues	2,458	1,864	594	31.9%
Total operating revenues	34,556	34,898	(342)	-1.0%
Non operating revenues				
State community college support	5,058	7,662	(2,604)	-34.0%
Property taxes	1,993	1,912	81	4.2%
Investment income (loss)	12	2,784	(2,772)	-99.6%
Other nonoperating income	95	-	95	100.0%
Total non operating revenues	7,158	12,358	(5,200)	-42.1%
Total revenues	41,714	47,256	(5,542)	-11.7%
Operating expenses				
Educational and general	10,010	9,697	313	3.2%
Other support services	7,359	10,539	(3,180)	-30.2%
Scholarships and grants	18,189	18,261	(72)	-0.4%
Auxiliary enterprises	4,420	4,722	(302)	-6.4%
Depreciation	843	860	(17)	-2.0%
Total operating expense	40,821	44,079	(3,258)	-7.4%
Non operating expenses				
Interest expense	1,064	918	146	15.9%
Total expenses	41,885	44,997	(3,112)	-6.9%
Change in net position	$ (171)	$ 2,259	$ (2,430)	-107.6%



Expenses

Total operating expenses for the College were $40,821 thousand for the fiscal year, a decrease of $3,258 thousand. Factors behind the reduction include the decrease in enrollment which lead to reduced support services costs, a reduction in state and federal financial aid disbursed to students, and decreased Auxiliary enterprise operational costs. Expenses by category are as follows:



Debt

During the 2014-15 fiscal year, the College issued no new long-term debt. See additional information in footnote 5, Long-term debt.

Economic Factors and Next Year's Budget

The College continues to provide a positive educational experience for students with the resources provided. The 2013-15 biennium did see an increase in the overall statewide Community College support which has provided a much needed increase in state resources. Yet, the College continues to see reductions in year to year enrollment as the economy improves and individuals return to the workforce. The College continues to look for new and creative ways to serve students, increase enrollment and maintain the educational quality at Treasure Valley Community College.

Requests for Information

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

Business Office
Treasure Valley Community College
650 College Blvd.
Ontario, OR 97914

	Primary Government TVCC College	Component Unit TVCC Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 867,002	$ 585,540
Restricted cash	47,834	-
Investments	-	4,844,126
Accounts receivable, net	2,296,988	-
Prepaid and other assets	81,626	-
Inventory	389,694	-
Total current assets	3,683,144	5,429,666
Noncurrent Assets		
Capital assets, net of depreciation	15,473,928	-
Pension asset	1,285,441	-
Total noncurrent assets	16,759,369	-
Total assets	20,442,513	5,429,666
Deferred Outflows of Resources		
Deferred charge on refunding	221,720	-
Deferred outflows on PERS contributions	504,541	-
Total deferred outflows of resources	726,261	-

	Primary Government TVCC College	Component Unit TVCC Foundation
Liabilities		
Current Liabilities		
Accounts payable	1,219,325	152,249
Payroll liabilities	929,113	-
Compensated absences	91,872	-
Due to other funds student and agency groups	202,996	-
Unearned revenue	241,924	-
Line of credit	490,000	-
Current portion of long-term debt	976,600	-
Total current liabilities	4,151,830	152,249
Noncurrent Liabilities		
PERS bond payable	7,717,608	-
Other post employment benefits payable	690,570	-
Notes payable	6,675,778	-
Total noncurrent liabilities	15,083,956	-
Total liabilities	19,235,786	152,249
Deferred Inflow of Resources		
Deferred pension amount	2,549,219	-
Net Position		
Net investment in capital assets	7,626,160	-
Restricted - expendable		
Scholarships, student financial aid grants and loans	165,489	1,439,845
Perkins	45,352	-
Restricted - nonexpendable		
Endowment principal	-	3,108,892
Unrestricted	(8,453,232)	728,680
Total net position	$ (616,231)	$ 5,277,417

	Primary Government TVCC College	Component Unit TVCC Foundation
Operating Revenues		
Student tuition and fees	$ 7,123,636	$ -
Federal student financial aid grants	17,819,667	-
State sources	2,149,658	-
	27,092,961	-
Auxiliary enterprises		
Bookstore	1,552,481	-
Food services	445,702	-
Housing	508,656	-
Printing	162,569	-
Caldwell Center	2,335,534	-
Contributions and special events proceeds	-	678,891
Other operating revenues	2,458,364	-
Total operating revenues	34,556,267	678,891
Operating Expenses		
Educational and general	10,010,472	-
Other support services		
Student activities	2,783,345	-
College support	2,658,873	394,021
Plant operations	1,916,393	-
Scholarships and grants	18,189,454	377,868
Auxiliary enterprises		
Bookstore	1,340,559	-
Food services	475,496	-
Housing	154,658	-
Printing	135,900	-
Caldwell Center	2,313,182	-
Fund raising expenses	-	3,281
Management and general expense	-	248,232
Depreciation expense	843,156	-
Total operating expenses	40,821,488	1,023,402
Operating Loss	(6,265,221)	(344,511)

	Primary Government TVCC College	Component Unit TVCC Foundation
Nonoperating Revenues (Expenses)		
Property taxes	1,992,763	-
State FTE reimbursement	5,057,990	-
Investment income	12,349	142,056
Other nonoperating revenue	94,546	-
Interest expense	(1,064,392)	-
Net nonoperating revenues	6,093,256	142,056
Change in Net Position	(171,965)	(202,455)
Net Position, Beginning of Year, as restated	(444,266)	5,479,872
Net Position, End of Year	$ (616,231)	$ 5,277,417

	Primary Government TVCC College
Operating Activities	
Tuition and fees, net	$ 11,726,163
Federal grants and contracts	17,774,410
State and local government grants and contracts	2,149,658
Payments to suppliers for goods and services	(14,518,119)
Payments to employees	(8,579,426)
Payments for student financial aid and other scholarships	(18,189,454)
Other cash receipts	2,458,364
Net Cash used for Operating Activities	(7,178,404)
Noncapital Financing Activities	
Cash received from other nonoperating income	94,546
Cash received from property taxes	1,992,763
State full time equivalent reimbursement	5,057,990
Transfer from agency fund	(49,917)
Net Cash from Noncapital Financing Activities	7,095,382
Capital Related Financing Activities	
Purchases of capital assets	(417,272)
Proceeds from long-term debt	490,000
Principal paid on long-term debt	(1,133,224)
Interest paid on long-term debt	(993,592)
Net Cash used for Capital Related Financing Activities	(2,054,088)
Investing Activities	
Interest on investments	12,349
Net Cash from Investing Activities	12,349
Net Change in Cash, Restricted Cash, and Cash Equivalents	(2,124,761)
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	3,039,597
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 914,836

	Primary Government TVCC College
Reconciliation of Cash and Cash Equivalents	
to the Statement of Net Position	
Cash and cash equivalents	$ 867,002
Restricted cash and cash equivalents	47,834
Cash, Restricted Cash and Cash Equivalents at End of Year	$ 914,836
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (6,265,221)
Adjustments to reconcile operating revenues net of operating	
expenses to net cash used for operating activities:	
Depreciation	843,156
GASB 68 actuarial pension expense	(1,694,980)
Changes in assets and liabilities	
Accounts receivable	(576,067)
Prepaid assets	1,402
Accounts payable	531,529
Unearned revenue	128,395
Inventory	(57,871)
Accrued payroll and payroll costs	(92,313)
Compensated absences	(18,295)
Other	21,861
Net Cash used for Operating Activities	$ (7,178,404)
Supplemental Disclosure of Noncash Financing and Investing Activities	
Deferred outflow of cash on debt refunding	$ 70,800

Note 1 - Summary of Significant Accounting Policies

Treasure Valley Community College (the College) is a public two-year educational institution. The College is a municipal corporation governed under the laws prescribed by the State of Oregon, charged with educating students. A seven-member Board of Directors is locally elected and is authorized to establish policies governing the operations of the College. The College qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. Treasure Valley Community College maintains a main campus in Ontario, Oregon, and outreach sites in Burns, Oregon; Lakeview, Oregon; Caldwell, Idaho, Snake River Correctional Institute and Warner Creek Correctional Institute.

A. Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB), the College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

As defined by GASB, the College includes one component unit in its financial statements: the Treasure Valley Community College Foundation (hereinafter referred to as the Foundation). The Foundation is a nonprofit, nongovernmental organization, whose purpose is to provide support for scholarships and programs for the College. The Foundation's financial statements are prepared in accordance with Financial Accounting Standards Board (FASB); however their financial statements have been reclassified to match that of the College. Copies of the Foundation's audited financial statements may be obtained from the Foundation Treasurer at 650 College Blvd, Ontario, Oregon, 97914.

B. Basis of Presentation

GASB establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Net investment in capital assets

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted net position

Nonexpendable – Net position subject to externally imposed stipulations that it be maintained permanently by the College, including the Foundation's permanent endowment funds.

Expendable – Net position whose use by the Foundation or College is subject to externally imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted net position

Net position that is not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the board of education or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

The basic financial statements report information on all of the activities of the College. The effect of interfund activity has been removed from these statements. The College follows the "business-type activities" reporting requirements of GASB that provides a comprehensive one-column look at the College's financial activities.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined by GASB. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Non-exchange transactions are those in which the College receives value without directly giving equal value in return. These include property taxes, federal, state and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

D. Use of Estimates

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

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, funds invested with the Oregon State Treasurer's Local Government Investment Pool (LGIP) and short-term investments with original maturities of three months or less from the date of acquisition. All are carried at cost, which approximates fair market value.

F. Restricted Cash and Cash Equivalents

Restricted cash consists of proceeds from Perkins loans and outstanding debt which is restricted by outside sources.

G. Investments

Oregon Revised Statutes authorize investment in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, repurchase agreements, and bankers' acceptances. As of June 30, 2015, the College was in compliance with the aforementioned State of Oregon Statues. Investments are stated at fair value, which is based on individual investment's quoted market price at year end.

H. Receivables

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Foreclosure is started three years after taxes become delinquent. Malheur and Baker Counties collect and allocate all property taxes to the College. Property tax revenues are recognized when they become available. Available means when due, or past due and receivable within the current period, and collected within the current period.

Student loan receivables are recognized in the year in which tuition is recognized. Amounts are advanced to students under various federal student financial assistance programs.

Unreimbursed expenses from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenses are incurred. Grant funds received prior to the occurrence of qualifying expenses are recorded as unearned revenue.

Student revenues are from tuition, fees, housing, and food services revenues and are included in receivables and revenue for the period ended June 30, 2015.

I. Inventories

Proprietary fund inventories are carried at the lower of first-in, first-out (FIFO) cost or market, and are charged to cost of sales as used.

J. Capital Assets

Capital assets include land and land improvements, buildings and building improvements, equipment and machinery, works of art and historical treasures, infrastructure, which includes utility systems, leasehold improvements, and construction in progress. The College's capitalization threshold is $5,000 for equipment. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred. Buildings, equipment and machinery, infrastructure, library collections, leasehold improvements, and land improvements of the College are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20-40 years
Equipment and machinery	5-10 years
Infrastructure	10-40 years
Leasehold improvements	10-40 years

K. Tuition and Fees and Unbilled Revenue

Tuition and fees include all assessments to students for educational purposes. The College's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2015, for the College's 2015-20156summer term are recorded as unearned revenue.

L. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from service. Unused vacation pay is recognized as an expense and accrued when earned. As of June 30, 2015, the accrued compensated absences amounted to $91,872.

M. Long-term Debt

Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

N. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

O. Deferred Outflows/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense/expenditure) until then. The College has two items that qualify for reporting in this category: the pension obligation and deferred charge on refunding, which are both reported on the statement of net position. The pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the College's net pension asset. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category: the employer pension assumption. The employer pension assumption results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the College's net pension asset.

P. Operating and Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition, federal and state grants, charges for services and sale of educational materials. Operating expenses include the cost of faculty, administration, sales and services for food services, printing, housing, bookstore and the Caldwell Center operations and depreciation. All other revenues and expenses, including property taxes, state educational support, investment income, and interest expense not meeting this definition are reported as non-operating revenues and expenses.

Q. Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

R. Budgetary Information

In accordance with Oregon Revised Statutes, the College adopts an annual budget and makes appropriations for each fund. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control for appropriations is by function. Transfers of appropriations may be made between legally authorized appropriations when approved by Board resolution. Annual appropriations lapse on June 30.

Note 2 - Changes in Capital Assets

The following table presents the changes in various capital asset categories:

	Balance July 1, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital Assets Not Being Depreciated					
Land	$ 233,381	$ -	$ -	$ -	$ 233,381
Construction in progress	245,602	34,500	-	(245,602)	34,500
Total capital assets not being depreciated	478,983	34,500	-	(245,602)	267,881
Other Capital Assets					
Buildings	19,366,710	242,736	-	245,602	19,855,048
Improvements and software	3,078,531	35,017	(60,606)	-	3,052,942
Vehicles and equipment	3,967,023	105,019	(31,739)	-	4,040,303
Total other capital assets	26,412,264	382,772	(92,345)	245,602	26,948,293
Total capital assets	26,891,247	417,272	(92,345)	-	27,216,174
Less accumulated depreciation					
Buildings	5,944,646	520,826	-	-	6,465,472
Improvements and software	1,576,567	172,779	(60,606)	-	1,688,740
Vehicles and equipment	3,470,221	149,551	(31,738)	-	3,588,034
Total accumulated depreciation	10,991,434	843,156	(92,345)	-	11,742,246
Capital assets, net	$ 15,899,813	$ (425,884)	$ -	$ -	$ 15,473,928

Included in the vehicle and equipment category is the capitalized library collection, which is being depreciated.

Note 3 - Cash and Investments

The College maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position as cash and cash equivalents.

Cash is comprised of the following at June 30, 2015:

Cash and cash equivalents	
Petty cash	$ 3,465
Deposits with banks	833,573
State Treasurer's Local Government Pool (LGIP)	29,964
Total cash and cash equivalents	$ 867,002
Restricted cash and cash equivalents	
Perkin's loan fund	$ 45,352
State Treasurer's Local Government Pool (LGIP)	2,482
Total restricted cash and cash equivalents	$ 47,834

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United State of America (GAAP) which include standards to categorize bank deposits to give an indication of the level of custodial risk assumed by the College at June 30, 2015. If bank deposits at year end are not entirely insured or collateralized with securities held by the College or by its agent in the College's name, the College must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

At June 30, 2015, the carrying amount of the College's deposits (cash and certificates of deposit) was $914,836 and the bank balance was $1,194,440. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of $250,000 applies to deposits in each depository. When balances continually exceed $250,000, ORS 295.015 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualify qualified depositories found on the Oregon State Treasurers website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. At June 30, 2015, and for the year then ended, the College's deposits were in compliance with ORS 295.015.

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a policy for custodial credit risk of deposits. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. As of June 30, 2015, $500,000 of deposits were fully covered by federal depository insurance and the remainder of the balance was collateralized by the Oregon Public Funds Collateralization Program thus no assets were exposed to custodial credit risk.

Investments

At June 30, 2015, the College held $32,446 in investments, which is all classified as cash equivalents on the Statement of Net Position. The College has no policy for managing interest rate risk or credit risk.

Custodial Credit Risk – investments. For an investment, this is the risk that, in the event of the failure of counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a policy for custodial risk for investments. At June 30, 2015, none of the College's investments were exposed to custodial credit risk.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College minimizes this risk by limiting investments to only those that provide FDIC insurance and certificate of collateralization from the Federal Home Loan Bank. This action limits the College's exposure to an individual security issue or backer, when possible. The Local Government Investment Pool is not currently rated.

The College invests in the Local Government Investment Pool (LGIP) which has regulatory oversight from Oregon Short Term Bond Fund and approved by the Oregon Investment Council. The Oregon Short- Term Funds the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

The Oregon Local Government Investment Pool is an external investment pool as defined by GASB. The pool is governed by the Oregon Revised Statutes and the Oregon Investment Council and is not registered as an investment company with the Securities and Exchange Commission. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments. The Local Government Investment Pool holds certain derivatives to enhance return while managing the overall risk of the fund. These derivatives include asset-backed securities and floating rate notes of US government securities. Securities held by the pool are not specifically identified to the district and are not categorized for risk purposes. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Note 4 - Accounts Receivable

Receivables as of June 30, 2015, were as follows:

Property tax	$ 138,386
Tuition and related fees	1,207,130
Due from other governmental units	1,485,856
Other	201,242
	3,032,614
Allowance for uncollectible	(735,626)
Total accounts receivable, net	$ 2,296,988

Note 5 - Long-term Obligations

The following is a summary of long-term obligation transactions during the year:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Housing Series 2005 Bond	$ 145,000	$ -	$ (145,000)	$ -	$ -
Housing Series 2006 Bond	80,000	-	(40,000)	40,000	40,000
PERS UAL Bond	8,303,199	-	(290,981)	8,012,218	294,610
Johnson Control Capital Project	183,908	-	(183,908)	-	-
City of Ontario LID Lot 100	72,407	-	(14,689)	57,718	15,203
Zions Bank	1,491,000	-	(189,000)	1,302,000	195,000
Malheur County Title	81,110	-	(37,441)	43,669	43,669
Series 2012 Refinancing	5,990,000	-	(195,000)	5,795,000	350,000
University Capital Lease	156,586	-	(37,205)	119,381	38,118
Compensated Absences	110,167	238,910	(257,205)	91,872	91,872
	$ 16,613,377	$ 238,910	$(1,390,429)	$ 15,461,858	$ 1,068,472

In April 2005, the College issued $5,250,000 in full faith and credit certificates obligations, to provide financing for construction of student housing on campus and parking improvements. In December 2012, the College refunded $4,255,000 of the outstanding balance with the 2012 series issuance, leaving a $280,000 balance which was paid in full by the fiscal year end June 30, 2015. The $4,255,000 refunded was deposited into an irrevocable trust to provide for all future debt service payments on the refunded obligation. As a result, the refunded 2005 bonds are considered defeased and the liability for these bonds have been removed from the College's basic financial statement. As of June 30, 2015, $0 of the defeased bonds were outstanding. The interest rates range from 3.856 to 5.0 percent per annum. The bond is collateralized as mandated by state statute, which collateralizes the bond with all General Fund revenue and assets of the College.

In February 2006, the College issued $1,600,000 in full faith and credit certificates obligations, to provide additional financing for construction of student housing on campus and parking improvements. In December 2012, the College refunded $1,365,000 of the outstanding balance with the 2012 series issuance, leaving a $120,000 balance to be paid in full by fiscal year end 2016. The $1,365,000 refunded was deposited into an irrevocable trust to provide for all future debt service payments on the refunded obligation. As a result, the refunded 2006 bonds are considered defeased and the liability for these bonds have been removed from the College's basic financial statements. As of June 30, 2015, $1,330,000 of the defeased bonds were outstanding. The interest ranging from 4.0 to 5.0 percent per annum. The bond is collateralized as mandated by state statute, which collateralizes the bond with all General Fund revenue and assets of the College.

In April 2003, the College issued $10,701,480 in limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System (PERS). These bonds have interest rates that range from 2.06 to 6.10 percent. Interest payments are to be made semiannually on June 30 and December 30. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs. The bond is collateralized as mandated by state statute, which collateralizes the bond with all General Fund revenue and assets of the College.

In March 2003, the College entered into a long-term financing arrangement through Johnson Controls, to finance the heating and cooling system, and electrical upgrades throughout the College. This contract included interest at 5.86% and has been paid in full as of June 30, 2015.

The College is obligated to the City of Ontario for special assessment debt in connection with Local Improvement District 44 on tax lot 100. Monthly payments are $1,501 respectively, including interest at the rate of 5.25% per annum.

In February 2011, the College issued $2,000,000 full faith and credit certificates of obligation to provide for the construction of the TVCC Science Center. Terms call for the bonds to be repaid in annual payments of approximately $170,000 for fifteen years including interest at 2.67% and 5.07% per annum. The obligation is collateralized by the Science Center.

In May of 2011, the College entered into an agreement with MVCI in the amount of $190,825 for the expansion of the TVCC Agricultural and Livestock Center on campus. The amount is being paid back in monthly installments of $3,778 over five years. Interest across the life of the loan is 7%. The financing was collateralized by the Agriculture and Livestock Center.

In December of 2012, the College refinanced three different debt issues. The amount refinanced was $5.89 million and the total debt issuance was $6.225 million. The debt refunded partially, or wholly, the 2000, 2005, and 2006 debt issues.

The coupon rate on the debt is between 2 and 4% for the life of the obligation. The reacquisition price exceeded the net carrying amount of the old debt by $335,000; however the refunding reduced the College's total debt service payments over the remaining life of the debt by $620,000. The financing was collateralized by the College General Fund.

Long-term debt at June 30, 2015 includes:

	Principal	Interest	Total
2016	$ 976,600	$ 904,735	$ 1,881,335
2017	797,484	929,052	1,726,536
2018	812,553	961,781	1,774,334
2019	770,133	995,320	1,765,453
2020	786,181	1,032,606	1,818,787
2021-2025	4,757,035	4,180,572	8,937,607
2026-2030	4,830,000	833,232	5,663,232
2031-2035	1,640,000	201,400	1,841,400
	$ 15,369,986	$ 10,038,698	$ 25,408,684

Leases Payable

In May 2013, the College entered into a five-year lease agreement with University Lease for the purchase of stadium seating in the College baseball complex. The agreement calls for five annual payments in the amount of $43,292 with a stated interest rate of 3.49% across the lease period.

2016	$ 43,292
2017	43,292
2018	41,231
	127,815
Less Interest	(8,434)
Principal	$ 119,381

Note 6 - Short-term Obligations

In March 2015, the College entered into a taxable tax and revenue anticipation note, Series 2015 with Umpqua Bank in the amount of $1,500,000, $490,000 of which had been drawn on the note as of June 30, 2015. The note has an interest rate equal to the prime rate (as published in the Wall Street Journal) plus .50 percent per annum. The note matures on December 31, 2015. The financing was secured by the College's ad valorem property taxes subject to the limits of Article XI, Sections 11 and 11b of the Oregon Constitution and all legally available revenue of the College.

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Umpqua Line of Credit	$ -	$ 490,000	$ -	$ 490,000	$ 490,000

Note 7 - Pension Plans

General Information about the Pension Plans

Plan descriptions: Employees of the College are provided with pensions through the Oregon Public Employees Retirement Systems, (OPERS), which is a cost-sharing multiple-employer defined benefit plan. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan, known as Tier 1/Tier 2, which are closed to new members hired on or after August 29, 2003. A second program, the Chapter 238A – OPERS Pension Program (OPSRP-DB), is described in the section portion of this note. Membership in the programs is delineated based on date of hire. OPERS issues a publically available financial report which can be obtained at: http://www.oregon.gov/pers/PAGES/section/financial_reports/financials.aspx.

Benefits Provided Under the Programs:

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
Pension Benefits	The OPERS retirement allowance is payable monthly for life. The allowance 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 (2.0 percent for police and fire employees, 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 a formula plus an annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.	The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the 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 65, or age 58 with 30 years of retirement credit. A member of the 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.

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
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 more more of the following conditions are met: 1. The member was employed by an OPERS employer at the time of death, 2. The member died within 120 days after termination of OPERS-covered employment, 3. The member died as a result of injury sustained while employed in an OPERS-covered job, or 4. The member was on an official leave of absence from an OPERS-covered job at the time of death.	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 which would otherise have been paid to the deceased member.
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 (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.	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 the last full month of employment before the disability occured.
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 amrket value of equity investments.	No ability to change.
Cost of Living Adjustments	Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.	Under ORS 238Z.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

Contributions

OPERS 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 OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Ultimate authority for setting and changing the laws governing contributions rests with the Oregon legislature.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were $504,541, excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the college in effect for the fiscal year ended June 30, 2015, were:

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
General Service	9.32%	7.42%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the College reported an asset of $1,285,441 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. The College's proportion of the net pension liability was based on the College's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumptions. The UAL Rate is the upcoming year's fixed component of the cumulative amortization schedules, stated as a percent of payroll.

The employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and the pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2015, the College's proportion was 0.05670943 percent, which is the same as its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the College recognized a negative pension expense of $1,190,440. At June 30, 2015, the College reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as shown below:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan	-	2,480,380
Changes in proportion and differences between College contributions	-	68,839
College contributions subsequent to the measurement date	504,541	-
	$ 504,541	$ 2,549,219

$504,541 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ended June 30, 2015.

The net amount of the College's deferred outflows of resources and deferred inflows of resources that will be recognized in the College's pension expense in the subsequent five years in the aggregate are shown in the table below:

Year ended June 30:	Deferred Outflow/ (Inflow of Resources)
2016	$ (635,060)
2017	(635,060)
2018	(635,060)
2019	(635,060)
2020	(8,979)
	$ (2,549,219)

Actuarial Assumptions:

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS 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 the normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarially accrued liabilities, which are being amortized over a fixed period with new unfunded actuarially accrued liabilities being amortized over 16 years.

A summary of the economic assumptions used for the December 31, 2011 actuarial valuation and those approved for the December 31, 2012 and 2013 actuarial valuations are shown below:

Assumption	December 31, 2011 Valuation	December 31, 2012 and 2013 Valuations
Inflation (other than healthcare)	7.50%	No change
Real wage growth	1.00%	No change
Payroll growth	3.75%	No change
Regular investment return	8.00%	7.75%
Variable account investment return	8.25%	Same as regular investment return
SPSRP administrative expenses	\$6.6 million/year	\$5.5 million/year
Healthcare cost inflation rates		
- 2013 rate	7.00%	8.00%
- Ultimate inflation rate	4.50%	4.70%
- Year reaching ultimate rate	2029	2083

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts 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 31st of even numbered years. The experience study used to develop assumptions and estimates for the December 2012 actuarial valuation upon which the GASB 68 reporting data is based was adopted on September 18, 2013.

Mortality assumptions are shown in the table below:

Assumption	December 31, 2011 Valuation	Approved for December 31, 2012 and 2013 Valuations
Healthy Annuitant Mortality	**RP200 Generational, Combined Active/Healthy Annuitant, Sex Distinct**	**No Change**
- School District Male	White collar, set back 18 months	No collar, set back 24 months
- Other General Service Male (and Male Beneficiary)	Blended 25% blue collar, set back 12 months	No change
- Police & Fire Male	Blended 33% blue colar, no setback	Blended 25% blue collar, set back 12 months
- School District Female	White collar, set back 24 months	No change
- Other Female (and Female Beneficiary)	White collar, no setback	No change
Disabled Retiree Mortality	**RP 2000 Static, Combined Active/Healthy Annuitant, No Collar, Sex Distinct**	**RP 2000 Static, Disabled, No Collar, Sex Distinct**
- Male	Set forward 60 months, minimum of 2.25%	65% of Disabled Table
- Female	Set forward 48 months, minimum of 25%	90% of Disabled Table
Non-Annuitant Mortality	**Fixed Percentage of Healthy Annuitant Mortality**	**No change**
- School District Male	75%	70%
- Other General Service Male	85%	No change
- Police & Fire Male	70%	95%
- School District Female	60%	No change
- Other Female	50%	55%

The long-term expected rate of return on plan investments was developed based on the forward looking capital market economic model. The table below presents the assumptions related to asset allocation and expected rates of return by major asset class using the 50th percentile. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Compound Annual Return	Annual Arithmetic Return	Standard Deviation
Core Fixed Income	7.20%	4.50%	4.70%	6.60%
Short-Term bonds	8.00%	3.70%	3.76%	3.45%
Intermedidate-Term Bonds	3.00%	41.00%	4.23%	5.15%
High Yield Bonds	1.80%	6.66%	7.21%	11.10%
Large Cap US Equities	11.65%	7.20%	8.60%	17.90%
Mid Cap US Equities	3.88%	7.30%	9.38%	22.00%
Small Cap US Equities	2.27%	7.45%	10.38%	26.40%
Developed Foreign Equities	14.21%	6.90%	8.73%	20.55%
Emerging Market Equities	54.90%	7.40%	11.51%	31.70%
Private Equity	20.00%	8.26%	11.95%	30.00%
Hedge Funds/Absolute Return	5.00%	6.01%	6.46%	10.00%
Real Estate (Property)	13.75%	6.51%	7.27%	13.00%
Real Estate (REITS)	2.50%	6.76%	8.41%	19.45%
Commodities	1.25%	6.07%	7.71%	19.70%
Portfolio - Gross of Expenses	100.00%	7.62%	8.39%	13.01%
Portfolio - Net of Expenses	100.00%	7.57%	8.34%	13.01%

Discount Rate

The discount rate used to measure the total pension liability was 7.75 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/(asset) calculated using the discount rate of 7.75 percent, 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 (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of net pension liability (asset)	$ 2,722,100	$ (1,285,441)	$ (4,674,881)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report that can be found at http://www.oregon.gov/pers.

Changes in Pension Plan Subsequent to Measurement Date

The Oregon Supreme Court delivered its decision on April 30, 2015, in the case of *Moro vs. State of Oregon*. The Court overturned the vast majority of the PERS reform cost savings provisions in SB 822 and SB 861 from the 2013 Legislature.

The reductions to COLA in Oregon SB 822 and SB 861 were found to be unconstitutional by the Supreme Court for benefits earned prior to the effective dates of these changes. As a result, benefits earned prior to these dates will continue to receive an annual COLA adjustment tied to the Consumer Price Index, normally resulting in a 2% increase. PERS will make restoration payments to those benefit recipients impacted by the passage of this legislation.

The Supreme Court did affirm the reduction of COLA for benefits that members earned on or after the effective dates of SB 822 and SB 861. Therefore active Tier 1 and Tier 2 members will have an annual COLA rate adjustment that is blended upon the date the benefit was earned.

They also affirmed the removal of the income tax offset for current and future retirees residing outside the State of Oregon. However, there is a possibility that out of state retirees have the right to re-open the Stoval/Chess class action, as the Supreme Court did not have jurisdiction to prohibit its reopening.

The final decision in *Moro vs. State of Oregon* occurred subsequent to the measurement date of June 30, 2014, therefore, it will be reflected in next year's actuarial valuations. The impact of the decision on the College's portion of the pension liability and the employer's net pension liability/(asset) has not been determined.

Note 8 - Postemployment Healthcare Plan

The College operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and prescription coverage benefits to eligible employees and their eligible dependents. This plan is not a stand-alone plan and therefore does not issue financial statements.

The College contributes premiums for eligible faculty and academic professional employees and their eligible dependents up to the employer paid maximum at the time of retirement (College Paid-Cap). The employer cap separates employees into three distinct categories, faculty, staff (which includes classified, professional, and administrative staff) and part-time employees. Faculty receive an employer paid cap of $1,535, staff receive $1,314, and part time employees received between 50% and 75% of the individual insurance rate based on their FTE, for the year ended June 30, 2015.

The College is required by Oregon Revised Statutes 243.303 to provide retirees who qualify for retirement under Oregon PERS with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Retired employees who are eligible for the College Paid-Cap whose College paid benefits end prior to age 65 may continue enrollment in the health plans on a self-pay basis until age 65. Retired employees who are not eligible for the College Paid-Cap may continue enrollment in the health plans on a self-pay basis until age 65.

For the fiscal year ended, June 30, 2015, the College contributed $1.93 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of $611,026.

The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the College (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the College's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the College's OPEB obligation to the plan.

	June 30, 2015
Determination of Annual Required Contribution	
(1) Normal cost at year end	$ 50,537
(2) Amortization of UAAL	75,391
(3) Annual Required Contribution (ARC)	$ 125,928
Determination of Net OPEB Obligation	
(4) Annual Required Contribution (ARC)	$ 125,928
(5) Interest on prior year Net OPEB Obligation	23,405
(6) Adjustment to ARC	(80,406)
(7) Annual OPEB Cost	68,927
Less	
(8) Explicit Benefit Payments	-
(9) Implicit Benefit Payments	47,066
(1C Increase in Net OPEB Obligation	21,861
(11 Net OPEB Obligation - Beginning of Year	668,709
(12 Net OPEB Obligation - End of Year	$ 690,570

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013, 2014, and 2015 is as follows:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2013	$ 116,389	42%	$ 603,994
June 30, 2014	122,755	47%	668,709
June 30, 2015	68,927	80%	690,570

Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the June 30, 2015, actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50% in the first year with rates fluctuating between 5.50% - 7.00% over the next 45 years, a general inflation rate of 2.75%, and 5.25% thereafter for Oregon Dental Systems. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of thirty years.

Note 9 - Commitments and Contingencies

The College receives significant financial assistance from various federal, state and local governmental agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the College at June 30, 2015.

Note 10 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The College is insured for the physical damage to property and carries commercial insurance for all risks of loss, including workers' compensation, and employee health and accident insurance.

Note 11 - Related Party

The Treasure Valley Community College Foundation (the Foundation) provides scholarships to the College based on the terms of the donations. The Foundation also provided various departmental and program support of $109,194. For the year ended June 30, 2015, the Foundation provided scholarship support of $377,868, of which $150,604 was outstanding to the College as of year end. During the year ended June 30, 2015, the College provided salaries and benefits, materials and office space to the Foundation which totaled $127,580, $29,087 and $12,651, respectively. During the year, $284,827 was transferred from the Foundation to the College related to the capital campaign for the new Science Center that occurred in prior years. Also, the College obtains their worker's compensation insurance through a firm whose partner is a member of the Board of Education. The amount paid to the insurance carrier was $67,080 for insurance premiums and $17,400 for consulting fees related to health insurance options during the year ended June 30, 2015.

Note 12 - Adoption of New Standard

As of July 1, 2014, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources to contributions made after the measurement date as follows:

Net position at June 30, 2014, as previously reported	$ 14,561,020
Net pension liability at June 30, 2014	(2,893,965)
Net pension asset at June 30, 2014	(12,551,068)
Deferred inflow - changes in employer proportion	(83,804)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	523,551
Net position at July 1, 2014, as restated	$ (444,266)

Note 13 - Subsequent Event

In September 2015, the College entered into a loan agreement for $400,000 at a fixed rate of 4.25%, which matures in September 2020. The purpose of the loan agreement was to finance the installment of an ADA compliant lift in the College gymnasium.

Note 14 - Component Unit

Treasure Valley Community College Foundation

Foundation Operations and Significant Accounting Policies

Treasure Valley Community College Foundation (the Foundation) was organized under the provisions of the Oregon Non-Profit Corporation Act in 1962.

The Foundation encourages, receives and administers gifts and bequests for the support of the College. The Board of Directors recognizes its responsibility to manage all funds entrusted to the organization in a prudent manner, with the understanding that the primary purpose of these funds is to provide support for priority projects at the College. This includes scholarships, grants in aid, tuition waivers, educational facilities and equipment. The Foundation awards scholarships only to qualifying screened college students attending the College who have properly completed both application for admission and financial aid obtained and processed by the College financial aid office. All accepted and funded applicants must meet specific grade point average standards and any other stipulations established by the respective donor. Any other aid given directly to the College students is subject to approval by the college scholarship committee, the organization’s executive director and the Foundation’s Board of Directors.

The Board also recognizes a responsibility to allocate resources, striking a reasonable balance between the organization’s current cash flow requirements and the equally compelling educational needs of future generations. These policies are intended to assure the optimum investment opportunity for all of the money received, whether funds are to be expended within a day or two or endowed in perpetuity.

The Foundation’s financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board (FASB). FASB standards require three classes of net assets: unrestricted, temporarily restricted, and permanently restricted instead of reporting by fund as is done under GASB standards. Other differences include criteria for recognizing in-kind donations and the presentation of information.

Investments

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions of market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

> Level 1 - Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessary correspond to the Foundation's assessment of the quality risk or liquidity profile of the asset.

The Foundation's investment assets are classified within Level 1 because they are comprised of investment securities with readily determinable fair values based on daily redemption values.

The assets that are measured at fair value on a recurring basis as of June 30, 2015 are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Fixed Income	$ 386,477	$ -	$ -	$ 386,477
Fixed Income Mutual Funds	375,691	-	-	375,691
Equities				
Large Cap Growth	658,426	-	-	658,426
Large Cap Value	169,966	-	-	169,966
Small/Mid Cap Growth	187,474	-	-	187,474
Small/Mid Cap Value	66,313	-	-	66,313
International Equity	257,216	-	-	257,216
Equities Blend	16,244	-	-	16,244
Exchange Traded Fund				
Bonds	772,856	-	-	772,856
Intermediate Government	110,664	-	-	110,664
Foreign Large Blend	281,578	-	-	281,578
Diversified Emerging Markets	79,680	-	-	79,680
Miscellaneous Sector	7,715	-	-	7,715
Large Growth	689,616	-	-	689,616
Small Growth	55,441	-	-	55,441
Small Value	36,548	-	-	36,548
Large Value	692,221	-	-	692,221
Total assets at fair value	$ 4,844,126	$ -	$ -	$ 4,844,126

The valuation of the investment securities is determined by reference to quoted market prices.

Donated Materials and Services

Donated materials and services for the year ended June 30, 2015 were:

	Support Services General Operation
Salaries and benefits	$ 127,580
Materials and supplies	29,087
Office space	12,651
	$ 169,318

All donated materials and services were provided by the College.

Endowment

The Foundation's endowment consists of approximately 80 individual funds established for a variety of purposes. The endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Oregon Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditures by the Foundation in a manner that is consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund or endowment
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

The endowment funds net asset composition is as follows:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 1,010,529	$ 3,108,892	$ 4,119,421

At June 30, 2015, certain donor-restricted endowment funds had fair values less than the amount of the original gifts (the permanently restricted portion of the funds). Deficiencies of $27,395 were reported in the temporarily restricted net assets on that date.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and scholarships supported by its endowment while seeking to maintain the fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide both a reasonably predictable income stream and principal appreciation that exceeds inflation. The Foundation expects its endowment funds, over time, to provide an average minimum rate of return equal to or greater than the Foundation's spending rate percentage and management fee.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within the prudent risk constraints.

The Foundation has a policy of appropriating for annual distribution 4% of its endowment fund's average fair value over the individual endowment's average daily principal balance outstanding during the fiscal year. While the Foundation intends to maintain this 4% distribution, the annual distribution is contingent on projected revenues from investments meeting the 4% threshold for disbursement. If anticipated revenues do not meet the 4% distribution limit, the scholarships awarded for the following year are decreased to ensure corpus balances are maintained. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets				
Beginning of year July 1, 2014	$ (15,373)	$ 967,712	$ 2,949,164	$ 3,901,503
Investment return				
Investment income	15,373	102,206	-	117,579
Net realized and unrealized appreciation	-	31,655	-	31,655
Contributions	-	-	159,728	159,728
Other changes				
Appropriation of endowment assets for expenditures	-	(91,044)	-	(91,044)
Endowment assets				
End of year June 30, 2015	$ -	$ 1,010,529	$ 3,108,892	$ 4,119,421

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2015 are as follows:

Temporarily restricted net assets	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	
With purpose restrictions	$ 1,010,529
Permanently restricted net assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 3,108,892

Required Supplementary Information
June 30, 2015

Treasure Valley Community College

The following table shows a schedule of the Funding Progress:

Actuarial Valuation Date	AVA (1)	AAL (2)	UAAL (3)	Percent Funded	Covered Payroll	UAAL as a percentage of covered payroll
10/1/2009	$ -	$ 1,076,138	$ 1,076,138	0%	$ 9,238,781	12%
10/1/2011	$ -	$ 812,296	$ 812,296	0%	$ 9,683,004	8%
10/1/2013	$ -	$ 611,026	$ 611,026	0%	$10,895,574	6%

(1) Actuarial Value of Assets
(2) Actuarial Accrued Liability
(3) Unfunded Actuarial Accrued Liability

	2015
Employer's proportionate share of the net pension liability (asset)	0.05670943%
Employer's proportion share of the net pension liability (asset)	$ (1,285,441)
Employer's covered - employee payroll	$ 9,603,844
Employer's proportional share of the net pension liability(asset) as a percentage of its covered-employee payroll	-13.38%
Plan fiduciary net position as a percentage of the total pension liability	103.59%

GASB Statement No. 68 requires ten years of information to be presented in this table; however, until a full ten year trend is compiled, the College will present information for those years for which information is available.

Data reported is measured as of June 30, 2014

	2015
Statutorily required contributions	$ 504,541
Contributions in relation to the statutorily required contribution	504,541
Contributions (deficiency) excess	-
Employer's covered-employee payroll	9,643,827
Contributions as a percentage of the covered-employee payroll	5.23%

GASB Statement No. 68 requires ten years of information to be presented in this table; however, until a full ten year trend is compiled, the College will present information for those years for which information is available.

Data reported is measured as of June 30, 2015

Supplementary Information
June 30, 2015

Treasure Valley Community College

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 2,325,250	$ 2,325,250	$ 2,449,255	$ 124,005
State sources	6,651,938	6,651,938	6,605,197	(46,741)
Tuition and fees	7,526,599	7,526,599	6,963,726	(562,873)
Total revenues	16,503,787	16,503,787	16,018,178	(485,609)
Expenditures				
Instruction	6,900,476	6,900,476	6,626,391	274,085
Instruction support	629,923	629,923	607,325	22,598
Student services	2,191,113	2,191,113	2,029,865	161,248
College support services	3,801,121	3,801,121	3,526,010	275,111
Plant operation and maintenance	1,706,340	1,706,340	1,700,010	6,330
Plant additions	130,000	130,000	129,240	760
Debt service	1,976,420	1,976,420	1,988,978	(12,558)
Financial aid	943,222	943,222	857,441	85,781
Operating contingency	520,000	520,000	-	520,000
Total expenditures	18,798,615	18,798,615	17,465,260	1,333,355
Excess of Revenues over (Under) Expenditures	(2,294,828)	(2,294,828)	(1,447,082)	847,746
Other Financing Sources (Uses)				
Transfers in	1,382,328	1,587,328	1,503,957	(83,371)
Transfers out	(287,500)	(287,500)	(177,500)	110,000
Total other financing sources (uses)	1,094,828	1,299,828	1,326,457	26,629
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,200,000)	(995,000)	(120,625)	874,375
Available Fund Balance, July 1	1,500,000	1,500,000	1,378,688	(121,312)
Available Fund Balance, June 30	$ 300,000	$ 505,000	$ 1,258,063	$ 753,063

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 50,000	$ 50,000	$ 32,541	$ (17,459)
Tuition and fees	35,000	35,000	6,781	(28,219)
State sources	2,150,000	2,150,000	1,905,438	(244,562)
Federal sources	1,065,000	1,065,000	774,896	(290,104)
Total revenues	3,300,000	3,300,000	2,719,656	(580,344)
Expenditures				
Instruction	2,300,000	2,300,000	2,156,262	143,738
Supporting services	900,000	900,000	615,087	284,913
Total expenditures	3,200,000	3,200,000	2,771,349	428,651
Other financing sources (uses)				
Transfers out	-	(148,000)	(48,672)	99,328
Transfers in	-	-	-	-
Total other financing sources (uses)	-	(148,000)	(48,672)	99,328
Excess of Revenues, Other Financing Sources, Over (Under) Expenditures	100,000	(48,000)	(100,365)	(52,365)
Available Fund Balance, July 1	-	-	203,560	203,560
Available Fund Balance, June 30	$ 100,000	$ (48,000)	$ 103,195	$ 151,195

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
State grants	$ 75,000	$ 75,000	$ -	$ (75,000)
Local sources	-	-	-	-
Total revenues	75,000	75,000	-	(75,000)
Expenditures				
Facilities acquisition and construction	75,000	75,000	34,500	40,500
Total expenditures	75,000	75,000	34,500	40,500
Excess of Revenues over (Under) Expenditures	-	-	(34,500)	(34,500)
Other Financing Sources (Uses)				
Contributed capital	-	-	-	-
Transfer from other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	-	(34,500)	(34,500)
Available Fund Balance, July 1	-	-	-	-
Available Fund Balance, June 30	$ -	$ -	$ (34,500)	$ (34,500)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 600,000	$ 600,000	$ 1,137,022	$ 537,022
Tuition and fees	85,000	85,000	67,250	(17,750)
Total revenues	685,000	685,000	1,204,272	519,272
Expenditures				
Support services	725,000	725,000	1,140,743	(415,743)
Facilities acquisition and construction	225,000	225,000	184,326	40,674
Total expenditures	950,000	950,000	1,325,069	(375,069)
Excess of Revenues over (Under) Expenditures	(265,000)	(265,000)	(120,797)	144,203
Other Financing Sources (Uses)				
Transfers from other funds	350,000	350,000	322,455	(27,545)
Transfer to General Fund	(475,000)	(475,000)	(615,240)	(140,240)
Total other financing sources (uses)	(125,000)	(125,000)	(292,785)	(167,785)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(390,000)	(390,000)	(413,582)	(23,582)
Available Fund Balance, July 1	2,050,000	2,050,000	1,745,694	(304,306)
Available Fund Balance, June 30	$ 1,660,000	$ 1,660,000	$ 1,332,112	$ (327,888)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 12,500	$ 12,500	$ 45,925	$ 33,425
State sources	150,000	150,000	242,671	92,671
Federal sources	22,500,000	22,500,000	17,043,463	(5,456,537)
Total revenues	22,662,500	22,662,500	17,332,059	(5,330,441)
Expenditures				
Supporting services	22,662,500	22,662,500	17,331,928	5,330,572
Total expenditures	22,662,500	22,662,500	17,331,928	5,330,572
Excess of Revenues over (Under) Expenditures	-	-	131	131
Other Financing Sources (Uses)				
Transfers from other funds	8,250,000	8,250,000	6,286,970	(1,963,030)
Transfers to other funds	(8,250,000)	(8,250,000)	(6,286,970)	1,963,030
Total other financing sources (uses)	-	-	-	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	-	131	131
Available Fund Balance, July 1	175,000	175,000	178,994	3,994
Available Fund Balance, June 30	$ 175,000	$ 175,000	$ 179,125	$ 4,125

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Sales	$ 3,400,000	$ 3,400,000	$ 3,140,657	$ (259,343)
Tuition and fees	2,600,000	2,600,000	1,924,786	(675,214)
Total operating revenues	6,000,000	6,000,000	5,065,443	(934,557)
Operating Expenses				
Instruction	2,550,000	2,550,000	2,510,148	39,852
Enterprise services	2,250,000	2,250,000	2,113,173	136,827
Total operating expenses	4,800,000	4,800,000	4,623,321	176,679
Operating Income	1,200,000	1,200,000	442,122	(757,878)
Other Financing Sources (Uses)				
Transfer to other funds	(928,000)	(928,000)	(928,000)	-
Total other financing sources (uses)	(928,000)	(928,000)	(928,000)	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	272,000	272,000	(485,878)	(757,878)
Available Fund Balance, July 1	5,050,000	5,050,000	4,730,452	(319,548)
Available Fund Balance June 30	$ 5,322,000	$ 5,322,000	$ 4,244,574	$ (1,077,426)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Tuition and fees	$ 375,000	$ 375,000	$ 374,473	$ (527)
Local funds	400,000	400,000	430,482	30,482
Total operating revenues	775,000	775,000	804,955	29,955
Operating Expenses				
Supporting services	765,000	765,000	798,500	(33,500)
Total operating expenses	765,000	765,000	798,500	(33,500)
Operating Income (Loss)	10,000	10,000	6,455	(3,545)
Other Financing Sources (Uses)				
Transfer to other funds	(10,000)	(67,000)	(57,000)	10,000
Total other financing sources (uses)	(10,000)	(67,000)	(57,000)	10,000
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	(57,000)	(50,545)	6,455
Available Fund Balance, July 1	190,000	190,000	118,321	(71,679)
Available Fund Balance, June 30	$ 190,000	$ 133,000	$ 67,776	$ (65,224)

Other Information
June 30, 2015

Treasure Valley Community College

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2015
Assets						
Cash and cash items	$ 500	$ -	$ -	$ -	$ 1,118	$ 1,618
Interfund receivable	-	-	71,715	84,752	-	156,467
Prepaid assets	-	-	-	7,438	5,000	12,438
Receivables	78,803	-	-	-	-	78,803
Inventory	311,868	-	-	-	77,826	389,694
Fixed assets (net of accumulated depreciation)	55,169	-	4,665,724	5,700	72,320	4,798,913
	$ 446,340	$ -	$ 4,737,439	$ 97,890	$ 156,264	$ 5,437,933
Liabilities and Net Position						
Liabilities						
Accrued payroll	$ -	$ -	$ 2,102	$ -	$ 37,716	$ 39,818
Deposits payable	-	-	99,485	-	-	99,485
Interfund payable	216,573	175,496	-	-	661,987	1,054,056
Total liabilities	216,573	175,496	101,587	-	699,703	1,193,359
Net Position						
Unrestricted	229,767	(175,496)	4,635,852	97,890	(543,439)	4,244,574
Total net position	229,767	(175,496)	4,635,852	97,890	(543,439)	4,244,574
	$ 446,340	$ -	$ 4,737,439	$ 97,890	$ 156,264	$ 5,437,933

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2015
Operating Revenues						
Sale of textbooks and school supplies	$ 1,526,420	$ -	$ -	$ -	$ 437,273	$ 1,963,693
Food and catering sales	-	445,702	-	-	60,037	505,739
Housing income	-	-	508,656	-	-	508,656
Printing income	-	-	-	162,569	-	162,569
Tuition and fees	-	-	-	-	1,924,786	1,924,786
Total operating revenues	1,526,420	445,702	508,656	162,569	2,422,096	5,065,443
Operating Expenses						
Salaries and benefits	128,291	20,616	102,437	71,408	1,337,326	1,660,078
Cost of goods sold	1,193,614	-	-	44,161	494,106	1,731,881
Travel and mileage	54	-	-	335	8,946	9,335
Materials and supplies	-	1,471	191	6,067	49,022	56,751
Rent	-	4,917	-	-	238,042	242,959
Outside services	14,535	441,183	28,944	8,382	30,168	523,212
Repairs and maintenance	-	2,117	4,930	122	-	7,169
Printing	2,515	602	1,843	5,424	12,503	22,887
Other expense	1,552	4,564	16,314	-	57,501	79,931
Shipping	-	26	-	-	14	40
Depreciation	5,403	723	148,397	1,037	15,570	171,130
Equipment	-	-	-	-	66,126	66,126
Bad debts	-	-	-	-	51,822	51,822
Total operating expenses	1,345,964	476,219	303,056	136,936	2,361,146	4,623,321
Operating Income (Loss)	180,456	(30,517)	205,600	25,633	60,950	442,122

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2015
Other Financing Sources (Uses)						
Transfer to other funds	(200,000)	-	(353,000)	(25,000)	(350,000)	(928,000)
Contributed capital	-	-	-	-	-	-
Total other financing sources (uses)	(200,000)	-	(353,000)	(25,000)	(350,000)	(928,000)
Net Position, Beginning of Year	249,311	(144,979)	4,783,252	97,257	(254,389)	4,730,452
Net Position, End of Year	$ 229,767	$ (175,496)	$ 4,635,852	$ 97,890	$ (543,439)	$ 4,244,574

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2015
Operating Activities						
Cash received from customers	$ 1,578,104	$ 445,702	$ 500,326	$ 162,569	$ 2,373,553	$ 5,060,254
Payments to employees	(130,451)	(20,616)	(102,377)	(72,275)	(1,350,944)	(1,676,663)
Payments to suppliers	(1,253,519)	(454,880)	(52,222)	(64,055)	(976,327)	(2,801,003)
Net Cash from (used for) Operating Activities	194,134	(29,794)	345,727	26,239	46,282	582,588
Noncapital Financing Activities						
Increase (decrease) in interfund receivable/payable	5,866	29,794	7,273	(1,239)	303,718	345,412
Operating transfers out	(200,000)	-	(353,000)	(25,000)	(350,000)	(928,000)
Net Cash from (used for) Noncapital Financing Activities	(194,134)	29,794	(345,727)	(26,239)	(46,282)	(582,588)
Net Cash used for Investing Activities	-	-	-	-	-	-
Net Change in Cash	-	-	-	-	-	-
Net Cash and Cash Items, Beginning of Year	500	-	-	-	1,118	1,618
Net Cash and Cash Items, End of Year	$ 500	$ -	$ -	$ -	$ 1,118	$ 1,618

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2015
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating Income (Loss)	$ 180,456	$ (30,517)	$ 205,600	$ 25,633	$ 60,950	$ 442,122
Depreciation and amortization	5,403	723	148,397	1,037	15,570	171,130
(Increase) decrease in accounts receivable (net)	51,684	-	-	-	3,279	54,963
(Increase) decrease in inventory	(41,249)	-	-	-	(19,901)	(61,150)
(Increase) decrease in prepaid assets	-	-	-	437	-	437
Increase (decrease) in payroll payable	(2,160)	-	60	(868)	(13,616)	(16,584)
Increase (decrease) in deposits payable	-	-	(8,330)	-	-	(8,330)
Net Cash from (used for) Operating Activities	$ 194,134	$ (29,794)	$ 345,727	$ 26,239	$ 46,282	$ 582,588

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2014	2014-2015 Assessment	Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2015
2014-2015	$ -	$ 2,015,070	$ 1,734	$ 51,789	$ 1,419	$ 1,902,296	$ 1,902,296	$ 59,251
2013-2014	78,765	-	297	-	3,324	34,778	34,778	43,690
2012-2013	41,605	-	306	-	3,434	17,737	17,737	23,562
2011-2012	24,815	-	244	-	4,338	14,153	14,153	10,418
2010-2011	11,025	-	238	-	3,605	9,742	9,742	1,045
2009-2010	654	-	229	-	119	270	269	156
2008-2009	522	-	397	-	65	121	121	4
Prior years	487	-	121	-	80	106	106	260
Total	$ 157,873	$ 2,015,070	$ 3,566	$ 51,789	$ 16,384	$ 1,979,203	$ 1,979,202	$ 138,386

Assets	
Cash and cash equivalents	$ 867,766
Accounts receivable, net	1,981,255
Prepaid and other assets	71,188
Due from other funds	402,320
	$ 3,322,529
Liabilities	
Accounts payable	$ 687,028
Payroll liabilities	887,438
Short-term loans payable	490,000
Total liabilities	2,064,466
Fund Balance	1,258,063
	$ 3,322,529

Fiscal Year	Real Market Value	Total Assessed Value	% AV Growth
2015	$ 1,999,474,573	$ 1,732,664,506	2.90%
2014	1,934,924,557	1,683,880,925	-2.25%
2013	1,996,579,975	1,722,597,592	6.71%
2012	1,915,006,675	1,614,261,739	1.95%
2011	2,032,940,238	1,583,378,391	3.72%
2010	2,065,610,076	1,526,586,029	3.57%
2009	2,001,937,822	1,473,990,650	5.02%
2008	1,838,225,220	1,403,564,969	3.48%
2007	1,671,097,840	1,356,378,265	2.08%
2006	1,547,887,690	1,328,764,895	4.22%
2005	1,506,054,290	1,274,997,655	3.09%
2004	1,450,814,560	1,236,815,526	2.41%
2003	1,421,109,120	1,207,731,074	1.84%
2002	1,448,793,430	1,185,961,331	7.03%
2001	1,397,851,930	1,108,062,481	-

Source: Malheur and Baker County's Departments of Assessment and Taxation

General Obligation Legal Debt Capacity

Real Market Value (Fiscal Year 2015)	$ 1,999,474,573
G.O. Bond Debt Capacity	29,992,119
Less: Outstanding Debt Subject to Limit	-
Remaining General Obligation Debt Capacity	$ 29,992,119
Percent of Debt Capacity Issued	0%

Taxpayer	Business/Service	Tax [1]	Assessed Value [2]	Percent of Value
Idaho Power Co	Utilities	$ 1,246,788	$ 105,802,962	5.70%
HJ Heinz Company LP	Food Processing	1,292,004	89,176,143	4.81%
Ontario Asset Holdings LLC		172,764	16,605,068	0.90%
Eagle-Picher Filtration	Mining and Production	152,493	15,471,156	0.83%
Oregon Warehouse Partners	Warehousing & Storage	196,743	13,502,730	0.73%
Pacificorp (PP&L)	Utilities	123,326	11,882,000	0.64%
Union Pacific Railroad Co.	Freight/Transportation	175,259	11,341,016	0.61%
Wal-Mart Rest Est Business Trs	Retail	136,234	9,338,040	0.50%
Murakami Farms Inc.	Farming	135,789	9,051,680	0.49%
Baker Packing Co.	Wholesale Foods	104,581	6,941,446	0.37%
Subtotal - Ten of District's Largest Taxpayers			$ 289,112,241	15.58%
All Other District's Taxpayers			1,566,039,927	84.42%
Total District			$ 1,855,152,168	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of Malheur County. This amount is distributed to indivdual local governments by Malheur County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Comments Required by Oregon State Regulations

We have audited the basic financial statements of the Treasure Valley Community College (the College) as of and for the year ended June 30, 2015, and have issued our report thereon dated February 25, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 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 statements 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 the College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 of the Minimum Standards for Audits of Oregon Municipal, except as noted below:

- The College's expenditures exceeded appropriations for one of the nine appropriations in the College's general fund.
- The College's expenditures exceeded appropriations for one of the two appropriations in the College's reserve fund.
- The College's expenditures exceeded appropriations in the agency fund.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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 the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 yet been identified.

This report is intended solely for the information and use of the board of education and management of Treasure Valley Community College and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

For Eide Bailly LLP
Boise, Idaho
February 25, 2016

Single Audit Information
June 30, 2015

Treasure Valley Community College

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Education			
Direct Programs			
Student Financial Assistance Cluster			
Pell Grant Program	84.063**		$ 5,879,256
SEOG Program	84.007**		180,368
Perkins Loan Program - Note 3	84.038**		165,489
College Work Study Program	84.033**		92,244
Direct Loan Program	84.268**		10,787,578
Total SFA Cluster			17,104,935
Total Direct Programs			17,104,935
Passed through Oregon State Dept of Education			
Adult Education - Basic Grants to State			
Adult Basic Education (ABE)	84.002		
Comprehensive		EE121321BG	100,942
EL Civics		EE121321EG	25,531
Total Adult Basic Education			126,473
Vocational Education - Basic Grant			
Perkins	84.048A	19175	182,474
Total Passed through Oregon State Dept of Education			308,947
Total Department of Education			17,413,882
U.S. Small Business Administration			
Passed through Oregon State SBA Director			
Small Business Administration	59.037	SBHQ-12-B-0069	55,093
U.S. Department of Labor			
CASE Grant (TAACCCT)	17.282	TC-22511-11-60-A-41	204,240
Total Federal Financial Assistance			$ 17,673,215

** Denotes a program cluster

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Treasure Valley Community College (the College) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The College received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Governmental fund types account for the College's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available financial resources. The College's summary of significant accounting policies is presented in Note 1 in the College's basic financial statements.

Note 3 - Federal Perkins Loan Program

Expenditures of the Federal Perkins Loan Program (84.038) are comprised of the following:

	Amount
Loan balance outstanding at June 30, 2014	$ 178,269
Loans issued during the current year	-
	178,269
Loan receipts, allowance adjustments, and cancellation	(12,780)
Loan balance outstanding at June 30, 2015	$ 165,489

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education
Treasure Valley Community College
Ontario, Malheur County, 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 Treasure Valley Community College, (the College) as of and for the year June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2016.The financial statements of the Treasure Valley Community College Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Treasure Valley Community College Foundation.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

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Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 College’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 College’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
February 25, 2016

Independent Auditor's Report on Compliance For Each Major Program on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Education
Treasure Valley Community College
Ontario, Malheur County, Oregon

Report on Compliance for Each Major Federal Program
We have audited Treasure Valley Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 the 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 the College's compliance.

Basis for Qualified Opinion on Student Financial Aid Cluster
As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding special tests and provisions as described in finding number 2015-001. Compliance with such requirements is necessary, in our opinion for the College to comply with the requirements applicable to that program.

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Qualified Opinion on Student Financial Aid Cluster
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the 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, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs
In our opinion, the 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control over Compliance
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 OMB Circular A-133, 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 the College's internal control over compliance.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant decencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a 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. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-003 and 2015-004 to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit as described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
February 25, 2016

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Education Direct Programs	
Pell Grant	84.063
Supplemental Education Opportunity Grant	84.007
Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Direct Loan Program	84.268

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

SECTION II - Financial Statement Findings

None Noted

SECTION III - Federal Award Findings and Questioned Costs

Material Noncompliance and Material Weakness in Internal Control
2015-001 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA#: 84.063, 84.008, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Return of Title IV Funds

<u>Criteria:</u>
34 CFR Section 668.173(b) states that an Institution shall return unearned Title IV funds within 45 days after the date the Institution determines that the student withdrew.

<u>Condition:</u>
During our testing of the students that withdrew, it was noted that of the 12 students tested in which unearned Title IV funds were required to be returned, it was not done within 45 days of determining that the student had withdrawn.

<u>Questioned Costs:</u>
None.

<u>Cause:</u>
During the year, there was there was a change in process as well as breakdown in communication. As a result, the process to ensure that unearned aid was returned to the Department of Education was not followed in a timely manner.

<u>Effect:</u>
The unearned Title IV funds were not returned to the Department of Education within the 45 day requirement.

<u>Recommendation:</u>
The College should establish written procedures related to the return of Title IV funds process to ensure that if the College calculates funds should be returned to the Department of Education, the funds are returned timely.

<u>Management's response:</u>
The College agrees with the finding and is currently evaluating the process and the availability of resources to ensure that unearned funds are returned on a timely basis.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
The College has redesigned reports identifying unearned aid to be returned to the Department of Education in a timely manner. The College will establish and implement the appropriate procedures related to the return of Title IV funds.

Explanation of Disagreement
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
The Director of Financial Aid will be responsible for training staff on the process of returning return of Title IV funds in an accurate and timely manner. The College anticipates having the necessary process in place by March 15, 2016.

Plan to Monitor Completion of Corrective Action:
The Associate Vice President of Student Services will sample returns to ensure compliance.

Material Weakness in Internal Control
2015-002 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA#: 84.063, 84.008, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Enrollment Reporting

Criteria:
Under the Pell grant and the ED loan programs, institutions must complete and return within 30 days the enrollment reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via NSLDS. Once this file is received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website.

Condition:
During our testing of the enrollment reporting, there were errors in 14 of the enrollment reporting rosters that had not been corrected within the 30 days of the enrollment reporting roster being placed in the College's Student Aid Internet Gateway Mailbox.

Questioned Costs:
None.

Cause:
The College does not have the resources available to work through the errors in the enrollment reporting roster file to ensure meeting the 30 day reporting requirement.

Effect:
There were 14 submissions that had not been corrected within the 30 day requirement.

Recommendation:
The College should allocate the necessary resources to the Financial Aid Department to ensure that the information provided to NSLDS is accurate and timely.

Management's response:
The College agrees with the finding and is currently in the process of identifying staff to appropriately monitor the SAIG mailbox for enrollment reporting changes and meet the 30 day reporting requirement.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
The College is currently seeking to replace unfilled positions, including the Director of Financial Aid position, and re-evaluating resource needs to adequately staff the department to comply with increasing reporting requirements. The College will also establish and implement a written process to ensure that enrollment reporting roster files are completed and returned in a timely manner.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
It is anticipated that the unfilled positions, including the Director of Financial Aid, will be filled no later than July 1, 2016. The written procedures will be completed by March 15th and staff will be trained upon implementation.

Plan to Monitor Completion of Corrective Action:
The Associate Vice President of Student Services will review the Corrective Action Plan as well as the newly implanted processes with the Director of Financial Aid once hired. The Director will periodically test to ensure compliance.

Significant Deficiency in Internal Control
2015-003 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA#: 84.063, 84.008, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Student Status Change

Criteria:
OMB No. 1845-0021 states that Institutions must report all loan disbursements and submit records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement.

Condition:
During our testing of direct loans disbursed to students in FY2015, there was one instance out of 60 students tested in which the College did not submit the disbursement records within 30 days of disbursement.

Questioned Costs:
None.

Cause:
The Institution does not have a control system in place to ensure that all loan disbursements are reported and records submitted to DLSS within the required timeframe.

Effect:
The COD was not updated to reflect disbursements within the 30 days of disbursement requirement.

Recommendation:
The College should implement a process to ensure that disbursements are reported to the COD within the 30 day requirement. The College should periodically test this process to ensure that the 30 day requirement is being met.

Management's response:
The College agrees with the finding and is currently evaluating the process and the availability of resources to ensure that all disbursement records are submitted within 30 days of disbursement.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
A new part-time position was added in January of 2015, but became vacant in October. The position was refilled and the hours have been increased to ensure that disbursement records are submitted on a timely basis. The process is being evaluated for improvement and training is being provided to ensure compliance with the written process.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
The position has been filled, training has been provided and the College is reviewing the process for improvement.

Plan to Monitor Completion of Corrective Action:
The Associate Vice President of Student Services will review the Corrective Action Plan with the Director of Financial Aid once hired. The Director of Financial Aid will review the process with staff to ensure compliance.

Significant Deficiency in Internal Control
2015 – 004 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA#: 84.063, 84.008, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Return of Title IV Funds

Criteria:
According to OMB Circular A-133, when a recipient of Title IV grant or loan assistance withdraws from an Institution during a payment period or a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdraw date, as well as reporting the correct withdraw date to National Student Loan Data System for Students (NSLDS).

Condition:
During our testing of the return of Title IV funds, we noted two students out of 23 in which the withdraw date had not been reported to NSLDS and of those two students, one student in which a return of title IV funds calculation had not been prepared.

Questioned Costs:
None

Cause:
There is not an effective control process in place to ensure that a return of Title IV funds calculation is prepared and reported correctly for all students that withdraw from the Institution.

Effect:
The current process did not detect the missing withdraw dates within NSLDS for two withdrawn students, one of which was missing a return of title IV funds calculation.

Recommendation:
The College should implement a process where a listing of those students that withdrew during the year are compared against the Return of Title IV Funds calculations to ensure that a calculation is completed on each student to ensure that money is not due back to the Department of Education.

Management's response:
The College agrees with the finding and is currently in the process of evaluating the current process and the availability of resources to ensure that the finding is corrected in future periods. This condition is directly related to finding 2015-001.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
The College has redesigned reports identifying unearned aid to be returned to the Department of Education in a timely manner. The College will evaluate and implement the appropriate procedures for identifying the withdraw date, reporting the withdraw date, calculating and returning title IV funds.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
The College anticipates having the necessary processes in place by March 15, 2016.

Plan to Monitor Completion of Corrective Action:
The Associate Vice President of Student Services will review the Corrective Action Plan with the Director of Financial Aid once hired. The Director of Financial Aid will be responsible for ensuring compliance in reporting and returning title IV funds in accurate and timely manner. The Associate Vice President of Student Services will sample returns to ensure compliance.

Material Noncompliance and Material Weakness in Internal Control
2014-001
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Student Status Change

Condition:
During our testing of students were disbursed direct loans in FYE 2014, there were three instances out of 60 students tested in which the College did not submit the disbursement records within 30 days of disbursement.

Current Year Status:
Finding in the current year. See 2015-003.

2014-002
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Reporting: Common Origination and Disbursement (COD) System

Condition:
During our testing of students that were disbursed direct loans in FYE 2014, there were five instances out of 60 students in which the amount disbursed to the student did not match the amount reported to COD.

Current Year Status:
Not a finding in the current year.

Material Weakness in Internal Control
2014-003 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Return of Title IV Funds

Condition:
During our testing of the students that withdrew, it was noted that of the 19 students tested, all 19 students had the incorrect withdraw date reported to National Student Loan Data System for Students (NSLDS).

Current Year Status:
Finding in the current year. See 2015-004.

2014 – 004 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Return of Title IV Funds

Condition:
During our review of the return of Title IV funds calculation, there was no evidence of a review taking place over the calculation independent of the preparer of the calculation. The calculations were prepared correctly; however no independent review from the preparer was taking place over the calculations.

Current Year Status:
Not a finding in the current year.

Significant Deficiency in Internal Control
2014-005 Student Financial Aid Cluster
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: Verification

Condition:
During our testing over those students selected for verification, it was noted that for one student out of 60 tested, the information on the ISIR did not match the supporting documentation obtained during the verification process.

Current Year Status:
Not a finding in the current year.