



Financial Statements
June 30, 2016

Treasure Valley Community College

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2016, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Treasure Valley Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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.

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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's 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 an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary information and other information as listed in the table of contents 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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. In our opinion, 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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 December 21, 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.



For Eide Bailly LLP
Boise, Idaho
December 21, 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, 2016. 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, 2016 are as follows:

- The biggest impact on the financial statements continues to be 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 impacts the amounts posted as pension assets/liabilities, deferred outflows of resources, deferred inflow of resources, and particularly unrestricted net position. Additional information regarding pension reporting and the transition is located in Note 7, *Pension Plans*.
- State of Oregon community college support revenue increased by \$3,817 thousand or 75.5% from the prior year. This increase 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 2015-16 fiscal year, the college received five state payments which caused the increase in State community college support.
- Total enrollment for 2015-16 was 2,477 which was a decrease of 9% from enrollment of 2,723 in 2014-15. The decrease in enrollment resulted in decreased tuition and fees revenues and a decrease in auxiliary enterprise operations.
- Grants and Contract revenue decreased by approximately \$5,773 thousand or 28.9%. The largest decrease was from Federal and State financial aid and loan programs including PELL, SEOG and Direct Student Loans which totaled more than a \$5 million reduction. The total decrease also included a number of federal and state grant programs.

One of the College's largest categories in net position (\$8,104 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.

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 related financing activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement 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 comparative Statement of Net Position, shown on page 7, 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.

Assets

Total assets for the College at the end of the fiscal year were approximately \$18,762 thousand, comprised of both current assets (\$3,638 thousand) and noncurrent assets (\$15,124 thousand). The total assets decreased by \$1,680 primarily from the PERS decrease in pension assets (\$1,285 thousand) and depreciation on capital assets.

Cash and cash equivalents for the College were \$1,388 thousand at year-end which is an increase of \$473 thousand over the prior year. The increase was due to the receipt of five State payments in the current year, as opposed to three in the prior year.

Pension assets has been eliminated at the end of the fiscal year due to the effects of GASB 68 and 71, and the College's proportionate share of the total Oregon PERS pension assets as report by PERS. The College's pension assets were funded through the issuance of PERS bonds in 2003. See Note 7 to the financial statements for further details of this change.

At year-end, capital assets and associated accumulated depreciation totaled \$27,706 thousand and \$12,582 thousand respectively, presenting a net capital asset value of \$15,124 thousand. This is a slight decrease from the prior year due to depreciation expense, net of capital asset additions.

The College's total assets of \$18,762 thousand decreased by \$1,680 thousand from the prior year. This decrease included \$1,285 thousand which was due to the reduction in the pension assets noted above and the net change to capital assets of \$490 thousand.

Deferred Outflows of Resources

Deferred outflow of resources increased by \$174 thousand due to pension reporting as discussed in Note 7.

Liabilities

Liabilities are classified as current and noncurrent. Over the year, total liabilities increases approximately \$1,867 thousand from \$19,236 thousand to \$21,103 thousand. The total liabilities increase is from the Pension Liability posted as a Noncurrent Liability as of June 30, 2016 (see Note 7).

The current liability balance at year-end was approximately \$3,043 thousand and the noncurrent liability balance was \$18,060 thousand. Current liabilities are mainly comprised of accounts payable, accrued payroll liabilities, unearned revenue, and the current portion of long-term debt. The current liabilities decrease by \$1,109 thousand in the current year which included a decrease in Accounts Payable, Line of Credit, and the Current portion of long term debt (see Note 5 Long-term Obligations).

Noncurrent liabilities are comprised of four amounts, PERS bonds payable of \$7,424 thousand, other post-employment benefits of \$723 thousand, notes payable of \$6,441 thousand and the College's portion of the Pension Liability of \$3,472. As discussed in financial highlights, the biggest impact to the financial statements continues to be the implementation of GASB Statement No. 68 and 71 for pension reporting. The change for the 2015-16 audit includes eliminating the prior year's noncurrent pension asset of \$1,285 thousand and posting a \$3,472 thousand noncurrent pension liability. This decrease in noncurrent pension assets and increase in noncurrent pension liabilities amounts to a total decrease of \$4,757 thousand in unrestricted net position.

Deferred Inflows of Resources

The deferred inflow of resources totaled \$967 thousand and is entirely from the pension reporting as discussed in Note 7.

Net Position

Total net position at year-end is a negative \$2,407 thousand or a \$1,791 thousand decrease from the prior year due to the following:

- GASB 68, *Changes to Accounting and Financial Reporting for Pensions* resulted in additional PERS expense of \$3,025 thousand.
- Accounting for State support payments with five payments recorded during the current year contributed to the net decrease in net position.

In thousands of dollars's (000's)

	2016	2015	\$ Change	% Change
Assets				
Current assets	\$ 3,638	\$ 3,683	\$ (45)	-1.2%
Pension assets	-	1,285	(1,285)	-100.0%
Capital assets, net	15,124	15,474	(350)	-2.3%
Total assets	<u>18,762</u>	<u>20,442</u>	<u>(1,680)</u>	<u>-8.2%</u>
Deferred Outflows of Resources	<u>900</u>	<u>726</u>	<u>174</u>	<u>24.0%</u>
Liabilities				
Current liabilities	3,043	4,151	(1,108)	-26.7%
Noncurrent liabilities	18,060	15,084	2,976	19.7%
Total liabilities	<u>21,102</u>	<u>19,235</u>	<u>1,867</u>	<u>9.7%</u>
Deferred Inflow of Resources	<u>967</u>	<u>2,549</u>	<u>(1,582)</u>	<u>100.0%</u>
Net Position				
Net investment in capital assets	8,104	7,626	478	6.3%
Restricted	-	211	(211)	-100.0%
Unrestricted	(10,511)	(8,453)	(2,058)	24.3%
Total net position	<u>\$ (2,407)</u>	<u>\$ (616)</u>	<u>\$ (1,791)</u>	<u>290.8%</u>

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 non-operating 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 \$26,825 thousand which is a decrease of \$7,731 thousand from the prior year. The major reason for the decrease was the reduction in enrollment, which resulted in corresponding reduction in tuition and fees and Auxiliary Enterprise operational revenues. Also as discussed in the Financial Highlights, there was a reduction of \$5,773 in Grants and Contracts from the decrease in Federal and State financial aid and loan programs including PELL, SEOG and Direct Student Loans.

Nonoperating Revenue

Nonoperating revenues for the fiscal year end were approximately \$10,917 thousand which is an increase of approximately \$3,759 thousand from the prior year. The increase was primarily from the College receiving five state payments as compared to only three state payments received in the 2014-15 fiscal year.

Expenses

Total operating expenses for the College were \$38,640 thousand for the fiscal year, a decrease of \$2,182 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.

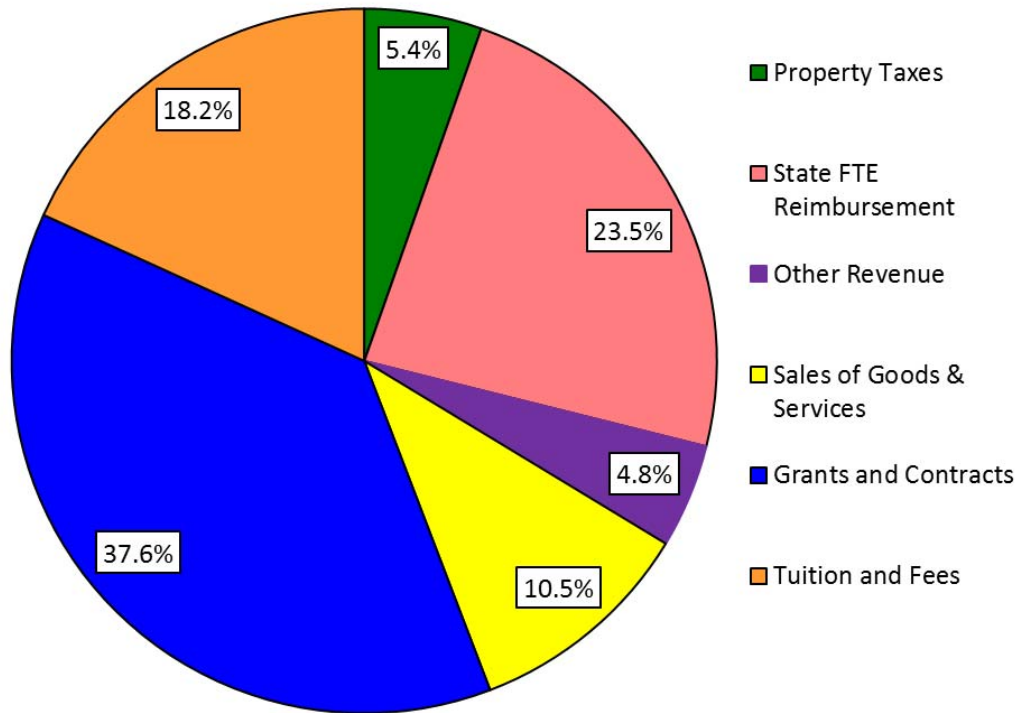
Educational and General Expenditures and Other Support Services expenditures increased by \$2,738 thousand and \$894 thousand respectfully over the prior year. These increased expenditures were primarily PERS expenses from the GASB 68 required implementation resulting in increased PERS expenses of \$3,025. The decrease in Scholarships and Grants and Auxiliary Enterprise expenditures is related to decreased enrollment. The percentage of expenses by category are shown on the following page.

In summary form the year's results were:

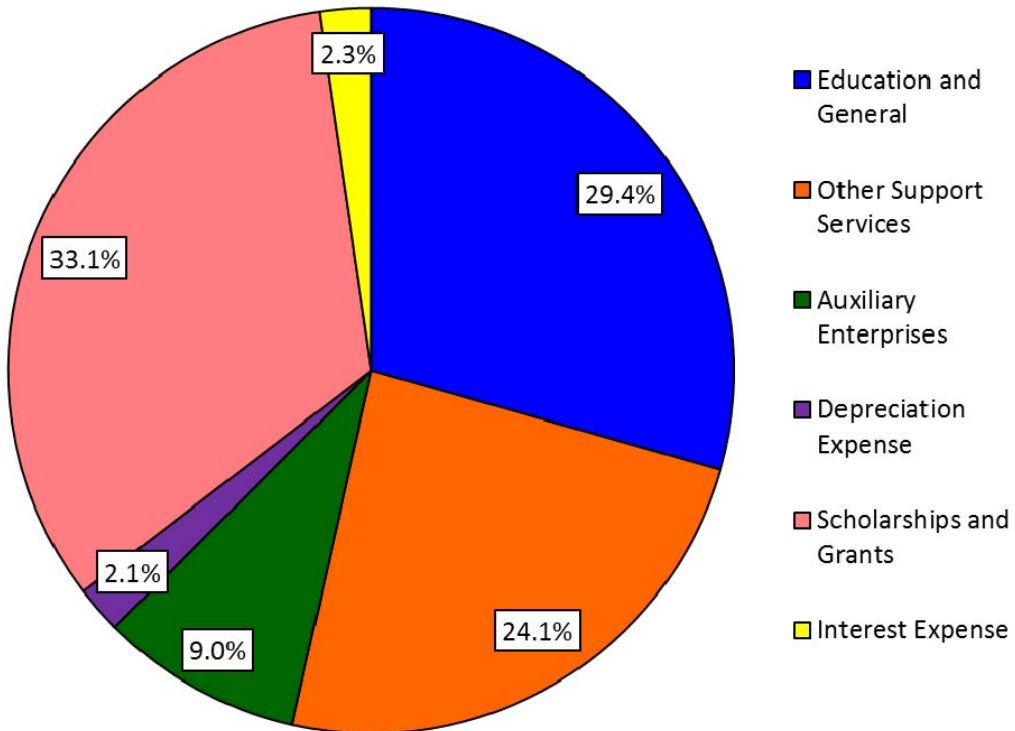
In thousands of dollars's (000's)

	2016	2015	\$ Change	% Change
Operating revenues				
Tuition and fees	\$ 6,868	\$ 7,124	\$ (256)	-3.6%
Grants and contracts	14,196	19,969	(5,773)	-28.9%
Sales of goods and services	3,968	5,005	(1,037)	-20.7%
Other operating revenues	1,793	2,458	(665)	-27.1%
Total operating revenues	<u>26,825</u>	<u>34,556</u>	<u>(7,731)</u>	<u>-22.4%</u>
Non operating revenues				
State community college support	8,875	5,058	3,817	75.5%
Property taxes	2,032	1,993	39	2.0%
Investment income (loss)	9	12	(3)	-25.9%
Other nonoperating income	-	95	(95)	100.0%
Total non operating revenues	<u>10,917</u>	<u>7,158</u>	<u>3,759</u>	<u>52.5%</u>
Total revenues	<u>37,741</u>	<u>41,714</u>	<u>(3,973)</u>	<u>-9.5%</u>
Operating expenses				
Educational and general	11,593	8,855	2,739	30.9%
Other support services	9,532	8,638	894	10.4%
Scholarships and grants	13,100	18,189	(5,089)	-28.0%
Auxiliary enterprises	3,575	4,297	(722)	-16.8%
Depreciation	840	843	(3)	-0.4%
Total operating expense	<u>38,640</u>	<u>40,821</u>	<u>(2,181)</u>	<u>-5.3%</u>
Non operating expenses				
Interest expense	893	1,064	(171)	-16.1%
Total expenses	<u>39,532</u>	<u>41,885</u>	<u>(2,353)</u>	<u>-5.6%</u>
Change in net position	<u>\$ (1,791)</u>	<u>\$ (171)</u>	<u>\$ (1,620)</u>	<u>947.3%</u>

2016 Operating and Nonoperating Revenues



2016 Operating and Nonoperating Expenses



Capital Assets

During the 2015-16 fiscal year, the College increased capital assets by \$490 thousand due to capital asset additions, which was offset in \$840 thousand recognized as depreciation expense in the current year. See additional information in Note 2.

Debt

During the 2015-16 fiscal year, the College issued new debt related to the gymnasium lift for \$400 thousand. See additional information in Note 5.

Economic Factors and Next Year's Budget

The College continues to provide a positive educational experience for students with the resources provided. The 2015-17 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 remains strong 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

Treasure Valley Community College
Statement of Net Position
June 30, 2016

	Primary Government <u>TVCC College</u>	Component Unit <u>TVCC Foundation</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,383,892	\$ 632,839
Restricted cash	3,851	-
Investments	-	4,776,376
Accounts receivable, net	1,940,366	13,264
Prepaid and other assets	5,000	-
Inventory	305,120	-
Total current assets	<u>3,638,229</u>	<u>5,422,479</u>
Noncurrent Assets		
Capital assets, net of depreciation	<u>15,124,211</u>	-
Total noncurrent assets	<u>15,124,211</u>	-
Total assets	<u>18,762,440</u>	<u>5,422,479</u>
Deferred Outflows of Resources		
Deferred charge on refunding	244,218	-
Deferred outflows on PERS contributions	<u>655,878</u>	-
Total deferred outflows of resources	<u>900,096</u>	-

Treasure Valley Community College
Statement of Net Position
June 30, 2016

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
Liabilities		
Current Liabilities		
Accounts payable	594,576	150
Payroll liabilities	998,168	-
Compensated absences	84,201	-
Due to other funds student and agency groups	208,435	-
Unearned revenue	284,109	-
Current portion of long-term debt	873,228	-
Total current liabilities	<u>3,042,717</u>	<u>150</u>
Noncurrent Liabilities		
PERS bond payable	7,423,923	-
Pension liability	3,472,304	-
Other post employment benefits payable	722,573	-
Notes payable	6,440,773	-
Total noncurrent liabilities	<u>18,059,573</u>	<u>-</u>
Total liabilities	<u>21,102,290</u>	<u>150</u>
Deferred Inflow of Resources		
Deferred pension amount	967,429	-
Net Position		
Net investment in capital assets	8,103,896	-
Restricted - expendable		
Scholarships, student financial aid grants and loans	-	1,412,340
Restricted - nonexpendable		
Endowment principal	-	3,285,855
Unrestricted	(10,511,079)	724,134
Total net position	<u>\$ (2,407,183)</u>	<u>\$ 5,422,329</u>

Treasure Valley Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2016

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
Operating Revenues		
Student tuition and fees	\$ 6,868,423	\$ -
Federal student financial aid grants	12,222,493	-
State sources	1,973,357	-
	<u>21,064,273</u>	<u>-</u>
Auxiliary enterprises		
Bookstore	909,776	-
Food services	414,319	-
Housing	680,581	-
Printing	151,426	-
Caldwell Center	1,811,611	-
Contributions and special events proceeds	-	845,924
Other operating revenues	1,792,769	-
	<u>26,824,755</u>	<u>845,924</u>
Operating Expenses		
Educational and general	11,593,418	-
Other support services		
Student activities	2,952,138	-
College support	4,461,750	191,613
Plant operations	2,117,956	-
Scholarships and grants	13,099,860	259,520
Auxiliary enterprises		
Bookstore	831,252	-
Food services	482,761	-
Housing	185,391	-
Printing	161,989	-
Caldwell Center	1,913,666	-
Fund raising expenses	-	14,072
Management and general expense	-	309,835
Depreciation expense	839,649	-
	<u>38,639,830</u>	<u>775,040</u>
Operating Income (Loss)	<u>(11,815,075)</u>	<u>70,884</u>

Treasure Valley Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2016

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
Nonoperating Revenues (Expenses)		
Property taxes	2,032,426	-
State FTE reimbursement	8,875,408	-
Investment income	8,896	74,028
Interest expense	(892,607)	-
Net nonoperating revenues	10,024,123	74,028
Change in Net Position	(1,790,952)	144,912
Net Position, Beginning of Year	(616,231)	5,277,417
Net Position, End of Year	\$ (2,407,183)	\$ 5,422,329

Treasure Valley Community College
Statement of Cash Flows
Year Ended June 30, 2016

	Primary Government
	TVCC College
Operating Activities	
Tuition and fees, net	\$ 11,089,277
Federal grants and contracts	12,348,188
State and local government grants and contracts	1,973,357
Payments to suppliers for goods and services	(10,504,811)
Payments to employees	(11,541,054)
Payments for student financial aid and other scholarships	(13,099,860)
Other cash receipts	1,792,769
	(7,942,134)
Net Cash used for Operating Activities	
Noncapital Financing Activities	
Cash received from property taxes	2,052,397
State full time equivalent reimbursement	8,875,408
Transfer from agency fund	5,439
	10,933,244
Net Cash from Noncapital Financing Activities	
Capital Related Financing Activities	
Purchases of capital assets	(489,932)
Payments on line of credit	(490,000)
Proceeds from long-term debt	400,000
Principal paid on long-term debt	(1,032,062)
Interest paid on long-term debt	(915,105)
	(2,527,099)
Net Cash used for Capital Related Financing Activities	
Investing Activities	
Interest on investments	8,896
	8,896
Net Cash from Investing Activities	
Net Change in Cash, Restricted Cash, and Cash Equivalents	472,907
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	914,836
Cash, Restricted Cash, and Cash Equivalents, End of Year	\$ 1,387,743

Treasure Valley Community College
Statement of Cash Flows
Year Ended June 30, 2016

	Primary Government
	TVCC College
Reconciliation of Cash, Restricted Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	\$ 1,383,892
Restricted cash	3,851
	\$ 1,387,743
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (11,815,075)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities:	
Depreciation	839,649
GASB 68 actuarial pension expense	3,024,618
Changes in assets and liabilities	
Accounts receivable	336,651
Prepaid assets	76,626
Accounts payable	(624,749)
Unearned revenue	42,185
Inventory	84,574
Accrued payroll and payroll costs	69,055
Compensated absences	(7,671)
Other	32,003
	\$ (7,942,134)
Net Cash used for Operating Activities	\$ (7,942,134)

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; Caldwell, Idaho, Snake River Correctional Institute and Warner Creek Correctional Institute.

A. Reporting Entity

In accordance with the 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 the 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, matching, and expenditure 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 apply to grants and contracts in which the College must provide local resources to be used for a specified purpose; and expenditure requirements are those for 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. The LGIP is stated at amortized cost. All other cash and cash equivalents are carried at cost.

F. Restricted Cash

Restricted cash consists of funds available for payment of 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, 2016, the College was in compliance with the aforementioned State of Oregon Statutes. Investments are stated at fair value, which is based on individual investments' quoted market prices 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 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.

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, 2016.

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 acquisition 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 payments received prior to July 1, 2016, for the College's 2016-2017 summer and fall terms 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, 2016, the accrued compensated absences amounted to \$84,201.

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 liability. 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 liability.

P. Operating and Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing services to students. Principal operating revenues include tuition and fees, 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, and Federal Direct Lending programs. Federal programs are audited in accordance with the Single Audit Act, the U.S. Office of Management and Budget Uniform Guidance, *Cost Principles, Audit, and Administrative Requirements for Federal Awards*, and the Compliance Supplement.

R. Net Position

Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Expendable restricted net position represents funds restricted for specific purposes. When both restricted and unrestricted resources are available for use, it is the college's practice to use restricted resources first, then unrestricted resources as they are needed.

S. 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:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2016</u>
Capital Assets Not Being Depreciated					
Land	\$ 233,381	\$ -	\$ -	\$ -	\$ 233,381
Construction in progress	34,500	-	-	(34,500)	-
Total capital assets not being depreciated	<u>267,881</u>	<u>-</u>	<u>-</u>	<u>(34,500)</u>	<u>233,381</u>
Other Capital Assets					
Buildings	19,855,048	-	-	-	19,855,048
Improvements and software	3,052,942	390,053	-	34,500	3,477,495
Vehicles and equipment	4,040,303	99,879	-	-	4,140,182
Total other capital assets	<u>26,948,293</u>	<u>489,932</u>	<u>-</u>	<u>34,500</u>	<u>27,472,725</u>
Total capital assets	<u>27,216,174</u>	<u>489,932</u>	<u>-</u>	<u>-</u>	<u>27,706,106</u>
Less accumulated depreciation					
Buildings	6,465,472	527,636	-	-	6,993,108
Improvements and software	1,688,740	176,850	-	-	1,865,590
Vehicles and equipment	3,588,034	135,163	-	-	3,723,197
Total accumulated depreciation	<u>11,742,246</u>	<u>839,649</u>	<u>-</u>	<u>-</u>	<u>12,581,895</u>
Capital assets, net	<u>\$ 15,473,928</u>	<u>\$ (349,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,124,211</u>

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, 2016:

Cash and cash equivalents	
Petty cash	\$ 2,467
Deposits with banks	925,823
State Treasurer's Local Government Pool (LGIP)	<u>455,602</u>
Total cash and cash equivalents	<u>\$ 1,383,892</u>
Restricted cash and cash equivalents	
State Treasurer's Local Government Pool (LGIP)	<u>\$ 3,851</u>
Total restricted cash and cash equivalents	<u>\$ 3,851</u>

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States 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, 2016. 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, 2016, the carrying amount of the College's deposits (cash and certificates of deposit) was \$1,387,743 and the bank balance was \$1,678,465. 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, 2016, 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, 2016, \$250,000 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, 2016, the College held \$459,453 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, 2016, 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, 2016, were as follows:

Property tax	\$ 137,902
Tuition and related fees	1,323,725
Due from other governmental units	1,051,179
Other	112,047
	2,624,853
Allowance for uncollectible	(684,487)
	\$ 1,940,366

Note 5 - Long-term Obligations

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Umpqua Bank - Gym Lift	\$ -	\$ 400,000	\$ (55,321)	\$ 344,679	\$ 75,675
Housing Series 2006 Bond	40,000	-	(40,000)	-	-
PERS UAL Bond	8,012,218	-	(294,609)	7,717,609	293,686
City of Ontario LID Lot 100	57,718	-	(15,345)	42,373	16,097
Zions Bank	1,302,000	-	(195,000)	1,107,000	203,000
Malheur County Title	43,669	-	(43,669)	-	-
Series 2012 Refinancing	5,795,000	-	(350,000)	5,445,000	245,000
University Capital Lease	119,381	-	(38,118)	81,263	39,770
Compensated Absences	91,872	279,666	(287,337)	84,201	84,201
	<u>\$ 15,461,858</u>	<u>\$ 679,666</u>	<u>\$(1,319,399)</u>	<u>\$ 14,822,125</u>	<u>\$ 957,429</u>

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, 2016, \$0 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 6.25 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.

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 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 ten 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 and has been paid in full as of June 30, 2016.

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.

In September 2015, the College entered into a loan agreement in the amount of \$400,000 at a fixed rate of 4.25%, which matures in September 2020. The amount is being paid back in monthly installments of \$7,423 over five years. The purpose of the loan agreement was to finance the installment of a lift in the College gymnasium in compliance with the Americans with Disabilities Act (ADA). The loan agreement was collateralized by the gymnasium lift.

Long term debt at June 30, 2016 includes:

	Principal	Interest	Total
2017	\$ 833,459	\$ 939,557	\$ 1,773,016
2018	850,133	970,343	1,820,476
2019	852,323	1,001,868	1,854,191
2020	872,272	1,035,590	1,907,862
2021	821,044	1,071,117	1,892,161
2022-2026	5,527,430	3,416,960	8,944,390
2027-2031	3,565,000	591,490	4,156,490
2032-2036	1,335,000	135,800	1,470,800
	\$ 14,656,661	\$ 9,162,725	\$ 23,819,386

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.

Leases payable at June 30, 2016 include:

2017		\$ 43,292
2018		43,292
		86,584
Less interest		(5,321)
Principal		\$ 81,263

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 as of the beginning of fiscal year 2016. The note had an interest rate equal to the prime rate (as published in the Wall Street Journal) plus .50 percent per annum. The note matured on December 31, 2015, and was paid off at that time. 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, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Umpqua Line of Credit	\$ 490,000	\$ -	\$ (490,000)	\$ -	\$ -

Note 7 - Pension Plans

Plan Description

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

Both PERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at:
http://www.oregon.gov/pers/Pages/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	<p>Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.</p> <p>The PERS 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.</p> <p>A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.</p>	<p>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:</p> <p>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.</p> <p>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.</p>

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
Death Benefits	<p>Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:</p> <ol style="list-style-type: none"> 1. The member was employed by an OPERS employer at the time of death, 2. The member died within 120 days after termination of PERS-covered employment, 3. The member died as a result of injury sustained while employed in a PERS-covered job, or 4. The member was on an official leave of absence from a PERS-covered job at the time of death. 	<p>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 otherwise have been paid to the deceased member.</p>
Disability Benefits	<p>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.</p>	<p>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 occurred.</p>
Benefit Changes after Retirement	<p>Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.</p>	<p>No ability to change.</p>

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
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 was capped at 1.5 percent for all benefit recipients. As a result of the <i>Moro</i> Decision (<i>Everice Moro et al v. State of Oregon et al</i>), the cap on the COLA will be restored to 2.0 percent for fiscal years 2016 and beyond.	Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

IPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment. Recordkeeping PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

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, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$403,935, 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, 2016, 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, 2016, the College reported a liability of \$3,472,304 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015. 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, 2016, the College's proportion was 0.06047771 percent, and was 0.05670943 percent at the prior measurement date of June 30, 2015.

For the year ended June 30, 2016, the College recognized a pension expense of \$3,424,618. At June 30, 2016, 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	\$ 187,244	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	727,874
Changes in proportionate share	64,699	-
Differences between College contributions and proportionate share of system contributions	-	239,555
College contributions subsequent to the measurement date	403,935	-
	\$ 655,878	\$ 967,429

\$403,935 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, 2017.

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:	<u>Deferred Outflow/ (Inflow of Resources)</u>
2017	\$ (347,199)
2018	(347,199)
2019	(347,199)
2020	320,087
2021	<u>6,024</u>
	<u><u>\$ (715,486)</u></u>

Actuarial Assumptions:

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the 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 approved for the December 31, 2013 actuarial valuations is shown below:

Assumption	December 31, 2013 Valuation
Inflation (other than healthcare)	2.75%
Real wage growth	Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Payroll growth	3.75%
Regular investment return	7.75%
Variable account investment return	7.75%
OPSRP administrative expenses	\$5,500,000
Healthcare cost inflation rates	
- 2013 rate	8.00%
- Ultimate inflation rate	4.70%
- Year reaching ultimate rate	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 2013 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, 2013 Valuation
Healthy Annuitant Mortality	RP 2000, Generational (Scale BB), Combined Active/Healthy Annuitant, Sex Distinct
- School District male	No collar, set back 24 months
- Other General Service male (and male beneficiary)	Blended 25% blue collar / 75% white collar, set back 12 months
- Police & Fire male	Blended 25% blue collar / 75% white collar, set back 12 months
- School District female	No collar, set back 24 months
- Other Female (and Female Beneficiary)	Blended 25% blue collar / 75% white collar, no set back
Disabled Retiree Mortality	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct
- Male	70 percent of Disabled table
- Female	95 percent of Disabled table
Non-Annuitant Mortality	Fixed Percentage of Healthy Annuitant Mortality
- School District male	60%
- Other General Service male	75%
- Police & Fire male	75%
- School District female	55%
- Other female	60%

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	Annual Arithmetic Return	Compound Annual Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00%	3.76%	3.70%	3.45%
Intermediate-Term Bonds	3.00%	4.23%	4.10%	5.15%
High Yield Bonds	1.80%	7.21%	6.66%	11.10%
Large Cap US Equities	11.65%	8.60%	7.20%	17.90%
Mid Cap US Equities	3.88%	9.38%	7.30%	22.00%
Small Cap US Equities	2.27%	10.38%	7.45%	26.40%
Developed Foreign Equities	14.21%	8.73%	6.90%	20.55%
Emerging Market Equities	5.49%	11.51%	7.40%	31.70%
Private Equity	20.00%	11.95%	8.26%	30.00%
Hedge Funds/Absolute Return	5.00%	6.46%	6.01%	10.00%
Real Estate (Property)	13.75%	7.27%	6.51%	13.00%
Real Estate (REITS)	2.50%	8.41%	6.76%	19.45%
Commodities	1.25%	7.71%	6.07%	19.70%
Portfolio - Gross of Expenses	100.00%	8.39%	7.62%	13.01%
Portfolio - Net of Expenses	100.00%	8.34%	7.57%	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)	\$ 8,380,277	\$ 3,472,304	\$ (663,827)

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>.

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 \$1,642, 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, 2016.

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, 2016, the College contributed \$2.26 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of \$471,610.

The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the College, 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, 2016
Determination of Annual Required Contribution	
(1) Normal cost at year end	\$ 53,670
(2) Amortization of UAAL	78,337
	<u>132,007</u>
(3) Annual Required Contribution (ARC)	<u>\$ 132,007</u>
Determination of Net OPEB Obligation	
(4) Annual Required Contribution (ARC)	\$ 132,007
(5) Interest on prior year Net OPEB Obligation	24,170
(6) Adjustment to ARC	<u>(83,035)</u>
(7) Annual OPEB Cost	73,142
Less	
(8) Explicit Benefit Payments	-
(9) Implicit Benefit Payments	<u>41,139</u>
(10) Increase in Net OPEB Obligation	32,003
(11) Net OPEB Obligation - Beginning of Year	<u>690,570</u>
(12) Net OPEB Obligation - End of Year	<u>\$ 722,573</u>

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, 2014, 2015, and 2016 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 122,755	47%	\$ 668,709
June 30, 2015	68,927	80%	690,570
June 30, 2016	73,142	56%	722,573

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, 2016 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 5.75% in the first year with rates fluctuating between 5.25% - 8.25% over the next 45 years, a general inflation rate of 2.50%, and 4.50% thereafter for Oregon Dental and Vision 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, 2016.

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 upon on the terms of the donations. The Foundation also provided various departmental and program support of \$65,509. For the year ended June 30, 2016, the Foundation provided scholarship support of \$259,520. During the year ended June 30, 2016, the College provided salaries and benefits, materials and office space to the Foundation which totaled \$131,569, \$50,505 and \$12,564, respectively; of which \$13,264 was outstanding at year-end. During the year, \$126,104 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 \$73,688 for insurance premiums and \$17,556 for consulting fees related to health insurance options during the year ended June 30, 2016.

During the year ended June 30, 2016, the College purchased hay from the Board Chairman in the amount of \$30,000 for use in the livestock arena. The Board Chairman later purchased back the unused hay in the amount of \$10,747 during the same fiscal year.

Note 12 - Subsequent Event

In July 2016, the College entered into a line of credit with Umpqua Bank in the amount of \$1,500,000. The line of credit matures in December 2016 and has an interest rate equal to the prime rate (as published in the Wall Street Journal) plus .50 percent per annum, with a minimum rate of 4.00%. The line is 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.

Note 13 - 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.

A significant amount of 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 fixed income securities are valued by the custodians of the securities using pricing models based upon credit quality, time to maturity, stated interest rates and market rate assumptions, and are classified within Level 2.

The assets that are measured at fair value on a recurring basis as of June 30, 2016 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	\$ -	\$ 382,985	\$ -	\$ 382,985
Mutual Funds				
Fixed Income Mutual Funds	400,054	-	-	400,054
Equities				
Large Cap Growth	618,177	-	-	618,177
Large Cap Value	230,747	-	-	230,747
Small/Mid Cap Growth	171,572	-	-	171,572
Small/Mid Cap Value	62,004	-	-	62,004
International Equity	194,941	-	-	194,941
Equities Blend	16,189	-	-	16,189
Exchange Traded Funds				
Fixed Income Exchange Traded Funds	927,292	-	-	927,292
Equity Exchange Traded Funds	1,772,415	-	-	1,772,415
Total assets at fair value	<u>\$ 4,393,391</u>	<u>\$ 382,985</u>	<u>\$ -</u>	<u>\$ 4,776,376</u>

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, 2016 were:

	<u>Support Services General Operation</u>
Salaries and benefits	\$ 131,569
Office rent	12,564
Materials and supplies	<u>50,505</u>
	<u>\$ 194,638</u>

All donated materials and services were provided by the College.

Endowment

The Foundation's endowment consists of approximately 100 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 restricted 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 at June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment	\$ 513,057	\$ -	\$ -	\$ 513,057
Donor restricted endowment				
funds	-	950,222	3,285,855	4,236,077
	\$ 513,057	\$ 950,222	\$ 3,285,855	\$ 4,749,134

At June 30, 2016, 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 \$4,698 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:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets				
Beginning of year, July 1, 2015	\$ -	\$ 1,010,529	\$ 3,108,892	\$ 4,119,421
Investment return				
Investment income	14,983	119,077	-	134,060
Net realized and unrealized appreciation/(depreciation)	(6,711)	(53,337)	-	(60,048)
Investment Fees	(6,339)	(50,380)	-	(56,719)
Contributions	-	-	222,980	222,980
Other changes				
Appropriation of endowment assets for expenditures	(26,140)	(113,410)	-	(139,550)
Transfers	537,264	37,743	(46,017)	528,990
Endowment assets				
End of year, June 30, 2016	<u>\$ 513,057</u>	<u>\$ 950,222</u>	<u>\$ 3,285,855</u>	<u>\$ 4,749,134</u>

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2016 are as follows:

Temporarily restricted net assets

The portion of perpetual endowment funds subject
to a time restriction under UPMIFA

With purpose restrictions

\$ 950,222

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

\$ 3,285,855



Required Supplementary Information
June 30, 2016

Treasure Valley Community College

Treasure Valley Community College
 Other Postemployment Benefits – Schedule of Funding Progress
 June 30, 2016

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
10/1/2011	\$ -	\$ 812,296	\$ 812,296	0%	\$ 9,683,004	8%
10/1/2013	\$ -	\$ 611,026	\$ 611,026	0%	\$10,895,574	6%
10/1/2015	\$ -	\$ 471,610	\$ 471,610	0%	\$10,765,182	4%

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

Treasure Valley Community College
Schedule of Employer's Share of Net Pension Liability/(Asset)
June 30, 2016

	2015	2016
Employer's proportionate share of the net pension liability (asset)	0.05670943%	0.06047771%
Employer's proportion share of the net pension liability (asset)	\$ (1,285,441)	\$ 3,472,304
Employer's covered - employee payroll	\$ 9,603,844	\$ 9,643,827
Employer's proportional share of the net pension liability(asset) as a percentage of its covered-employee payroll	(13.38%)	36.01%
Plan fiduciary net position as a percentage of the total pension liability	103.59%	91.88%

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.

Treasure Valley Community College
 Schedule of Employer Contributions
 June 30, 2016

	2015	2016
Statutorily required contributions	\$ 504,541	\$ 403,935
Contributions in relation to the statutorily required contribution	504,541	403,935
Contributions (deficiency) excess	-	-
Employer's covered-employee payroll	9,643,827	9,090,288
Contributions as a percentage of the covered-employee payroll	5.23%	4.44%

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.



Supplementary Information
June 30, 2016

Treasure Valley Community College

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
General Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	\$ 2,427,500	\$ 2,427,500	\$ 2,486,060	\$ 58,560
State sources	7,141,271	7,141,271	7,328,201	186,930
Tuition and fees	7,108,645	7,108,645	6,398,589	(710,056)
Total revenues	16,677,416	16,677,416	16,212,850	(464,566)
Expenditures				
Instruction	6,959,557	6,759,557	6,608,947	150,610
Instruction support	699,781	699,781	670,215	29,566
Student services	2,177,774	2,177,774	2,051,863	125,911
College support services	3,986,110	3,986,110	3,465,929	520,181
Plant operation and maintenance	1,728,088	1,928,088	1,907,396	20,692
Plant additions	90,000	90,000	89,799	201
Debt service	1,915,048	1,915,048	1,909,421	5,627
Financial aid	810,886	810,886	756,672	54,214
Operating contingency	520,000	520,000	-	520,000
Total expenditures	18,887,244	18,887,244	17,460,242	1,427,002
Excess of Revenues over (Under) Expenditures	(2,209,828)	(2,209,828)	(1,247,392)	962,436
Other Financing Sources (Uses)				
Transfers in	1,317,328	1,317,328	1,261,489	(55,839)
Transfers out	(207,500)	(207,500)	(207,500)	-
Total other financing sources (uses)	1,109,828	1,109,828	1,053,989	(55,839)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,100,000)	(1,100,000)	(193,403)	906,597
Available Fund Balance, July 1	1,400,000	1,400,000	1,258,063	(141,937)
Available Fund Balance, June 30	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 1,064,660</u>	<u>\$ 764,660</u>

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
Special Projects Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	\$ 35,000	\$ 35,000	\$ 73,165	\$ 38,165
Tuition and fees	10,000	10,000	2,548	(7,452)
State sources	1,750,000	1,750,000	1,763,582	13,582
Federal sources	2,000,000	2,000,000	255,306	(1,744,694)
Total revenues	3,795,000	3,795,000	2,094,601	(1,700,399)
Expenditures				
Instruction	2,100,000	2,400,000	2,088,665	311,335
Supporting services	1,595,000	1,295,000	35,239	1,259,761
Total expenditures	3,695,000	3,695,000	2,123,904	1,571,096
Other financing sources (uses)				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of Revenues, Other Financing Sources, Over (Under) Expenditures	100,000	100,000	(29,303)	(129,303)
Available Fund Balance, July 1	-	-	103,195	103,195
Available Fund Balance, June 30	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 73,892</u>	<u>\$ (26,108)</u>

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
Capital Projects Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
State grants	\$ -	\$ -	\$ -	\$ -
Local sources	-	425,000	400,000	(25,000)
Total revenues	-	425,000	400,000	(25,000)
Expenditures				
Facilities acquisition and construction	-	400,000	362,675	37,325
Debt service	-	25,000	2,825	22,175
Total expenditures	-	425,000	365,500	59,500
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	-	-	(34,500)	(34,500)
Available Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
Reserve Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	\$ 600,000	\$ 600,000	\$ 883,589	\$ 283,589
Tuition and fees	67,500	67,500	74,000	6,500
Total revenues	<u>667,500</u>	<u>667,500</u>	<u>957,589</u>	<u>290,089</u>
Expenditures				
Support services	500,000	500,000	499,373	627
Facilities acquisition and construction	<u>300,000</u>	<u>200,000</u>	<u>198,804</u>	<u>1,196</u>
Total expenditures	<u>800,000</u>	<u>700,000</u>	<u>698,177</u>	<u>1,823</u>
Excess of Revenues over (Under) Expenditures	<u>(132,500)</u>	<u>(32,500)</u>	<u>259,412</u>	<u>291,912</u>
Other Financing Sources (Uses)				
Transfers from other funds	207,500	207,500	207,500	-
Transfer to General Fund	<u>(475,000)</u>	<u>(575,000)</u>	<u>(544,328)</u>	<u>30,672</u>
Total other financing sources (uses)	<u>(267,500)</u>	<u>(367,500)</u>	<u>(336,828)</u>	<u>30,672</u>
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(400,000)	(400,000)	(77,416)	322,584
Available Fund Balance, July 1	<u>1,725,000</u>	<u>1,725,000</u>	<u>1,332,113</u>	<u>(392,887)</u>
Available Fund Balance, June 30	<u><u>\$ 1,325,000</u></u>	<u><u>\$ 1,325,000</u></u>	<u><u>\$ 1,254,697</u></u>	<u><u>\$ (70,303)</u></u>

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
Student Financial Aid Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	\$ 3,000	\$ 3,000	\$ 26,262	\$ 23,262
State sources	245,000	245,000	225,750	(19,250)
Federal sources	22,500,000	22,500,000	11,951,212	(10,548,788)
Total revenues	<u>22,748,000</u>	<u>22,748,000</u>	<u>12,203,224</u>	<u>(10,544,776)</u>
Expenditures				
Supporting services	<u>22,748,000</u>	<u>22,748,000</u>	<u>12,343,188</u>	<u>10,404,812</u>
Total expenditures	<u>22,748,000</u>	<u>22,748,000</u>	<u>12,343,188</u>	<u>10,404,812</u>
Excess of Revenues over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(139,964)</u>	<u>(139,964)</u>
Other Financing Sources (Uses)				
Transfers from other funds	6,750,000	6,750,000	4,590,073	(2,159,927)
Transfers to other funds	<u>(6,750,000)</u>	<u>(6,750,000)</u>	<u>(4,629,234)</u>	<u>2,120,766</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(39,161)</u>	<u>(39,161)</u>
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	-	(179,125)	(179,125)
Available Fund Balance, July 1	<u>175,000</u>	<u>175,000</u>	<u>179,125</u>	<u>4,125</u>
Available Fund Balance, June 30	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ (175,000)</u>

Treasure Valley Community College
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)
Auxiliary Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Sales	\$ 3,400,000	\$ 3,400,000	\$ 2,347,530	\$ (1,052,470)
Tuition and fees	2,600,000	2,600,000	1,618,045	(981,955)
Total operating revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,965,575</u>	<u>(2,034,425)</u>
Operating Expenses				
Instruction	2,800,000	2,800,000	1,484,664	1,315,336
Enterprise services	2,600,000	2,600,000	2,140,729	459,271
Total operating expenses	<u>5,400,000</u>	<u>5,400,000</u>	<u>3,625,393</u>	<u>1,774,607</u>
Operating Income	<u>600,000</u>	<u>600,000</u>	<u>340,182</u>	<u>(259,818)</u>
Other Financing Sources (Uses)				
Transfer to other funds	(850,000)	(850,000)	(678,000)	172,000
Total other financing sources (uses)	<u>(850,000)</u>	<u>(850,000)</u>	<u>(678,000)</u>	<u>172,000</u>
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(250,000)	(250,000)	(337,818)	(87,818)
Available Fund Balance, July 1	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,244,574</u>	<u>(255,426)</u>
Available Fund Balance June 30	<u>\$ 4,250,000</u>	<u>\$ 4,250,000</u>	<u>\$ 3,906,756</u>	<u>\$ (343,244)</u>



Other Information
June 30, 2016

Treasure Valley Community College

Treasure Valley Community College
Combining Balance Sheet – Proprietary Fund Types – Auxiliary
June 30, 2016

	<u>Bookstore</u>	<u>Food Service</u>	<u>Housing</u>	<u>Printing</u>	<u>Caldwell Center</u>	<u>Totals, June 30, 2016</u>
Assets						
Cash and cash items	\$ 500	\$ -	\$ -	\$ -	\$ 963	\$ 1,463
Interfund receivable	-	-	118,739	70,896	-	189,635
Prepaid assets	-	-	-	-	5,000	5,000
Receivables	102,040	-	-	-	-	102,040
Inventory	241,892	-	-	-	63,228	305,120
Fixed assets (net of accumulated depreciation)	47,885	7,251	4,541,269	9,078	70,912	4,676,395
	<u>\$ 392,317</u>	<u>\$ 7,251</u>	<u>\$ 4,660,008</u>	<u>\$ 79,974</u>	<u>\$ 140,103</u>	<u>\$ 5,279,653</u>
Liabilities and Net Position						
Liabilities						
Accrued payroll	\$ -	\$ -	\$ 2,357	\$ 1,209	\$ 18,502	\$ 22,068
Accounts payable	132,931	-	-	-	-	132,931
Deposits payable	-	-	20,038	-	-	20,038
Interfund payable	98,794	250,124	-	-	848,942	1,197,860
Total liabilities	<u>231,725</u>	<u>250,124</u>	<u>22,395</u>	<u>1,209</u>	<u>867,444</u>	<u>1,372,897</u>
Net Position						
Unrestricted	<u>160,592</u>	<u>(242,873)</u>	<u>4,637,613</u>	<u>78,765</u>	<u>(727,341)</u>	<u>3,906,756</u>
Total net position	<u>160,592</u>	<u>(242,873)</u>	<u>4,637,613</u>	<u>78,765</u>	<u>(727,341)</u>	<u>3,906,756</u>
	<u>\$ 392,317</u>	<u>\$ 7,251</u>	<u>\$ 4,660,008</u>	<u>\$ 79,974</u>	<u>\$ 140,103</u>	<u>\$ 5,279,653</u>

Treasure Valley Community College
 Combined Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund Types – Auxiliary
 Year Ended June 30, 2016

	<u>Bookstore</u>	<u>Food Service</u>	<u>Housing</u>	<u>Printing</u>	<u>Caldwell Center</u>	<u>Totals, June 30, 2016</u>
Operating Revenues						
Sale of textbooks and school supplies	\$ 900,184	\$ -	\$ -	\$ -	\$ 310,844	\$ 1,211,028
Food and catering sales	-	414,319	-	-	41,603	455,922
Housing income	-	-	680,580	-	-	680,580
Printing income	-	-	-	151,426	-	151,426
Tuition and fees	-	-	-	-	1,466,619	1,466,619
Total operating revenues	900,184	414,319	680,580	151,426	1,819,066	3,965,575
Operating Expenses						
Salaries and benefits	123,900	62,818	95,636	77,863	1,166,522	1,526,739
Cost of goods sold	674,831	-	-	50,306	248,100	973,237
Travel and mileage	492	-	-	-	4,143	4,635
Materials and supplies	-	5,160	3,583	11,177	51,383	71,303
Rent	-	5,028	-	-	167,298	172,326
Outside services	9,831	406,180	58,925	-	79,314	554,250
Repairs and maintenance	-	1,655	11,542	577	183	13,957
Printing	1,675	444	1,839	3,658	10,475	18,091
Other expense	1,347	59	3,648	-	23,491	28,545
Shipping	-	11	-	-	-	11
Depreciation	7,283	341	150,646	1,970	12,773	173,013
Equipment	-	-	-	-	55,074	55,074
Bad debts	-	-	-	-	34,212	34,212
Total operating expenses	819,359	481,696	325,819	145,551	1,852,968	3,625,393
Operating Income (Loss)	80,825	(67,377)	354,761	5,875	(33,902)	340,182

Treasure Valley Community College
 Combined Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund Types – Auxiliary
 Year Ended June 30, 2016

	<u>Bookstore</u>	<u>Food Service</u>	<u>Housing</u>	<u>Printing</u>	<u>Caldwell Center</u>	<u>Totals, June 30, 2016</u>
Other Financing Sources (Uses)						
Transfer to other funds	(150,000)	-	(353,000)	(25,000)	(150,000)	(678,000)
Contributed capital	-	-	-	-	-	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>-</u>	<u>(353,000)</u>	<u>(25,000)</u>	<u>(150,000)</u>	<u>(678,000)</u>
Net Position, Beginning of Year	<u>229,767</u>	<u>(175,496)</u>	<u>4,635,852</u>	<u>97,890</u>	<u>(543,439)</u>	<u>4,244,574</u>
Net Position, End of Year	<u>\$ 160,592</u>	<u>\$ (242,873)</u>	<u>\$ 4,637,613</u>	<u>\$ 78,765</u>	<u>\$ (727,341)</u>	<u>\$ 3,906,756</u>

Treasure Valley Community College
 Combined Statement of Cash Flows – Proprietary Fund Types – Auxiliary
 Year Ended June 30, 2016

	<u>Bookstore</u>	<u>Food Service</u>	<u>Housing</u>	<u>Printing</u>	<u>Caldwell Center</u>	<u>Totals, June 30, 2016</u>
Operating Activities						
Cash received from customers	\$ 876,947	\$ 414,319	\$ 601,133	\$ 151,426	\$ 1,819,066	\$ 3,862,891
Payments to employees	(123,900)	(62,818)	(95,381)	(76,654)	(1,185,736)	(1,544,489)
Payments to suppliers	(485,268)	(426,129)	(105,728)	(63,628)	(670,440)	(1,751,193)
Net Cash from (used for) Operating Activities	<u>267,779</u>	<u>(74,628)</u>	<u>400,024</u>	<u>11,144</u>	<u>(37,110)</u>	<u>567,209</u>
Noncapital Financing Activities						
Increase (decrease) in interfund receivable/payable	(117,779)	74,628	(47,024)	13,856	186,955	110,636
Operating transfers out	(150,000)	-	(353,000)	(25,000)	(150,000)	(678,000)
Net Cash from (used for) Noncapital Financing Activities	<u>(267,779)</u>	<u>74,628</u>	<u>(400,024)</u>	<u>(11,144)</u>	<u>36,955</u>	<u>(567,364)</u>
Net Cash used for Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash	-	-	-	-	(155)	(155)
Net Cash and Cash Items, Beginning of Year	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118</u>	<u>1,618</u>
Net Cash and Cash Items, End of Year	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 1,463</u>

Treasure Valley Community College
 Combined Statement of Cash Flows – All Proprietary Fund Types – Auxiliary
 Year Ended June 30, 2016

	<u>Bookstore</u>	<u>Food Service</u>	<u>Housing</u>	<u>Printing</u>	<u>Caldwell Center</u>	<u>Totals, June 30, 2016</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating Income (Loss)	\$ 80,825	\$ (67,377)	\$ 354,761	\$ 5,875	\$ (33,902)	\$ 340,182
Depreciation and amortization	7,284	341	150,646	1,970	12,773	173,014
(Increase) decrease in accounts receivable (net)	(23,237)	-	-	-	-	(23,237)
(Increase) decrease in inventory	69,976	-	-	-	14,598	84,574
(Increase) decrease in prepaid assets	-	-	-	7,438	-	7,438
(Increase) decrease in fixed assets	-	(7,592)	(26,191)	(5,348)	(11,365)	(50,496)
Increase (decrease) in accounts payable	132,931	-	-	-	-	132,931
Increase (decrease) in payroll payable	-	-	255	1,209	(19,214)	(17,750)
Increase (decrease) in deposits payable	-	-	(79,447)	-	-	(79,447)
Net Cash from (used for) Operating Activities	<u>\$ 267,779</u>	<u>\$ (74,628)</u>	<u>\$ 400,024</u>	<u>\$ 11,144</u>	<u>\$ (37,110)</u>	<u>\$ 567,209</u>

Treasure Valley Community College
Statement of Property Tax Transactions
June 30, 2016

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2015	2015-2016 Assessment	Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2016
2015-2016	\$ -	\$ 2,063,160	\$ 1,524	\$ 53,377	\$ 1,399	\$ 1,941,261	\$ 1,942,661	\$ 66,998
2014-2015	59,251	-	(9,221)	(41)	2,397	32,398	34,795	36,115
2013-2014	43,690	-	9,375	-	2,356	12,193	14,549	22,122
2012-2013	23,562	-	1,831	-	3,650	11,915	15,572	9,816
2011-2012	10,418	-	(112)	-	3,201	8,717	11,916	1,813
2010-2011	1,045	-	88	-	125	253	378	704
2009-2010	156	-	60	-	48	86	136	10
Prior years	264	-	(60)	-	-	-	-	324
Total	<u>\$ 138,386</u>	<u>\$ 2,063,160</u>	<u>\$ 3,485</u>	<u>\$ 53,336</u>	<u>\$ 13,176</u>	<u>\$ 2,006,823</u>	<u>\$ 2,020,007</u>	<u>\$ 137,902</u>

Treasure Valley Community College
Statement of Assets, Liabilities, and Fund Balance – General Fund
Year Ended June 30, 2016

Assets	
Cash and cash equivalents	\$ 1,386,180
Accounts receivable, net	787,146
Due from other funds	<u>593,149</u>
	<u><u>\$ 2,766,475</u></u>
Liabilities	
Accounts payable	\$ 725,716
Payroll liabilities	<u>976,099</u>
Total liabilities	1,701,815
Fund Balance	<u>1,064,660</u>
	<u><u>\$ 2,766,475</u></u>

Treasure Valley Community College
 Historical Property Values and General Obligation Legal Debt Capacity
 Year Ended June 30, 2016

Fiscal Year	Real Market Value	Total Assessed Value	% AV Growth
2016	\$ 2,030,563,331	\$ 1,780,364,713	2.75%
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)	<u>\$ 2,030,563,331</u>
G.O. Bond Debt Capacity	30,458,450
Less: Outstanding Debt Subject to Limit	<u>-</u>
Remaining General Obligation Debt Capacity	\$ 30,458,450
Percent of Debt Capacity Issued	0%

Treasure Valley Community College
District Major Taxpayers
Year Ended June 30, 2016

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
HJ Heinz Company LP	Food Processing	\$ 1,321,032	\$ 90,728,293	5.70%
Idaho Power Co	Utilities	1,265,361	109,654,373	4.81%
Americold Realty Inc		186,217	12,799,080	0.90%
Union Pacific Railroad Co.	Freight/Transportation	177,150	12,238,013	0.83%
Eagle-Picher Filtration	Industry	157,309	16,025,223	0.73%
Pacificorp (PP&L)	Utilities	142,761	13,804,993	0.64%
Murakami Farms Inc.	Farming	141,571	9,462,187	0.61%
Wal-Mart Rest Est Business Trs	Retail	136,761	9,388,360	0.50%
Baker Packing Co.	Wholesale Foods	104,188	7,065,707	0.49%
HIE Ontario LLC	Lodging	95,599	6,365,190	0.37%
Subtotal - Ten of District's Largest Taxpayers			\$ 287,531,419	15.58%
All Other District's Taxpayers			1,602,832,035	84.42%
Total District			<u>\$ 1,890,363,454</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of Malheur County. This amount is distributed to individual 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.



Independent Auditor's Report 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, 2016, and have issued our report thereon dated December 21, 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.

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 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
December 21, 2016



Single Audit Section
June 30, 2016

Treasure Valley Community College

Treasure Valley Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
<u>U.S. Department of Education</u>			
Direct Programs			
Student Financial Assistance Cluster			
Pell Grant Program	84.063**		\$ 4,399,825
SEOG Program	84.007**		86,815
College Work Study Program	84.033**		128,633
Direct Loan Program	84.268**		<u>7,361,139</u>
Total Student Financial Assistance Cluster			<u>11,976,412</u>
Total Direct Programs			<u>11,976,412</u>
Passed through Oregon State Dept of Education			
Adult Education - Basic Grants to State			
Adult Basic Education (ABE)	84.002		
Comprehensive		EE121321BG	83,287
EL Civics		EE121321EG	29,720
Learning Standards		EE121321AG	<u>1,512</u>
Total Adult Basic Education			114,519
Vocational Education - Basic Grant			
Perkins	84.048A	19175	89,382
CTE Summer Program Grant	99.998	N/A	<u>15,975</u>
Total Passed through Oregon State Dept of Education			<u>219,876</u>
Total Department of Education			<u>12,196,288</u>
<u>U.S. Small Business Administration</u>			
Passed through Oregon State SBA Director			
Small Business Administration	59.037	SBHQ-12-B-0069	<u>51,405</u>
Total Federal Financial Assistance			<u><u>\$ 12,247,693</u></u>

** Denotes a program cluster

N/A - Not Available

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 accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The College received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note 2 - Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College's summary of significant accounting policies is presented in Note 1 in the College's basic financial statements.

The College has not elected to use the 10% de minimus cost rate.



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, 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) and the discretely presented component unit which comprise the statement of financial position as of June 30, 2016, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 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.

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 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.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
December 21, 2016



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for The Major Federal Program

We have audited Treasure Valley Community College’s (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College’s major federal program for the year ended June 30, 2016. The College’s major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for the College’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 on the 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 2016-001. Compliance with such requirements is necessary, in our opinion for the College to comply with the requirements applicable to that program.

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 its major Federal program for the year ended June 30, 2016.

Other Matters

The College's response to the noncompliance findings identified in our audit are 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.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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 and significant deficiencies may exist that were not identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-001-2016-003 to be material weaknesses.

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

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

Eide Bailly LLP

Boise, Idaho
December 21, 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?	None Reported
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 Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - Financial Statement Findings

None Noted

SECTION III - Federal Award Findings and Questioned Costs

2016-001

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

Material Noncompliance and Material Weakness in Internal Control

Criteria:

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.

Condition:

During our testing of the students that withdrew, it was noted that of the 9 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.

Cause:

During the year, there was a change in process as well as a 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.

Effect:

The unearned Title IV funds were not returned to the Department of Education within the 45 day requirement.

Questioned Costs:

None Reported

Context/Sampling:

A nonstatistical sample of 22 transactions out of 109 students were selected for special tests and provisions testing.

Repeat Finding from Prior Year:

Yes

Recommendation:

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 in a timely manner.

Management's Response:

The College agrees with the repeat finding from the 2015 audit. Since the 2015 audit was not complete until February 2016, the results of the corrective action plan instituted in 2016 will not be realized until the 2017 audit. The Financial aid office put in place the necessary process by March 13, 2016 and updated the process as a result of the Financial Aid program review August 2, 2016. The financial aid staff have been trained and will continue to be trained as future employees are on-boarded.

2016-002

Direct Programs – Department of Education

CFDA# 84.063, 84.007, 84.268, 84.033

Student Financial Aid Cluster

Reporting: Pell and Direct Loans Disbursements

Material Weakness in Internal Control

Criteria:

An Institution must report all loan disbursements and Pell disbursements within 15 days after the school makes a payment or becomes aware of the need to make an adjustment to a previously reported student payment data or expected student payment data.

Condition:

During our testing of direct loans disbursed to students in FY2016, there were 40 instances out of 60 students tested in which the College did not submit the disbursement records within 15 days of disbursement. During our testing of Pell payments disbursed to students in FY2016, there were 9 instances out of 60 students tested in which the College did not submit the disbursement records within 15 days of disbursement.

Cause:

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

Effect:

NSLDS/COD was not updated to reflect disbursements within the 15 days of disbursement requirement.

Questioned Costs:

None Reported

Context/Sampling:

A nonstatistical sample of 60 transactions out of 1,175 students were selected for special tests and provisions testing.

Repeat Finding from Prior Year:

Yes

Recommendation:

The College should implement a process to ensure that disbursements are reported to the NSLDS/COD within the 15 day requirement. The College should periodically test this process to ensure that the 15 day requirement is being met.

Management's Response:

The College agrees with the repeat finding from the 2015 audit. Since the 2015 audit was not complete until February 2016, the results of the corrective action plan instituted in 2016 will not be realized until the 2017 audit. The Director of Financial Aid was hired on April 11, 2016 and the Associate Director of Financial Aid was hired as of June 20, 2016. The process of Information Reporting to COD for Direct Loan and Pell Grant Disbursement Records was put in place as of August 2, 2016. The financial aid staff have been trained and will continue to be trained as future employees are on-boarded.

2016-003

Direct Programs – Department of Education

CFDA# 84.063, 84.007, 84.268, 84.033

Student Financial Aid Cluster

Special Tests and Provisions: Enrollment Reporting

Material Weakness in Internal Control

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, it was noted that for 60 instances out of a sample of 60, there were errors in 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 Gateway Mailbox.

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:

Enrollment reporting rosters were not corrected to reflect enrollment status as required.

Questioned Costs:

None Reported

Context/Sampling:

A nonstatistical sample of 60 transactions out of 1,175 students were selected for special tests and provisions testing.

Repeat Finding from Prior Year:

Yes

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 repeat finding from the 2015 audit. Since the 2015 audit was not complete until February 2016, the results of the corrective action plan instituted in 2016 will not be realized until the 2017 audit. The Financial aid office put in place the NSC Degree Verification Transmission File Process and NSC NSLDS Student Enrollment Transmission Process. The financial aid staff have been trained and will continue to be trained as future employees are on-boarded

2015-001

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

Material Noncompliance and Material Weakness in Internal Control

Initial Fiscal Year Finding Occurred:

Fiscal year end 2015

Finding Summary:

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.

Status:

Finding in the current year. See 2016-001.

2015-002

Direct Programs – Department of Education

CFDA# 84.063, 84.007, 84.268, 84.033

Student Financial Aid Cluster

Special Tests and Provisions: Enrollment Reporting

Material Weakness in Internal Control

Initial Fiscal Year Finding Occurred:

Fiscal year end 2015

Finding Summary:

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 Gateway Mailbox.

Status:

Finding in the current year. See 2016-003.

2015-003

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
Significant Deficiency in Internal Control

Initial Fiscal Year Finding Occurred:
Fiscal year end 2014

Finding Summary:

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.

Status:

Finding in the current year. See 2016-002.

2015-004

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
Significant Deficiency in Internal Control

Initial Fiscal Year Finding Occurred:
Fiscal year end 2014

Finding Summary:

During our testing of the return of Title IV funds, we noted 2 students out of 23 in which the withdrawal date had not been reported to NSLDS and of those two students, one student for which a return of Title IV funds calculation had not been prepared.

Status:

Corrective action was taken and the finding was corrected during the year ended June 30, 2016.