Financial Statements
June 30, 2017

Treasure Valley Community College

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, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Treasure Valley Community College Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
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, 2017, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Correction of Error
As discussed in Note 12 to the financial statements, the College determined a pension transition liability should have been recorded in prior years which resulted in an overstatement of previously reported net position as of June 30, 2016. Accordingly, the amount reported for the net position has been restated in the financial statements as of July 1, 2016. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that 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 individual fund schedules of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis) (supplementary information) and the individual fund financial schedules and schedule of property tax transactions (other information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 *U.S.* Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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, 2017, 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, 2017

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, 2017. 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, 2017, 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 inflows of resources, and particularly unrestricted fund balance. Additional information regarding pension reporting and the transition is located in Note 7, Pension Plans. In addition, the prior year's unrestricted net position balance was restated to reflect the plan's transition liability which had not been recorded previously.

- Total Enrollment for 2016-17 was 2,292 which was a decrease of 7.5% from the enrollment of 2,477 in 2015-16. The decrease in enrollment resulted in decreased tuition and fees revenues and a decrease in auxiliary enterprise operations.

- State of Oregon community college support revenue decreased by $3,385 thousand or 38% from the prior year. This decrease is attributable to the Oregon Legislature's deferral of the eighth quarter reimbursement for the biennium. The College receives funding from the State across the biennium; however, the cash payments are not equal across the two years. In the first year of the biennium the college receives five payments whereas in the second year it receives three. During the 2016-17 fiscal year, the College received three state payments which caused the decrease in State community college support.

- Grants and contract revenue (which includes Federal Financial Aid in Non-Operating Revenue) decreased by approximately $729 thousand or 5.1%. This was a net decrease which consisted of a $2,071 decrease in Federal and State financial aid and loan programs including PELL, SEOG, and Direct Student Loans, as well as an increased number of other federal and state grants and programs. The college was awarded three new large Federal grants and several new state grants which resulted in increased grants and contract revenue of approximately $1,342 thousand.

One of the College's largest categories in net position ($7,984 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 generally accepted accounting principles using 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 condition of College 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, Federal financial aid, 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 financial activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement is intended to help the reader assess the College's ability to generate future cash flows and its ability to meet its obligations as they come due.

Analysis of the Statement of Net Position

The 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 businesses. 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.

The College implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, in the year ending June 30, 2015. The amount recorded did not include the proportionate share calculated amount for the pre-State and Local Government Rate Pool (SLGRP). The effects of recording this liability is shown as a prior period adjustment in the financial statements for the year ending June 30, 2017. The prior year information was not restated in the Management's Discussion and Analysis section of this report.

Assets

Total assets for the College at the end of the fiscal year were approximately $16,909 thousand, comprised of both current assets ($2,485 thousand) and noncurrent assets ($14,424 thousand). The total assets decreased by $1,853 consisting of decreases in cash and cash equivalents ($853 thousand), capital assets net of depreciation ($700 thousand), and accounts receivable net of allowance for doubtful accounts ($295 thousand).

Cash and cash equivalents for the College were $534 thousand at year-end which is a decrease of $850 thousand from the prior year. The decrease was due to the receipt of only three State payments in the current year, as opposed to five in the prior year, as well as an overall decrease in cash available for operations as the College reserves have decreased.

At year-end, capital assets and associated accumulated depreciation totaled $27,823 thousand and $13,398 thousand respectively, presenting a net capital asset value of $14,424 thousand. This is a decrease of $700 thousand) from 2015-16 due to depreciation expense, net of capital asset additions.

The College's 2016-17 total assets of $16,909 thousand is a decrease of $1,853 thousand from the prior year as described in the prior paragraphs.

Deferred Outflows of Resources

The 2016-17 deferred outflow of resources ($5,866 thousand) increased by $4,965 thousand due to changes of assumptions and differences between expected and actual results of pension reporting required by GASB 68 and GASB 71 as discussed in Note 7.

Liabilities

Liabilities are classified as current and noncurrent. Over the year, total liabilities increased approximately $8,356 thousand from $21,102 thousand to $29,458 thousand. For 2016-17, the increase for total liabilities is from the Pension Liability which increased from $3,472 thousand to $12,108 thousand, an increase of $8,636 thousand. The current liability balance at year-end was approximately $3,705 thousand and the noncurrent liability balance was $25,753 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 increased by $662 thousand in the current year which included decreases in accounts payable and unearned revenue, and an increase in the current portion of long-term debt (see Note 5 Long-term Obligations).

Noncurrent liabilities are comprised of four amounts, PERS bonds payable of $7,131 thousand, other post-employment benefits of $737 thousand, notes payable of $5,842 thousand and the College's portion of the Pension Liability of $12,108.

Deferred Inflows of Resources

The deferred inflow of resources totaled $456 thousand and reflects the changes in proportion and differences in college contributions to the pension plan which is entirely from the pension reporting required by GASB 68 and GASB 71 as discussed in Note 7.

Net Position

Total net position at year-end is negative $7,138 thousand which is a $4,053 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 $1,493 thousand. In addition, the prior year unrestricted net position was reduced by $1,646 thousand to account for the transition liability related to the Pension reporting.

- Accounting for State support payments with three payments recorded during the current year contributed to the actual decrease in net position of $1,661 thousand.

In thousands of dollar's (000's)

	2017	2016	$ Change	% Change
Assets				
Current assets	$ 2,485	$ 3,638	$ (1,153)	-31.7%
Capital assets, net	14,424	15,124	(700)	-4.6%
Total assets	16,909	18,762	(1,853)	-9.9%
Deferred Outflows of Resources	5,866	900	4,966	551.7%
Liabilities				
Current liabilities	3,705	3,043	662	21.7%
Noncurrent liabilities	25,753	18,059	7,694	42.6%
Total liabilities	29,458	21,102	8,356	39.6%
Deferred Inflow of Resources	455	967	(512)	100.0%
Net Position				
Net investment in capital assets	7,984	8,104	(120)	-1.5%
Unrestricted	(15,122)	(10,511)	(4,611)	43.9%
Total net position	$ (7,138)	$ (2,407)	$ (4,731)	196.6%

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

The Statement of Revenues, Expenses and Changes in Net Position presents 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 $21,707 thousand which is a decrease of $718 thousand from the prior year. The major reason for the decrease was the reduction in enrollment, which resulted in reductions in tuition and fee revenues, state and federal aid received for students, and Auxiliary enterprise operational revenues.

Nonoperating Revenue

Nonoperating revenues for the fiscal year were approximately $11,483 thousand which is a decrease of approximately $3,834 thousand from the prior year. The decrease was primarily due to the College receiving only three state support payments in 2016-17 as compared to five payments received in the 2015-16 fiscal year. Additionally, there was a decrease in Federal financial aid reported as nonoperating revenue.

Expenses

Total operating expenses for the College were $35,300 thousand for the fiscal year, a decrease of $3,340 thousand from the prior year. 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.

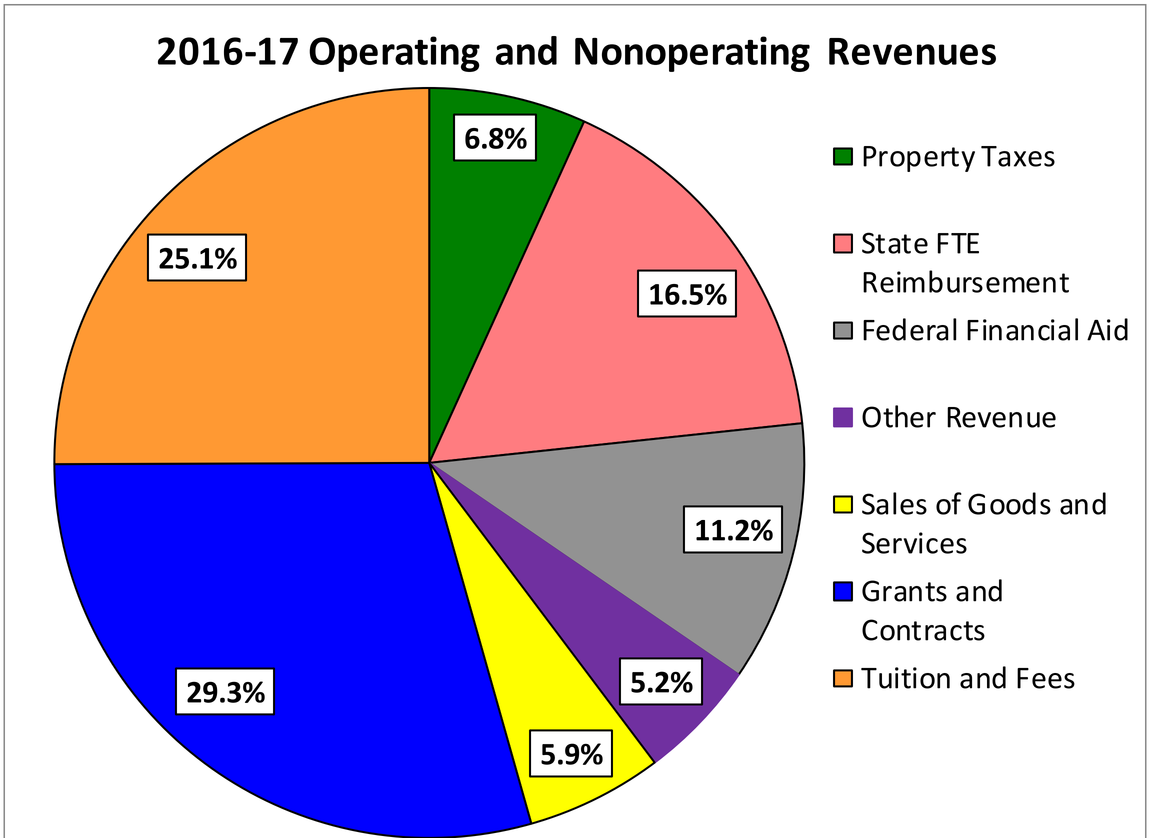
Expenditures for educational and general programs, other support services, scholarships and grants, and auxiliary enterprises decreased by $540 thousand, $715 thousand, $2,037 thousand, and $23 thousand, respectively. The percentages of expenses by category are shown in the table on the following page.

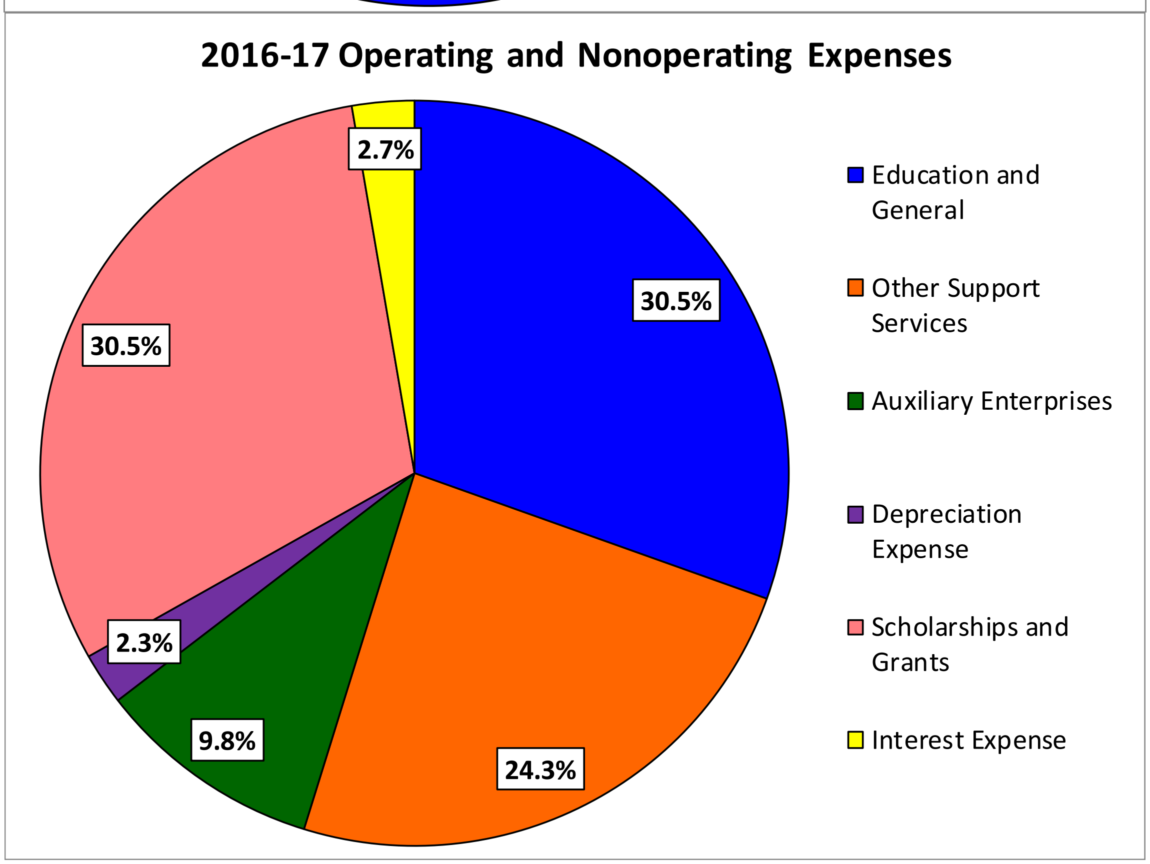
All of the changes are net amounts consisting primarily of increased PERS expenses as a result of accounting for Pensions under GASB 68, and decreased financial aid and auxiliary operating expenses due to decreased enrollment.

In summary form, the years' results were:

In thousands of dollar's (000's)

	2017	2016	$ Change	% Change
Operating revenues				
Tuition and fees	$ 6,330	$ 6,868	$ (538)	-7.8%
Grants and contracts	9,735	9,796	(61)	-0.6%
Sales of goods and services	3,935	3,968	(33)	-0.8%
Other operating revenues	1,706	1,793	(87)	-4.8%
Total operating revenues	21,707	22,425	(718)	-3.2%
Non operating revenues				
State community college support	5,490	8,875	(3,385)	-38.1%
Federal financial aid	3,732	4,400	(668)	-15.2%
Property taxes	2,248	2,033	215	10.6%
Investment income (loss)	14	9	5	60.2%
Total non operating revenues	11,484	15,317	(3,833)	-25.0%
Total revenues	33,190	37,742	(4,552)	-12.1%
Operating expenses				
Educational and general	11,053	11,593	(540)	-4.7%
Other support services	8,817	9,532	(715)	-7.5%
Scholarships and grants	11,063	13,100	(2,037)	-15.6%
Auxiliary enterprises	3,552	3,575	(23)	-0.7%
Depreciation	816	840	(24)	-2.8%
Total operating expense	35,301	38,640	(3,339)	-8.6%
Non operating expenses				
Interest expense	975	893	82	9.1%
Total expenses	36,275	39,533	(3,258)	-8.2%
Change in net position	$ (3,085)	$ (1,791)	$ (1,294)	72.3%


2016-17 Operating and Nonoperating Revenues
6.8%
16.5%
11.2%
5.2%
5.9%
29.3%
25.1%
Property Taxes
State FTE Reimbursement
Federal Financial Aid
Other Revenue
Sales of Goods and Services
Grants and Contracts
Tuition and Fees


2016-17 Operating and Nonoperating Expenses
2.7%
30.5%
24.3%
9.8%
2.3%
30.5%
Education and General
Other Support Services
Auxiliary Enterprises
Depreciation Expense
Scholarships and Grants
Interest Expense

Capital Assets

During the 2016-17 fiscal year, the College increased capital assets by $117 thousand due to capital asset additions, which was offset by $816 thousand recognized as depreciation expense. See Note 2, Changes in Capital Assets, for additional information.

Debt

During the 2016-17 fiscal year, the College issued no new long-term debt and made all scheduled payments on existing debt. See additional information in Note 5, Long-term Obligations.

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 a small increase in the overall statewide Community College support which has provided some needed resources. Yet, the College continues to experience reductions in year to year enrollment with the continuing strong economy and individuals returning 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.

In October, 2017, the College entered into a loan agreement with the Bank of Eastern Oregon for $1,616 thousand to refinance and liquidate the gym elevator loan financed by Umpqua Bank, the Zions Bank loan on the science center, and the remaining balance on the City of Ontario's local improvement district assessment. The remaining loan funds have been designated to key projects including critical computer software needs and website development.

The College was notified in September, 2017, that the College was chosen to receive a $3,000 thousand federal grant from the U.S. Department of Commerce Economic Development Administration (EDA). The purpose of the grant is to aid in the refurbishing and expansion of the vocational technical building on campus. This grant also qualifies as funds required to match $2,865 thousand offered by the state for the same purpose. Initial planning stages have begun with the goal of completing the project within the next two to three years.

Requests for Information

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

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

	Primary Government TVCC College	Component Unit TVCC Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 533,994	$ 462,181
Restricted cash	6,662	-
Investments other than endowments	-	234,970
Endowment	-	5,296,288
Accounts receivable, net	1,646,498	798
Prepaid and other assets	44,395	-
Inventory	253,305	-
Total current assets	2,484,854	5,994,237
Noncurrent Assets		
Capital assets, net of depreciation	14,424,474	-
Total noncurrent assets	14,424,474	-
Total assets	16,909,328	5,994,237
Deferred Outflows of Resources		
Deferred charge on refunding	225,917	-
Deferred PERS obligations	5,639,606	-
Total deferred outflows of resources	5,865,523	-

	Primary Government TVCC College	Component Unit TVCC Foundation
Liabilities		
Current Liabilities		
Accounts payable	667,109	6,942
Payroll liabilities	945,652	-
Compensated absences	81,426	-
Due to other funds student and agency groups	208,139	-
Unearned revenue	346,323	-
Line of credit	500,000	-
Current portion of pre-SLGRP PERS transition liability	64,422	-
Current portion of long-term debt	891,627	-
Total current liabilities	3,704,698	6,942
Noncurrent Liabilities		
PERS bond payable	7,130,749	-
Pension liability	10,526,017	-
Pre-SLGRP PERS transition liability	1,517,498	-
Other post employment benefits payable	736,726	-
Notes payable	5,842,223	-
Total noncurrent liabilities	25,753,213	-
Total liabilities	29,457,911	6,942
Deferred Inflow of Resources		
Deferred pension obligation	455,235	-
Net Position		
Net investment in capital assets	7,983,797	-
Restricted - expendable		
Scholarships, student financial aid grants and loans	-	1,835,053
Restricted - nonexpendable		
Endowment principal	-	3,399,482
Unrestricted	(15,122,092)	752,760
Total net position	$ (7,138,295)	$ 5,987,295

	Primary Government TVCC College	Component Unit TVCC Foundation
Operating Revenues		
Student tuition and fees	$ 6,329,930	$ -
Federal student financial aid grants	7,014,459	-
State sources	2,720,605	-
	16,064,994	-
Auxiliary enterprises		
Bookstore	848,632	-
Food services	419,698	-
Housing	545,294	-
Printing	136,608	-
Caldwell Center	1,985,103	-
Contributions and special events proceeds	-	611,710
Other operating revenues	1,706,175	-
Total operating revenues	21,706,504	611,710
Operating Expenses		
Educational and general	11,052,514	-
Other support services		
Student activities	2,683,888	-
College support	4,225,351	78,257
Plant operations	1,907,650	-
Scholarships and grants	11,062,806	226,390
Auxiliary enterprises		
Bookstore	795,991	-
Food services	408,073	-
Housing	175,970	-
Printing	171,707	-
Caldwell Center	1,999,878	-
Fundraising expenses	-	21,935
Management and general expense	-	301,430
Depreciation expense	816,317	-
Total operating expenses	35,300,145	628,012
Operating Loss	(13,593,641)	(16,302)

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
Nonoperating Revenues (Expenses)		
Property taxes	2,247,642	-
State FTE reimbursement	5,489,954	-
Federal financial aid	3,731,601	-
Investment income	14,217	581,268
Interest expense	(974,543)	-
Net nonoperating revenues	10,508,871	581,268
Change in Net Position	(3,084,770)	564,966
Net Position, Beginning of Year, as Restated	(4,053,525)	5,422,329
Net Position, End of Year	$ (7,138,295)	$ 5,987,295

	Primary Government TVCC College
Operating Activities	
Tuition and fees, net	$ 10,780,602
Federal grants and contracts	6,866,402
State and local government grants and contracts	2,720,605
Payments to suppliers for goods and services	(7,622,918)
Payments to employees	(14,260,346)
Payments for student financial aid and other scholarships	(11,062,806)
Other cash receipts	1,706,175
Net Cash used for Operating Activities	(10,872,286)
Noncapital Financing Activities	
Cash received from property taxes	2,236,444
State full time equivalent reimbursement	5,489,954
Federal financial aid received	3,731,601
Transfer from agency fund	(296)
Net Cash from Noncapital Financing Activities	11,457,703
Capital Related Financing Activities	
Purchases of capital assets	(116,580)
Proceeds from line of credit	500,000
Principal paid on long-term debt	(873,325)
Interest paid on long-term debt	(956,242)
Net Cash used for Capital Related Financing Activities	(1,446,147)
Investing Activities	
Interest on investments	14,217
Net Cash from Investing Activities	14,217
Net Change in Cash, Restricted Cash, and Cash Equivalents	(846,513)
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	1,387,743
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 541,230

	Primary Government TVCC College
Reconciliation of Cash, Restricted Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	$ 533,994
Restricted cash	6,662
Cash, Restricted Cash and Cash Equivalents at End of Year	$ 540,656
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (13,593,641)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities	
Depreciation	816,317
GASB 68 actuarial pension expense	1,493,943
Changes in assets and liabilities	
Accounts receivable	305,066
Prepaid assets	(39,395)
Accounts payable	72,533
Unearned revenue	62,214
Inventory	51,815
Accrued payroll and payroll costs	(52,516)
Compensated absences	(2,775)
Other	14,153
Net Cash used for Operating Activities	$ (10,872,286)

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 and Cash Equivalents

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, 2017, the College was in compliance with the aforementioned State of Oregon Statutes. As of June 30, 2017, the College does not have any funds in investment accounts.

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. Taxes unpaid and outstanding on May 16 are considered 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. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Allowable 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 and are included in receivables and revenues for the year ended June 30, 2017.

I. Inventory

The value of the College's inventory is 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, leasehold improvements, and construction in progress. The College's capitalization threshold is $5,000 for equipment. Donated capital assets are recorded at the 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
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, 2017, for the College's 2017-2018 summer and fall term are recorded as unearned revenue.

L. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from service. Unused vacation pay is recognized as an expense and accrued when earned. As of June 30, 2017, the accrued compensated absences amounted to $81,426.

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, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (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. Pre-SLGRP Pooled Liability

The Pre-SLGRP Pooled Liability was an actuarially determined liability recorded in the statement of net position based on the College's entry into the OPERS State and Local Government Rate Pool. The transition liability is reduced each year by contributions to OPERS and increased for interest charged by OPERS.

P. Deferred Outflows/Inflow of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) 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 obligation. The employer pension obligation 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.

Q. 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.

R. 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.

S. 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.

T. Budgetary Information

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

Note 2 - Changes in Capital Assets

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

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital Assets Not Being Depreciated					
Land	$ 233,381	$ -	$ -	$ -	$ 233,381
Total capital assets not being depreciated	233,381	-	-	-	233,381
Other Capital Assets					
Buildings	19,855,048	-	-	-	19,855,048
Improvements and software	3,477,495	9,998	-	-	3,487,493
Vehicles and equipment	4,140,182	106,582	-	-	4,246,764
Total other capital assets	27,472,725	116,580	-	-	27,589,305
Total capital assets	27,706,106	116,580	-	-	27,822,686
Less accumulated depreciation					
Buildings	6,993,108	520,519	-	-	7,513,627
Improvements and software	1,865,590	175,967	-	-	2,041,557
Vehicles and equipment	3,723,197	119,831	-	-	3,843,028
Total accumulated depreciation	12,581,895	816,317	-	-	13,398,212
Capital assets, net	$ 15,124,211	$ (699,737)	$ -	$ -	$ 14,424,474

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. This pool is displayed on the statement of net position as cash and cash equivalents.

Cash is comprised of the following at June 30, 2017:

Cash and cash equivalents		
Petty cash	$	3,274
Deposits with banks		461,701
State Treasurer's Local Government Pool (LGIP)		69,019
Total cash and cash equivalents	$	533,994
Restricted cash and cash equivalents		
State Treasurer's Local Government Pool (LGIP)	$	6,662
Total restricted cash and cash equivalents	$	6,662

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, 2017. 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, 2017, the carrying amount of the College’s deposits (cash and certificates of deposit) was $540,656 and the bank balance was $795,294. 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 qualified depositories found on the Oregon State Treasurers website. Qualifying depository banks must pledge securities with a particular value based on the bank’s level of capitalization. At June 30, 2017, and for the year then ended, the College’s deposits were in compliance with ORS 295.015.

Custodial Credit Risk – 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, 2017, $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.

Cash Equivalents

At June 30, 2017, the College held $75,681 in the Oregon Local Government Investment Pool, 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. 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, 2017, none of the College's cash equivalents 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 Oregon Local Government Investment Pool (LGIP) is an external investment pool as defined by GASB. The LGIP is part of the Oregon Short-Term Fund. Investment policies of this fund are governed by the Oregon Revised Statutes and the Oregon Investment Council. 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 U.S. 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, 2017, were as follows:

Property tax	$ 149,100
Tuition and related fees	1,590,283
Due from other governmental units	499,305
Other	177,297
	2,415,985
Allowance for uncollectible	(769,487)
Total accounts receivable, net	$ 1,646,498

Note 5 - Long-term Obligations

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Umpqua Bank - Gym Lift	$ 344,679	$ -	$ (75,691)	$ 268,988	$ 79,001
PERS UAL Bond	7,717,609	-	(293,687)	7,423,922	293,173
Pre-SLGRP PERS transition liability	1,646,342	-	(64,422)	1,581,920	64,422
City of Ontario LID Lot 100	42,373	-	(16,177)	26,196	16,960
Zions Bank	1,107,000	-	(203,000)	904,000	211,000
Series 2012 Refinancing	5,445,000	-	(245,000)	5,200,000	250,000
University Capital Lease	81,263	-	(39,770)	41,493	41,493
Compensated Absences	84,201	329,792	(332,567)	81,426	81,426
	$ 16,468,467	$ 329,792	$ (1,270,314)	$ 15,527,945	$ 1,037,475

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 5.60 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, with interest rates that range from 4.03% to 5.07% per annum. The obligation is collateralized by the Science Center.

In December of 2012, the College refinanced three different debt issues. The amount refinanced was $5.89 million and the total debt issuance was $6.225 million. The debt refunded partially, or wholly, the 2000, 2005, and 2006 debt issues. The coupon rate on the debt is between 2 and 4% for the life of the obligation. The reacquisition price exceeded the net carrying amount of the old debt by $335,000; however the refunding reduced the College's total debt service payments over the remaining life of the debt by $620,000. The financing is 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 is collateralized by the gymnasium lift.

Future payments for long-term debt at June 30, 2017, include:

	Principal	Interest	Total
2018	$ 850,134	$ 970,343	$ 1,820,477
2019	852,243	1,001,808	1,854,051
2020	872,272	1,035,590	1,907,862
2021	821,027	1,071,118	1,892,145
2022	566,607	1,111,587	1,678,194
2023-2027	6,685,823	2,530,373	9,216,196
2028-2032	2,155,000	364,048	2,519,048
2033-2037	1,020,000	41,600	1,061,600
	$ 13,823,106	$ 8,126,467	$ 21,949,573

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 $43,291 with a stated interest rate of 3.49% across the lease period.

Leases payable at June 30, 2017 include:

2018	$ 43,291
Less interest	(1,798)
Principal	$ 41,493

Note 6 - Short-term Obligations

In May 2017, the College entered into a taxable tax and revenue anticipation note, Series 2017 with Umpqua Bank in the amount of $1,750,000; $500,000 of which had been drawn on as of the end of fiscal year 2017. The note had an interest rate equal to the prime rate (as published in the Wall Street Journal) plus .50 percent per annum, with a minimum of 4.50%. The note will mature on December 31, 2017. 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, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Umpqua Line of Credit	$ -	$ 500,000	$ -	$ 500,000	$ 500,000

Note 7 - Pension Plans

Plan Description

The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (OPERS). 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 the defined benefit portion of the plan which applies to qualifying College employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. The Individual Account Program (IAP) is the defined contribution portion of the plan. Beginning January 1, 2004, all OPERS members' contributions go into the IAP. OPERS members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account.

Both OPERS plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. OPERS 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

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

Pension Benefits - The OPERS retirement allowance is payable monthly for life. The allowance may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage, equal to 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.

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

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

- The member was employed by an OPERS employer at the time of death,
- The member died within 120 days after termination of OPERS-covered employment,

- The member died as a result of injury sustained while employed in an OPERS-covered job, or
- The member was on an official leave of absence from an OPERS-covered job at the time of death.

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

Benefit Changes after Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

B. PERS Pension Program (OPSRP-DB) – ORS Chapter 238A

Pension Benefits – This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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

C. OPSRP Individual Account Program (OPSRP IAP) – ORS Chapter 238A

Pension Benefits – A member of the pension program 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 OPSRP IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the 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- or 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 – OPERS 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, 2014 actuarial valuation, which became effective July 1, 2016. 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, 2017 were $398,056, 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, 2017, were:

	Chapter 238 - Tier One and Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
General Service	8.39%	2.84%

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

At June 30, 2017, the College reported a liability of $10,526,017 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to June 30, 2016. 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, 2017, the College's proportion was 0.07011585 percent, and was 0.06047771 percent at the prior measurement date of June 30, 2016.

For the year ended June 30, 2017, the College recognized a pension expense of $1,493,943. At June 30, 2017, 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	$ 348,247	$ -
Changes of assumptions	2,244,947	-
Net difference between projected and actual earnings on investments	2,079,499	-
Changes in proportionate share	568,857	-
Differences between College contributions and the College's proportionate share of system contributions	-	455,235
College contributions subsequent to the measurement date	398,056	-
	$ 5,639,606	$ 455,235

$398,056 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, 2018.

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:

Years ended June 30:	Deferred Outflow/ (Inflow of Resources)
2018	$ 855,556
2019	855,556
2020	1,628,231
2021	1,260,057
2022	186,915
	$ 4,786,315

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 used for the December 31, 2014 actuarial valuation is shown below:

Actuarial Methods and Assumptions	Valuation Date: December 31, 2014 Measurement Date: June 30, 2016
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Inflation rate	2.50% (reduced from 2.75%)
Long-term expected rate of return [1]	7.50% (reduced from 7.75%)
Discount rate	7.50% (reduced from 7.75%)
Projected salary increases	3.50% (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	**Healthy retirees and beneficiaries:** RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

[1] At its September 25, 2015 meeting, the OPERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.

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 methods and assumptions shown above are based on the 2014 experience study, which reviewed experience for the four-year period ended December 31, 2014.

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual Return	Standard Deviation
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of net pension liability	$ 16,996,008	$ 10,526,017	$ 5,118,237

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.

Transition Liability

The College reports a separate liability to the plan with a balance of $1,581,920 at June 30, 2017. The liability represents the College's allocated share of the pre-SLGRP pooled liability. The College is being assessed an employer contribution rate of 1.76% of covered payroll for the payment of this transition liability.

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 $1,757, staff receive $1,400, and part-time employees received between 50% and 75% of the individual insurance rate based on their FTE, for the year ended June 30, 2017.

The College is required by Oregon Revised Statute 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, 2017, the College contributed $2.52 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, 2017
Determination of Annual Required Contribution		
(1)	Normal cost at year end	$ 37,727
(2)	Amortization of UAAL	58,189
(3)	Annual Required Contribution (ARC) (1) + (2)	$ 95,916
Determination of Net OPEB Obligation		
(4)	Annual Required Contribution (ARC)	$ 95,916
(5)	Interest on prior year Net OPEB Obligation	25,290
(6)	Adjustment to ARC	(86,883)
(7)	Annual OPEB Cost (4) + (5) - (6)	34,323
(8)	Explicit Benefit Payments	-
(9)	Implicit Benefit Payments	20,170
(10)	Increase in Net OPEB Obligation (7) - (8) - (9)	14,153
(11)	Net OPEB Obligation - Beginning of Year	722,573
(12)	Net OPEB Obligation - End of Year (10) + (11)	$ 736,726

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, 2015, 2016, and 2017 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 68,927	68%	$ 690,570
June 30, 2016	73,142	56%	722,573
June 30, 2017	34,323	59%	736,726

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, 2017 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. These funds are subject to audit and adjustment by these agencies, which may occur after the College's annual audit. Any disallowed costs, including amounts already collected, could become a liability of the general fund or other applicable funds. In the opinion of management, any such potential liability would 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, 2017.

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. For the year ended June 30, 2017, the Foundation provided scholarship support of $226,390 and program support of $76,891. During the year, $1,366 was transferred from the Foundation to the College related to the capital campaign for the new Science Center and Building Reserves Fund that occurred in prior years. During the year ended June 30, 2017, the College provided support to the Foundation to pay salaries and benefits for the executive director and administrative personnel of $145,039. The College donated $11,482 and $53,100 to the Foundation for supplies and in-kind contributions, including office space, respectively.

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 $50,348 for insurance premiums and $3,960 for consulting fees related to health insurance options during the year ended June 30, 2017.

Note 12 - Restatement for OPERS Pre-SLGRP Transition Liability

In fiscal year 2014, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional rate disclosures and required supplementary information.

Pre-SLGRP (State and Local Government Rate Pool) liabilities/surpluses are the result of a change in pooled status. Prior to formation of the SLGRP, all state agencies and community colleges were pooled by statute, and local governments had the option of pooling with other local governments. The SLGRP replaced the state/community college pool, which had an unfunded liability at the time, and the local government pool, which had an actuarial surplus at the time. The state/community college pool's UAL remained with those entities as a pre-SLGRP liability. The local government pool's surplus remained with participating local governments as a pre-SLGRP surplus. During the year, the College noted the SLGRP liability was not properly recorded with the implementation of GASB No. 68 in prior years; therefore, beginning net position was restated to retroactively report the Pre-SLGRP as follows:

Net position at June 30, 2016, as previously reported	$ (2,407,183)
Pre-SLGRP transition liability at June 30, 2016	(1,646,342)
Net position at July 1, 2016, as restated	$ (4,053,525)

Note 13 - Subsequent Events

The College entered into a loan agreement with Bank of Eastern Oregon for $1.6 million in October 2017. The proceeds were used to pay off the gym elevator loan through Umpqua Bank, the Zions Bank loan on the Science Center and the remaining balance on the City of Ontario's local improvement district assessment. The remaining funds have been designated to purchase critical computer software and website development as well as various other projects as determined by the administration.

In October 2017, the College was awarded a $3 million federal grant from the U.S. Department of Commerce Economic Development Administration (EDA). The purpose of the grant is to use as required funds to match $2.865 million offered by the state to refurbish and expand the vocational technical instruction building on campus. Initial planning stages have begun with the goal of completing the project within the next two to three years

Note 14 - Component Unit

Treasure Valley Community College Foundation

Foundation Operations and Significant Accounting Policies

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

The Foundation encourages, receives and administers gifts and bequests for the support of the College. The Board of Directors recognizes its responsibility to manage all funds entrusted to the organization in a prudent manner, with the understanding that the primary purpose of these funds is to provide support for priority projects at the College. This includes scholarships, grants in aid, tuition waivers, educational facilities and equipment. The Foundation awards scholarships only to qualifying students attending the College who have properly completed application for admission and obtained approval for financial aid. 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 Foundation'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, 2017 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	$ -	$ 414,434	$ -	$ 414,434
Mutual Funds				
Fixed Income Mutual Funds	408,759	-	-	408,759
Equities				
Large Cap Growth	689,508	-	-	689,508
Large Cap Value	213,415	-	-	213,415
Small/Mid Cap Growth	169,620	-	-	169,620
Small/Mid Cap Value	122,174	-	-	122,174
International Equity	296,754	-	-	296,754
Equities Blend	9,167	-	-	9,167
Exchange Traded Funds				
Fixed Income Exchange Traded Funds	1,270,815	-	-	1,270,815
Equity Exchange Traded Funds	1,936,612	-	-	1,936,612
Total assets at fair value	$ 5,116,824	$ 414,434	$ -	$ 5,531,258

Donated Materials and Services

Donated materials and services for the year ended June 30, 2017 were:

	Support Services General Operations
Salaries and benefits	$ 145,039
Materials and supplies	11,482
In-kind contributions	53,100
	$ 209,621

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, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment	$ 543,940	$ -	$ -	$ 543,940
Donor restricted endowment funds	-	1,352,866	3,399,482	4,752,348
	$ 543,940	$ 1,352,866	$ 3,399,482	$ 5,296,288

At June 30, 2017, 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 $2,163 were included in the temporarily restricted net assets on that date.

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

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

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

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets				
Beginning of year, July 1, 2016	$ 513,057	$ 950,222	$ 3,285,855	$ 4,749,134
Investment return				
Investment income	13,675	116,292	-	129,967
Net realized and unrealized appreciation	47,487	403,814	-	451,301
Investment fees	(5,790)	(49,237)	-	(55,027)
Contributions	-	5,100	117,001	122,101
Other changes				
Appropriation of endowment assets for expenditures	(24,489)	(96,639)	-	(121,128)
Funds transferred by donor request	-	23,314	(3,374)	19,940
Endowment assets				
End of year, June 30, 2017	$ 543,940	$ 1,352,866	$ 3,399,482	$ 5,296,288

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2017 are as follows:

Temporarily restricted net assets	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	
With purpose restrictions	$ 1,352,866
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	$ 3,399,482

Required Supplementary Information
June 30, 2017

Treasure Valley Community College

The following table shows a schedule of the funding progress:

Actuarial Valuation Date	AVA (1)	AAL (2)	UAAL (3)	Percent Funded	Covered Payroll	UAAL as a percentage of covered payroll
10/1/2011	$ -	$ 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

As of the Measurement Date June 30,	(a) College's proportion of the net pension liability (asset)	(b) College's proportionate share of the net pension liability (asset)	(c) College's covered payroll	(b) / (c) College's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.07011585%	$ 10,526,017	$ 9,090,288	115.8%	80.5%
2015	0.06047771%	3,472,304	9,643,827	36.0%	91.9%
2014	0.05670943%	(1,285,441)	9,603,844	-13.4%	103.6%

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.

For Fiscal Years Ended June 30,	(a) Statutorily required contribution	(b) Contributions related to the statutorily required contribution	(a) - (b) Contribution deficiency (excess)	(c) College's covered payroll	(b) / (c) Contributions as a percent of covered payroll
2017	$ 398,056	$ 398,056	$ -	$ 10,687,660	3.7%
2016	403,935	403,935	-	9,090,288	4.4%
2015	504,541	504,541	-	9,643,827	5.2%

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, 2017

Treasure Valley Community College

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 2,475,713	$ 2,475,713	$ 2,683,173	$ 207,460
State sources	6,966,005	6,966,005	7,151,363	185,358
Tuition and fees	6,488,260	6,488,260	5,905,767	(582,493)
Total revenues	15,929,978	15,929,978	15,740,303	(189,675)
Expenditures				
Instruction	7,283,457	7,183,457	6,689,994	493,463
Instruction support	742,478	742,478	707,908	34,570
Student services	2,201,848	2,201,848	2,092,568	109,280
College support services	4,156,387	4,106,387	3,798,769	307,618
Plant operation and maintenance	1,792,381	1,942,381	1,888,975	53,406
Plant additions	184,541	184,541	184,541	-
Financial aid	858,886	858,886	761,508	97,378
Operating contingency	520,000	520,000	-	520,000
Total expenditures	17,739,978	17,739,978	16,124,263	1,615,715
Excess of Revenues over (Under) Expenditures	(1,810,000)	(1,810,000)	(383,960)	1,426,040
Other Financing Sources (Uses)				
Transfers in	760,000	760,000	570,000	(190,000)
Total other financing sources (uses)	760,000	760,000	570,000	(190,000)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,050,000)	(1,050,000)	186,040	1,236,040
Available Fund Balance, July 1	1,250,000	1,250,000	1,064,660	(185,340)
Available Fund Balance, June 30	$ 200,000	$ 200,000	$ 1,250,700	$ 1,050,700

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 200,000	$ 200,000	$ 84,531	$ (115,469)
Tuition and fees	10,000	460,000	3,450	(456,550)
State sources	2,390,000	2,390,000	2,197,006	(192,994)
Federal sources	2,000,000	2,000,000	975,869	(1,024,131)
Total revenues	4,600,000	5,050,000	3,260,856	(1,789,144)
Expenditures				
Instruction	3,500,000	3,750,000	2,631,537	1,118,463
Supporting services	1,100,000	1,200,000	619,987	580,013
Total expenditures	4,600,000	4,950,000	3,251,524	1,698,476
Other financing sources (uses)				
Transfers out	-	(100,000)	-	100,000
Total other financing sources (uses)	-	(100,000)	-	100,000
Excess of Revenues, Other Financing Sources, Over (Under) Expenditures	-	-	9,332	9,332
Available Fund Balance, July 1	-	-	73,892	73,892
Available Fund Balance, June 30	$ -	$ -	$ 83,224	$ 83,224

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
State grants	$ 1,023,740	$ 1,033,740	$ 1,024,417	$ (9,323)
Total revenues	1,023,740	1,033,740	1,024,417	(9,323)
Expenditures				
Debt service	1,815,613	1,825,613	1,816,290	9,323
Total expenditures	1,815,613	1,825,613	1,816,290	9,323
Excess of Revenues over (Under) Expenditures	(791,873)	(791,873)	(791,873)	-
Other Financing Sources (Uses)				
Transfer from other funds	791,873	791,873	791,873	-
Total other financing sources (uses)	791,873	791,873	791,873	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	-	-	-
Available Fund Balance, July 1	-	-	-	-
Available Fund Balance, June 30	$ -	$ -	$ -	$ -

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 35,000	$ 35,000	$ -	$ (35,000)
State sources	4,000,000	4,000,000	-	(4,000,000)
Federal sources	3,000,000	3,000,000	-	(3,000,000)
Total revenues	7,035,000	7,035,000	-	(7,035,000)
Expenditures				
Facilities acquisition and construction	7,035,000	7,035,000	-	7,035,000
Total expenditures	7,035,000	7,035,000	-	7,035,000
Available Fund Balance, July 1	-	-	-	-
Available Fund Balance, June 30	$ -	$ -	$ -	$ -

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 1,000,000	$ 1,240,000	$ 816,845	$ (423,155)
Tuition and fees	67,500	67,500	70,750	3,250
Total revenues	1,067,500	1,307,500	887,595	(419,905)
Expenditures				
Support services	750,000	890,000	528,033	361,967
Facilities acquisition and construction	100,000	100,000	-	100,000
Total expenditures	850,000	990,000	528,033	461,967
Excess of Revenues over (Under) Expenditures	217,500	317,500	359,562	42,062
Other Financing Sources (Uses)				
Transfers from other funds	50,000	50,000	50,000	-
Transfer to General Fund	(489,332)	(589,332)	(489,332)	100,000
Total other financing sources (uses)	(439,332)	(539,332)	(439,332)	100,000
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(221,832)	(221,832)	(79,770)	142,062
Available Fund Balance, July 1	1,325,000	1,325,000	1,254,697	(70,303)
Available Fund Balance, June 30	$ 1,103,168	$ 1,103,168	$ 1,174,927	$ 71,759

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 3,000	$ 3,000	$ -	$ (3,000)
State sources	250,000	250,000	395,744	145,744
Federal sources	15,000,000	15,000,000	9,905,546	(5,094,454)
Total revenues	15,253,000	15,253,000	10,301,290	(4,951,710)
Expenditures				
Supporting services	15,253,000	15,253,000	10,301,290	4,951,710
Total expenditures	15,253,000	15,253,000	10,301,290	4,951,710
Excess of Revenues over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers from other funds	7,000,000	7,000,000	-	(7,000,000)
Transfers to other funds	(7,000,000)	(7,000,000)	-	7,000,000
Total other financing sources (uses)	-	-	-	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	-	-	-	-
Available Fund Balance, July 1	175,000	175,000	-	(175,000)
Available Fund Balance, June 30	$ 175,000	$ 175,000	$ -	$ (175,000)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Sales	$ 3,000,000	$ 3,000,000	$ 1,813,624	$ (1,186,376)
Tuition and fees	2,000,000	2,000,000	2,121,711	121,711
Total operating revenues	5,000,000	5,000,000	3,935,335	(1,064,665)
Operating Expenses				
Instruction	1,705,000	1,705,000	1,636,396	68,604
Enterprise services	2,505,500	2,505,500	2,074,481	431,019
Total operating expenses	4,210,500	4,210,500	3,710,877	499,623
Operating Income	789,500	789,500	224,458	(565,042)
Other Financing Sources (Uses)				
Transfer to other funds	(878,000)	(878,000)	(688,000)	190,000
Total other financing sources (uses)	(878,000)	(878,000)	(688,000)	190,000
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(88,500)	(88,500)	(463,542)	(375,042)
Available Fund Balance, July 1	4,078,000	4,078,000	3,906,756	(171,244)
Available Fund Balance June 30	$ 3,989,500	$ 3,989,500	$ 3,443,214	$ (546,286)

Other Information
June 30, 2017

Treasure Valley Community College

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2017
Assets						
Cash and cash items	$ 1,000	$ -	$ 80	$ -	$ 258	$ 1,338
Interfund receivable	-	-	121,055	7,325	-	128,380
Prepaid assets	-	-	-	-	5,000	5,000
Receivables	97,892	-	-	-	-	97,892
Inventory	253,305	-	-	-	-	253,305
Fixed assets (net of accumulated depreciation)	48,065	6,167	4,397,014	13,328	51,469	4,516,043
	$ 400,262	$ 6,167	$ 4,518,149	$ 20,653	$ 56,727	$ 5,001,958
Liabilities and Net Position						
Liabilities						
Accrued payroll	$ 4,412	$ -	$ 2,309	$ 1,606	$ 35,018	$ 43,345
Accounts payable	-	-	-	-	209,081	209,081
Deposits payable	-	-	12,400	-	-	12,400
Interfund payable	345,988	238,365	-	-	709,565	1,293,918
Total liabilities	350,400	238,365	14,709	1,606	953,664	1,558,744
Net Position						
Unrestricted	49,862	(232,198)	4,503,440	19,047	(896,937)	3,443,214
Total net position	49,862	(232,198)	4,503,440	19,047	(896,937)	3,443,214
	$ 400,262	$ 6,167	$ 4,518,149	$ 20,653	$ 56,727	$ 5,001,958

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2017
Operating Revenues						
Sale of textbooks and school supplies	$ 848,632	$ -	$ -	$ -	$ -	$ 848,632
Food and catering sales	-	419,698	-	-	-	419,698
Housing income	-	-	545,294	-	-	545,294
Printing income	-	-	-	136,608	-	136,608
Tuition and fees	-	-	-	-	1,985,103	1,985,103
Total operating revenues	848,632	419,698	545,294	136,608	1,985,103	3,935,335
Operating Expenses						
Salaries and benefits	145,489	9,280	108,449	106,886	1,158,999	1,529,103
Cost of goods sold	629,059	-	-	44,307	-	673,366
Travel and mileage	-	-	-		6,668	6,668
Materials and supplies	-	199	5,764	12,177	24,886	43,026
Rent	-	2,062	941	-	561,862	564,865
Outside services	10,065	389,213	28,966	-	63,462	491,706
Repairs and maintenance	-	6,391	5,413	-	5,938	17,742
Printing	3,526	794	1,817	4,832	9,138	20,107
Other expense	1,438	-	21,810	-	77,554	100,802
Depreciation	9,123	1,084	153,307	3,124	10,141	176,779
Utilities	-	-	-	-	57,540	57,540
Bad debts	662	-	-	-	28,511	29,173
Total operating expenses	799,362	409,023	326,467	171,326	2,004,699	3,710,877
Operating Income (Loss)	49,270	10,675	218,827	(34,718)	(19,596)	224,458

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2017
Other Financing Sources (Uses)						
Transfer to other funds	(160,000)	-	(353,000)	(25,000)	(150,000)	(688,000)
Total other financing sources (uses)	(160,000)	-	(353,000)	(25,000)	(150,000)	(688,000)
Net Position, Beginning of Year	160,592	(242,873)	4,637,613	78,765	(727,341)	3,906,756
Net Position, End of Year	$ 49,862	$ (232,198)	$ 4,503,440	$ 19,047	$ (896,937)	$ 3,443,214

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2017
Operating Activities						
Cash received from customers	$ 852,780	$ 419,698	$ 537,656	$ 136,608	$ 1,985,103	$ 3,931,845
Payments to employees	(141,077)	(9,280)	(108,497)	(106,489)	(1,142,483)	(1,507,826)
Payments to suppliers	(789,094)	(398,659)	(73,762)	(68,690)	(544,638)	(1,874,843)
Net Cash from (used for) Operating Activities	(77,391)	11,759	355,397	(38,571)	297,982	549,176
Noncapital Financing Activities						
Increase (decrease) in interfund receivable/payable	237,891	(11,759)	(2,317)	63,571	(148,687)	138,699
Operating transfers out	(160,000)	-	(353,000)	(25,000)	(150,000)	(688,000)
Net Cash from (used for) Noncapital Financing Activities	77,891	(11,759)	(355,317)	38,571	(298,687)	(549,301)
Net Change in Cash	500	-	80	-	(705)	(125)
Net Cash and Cash Items, Beginning of Year	500	-	-	-	963	1,463
Net Cash and Cash Items, End of Year	$ 1,000	$ -	$ 80	$ -	$ 258	$ 1,338

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2017
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating Income (Loss)	$ 49,270	$ 10,675	$ 218,827	$ (34,718)	$ (19,596)	$ 224,458
Depreciation	9,123	1,084	153,307	3,124	10,141	176,779
(Increase) decrease in accounts receivable (net)	4,148	-	-	-	-	4,148
(Increase) decrease in inventory	(11,413)	-	-	-	63,228	51,815
(Increase) decrease in fixed assets	-	-	(9,051)	(7,374)	18,612	2,187
Increase (decrease) in accounts payable	(132,931)	-	-	-	209,081	76,150
Increase (decrease) in payroll payable	4,412	-	(48)	397	16,516	21,277
Increase (decrease) in deposits payable	-	-	(7,638)	-	-	(7,638)
Net Cash from (used for) Operating Activities	$ (77,391)	$ 11,759	$ 355,397	$ (38,571)	$ 297,982	$ 549,176

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2016	2016-2017 Assessment	Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2017
2016-2017	$ -	$ 2,285,528	$ 2,339	$ 56,000	$ 3,008	$ 2,152,305	$ 2,155,313	$ 74,884
2015-2016	66,998	-	233	1	2,254	28,590	30,844	38,174
2014-2015	36,115	-	234	-	2,412	12,794	15,206	23,087
2013-2014	22,122	-	230	-	3,620	12,248	15,868	9,644
2012-2013	9,816	-	276	-	2,806	8,035	10,841	1,505
2011-2012	1,813	-	224	-	226	492	718	1,097
2010-2011	704	-	221	-	16	32	48	451
Prior years	334	-	-	-	75	76	151	258
Total	$ 137,902	$ 2,285,528	$ 3,757	$ 56,001	$ 14,417	$ 2,214,572	$ 2,228,989	$ 149,100

Assets	
Cash and cash equivalents	$ 539,217
Accounts receivable, net	2,710,710
Prepaid and other assets	39,395
Due from other funds	84,269
	$ 3,373,591
Liabilities	
Accounts payable	$ 452,200
Payroll liabilities	902,308
Unearned revenue	268,383
Short-term loans payable	500,000
Total liabilities	2,122,891
Fund Balance	1,250,700
	$ 3,373,591

Fiscal Year	Measure 5 Real Market Value	Total Assessed Value	% AV Growth
2017	$ 2,303,823,037	$ 1,961,033,816	13.18%
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 2016)	$ 2,303,823,037
G.O. Bond Debt Capacity	34,557,346
Less: Outstanding Debt Subject to Limit	-
Remaining General Obligation Debt Capacity	$ 34,557,346
Percent of Debt Capacity Issued	0%

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
HJ Heinz Company LP	Food Processing	$ 1,748,399	$ 121,906,144	5.85%
Idaho Power Co.	Utilities	596,583	45,665,793	2.19%
Fry Foods Inc.	Food Processing	224,887	21,422,601	1.03%
CCP OR Fund LLC		225,782	18,395,000	0.88%
Wal-Mart Rest Est Business Trs	Retail	189,166	12,697,079	0.61%
American Realty Inc.		167,770	11,627,430	0.56%
Murakami Farms Inc.	Farming	147,120	9,959,441	0.48%
HD Development of MD Inc.		115,549	7,999,852	0.38%
Level 3 Communications LLC	Communication	98,095	7,695,753	0.37%
Union Pacific Railroad Co.	Freight/Transportation	104,471	7,543,009	0.36%
Subtotal - Ten of District's Largest Taxpayers			264,912,102	12.71%
All Other District's Taxpayers			1,819,731,483	87.29%
Total District			$ 2,084,643,585	100.00%

(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 in the following pages.

Independent Auditor's Report Required by Oregon State Regulations

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

We have audited the basic financial statements of Treasure Valley Community College (the College) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 21, 2017. 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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 Corporations.

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 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.

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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sealen Miller

For Eide Bailly LLP
Boise, Idaho
December 21, 2017

Single Audit Section
June 30, 2017

Treasure Valley Community College

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Education			
Direct Programs			
Student Financial Assistance Cluster			
Pell Grant Program	84.063		$ 3,731,601
SEOG Program	84.007		106,832
College Work Study Program	84.033		99,102
Direct Loan Program	84.268		5,968,011
Total Student Financial Assistance Cluster			9,905,546
Migrant Education - Basic Grant			
High School Equivalency Program (HEP)	84.141A		307,581
College Assistance Migrant Program (CAMP)	84.149A		245,642
Title III, Part A Higher Education Act			
Higher Education - Institutional Aid	84.031A		126,646
Total Direct Programs			10,585,415
Passed through Oregon State Dept. of Education			
Adult Education - Basic Grants to State			
Adult Basic Education (ABE)	84.002		
Comprehensive		EE121321BG	91,725
EL Civics		EE121321EG	29,014
Learning Standards		EE121321AG	9,690
Total Adult Basic Education			130,429
Vocational Education - Basic Grant			
Perkins	84.048A	19175	28,945
Total Passed through Oregon State Dept. of Education			159,374
Total Department of Education			10,744,789
U.S. Small Business Administration			
Passed through Oregon State SBA Director			
Small Business Administration	59.037	SBHQ-12-B-0069	10,960
Total Federal Financial Assistance			$ 10,755,749

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 its discretely presented component unit as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 21, 2017.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 entity'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Eide Bailly LLP

Boise, Idaho
December 21, 2017

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance 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, 2017. 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 CFDA's 84.063, 84.007, 84.033, and 84.268 Student Financial Aid Cluster as described in finding 2017-001 for Reporting. 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-002 – 2017-003 to be significant deficiencies.

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, 2017

SECTION I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Education Direct Programs	
Student Financial Aid Cluster	
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

2017-001
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Reporting
Material Noncompliance and Material Weakness in Internal Control over Compliance

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. Additionally, the information reported should be accurate.

Condition:
During our testing of direct loans disbursed to students in FY2017, there were 41 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 FY2017, there were 28 instances out of 60 students tested in which the College did not submit the disbursement records within 15 days of disbursement. Additionally, out of the 60 students selected for testing, there were two students where the amount disbursed to the student did not match the amount reported as being disbursed for those two students.

Cause:
The College does not have a control system in place to ensure that all loan and Pell disbursements are reported and records submitted accurately to NSLDS 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 2,788 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 accurately 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.

Views of the Responsible Officials:
The College agrees with the finding.

2017-002
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 over Compliance

Criteria:
34 CFR Section 685.309 states that an Institution shall ensure that all information reported to the Secretary is within the required time frame. The NSLDS Enrollment Reporting Guide further states that the information that is reported to the Secretary is accurate in addition to timely.

Condition:
During our testing of students that were disbursed financial aid in fiscal year 2017, there were eight instances out of 16 in which the student withdrawal date per the R2T4 calculation worksheets did not match the dates reported to NSLDS.

Cause:
The College's existing control procedures for reporting student withdrawal dates to National Student Clearinghouse (NSC) timely and accurately were not strong enough to identify all inaccuracies.

Effect:
The withdraw date reported to the NSLDS was incorrect.

Questioned Costs:
None Reported

Context/Sampling:
A nonstatistical sample of 16 transactions out of 78 students were selected for R2T4 testing.

Repeat Finding from Prior Year:
No

Recommendation:
The College should implement a control process in which the information provided to the NSLDS is complete and accurate. The College should also periodically monitor this process to ensure that it is working effectively. Management should also review the withdraw date on students that withdrew during the current year and verify that the information provided was accurate and if not, correct any incorrect information noted during the review.

Views of the Responsible Officials:
The College agrees with the finding.

2017-003
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 over Compliance

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 16 students tested in which unearned Title IV funds were required to be returned, it was not done within 45 days for one of the students when the College determined 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 16 transactions out of 78 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.

Views of the Responsible Officials:
Management agrees with the finding.