EITC

Eastern Idaho Technical College

An entity of the State of Idaho

COMPREHENSIVE ANNUAL FINANCIAL REPORT CONTAINING AN

INDEPENDENT AUDITOR'S REPORT and FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014 INCLUDING SINGLE AUDIT REPORTS FOR THE YEAR ENDED JUNE 30, 2015

PREPARED BY THE CONTROLLER AND BUSINESS OFFICE OF
EASTERN IDAHO TECHNICAL COLLEGE
1-208-524-3000

Table of Contents

REPORT OF INDEPENDENT AUDITORS

The Idaho State Board of Education
Eastern Idaho Technical College

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Idaho Technical College (College) and its discretely presented component unit, Eastern Idaho Technical College Foundation (Foundation), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We did not audit the financial statements of the Foundation, which represents the entirety of the College's discretely presented component unit, as described in Note 10. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the component unit, is based solely on the report of the other auditors. We conducted our audits 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 the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

REPORT OF INDEPENDENT AUDITORS
(continued)

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2015 and 2014, and the respective changes in their financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and certain information in Note 7, *Pensions*, and Note 9, *Postemployment Benefits Other Than Pensions,* labeled as "required supplementary information," 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.

REPORT OF INDEPENDENT AUDITORS
(continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Moss Adams LLP

Eugene, Oregon
October 2, 2015

Management's Discussion and Analysis

This comprehensive annual financial report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*" This section of Eastern Idaho Technical College's (the "College") financial report presents management's discussion and analysis of the College's financial activities during the fiscal year (FY) ended June 30, 2015 with comparative financial data for the years ended June 30, 2014 and 2013.

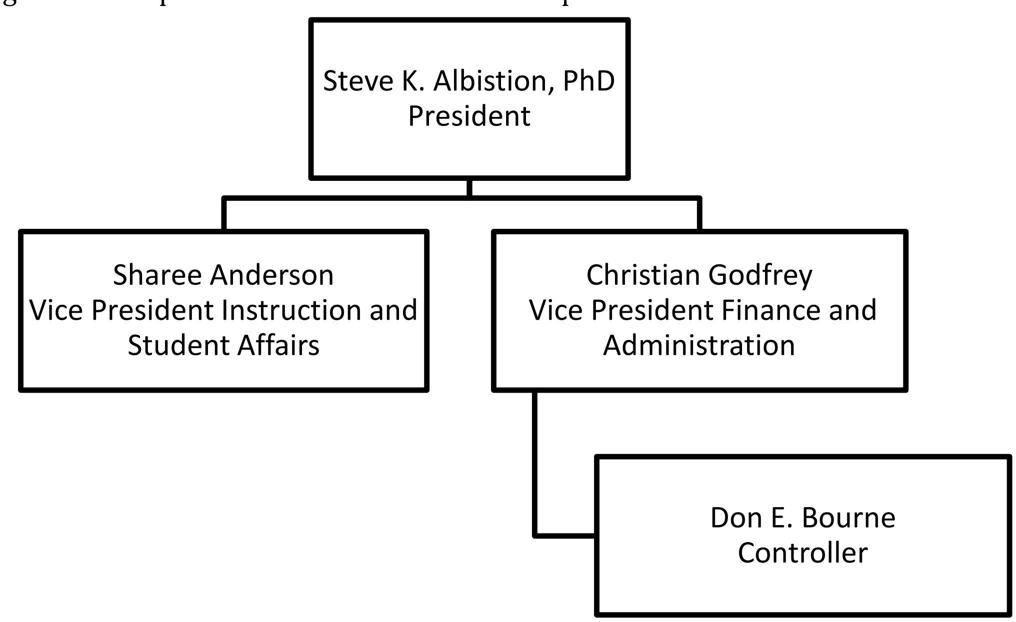
As required by GASB, this report includes the following three basic financial statements that provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

This discussion and analysis focuses on the College's primary institution operations. The College's discretely presented component unit, Eastern Idaho Technical College Foundation, Inc., issues separately audited financial statements which can be obtained directly from the Foundation's administrative office.

Principal officials of Eastern Idaho Technical College involved with fiscal controls during the period ending June 30, 2015 include:

Steven K. Albiston, Ph.D.	President
Christian Godfrey	Vice President for Finance and Administration
Don E. Bourne	Controller

Reporting relationships for those involved with fiscal performance are shown below:



Statement of Net Position

The statement of net position presents the financial status of the College at the end of the fiscal year and includes all the College's assets and liabilities. The difference between total assets and total liabilities is net position and is an indicator of the College's current financial condition.

	2015	2014	2013
Assets:			
Current assets	$4,326,740	$ 4,015,958	$ 3,741,851
Noncurrent assets	12,562,846	13,079,361	13,105,121
Deferred outflow of resources	262,624		
Total assets and deferred outflows	17,152,210	17,095,319	16,846,972
Liabilities:			
Current liabilities	1,055,251	941,538	909,094
Noncurrent liabilities	1,031,654	485,000	427,000
Total liabilities	2,086,905	1,426,538	1,336,094
Deferred inflows or resources	674,068	-	-
Total liabilities and deferred inflows	2,760,973	1,426,538	1,336,094
Net Position:			
Invested in capital assets	12,562,846	13,079,361	13,105,121
Unrestricted	1,828,391	2,589,420	2,405,757
Total net position	14,391,237	15,668,781	15,510,878
Total liabilities, Deferred resources and net position	$ 17,152,210	$ 17,095,319	$ 16,846,972

Total net position decreased by 8.2 percent in 2015 from $15,668,781 to $14,391,237, a decrease of $1,277,544. This decrease in net position is due mostly to the cumulative effect of implementing the GASB 68 requirements which are designed to give us a better understanding of our pension liability and expense. Additional information can be obtained from the notes to the financial statements.

As of June 30, 2015, total College assets were $16.9 million. Current assets consisted primarily of cash and cash equivalents amounting to $1,459,542; cash with the State Treasurer in the amount of $1,975,905; amounts due from other state agencies totaling $615,606; and miscellaneous other assets. The $310,782 increase in current assets is largely due to an increase of $559,222 in cash with the State Treasurer and a decrease in accounts due from state agencies of $140,625.

Current liabilities are largely represented by accounts payable and other accrued liabilities. Amounts due to employees for salaries and related benefits earned but not yet paid as of June 30, 2015 totaled $623,661. Amounts due to employees for compensated absences amounted to

$233,958. These combined liabilities are slightly higher than FY 2014 and is a normal variation. Balances due to suppliers for goods and services provided to the College on or prior to June 30, 2015 were $140,366 which is higher than FY 2014 and earlier years because of the costs incurred as part of the startup of the college's new machine tool technology program.

Noncurrent liabilities totaling $1,031,654 are represented by the net OPEB obligation accrued in accordance with GASB Statement No. 45 and deferred inflows of $489,654 in accordance with GASB Statement No. 68.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the operating results of the College, as well as other non-operating revenues and expenses and the resulting effect on net position.

	2015	2014	2013
Operating Revenues	$3,398,699	$3,316,264	$3,269,512
Operating Expenses	11,844,939	11,481,221	12,171,026
Operating Income (loss)	(8,446,240)	(8,164,957)	(8,901,514)
Net non-operating revenues	8,179,647	7,694,203	7,831,320
Income (loss) before other revenues	(266,593)	(470,754)	(1,070,194)
Other Revenues	57,545	628,656	332,772
Increase (decrease) in net position	(209,048)	157,902	(737,422)
Net position – beginning of year (previously reported)	$15,668,780	$15,510,878	$16,248,300
Net position – cumulative change	$1,068,496		
Net position – (as restated)	$14,600,284		
Net position – end of year	$14,391,236	$15,668,780	$15,510,878

GASB standards classify revenues as operating revenues and non-operating revenues. Operating revenues include activities having characteristics of exchange transactions (the payer/sponsor receives a benefit approximately equal in value to the payment or award). Non-operating revenues include those activities having characteristics of non-exchange transactions (the payer/sponsor makes a voluntary transfer without directly receiving equal value in return). The GASB reporting model regards state appropriations as non-operating revenues or subsidies even though they support operating activities; consequently, operating losses are typical for colleges and universities that rely heavily on state appropriations for their support. Other revenues consist primarily of capital grants and appropriations. Operating expenses are the ordinary and necessary costs associated with the day-to-day operations, maintenance and management of the College. At EITC revenues come from four primary sources:

- Allocation of state funds from the Division of Professional-Technical Education (PTE). Revenue from this source is classified as non-operating revenue.

- Grants from federal and state governments. Revenue from most grants is classified as non-operating revenue. Revenue from contracts is classified as operating revenue.
- Locally generated funds from student fees and adult education. These are classified as operating revenue.
- Self-sustaining or self-funded programs such as the student bookstore. These are classified as operating revenue.

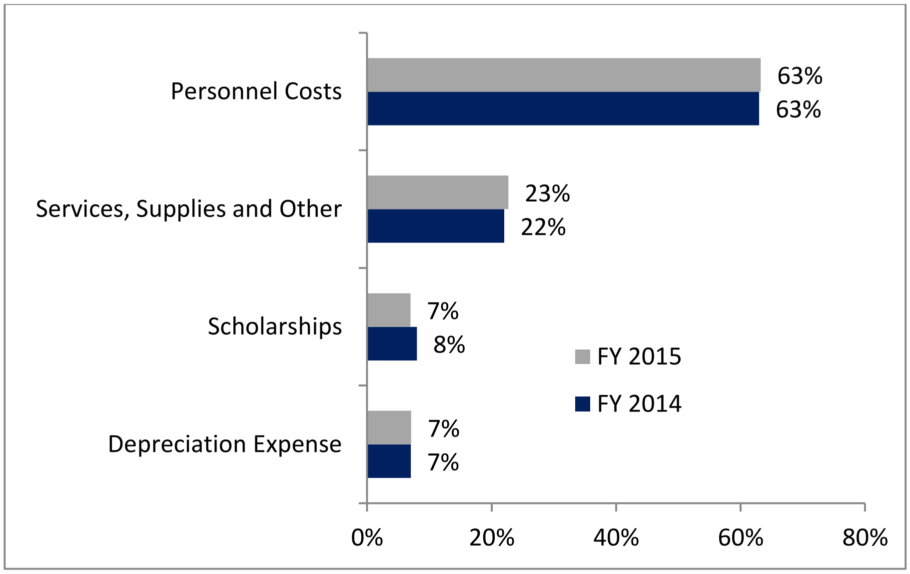
Operating revenues increased by $82,435 from that of the previous year. The increases in private grants and contracts of $71,874 was a large portion of this revenue increase from FY 2014. Additionally net non-operating revenues increased by $485,444 reflecting an increase in state appropriations from FY 2014 due mostly to the transfer of the statewide training responsibility for fire services to EITC.

In an effort to minimize or eliminate the potential to "double count" revenues, GASB requires tuition and fees to be reported net of scholarship discounts and allowances. Inter-departmental transactions are also eliminated in determining college-wide revenues and expenses. Scholarship allowances are typically amounts the College has recorded as revenues from gifts or grants and to the extent those resources are used to satisfy student charges for fees and related expenses an allowance is recorded. The College's allowances amounted to just over $887,912 for 2015 which included scholarship checks issued to pay fee charges of $245,189 and financial aid checks issued to pay fee charges of $642,723.

Other revenues consist primarily of capital grants and appropriations. Capital grants and appropriations are generally those where the resource provider restricts the recipient's use to capital acquisitions. Capital appropriations also include the cost of completed capital projects funded through such sources as the Idaho Permanent Building Fund and administered by the Idaho Division of Public Works ("DPW").

Personnel costs are by far the largest single operating expense, accounting for 63 percent of the College's operating costs in FY 2015. Services, supplies, insurance, utilities and rent and other expenses represent 22 percent with scholarships and depreciation representing 8 percent and 7 percent respectively for FY 2015. A comparison with FY 2014 is shown below.

OPERATING EXPENSES, FY 2015 VS. FY 2014



Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement also helps assess the College's ability to generate net cash flows and its ability to meet its obligations as they come due.

	2015	2014	2013
Cash Provided by (used in):			
Operating activities	$(7,382,113)	$(7,412,621)	$ (8,062,383)
Noncapital financing activities	8,147,939	7,689,126	7,810,359
Capital and related financing activities	(296,310)	(65,755)	7,314
Investing activities	(3,444)	4,464	6,623
Net increase (decrease) in cash	466,072	215,214	(238,087)
Cash and cash equivalents - beginning of year	2,969,375	2,754,161	2,992,247
Cash and cash equivalents - end of year	$ 3,435,447	$ 2,969,375	$ 2,754,160

The College's cash and cash equivalents increased by $466,072 during FY 2015. The most notable increase was from cash generated by reductions in cash flows to suppliers and employees. Increasing turnover of employees and position that were held open until the qualified personnel were found contributed to these savings. While the number of cash inflows of student fees decreased due to an anticipated enrollment decline, FY 2015 enrollment headcount decreased from 1,196 to 1,172 students.

Major sources of operating funds during 2015 were net student fees $824,120 (up $87,697), grants and contracts $2,358,526 (up $266,660) and auxiliary enterprise sales $301,483 (down $4,949). Major uses of operating funds during FY 2015 were payments to suppliers $2,636,169 (down $25,008), payments for employee salaries and benefits $7,492,036 (up $331,170) and payments for scholarships $836,495 (down $25,818). The College's significant sources of cash provided by non-capital financing activities were state appropriations $6,444,633 (up $519,674) and gifts and grants amounting to $1,709,660 (down $54,398). For Capital and related financing activities the largest portion used during FY2015 was a number of investment in capital assets, generally lab equipment replacements and new equipment required to initiate new programs. Due to a liquidation of two impaired securities by the Treasures office and our portion of that distribution of loss, our total investments declined by $8,036 leaving our investing activities at a loss of $3,444 for FY 2105 leaving us with a $7,908 loss in comparison to last year.

Component Unit Foundation

As required by GASB Statement No. 39, the College is discretely reporting the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the Foundation as part of the financial statements for the College.

At June 30, 2015, the statement of net position revealed that the total assets of the Foundation were $4,259,808. Foundation assets are comprised of cash and cash equivalents amounting to $820,798 and investments totaling $2,552,125. Foundation liabilities are comprised of accounts payable amounting to $8,177 and no annuities payable. Net assets of the Foundation total $4,251,631. Of this amount, $3,870,548 is restricted by donor stipulations that limit the use of the donated assets.

The statement of revenues, expenses and changes in net position for 2015 indicates a decrease in total net position of $142,386 for the Foundation. Primary sources of revenues for the Foundation were public support $217,947, interest and dividend income $200,056 and donated services of $66,454. Significant expenses of the Foundation include scholarship payments and other support to the College of $377,135 (compared with $416,506 in FY 2014), and operating expenses of $156,680.

Future Economic Outlook

The College is largely dependent upon ongoing financial and political support from state government. The College's state appropriations, including capital appropriations, comprised over half of total revenues for FY 2015, clearly indicating the economic position and future of Eastern Idaho Technical College is closely tied to that of the state of Idaho.

The FY 2016 state budget calls for a merit based 3% ongoing increase in salaries for all state full time employees. The allocation from the Division of Professional-Technical Education includes funding for this increase for employees paid by PTE funding. However, there is no additional state funding identified for the premium increase for those state employees not funded by PTE (mostly information systems technicians and student services employees). The College's FY 2016 budget anticipates operating at a net loss for the year, the amount of which is highly dependent on revenue from community education revenues as well as federal contracts.

The College expects to see a continued small decline in enrollments with employment being low and the general economic conditions continuing to improve. While we expect little change in economic conditions through 2016, this trend, if prolonged, will affect institutional operations, student recruitment, and competitive student fees. However for the short term there is no expected adverse impact on educational quality. Long term, positions that provide student support, facility support and compliance/reporting personnel will need to be reexamined to determine the least impact on students and the Colleges Mission.

Financial Statements
Statement of Net Position

JUNE 30, 2015 AND 2014

	COLLEGE		COMPONENT UNIT	
ASSETS	**2015**	**2014**	**2015**	**2014**
CURRENT ASSETS:				
Cash and cash equivalents	$ 1,459,542	$ 1,552,692	$ 820,798	$ 937,224
Cash with state treasurer	1,975,905	1,416,683	-	-
Accounts receivable and unbilled charges (net of allowance for Doubtful Accounts $0 & 4,522)	137,667	123,009	-	-
Due from state agencies	615,606	756,231	-	-
Inventories	138,020	167,343	-	-
Investments	-	-	2,552,125	2,589,031
Total current assets	4,326,740	4,015,958	3,372,923	3,526,255
NONCURRENT ASSETS:				
Investments	-	-	886,885	881,885
Property, plant and equipment - net	12,562,846	13,079,361	-	-
Total noncurrent assets	12,562,846	13,079,361	886,885	881,885
TOTAL ASSETS	16,889,586	17,095,319	4,259,808	4,408,140
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outlows of Resources	262,624	-	-	-
Total deferred outflows of resources	262,624	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 17,152,210	$ 17,095,319	$ 4,259,808	$ 4,408,140

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:				
Accounts payable	140,366	72,423	8,177	14,123
Accrued salaries and benefits payable	623,661	580,947	-	-
Compensated absences payable	233,958	226,923	-	-
Deposits	27,830	34,184	-	-
Deferred revenue	29,436	27,061	-	-
Annuities payable	-	-	-	-
Total current liabilities	1,055,251	941,538	8,177	14,123
NONCURRENT LIABILITIES:				
Other Liabilities - net OPEB obligation	542,000	485,000	-	-
Net pension Liability	489,654	-	-	-
Annuities payable	-	-	-	-
Charitable remainder payable	-	-	-	-
Total non-current liabliities	1,031,654	485,000	-	-
TOTAL LIABILITIES	2,086,905	1,426,538	8,177	14,123
DEFERRED INFLOWS OR RESOURCES				
Deferred inflows of resources	674,068	-	-	-
Total deferred inflows of resources	674,068	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,760,973	1,426,538	8,177	14,123
NET POSITION:				
Net investment in capital assets	12,562,846	13,079,361	-	-
Restricted for:				
Nonexpendable	-	-	886,885	881,885
Expendable	-	-	2,983,663	3,141,206
Unrestricted	1,828,391	2,589,420	381,083	370,926
Total net position	14,391,237	15,668,781	4,251,631	4,394,017
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 17,152,210	$ 17,095,319	$ 4,259,808	$ 4,408,140

See accompanying notes

Statement of Revenues, Expenses and Changes in Net Position

YEAR ENDED JUNE 30, 2015 AND 2014	COLLEGE		COMPONENT UNIT	
	2015	2014	2015	2014
OPERATING REVENUES:				
Student fees (net of scholarship discounts and allowances of $887,912 and $937,527	$ 821,908	$ 755,404	$ -	$ -
Federal grants and contracts	747,573	809,669	-	-
State and local grants and contracts	794,709	788,895	-	-
Private grants and contracts (includes $5,192 and $305 from the Foundation)	642,165	570,291	-	-
Sales and services of educational activities	39,555	60,274	-	-
Sales and services of auxiliary enterprise - bookstore	302,273	307,135	-	-
Foundation public support	-	-	229,951	581,193
Foundation investment income	-	-	200,056	135,132
Other	50,516	24,596	-	-
Total operating revenues	3,398,699	3,316,264	430,007	716,325
OPERATING EXPENSES:				
Personnel costs	7,431,387	7,273,089	106,481	73,218
Services	902,569	835,243	65,144	52,282
Supplies	1,098,954	1,006,410	-	-
Insurance, utilities and rent	608,288	624,432	-	-
Scholarships and fellowships	836,495	862,313	-	-
Depreciation	852,009	773,221	-	-
Distributions to the College	-	-	377,135	416,506
Miscellaneous	115,237	106,513	13,486	16,750
Total operating expenses	11,844,939	11,481,221	562,246	558,756
OPERATING INCOME (LOSS)	(8,446,240)	(8,164,957)	(132,239)	157,569
NONOPERATING REVENUES:				
State appropriations	6,473,431	5,925,681	-	-
Gifts and grants (includes $274,168 and $247,472 from the Foundation)	1,709,660	1,764,058	-	-
Interest income	(3,444)	4,464	-	-
Unrealized gain (loss) on investments	-	-	(93,918)	113,946
Gain (loss) on sale of investments	-	-	17,317	273,430
Donated services	-	-	66,454	73,218
Total nonoperating revenues	8,179,647	7,694,203	(10,147)	460,594
INCOME (LOSS) BEFORE OTHER REVENUES	(266,593)	(470,754)	(142,386)	618,163
OTHER REVENUES (EXPENSES):				
State capital appropriations	82,030	643,407	-	-
Capital grants and gifts	4,725	4,725	-	-
Gain (loss) on disposition of property, plant and equipment	(29,210)	(19,476)	-	-
Total other revenues (expenses)	57,545	628,656	-	-
INCREASE (DECREASE) IN NET POSITION	(209,048)	157,902	(142,386)	618,163
NET POSITOIN, BEGINNING OF YEAR (PREVIOUSLY REPORTED)	15,668,780	15,510,878	-	-
Cummulative effect implementing GASB 68 (Note 1)	(1,068,496)	-	-	-
NET POSITOIN, BEGINNING OF YEAR (AS RESTATED)	14,600,284	15,510,878	4,394,017	3,775,854
NET POSITION, END OF YEAR	$ 14,391,236	$ 15,668,780	$ 4,251,631	$ 4,394,017

See accompanying notes

Statement of Cash Flows

YEAR ENDED JUNE 30, 2015 AND 2014		
	COLLEGE	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student fees	$ 824,120	$ 736,423
Grants and contracts	2,358,526	2,091,866
Sales and services of educational activities	47,942	62,402
Payments to suppliers	(2,636,169)	(2,611,161)
Payments to employees	(7,492,036)	(7,160,866)
Payments for scholarships and fellowships	(836,495)	(862,313)
Sales and services of auxiliary	301,483	306,432
Other receipts	50,516	24,596
Net cash provided (used) by operating activities	(7,382,113)	(7,412,621)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,444,633	5,924,959
Gifts and grants	1,709,660	1,764,058
Deposits and advances	(6,354)	109
Student lending receipts	1,799,280	1,934,144
Student lending payments	(1,799,280)	(1,934,144)
Net cash provided (used) by noncapital financing activities	8,147,939	7,689,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contracts	(18,362)	53,049
Purchases of property, plant and equipment	(278,172)	(119,317)
Proceeds from the sale of property, plant and equipment	224	513
Net cash provided (used) by capital and related financing activities	(296,310)	(65,755)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	(3,444)	4,464
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	466,072	215,214
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,969,375	2,754,161
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,435,447	$ 2,969,375

STATEMENT OF CASH FLOWS		
YEAR ENDED JUNE 30, 2015 AND 2014		
	COLLEGE	
	2015	2014
RECONCILIATION OF NET OPERATING INCOME		
(LOSS) TO NET CASH AND CASH EQUIVALENTS		
USED IN OPERATING ACTIVITIES:		
Operating income (loss)	$ (8,446,240)	$ (8,164,957)
Adjustments to reconcile operating income (loss) to net cash provided (used)		
by operating activities:		
Depreciation expense	852,009	773,221
Maintenance costs paid by the Division of Public Works	-	-
Changes in assets and liabilities:		
Accounts receivable and unbilled charges - net	173,126	(98,348)
Work-in-process	8,387	2,128
Inventories	20,936	(14,999)
Unearned fees	-	-
Prepaid expenses	-	-
Accounts payable	58,416	(23,564)
Accrued salaries and benefits payable	52,241	52,241
Compensated absences payable	7,035	1,982
Net OPEB obligation	57,000	58,000
Net Pension Liability	(167,398)	-
Deferred revenue	2,375	1,675
Net cash provided (used) by operating activities	$ (7,382,113)	$ (7,412,621)
SUPPLEMENTAL DISCLOSURE OF NONCASH		
TRANSACTIONS:		
Donated assets	$ 4,725	$ 4,725
Assets acquired through state capital appropriations	82,030	643,407

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Eastern Idaho Technical College (the "College") is part of the public system of higher education in the State of Idaho. The system is considered part of the Idaho financial reporting entity. The Idaho State Board of Education ("SBOE"), appointed by the Governor and confirmed by the legislature, directs the system. The College is located in Idaho Falls, Idaho. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity – The accompanying basic financial statements include the accounts of the College and the College's related organization, Eastern Idaho Technical College Foundation, Inc. (the "Foundation").

Governmental Accounting Standards Board ("GASB") has issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Statement No. 39 requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Consequently, the Foundation is presented in the accompanying basic financial statements as a discrete component unit due to the nature and significance of its relationship with the College as defined by GASB Statement No. 39. This relationship is such that its exclusion from the reporting entity could cause the College's financial statements to be misleading or incomplete.

GASB Statement No. 39 does not require component unit cash flow statements to be displayed in the College's financial statements.

GASB Statement No. 68. "Accounting and Financial Reporting for Pensions'' was proposed in June 2012. The requirements of this statement are effective for the fiscal year ended June 30, 2015. These requirements are implemented on these statement for the first time. This statement is required, for employer and governmental non-employer contributing entity financial reports to provide recognition of the entire net pension liability and a more comprehensive measure of pension expense. It is also requiring a more robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.

Selected financial information related to the component unit Foundation is presented in Note 10.

Basis of Accounting – For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents – The College considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents. Balances classified as cash with the State Treasurer include amounts that have been remitted to the State of Idaho as a result of the student fee collection process and, once remitted these balances are under the control of the State Treasurer.

Accounts Receivable – Accounts receivable consist of fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Idaho. Accounts receivable also include amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories are valued at the lower of first-in, first-out cost ("FIFO") or market.

Investments – The College accounts for its investments at fair value in accordance with GASB Statement No. 31. *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gains and losses on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. The College did not have unrealized investment gains or losses for the years ended June 30, 2015 and 2014.

More comprehensive disclosures of common risks associated with deposits and investments are detailed in Note 2, as per the requirements of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, if any, are classified as noncurrent assets in the statement of net position.

Any funds deposited with the Idaho State Treasury for investment purposes can be subject to securities lending transactions initiated by the State Treasury.

Deposit and Investment Risk – GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* requires comprehensive disclosure of common risks associated with deposits and investments of state and local governments. The application of these requirements is presented in Note 2.

Property, Plant and Equipment – Property, plant and equipment are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of the gift. The College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40-50 years for buildings, 20-25 years for land improvements, and 5-13 years for vehicles and equipment.

Compensated Absences – Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Compensated absences payable included in current liabilities in the statement of net position, and as a component of personnel costs in the statement or revenues, expenses and changes in net position is $233,958 and $226,923 for the years ended June 30, 2015 and 2014, respectively.

Pensions
For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. 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

Unearned Revenues – Unearned revenues include amounts received for certain student fees prior to the end of the fiscal year which are related to the subsequent accounting period.

Net Position – The College's net position is classified as follows:

> *Invested in capital assets* – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts would not be included as a component of invested in capital assets, net of related debt. At June 30, 2015 and 2014, the College has no outstanding debt obligations or unexpended debt proceeds.
>
> *Unrestricted* – Unrestricted net assets represent resources derived from student fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College and may be used to meet current expenses for any lawful purpose, in compliance SBOE policy.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources will be used first, if permitted by the terms of the restrictions.

Income Taxes – The College, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under section 115(1) of the Internal Revenue Code, as amended. The College is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose of function. The College did not incur unrelated business income tax expense in the fiscal years ended June 30, 2015 or 2014.

Classification of Revenues – The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

> *Operating revenues* – Operating revenues included activities that have the characteristics of exchange transactions, such as (1) student fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and auxiliary enterprises, and (3) most Federal, state and local grants and contracts and Federal appropriations.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances – Student fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount or allowance.

Impairment of Capital Assets – The College follows GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which requires the College to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairments of capital assets have occurred and record impaired assets and impairment losses accordingly. This statement also addresses the appropriate recording of insurance recoveries associated with events or changes in circumstances resulting in impairments of capital assets. The College has determined that no such impairments have occurred for the years ended June 30, 2015 or 2014.

Use of Accounting Estimates – The preparation of 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 disclosures of contingent liabilities at the date of the financial statements, and revenues and expenses during the year. Actual results could differ from those estimates.

2. Cash and Cash Equivalents and Investments

Cash and cash equivalents are carried at cost and are held by the College, deposited with various financial institutions or are deposited with the Idaho State Treasurer. Cash and cash equivalents at June 30, 2015 and 2014 consist of:

	2015	2014
Cash On Hand	$ 1,200	$ 1,200
Deposits with financial institutions	1,507,676	1,599,043
Cash with State Treasurer	1,975,905	1,416,683
Total	$3,484,781	$2,969,375

Custodial Credit Risk is the risk that in the event of a financial institutions failure, the College's deposits may not be returned. The College does not have a policy for managing such risk.

Any one of the following circumstances exposes a deposit to custodial credit risk:

- Deposits are uninsured and uncollateralized.
- Deposits are uninsured and collateralized with securities held by the pledging financial institution.
- Deposits are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but are not held in the College's name.

Of the total deposits with financial institutions, $1,241,238 was uninsured and uncollateralized and $266,438 was collateralized with securities held by the pledging financial institution for the years ending June 30, 2015. Cash deposits of $1,975,905 with the State Treasurer may be exposed to custodial credit risk. As of June 30, 2015, the College was not able to determine the extent of that exposure, if any.

Investments – Idaho Code, Section 67-1210, limits credit risk by restricting the investment activities of the Local Government Investment Pool ("LGIP") and state agencies with investment authority. Idaho Code further gives SBOE the authority to establish investment policies for Colleges and Universities. Section V Subsection D of the Governing Policies and Procedures of SBOE authorizes funds within the control of the College to be invested in FDIC passbook saving accounts, certificates of deposit, U. S. securities, federal funds repurchase agreements, reverse repurchase agreements, federal agency securities, large money market funds, bankers acceptances, corporate bonds of AA grade or better, mortgage backed securities of AA grade or better and commercial paper of prime or equivalent grade all without prior board approval. Authority to make investments in any other form requires prior SBOE approval. The College does not have policies that further limit its deposit or investment alternatives beyond those allowed by SBOE.

3. Accounts receivable and unbilled charges

Accounts receivable and unbilled charges are all current and consist of the following at June 30, 2015 and 2014:

Current:	FY 2015	FY 2014
Student fees	$ 37,343	$ 41,702
Auxiliary enterprises	2,589	1,799
Grants and contracts	97,735	84,030
Accounts receivable and unbilled charges - total	137,667	127,531
Less allowance for doubtful accounts	0	(4,522)
Accounts receivable and unbilled charges, net	$ 137,667	$ 123,009

4. Property, Plant and Equipment

Following are the changes in property, plant and equipment for the year ended June 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance
Property, Plant and Equipment Summary				
Property, plant and equipment not being depreciated:				
Land	$355,988	$0	$0	$355,988
Total property, plant and equipment not being depreciated	355,988	0	0	355,988
Other property, plant and equipment:				
Buildings and improvements	20,787,710	82,030	0	20,869,740
Furniture, fixtures and equipment	2,740,672	278,172	167,113	2,851,731
Library materials	538,250	4,725	0	542,975
Total other property, plant and equipment	24,066,632	364,927	167,113	24,264,446
Less accumulated depreciation:				
Buildings and improvements	9,238,071	640,159	0	9,878,231
Furniture, fixtures and equipment	1,566,936	207,124	137,680	1,636,381
Library materials	538,250	4,725	0	542,975
Total accumulated depreciation	11,343,258	852,009	137,680	12,057,587
Other property, plant and equipment net of accumulated depreciation	12,723,374	(487,082)	29,434	12,206,859
Property, plant and equipment summary:				
Property, plant and equipment not being depreciated	355,988	0	0	355,988
Other property, plant and equipment	24,066,632	364,927	167,113	24,264,446
Total cost of property	24,422,620	364,927	167,113	24,620,434
Less accumulated depreciation	11,343,258	852,009	137,680	12,057,587
Property, plant and equipment - net	$13,079,361	($487,082)	$29,434	$12,562,846

Following are the changes in property, plant and equipment for the year ended June 30, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance
Property, Plant and Equipment Summary				
Property, plant and equipment not being depreciated:				
Land	$355,988	$ -	$ -	$355,988
Total property, plant and equipment not being depreciated	355,988	-	-	355,988
Other property, plant and equipment:				
Buildings and improvements	20,144,304	643,407	-	20,787,711
Furniture, fixtures and equipment	2,803,885	111,642	174,857	2,740,670
Library materials	534,800	12,400	8,950	538,250
Total other property, plant and equipment	23,482,990	767,449	183,807	24,066,632
Less accumulated depreciation:				
Buildings and improvements	8,634,187	603,887	-	9,238,074
Furniture, fixtures and equipment	1,532,232	194,047	159,344	1,566,935
Library materials	567,439	-24,714	4,475	538,250
Total accumulated depreciation	10,733,857	773,221	163,819	11,343,259
Other property, plant and equipment net of accumulated depreciation	$12,749,133	$(5,772)	$19,989	$12,723,372
Property, plant and equipment summary:				
Property, plant and equipment not being depreciated	$355,988	$ -	$ -	$ 355,988
Other property, plant and equipment	23,482,990	767,449	183,807	24,066,632
Total cost of property	23,838,978	767,449	183,807	24,422,620
Less accumulated depreciation	10,733,857	773,221	163,819	1,1343,259
Property, plant and equipment - net	$13,105,121	($5,772)	$19,989	$13,079,361

5. Operating Lease Obligations

The College has entered into operating lease agreements covering various pieces of equipment and facilities. Some of those agreements provide for contingent charges for uses of equipment over the allowances included in the agreements, including charges for additional copies in the case of copier lease agreements. The lease payments for non-cancelable agreements in excess of one year for the years ended June 30, 2015 and 2014 were $107,158 and $116,887. Future minimum lease obligations under these agreements for the years ending June 30 are as follows:

2016	$ 82,509
2017	72,396
2018	42,993
2019	0
Total	$ 197,898

6. Retirement Plans

***Public Employee Retirement System of Idaho* –** The Public Employee Retirement System of Idaho ("PERSI"), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plan were established and may be amended by the Idaho State Legislature. Obligations to contribute to the plan are established by the PERSI Board as defined by Idaho Law. Financial reports for the plan are available from PERSI's website www.persi.idaho.gov.

Starting on July 1, 2013 the contribution rates for employers and general members has changed. The new required contribution rates for general employers is now 11.32 percent and the required contribution for general members is now 6.79 percent. The Colleges contribution required and paid for FY 2015 and 2014 were $220,905 and $204,133.

PERSI issues a publicly available financial report that includes program elements financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System of Idaho, PO Box 83720, Boise, ID 83720-0078.

Optional Retirement Plan – Effective July 1, 1990, the Idaho State Legislature authorized SBOE to establish and to provide for the administration of an Optional Retirement Plan ("ORP"), a defined contribution plan, for faculty and exempt employees. The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State of Idaho. The plan provisions were established by and may be amended by the State of Idaho.

New faculty and exempt employees hired July 1, 1997 or thereafter automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1997 had a one-time opportunity to enroll in the ORP. Enrollees in the ORP no longer belong to PERSI. Vendor options include Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC).

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The required contribution rates for general employers is 10.31 percent and the required contribution rate for general members is 6.97 percent. The College's contribution requirement (and amount paid) for the years ended June 30, 2015, 2014 and 2013 were $285,301, $283,760 and $285,200 the general members contribution requirement (and amount paid) for the same time periods were $178,284, $177,659 and $192,807 totaling $463,585, $461,419 and $478,007 respectively.

7. Pension Plan

Plan Description

EITC contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2014 was as follows:

Retirees and beneficiaries currently receiving benefits		$ 40,776
Terminated employees entitled to but not yet receiving benefits		11,504
Active plan members		66,223
	Total	$ 118,503

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by State statute at 60% of the employer rate. As of June 30, 2015 it was 6.79% of their annual pay. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The EITC contributions were $203,984 for the year ended June 30, 2015.

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

At June 30, 2015, EITC reported a liability of $489,654 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. EITC 's proportion of the net pension liability was based on the EITC share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the EITC's proportion was .0665150 percent.

For the year ended June 30, 2015, EITC recognized pension expense of ($54,467) At June 30, 2015, EITC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$60,783
Changes in assumptions or other inputs	$40,759	
Net difference between projected and actual earnings on pension plan investments		$613,285
EITC contributions subsequent to the measurement date	$221,865	
Total	$262,624	$674,068

$221,865 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended June 30:		
2015	$	(157,674)
2016	$	(157,674)
2017	$	(157,674)
2018	$	(157,674)
2019	$	(2,612)
Thereafter	$	-

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			**7.10%**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' 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 was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's Proportionate share of the net pension liablity (asset)	$ 1,700,427	$ 489,654	$ (516,850)

Pension plan fiduciary net position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At June 30, 2015 EITC reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Required Supplementary Information

Schedule of Employer's Proportionate Share of Net Pension Liability
PERSI – Base Plan

	2015
Employer's portion of net the pension liability	00.0665150 %
Employer's proportionate share of the net pension liability	$489,654
Employer's covered-employee payroll	$1,813,891
Employer's proportional share of the net pension liability as a percentage of its covered - employee payroll	26.99 %
Plan fiduciary net position as a percentage of the total pension liability	94.95 %

Data reported is measured as of July 1, 2014

Schedule of Employer Contributions
PERSI – Base Plan

	2015
Statutorily required contribution	$ 216,201
Contributions in relation to the statutorily required contribution	$ 206,852
Contribution (deficiency) excess	9,348
Employer's covered employee payroll	$ 1,813,891
Contributions as a percentage of covered-employee payroll	11.4 %

8. Restatement of Net Position

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the College to record its proportionate share of the defined benefit pension obligations for active, inactive and retired employees receiving retirement benefits under the Public Employee Retirement System of Idaho ("PERSI").

The College adopted this new pronouncement in the current year. It is not practical for PERSI to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of the beginning of the plan year. As a result, the prior year has not been restated for deferred inflows of resources, deferred outflows of resources, net pension liability and pension expense. Since the restatement of the prior year presented is not practical, the cumulative effect of applying this Statement is reported as a restatement of beginning net position as of June 30, 2014.

	As Previously Reported June 30, 2014	Restated June 30, 2014	Cumulative Effect of change
Net Position	$15,668,780	$14,600,284	$1,068,496

9. Postemployment Benefits other than Pensions

Summary of Plans

Eastern Idaho Technical College participates in other postemployment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by Eastern Idaho Technical College to retired or disabled employees. The most recent actuarial valuation is as of July 1, 2014. Eastern Idaho Technical College has not set aside any assets to pay future benefits; Eastern Idaho Technical College funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained as follows:

Office of the Idaho State Controller
700 W State Street, 4th Floor
Boise, ID 83702
P.O. Box 83720
Boise, ID 83720-0011
www.sco.idaho.gov

Plan Descriptions and Funding Policy

Retiree Healthcare Plan
A retired employee of Eastern Idaho Technical College who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. Eastern Idaho Technical College contributed $14.04 per active employee per month towards the retiree premium cost.

Long-Term Disability Plan
Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for

which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 weeks of continuous total disability or exhaustion of accrued sick leave must be met.

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. Eastern Idaho Technical College pays 100 percent of Eastern Idaho Technical College's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. Eastern Idaho Technical College was charged $8.48 per active employee per month in fiscal year 2015.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2012; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Employees disabled on or after July 1, 2012, are insured by Principal Life Insurance Company and the obligation for the payment of benefits has been effectively transferred. Eastern Idaho Technical College pays 100 percent of the cost of the premiums. Eastern Idaho Technical College's contribution rate for the period was 0.264 percent of payroll in fiscal year 2015. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, a $2,000 life insurance benefit is provided for spouses, and a $1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. Eastern Idaho Technical College pays 100 percent of the premiums; the contribution is actuarially determined based on actual claims experience.

Retiree Life Insurance Plan

This plan provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. Eastern Idaho Technical College pays 100 percent of the cost of basic life insurance for eligible retirees. The contribution by Eastern Idaho Technical College for the period as a percent of payroll was 1.177 percent for retirees under age 65, 0.894 percent for retirees between the ages of 65 and 69, and 0.600 percent for retirees over age 70.

Annual OPEB Cost

The annual OPEB cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year.

Annual OPEB Cost and Net OPEB Obligation
(dollars in thousands)

		Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Retiree Life Insurance Plan	Total
Annual Required Contribution	$22	$7	$6	$3	$76	$114
Interest on NOO	6	0	0	0	11	17
Adjustment to ARC	(11)	0	0	0	(22)	(33)
Total Annual OPEB Cost	17	7	6	3	65	98
Contributions Made	(12)	(9)	(5)	(3)	(11)	(40)
Increase (Decrease) in NOO	5	(2)	1	0	54	58
NOO (Funding Excess) – Beginning of Year	151	5	(2)	4	326	484
NOO (Funding Excess) – End of Year	$156	$3	($1)	$4	$380	$542
Percentage of AOC Contributed	70.6%	128.6%	83.7%	100.0%	-16.9%	

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the NOO (funding excess) for the current and two prior years.

Annual OPEB Cost and Net OPEB Obligation (NOO) Comparison
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
			Healthcare	Life Insurance	Income	
Annual OPEB Cost	2013	$9	$6	$9	$5	$92
	2014	$8	$6	$9	$5	$71
	2015	$17	$7	$6	$3	$65
Percentage of AOC Contributed	2013	133.3%	133.3%	111.1%	80.0%	14.1%
	2014	137.5%	150.0%	77.8%	60.0%	15.5%
	2015	70.6%	128.6%	83.3%	100.0%	-16.9%
NOO (Funding Excess) – End of Year	2013	$155	$8	($4)	$2	$266
	2014	$152	$5	($2)	$4	$326
	2015	$156	$3	($1)	$4	$380

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for Eastern Idaho Technical College:

Funded Status and Funding Progress
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Retiree Life Insurance Plan
	Actuarial Valuation Date	7/1/2014	7/1/2014	7/1/2014	7/1/2014	7/1/2014
1	Actuarial Value of Assets	$0	$0	$0	$0	$0
2	Actuarial Accrued Liability (AAL)	$136	$47	$26	$18	$983
3	Unfunded AAL (UAAL) (2) - (1)	$136	$47	$26	$18	$983
4	Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	0.0%
5	Annual Covered Payroll	$4,513	$4,513	$4,4513	$4,513	$4,513
6	UAAL as a Percentage of Covered Payroll (3) : (5)	3.01%	1.04%	0.58%	0.40%	21.78%

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations 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. The Schedule of Funding Progress, presented as required supplementary information immediately before note 9 contains the multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and 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. The following table presents the significant methods and assumptions for all plans:

Significant Methods and Actuarial Assumptions

	Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Retiree Life Insurance Plan
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount	Level Dollar Amount	Level Percentage of Payroll
Amortization Period	10 years, Closed	30 years, Open	4 years, Closed	6 years, Closed	30 years, Open
Assumptions:					
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Investment Return	3.60%	3.60%	3.60%	3.60%	3.60%
OPEB Increases	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.25%	3.25%	3.25%	3.25%	3.25%
Healthcare Cost Initial Trend Rate	6.70%	6.70%	N/A	N/A	N/A
Healthcare Cost Ultimate Trend Rate	4.70%	4.70%	N/A	N/A	N/A

Required Supplementary Information

Schedule of Funding Progress *(dollars in thousands):*

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2012	$0	$99	$99	0.0%	$3,198	3%
	7/1/2013	$0	$95	$95	0.0%	$4,365	2%
	7/1/2014	$0	$136	$136	0.0%	$4,513	3
Long-Term Disability:							
Healthcare	7/1/2012	$0	$45	$45	0.0%	$3,198	1%
	7/1/2013	$0	$43	$43	0.0%	$4,365	1%
	7/1/2014	$0	$47	$47	0.0%	$4,513	
Life Insurance	7/1/2012	$0	$43	$43	0.0%	$3,198	1%
	7/1/2013	$0	$34	$34	0.0%	$4,365	1%
	7/1/2014	$0	$26	$26	0.0%	$4,513	1%
Income	7/1/2012	$0	$26	$26	0.0%	$3,198	1%
	7/1/2013	$0	$22	$22	0.0%	$4,365	1%
	7/1/2014	$0	$18	$18	0.0%	$4,513	0%
Retiree Life Insurance	7/1/2012	$0	$1,249	$1,249	0.0%	$3,198	39%
	7/1/2013	$0	$987	$987	0.0%	$4,365	23%
	7/1/2014	$0	$983	$983	0.0%	$4,513	22%

Schedule of Employer Contributions *(dollars in thousands):*

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	06/30/15	$76	$(11)	-16.9%
Retiree Life Insurance	06/30/14	$81	$0	0.00%
Retiree Life Insurance	06/30/13	$105	$0	0.00%

10. Component Unit Foundation

The Eastern Idaho Technical College Foundation, Inc. ("the Foundation") was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of the College. The Foundation, a component unit of the College as described in Note 1, is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain presentation features are different from GASB presentation features and accordingly, no modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Significant transactions occurring between the College and the Foundation include: the Foundation made scholarship and other support payments to the College amounting to $377,135 and $416,506, for the years ending June 30, 2015 and 2014, respectively; the College provided funding for the Foundation's director of operations salary and benefits in the amount of $66,454 and $73,218, for the years ending June 30, 2015 and 2014. Other selected supplementary information related to the Foundation is presented below. Certain prior year balances have been reclassified to conform to the presentation adopted in the current year.

Cash and Cash Equivalents – At June 30, 2015 and 2014, the carrying amount of the Foundation's cash and cash equivalents is comprised of the following:

	2015	2014
Cash on hand and demand deposits at banking institutions	$810,401	$925,297
Cash held in certificates of deposit	11,896	11,896
Total balance held	$822,297	$937,193

Custodial Credit Risk is the risk that in the event of a financial institutions failure, the Foundation's deposits may not be returned. The Foundation does not have a written policy for managing credit risk. Of the total bank balance, $566,507 and $675,982 was covered by federal depository insurance for the years ended June 30, 2015 and 2014, respectively and $255,790 and $261,211 was uninsured and uncollateralized for the years ended June 30, 2015 and 2014.

Investments – Investments are held at various nonbanking institutions. The following methods and assumptions were used by the Foundation board in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and short-term pledges receivable - The carrying amounts reported in the statement of net position approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments - The fair values of investments are based on quoted market prices for those or similar investments.

Note receivable - The fair value of the note receivable that is due in more than one year is estimated at the same as the face value of the note.

Investments are recorded at fair value and consist of the following:

	2015	2014
Money market funds	$ 180,717	$ 59,311
Equity securities	2,383,259	2,442,561
U.S Government obligations	163,506	692,807
Corporate debt securities	281,379	1,609
Municipal Bonds	127,822	117,940
Securitized loans	253,770	
Foreign and Other Obligations	48,557	156,688
Total investments	$ 3,439,010	$ 3,470,916

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

Interest Rate Risk – Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The Foundation has not adopted a formal policy that addresses interest rate risk.

Foundation Maturity of Debt Investments at June 30, 2015

Investment Type	1-5 Years	6-10 Years	11-15 Years	16-20 Years	20-30 Years	Over 30 Years	Total Fair Value
Debt Securities							
US Government obligations	36,371	49,624	11,078	10,943	39,703	15,427	163,506
Corporate obligations	63,210	85,399	19,063	18,833	68,325	26,549	281,379
Municipal bonds	28,715	38,794	8,660	8,555	31,038	12,060	127,822
Securitized mortgages	57,009	77,019	17,193	16,984	61,621	23,944	253,770
Foreign and Other	10,909	14,737	3,290	3,249	11,790	4,582	48,557
Total Debt Securities	196,574	265,573	59,284	58,564	212,477	82,562	875,034
Cash							180,717
Equity Mutual Funds							2,383,259
Total component unit investments reported on financial statements							3,439,010

Credit Risk of Debt Securities – The risk that an issuer of debt securities or another party to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit ratings. Unless otherwise stated, the ratings presented below use the Moody's scale. The Foundation's policy, with some exceptions, limits its investment in bonds to securities issued or guaranteed by the government of the United States of America, or to corporate bonds rated investment grade (AAA, AA, A, BBB). This constraint does not apply to bonds held in mutual funds.

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	Below B	Unrated
U. S. Government Obligations	163,506	92,828	9,431	22,267	26,612	5,083	3,159	1,763	2,363
Corporate obligations	281,379	105,744	9,285	23,567	41,061	34,209	45,337	16,033	6,143
Municipal Bonds	127,822	12,710	5,676	20,725	37,536	12,693	10,113	3,177	25,192
Foreign and Other Obligations	48,557	20,612	3,199	6,604	9,010	3,526	3,552	1,397	657
Total	875,034	374,456	38,854	101,643	162,343	65,308	68,134	24,693	39,603

Cash	180,717
Equity Mutual funds	2,383,259
Total Bonds and Securities	3,349,010

Pledges Receivable – The Foundation held no pledges at June 30, 2015.

Temporarily Restricted Donation
The Foundation received a donation of a house during the year ended June 30, 2013. The agreement allows the donor to live in the house and that the donor be responsible for the insurance, property taxes, and maintenance of the home for the remainder of his life. This donation has been valued at the appraised value of $100,000 and has been transferred to unrestricted net assets in the year ending June 30, 2014, as the donor has passed away and the house has been sold.

Fair Value Measurements
FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified contractual term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the net assets value (NAV) of shares held by the Foundation at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$ 180,717	$ -	$ -	$ 180,717
U. S. government obligations	163,506	-	-	163,506
Corporate obligations	281,379	-	-	281,379
Preferred securities	253,770	-	-	253,770
Municipal bonds	127,822	-	-	127,822
Foreign and other obligations	48,557	-	-	48,557
Mutual funds	2,383,259	-	-	2,383,259
Total	$3,439,010	$ -	$ -	$3,439,010

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$ 59,311	$ -	$ -	$ 59,311
U. S. government obligations	692,807	-	-	692,807
Corporate obligations	1,609	-	-	1,609
Preferred securities	0	-	-	0
Municipal bonds	117,940	-	-	117,940
Foreign and other obligations	156,688	-	-	156,688
Mutual funds	2,442,561	-	-	2,442,561
Total	$3,470,916	$ -	$ -	$3,470,916

11. Operating Expenses by Functional Classifications

FY 2015 Natural Classifications

Functional Classifications	Salaries	Services	Supplies	Insurance	Scholarship	Depreciation	Misc	Total
Instruction	4,189,779	264,015	474,075	23,040	699	-	7,183	4,958,791
Academic Support	749,088	250,441	219,744	72,178	223	-	15,369	1,307,042
Student Services	789,274	42,837	12,611	196,662	733	-	3,637	1,045,754
Institutional Support	1,155,482	147,091	25,004	11,726	-	-	88,381	1,427,684
Operations & maintenance of plant	487,044	194,945	89,628	304,682	-	852,009	667	1,928,975
Scholarships	-	-	-	-	834,840	-	-	834,840
Auxiliary Enterprises	60,721	3,240	277,892	-	-	-	-	341,853
Total	7,431,387	902,569	1,098,954	608,288	836,495	852,009	115,237	11,844,939

FY 2014 Natural Classifications

Functional Classifications	Salaries	Services	Supplies	Insurance	Scholarship	Depreciation	Misc	Total
Instruction	4,001,787	209,733	336,782	23,040	1,140	-	8,296	4,610,778
Academic Support	783,923	271,388	241,636	69,351	-	-	12,060	1,378,359
Student Services	743,522	48,694	13,439	206,119	71	-	2,485	1,014,330
Institutional Support	1,128,541	106,493	22,081	14,310	-	-	83,018	1,354,443
Operations & maintenance of plant	555,123	196,077	75,008	311,612	-	773,221	654	1,911,695
Scholarships	-	-	-	-	861,102	-	-	861,102
Auxiliary Enterprises	60,193	2,859	287,463	-	-	-	-	350,515
Total	7,273,089	835,243	1,006,410	624,432	862,313	773,221	106,513	11,481,221

12. Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before financial statements are issued. The College recognizes in the financial statements the effects of subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of the financial statements. The College's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before the financial statements are issued.

13. Risk Management

The College obtains workers' compensation coverage from the Idaho State Insurance Fund. The College's workers' compensation premiums are based on its payroll, its own experience as well as that of the State of Idaho as a whole.

The College is insured through the state of Idaho's Risk Management Program for other risks of loss, including but not limited to employee bonds, all liability insurance, auto physical damage insurance, and all property insurance.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the results of these matters will not have a significant impact on the financial statements.

14. Related Parties Transactions

In fiscal year 2005 the College began constructing a new Health Care Education Building (the "facility"). With an estimated cost of approximately $10,000,000, this project was completed in fiscal year 2010. The Idaho State Building Authority (the "ISBA"), with approval from the Idaho State Legislature, issued tax exempt bonds to finance the project and has initial ownership of the facility.

The College, through the State Board of Education, entered into a lease agreement with the ISBA whereby the land upon which the building was constructed is leased to the ISBA. It is intended that this site lease will continue until June 30, 2040 or until all amounts owed to the bondholders have been paid, whichever is earlier. The Idaho Legislature is obligated, via the annual appropriation process, to provide funds to the State Department of Administration (the "SDOA") to make the bond payments. The site lease is without consideration and EITC does not pay for use of the facility. EITC is responsible for operating and maintenance costs of the building.

The SDOA, on behalf of the College, has signed an agreement to lease the facility from the ISBA during the period the bond holders are being paid. This agreement obligates the SDOA to pay rent to the ISBA in the amount of the annual bond obligations, plus expenses, as funded by the Idaho Legislature. The facilities lease, signed on August 25, 2005 has an initial expiration date of June 30, 2007 with automatic annual renewals. It runs concurrently with the site lease and terminates when the site lease terminates.

The College and the SDOA have also entered into an operating agreement, signed on August 25, 2005 whereby the College is obligated to cover all operating costs including maintenance, insurance, and furnishings. At the termination of these agreements, drafted to coincide with the final bond payments, ownership of the facility should pass to the State.

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS 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*

The Idaho State Board of Education
Eastern Idaho Technical College

We have audited the financial statements of Eastern Idaho Technical College (College) and Eastern Idaho Technical College Foundation (Foundation), its discretely presented component unit, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 2, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the College's financial statements. The financial statements of the 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 discretely presented component unit.

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.

REPORT OF INDEPENDENT AUDITORS 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* (continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Eugene, Oregon
October 2, 2015

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Idaho State Board of Education
Eastern Idaho Technical College

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (continued)

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (continued)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Eugene, Oregon
October 2, 2015

2014-001 – Special Tests and Provisions: Return of Title IV Funds – Significant Deficiency

Federal Program: Student Financial Assistance Cluster

Federal Agency: Department of Education

Condition – Unofficial withdrawals had been identified for the fall semester 2013; however, the calculation of Return of Title IV Funds was not completed until June 2014.

Recommendations – We recommend that multiple employees within the student financial aid office be trained as to the compliance requirements related to the Student Financial Assistance cluster. This will ensure that even when employees are out of the office on leave compliance requirements will be met.

Current year status – Fully corrected

2014-002 – Special Tests and Provision: Verification – Instance of Noncompliance

Federal Program: Student Financial Assistance Cluster

Federal Agency: Department of Education

Condition – For one student who had been selected for verification, no documentation could be found to support that verification had been performed.

Recommendations – We recommend that all documentation supporting the verification procedures performed be maintained.

Current year status – Fully corrected

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

Eastern Idaho Technical College

Review of Internal Controls Related to Technology Components
for the Independent Financial Audit for FYE 6/30/2015
Observations Memo

As part of the annual financial audit process for the fiscal year ending June 30, 2015, Moss Adams obtained an updated understanding of the technology environment at Eastern Idaho Technical College ("EITC" or "College"). This understanding was obtained in order to determine how much reliance the financial audit team could place on the internal control structure of the key accounting systems and supporting network infrastructure. Based on (1) a review of readily available documentation, and (2) interviews with key personnel within Information Technology Services (ITS) and Finance and Administration departments, we present the following observations.

We have added recommendations that fall under "business process improvements" as these may help guide the College to improving their IT environment. These observations represent our preliminary findings only. As such, EITC's technology management should review our findings and associated recommendations for factual accuracy and make corrections as needed. A "Management Response" section is available following each observation and recommendation for EITC to respond with either "Agree" or "Disagree," along with comments to support their position and/or planned remediation steps that EITC will implement. These comments will then be considered for inclusion into the final management letter that is presented to College management by the financial auditing team.

A. IT General Controls Business Process Improvement Opportunities

1. **(Reissued from the 6/30/2014 audit.) There is an informal process to review user rights and permissions across the IT systems.**

   EITC has made several improvements to its processes around reviewing user access, including annual appropriateness reviews of user access and semiannual reviews of roles in Cougar Mountain. During our fieldwork, it was noted that evidence of these reviews for some elements of EITC IT systems was not collected consistently and/or evidence of the review is not retained.

   EITC should formally schedule regular reviews of user access at all levels of the IT environment, including the network infrastructure (e.g., firewalls, routers, etc), network domain, server level, application (e.g., Colleague, Cougar Mountain) and database (supporting Colleague and Cougar Mountain). These reviews should evaluate both authorization of access ("should the user have access and was it approved") and appropriateness of access ("does the user have the appropriate level/type of access"). Evidence of these regular reviews should be retained. For core applications (Colleague and Cougar Mountain), annual reviews of user roles, groups and permissions should be performed and certified by the appropriate data and system owners.

   <u>Management's Response:</u> <to be completed by EITC Management>

2. (Reissued from 6/30/2014 audit.) A formal incident response program is not in place for all of the major IT systems.

During our review it was noted that a security incident response process does not exist for the major IT systems. Incident response procedures should be created and communicated to the system users for computer virus detection and similar computer security incidents. The College should create incident handling procedures for dealing with computer security incidents. The steps involved in handling a security incident can be categorized into five stages: (1) identification of the problem, (2) containment of the problem, (3) eradication of the problem, (4) recovering from the incident, and (5) follow-up analysis.

***Management's Response:* <to be completed by EITC Management>**

3. Disaster Recovery Plan is incomplete.

Although it was noted that a disaster recovery plan was in place during the current examination period, however, a Business Impact Analysis has not been completed to determine the RPO and RTO for the application and infrastructure components in order to determine the sequence of the recovery. It is recommended that EITC review the documented pan and ensure that clear steps are outlined for the personnel responsible for the system.

***Management's Response:* <to be completed by EITC Management>**

4. Access to the data center was not formally reviewed.

Formal reviews of access to the data center are not documented and completed on a regular basis. Although the IT department does not control the physical keys to access the data center, it is recommended that the IT Manager review the list and ensure that access to the data center is limited to the personnel requiring it for their job duties.

***Management's Response:* <to be completed by EITC Management>**

Schedule of expenditure of Federal Awards

Federal Grant / Program Title	Pass-Through Entity Identifying #	Federal CFDA Number	2015 Final
US Department of Education			
Direct Programs			
SEOG		84.007	25,928
CWS		84.033	22,838
PELL		84.063	1,435,492
Direct Student Loan Program		84.268	1,799,280
Total Student Financial Aid Cluster			3,283,538
Pass Through Payments From the State of Idaho Division of Professional-Technical Education			
Federal Direct Services (ABE)	F-ABE-D01-15A-615	84.002A	276,723
CRR Standards/ANI (ABE)	FWIB-A03-15A-615	17.207	1,520
Leadership - Required Training (ABE OVAE)	F-ABE-L01-15A-615	84.002A	1,732
Leadership - Program Quality Improvement (ABE Stand	F-ABE-L01-15B-615	84.002A	2,893
ITRP - MA123/ENG101 (ABE)	F-ABE-L10-15A-615	84.002A	8,950
ABE EL Civics	F-ABE-E01-15A-615	84.002A	6,919
Academic Support	PFF-B01-15A-615	84.048A	100,732
Retention For PTE Students	PFF-B08-15B-615	84.048A	53,570
Non-Traditional Training & Employment	F-NTT-MCND-GU-15A-615	84.048A	5,152
Workforce Readiness	PFF-B09-15C-615	84.048A	28,818
Special Populations Support	PFF-B09-15D-615	84.048A	26,425
10% Reserve Fund (Advanced Learning Partnership)	RFF-C16-15A-615	84.048A	82,581
Special Project - FY15 CATEMA System Fees	F-SPP-MCSF-AD-15A-615	84.048A	7,200
Equipment Smart Classroom	PFF-B09-15E-615	84.048A	18,362
Total Department of Education passed through			621,578
US Department of Homeland Security			
Pass Through Payments From the State of Idaho			
National Fire Academy Training	EMW-2014-GR-00016-S01	97.043	6,245
Total Expenditures of Federal Awards			3,911,361

The accompanying notes are an integral part of this schedule.

Notes to total schedule of expenditure of federal awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Education Institutions, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Because the Schedule presents only a selected portion of the operations of the College, it is not intended and does not present the statement of net position, statements of revenues, expenses, and changes in net position, or cash flows of the College."

2. COLLEGE ADMINISTERED LOAN PROGRAMS

During the fiscal year ended June 30, 2015, the College administered the following loan programs:

Loan Program	Federal CFDA Number	2015 Amount
Direct Subsidized	84.268	912,616
Direct Unsubsidized	84.268	881,725
Total		1,794,341