

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2016

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25 Braintree Hill Office Park Suite 202 Braintree, MA 02184 P:617.471.1120 F:617.472.7560
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,Q RXU RSLQLRQ WKH ILQDQFLDOHQW DWHPHQWQ UDIDU PDHG
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VERMONT STATE COLLEGES

(a Component Unit of the State of Vermont)

Management's Discussion and Analysis (Unaudited)

June 30, 2016 and 2015

Introduction

The Management's Discussion and Analysis (MD&A) is required supplemental information due to the Governmental Accounting Standards Board (GASB) reporting model. It is designed to help the reader's understanding of the accompanying financial statements and notes. As this MD&A contains summarized information, tables and graphs, it should be read in conjunction with the accompanying financial statements and notes.

Vermont State College System

The Vermont State College System unites five distinctive colleges in the common purpose of providing first-rate higher education at reasonable cost in order to improve the quality of life for the citizens of Vermont.

The colleges are:

Community College of Vermont (CCV)
Castleton University (CU)
Johnson State College (JSC)
Lyndon State College (LSC)
Vermont Technical College (VTC)

Significant Events Affecting These Financial Statements

Events that affect these statements during the past five years include:

- x Enrollment trends

VERMONT STATE COLLEGES

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Statement of Net Position – Continued

TABLE 1: Condensed Statement of Net Position as of June 30
(\$ in millions)

	2016	% change	2015	% change	2014	2013	2012
Current Assets	30	25%	24	14%	21	25	65
Noncurrent Assets							
Investments	43	-14%	50	-9%	55	51	20
Capital assets, net	174	-4%	181	-3%	187	194	181
Other	6	0%	6	-19%	6	7	10
Deferred outflows (Rate swaps)	15	36%	11	0%	11	11	17
Total Assets and Def'd outflows	<u>268</u>	-1%	<u>272</u>	-3%	<u>280</u>	<u>288</u>	<u>293</u>
Current liabilities	25	4%	24	4%	23	23	26
Non current liabilities							
Post employ'm't benefit oblig	60	9%	55	12%	49	43	36
Bonds and Notes payable	117	-5%	123	-3%	127	131	136
Other	21	31%	16	-6%	17	17	23
Total Liabilities	<u>223</u>	2%	<u>218</u>	1%	<u>216</u>	<u>214</u>	<u>221</u>
Net investment in cap'l assets	54	-5%	57	-5%	60	66	52
Restricted							
Nonexpendable	18	6%	17	6%	16	15	14
Expendable	9	0%	9	-10%	10	8	6
Unrestricted	<u>-36</u>	24%	<u>-29</u>	32%	<u>-22</u>	<u>-15</u>	<u>0</u>
Total Net Position	<u>45</u>	-17%	<u>54</u>	-16%	<u>64</u>	<u>74</u>	<u>72</u>
Total Liabilities and Net Position	<u>268</u>	-1%	<u>272</u>		<u>280</u>	<u>288</u>	<u>293</u>

Net Position

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Net Position– Continued

Total net position decreased from \$72million to \$45million over the five years reported here, primarily from the recognition of post retirement costs totaling \$24 million during the period. Without this OPEB cost, our net position for FY2016 would be just \$3 million less than our FY2012net position. Changes in our net position from FY2015 to 2016 include a decrease in capital assets(-\$7M) the increase in unfunded post retirement benefit obligations(\$5M) and reduction in amount owed on debt(\$6M).

Net investment in capital assets decreased by \$3 million from June 30, 2015 to June 30, 2016 due to depreciation, offset partially by reduction in outstanding debt related to capital assets. Net investment in capital assets increased during the prior years during a period of capital construction.

The restricted nonexpendable port of the Net Position represents the permanent endowment funds for the system. These are donations to the colleges that cannot be spent without permission of the donor. They are invested and the earnings are used, based on the instructions of the donor. Most of the earnings on our endowment funds are used for scholarships. There are \$1 million in FY2016 and \$4 million over 5 years is due to gifts received for endowments during the period.

The restricted expendable portion of Net Position includes unexpended, but restricted gifts and grants and unexpended endowment appreciation subject to external imposed conditions on their use. There was no significant change from June 30, 2015 to June 30, 2016. Over the 5-year period, expendable net assets have increased by \$8 million, as earnings have outpaced the 5% spending on endowments permitted by Board policy.

The unrestricted portion of the Net Position is affected primarily by OPEB obligations, which are unfunded. That liability increased by \$5 million in FY2016 to \$60 million as of June 30, 2016. Since FY2012, the unrestricted net position has declined by \$36 million as postemployment benefit obligations are recorded.

During FY2016 the system's total Net Position declined from \$54 million to \$45 million. This is due primarily to our unrestricted net assets being reduced from the booking of the VSC OPEB liability. The details of the change in net position are shown in the Statement of Revenues, Expenses, and Changes in Net Position beginning on page 10.

VERMONT STATE COLLEGES
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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Capital Assets and Debt Administration – Continued

Construction in Progress reflects amounts paid for buildings or other assets that were completed at year end. When completed and placed in service, the total cost is recorded to the appropriate capital asset category. Depreciation of that asset begins the month after it is placed in service.

During the 5 year period, there was significant construction done at all colleges funded by debt acquired in FY2008 and FY2010. Construction in Progress increased during the years of construction, representing construction not completed on June 30. During FY2014 as construction projects were completed Construction in Progress returned to a level prior to receipt of debt funding. Building and Improvements increased throughout the period, reflecting the completed projects.

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports total operating revenues, operating expenses, ~~operating~~ operating revenues and expenses, and other changes in net position, showing the total change in net position for the ~~fiscal~~ fiscal. Table 3 on pages ~~9~~ shows the Condensed Statements of Revenues, Expenses, and ~~Change~~ Change in Net Position for the past five fiscal years.

Operating and Non-operating Revenue

Accounting rules require that our audited financials include operating revenues, operating expenses and ~~operating~~ operating revenues and expenses. The following sections provide an analysis of the total operating and ~~operating~~ operating revenues and expenses. The VSC's primary source of revenue is from ~~student~~ student fees. This accounts for 61% ~~operating and nonoperating~~ operating and nonoperating income. In addition, the System receives revenue from state appropriations, governmental and privately funded grants and contracts; gifts from individuals, foundntr

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Operating and Non-operating Revenue- Continued



FY2016 Revenues
(\$ in thousands)

Net Student	\$111,340
Educational Sales/Aux	6,207
State Appropriations	28,709
Grants & Contracts	31,329
Other Net Revenues	5,636
TOTAL	\$183,221

FY2015 Revenues
(\$ in thousands)

Net Student	\$109,860
Educational Sales/Aux	7,114
State Appropriations	28,710
Grants & Contracts	32,976
Other Net Revenues	6,746
TOTAL	\$185,406

Tuition and Fee Revenue

Net Tuition and fees includes tuition and fees plus residence and dining fees less scholarship allowances. Table 3 shows the trend for Tuition and Fee Revenue from FY2012 through FY2016. For the System, student based revenue has been flat during the five year period, despite increases in tuition. Enrollments in a time of decreasing high school graduates in the state have created a challenge for the schools in our system.

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Tuition and Fee Revenue – Continued

The following Charts show enrollments and student revenues for each college during the 5-
period. Enrollments are displayed by both FTE and by Headcount. FTE (Full Time Equivalent)
provides better comparative information and Headcount shows the total number of individual

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Tuition and Fee Revenue – Continued

The chart below displays Net Tuition and Fees for each college during the five period. It is notable that CCV has by far the largest number of students both FTE and Headcount, but their net tuition is consistently outpaced by Castleton and generally on par with the other 3 schools. CCV, as a Community College has the lowest tuition cost charges for courses on a per credit basis, while the residential schools charge a semester basis.

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Operating and Non-operating Expenses -

VERMONT STATE COLLEGES
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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Operating and Non-operating Expenses- Continued

14,088

FY2015 Expenses
(\$ in thousands)

Salary/Benefits	\$122,588
Utilities	7,143
Supplies/Services	39,342
Depreciation	14,088
Student Aid	6,741
Interest on Debt	5,758

VERMONT STATE COLLEGES
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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Statement of Cash Flows

The Statement of Cash Flows shows inflows and outflows of cash excluding both revenue and expense that is accrued to comply with accounting rules. The Condensed Statement of Cash Flows for VSC is in Table 6 on page 16 and outflows of 6 on page 16.

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

Statement of Cash FlowsContinued

<u>Cash flows from:</u>	<u>2016</u>	<u>% change</u>	<u>2015</u>	<u>% change</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating	-38	9%	-35	-15%	-41	-43	-35
Non capital financing	45	-6%	48	-2%	49	49	49
Capital and related financing	-12	-8%	-13	30%	-10	-12	-17
Investing	7	17%	6	500%	1	-29	41

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Management's Discussion and Analysis (Unaudited)Continued

June 30, 2016 and 2015

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7RWDO &XUUHQW \$VVHWV

1RQ &XUUHQW \$VVHWV

&DVK DQG HTXLYDOHQWV 1RWH

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1RWHV UHFHLYDEOH QHW 1RWH

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7RWDO \$VVHWV

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,QWHUHVW UDWH VZDS DFFXPXODWHG GHFUHDVH LQ IDLU YDOX

7RWDO \$VVHWV DQG 'HIHUUHG 2XWIORZV RI 5HVRXUFHV

The accompanying notes are an integral part of these financial statements.

/LDELOLWLHV DQG 1HW 3RVLWLRQ

&XUUHQW /LDELOLWLHV

\$FFRXQWV SD\DEOH DQG DFFUXHG OLDELOLWLHV 1RWH
8QH DUQHG UHYHQXH DQG GHSRVLWV
&XUUHQW SRUWLRQ RI ORQJ WHUP GHEW 1RWH _____

7RWDO &XUUHQW /LDELOLWLHV _____

1RQ &XUUHQW /LDELOLWLHV

\$FFRXQWV SD\DEOH DQG DFFUXHG OLDELOLWLHV 1RWH
8QH DUQHG UHYHQXH DQG GHSRVLWV
5HIXQGDEOH JUDQWV
3RVW HPSOR\PHQW EHQHILW REOLJDWLRQV 1RWH
,QWHUHVW UDWK VZDS 1RWH
/RQJ WHUP GHEW H[FOXGLQJ FXUUHQW SRUWLRQ 1RWH

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8QUHVWULFWHG _____

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 /HVV VFKRODUVKLS DOORZDQFHV _____
 1HW 7XLWLRQ)HHV DQG 5HVLGHQFH DQG 'LQLQJ 5HYHQXH
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 6WDWH DQG ORFDO JUDQWV DQG FRQUUDFWV
 1RQ JRYHUQPHQWDO JUDQWV DQG FRQUUDFWV
 ,QWHUHVW LQFRPH
 6DOHV DQG VHUFLFHV RI HGXFDWLRQDO DFWLYLWLHV
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 ,QWHUHVW H[SHQVH RQ FDSLWDO GHEW _____
 2WKHU QRQ RSHUDWLQJ UHYHQXHV _____
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3URFHGGV IURP VDOHV DQG PDWXULWLHV RI LQYHVWPHQWV
3XUFKDVH RI LQYHVWPHQWV
,QWHUHVW DQG GLYLGHQGV UHFHLYHG RQ LQYHVWPHQWV

1HW &DVK 3URYLGHG E\ ,QYHVWLQJ \$FWLYLWLHV

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\$GMXVWPHQWV WR UHFRQFLOH RSHUDWLQJ ORVV WR QHW FDK DS
RSHUDWLQJ DFWLYLWLHV

'HSUHFLDWLRQ

%DG GHEWV

1HW JDLQ ORVV RQ GLVSRVDO RI FDSLWDO DVVHWV

&KDQJHV LQ DVVHWV DQG OLDELWLHV

\$FFRXQWV UHFHLYDEOH

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8QH DUQHG UHYHQXHV GHSRVLWV DQG UHIXQGDEOH JUDQWV

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1HW &DVK \$SSOLHG WR 2SHUDWLQJ \$FWLYLWLHV

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Organization

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7KH DFFRXQWLQJ 3ROLFLHV DQG SUHR&RG0HHVXV06&
RU WKH 3&ROOHJHV' LQ DFFRXQWLQO MRUDDQGFVHLS
EDVHG RQ WKH DFFUXDO PHWKRQ RQDFEQXQSVRIQJFL
IROORZHGE\ WKH &ROOHJHV DUH GHVFULEHG EHORZ

Basis of Presentation

7KH DFFRPSDQ\LQJ ILQDQFLDO VWDWWRHQWVR 00FHF
UHVXRUFHV PHDVXUHPHQW IRFXV DQG DFFR060X00
DFFRXQWLQJ SULQFES0WVGHJLQHWDKH0\80LHVL06WDDW
SUHVFILEHG E\ WKHFRQWURO0H0W000\$UGV %RDUG 3*

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Basis of Presentation - Continued

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LQFXUHG UHJDUGOHVV RI WKH WDFLQJ IRP LQDODWV
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Bond and Note Premiums

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7KH ERQG SUHPLXP IRU WKH ERQGRU \HDUVL
&XPXODWLYH DPRUWLJDWLRQ RI WKH ERQG SUHPLXP
-XQH DQG UHVSHFWLYHOGHGHKHQERQGG\$UD
QRWHV SD\DEOH

Post-Employment Benefits

* \$6% 6WDWH Pensions and Financial Reporting by Employers for
Postemployment Benefits Other Than Pensions* \$6% UHTXLUHV JRYH
WR DFFRXQW IRU ~~RHWLHSGRMLWHP SOBK% DOWSKIEDHLF~~
DFFUXDO EDVLV UDWKHU WKDQ RQVDVSH DWFRXQLWE
DFWXDULDOD\ UHTXLUHG FRQWULVXPLRQYDQXQVHHS
DQG FKDQSRWLVQLQWZKHQWLXW~~RHDVHPS OVKPHQW EHC~~
UDWKHU WKDQ ZKHQ WKH\ XVH WKHLU~~BRWWWRSORDR~~
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Cash and Equivalents

&DVK DQG HTXLYDOHQWV ZLWK PDW 8QLRUP 8QLRUP 8QLRUP
UHFUGHG DW FRVW ZKLFK DSSUR[LPDWHV PDUNHW

,Q RSHUDWLQJ DDFHQWV WDVW WKH 8QLRUP 8QLRUP 8QLRUP
H[FHFW WKH IHGHUDG SRDQ WKH 8QLRUP 8QLRUP 8QLRUP
WKH QDPH RI 96& 'LVEXUVHPHQWV DW WKH 8QLRUP 8QLRUP
E\ WUDQVIHUV IURP WKH FHQWUDO WUHDVXU\

,Q DFFRUGDQFH ZLWK WKH 8QLRUP 8QLRUP 8QLRUP
96& GHHPV DOO UHODLGHG DQG 8QLRUP 8QLRUP 8QLRUP
EH WHPSRUDULO\ QIRVHU LFWH 8QLRUP 8QLRUP 8QLRUP
UHVWULFWLRQV WKH %RDUG RI 7&XZWKH 8QLRUP 8QLRUP
OHVVHU RI WKH FXUUHQW PDUNHW 8QLRUP 8QLRUP 8QLRUP
WKH ODVW WKH 8QLRUP 8QLRUP 8QLRUP

&DVK DQG HTXLYDOHQWV LQFOXGHGF 8QLRUP 8QLRUP 8QLRUP
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1RWH &DVK DQG (TXLYDOHQWV DQG ,QYHVWPHQWV &RQW

Cash and Equivalents - Continued

\$W -XQH WKH EDODQFHV RIHQYDUXHQWV
DSSUR[LPDWHO\ LQ SHWW\ FDV KQDQ, & WKXUH
EDQNLQJ LQVWLWXWLRQV RI DSSUR[LPDWHO\
&ROOHJHV DQG DSSUR[LPDWHO\ SHU EDQN
DSSUR[LPDWHO\ EZDIHGFRYDUXHQWV
DSSUR[LPDWHO\ HG DQVXUHG LQVWLWXWLRQV

\$W -XQH WKH EDODQFHV RIHQYDUXHQWV
LQ)',& LQVXUHG EDQNLQJ LQVWLW

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DP~~ ~~FL~~ ~~W~~ &RQWLQXHG

-XQH

DQG

9(50217 67\$7(&2//(* (6

D &RPSRQH QW 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH DWDFQDQW &RQWLQXHG

-XQH

DQG

1RWH &DVK DQG (TXLQYDWHQPHQW) DQG &RQWLQXHG

Investments - Continued

7KH ULVN FDWHJRULHV IRU WKH ERQG XHQG DURD GLO
IROORZV

.QYHVWPHQW UDWLQJ

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7KHVH UDWLQJV DUH GHWHUPLQHG IERKHWDFQ GDOGLQ
&RPSDQLHV ,QF \$OO UDWLQJV UHSFKHSURYLGHV DQ
GLVFODLPHG DVRQRWRUHSXDWDFQDQW LRI SHUIRUPDQFH

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DP~~ ~~FL~~ ~~W~~ &RQWLQXHG

-XQH

DQG

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W 6WDWH DQG DQGLDWH &RQWLQXHG

-XQH

DQG

1RWH &DVK DQG (TXLYDOHQWV DQG ,QYHVWPHQWV &RQ

Investments - Continued

3OXV RU PLQXV 7KH UDWLQJV IURP μ\$\$\$↑ WR

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH DWDPHQW &RQWLQXHG

-XQH

DQG

1RWH &DVK DQG (TXLYDOHQWV DQG ,QYHVWPHQWV &RQ

Fair Value Hierarchy - Continued

Mutual funds 9DOXHG DW GDLO\ FORVLQJ SULPHIXGUVHISROO\ E\ WKH &ROOHJHV DUH RSHQ HQG LPXW\WKH IX(Q&GV7WKDM DUH UHTXLUHG WR SXEOLVK WKH RUGLQ\DGWWDVWKHV PXWXDO IXQGV KHOG E\ WKH &ROOHJHV DUH GHHPHG WF

Money market 9DOXH EDVHG RQ TXRWHG SULFHV LQ DFWLYH I

Held by bond trustee9DOXHG DW WKH FXUUHQW DYDLODEOH FOR YDOXHV REWDLQVGFRO\LRPISDURD EOHVXHG\WLVWVWVQBVOD

7KH SUHFHGLQJ PHWKRGV GHVFULELWLRQV\WKH\XPE\ EH LQGLFDWLYH DIOQHWRWUDHOJHDFWLYH\ORXHXW)XUHWKI DOWKRXXJK WKH &ROOHJH EHOLHYHMDWVHVDQGOXBRVZLWK RWKHU PDUNHW SDUWLFLSDQHW RWKHVXVPSWILR GHWHUPLQH LI WKH WDLQ YDOXHFROG UGVWOWPHQWVG IDLU YDOXH PHDVXUHPHQW DW WKH UHSRUWLQJ GDW

7KH IROORZLQJ WDEOHV VHW IRUKLILU\OFKYH\K\LM\KLUYV 3ODQ\ DVVHWV PHDVXUH RQ D UHF\XUULQJ EDVLV

Assets at Fair Value as of June 30, 2016

	/HYHO	/HYHO	/HYH\RWDO
8 6 *RYHUQPHQW ERQGV			
&RUSRUDWH ERQGV			
&RPPRQVWRF			
+HGJH IXQG VKDUHV			
0XWXDO IXQGV			
ORQH\ PDUNHW			
+HOG E\ ERQG WUXVWHH			
7RWDO \$VVHWV DW)DLU 9DOXH			

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH ~~6WDWH~~ ~~RI~~ ~~WKH~~ ~~6WDWH~~ ~~RI~~ ~~9~~ &RQWLQXHG

-XQH

DQG

1RWH /RQJ 7HUP /LDELOLWLHV

/RQJ WHUP OLDELOLWLHV FRQVLVW RI WKH IROORZLQJ DW

%HJLQQLQJ
EDODQFHV

\$GGLWLRQV

(QGLQJ
5HGXFWRQV

&XU
EDOD

/RQJ WHUP OLDELOLWLHV
%RQGV DQG QRWHV SD\DEOH
)DLU PDUNHW YDOXH RI LQWHUHVW
UDWH VZDS

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH ~~6WDWH OF OHIO~~ &RQLQXHG

-XQH DQG

1RWH/RQJ 7HUP /LDELQWLHV &RQLQXHG

Bonds and Notes Payable

2XWVWDQLQJ GHEW LV DV IROORZV

5HYHQXH %RQGV 6HULHV \$ ———
VHULDO ERQGV DJJUHJDWLQJ
PDWXULQJ WKURXJK DQG D
WHUP ERQG GXH -XO\
,QWHUHVW RQ WKH VHULDO ERQGV LV SDLG
VHPL DQQXDOO\ RQ WKH XQSDLG EDODQFHV
8QDPRUWLJHG ERQG SUHPLXP RI DQG

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH ~~6WDWH OF OHIO~~ &RQWLQXHG

-XQH

DQG

1RWH /RQJ 7HUP /LDELQWLHV &RQWLQXHG

Bonds and Notes Payable - Continued

96& &DSLWDO &RQVWUXFWLRQ 3URMHFWV
9DULDEOH UDWH RI WKH RQH PRQWK /,%25
SOXV WHUP ORDQ RI IRU
\HDUV ZLWK PRQWKO\ SD\PHQWV RI SULQFLSDO DQ
LQWHUHVW GXH WKURXJK OD\ FROODWHUDOLJH
E\ VXEWDQWLDQ\ DOO XQUHVWULFWHG UHYH
DFFRXQWV UHFDLQW DQWV RQ YHQWRU\
DQG PDFKLQHU\ DQG HTXLSPHQW QRW SUHYLRXVO
SOHGJHG DV FROODWHUDO RQ RWKHU GHEW

96& &DSLWDO &RQVWUXFWLRQ 3URMHFWV
9DULDEOH UDWH RI RQH PRQWK /,%25 SOXV
WHUP ORDQ RI IRU \HDUV
ZLWK PRQWKO\ SD\PHQWV RI SULQFLSDO DQG
LQWHUHVW GXH WKURXJK -DQXDU\ ORDQ KDV
QHJDWLYH SOHGJH DJDLQV DVVHWV

5HYHQXH %RQGV 6HULHV
VHULDO ERQGV DJJUHJDWLQJ
PDWXULQJ WKURXJK
DQG WHUP ERQGV DJJUHJDWLQJ
PDWXULQJ WKURXJK
, QWHUHVW RQ VHULDO ERQGV
DQQXDOO\ RQ WKH XQSDLG EDODQFHV
8QDPRUWLJHG ERQG SUHPLXP RI
DQG KDV EHHQ DGGHG WR WKH
OLDELQW\ DW -XQH DQG
UHVSHFWLYHO\

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DP~~ ~~FL~~ ~~W~~ &RQWLQXHG

-XQH DQG

1RWH /RQJ 7HUP /LDELQWLHV &RQWLQXHG

Bonds and Notes Payable - Continued

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DP~~ ~~FL~~ ~~W~~ &RQWLQXHG

-XQH DQG

1RWH /RQJ 7HUP /LDELWLHV &RQWLQXHG

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DP~~ ~~Q~~ ~~W~~ &RQWLQXHG

-XQH DQG

1RWH /RQJ 7HUP /LDELWLHV &RQWLQXHG

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W 6WDWH DQFHQW &RQWLQXHG

-XQH

DQG

1RWH /RQJ 7HUP /LDELQWLHV &RQWLQXHG

Debt Roll-Forward - Continued

	%DODQFH	
<u>-XQH</u>	<u>\$GGLWLRQV</u>	<u>PHQWV5HSDXQH3RUWLRQ</u>

1HZ +RXVLQJ &8 _____

7' %DQNQRUWK)< &DSLWDO

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH ~~6WDWH~~ ~~DPH~~ ~~FLW~~ &RQWLQXHG

-XQH

DQG

1RWH /RQJ 7HUP /LDELQWLHV &RQWLQXHG

Debt Roll-Forward - Continued

0DWXULWLHV RI ORQJ WHUP GHEW ~~WKH~~ ~~BI~~ ~~Q~~ ~~H~~ ~~W~~ ~~D~~ ~~I~~ ~~V~~
IROORZV

<HUV (QGLQJ -XQH _____ 3ULQFLSDQWHUHVW _____ \$PRXW _____ \$P

7KH ~~H~~ ~~Q~~ ~~W~~ ~~H~~ ~~U~~ ~~H~~ ~~V~~ ~~D~~ ~~P~~ ~~R~~ ~~X~~ ~~W~~ ~~W~~ ~~K~~ ~~H~~ ~~D~~ ~~E~~ ~~R~~ ~~Y~~ ~~H~~ ~~U~~ ~~H~~ ~~I~~ ~~O~~ ~~D~~ ~~I~~ ~~G~~ ~~U~~ ~~D~~ ~~W~~ ~~H~~ ~~V~~ ~~R~~ ~~Q~~
GHEW VXEMHFW WR WKH VZDS DJUHHPHQWV SUHYLRX
ERQG

\$FFRUGLQJ WR WKH WHUPV RI WKH ~~E~~ ~~R~~ ~~Q~~ ~~G~~ ~~M~~ ~~P~~ ~~H~~ ~~Z~~ ~~Q~~ ~~W~~ ~~N~~ ~~X~~ ~~R~~ ~~C~~
WKH ERQGV DUH JHQHUDO REOLJDWL ~~R~~ ~~E~~ ~~O~~ ~~L~~ ~~J~~ ~~D~~ ~~W~~ ~~L~~ ~~R~~ ~~E~~ ~~V~~ ~~H~~ ~~R~~ ~~X~~ ~~H~~ ~~%~~ ~~R~~ ~~Q~~ ~~G~~ ~~H~~

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W 6WDWH DFWLQJ QDWX &RQWLQXHG

-XQH

DQG

1RWH)XQFWLRQDO (ISHQVH &ODVVLILFDWLRQ

7KH IROORZLQJ WDEOH GHWDLOV 968QDWX RI SUHQWILGH
FODVVLILFDWLRQ

,QVWUXFWLRQ
5HVHDFK
3XEOLF VHUFLFH
\$FDGHPLF VXSSRUW
6WXGHQW VHUFLFHV

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH DOWDQFH QDWXU &RQWLQXHG

-XQH

DQG

1RWH 5HWLUHPHQW 3ODQV

(OLOHE IDFXOW\ DQG VWDII SDUWLQL SDHWL UHQ HQ VGH
DGPLQLVWHUHG E\ 7HDFKHUV ,QVXUDQFH 5\$WQHWHG
(TXLWLHV)XQG 37,\$\$ &5())RU WKHQGDUV HQHG
&ROOHJHV WRWDO SDUROO H[SHQVHG ZDV DSSUR[L
UHVSHFWLYHO\ RI ZKLFK DSSUR[LPDWH SUHVHQWH
VDODULHV DQG ZDJHV RI HPSOR\HHVLERWHRQGS
UHVSHFWLYHO\ 7KH P&RQVH JHRV IF RQHWHUEXPWIK W S OD
VSHFLILHG E\ IRXU FROOHFWLYH EDUHJOLSRQJFDHUVHHR
UHSUHVHQWHG HPSOR\HHV (PSOR\KHGFHQWUPLSEORWHF
FDWHJRU\ 7KHUHHPSOR\HURTXWSDXWLRQV RSNQGRQWKX
WKH SRVLWLRQ FDWHJRU\ HPSOR\HHV PD\ EH HOLJDY

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH ~~WORLD~~ &RQWLQXHG

-XQH

DQG

1RWH 5HWLUHPPHQW 3ODQV &RQWLQXHG

7KH HDUO\ UHWLUHPPHQW EHQHILW LKLUHQV ORQWHWKB
HPSOR\HHV ZKR ZHUH HOLJLEOH IRULMDZDV GHWERQV
KDYH WKH RSWLRQ RI HOHFWLQJH RHDUDU UFKVL UHH
ZLOO EH FRPSOHWHO\ SKDVHG RXW LKLEO HWKRUH DU
UHWLUHPPHQW HQW KH W LCHPPHQWR BUHDHDFK WKH DJH R

1RWH 3RVW (PSOR\PHQW %HQHILWV 2WKHU 7KDQ 3HQVLRQ

3ODQ 'HVFUB ~~6&WDRCP~~ LQLVWHUV D VHOI LQVXUWG VLQJ
KHDOWKFDUH SODQ 7KH SODQ SURYUQH V HOLUHLWOF
HPSOR\HHV VSRXVHV RU FLYLO XDRQDSBUQWUHUH
&,*1\$ FRYHUV ERWK DFWLYH DQG UHWLWUHG FVMEHEU
WKURXJK QHJRWLDWLRQWKH HWZIRIQ 80HS DERHCHWLQJ
WKH\ DUH UHYLHZHG GXULQJ WKHPEQDWLROQLGDVHUR
XQLRQ FRQWUDFW FDKH SODQUGRHKVQBWKLDVYDHD
ILQDQFLDO UHSRUW 'XULQJ WKH \HDU DQG GGHGXVQW
ZHUH UHFHLYLQJESRQHWLWUHWLUHPSHQFWLYHO\

)XQGLQJ 3RQFWULEXWLRQ UHTXLUHPPHQWV DUH DOV
XQLRQ UHSUHVHQULWUHWYHV 96RIFRDMFOXUJDMQWQFRU
HOLJLEOH HPSOR\HHV VSRXVHV RVFDOYLDXQLRQ SQ
96& UHFRJQLJHG HPSOR\HU FRQWULEXWLRQV F
UHVSHFWLYHO\ IRUQRVWUQH DOWKEDUHQDQFHKI SQD
DV \RX JR EDVLDUV,Q ILDQGO \H WKAETHUZFRGQURLEXW

\$QQXDO 23(% &RVW DQG 1HW 926& % V2EQLJDFLRRQW H
FDOFXODWHG EDVHGLRQGWFRQDQQRWHLURQ³\$5&WKH916&
KDV HOHFWHG WR FDOFXODWH WKH V\$B QGWUFOD
DFWXDULDO FRVW PHWKRQ SHUPLW\$51G UH\$51%HQMDV
OHYHO RI IXQGLQJ WKDW LI SDLG RQR DFRYHUHLQML
XWLOLJDWLRQ RI KSHDFLDKFDUHQDQWUHWLWUHWYHV
DPRUWLJH DQ\ XQILDEGLDQWLFHWXBRHHDQDHSUWRGUQRWHY
KHDOWKFDUH DQGHORUW VRRU HFDUHQWUHWYHVDFRQSHXVR
GROODU DPRUWLJDWLRQ PHWKRQ

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DPH~~ ~~QW~~ &RQWLQXHG

-XQH

DQG

1RWH 3RVW (PSOR\PHQW %HQHILWV 2WKHU 7KDQ 3HQVLRQ

7KH IROORZING ~~WDS~~ ~~PHQW~~ ~~RI~~ 96& ~~1R~~ ~~DPH~~ ~~QW~~ ~~W~~ ~~KH~~ \F

9(50217 67\$7(&2//(* (6

9(50217 67\$7(&2//(* (6
D &RPSRQH QW 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DQ~~ ~~DP~~ ~~Q~~ ~~W~~ ~~0~~ &RQWLQXHG

-XQH DQG

1RWH /HDVHV &RQWLQXHG

)XWXUH PLQLXP UHQWDO SD\PHQWZLWKTQRQFHQXHQ
WHUPV LQ H[FHVV RI RQH \HDU DW -XQH DUH D

<HUV (QGLQJ -XQH _____ 9HKLFOHV DQG
_____ 5HDO (VWDWH

DQG WKH UHDIUHU _____
=====

1RWH &DSLWDO \$VVHWV

3URSDQ\HTXLSPHQW DFWLYLW\ IRU WKH \HDUVHQ
VXPPDULJHG EHORZ

-XQH \$GGLWLRQVHU 7UDQVXUHQW

/DQG

9(50217 67\$7(&2//(* (6

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DQ~~ ~~FLHV~~ ~~DQG~~ &RQWLQXHG

-XQH DQG

1RWH &RQWLQJHQFLHV DQG &RPPLWPHQWV &RQWLQXHG

Contingencies - Continued

9(50217 67\$7(&2//(* (6

D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

1RWHV WR WKH DWDPHQW &RQWLQXHG

-XQH

DQG

1RWH &RQWLQJHQFLHV DQG &RPPLWPHQWV &RQWLQXHG

Commitments

96& KDV HQWHUHG LQWR YDULRXV LFRQVWUXFWLROV
RQJRLQJ SURMHFWV DW -XQH

([SHQGHG

7RWDO

WKURXJK

&RPPLWWH

3URMHFW

-XQH

)XWXUH &RVWV

&8 +DVNHOO +HDWLQJ

&8 +DVNHOO 6SULQNOHU

&&9 6W \$OEDQV +9\$& XSJUDGH

/6& 6WHYHQV 5RRI

-6& *RYHUQRUV (OHFWULFDO

-6& 5RRILQJ 3URMHFWV

97& 1RUZLFK 'DLU\ 3ODQW

\$W -XQH

LQWR LFRQVWUXFWLROV SURMHFWV RI

ZHUH LQFOXGHG LQ DFFRXQWV SD\DEOH

Employment Contracts

7KH &ROOHJHV KDYH HPSOR\PHQW LFRQVWUXFWLROV

GDWHV WKURXJK IDQGDQ\HDWK DJUHHHQWV JSRQV

DQQXDO EDVH VDODULHV RI LQQLMFDQOHV

DQG PD\ EH WHUPLQDWHG ZLWK FDXVH DW DQ\ WL

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

1RWHV WR W ~~6WDWH~~ ~~DQ~~ ~~FLHV~~ ~~DQG~~ &RQWLQXHG

-XQH DQG

1RWH &RQWLQJHQFLHV DQG &RPPLWPHQWV &RQWLQXHG

Service Concession Agreements

7KH &ROOHJHV KDYH HQWHUHG LQWR D VHUYLFH

5(48,5(' 6833/(0(17\$5< ,1)250\$7,21

, 1'(3(1'(17 \$8',7256¶ 5(3257 21
&203/,\$1&()25 (\$&+ 0\$-25)('5\$/
352*5\$0 5(3257 21 ,17(51\$/ &21752/ 29(5
&203/,\$1&(\$1' 5(3257 21 7+(6&+('8/(2)
(;3(1',785(6 2))('5\$/ \$:\$5'6 5(48,5('
% < 7+(UNIFORM GUIDANCE

2SLQLRQ RQ (DFK 0DMRU)HGHUDO 3URJUDP
,Q RXU RSLQLRQ WKH &ROOHJHV FRPSOLHG LQ DOO PDW

7KH SXUSRVH RI WKH ILQDQFLDO SURFHLGXUHV RI IGHUDO \$ZDUGV
RXU WHVWLQJ RIRYQHWHURQDSO LFRQFHUWV QVGRWK HW HM WXLQW VE D
UHTXLUHPHQWV RI WKH 8QLRUP *XLGDQFH V\$FLWDUEGOLH JIQU
SXUSRVH

6FKHGXOH RI ([SHQGLWXUHV RI)HGHUDO \$ZDUGV
:H KDYH DXGLWHG WKH ILQDQFLDO RYDWHWHFHQW VR RDWGRHRS
HQQHG -XQH :H LVVXHGX RXU UHSRUW WKWK LFRQV DDO
XQPRGLLHG RSLQLRQ RQ WKRVH ILQDQFLDO WVG DRUH RYHQWS
IRUPLQJ DQ RSLQLRQ RQ WKH ILQDQFLDO SDQDQHP HQWVG
H[SHQGLWXUHV RI IGHUDO DZDUGW LRQSDHVEHQWV VI DU SX
8QLRUP *XLGDQFH 6XFK LQIRUPDWLRQ HQWVWGRGZHYV RQHULL
DQG UHODWHV GLUHFWO\ WR WKH RYDWHWHFHQW JWR FSRXSWLH
ILQDQFLDO VWDWHPHQWV 7KH LQIRUPDWLRQ KDV EHHQ V
WKH DXGLW RI WKH ILQDQFLDO RYDWHWHFHQW WVG GRGZHYV
UFRQFLOLQJ VXFK LQIRUPDWLRQ LQJHQWGR WKRH WKH FRQ
SUHSDUH WKH ILQDQFLDO VWDWHPHQW VR WKH WKRH WKRH HEV
DGGLWLRQDO SURFHGXUHV LQ DFRUGDQFH ZEMSKW DGGLO
6WDWHV RI \$PHULFD ,Q RXU RYDWHWHFHQW WKH VFKHGXOH RI

, 1'(3(1'(17 \$8',7256 5(3257 21 ,17(51\$/
&21752/ 29(5),1\$1&,\$/ 5(3257,1* \$1' 21
&203/,\$1&(\$1' 27+(5 0\$77(56 %\$6(' 21 \$.
\$8',7 2)),1\$1&,\$/ 67\$7(0(176 3(5)250(' ,1
\$ & & 25 '\$1 & (: , 7+ GOVERNMENT AUDITING
STANDARDS

, 1'(3(1'(17 \$8',7256 5(3257 ,17(51\$/ &21752/ 29(5
) ,1\$1&,\$/ 5(3257,1* \$1' 21 &2013/(\$1' 27+(5 0\$77(56 %\$6('
21 \$1 \$8',7 2)) ,1\$1&,\$/ 67\$7(0(176 3(5)250(' ,1 \$&&25'\$1&(: ,7 + GOVERNMENT AUDITING STANDARDS

7R WKH %RDUG RI 7UXVWHHV RI
9HUPRQWUA RQM6 @NDARDS

6833/(0(17\$/ ,1)250\$7,21

6 & + (' 8 / (2) (; 3 (1 ' , 7 8 5 (6
2)) (' (5 \$ / \$: \$ 5 ' 6

	&)'\$		3DVV 7KURXJK (QWLW\	7RWDO
	1XPEHU		\$ZDUG 1XPEHU	\$PRXQWV
678'(17),1\$1&,\$/ \$66,67\$1&(&/867(5				7RWDO
8 6 'HSDUWPHQW RI (GXFDWLRQ				
'LUHFW \$ZDUGV				
)HGHUDO 6XSSOHPHQWDO (GXFDWLRQDO 2SSRUWXQLW\ *UDQW			1 \$	1 \$
)HGHUDO :RUN 6WXG\ 3URJUDP		1 \$		
)HGHUDO 'LUHFW 6WXGHQW /RDQV		1 \$		
)HGHUDO 3HUNLQV /RDQ 3URJUDP EHJLQQLQJ RI \HDU		1 \$		
)HGHUDO 3HUNLQV /RDQ 3URJUDP FXUUHQW \HDU H[SHQGLWXUHV		1 \$		
)HGHUDO 3HOO *UDQW 3URJUDP		1 \$		
7RWDO 6WXGHQW)LQDQFLDO \$VVLVWDQFH &OXVWHU				
75,2 &/867(5				
8 6 'HSDUWPHQW RI (GXFDWLRQ				
'LUHFW \$ZDUGV				
75,2B6WXGHQW 6XSSRUW 6HUYLEFHV	\$	1 \$		1 \$
75,2B8SZDUG %RXQG	\$	1 \$		1 \$
7RWDO 75,2 &OXVWHU				
5(6(\$5&+ \$1' '(9(/230(17 &/867(5				
1DWLRQDO \$HURQDXWLFV DQG 6SDFH \$GPLQLVWUDWLRQ				
3DVVWKURXJK \$ZDUGV				
'L "€PpRYDU 3XHOHQW PW (GXFO`°				
PD s				

9(50217 67\$7(&2//(*6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9HUPRQW

6FKHGXOH RI ([SHQGLWXUHV RI)HGHUDO \$ZDUGV &RQWLQXHG

<HDU (QGHG -XQH

	&)'\$ 1XPEHU	3DVV 7KURXJK (QWLW\ 3DVV 7KURXJK (QWLW\ \$ZDUG 1XPEHU	7RWDO 7RWDO	\$PRXQWV 7RWDO
5(6(\$5&+ \$1' '(9(/230(17 &/867(5 &217,18('				
1DWLRQDO ,QVWLWXWH RI +HDOWK				
'LUHFW \$ZDUGV				
([SHULPHQWDO 3URJUDP WR 6WLPXODWH &RPSHWLWLYH 5HVHDFK		1 \$	1 \$	
7RWDO 5HVHDFK DQG 'HYHORSPHQW &OXVWHU				
&+,/' 1875,7,21 &/867(5				
8 6 'HSDUWPHQW RI \$JULFXOWXUH				
3DVVWKURXJK \$ZDUGV				
6XPPHU)RRG 6HUylFH 3URJUDP IRU &KLOGUHQ		9HUPRQW 'HSDUWPHQW RI (GXFDWLRQ		
&&') &/867(5				
8 6 'HSDUWPHQW RI +HDOWK DQG +XPDQ 6HUylFHV				
3DVVWKURXJK \$ZDUGV				
&KLOG &DUH DQG 'HYHORSPHQW %ORFN *UDQW		9HUPRQW 'HSW &KLOGUHQ)DPLQLHV		
&KLOG &DUH 0DQGDWRU\ DQG 0DWFKLQJ)XQGV RI WKH &KLOG &DUH DQG		9HUPRQW 'HSW &KLOGUHQ)DPLQLHV		
'HYHORSPHQW)XQG				
7RWDO &&') &OXVWHU				
0(',&\$,' &/867(5				
8 6 'HSDUWPHQW RI +HDOWK DQG +XPDQ 6HUylFHV				
3DVVWKURXJK \$ZDUGV				
0HGLEDQ \$VVLVWDQFH 3URJUDP		21ILFH RI 9HUPRQW +HDOWK \$FFHV 29+\$		
121 &/867(5				
8 6 'HSDUWPHQW RI \$JULFXOWXUH				
3DVVWKURXJK \$ZDUGV				
+LJKHU (GXFDWLRQ ,QVWLWXWLRQ &KDOOHQJH *UDQWV 3URJUDP XPDQGHQW \$VVLVWDQFH &RUS		9HUPRQW 86'\$	1 \$	
5XUDO %XVLQHV (QWHUSULVH *UDQWV				
8 6 'HSDUWPHQW RI &RPPHUFH				
'LUHFW \$ZDUGV				
(FRQRPLF \$GMXVPHQW \$VVLVWDQFH		1 \$	1 \$	
0DQXIDFWXULQJ ([WHQVLRQ 3DUWQHUVKLS		1 \$	1 \$	
6XEWRWDO 'LUHFW \$ZDUGV				

					7RWDO
	&)'\$		3DVV 7KURXJK (QWLW\		\$PRXQWV
121 &/867(5 &217,18('	1XPEHU	3DVV 7KURXJK (QWLW\	\$ZDUG 1XPEHU		7RWDO
8 6 'HSDUWPHQW RI 'HIHQVH					
3DVVWKURXJK \$ZDUGV					
		9HUPRQW \$JHQF\ RI &RPPHUFH	&RPPXQLW\		
		'HYHORSPHQW	1 \$		
8 6 'HSDUWPHQW RI /DERU					
'LUHFW \$ZDUGV					
7\$\$&&&7		1 \$		1 \$	
,QVWLWXWH RI 0XVHXP DQG /LEUDU\ 6HUYLEFHV					
3DVVWKURXJK \$ZDUGV					
*UDQWV WR 6WDWHV /LEUDU\ 6HUYLEFHV		7HFK \$FW	97 'HSDUWPHQW RI /LEUDULHV1 \$		
6PDOO %XVLQHVV \$GPLQLVWUDWLRQ					
'LUHFW \$ZDUGV					
6PDOO %XVLQHVV \$	80P€`À	€?="UNBQ"RYÀP	0•0%UB\$Pp	90Y-SUE dF@•DOL	ÀPOP @FVÉ7%U
					À•DQD%KUPÀ
					QLIE @DLEÉ@XW
					EFH8YP P
					3DVVWK3UEUD P
					€: P • \$8 aHSpUÚP
					€ U Âùr R \$8 ZFSQ8" \$8
					CUT P@•DU,U†W


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&+./' 1875,7,21 &/857(
      &)'$
      1XPBH
      3DVV 7KURXJK (QWLW $ZDUG 1XPERI 9HUPRQQLYHUVBQLYHUVL&ROOHJH
      &RPPXQLW -RKQVRQ /AQGRQ 9HUPRQ 6\ VWHP 7RWDO
      3DVV 7KURXJK &QDWHJ &DVWOHWRO 6WDWH 6WDWH 2IILFHFKQLFD $PRXQVW W
      6XPPHU )RRG 6HUFLFH 3URJUDP IRU &KLOGUH 9HUPRQW 'HSDUWPHQW RI (C)SFDWLR
      &&)' &/867(
      8 6 'HSDUWPHQW RI +HDOWK DQG +XPDQ 6HUFLFHV
      3DVVWKURXJK $ZDUGV
      &KLOG &DUH DQG 'HYHORSPHQW %ORFN *UDQ 9HUPRQW 'HSW &KLOGUHQ )DPLOLH
      9HUPRQW 'HSW &KLOGUHQ 1)DPLOLHV
      7RWDO &&)' &OXVWH
0(',&$,' &/867(
      8 6 'HSDUWPHQW RI +HDOWK DQG +XPDQ 6HUFLFHV
      3DVVWKURXJK $ZDUGV
      0HGLFDO $VVLNWDQFH 3URJUD 2IILFH RI 9HUPRQW +HDOWK $FFHVV 29+$
121 &/867(
      8 6 'HSDUWPHQW RI $JULFXOWXUH
      3DVVWKURXJK $ZDUGV
      5XUDO %XVLQHVV (QWHUSULVH *UDQW 9HUPRQW 6WXGHQW $VVL3WBQFH &RU
      6XEWRWDO 3DVVWKURXJK $ZDUG 9HUPRQW 86' 1 $
      8 6 'HSDUWPHQW RI &RPPHUFH
      'LUHFV $ZDUGV
      (FRQRPLF $GMXVWPHQW $VVLVWDQF 1 $ 1 $
      6XEWRWDO 'LUHFV $ZDUG 1 $ 1 $
      8 6 'HSDUWPHQW RI 'HIQVH
      3DVVWKURXJK $ZDUGV
      9HUPRQW $JHQF\ RI &RPPHUFH &RPPXQLW
      'HYHORSPHQW 1 $
      8 6 'HSDUWPHQW RI /DERU
      'LUHFV $ZDUGV
      7$$$&&7 1 $ 1 $
,QVWLWXWH RI OXVHX] @ PÖSWXU WPB16FHO\ "T2e à@TT",47,Q

```

121 &/867(5 &217;18(
 (QYLURQPHQWDO 3URWHFWLRQ \$JHQF\
 3DVVWKURXJK \$ZDUGV

&)'\$ 1XPBH 3DVV 7KURXJK (QWLW \$ZDUG 1XPERI 9HUPRQ 8QLYHUVLW\ RI 9HUPRQ 68%

&RPPXQLW -RKQVRQ /AQGRQ 9HUPRQ 6\ VWHP 7RWDO
 3DVV 7KURXJK (QWLW \$ZDUG 1XPERI 9HUPRQ 8QLYHUVLW\ RI 9HUPRQ 68% &DVWOHWWRQ 6WDWH 6WDWH 211L7HFKQLFD \$PRXQWV W
 1XPBH 3DVV 7KURXJK (QWLW \$ZDUG 1XPERI 9HUPRQ 8QLYHUVLW\ RI 9HUPRQ 68% &ROOHJH &ROOHJH :RUNIRUFH 6HUJLFHV 7RWDO

9HUPRQW \$JHQF\ RI 1DWXUDO \$HVRXUFH

8 6 'HSDUWPHQW RI (GXFOWLRO
 'LUHFW \$ZDUGV
 &RQJUHVVLRQDOO\ 'LUHFWHG 3URMHFW = 1 \$ 1 \$
 3DVVWKURXJK \$ZDUGV

9HUPRQW \$JHQF\ RI (GXFOWLRO
 9HUPRQW \$JHQF\ RI (GXFOWLRO
 9HUPRQW 'HSDUWPHQW RI (GXFOWLRO

9HUPRQW 6WXGHQW \$VVLVWDQFH &RUS 3 6
 9HUPRQW 6WXGHQW \$VVLVWDQFH &RUS 3 6
 9HUPRQW 'HSDUWPHQW RI (GXFOWLRO

8QLYHUVLW\ RI 9HUPRQW \$

6XEWRWDO 3DVVWKURXJK \$ZDUG

1RUWKHUQ %RUGHU 5HJLRQDO &RPPLVVLRO
 3DVVWKURXJK \$ZDUGV
 1RUWKHUQ %RUGHU 6HJLRQDO 'HYHORSPH 1RUWKHUQ %RUGHU 5HJLRQDO &RPPLVVLRO

8 6 'HSDUWPHQW RI +HDOWK DQG +XPDQ 6HUJLFHV
 3DVVWKURXJK \$ZDUGV

1&\$ 1 \$
 1&\$ 1 \$

1DWLRQDO &HQWHU IRU 5HVHDUFK 5HVRXUFH 8QLYHUVLW\ RI 9HUPRQ 68%
 1DWLRQDO &HQWHU IRU 5HVHDUFK 5HVRXUFH 8QLYHUVLW\ RI 9HUPRQ 68%
 1DWLRQDO &HQWHU IRU 5HVHDUFK 5HVRXUFH 8QLYHUVLW\ RI 9HUPRQ *0
 %LRPHGLFDO 5HVHDUFK DQG 5HVHDUFK 7UDLQLQ 8QLYHUVLW\ RI 9HUPRQ *0
 6XEWRWDO 3DVVWKURXJK \$ZDUG

&RUSRUDWLRO IRU 1DWLRQDO DQG &RPPXQLW\ 6HUJLFH
 3DVVWKURXJK \$ZDUGV

\$PHULFRUS
 6XEWRWDO 3DVVWKURXJK \$ZDUG

8DLQH &DPSXV &RPSDFW %DWHS &ROOHJ
 9HUPRQW \$JHQF\ RI +XPDQ 6HUJLFH

7RWDO 1RQ &OXVWH

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
1RWHV WR 6FKHGXOH RI ([SHQGLWXUHV RI)HGH
<H DU (QGHG -XQH

1RWH ±)HGHUDO 6WXGHQW /RDQ 3URJUDP &RQLQXHG

Direct Student Loan Program

7KH &ROOHJHV GLVEXUVHG RI ORDQV XQGHU
SURJUDP ZKLFK LQFOXGH 6WDIIRUGQ&X DQGG BPHG DQG
/RDQV ,W LV QRW SUDFWLFDO WRVGRHWXUWPDQGLQKHWR
RI WKH &ROOHJHV XQGHU WKH SURJUDPHV D VURH RQGH
UHVSQRVLEOH IRURWKHU SHULR DSDQ DQGW DFRYB LGXVL
ORDQV DUH QRW DQFHGXGHGLQQWFKDQ RWDWHPHQWV

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XQHQQJW <HGU 4>XHVWLRQHG &P

<HDU (QGHG -XQH

6HFWLRQ , ± 6XPPDU\ RI \$XGLWRUV† 5HVXOWV

Financial Statements

7 \ S H R I D X G L

,QWHUQDO FRQWURO RYHU SRUWLQJ

x 0 D W H U L D O \HV Z [H Q

x 6LJQLILFDQW GHILFLHQFLHV LGHQWLILHG WKDW DUH
QRW FRQVLGHUHG WR EH PDWHULDO ZHDNQHVVOR"

1RQFRPSOLDQFHV RYHU HULLQDQFLDO
VWDWHPHQWV QRWHG" _____ \HV [Q

Federal Awards

7\SH RI DXGLWRUV†V UHSRUW LVVXH 80

,QWHUQDO FRQWURO RYHU PDMRU SURJUDPV

x 0 D W H U L D O \HV Z [H Q

x 6LJQLILFDQW GHILFLHQFLHV LGHQWLILHG WKDW DUH
QRW FRQVLGHUHG WR EH PDWHULDO ZHDNQHVVOR"

\$Q\ DXGLW ILQGLQJV GLVFORVHG WKDW DUH UHTXLUHG
WR EH UHSRUWHG LQ DFFRUGDQFH ZLWK
W K H 8 Q L [I \RV U P Q

,GHQWLILFDWLRQ RI PDMRU SURJUDPV

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWVGHDXH)WQLQJHGRVWV

<H DU (QGHG -XQH

6HFWLRQ , , ±)LQDQFLDO 6WDWHPHQW)LQGLQJV

1RQH

9(50217 67\$7(&2//(* (6

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWV GH4XU)VLQGLQJH &RVVV

<H DU (QGHG -XQH

Questioned Costs

1 \$

Perspective

21 WKH VWDWL VWLFD OO\ YDOLG W DPHSOHL QJ I R Q W \ V W X G H Q W
WR KDYH D VWDWXV FKDQJH UHSRUWHG IWRU W WKH 68 F60 P R U
VWDWXV FKDQJH GHWHUPLQDWLRQH WKRLW DOW X G P I S O H U F I S U V
ILQGLQJ VHH SULRU \H DU ILQGLQJ

Recommendation

:H UHFRPPHQG WKDW PDQDJH PHQW UHYSRIZWLQV F R Q X G H R O
DLG GDWD WR WKH S U R S I U W R R I Q W X R L C H Q D X U H L W K S O W D F D O W R Q
UHSRUWHG LQ D WLP HO \ P D Q Q H U \$ 0 \$ B U W I P H C H F R P P Y H Q G R S W I
LGHQWLI\ VWXGHQWV ZKR KDYH FK I E Q W F G H W W D W X W K R X W Q I C
VHPHVWHU

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUVQDQGHDXH)LVQLRLOHGH&RVVV

<H DU (QGHG -XQH

Cause - Continued

7R UHSRUW HQUROOPHQW VWDWXV FKDQJHV WKH &ROOHJH XS
GHWDLO WKH HQUROOPHQW VWDW)RU RW KHUYHHU VWWQ&BQW VWWV
RYHUVLJKW E\ WKH &ROOHJH GXULVQH WKH OVKERL WMLR @SUIL QKH
16& 7KH WKUHH VWXGHQWV RIILFL DQFO XZLVK GWRIZ W XW ZKHVHT
)LOH' VXEPLWWHG DIWHU WKHLU ZL W&RQVHZID Q L QZKL F/K ZPLV DORQ
VHPHVWHU 16& QRWHG WKDW UW @HVW WIGH DVV DFXGLHQW VVZHGJH
)LOH' DQG UHYHUWHG EDFN WR DQV H I M HFXGLYQH WZ/L W K GRID ZDKH @
SUHYLRXVO\ DFWLYH VHPHVWHU LYKHV @DHWVGD\ ZD VWKHS &UMHLR
WKH HIIHFWLYH ZLWKGUDZDO GDWHZ IEW W G Z D Z DOR @DWKIH I F B UDQH
VWXGHQWV

7KH IRXUWK VWXGHQW ZDV QRW LQL WRDOO D JXGH QW P SLXGH E \ VV
ZLWKGUDZDO GXH WR FRPSOLFDFWLRQVHIFU B X LSGD M N F DOR \ HMKH
WKH &ROOHDJXH V\VVHP FRPSOLFDFWLRQV WVK H 5 R W W @ H Q)WOZD VV
16& LQ WKH)DOO LOV H @ H W R H W K G H P W K H U 6 & W O R H @ W Z D H V Q R O R
OLVWHG DV DQ DFWLYH VWXGHQW DFRQ WVK @ Q 5HRV MFWUL YHO @ L W Q G U
VWXGHQW DV RI WKH ODVW GD\ \$UDLQH @KH Y Q B X W O G D F W I L W K H H
VHPHVWHU ZDV UHSRUWHG WR WKH G D W @ B X W W @ B V H Q R W W W K H Z R
ZLWKGUDZDO GDWH 7KH &ROOHDJXH G V O D W H P U F I R P S O K H F D W Q B Q V
WKH IRXUWK VWXGHQW V ZLWKGUD @ B D I G @ Z E X W K H @ Z D V R S K O D @ O X I S V
VHFRQG HIIHFWLYH ZLWKGUDZDO GDWH IRU WKH VDPH VHPHVWHU

Effect

7KH IRXU VWXGHQWV ZHUH UHSRUW F M G Y H R Z L @ W K G Z I D V @ O @ D L @ F R D Q
SHULRG IRU V Z I P V X I Q Q M X @ M Q D W L O \ U H G X F H G

Questioned Costs

1 \$

Perspective

2I WKH VWDWL VWLFD O O \ Y D O L G V D P @ O H W R L I Q J R U I W X U W X G K
GHWHUPLQHG WR KDYH LQFRUUHFV HIIHFWLYH GDWHV ZLW
WKH VWXGHQWV IURP WKH UHSRUW H L Q H Q 5 R V W H U R) L W K H 7 K R I W
7KHVH DSSHU WR EH LVRODWHG RFFXUUHQFHV RI QRQFRP

Recommendation

:H UHFRPPHQG WKDW PDQDJH PHQW UHYSRIZ WLLQV F R Q X G H R O
DLG GDWD WR WKH S U B S @ U W R R I Q M U R L H Q D X U H L @ K S O W D F H O W R Q
UHSRUWHG LQ DQ DFFXUDWH PDQQHU

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWV GH4XU)WQLRQHGH6R V W V

<H DU (QGHG -XQH

Views of Responsible Officials

7KLV ILQGLQJ ZDV GLVFRYHUHG DW H W Z R U F B O D U G H W Z U W K L C
FROOHJHV DJUHH ZLWK WKH ILQGLQJ

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHG XOH RI &XUUVQDQGHDXH)LVQLRQHG &RVVV

<H DU (QGHG -XQH

Condition - Continued

7KH ZLWKGUDZDO GDWH SHU WKH RMLFDWQH ZLWKGUDZDO QRW FD
YDOLG ZLWKGUDZDO GDWHHQGRQF DQWFRQHI RFKRRQVEXGDWHV LV
ZLWKGUDZDO GDWHWHQVXODSSELFRQURVDCG'6W KHSHUWXUQ RI 7
FDOFXODWLRQ

Cause

)RU RIILFLDO ZLWKGUDZDOV WKH &ROOHJH XVHV WKH VWXGHQ
ZLWKGUDZDO GDWH ZKHQ UHSRUWLQJ DQWVHQG DQFH XZKHQ VSKHU
VWXGHQWV 5HWXUQ RI 7LWOH ,9 \$LG FDOFXODWLRQ

Effect

7KH ZLWKGUDZDO GDWHV SHU WKH &ROOHJH DUH QRW FRQVLVWH
16/'6 DQG WKH ZLWKGUDZDO GDWH LGHFRQVODWLRQV WUXQHGHYHV
VDPSOH

Questioned Costs

1 \$

Perspective

21 WKH VWDWLVWLFDOO\ YDOLG VDPSONWLIQJR UHGHYWQGHV
GHWHUPLQH WR ZLWKGUDZDOVGDWHVWFKD VDS\$HIDWLF L
&ROOHJH EHFDXWHQWZKHQ&QOQWJGLWZR GLIIHUHQW GDWHV
FDOFXODWLQJ WKH 5HWXUQ RI 7LWOH ,9 \$LG

Recommendation

:HUHFRPPHQG WKDW WKH &ROOHJH QVHIMKMLVDPH DZWWKQ
DQG ZLWKGUDZDO GDWH SHU WKH 5HWXUQ RI 7LWOH ,9 \$LG

Views of Responsible Officials

7KLV ILQGLQJ ZDV GLVFRYHUHG DWPKWML\$OH BRDQGHJHV
WKUHH &ROOHJHV DJUHH ZLWK WKH ILQGLQJ

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWV GH (XU) WQLRLOHGH &RVWV

<H DU (QGHG -XQH

Effect

7KH &ROOHJH GLG QRW GHWHUPLQH ZLWK MWZLWV KQW DZLWK LGD V
SHULRG DIWKH WPHHQW SHWLRG

Questioned Costs

1 \$

Perspective

2I WKH VWDWL VWLFD OO\ YDOLG W DPHS\OHL QJ I R Q W \ W W X G H Q W
WR EH ZLWKGUDZQ PRUH WKDQ GSHULRIGV H7K LWK M W H Q G H Q W
RI WKH WRWD D U W D W S O W L W D D S E V H R B I D Q R I G F R I P S O U L D Q F H

Recommendation

:H UHFRPPHQG WKH &ROOHJH GHYHQR S VDX GH Q R U W W W K B W L G H
FODVVHV WDNHQ E\ WKH VWXGH Q Z M L F W E R K M K V D X G H I Q W V I S H F
DV WKH RWKHU FROOHJHV LQ WKH 9HUPRQW 6WDWH &ROOH

Views of Responsible Officials

7KLV ILQGLQJ ZDV GLVFRYHUH Q IDRW IRZDHU GF RHDDQ H J H
&ROOHJH DJUHHV ZLWK WKH ILQGLQJ

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWV QGHG (XU)WQLRQHGH &RVWV

<H DU (QGHG -XQH

)LQGLQJ QXPEHU

)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUVQDQGHDXH)VLQGLQJH&RVWV

<H DU (QGHG -XQH

Views of Responsible Officials

7KLV ILQGLQJ ZDV GLVFRYHUH@ IDRW IDZQHU GF RHODQH JH
&ROOHJH DJUHHV ZLWK WKH ILQGLQJ

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUVQDQGHDXH)LVQLRQHG&RVVW

<HDU (QGHG -XQH

)LQGLQJ QXPEHU

)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ

3URJUDPV 75,2 &OXVWHU 6WXGHQW 6XSSRUW 6HUYL

&)'\$ ¶V \$

\$ZDUG \HDU

Criteria

\$FFRUGLQJ WR &)5 6HFWLRQ

D \$Q DSSOLFDQW PXVW DVVXUW WKDW 6HFUHWDU\ LQ WKH

1RW OHVV WKDQ 50% RI ALL STUDENTS SHALL BE

L /RZ LQFRPH LQGLYLGXDOV ZKRGHOMVLURUW JHQH

LL ,QGLYLGXDOV ZLWK GLVDELOLWLHV

7KH UHPDLQLQJ SURMHFW SDUWGRKSDQWLVU ZMO OHEHH O

FROOHJH VWXGHQDOV ZUWLQGLVDELOLWLHV DQG

1RW OHVV WKDQ 50% RI ALL STUDENTS SHALL BE

LQFRPH LQGLYLGXDOV

\$FFRUGLQJ WR 20% 1R

JUDQW SHUIRUPDQW FVKEPHSRWQ

'HSDUWPHQW RI (GXFDWLRQ HDFK \HDU RI WKH SURMHFW SHULRQ

Condition

7KH &ROOHJH GLG QRW DFFXUDWHLY RU SSRUWD FVSHUOLELSDQWV

6XSSRUW 6HUYLFHV \$QQXDO 3HUIRUPDQWHP SHSRUWLVLSBQWV ZK

LQGLYLGXDOV ZLWK D GLVDELOLWEXWLZMWHJFRBHBVLRBQQQGLD

ORZ LQFRPH LQGLYLGXDOV

2PLWWLQJ WKH GLVDELOLW\ IURUPWLKSHDQWV EDIOHFWV HGV DMKXVFB

WKDW HQVXUHV QRW OHVV WKDQ 50% RI HOWWLG BHWK BQLQGLYLGXDO

8SRQ UHFDOFXODWLRQ XVLQJ WKOHFRUZDMFWQHFRBBDLQDFH FZLGH

WKDW QRW OHVIVWKKIDQRBQLVGLKIDQZHUW DGV R DCRZILQERPH LQGL

Cause

Cause

7KH &ROOHJH ZDV QRW GRFXPHQW KQJ LQ GLDYLVKIDLOS DPHW¶V DQGLW

UHTXLUHPHQW H J ILUVW J·p@p€`0RI0€@VP€p€`0

9(50217 67\$7(&2//(* (6

D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9

6FKHGXOH RI &XUUHQWVGHDXH)LVQLQJHGRVWV

<H DU (QGHG -XQH

Effect

7KH HOLJLELWLWR VDDWXFLISDQWKHHSZULQBFKQDWHGHSBPLQLQ
ZKHWHU QRW OHVW KKH D QGLYH GKH D LGVZRW KHGDVRL ORZ LQFRPH
WKH \$35 LQFRUWHFWXVHVLJHEULQDHWL DQG DWKHQFRUWHFWO\ UHS

Questioned Costs

1 \$

Perspective

21 WKH VWDWLVLWLFDOO\ YDOLG GDIRSOWHRWIWIRUJW\WZRU SDBI
LQFRUWHFW HOLJLELWLW\ VDDWXVHV V XKILVZ DSKH DWK HW Z D
UHFRUGV WKH HOLJLELWLW\ VWDHWSDURMLGLSDQKHS8SDWDLQ

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
6XPPDU\ 6FKHGXOH RI 3ULRU <HDU)LQGL
<HDU (QGHG -XQH

)LQGLQJ QXPEHU
)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ
3URJUDPV)HGHUDO 3HOO *UDQW 3URJUDP
&)'\$ ¶V
\$ZDUG ~~WADUE~~3 UÍÐ

9(50217 67\$7(&2//(* (6
D &RPSRQHqw 8QLW RI WKH 6WDWH RI 9
0DQDJHPHQW¶V &RUUHFwLYH \$FWLRQ 3ODQ

)LQGLQJ QXPEHU
)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ
3URJUDPV 6WXGHQW)LQDQFLDO \$VVLVWDQFH &OXVW
&)'\$ ¶V 0XOWLSOH
\$ZDUG \HDU

Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
\$V UHSRUWHG WR WKH DXGLW WHDWFK QMKHZ D O UGRQWIR XZD VJ HGSFH
LQDELOLW\ WR UHWULHYH DFFXU D W G D QWRHWP D W H R Q 4 / I U R S G D W X I
V\WHP &&9¶V UHJLVWUDU WHDP ZRUJH D W G Q W R Q U H Z V R D S R I U W W K R
GDWD LQ PLGWHUP RI WKH)DOO VHPHVWHU

/\QGRQ 6WDWH &ROOHJH 3/6&'
/\QGRQ 6WDWH &ROOHJH KDV WUDGH W R B QUDROVW H B OXSRGZHWGH
DSSURYHG PHWKRGRORJ\ RI UHSRUWLKQJH H QWVROGHGHWVWZXGL
UHFRUGHG ZLWK 16Q'6 EDXW ZW WKH GDDZHWJ HR IL ZIEV K G H B W D D H Z D
XVHG D GHIDXOW GDWH RI WKH FOLRV SURIE W K P I SURLR R F V H U
IXWXUH /6& ZLOO 3SUH UHSRUW ' E V S U L Q L J Q H I Q U R K O H P H Q W R O V R
GXULQJ WKH V W D Z L W O R W K K B E H P H D Q W H D G O X W H S R Q W W H G V R W K
XQWLO WKH SRLQW LQJ W H Q U R O R B O M F K U S S R Q W L E X U D W Q Z V
UHSRUWLQJ SURFH G Q G H F R Z L V O L Q X H F W K F U R X K K W K P H E V D C D U

Timeline for Implementation of Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
7KH FRUHFwLYH DFWLRQ SODQ KDV HDQ V W D G U E M H Q P L Z S O N R
WKR VH LVVXH V E \ F U H D W L Q J Q H Z H W P S R I U W K H Z L D O K O D F F X V I D P H V V

/\QGRQ 6WDWH &ROOHJH 3/6&'

7KLV XSGDWHG SURFHW B X U H G Z I L O O H G I H E Q O) H P H Q W D W B R I Q I R U
VHPHVWHU

Contact Person

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
3DP &KLVKROP 'HDQ RI (QUROOPHQW 6HUYLEFHV

/\QGRQ 6WDWH &ROOHJH 3/6&'
0LUDQGD)R[5HJLVWUDU

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
0DQDJHPHQW ¶V &RUUHFWLYH \$FWLRQ 3ODQ

)LQGLQJ QXPEHU
)HGHUDO DJHQF\ 8 6 'HSDUWPHQW RI (GXFDWLRQ
3URJUDPV 6WXGHQW)LQDQFLDO \$VVLVWDQFH &OXVW
&)'\$ ¶V 0XOWLSOH
\$ZDUG \HDU

Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
\$V UHSRUWHG W&W KH OXZILW KW W&P9 UH Q&U QZRI ZH WHO EHLQJ JRI
VWHZDUGV RI IHGHUDO IXQGV E\ XVLRQJ W&KH 5HDW&U QG DRW H7 LRW C
FDOFXODWLRQ &&9 ZLOO ZRUN WR HL GHQW LM W&KH QH V&U GERW&K
IRUZDUG DQG LPSOHPHQW WKLV SURFHVV XSGDWH

&DVWOHWRQ 8QLYHUVLW\ 3&8'
&8 ZLOO XVH WKH VDPH ZLWKGUDIZ QG DQFW HDV HD QW&KH HDV LWH GD
UHSRUWLQJ DQG ZW&KH GUDVZDUG GDIW&KH QH W&L R \$ LG FD

9HUPRQW 7HFKQLFDO &ROOHJH 397&'
7R DOOHYLDWH IXWXUH HUURUV LQ UHSRHT"2-ÀppK0

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
0DQDJHPHQW¶V &RUUHFWLYH \$FWLRQ 3ODG

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9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
0DQDJHPHQW¶V &RUUHFwLYH \$FWLRQ 3ODQ

)LQGLQJ QXPEHU
)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ
3URJUDPV)HGHUDO 3HOO *UDQW 3URJUDP
&)'\$ ¶V
\$ZDUG \HDU

Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9´
\$V UHSRUWHG WRH\&RHO D\G\H\G\W\B\F RWKH F

9(50217 67\$7(&2//(* (6
D &RPSRQHQQW 8QLW RI WKH 6WDWH RI 9
0DQDJHPHQW¶V &RUUHFWLYH \$FWLRQ 3ODQ

)LQGLQJ QXPEHU
)HGHUDO DJHQF\8 6 'HSDUWPHQW RI (GXFDWLRQ
3URJUDPV 75,2 &OXVWHU 6WXGHQW 6XSSRUW 6HUYLEF
&)'\$ ¶V \$
\$ZDUG \HDU

Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
&&9¶V FRUUHFWLYH DFWLRQ SODQ ZLWK SMI ZRSJND WHP WKLHD WSH
GLVFRYHULQJ WKH HUURU ZLWK WIKJL EDGG LWW LRDQWRIJ R'U V D3ELLHOYL
VWDWXV ZDV GRFXPHQWHG RQ WKH 7 6,2\ DSS OLV D SVLRQWDHQ \$ \$
GDWDEDVH EXW UHOLHG RQ D PD75,2 6 SW B E DVH WTK LEH PLOQFX
GLG QRW VXFFHVVIXOO\ SUHYHQWLQW R H VIX WRK UHY RGG VDXEFLK IK
GRFXPHQWHG RQ WKH HQUROOPHQW SDSHUZRUN DQG IHGV
\$GGLWLRQDOO\ WKH 75,2 'LUHFWRH W K Q V S P R S W K W L R Q S R I U W W
GLVDELOLWLHV WR VWXGHQWV ZLWK GLVDELODWHL HWR ZHKQ V D
GRFXPHQWDWLRQ DQG UHSRUWLQJ

Timeline for Implementation of Corrective Action Plan:

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
7KH FRUUHFWLYH DFWLRQ SODQ KDV DOUHDG\ EHHQ LPSOHPH

Contact Person

&RPPXQLW\ &ROOHJH RI 9HUPRQW 3&&9'
+HDWKHU :HLQVWHLQ 'HDQ RI 6WXGHQWV