Financial Statements
June 30, 2014

Treasure Valley Community College

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of Treasure Valley Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2014, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for other postemployment benefits, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other information as noted in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of Treasure Valley Community 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 Treasure Valley Community College's internal control over financial reporting and compliance.

For Eide Bailly LLP
Boise, Idaho
December 23, 2014

This section of Treasure Valley Community College's (the College) Financial Statements presents an analysis of the financial activities of the College and the Treasure Valley Community College Foundation (the Foundation) for the fiscal year-ended June 30, 2014. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. This discussion is designed to focus on current activities, resulting changes and current known facts.

Financial Highlights

- State of Oregon FTE reimbursed increased substantially year over year.. The College receives its FTE funding across the biennium; however, the cash receipts are not equal across each year of the biennium. In the first year of the biennium the college receives five payments whereas in the second year it receives three. During the 13-14 fiscal year the college received five FTE payments which caused the increase in overall FTE revenues.

- Enrollment for fiscal year 13-14 decreased by approximately 4% year over year. The reduction was partially offset by an increase in the tuition rate per credit.

- The College has continued to expand its instructional facilities to better meet the needs of our students and our programs. During the current year the College remodeled and expanded instructional classroom space to allow for more course sections to be taught, having a future direct impact on revenues. Additionally, the College has expanded the footprint of our Agriculture Arena and its facilities which will allow for greater access and course offerings in that space.

- The College's current assets increased over the prior year. The driving factor for the increases was the receipt of the five FTE payments received during the fiscal year.

Overview of Financial Statements

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented to focus on the College as a whole.

This discussion and analysis is intended to serve as an introduction to the College's basic financial statements, which are comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The entity-wide statements are comprised of the following:

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

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

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

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

Analysis of the Statement of Net Position

This statement includes all of the assets and liabilities of the College using the previously described accrual method of accounting, which is similar to the accounting presentation used by business. Net position is a measure of the College's financial condition. In summary form, net position consisted of:

	2014	2013	Increase (Decrease) in Millions
Assets			
Current assets	$ 5,175,369	$ 4,352,683	0.82
Pension assets	12,551,068	11,505,600	1.05
Capital assets, net	15,899,813	16,028,076	(0.13)
Total assets	33,626,250	31,886,359	1.74
Deferred Outflows of Resources	292,520	335,000	(0.04)
Liabilities			
Current liabilities	3,322,268	2,968,627	0.35
Noncurrent liabilities	16,035,482	16,950,617	(0.92)
Total liabilities	19,357,750	19,919,244	(0.56)
Net Position			
Net investment in capital assets	7,699,803	7,178,572	0.52
Restricted	4,451,999	2,508,530	1.94
Unrestricted	2,409,218	2,615,013	(0.21)
Total net position	$ 14,561,020	$ 12,302,115	2.26

Assets

Total assets for the College at the end of the fiscal year were approximately $33.6 million, comprised of both current assets ($5.1 million) and noncurrent assets ($28.5 million).

Cash and cash equivalents for the College were $3.0 million at year-end which is an increase of $1.2 million over the prior year. The increase is due to the receipt of the five FTE payments in the current year.

At year-end capital assets and associated accumulated depreciation totaled $26.9 million and $11.0 million respectively, presenting a net capital asset value of $15.9 million. This is a slight decrease over the prior year.

The College's prepaid pension contribution reflects bonds issued by the College in 2003 to finance the unfunded pension liability due to the Oregon Public Employees Retirement System. These assets are valued on a biennial basis by the Oregon PERS system. The balance as of June 30, 2014 is $12.6 million, an increase of $1.05 million over the prior year.

Overall total assets of the College increased $1.74 million as compared to prior year.

Liabilities

Liabilities are classified as current and noncurrent. The current liability balance at year-end was approximately $3.3 million and the noncurrent liability balance was $16.0 million. Current liabilities are mainly comprised of accounts payable, accrued payroll liabilities, unbilled revenue, and the current portion of long-term debt. Noncurrent liabilities are comprised of three amounts, PERS bonds payable of $8.0 million, other post-employment benefits at $0.6 million, and notes payable of $7.4 million. The notes payable balance decreased by $0.7 million over last year as the College continued to pay down its debt obligations.

Net Position

Total net position at year-end is $14.5 million or a $2.2 million increase over the prior year. The increase from prior year is due to the following:

- The change in how the College accounts for its FTE leading to five FTE payments recorded during the current year vs. the three recorded in the prior year.

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

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

In summary form the year's results were:

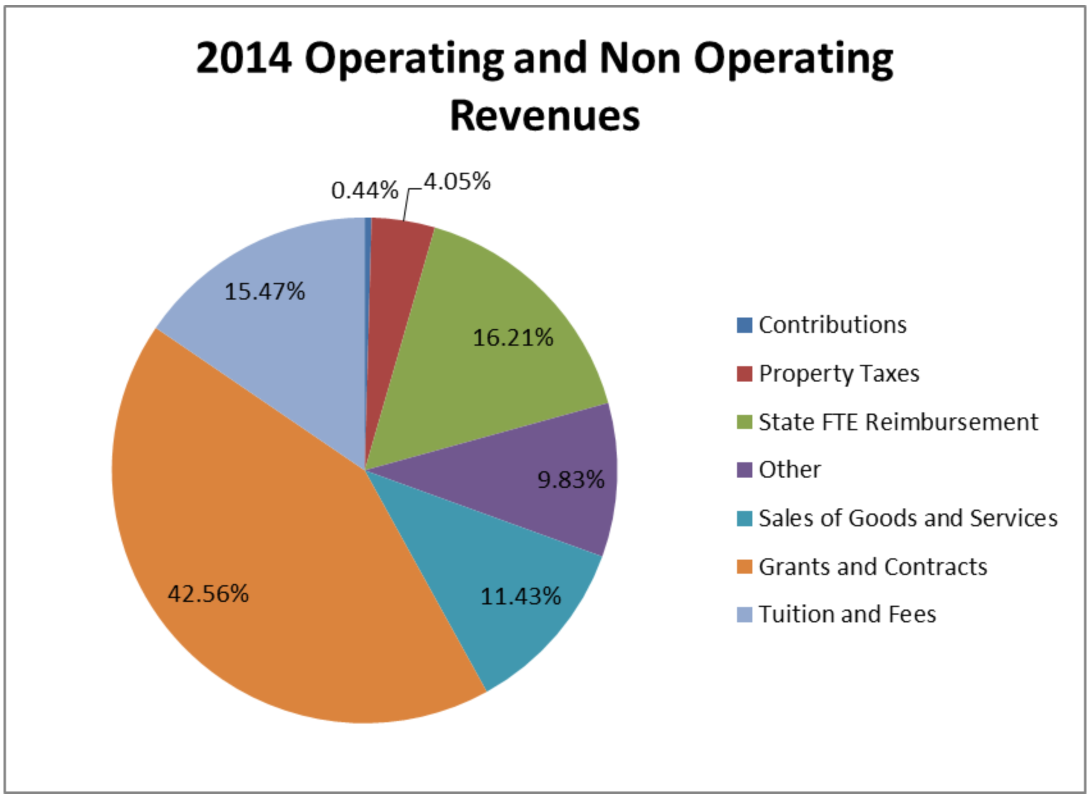
	2014	2013	Increase (Decrease) in Millions
Operating revenues			
Tuition and fees	$ 7,311,148	$ 7,554,802	(0.24)
Grants and contracts	20,110,996	23,949,778	(3.84)
Sales of goods and services	5,403,548	5,749,475	(0.35)
Contributions	208,274	174,364	0.03
Other operating revenues	1,863,819	1,417,708	0.45
Total operating revenues	34,897,785	38,846,127	(3.95)
Non operating revenues			
State community college support	7,661,942	3,778,662	3.88
Property taxes	1,912,327	2,006,523	(0.09)
Investment income (loss)	2,783,651	1,696,683	1.09
Total non operating revenues	12,357,920	7,481,868	4.88
Total revenues	47,255,705	46,327,995	0.93
Operating expenses			
Educational and general	9,697,166	10,430,309	(0.73)
Other support services	10,539,527	8,947,934	1.59
Scholarships and grants	18,260,564	21,441,257	(3.18)
Auxiliary enterprises	4,722,082	4,996,340	(0.27)
Depreciation	859,694	766,662	0.09
Total operating expense	44,079,033	46,582,502	(2.50)
Non operating expenses			
Interest expense	917,767	899,507	0.02
Total expenses	44,996,800	47,482,009	(2.48)
Change in net position	$ 2,258,905	$ (1,154,014)	3.41

Operating Revenue

Operating revenue for the fiscal year was approximately $34.9 million (a decrease of 4.0 million over the prior year). The major reason for the decrease was the reduction in enrollment, which had a corresponding reduction in the amount of state and federal aid offered to our students.

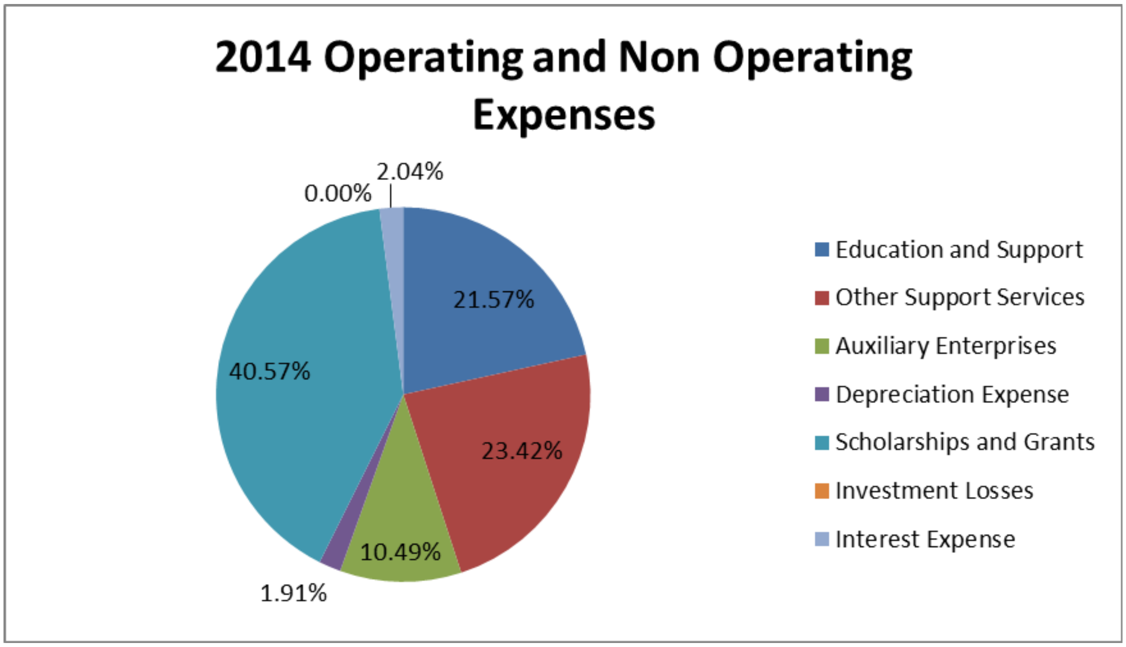
Nonoperating Revenue

Non-operating revenues increased by approximately $4.9 million over last year. The most substantial change was the way in which the college received its state support. In the past fiscal year the College received three FTE payments and in the 13-14 fiscal year the College received five.



Expenses

Total operating expenses for the College were $44.1 million for the fiscal year, a decrease of $2.5 million. The driving factor behind the reduction was the decrease in enrollment, which lead to reduced personnel and support services costs, as well as a corresponding reduction in state and federal financial aid disbursed to students. Expenses by category are as follows:



Change in Net Position

The change in net position for the 13-14 fiscal year was $2.2 million. The increase was the result of the additional FTE payment received by the College.

Variations between Budget and Actual

During the 13-14 fiscal year the College had a decrease in the overall enrollment. Because of this decrease, the College proactively decreased expenditures in other areas of the budget to off-set the decrease in anticipated revenues. Additionally, the College had expenditures related to the construction of our Agriculture site that were above and beyond revenues received.

Capital Assets

As noted earlier, the College continues to perform necessary capital expansion where it increased student access and helps develop future enrollment. We remodeled numerous classrooms to assist with distance learning which will in turn grow our distance education presence and expand our potential revenue base. See additional information on capital assets in Note 2.

Debt

During the 13-14 fiscal year the College issued debt related to financing new bleachers at our baseball complex. This debt while backed by the College is being paid through proceeds received by the TVCC Booster Association. See additional information on debt in Note 7.

Economic Factors and Next Year’s Budget

The College continues to provide a positive educational experience to our students in spite of limited funding at the state level. The 13-15 biennium did see an increase in the overall statewide budget for Community College’s which has provided a much needed increase in state reimbursement. The College is continuing to see reductions in year over year enrollment as the economy improves individuals are returning to the workforce. The College is going to continue to look at new and creative ways to increase enrollment while maintaining the educational quality that we are known for.

Requests for Information

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

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

	Primary Government TVCC College	Component Unit TVCC Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 3,004,083	$ 443,203
Restricted cash	35,514	224,711
Investments	-	4,680,399
Accounts receivable, net	1,720,921	-
Promises to give, net	-	167,668
Prepaid and other assets	83,028	-
Inventory	331,823	-
Total current assets	5,175,369	5,515,981
Noncurrent Assets		
Capital assets, net of depreciation	15,899,813	-
Prepaid pension contribution	12,551,068	-
Total noncurrent assets	28,450,881	-
Total assets	33,626,250	5,515,981
Deferred Outflows of Resources		
Deferred charge on refunding	292,520	-

	Primary Government TVCC College	Component Unit TVCC Foundation
Liabilities		
Current Liabilities		
Accounts payable	687,796	36,109
Payroll liabilities	1,021,426	-
Compensated absences	110,167	-
Due to other funds student and agency groups	252,913	-
Unbilled revenue	113,529	-
Current portion of long-term debt	1,136,437	-
Total current liabilities	3,322,268	36,109
Noncurrent Liabilities		
PERS bond payable	8,012,219	-
Other post employment benefits payable	668,709	-
Notes payable	7,354,554	-
Total noncurrent liabilities	16,035,482	-
Total liabilities	19,357,750	36,109
Net Position		
Net investment in capital assets	7,699,803	-
Restricted - expendable		
Scholarships, student financial aid grants and loans	171,369	1,722,488
Perkins	32,762	-
Pension	4,247,868	-
Restricted - nonexpendable		
Endowment principal	-	2,949,164
Unrestricted	2,409,218	808,220
Total net position	$ 14,561,020	$ 5,479,872

	Primary Government TVCC College	Component Unit TVCC Foundation
Operating Revenues		
Student tuition and fees	$ 7,311,148	$ -
Federal student financial aid grants	18,208,218	-
State sources	1,902,778	-
	27,422,144	-
Auxiliary enterprises		
Bookstore	1,590,103	-
Food services	417,450	-
Housing	492,707	-
Printing	166,638	-
Caldwell Center	2,736,650	-
Contributions and special events proceeds	208,274	737,192
Other operating revenues	1,863,819	-
Total operating revenues	34,897,785	737,192
Operating Expenses		
Educational and general	9,697,166	-
Other support services		
Student activities	2,628,270	-
College support	5,718,680	420,110
Plant operations	2,192,577	-
Scholarships and grants	18,260,564	541,332
Auxiliary enterprises		
Bookstore	1,246,419	-
Food services	563,154	-
Housing	160,761	-
Printing	143,545	-
Caldwell Center	2,608,203	-
Fund raising expenses	-	2,388
Management and general expense	-	250,092
Depreciation expense	859,694	-
Total operating expenses	44,079,033	1,213,922
Operating Loss	(9,181,248)	(476,730)

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
Nonoperating Revenues (Expenses)		
Property taxes	1,912,327	-
State FTE reimbursement	7,661,942	-
Investment income	2,783,651	713,535
Interest expense	(917,767)	-
Net nonoperating revenues	11,440,153	713,535
Change in Net Position	2,258,905	236,805
Net Position, Beginning of Year	12,302,115	5,243,067
Net Position, End of Year	$ 14,561,020	$ 5,479,872

	Primary Government TVCC College
Operating Activities	
Tuition and fees, net	$ 12,919,113
Federal grants and contracts	18,268,504
State and local government grants and contracts	1,902,778
Payments to suppliers for goods and services	(16,414,535)
Payments to employees	(6,428,743)
Payments for student financial aid and other scholarships	(18,260,564)
Other cash receipts	2,072,093
Net Cash used for Operating Activities	(5,941,354)
Noncapital Financing Activities	
Cash received from property taxes	1,912,327
State full time equivalent reimbursement	7,661,942
Transfer from agency fund	19,357
Net Cash from Noncapital Financing Activities	9,593,626
Capital Related Financing Activities	
Purchases of capital assets	(532,224)
Principal paid on long-term debt	(1,139,545)
Interest paid on long-term debt	(875,287)
Net Cash used for Capital Financing Activities	(2,547,056)
Investing Activities	
Interest on investments	31,876
Net Cash from Investing Activities	31,876
Net Change in Cash, Restricted Cash, and Cash Equivalents	1,137,092
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	1,902,505
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 3,039,597
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	$ 3,004,083
Restricted cash and cash equivalents	35,514
Cash, Restrictred Cash and Cash Equivalents at End of Year	$ 3,039,597

	Primary Government TVCC College
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (9,181,248)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities:	
Depreciation	859,694
Amortization of prepaid contribution	1,706,307
Changes in assets and liabilities	
Accounts receivable	291,644
Prepaid assets	(64,247)
Accounts payable	12,726
Deferred revenue	(26,941)
Inventory	87,009
Accrued payroll and payroll costs	301,101
Compensated absences	7,886
Other	64,715
Net Cash used for Operating Activities	$ (5,941,354)
Supplemental Disclosure of Noncash Financing and Investing Activities	
Deferred outflow of cash on debt refunding	$ 42,480
Interest earned on pension asset	2,751,775
	$ 2,794,255

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

Net investment in capital assets

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

Restricted net position

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

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

Unrestricted net position

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

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

C. Measurement Focus and Basis of Accounting

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

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

D. Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

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

F. Restricted Cash and Cash Equivalents

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

G. Investments

Oregon Revised Statutes authorize investment in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, repurchase agreements, and bankers' acceptances. As of June 30, 2014, the College was in compliance with the aforementioned State of Oregon Statues. Investments are stated at fair value, which is based on individual investment's quoted market price at year end.

H. Receivables

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

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

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

Student revenues are from tuition, fees, housing, and food services revenues and are included in receivables and revenue for the period ended June 30, 2014.

I. Inventories

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

J. Capital Assets

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

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

K. Tuition and Fees and Unbilled Revenue

Tuition and fees include all assessments to students for educational purposes. The College's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2014, for the College's 2014-2015 summer term are recorded as unbilled revenue.

L. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from service. Unused vacation pay is recognized as an expense and accrued when earned.

M. Long-term Debt

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

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense/expenditure) until then. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2014, deferred outflows of resources consisted of deferred amounts on refunding of debt, net of accumulated amortization, in the amount of $292,520.

O. Operating and Non-operating Revenues and Expenses

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

P. Federal Financial Assistance Programs

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

Q. Budgetary Information

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

Note 2 - Changes in Capital Assets

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

	Balance July 1, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Capital assets not being depreciated					
Land	$ 233,381	$ -	$ -	$ -	$ 233,381
Construction in progress	24,942	220,660	-	-	245,602
Total capital assets not being depreciated	258,323	220,660	-	-	478,983
Other capital assets					
Buildings	19,140,581	226,129	-	-	19,366,710
Improvements and Software	2,966,303	45,616	-	66,612	3,078,531
Vehicles and equipment	3,841,056	239,026	(46,447)	(66,612)	3,967,023
Total other capital assets	25,947,940	510,771	(46,447)	-	26,412,264
Total capital assets	26,206,263	731,431	(46,447)	-	26,891,247
Less accumulated depreciation					
Buildings	5,442,662	501,984	-	-	5,944,646
Improvements and Software	1,372,349	204,218	-	-	1,576,567
Vehicles and equipment	3,363,176	153,492	(46,447)	-	3,470,221
Total accumulated depreciation	10,178,187	859,694	(46,447)	-	10,991,434
Capital assets, net	$ 16,028,076	$ (128,263)	$ -	$ -	$ 15,899,813

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

Note 3 - Pension Plan

Public Employees Retirement System (PERS)

Plan Description - The College contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the College's contribution for qualifying employees who were hired before August 20, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program and defined benefit portion of the plan, applies to qualifying college employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which established the Public Employees retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy – Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The College is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014, were 6.17 and 4.27 percent, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost – The College's contribution to PERS for the years ending June 30, 2012, 2013, and 2014, were, $250,692, $1,096,282 and $1,085,328, respectively, which equaled the required contribution for the year. During the 2002-03, the College issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability. The PERS UAL Bond principal payment was $290,845 for the year ending June 30, 2014.

Pension Asset – The pension asset is the result of the transfer of the College's pension bond proceeds to PERS to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. This pension asset is being used to pay a portion of the College's annual required contribution. The financial statement reflects the balance held with PERS in a designated side account and the last available actuarial valuation as of June 30, 2014, of $12,551,068.

The following reflects the activity during the year:

Balance - June 30, 2013	$ 11,505,600
Investment income	2,119,414
Contribution to cost sharing plan	(1,073,946)
Balance - June 30, 2014	$ 12,551,068

Note 4 - Cash and Investments

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

Cash is comprised of the following at June 30, 2014:

Cash and cash equivalents	
Petty cash	$ 2,831
Deposits with banks	2,116,915
State Treasurer's Local Government Pool (LGIP)	884,337
Total cash and cash equivalents	$ 3,004,083
Restricted cash and cash equivalents	
Perkin's loan fund	$ 32,762
State Treasurer's Local Government Pool (LGIP)	2,752
Total restricted cash and cash equivalents	$ 35,514

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United State of America (GAAP) which include standards to categorize bank deposits to give an indication of the level of custodial risk assumed by the College at June 30, 2014. If bank deposits at year end are not entirely insured or collateralized with securities held by the College or by its agent in the College's name, the College must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statues require depository institutions to be in compliance with ORS 295.

At June 30, 2014, the carrying amount of the College's deposits (cash and certificates of deposit) was $3,039,597 and the bank balance was $3,146,101. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of $250,000 applies to deposits in each depository. When balances continually exceed $250,000, ORS 295.015 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualify qualified depositories found on the Oregon State Treasurers website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. At June 30, 2014, and for the year then ended, the College's deposits were in compliance with ORS 295.015.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a policy for custodial credit risk of deposits. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. As of June 30, 2014, $500,000 of deposits were fully covered by federal depository insurance and the remainder of the balance was collateralized by the Oregon Public Funds Collateralization Program thus no assets were exposed to custodial credit risk.

Investments

At June 30, 2014, the College held $887,089 in investments, which is all classified as cash equivalents on the Statement of Net Position. The College has no policy for managing interest rate risk or credit risk.

Custodial Credit Risk – investments. For an investment, this is the risk that, in the event of the failure of counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a policy for custodial risk for investments. At June 30, 2014, none of the College's investments were exposed to custodial credit risk.

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

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

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

Note 5 - Commitments and Contingencies

The College receives significant financial assistance from various federal, state and local governmental agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the College at June 30, 2014.

Note 6 - Risk Management

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

Note 7 - Long-Term Debt

In February 2006, the College issued $1,600,000 in full faith and credit certificates obligations, to provide additional financing for construction of student housing on campus and parking improvements. In December 2012, the College refunded $1,365,000 of the outstanding balance with the 2012 series issuance, leaving a $120,000 balance to be paid in full by fiscal year end 2015. The $1,365,000 refunded was deposited into an irrevocable trust to provide for all future debt service payments on the refunded obligation. As a result, the refunded 2006 bonds are considered defeased and the liability for these bonds have been removed from the College's basic financial statements. As of June 30, 2014, $1,330,000 of the defeased bonds were outstanding. The interest ranging from 4.0 to 5.0 percent per annum. The bond is collateralized as mandated by state statute, which collateralizes the bond with all General Fund revenue and assets of the College.

Beginning July 1, 2013	$	120,000
Decreases		(40,000)
Ending June 30, 2014	$	80,000
Portion due within one year	$	40,000

Future principal and interest payments as of June 30, 2014, are as follows:

Housing Series 2006 Bond				
Fiscal Year		Principal		Interest
2015	$	40,000	$	3,600
2016		40,000		1,800
	$	80,000	$	5,400

In April 2005, the College issued $5,250,000 in full faith and credit certificates obligations, to provide financing for construction of student housing on campus and parking improvements. In December 2012, the College refunded $4,255,000 of the outstanding balance with the 2012 series issuance, leaving a $280,000 balance to be paid in full by fiscal year end 2015. The $4,255,000 refunded was deposited into an irrevocable trust to provide for all future debt service payments on the refunded obligation. As a result, the refunded 2005 bonds are considered defeased and the liability for these bonds have been removed from the College's basic financial statement. As of June 30, 2014, $4,090,000 of the defeased bonds were outstanding. The interest rates ranges from 3.856 to 5.0 percent per annum. The bond is collateralized as mandated by state statute, which collateralizes the bond with all General Fund revenue and assets of the College.

Beginning July 1, 2013	$	280,000
Decreases		(135,000)
Ending June 30, 2014	$	145,000
Portion due within one year	$	145,000

Future principal and interest payments as of June 30, 2014, are as follows:

Housing Series 2005 Bond		
Fiscal Year	Principal	Interest
2015	$ 145,000	$ 6,525
	$ 145,000	$ 6,525

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

Beginning July 1, 2013	$	8,594,044
Decreases		(290,845)
Ending June 30, 2014	$	8,303,199
Portion due within one year	$	290,981

Future principal and interest payments as of June 30, 2014, are as follows:

PERS UAL Bond Fiscal Year	Principal	Interest
2015	$ 290,981	$ 595,164
2016	294,610	641,535
2017	293,687	687,458
2018	293,173	737,971
2019	290,533	790,612
2020 - 2024	2,200,216	4,060,507
2025 - 2028	4,639,999	615,847
	$ 8,303,199	$ 8,129,094

In March 2003, the College entered into a long-term financing arrangement through Johnson Controls, to finance the heating and cooling system, and electrical upgrades throughout the College. This contract has interest included at 5.86%. Payments are made quarterly. The financing is collateralized by the equipment associated with the financing.

Beginning July 1, 2013	$ 363,448
Decreases	(179,540)
Ending June 30, 2014	$ 183,908
Portion due within one year	$ 183,908

Future principal and interest payments as of June 30, 2014, are as follows:

Johnson Control Capital Project Fiscal Year	Principal	Interest
2015	$ 183,908	$ 6,408
	$ 183,908	$ 6,408

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

Beginning July 1, 2013	$ 86,102
Decreases	(13,695)
Ending June 30, 2014	$ 72,407
Portion due within one year	$ 14,429

Future principal and interest payments as of June 30, 2014, are as follows:

City of Ontario LID Lot 100		
Fiscal Year	Principal	Interest
2015	$ 14,429	$ 3,584
2016	15,203	2,813
2017	16,028	1,987
2018	16,887	1,129
2019	9,860	254
	$ 72,407	$ 9,767

In March 2009, the College entered into a three-year lease agreement with First American Equipment Financing for the purchase of bleachers. The agreement calls for an initial deposit of $5,572, and annual payments of $66,874. In July of 2010, the College entered into an additional three year lease agreement with First American Equipment Financing for the purchase of a new phone system. The agreement calls for an initial deposit of $2,220, and annual payments of $26,645. The leases are collateralized by the bleachers and the phone system, respectively. The asset value of the assets that were financed with First American Equipment Financing was $370,744 and the accumulated depreciation associated with these assets was $221,430 as of June 30, 2014.

Beginning July 1, 2013	$ 26,644
Decreases	(26,644)
Ending June 30, 2014	$ -
Portion due within one year	$ -

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

Beginning July 1, 2013	$ 1,674,000
Decreases	(183,000)
Ending June 30, 2014	$ 1,491,000
Portion due within one year	$ 189,000

Future principal and interest payments as of June 30, 2014, are as follows:

Zions Bank		
Fiscal Year	Principal	Interest
2015	$ 189,000	$ 65,328
2016	195,000	58,713
2017	203,000	51,322
2018	211,000	43,142
2019	220,000	33,788
2020-2021	473,000	35,812
	$ 1,491,000	$ 288,105

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

Beginning July 1, 2013	$ 119,310
Decreases	(38,200)
Ending June 30, 2014	$ 81,110
Portion due within one year	$ 40,963

Future principal and interest payments as of June 30, 2014, are as follows:

Malheur County Title		
Fiscal Year	Principal	Interest
2015	$ 40,963	$ 4,380
2016	40,147	1,417
	$ 81,110	$ 5,797

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

Beginning July 1, 2013	$ 6,180,000
Decreases	(190,000)
Ending June 30, 2014	$ 5,990,000
Portion due within one year	$ 195,000

Future principal and interest payments as of June 30, 2014, are as follows:

Series 2012 Refinancing		
Fiscal Year	Principal	Interest
2015	$ 195,000	$ 196,350
2016	350,000	192,450
2017	245,000	185,450
2018	250,000	178,100
2019	250,000	170,600
2020 - 2024	1,395,000	733,900
2025 - 2029	1,375,000	523,150
2030 - 2034	1,580,000	264,600
2035 - 2038	350,000	14,000
	$ 5,990,000	$ 2,458,600

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

Beginning July 1, 2013	$ -
Issuance of debt	199,207
Decreases	(42,621)
Ending June 30, 2014	$ 156,586
Portion due within one year	$ 37,156

Future principal and interest payments as of June 30, 2014, are as follows:

University Lease		
Fiscal Year	Principal	Interest
2015	$ 37,156	$ 5,465
2016	38,453	4,168
2017	39,795	2,826
2018	41,182	1,437
	$ 156,586	$ 13,896

Note 8 - Accounts Receivable

Receivables as of June 30, 2014, were as follows:

Property tax	$ 157,873
Tuition and related fees	1,015,653
Due from other governmental units	1,243,664
Other	45,257
	2,462,447
Allowance for uncollectible	(741,526)
	$ 1,720,921

Note 9 - Postemployment Healthcare Plan

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

The College contributes premiums for eligible faculty and academic professional employees and their eligible dependents up to the employer paid maximum at the time of retirement (College Paid-Cap). The employer cap separates employees into three distinct categories, faculty, staff (which includes classified, professional, and administrative staff) and part-time employees. Faculty receive an employer paid cap of $1,407, staff receive $1,251, and part time employees received between 50% and 75% of the individual insurance rate based on their FTE, for the year ended June 30, 2014.

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

For the fiscal year ended, June 30, 2014, the College contributed $2.06 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of $611,026.

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

	June 30, 2014
Determination of Annual Required Contribution	
(1) Normal cost at year end	$ 80,180
(2) Amortization of UAAL	61,701
(3) Annual Required Contribution (ARC)	$ 141,881
Determination of Net OPEB Obligation	
(4) Annual Required Contribution (ARC)	$ 141,881
(5) Interest on prior year Net OPEB Obligation	21,140
(6) Adjustment to ARC	(40,266)
(7) Annual OPEB Cost	122,755
Less	
(8) Explicit Benefit Payments	-
(9) Implicit Benefit Payments	58,040
(10) Increase in Net OPEB Obligation	64,715
(11) Net OPEB Obligation - Beginning of Year	603,994
(12) Net OPEB Obligation - End of Year	$ 668,709

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012, 2013, and 2014 is as follows:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2012	$ 185,777	31%	$ 536,220
June 30, 2013	116,389	42%	603,994
June 30, 2014	122,755	47%	668,709

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

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

In the June 30, 2014, actuarial valuation the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.00% in the first year with rates fluctuating between 5.50% - 7.00% over the next 45 years, a general inflation rate of 2.75%, and 5.25% thereafter for Oregon Dental Systems. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of thirty years.

Note 10 - Related Party

The Treasure Valley Community College Foundation (the Foundation) provides scholarships to the College based on the terms of the donations. The Foundation also provides various departmental and program support of $211,836, of which $27,876 was outstanding to the College as of year end. For the year ended June 30, 2014, the Foundation provided scholarship support of $541,332. During the year ended June 30, 2014, the College provided materials and office space to the Foundation which totaled $55,023 and $13,551, respectively. During the year, $208,274 was transferred from the Foundation to the College related to the capital campaign for the new Science Center that occurred in prior years. Also, the College obtains their worker's compensation insurance through a firm whose partner is also a member of the Board of Education. The amount paid to the insurance carrier was $68,525 as of June 30, 2014.

Note 11 - Component Unit

Treasure Valley Community College Foundation

Foundation Operations and Significant Accounting Policies

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

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

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

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

Investments

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

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

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

The assets that are measured at fair value on a recurring basis as of June 30, 2014 are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Fixed Income	$ 352,225	$ -	$ -	$ 352,225
Fixed Income Mutual Funds	339,810	-	-	339,810
Equities				
Large Cap Growth	572,308	-	-	572,308
Large Cap Value	264,035	-	-	264,035
Small/Mid Cap Growth	173,959	-	-	173,959
Small/Mid Cap Value	71,610	-	-	71,610
International Equity	226,910	-	-	226,910
Equities Blend	22,900	-	-	22,900
Exchange Traded Fund				
Long Government	13,963	-	-	13,963
Bonds	767,373	-	-	767,373
Intermediate Government	24,116	-	-	24,116
Foreign Large Blend	284,624	-	-	284,624
Diversified Emerging Markets	72,067	-	-	72,067
Miscellaneous Sector	7,769	-	-	7,769
Large Growth	699,223	-	-	699,223
Small Growth	56,943	-	-	56,943
Small Value	37,875	-	-	37,875
Large Value	692,689	-	-	692,689
Total assets at fair value	$ 4,680,399	$ -	$ -	$ 4,680,399

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

Donated Materials and Services

Donated material and services for the year ended June 30, 2014 were:

	Support Services General Operation
Salaries and benefits	$ 114,384
Materials and supplies	55,023
Office space	13,551
	$ 182,958

All donated materials and services were provided by the College.

Endowment

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

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

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

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

The endowment funds net asset composition is as follows:

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ (15,373)	$ 967,712	$ 2,949,164	$ 3,901,503

At June 30, 2014, certain donor-restricted endowment funds had fair values less than the amount of the original gifts (the permanently restricted portion of the funds). Deficiencies of $15,373 were reported in the unrestricted net assets on that date.

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

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

The Foundation has a policy of appropriating for annual distribution 5% of its endowment fund's average fair value over the individual endowment's average daily principal balance outstanding during the fiscal year. While the Foundation intends to maintain this 5% distribution, the annual distribution is contingent on projected revenues from investments meeting the 5% threshold for disbursement. If anticipated revenues do not meet the 5% distribution limit, the scholarships awarded for the following year are decreased to ensure corpus balances are maintained. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets				
Beginning of year July 1, 2013	$ (29,113)	$ 344,782	$ 2,840,231	$ 3,155,900
Investment return				
Investment income	-	104,321	-	104,321
Net realized and unrealized appreciation	-	609,106	-	609,106
Contributions	-	-	108,933	108,933
Recovery of deficiency in original gift value of permanently restricted funds below fair value	13,740	(13,740)	-	-
Other changes				
Net transfers in/out	-	-	-	-
Appropriation of endowment assets for expenditures	-	(76,757)	-	(76,757)
Endowment assets				
End of year June 30, 2014	$ (15,373)	$ 967,712	$ 2,949,164	$ 3,901,503

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2014 are as follows:

Temporarily restricted net assets	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	
With purpose restrictions	$ 967,712
Permanently restricted net assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 2,949,164

Promises to Give

Unconditional promises to give are estimated to be collected as follows:

One year or less	$ 114,150
1 to 5 years	68,740
Total promises to give	182,890
Less discounts to net present value	(978)
Less allowance	(14,244)
Net promises to give	$ 167,668

Promises to give receivables in more than one year are discounted at .47% for the year ended June 30, 2014. At 2014, two donors accounted for 79% of the total promises to give.

Required Supplementary Information
June 30, 2014

Treasure Valley Community College

The following table shows a schedule of the Funding Progress:

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

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

Supplementary Information
June 30, 2014

Treasure Valley Community College

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 2,212,709	$ 2,212,709	$ 2,423,566	$ 210,857
State sources	5,567,300	5,567,300	6,194,340	627,040
Tuition and fees	8,149,757	8,149,757	7,260,517	(889,240)
Total revenues	15,929,766	15,929,766	15,878,423	(51,343)
Expenditures				
Instruction	6,890,551	6,890,551	6,579,270	311,281
Instruction support	611,139	611,139	547,799	63,340
Student services	2,057,444	2,057,444	1,859,214	198,230
College support services	3,659,743	3,659,743	3,355,079	304,664
Plant operation and				-
maintenance	1,668,796	1,668,796	2,001,557	(332,761)
Plant additions	130,000	130,000	139,230	(9,230)
Debt service	1,968,174	1,968,174	1,969,792	(1,618)
Financial aid	833,030	833,030	799,577	33,453
Operating contingency	520,000	520,000	-	520,000
Total expenditures	18,338,877	18,338,877	17,251,518	1,087,359
Excess of Revenues over (Under) Expenditures	(2,409,111)	(2,409,111)	(1,373,095)	1,036,016
Other Financing Sources (Uses)				
Transfers in	(125,000)	(125,000)	1,234,111	1,359,111
Transfers out	1,234,111	1,234,111	(125,000)	(1,359,111)
Total other financing sources (uses)	1,109,111	1,109,111	1,109,111	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,300,000)	(1,300,000)	(263,984)	1,036,016
Available Fund Balance, July 1	1,600,000	1,600,000	1,642,672	42,672
Available Fund Balance, June 30	$ 300,000	$ 300,000	$ 1,378,688	$ 1,078,688

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 100,000	$ 100,000	$ 32,934	$ (67,066)
Tuition and fees	105,000	105,000	4,410	(100,590)
State sources	2,150,000	2,150,000	2,453,882	303,882
Federal sources	2,450,000	2,450,000	180,176	(2,269,824)
Total revenues	4,805,000	4,805,000	2,671,402	(2,133,598)
Expenditures				
Instruction	3,230,000	3,230,000	1,854,960	1,375,040
Supporting services	1,425,000	1,425,000	752,181	672,819
Total expenditures	4,655,000	4,655,000	2,607,141	2,047,859
Other financing sources (uses)				
Transfers out	-	-	(20,738)	(20,738)
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	(20,738)	(20,738)
Excess of Revenues over (Under) Expenditures	150,000	150,000	43,523	(106,477)
Available Fund Balance, July 1	-	-	160,037	160,037
Available Fund Balance, June 30	$ 150,000	$ 150,000	$ 203,560	$ 53,560

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
State grants	$ -	$ -	$ 125,060	$ 125,060
Local sources	-	-	-	-
Total revenues	-	-	125,060	125,060
Expenditures				
Facilities acquisition and construction	700,000	700,000	125,060	574,940
Total expenditures	700,000	700,000	125,060	574,940
Excess of Revenues over (Under) Expenditures	(700,000)	(700,000)	-	700,000
Other Financing Sources (Uses)				
Contributed capital	-	-	-	-
Transfer from other funds	100,000	100,000	-	(100,000)
Total other financing sources (uses)	100,000	100,000	-	(100,000)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(600,000)	(600,000)	-	600,000
Available Fund Balance, July 1	600,000	600,000	-	(600,000)
Available Fund Balance, June 30	$ -	$ -	$ -	$ -

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ -	$ -	$ 664,122	$ 664,122
Tuition and fees	175,000	175,000	67,500	(107,500)
Total revenues	175,000	175,000	731,622	556,622
Expenditures				
Support services	975,000	975,000	863,296	111,704
Facilities acquisition and construction	650,000	650,000	383,934	266,066
Total expenditures	1,625,000	1,625,000	1,247,230	377,770
Excess of Revenues over (Under) Expenditures	(1,450,000)	(1,450,000)	(515,608)	934,392
Other Financing Sources (Uses)				
Transfers from other funds	1,000,000	1,000,000	581,706	(418,294)
Transfer to General Fund	-	-	(306,111)	(306,111)
Total other financing sources (uses)	1,000,000	1,000,000	275,595	(724,405)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(450,000)	(450,000)	(240,013)	209,987
Available Fund Balance, July 1	3,000,000	3,000,000	1,985,707	(1,014,293)
Available Fund Balance, June 30	$ 2,550,000	$ 2,550,000	$ 1,745,694	$ (804,306)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 20,000	$ 20,000	$ 9,292	$ (10,708)
State sources	350,000	350,000	140,500	(209,500)
Federal sources	22,500,000	22,500,000	17,198,140	(5,301,860)
Total revenues	22,870,000	22,870,000	17,347,932	(5,522,068)
Expenditures				
Supporting services	22,820,000	22,820,000	17,487,206	5,332,794
Total expenditures	22,820,000	22,820,000	17,487,206	5,332,794
Excess of Revenues over (Under) Expenditures	50,000	50,000	(139,274)	(189,274)
Other Financing Sources (Uses)				
Transfers from other funds	8,250,000	8,250,000	6,859,076	(1,390,924)
Transfers to other funds	(8,290,000)	(8,290,000)	(6,719,502)	1,570,498
Total other financing sources (uses)	(40,000)	(40,000)	139,574	179,574
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	10,000	10,000	300	(9,700)
Available Fund Balance, July 1	-	-	178,694	178,694
Available Fund Balance, June 30	$ 10,000	$ 10,000	$ 178,994	$ 168,994

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Sales	$ 3,250,000	$ 3,250,000	$ 3,284,672	$ 34,672
Tuition and fees	3,150,000	3,150,000	2,337,136	(812,864)
Total operating revenues	6,400,000	6,400,000	5,621,808	(778,192)
Operating Expenses				
Instruction	3,050,000	3,050,000	2,464,126	585,874
Enterprise services	2,950,000	2,950,000	2,561,104	388,896
Total operating expenses	6,000,000	6,000,000	5,025,230	974,770
Operating Income	400,000	400,000	596,578	196,578
Other Financing Sources (Uses)				
Transfer to other funds	(1,450,000)	(1,450,000)	(1,079,426)	370,574
Total other financing sources (uses)	(1,450,000)	(1,450,000)	(1,079,426)	370,574
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,050,000)	(1,050,000)	(482,848)	567,152
Available Fund Balance, July 1	5,650,000	5,650,000	5,213,300	(436,700)
Available Fund Balance June 30	$ 4,600,000	$ 4,600,000	$ 4,730,452	$ 130,452

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Tuition and fees	$ 375,000	$ 375,000	$ 420,943	$ 45,943
Local funds	375,000	375,000	406,284	31,284
Total operating revenues	750,000	750,000	827,227	77,227
Operating Expenses				
Supporting services	750,000	750,000	921,287	(171,287)
Total operating expenses	750,000	750,000	921,287	(171,287)
Operating Income (Loss)	-	-	(94,060)	(94,060)
Other Financing Sources (Uses)				
Transfer to other funds	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	(10,000)	(10,000)	(10,000)	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(10,000)	(10,000)	(104,060)	(94,060)
Available Fund Balance, July 1	150,000	150,000	222,381	72,381
Available Fund Balance, June 30	$ 140,000	$ 140,000	$ 118,321	$ (21,679)

Other Information
June 30, 2014

Treasure Valley Community College

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2014
Assets						
Cash and cash items	$ 500	$ -	$ -	$ -	$ 1,118	$ 1,618
Interfund receivable	-	-	78,988	83,513	-	162,501
Prepaid assets	-	-	-	7,875	5,000	12,875
Receivables	130,487	-	-	-	3,279	133,766
Inventory	270,619	-	-	-	57,925	328,544
Fixed assets (net of accumulated depreciation)	60,572	723	4,814,121	6,736	87,891	4,970,043
	$ 462,178	$ 723	$ 4,893,109	$ 98,124	$ 155,213	$ 5,609,347
Liabilities and Net Position						
Liabilities						
Accrued payroll	$ 2,160	$ -	$ 2,042	$ 867	$ 51,333	$ 56,402
Deposits payable	-	-	107,815	-	-	107,815
Interfund payable	210,707	145,702	-	-	358,269	714,678
Total liabilities	212,867	145,702	109,857	867	409,602	878,895
Net Position						
Unrestricted	249,311	(144,979)	4,783,252	97,257	(254,389)	4,730,452
Total net position	249,311	(144,979)	4,783,252	97,257	(254,389)	4,730,452
	$ 462,178	$ 723	$ 4,893,109	$ 98,124	$ 155,213	$ 5,609,347

Treasure Valley Community College

Combined Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund Types – Auxiliary

Year Ended June 30, 2014

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2014
Operating Revenues						
Sale of textbooks and school supplies	$ 1,649,656	$ -	$ -	$ -	$ 556,419	$ 2,206,075
Food and catering sales	-	417,451	-	-	-	417,451
Housing income	-	-	494,508	-	-	494,508
Printing income	-	-	-	166,638	-	166,638
Miscellaneous income	-	-	-	-	-	-
Tuition and fees	-	-	-	-	2,337,136	2,337,136
Total operating revenues	1,649,656	417,451	494,508	166,638	2,893,555	5,621,808
Operating Expenses						
Salaries and benefits	138,431	10,262	98,138	79,654	1,532,204	1,858,689
Cost of goods sold	1,146,554	-	-	51,346	646,656	1,844,556
Travel and mileage	108	-	-	158	15,754	16,020
Materials and supplies	-	4,123	4,977	2,036	892	12,028
Rent	-	3,412	-	-	262,625	266,037
Outside services	10,445	534,168	29,369	250	49,490	623,722
Repairs and maintenance	-	3,618	4,790	289	9,815	18,512
Printing	3,948	176	896	6,893	21,098	33,011
Other expense	2,147	-	24,243	-	81,605	107,995
Shipping	-	-	-	-	293	293
Depreciation	9,122	3,279	149,114	1,745	7,099	170,359
Equipment	-	7,395	150	2,921	24,821	35,287
Bad debts	-	-	-	-	38,721	38,721
Total operating expenses	1,310,755	566,433	311,677	145,292	2,691,073	5,025,230
Operating Income (Loss)	338,901	(148,982)	182,831	21,346	202,482	596,578

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2014
Other Financing Sources (Uses)						
Transfer to other funds	(200,000)	-	(343,000)	(25,000)	(511,426)	(1,079,426)
Contributed capital	-	-	-	-	-	-
Total other financing sources (uses)	(200,000)	-	(343,000)	(25,000)	(511,426)	(1,079,426)
Net Position, Beginning of Year	110,410	4,003	4,943,421	100,911	54,555	5,213,300
Net Position, End of Year	$ 249,311	$ (144,979)	$ 4,783,252	$ 97,257	$ (254,389)	$ 4,730,452

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2014
Operating Activities						
Cash received from customers	$ 1,566,526	$ 417,451	$ 486,134	$ 166,638	$ 2,893,555	$ 5,530,304
Payments to employees	(136,961)	(10,262)	(46,593)	(79,654)	(1,515,544)	(1,789,014)
Payments to suppliers	(1,229,565)	(552,892)	(96,541)	(72,124)	(804,467)	(2,755,589)
Payments to suppliers for items for resale	-	-	-	-	-	-
Net Cash from Operating Activities	200,000	(145,703)	343,000	14,860	573,544	985,701
Noncapital Financing Activities						
Increase (decrease) in interfund receivable/payable	-	145,703	-	10,140	(3,279)	152,564
Operating transfers out	(200,000)	-	(343,000)	(25,000)	(511,426)	(1,079,426)
Net Cash used for Noncapital Financing Activities	(200,000)	145,703	(343,000)	(14,860)	(514,705)	(926,862)
Investing Activities						
Net increase in capital assets	-	-	-	-	(58,410)	(58,410)
Net Cash used for Investing Activities	-	-	-	-	(58,410)	(58,410)
Net Change in Cash	-	-	-	-	429	429
Net Cash, Beginning of Year	500	-	-	-	689	1,189
Net Cash, End of Year	$ 500	$ -	$ -	$ -	$ 1,118	$ 1,618

Food Caldwell Totals,

	Bookstore	Service	Housing	Printing	Center	June 30, 2014
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating Income (Loss)	$ 338,902	$ (148,982)	$ 182,831	$ 21,346	$ 202,482	$ 596,579
Depreciation and amortization	9,122	3,279	149,114	1,746	7,099	170,360
Other income	-	-	-	-	-	-
(Increase) decrease in accounts receivable (net)	(83,130)	-	(8,374)	-	-	(91,504)
(Increase) decrease in inventory	71,061	-	-	-	19,285	90,346
(Increase) decrease in prepaid assets	-	-	-	(7,875)	-	(7,875)
Increase (decrease) in accounts payable	-	-	(89,983)	(357)	-	(90,340)
Increase (decrease) in payroll payable	1,469	-	1,597	-	9,561	12,627
Increase (decrease) in interfund receivable/payable	(137,424)	-	107,815	-	335,117	305,508
Net Cash from (used for) Operating Activities	$ 200,000	$ (145,703)	$ 343,000	$ 14,860	$ 573,544	$ 985,701

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2013	2013-2014 Assessment	Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2014
2013-2014	$ -	$ 1,956,442	$ 7,693	$ 39,821	$ -	$ 1,830,163	$ 1,830,163	$ 78,765
2012-2013	74,126	-	503	-	-	32,018	32,018	41,605
2011-2012	43,080	-	341	-	-	17,924	17,924	24,815
2010-2011	27,627	-	197	-	-	16,405	16,405	11,025
2009-2010	10,702	-	183	-	-	9,865	9,865	654
2008-2009	1,292	-	170	-	-	600	600	522
2007-2008	525	-	153	-	-	263	263	109
Prior years	521	-	-	-	-	143	143	378
Total	$ 157,873	$ 1,956,442	$ 9,240	$ 39,821	$ -	$1,907,381	$1,907,381	$ 157,873

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

Independent Auditor's Comments Required by Oregon State Regulations

We have audited the basic financial statements of the Treasure Valley Community College (the College) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 23, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal, except as noted below:

- The College's expenditures exceeded appropriations for three of the ten appropriations in the College's general fund.
- The College's expenditures exceeded appropriations for one of the three appropriations in the College's special projects fund.
- The College's expenditures exceeded appropriations for the appropriation in the agency fund.

OAR 162-10-0230 **<u>Internal Control</u>**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings of questioned costs as items 2014 - A and 2014 – B, that we consider to be significant deficiencies.

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

For Eide Bailly LLP
Boise, Idaho
December 23, 2014

Single Audit Information
June 30, 2014

Treasure Valley Community College

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Education			
Direct Programs			
Student Financial Assistance Cluster			
Pell Grant Program	84.063**		$ 6,674,505
SEOG Program	84.007**		87,192
Perkins Loan Program - Note 3	84.038**		178,269
College Work Study Program	84.033**		79,105
Direct Loan Program	84.268**		10,478,638
Total SFA Cluster			17,497,709
Total Direct Programs			17,497,709
Passed through Oregon State Dept of Education			
Adult Education - Basic Grants to State			
Adult Basic Education (ABE)	84.002		
Comprehensive		EE121321BG	75,534
EL Civics		EE121321EG	28,465
Accountability		EE121321AG	13,462
Total Adult Basic Education			117,461
Vocational Education - Basic Grant			
Perkins	84.048A	19175	180,176
Total Passed through Oregon State Dept of Education			297,637
Total Department of Education			17,795,346
U.S. Small Business Administration			
Passed through Oregon State SBA Director			
Small Business Administration	59.037	SBHQ-12-B-0069	59,480
US Department of Labor			
CASE Grant (TAACCCT)	17.282*	TC-22511-11-60-A-41	452,057
Total Federal Financial Assistance			$ 18,306,883

** Denotes a program cluster
* Denotes a major program

Note 1 - Basis of Presentation

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

Note 2 - Significant Accounting Policies

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

Note 3 - Federal Perkins Loan Program

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

	Amount
Loan balance outstanding at June 30, 2013	$ 178,269
Loans issued during the current year	-
	178,269
Loan receipts, allowance adjustments, and cancellation	(6,921)
Loan balance outstanding at June 30, 2014	$ 178,269

EideBailly

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Treasure Valley Community College, (the College) as of and for the year June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2014.The financial statements of the Treasure Valley Community College Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Treasure Valley Community College Foundation.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

877 W. Main St., Ste. 800 | Boise, ID 83702-5858 | T 208.344.7150 | F 208.344.7435 | EOE

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings of questioned costs that we consider to be significant deficiencies. See the accompanying Schedule of Findings and Questioned Costs as items 2014-A and 2014-B.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Management Response to Findings

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Eide Bailly LLP

Boise, Idaho
December 23, 2014

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

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

Report on Compliance for Each Major Federal Program

We have audited Treasure Valley Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Basis for Qualified Opinion on Student Financial Aid Cluster
As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding reporting and special tests and provisions as described in finding numbers 2014-001 through 2014-002. Compliance with such requirements is necessary, in our opinion for the College to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Aid Cluster
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs
In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant decencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-004 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-005 to be a significant deficiency.

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

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

Eide Bailly LLP

Boise, Idaho
December 23, 2014

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Education Direct Programs	
Pell Grant	84.063
Supplemental Education Opportunity Grant	84.007
Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Direct Loan Program	84.268
US Department of Labor	
CASE Grant (TAACCCT)	17.282

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

SECTION II - Financial Statement Findings

2014 – A
Internal Control over Purchase Cards
Significant Deficiency in Internal Control

Criteria:
An internal control structure should be in place to provide adequate management oversight over the purchase card process.

Condition:
During the course of our audit we noted several instances in breakdowns of controls where supervisors did not review and approve purchase card purchases in a timely manner or at all.

Cause:
The controls currently in place are not sufficient to address the risk related to the purchase card process.

Effect:
Untimely or absent review of purchase card reconciliations can potentially expose the College's assets to fraudulent behavior and unauthorized expenditures.

Recommendation:
There should be a review of all purchase card transactions by the supervisor of the individual making the purchases with their purchase card to verify that the purchase is supported by adequate documentation and appears within the line of business of the individual making the purchase.

Management's response and Corrective Action Plan:
The College agrees with the finding as presented. During the 13-14 FY the college implemented an electronic version of the aforementioned purchase card reconciliation process with the hope that it would lead to efficient and timely recording of purchase card transactions. However, as part of that process change supervisors were not directly involved with the review of the credit card transactions. The College has reversed the electronic process and has implemented procedures to ensure that supervisors review purchase card transactions before they are recorded in the general ledger.

2014 – B
Management Oversight
Significant Deficiency in Internal Control

Criteria:
An internal control structure should be in place to provide adequate management oversight over areas such as manual journal entries and account reconciliations.

Condition
During the course of our audit, there were several instances noted in which timely review was not done over reconciliations as well as journal entries.

Cause:
During the course of our audit, it appeared as though there was a lack of resources within the Business Office to provide for timely and thorough review of the reconciliations and journal entries.

Effect:
Late reconciliations and lack of review of journal entries can effect current financial information presented to management and the Board. As well, a delay in identification of potential errors related to student financial aid and financial statement information presented to management and/or federal entities. There is also a potential for someone taking advantage of these conditions.

Recommendation:
Management should evaluate the current processes as well as the current resources available for those processes and evaluate if job responsibilities should be reallocated or additional resources provided to adequately cover the processes within the Business Office.

Management's response and Corrective Action Plan:
The College agrees with the finding as presented. The College has already implemented procedures to ensure timely review of journal entry transactions by all levels of staff within the Business Office. The College will also take a holistic look at staffing levels within the Business Office and ensure that processes, procedures, and resources, are in place to ensure timely, and effective, review occurs at all levels of the department.

SECTION III - Federal Award Findings and Questioned Costs

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

Criteria:
34 CFR section 690.83 states that institutions must report student payment data within 30 days to COD after the school makes a payment or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

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

Questioned Costs:
None.

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

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

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

Management's response:
The College agrees with the finding and is currently in the process of evaluating current processes and the availability of resources while ensuring we make the necessary changes to ensure the finding is corrected in future periods.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
We have received approval and funding to hire a half-time loan reconciliation specialist to continually monitor and reconcile our Federal student loans. In addition, we have received approval and funding to hire a SQL programmer to program reports to help this person reconcile the data from PowerFAIDS, Jenzabar and the Department of Education. This person will work closely with the Assistant Director to make sure our reporting and reconciling is done in an accurate and timely manner.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
The College anticipates having the necessary reporting tools and the additional personnel in place by December of 2014.

Plan to Monitor Completion of Corrective Action:
The College has procured the services of an outside consultant to expand our data analysis and reporting abilities. We have hired a part-time loan reconciliation specialist to assist us with the reconciliation process. The Assistant Director of Financial Aid will be responsible for ensuring with the additional staff and resources that we meet the requirements as required.

2014-002 Student Financial Aid Cluster

Criteria:
34 CFR section 690.83 states that institutions must report student payment data within 30 days to COD after the school makes a payment or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

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

Questioned Costs:
None.

Cause:
The Institution does not have a timely reconciliation process in place to reconcile the amount reported as disbursements to the COD and what is actually disbursed to students.

Effect:
The amount reported to the COD was incorrect for five out of the 60 students tested.

Recommendation:
The College should implement a reconciliation process between the COD system and what is disbursed to students to ensure that the amount reported to the COD accurately reflects what was disbursed to students. The College should periodically test this process to ensure that the process is working effectively.

Management's response:
The College agrees with the finding and is currently in the process of evaluating current process and the availability of resources while ensuring we make the necessary changes to ensure the finding is corrected in future periods.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
We have received approval and funding to hire a half-time loan reconciliation specialist to continually monitor and reconcile our Federal student loans. In addition, we have received approval and funding to hire a SQL programmer to program reports to help this person reconcile the data from PowerFAIDS, Jenzabar and the Department of Education. This person will work closely with the Assistant Director to make sure our reporting and reconciling is done in an accurate and timely manner.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
The College anticipates having the necessary reporting tools and the additional personnel in place by December of 2014.

Plan to Monitor Completion of Corrective Action:
The College has procured the services of an outside consultant to expand our data analysis and reporting abilities. We have hired a part-time loan reconciliation specialist to assist us with the reconciliation process. The Assistant Director of Financial Aid will be responsible for ensuring with the additional staff and resources that we meet the requirements as required.

Material Weakness in Internal Control
2014-003 Student Financial Aid Cluster

Criteria:
34 CFR Section 682.610 states that an Institution shall ensure that any information it reports to the federal government in connection with loan origination is complete and accurate.

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

Questioned Costs:
None.

Cause:
The Institution does not have a control process in place to verify that the information provided to NSLDS is complete and accurate.

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

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

Management's response:
The College agrees with the finding and is currently in the process of evaluating current process to ensure we correct our data submissions.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
We have reviewed our reporting processes and data with our IT Department and identified the data elements we need to correct in our reporting. IT has made the necessary changes and we will be able to confirm during fall term that the data is correct going forward. The National Student Clearinghouse does not provide a tool for us to correct the historical data for the students.

Explanation of Disagreement
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid in conjunction with the Vice President of Administrative Services

Planned Completion for Corrective Action
Fall term, 2014

Plant to Monitor Completion of Corrective Action
The College has currently completed the initial steps in the corrective action plan noted above. We will meet periodically throughout the academic year to ensure timely and accurate submission of data to both the Clearinghouse and NSLDS.

2014 – 004 Student Financial Aid Cluster

Criteria:
According to OMB Circular A-133, the Institution should have a control system in place that is consistent with the requirements of the federal program.

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

Questioned Costs:
None

Cause:
There is no current process in place for a review of the Return of Title IV Funds independent of the preparer of the Return of Title IV Funds calculation.

Effect:
The current process in place would not detect any incorrect calculations related to the Return of Title IV Funds.

Recommendation:
The College should implement a process where the Return of Title IV Funds calculation is reviewed by someone independent of the preparer. The College should also periodically monitor this process to ensure that it is working effectively.

Management's response:
The College agrees with the finding and is currently in the process of evaluating current procedures to ensure an adequate an impartial review process is implemented.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
We use the online tool provided by the Department of Education to calculate and process our Return of Title IV funds. In order to provide a review we have created a form (see attached) that will be completed by the Controller/CFO. Once the financial aid office has used the DOE tool to calculate the R2T4 amount we will print off the worksheet, attach the review form and submit it to the Controller/CFO.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid in conjunction with the Chief Financial Officer

Planned Completion for Corrective Action:
This process will be implemented Fall term 2014

Plan to Monitor Completion of Corrective Action:
After each term the financial aid department and business office will meet to review this process and ensure completion.

Significant Deficiency in Internal Control
2014-005 Student Financial Aid Cluster

Criteria:
34 CFR Section 668.56 states that when a student is selected for verification under 34 CFR 668.54(a)(2) or (3), the Institution must verify the acceptable documentation as described in 34 CFR 668.57 and verify or update the information used to determine the student's expected family contribution.

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

Questioned Costs:
None

Cause:
The control process currently in place did not detect the difference on the verification supporting documentation and the student's ISIR.

Effect:
The student's ISIR was incorrectly reported based on verification documentation provided by the student.

Recommendation:
The College should have a review process in place to verify that the verification process is working effectively. The College should also periodically monitor this process to ensure that it is working effectively.

Management's response:
The College agrees with the finding and is currently in the process of evaluating current procedures to ensure an adequate an impartial review process is implemented.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
On a quarterly basis, the Treasure Valley Community College financial aid office will test twenty student disbursements to ensure that data submitted to the Department of Education is in compliance with rules and regulations regarding the receipt of Title IV funding. The college will implement a testing procedure that includes utilization of the compliance supplement associated with receipt of these funds.

Explanation of Disagreement:
No disagreement with the finding.

Official Responsible for Ensuring Corrective Action:
Director of Financial Aid

Planned Completion for Corrective Action:
This process will being with disbursements occurring Fall term 2014.

Plan to Monitor Completion of Corrective Action:
At the end of each term the financial aid director will review a sample of tested students to make sure this process was completed and no errors or omissions exist.

No findings reported in the prior year.