Financial Statements
June 30, 2013

Treasure Valley Community College

CPAs & BUSINESS ADVISORS

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 the discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to the 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. 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, 2013, 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, on pages as shown 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 an opinion on the financial statements. The accompanying supplementary information and other information, on pages as shown in the table of contents, and the accompanying 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 information is 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.

Emphasis of Matter
As discussed in Note 11 to the financial statements, the College had a correction of an error relating to the prepaid pension contribution and change in accounting principle relating to the early implementation of GASB 65, which resulted in a restatement of the beginning net position.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, 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.

Eide Bailly LLP

Boise, Idaho
December 27, 2013

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, 2013. 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.

Overview of Financial Statements

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) principles. The College adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38 for the fiscal year-ended June 30, 2003. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis 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 and liabilities, with the difference between the two 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.

Financial Highlights

- State of Oregon FTE reimbursed decreased substantially from last year. In the prior year the College restated its financial statements to comply with GASB pronouncement 33. The College receives its FTE funding across the biennium, with the college receiving 5 payments in one year, three in the other. Fiscal year 2012-2013, the second year of the bi-ennium, is the year in which the College receives only three payments, which lead to the reduced FTE revenue in comparison to prior year.

- Enrollment for fiscal year 12-13 decreased by approximately 5% year over year. The reduction was off-set in tuition and fee revenue by an increase in the College's per credit tuition rate.

- The College completed its first new instructional building in forty-plus years. The Laura Moore Cunningham Science Center was completed and operational in January of 2013. It has been a great addition to our campus and has allowed us to offer increased course sections in the Sciences to meet the needs of our student population.

- The College current assets decreased approximately $5 million year over year. The decrease was due to a reduction in cash on hand as Science Center dollars were spent on building construction, and because of a reduction in an accounts receivable from the State of Oregon related to the Science Center and the State of Oregon match on said building.

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:

	2013	2012	Increase (Decrease) in Millions
Assets			
Current assets	$ 4,352,683	$ 9,393,023	(5.04)
Pension assets	11,505,600	10,921,337	0.58
Other noncurrent assets	-	1,526,034	(1.53)
Captial assets, net	16,028,076	12,804,917	3.22
Total assets	31,886,359	34,645,311	(2.76)
Deferred Outflows of Resources	335,000	-	0.34
Liabilities			
Current liabilities	2,968,627	3,498,226	(0.53)
Noncurrent liabilities	16,950,617	17,690,956	(0.74)
Total liabilities	19,919,244	21,189,182	(1.27)
Net Position			
Net investment in capital assets	7,178,572	3,515,391	3.66
Restricted	2,508,530	3,744,718	(1.24)
Unrestricted	2,615,013	6,196,020	(3.58)
Total net position	$ 12,302,115	$ 13,456,129	(1.15)

Assets

Total assets for the College at the end of the fiscal year were approximately $31.9 million, comprised of both current assets ($4.4 million) and noncurrent assets ($27.5 million).

Cash and cash equivalents for the College were $1.9 million at year-end which is a decrease of $2.0 million over the prior year. The decrease is due to a reduction in cash on hand due to completion of our Science Center.

The change in non-current assets year over year was approximately $1.5 million. The change was due to a change in restricted cash. In the prior year, a portion of the College's cash balance was restricted to usage only on Science Center expenses and completion of the Science Center project. During the 2012-2013 fiscal year that cash was utilized in the completion of the Science Center as noted above.

At year-end capital assets totaled $26.2 million with associated accumulated depreciation of $10.1 million, for a net capital asset value of $16 million. This is a $3.2 million increase in the capital assets over the 2011-2012 fiscal year. Beginning in 2011-2012 fiscal year and finishing during the 2012-2013 fiscal year, the College constructed a new instructional building, the Laura Moore Cunningham Science Center. The increase in capital assets was due in large part to the construction and completion of this building.

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 bi-ennial basis by the Oregon PERS system. The balance in 2012-2013 is $11.5 million, an increase of $.58 million over the prior year.

Overall total assets of the College decreased $2.76 million as compared to prior year.

Liabilities

Liabilities are classified as current and noncurrent. The current liability balance at year-end was approximately $3 million and the noncurrent liability balance was $17 million. Current liabilities are comprised of accounts payable, accrued payroll liabilities, deferred revenue, and the current portion of long-term debt. Noncurrent liabilities are comprised of three amounts, PERS bonds payable of $8.3 million, other post-employment benefits at .60 million, and notes payable of $8.0 million. The notes payable balance decreased by $.7 million over last year as the College continued to pay down its debt obligations.

Net Position

Total net position at year-end is $12.3 million or a $1.2 million decrease over the prior year. The decrease from prior year is due to the following:

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

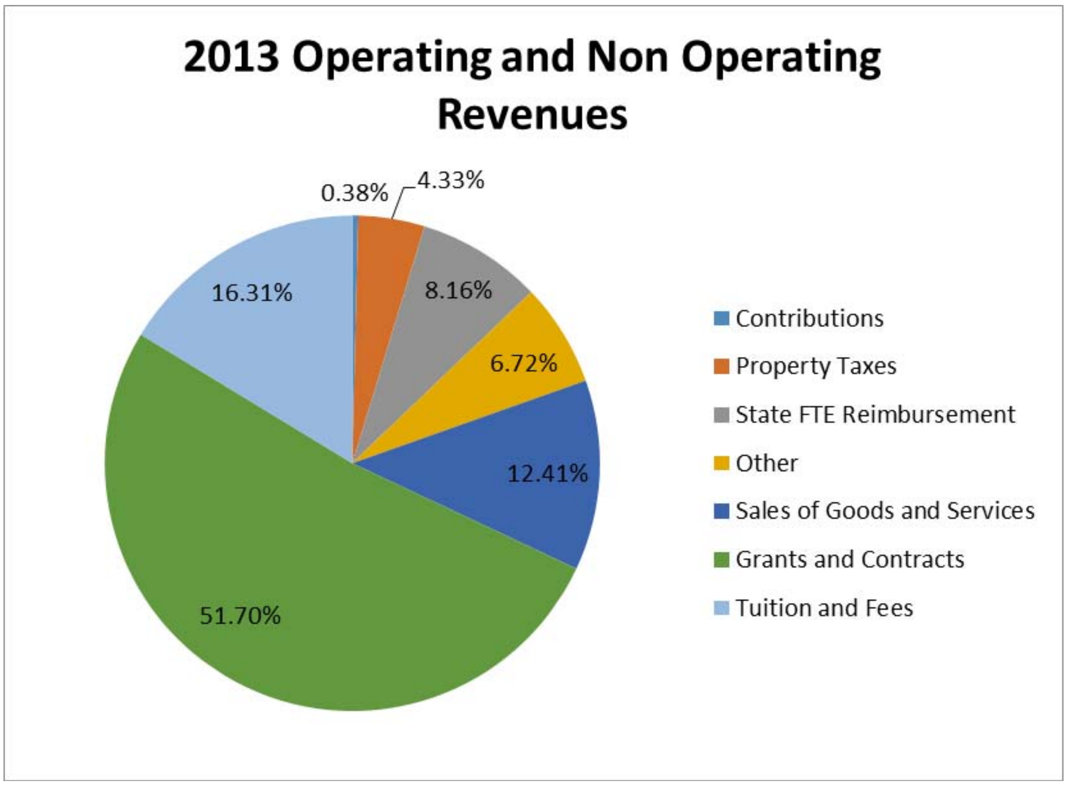
	2013	(As Restated) 2012	Increase (Decrease) in Millions
Operating revenues			
Tuition and fees	$ 7,554,802	$ 7,540,979	0.01
Grants and contracts	23,949,778	21,194,929	2.75
Sales of goods and services	5,749,475	5,588,242	0.16
Contributions	174,364	888,467	(0.71)
Other operating revenues	1,417,708	1,341,826	0.08
Total operating revenues	38,846,127	36,554,443	2.29
Non operating revenues			
State community college support	3,778,662	7,241,446	(3.46)
Property taxes	2,006,523	1,854,242	0.15
Investment income (loss)	1,696,683	570,704	1.13
Total non operating revenues	7,481,868	9,666,392	(2.18)
Total revenues	46,327,995	46,220,835	0.11
Operating expenses			
Educational and general	10,430,309	11,269,962	(0.84)
Other support services	8,947,934	7,910,023	1.04
Scholarships and grants	21,441,257	19,402,985	2.04
Auxiliary enterprises	4,996,340	4,509,981	0.49
Depreciation	766,662	666,158	0.10
Total operating expense	46,582,502	43,759,109	2.83
Non operating expenses			
Interest expense	899,507	966,287	(0.07)
Total expenses	47,482,009	44,725,396	2.76
Change in net position	$ (1,154,014)	$ 1,495,439	(2.65)

Operating Revenue

Operating revenue for the fiscal year was approximately $39 million (an increase of 2.3 million over the prior year). The major reason for the increase was additional federal and state grants and contracts related to additional financial aid disbursements and other grant related initiatives on our campus.

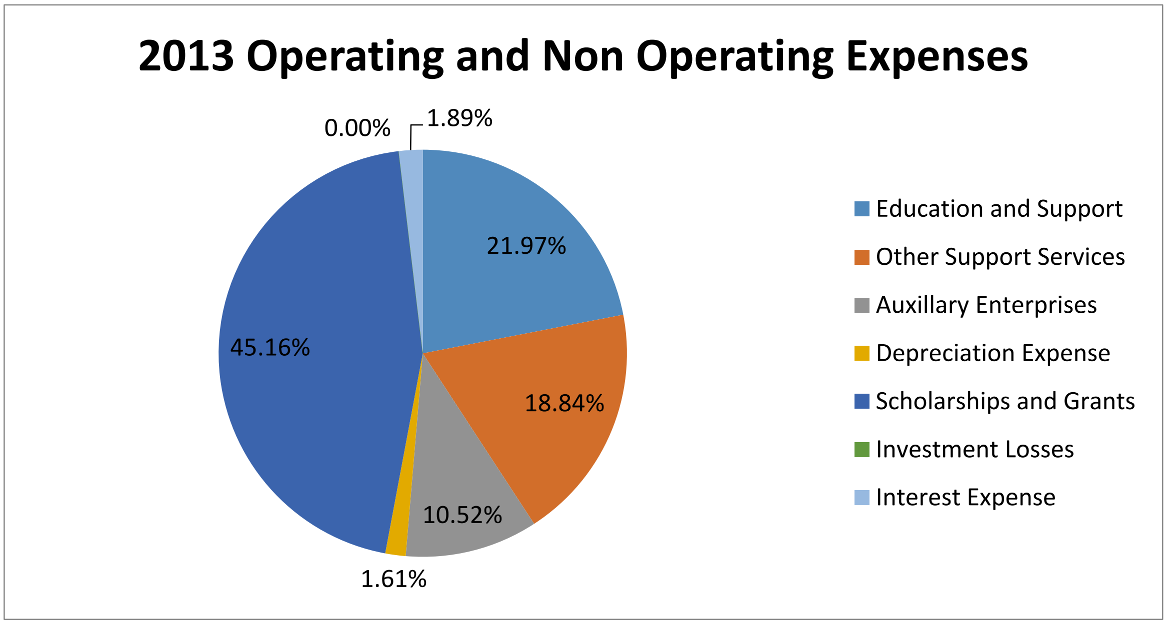
Nonoperating Revenue

Non-operating revenues decreased by approximately 2.2 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 five FTE payments and in the 2012-2013 fiscal year the College received three which is the cause of the decrease.



Expenses

Total operating expenses for the College were $46.6 million for the fiscal year, an increase of $2.8 million. The major causes of the increase are increases in federal financial aid expenditures, grant initiatives on campus, as well as anticipated increases in operating expenses. Expenses by category are as follows:



Change in Net Position

The change in net position for the 12-13 fiscal year was negative $1.2 million. That was due to a slight decrease in enrollment and a change in the way in which the FTE reimbursement from the State was recorded by the College.

Variations between Budget and Actual

During the 12-13 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 Science Center that were above and beyond revenues received.

Capital Assets

The College completed its capital campaign and also completed construction on our TVCC Science Center. The building is the first instructional building on campus in nearly 40 years and has been a great addition to the look and feel of our campus. See additional information on capital assets in the accompanying footnotes to the financial statements.

Debt

During the 2012-2013 fiscal the College undertook a debt refinancing. The College refinanced three different debt issues, our 2000, 2005, and 2006 COP debt issues. This refinance lead to substantial interest savings to the institution. The College will save approximately $600,000 over the life of the financial obligations. See additional information on debt in the accompanying footnotes to the financial statements.

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	$ 1,880,459	$ 1,220,251
Restricted cash	22,046	244,278
Investments	-	3,497,274
Accounts receivable, net	2,012,565	10,000
Promises to give, net	-	274,864
Prepaid and other assets	18,781	-
Inventory	418,832	-
Total current assets	4,352,683	5,246,667
Noncurrent Assets		
Capital assets, net of depreciation	16,028,076	-
Prepaid pension contribution	11,505,600	-
Total noncurrent assets	27,533,676	-
Total assets	31,886,359	5,246,667
Deferred Outflows of Resources		
Deferred charge on refunding	335,000	-

	Primary Government TVCC College	Component Unit TVCC Foundation
Liabilities		
Current Liabilities		
Accounts payable	675,070	3,600
Payroll liabilities	720,325	-
Compensated absences	102,281	-
Due to other funds student and agency groups	233,556	-
Unbilled revenue	140,470	-
Current portion of long-term debt	1,096,925	-
Total current liabilities	2,968,627	3,600
Noncurrent Liabilities		
PERS bond payable	8,303,199	-
Other post employment benefits payable	603,994	-
Notes payable	8,043,424	-
Total noncurrent liabilities	16,950,617	-
Total liabilities	19,919,244	3,600
Net Position		
Net investment in capital assets	7,178,572	-
Restricted - expendable		
Scholarships, student financial aid grants and loans	178,270	1,571,387
Science Center	22,046	-
Pension	2,308,214	-
Restricted - nonexpendable		
Endowment principal	-	2,840,231
Unrestricted	2,615,013	831,449
Total net position	$ 12,302,115	$ 5,243,067

	Primary Government TVCC College	Component Unit TVCC Foundation
Operating Revenues		
Student tuition and fees	$ 7,554,802	$ -
Federal student financial aid grants	21,697,831	-
State sources	2,251,947	-
	31,504,580	-
Auxiliary enterprises		
Bookstore	1,823,841	-
Food services	397,039	-
Housing	452,079	-
Printing	184,041	-
Caldwell Center	2,892,475	-
Contributions and special events proceeds	174,364	555,036
Other operating revenues	1,417,708	-
Total operating revenues	38,846,127	555,036
Operating Expenses		
Educational and general	10,430,309	-
Other support services		
Student activities	2,611,734	377,528
College support	4,622,376	-
Plant operations	1,713,824	-
Scholarships and grants	21,441,257	392,795
Auxiliary enterprises		
Bookstore	1,451,712	-
Food services	610,537	-
Housing	115,533	-
Printing	155,322	-
Caldwell Center	2,663,236	-
Fund raising expenses	-	1,676
Management and general expense	-	19,403
Depreciation expense	766,662	-
Total operating expenses	46,582,502	791,402
Operating Loss	(7,736,375)	(236,366)

	Primary Government TVCC College	Component Unit TVCC Foundation
Nonoperating Revenues (Expenses)		
Property taxes	2,006,523	-
State FTE reimbursement	3,778,662	-
Investment income	1,696,683	395,077
Interest expense	(899,507)	-
Net nonoperating revenues	6,582,361	395,077
Change in Net Position	(1,154,014)	158,711
Net Position, Beginning of Year - As Restated	13,456,129	5,084,356
Net Position, End of Year	$ 12,302,115	$ 5,243,067

	Primary Government
	TVCC College
Operating Activities	
Tuition and fees, net	$ 17,751,233
Federal grants and contracts	21,697,831
State and local government grants and contracts	2,251,947
Payments to suppliers for goods and services	(16,862,716)
Payments to employees	(6,918,863)
Payments for student financial aid and other scholarships	(21,441,257)
Other cash receipts	1,592,072
Net Cash used for Operating Activities	(1,929,753)
Noncapital Financing Activities	
Cash received from property taxes	2,041,021
State full time equivalent reimbursement	3,778,662
Transfer from agency fund	65,187
Net Cash from Noncapital Financing Activities	5,884,870
Financing Activities	
Purchases of capital assets	(3,989,821)
Principal paid on long-term debt	(1,061,543)
Interest paid on long-term debt	(899,507)
Net Cash used for Financing Activities	(5,950,871)
Investing Activities	
Interest on investments	16,138
Net Cash from Investing Activities	16,138
Net Change in Cash, Restricted Cash, and Cash Equivalents	(1,979,616)
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	3,882,121
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 1,902,505
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	$ 1,880,459
Restricted cash and cash equivalents	22,046
Cash and Cash Equivalents at End of Year	$ 1,902,505

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (7,736,375)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities:	
Depreciation	766,662
Amortization of prepaid contribution	1,096,282
Changes in assets and liabilities	
Accounts receivable	4,455,900
Prepaid assets	205,150
Accounts payable	(608,984)
Deferred revenue	(8,944)
Inventory	(108,790)
Accrued payroll and payroll costs	(45,610)
Compensated absences	(12,818)
Other	67,774
Net Cash used for Operating Activities	$ (1,929,753)
Supplemental Disclosure of Noncash Financing and Investing Activities	
Deferred outflow of cash on debt refunding	$ (335,000)
Interest earned on pension asset	1,680,545
	$ 1,345,545

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 and our outreach sites (Snake River Correctional Institute and Warner Creek Correctional Institute).

A. Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB statements No. 14 and No. 39, 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 Statements No.14 and No.39, 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. 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 Statement No. 35, as amended by GASB Statement No. 65, 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 directors 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 standards also require the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These 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 Statement No. 35 that provides a comprehensive one-column look at the College’s financial activities.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Treasure Valley Community College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

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 the Zions Bank loan that was taken out in the current year as well as cash restricted by donors to build the Science Center. Restricted cash related to Perkins loans as of June 30, 2013, was $22,046.

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, 2013, 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, 2013.

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 Unearned 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, 2013, for the College's 2013-2014 summer term are recorded as unearned revenue.

L. Compensated Absences

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

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.

In December 2012, the College refinanced three different debt issues. The amount refinanced was $5,890,000 and the total debt issuance was $6,225,000. The refinancing resulted in a loss of $350,000, which will be amortized over the life of the new loan.

N. 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.

O. 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.

P. Budgetary Information

Budgetary information is reported in the supplementary information.

Q. Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

Effective July 1, 2012, the College adopted Statement No. 61 of GASB, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* (GASB 61). Statement No. 61 is intended to improve financial reporting by making financial reporting entity financial statements more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. According to the GASB, Statement No. 61 improves financial reporting by helping to ensure the financial reporting entity financial statements do not misstate its financial position and provides for more consistent and understandable display of component units and equity interest transactions. GASB 61 is effective for the College's fiscal year ended June 30, 2013. The adoption of Statement No. 61 did not have significant effect on the College's financial statements.

Effective July 1, 2012, the College adopted Statement No. 62 of GASB, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements* (Statement No. 62). Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and reporting literature issued by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) on or before November 30, 1989, which is not in conflict with or contradicted by GASB pronouncements. This literature includes FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee. Upon implementation of Statement No. 62, the College follows guidance issued by GASB, unless a particular topic is not addressed by GASB. In that case, the College would follow other accounting literature from the FASB that is considered a lower tier of GAAP than standards promulgated by GASB.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The College has elected to early implement it in fiscal year 2013. The financial statements were modified to reflect the changes in this statement. The effects of implementation of this standard are presented in Note 11.

Note 2 - Changes in Capital Assets

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

	Balance July 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Capital assets not being depreciated					
Land	$ 233,381	$ -	$ -	$ -	$ 233,381
Construction in progress	2,993,802	3,789,511	-	(6,758,371)	24,942
Total capital assets not being depreciated	3,227,183	3,789,511	-	(6,758,371)	258,323
Other capital assets					
Buildings	12,382,210	36,476	(36,476)	6,758,371	19,140,581
Improvements	2,917,692	48,611	-	-	2,966,303
Vehicles and equipment	3,725,833	115,223	-	-	3,841,056
Total other capital assets	19,025,735	200,310	(36,476)	6,758,371	25,947,940
Total capital assets	22,252,918	3,989,821	(36,476)	-	26,206,263
Less accumulated depreciation					
Buildings	5,077,898	401,240	(36,476)	-	5,442,662
Improvements	1,152,554	219,795	-	-	1,372,349
Vehicles and equipment	3,217,549	145,627	-	-	3,363,176
Total accumulated depreciation	9,448,001	766,662	(36,476)	-	10,178,187
Capital assets, net	$ 12,804,917	$ 3,223,159	$ -	$ -	$ 16,028,076

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, 2013, were 5.77 and 4.11 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, 2011, 2012, and 2013, were, $242,265, $250,692, and $1,096,282, 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 $286,523 for the year ending June 30, 2013.

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, 2013, of $11,505,600.

The following reflects the activity during the year:

Balance - June 30, 2012	$ 10,921,337
Investment income	1,680,545
Contribution to cost sharing plan	(1,096,282)
Balance - June 30, 2013	$ 11,505,600

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 combined balance sheet as cash and cash equivalents.

Cash is comprised of the following at June 30, 2013:

Cash and cash equivalents	
Petty cash	$ 2,211
Deposits with banks	1,878,248
Total cash and cash equivalents	$ 1,880,459
Restricted cash and cash equivalents	
Perkin's loan fund	$ 21,377
State Treasurer's Local Government Pool (LGIP)	669
Total restricted cash and cash equivalents	$ 22,046

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, 2013. 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, 2013, the carrying amount of the College's deposits (cash and certificates of deposit) was $1,900,294 and the bank balance was $2,578,637. 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, 2013, 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, 2013, $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, 2013, the College held $380,331 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, 2013, 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 in GASB Statement No. 31. 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, 2013.

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. Terms call for the bonds to be repaid in annual payments of approximately $110,000 for thirty years including 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, 2012	$ 1,485,000
Decreases	(1,365,000)
Ending June 30, 2013	$ 120,000
Portion due within one year	$ 40,000

Future principal and interest payments as of June 30, 2013 are as follows:

	Housing Series 2006 Bond	
Fiscal Year	Principal	Interest
2014	$ 40,000	$ 4,500
2015	40,000	3,600
2016	40,000	1,800
	$ 120,000	$ 9,900

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. Terms call for the bonds to be repaid in annual payments of approximately $345,000 for thirty years including interest ranging 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, 2012	$ 4,505,000
Decreases	(4,225,000)
Ending June 30, 2013	$ 280,000
Portion due within one year	$ 135,000

Future principal and interest payments as of June 30, 2013, are as follows:

	Housing Series 2005 Bond	
Fiscal Year	Principal	Interest
2014	$ 135,000	$ 12,600
2015	145,000	6,252
	$ 280,000	$ 18,852

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, 2012	$ 8,880,565
Decreases	(286,521)
Ending June 30, 2013	$ 8,594,044
Portion due within one year	$ 290,845

Future principal and interest payments as of June 30, 2013, are as follows:

PERS UAL Bond Fiscal Year	Principal	Interest
2014	$ 290,845	$ 555,300
2015	290,980	595,164
2016	294,610	641,535
2017	293,687	687,457
2018	293,173	737,971
2018 - 2023	1,440,749	4,529,974
2024 - 2028	5,690,000	926,191
	$ 8,594,044	$ 8,673,592

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, 2012	$ 529,007
Decreases	(165,559)
Ending June 30, 2013	$ 363,448
Portion due within one year	$ 179,540

Future principal and interest payments as of June 30, 2013, are as follows:

Johnson Control Capital Project Fiscal Year	Principal	Interest
2014	$ 179,540	$ 16,100
2015	183,908	6,408
	$ 363,448	$ 22,508

In August 2001, the College issued $1,760,000 full faith and credit certificates of obligation to provide facilities for the conduct of educational operations including the acquisition and installation of new software for the College's computer network, together with necessary wiring in all campus buildings, various improvements for safety and security of the campus and to modify or construct a facility for educational purposes. Terms call for the bonds to be repaid in annual payments of approximately $170,000 for fifteen years including interest at 4.5 and 5.15% per annum. The bond is collateralized by the revenue and assets of the General Fund of the College.

Beginning July 1, 2012	$ 610,000
Decreases	(610,000)
Ending June 30, 2013	$ -
Portion due within one year	$ -

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, 2012	$ 100,295
Decreases	(14,193)
Ending June 30, 2013	$ 86,102
Portion due within one year	$ 13,694

Future principal and interest payments as of June 30, 2013, are as follows:

	City of Ontario LID Lot 100	
Fiscal Year	Principal	Interest
2014	$ 13,694	$ 4,321
2015	14,431	3,584
2016	15,202	2,813
2017	16,028	1,987
2018	16,887	1,129
2018 - 2021	9,860	254
	$ 86,102	$ 14,088

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 $128,070 as of June 30, 2013.

Beginning July 1, 2012	$ 53,289
Decreases	(26,645)
Ending June 30, 2013	$ 26,644
Portion due within one year	$ 26,644

Future principal and interest payments as of June 30, 2013 are as follows:

First American Equipment Financing		
Fiscal Year	Principal	Interest
2014	$ 26,644	$ -
	$ 26,644	$ -

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, 2012	$ 1,852,000
Decreases	(178,000)
Ending June 30, 2013	$ 1,674,000
Portion due within one year	$ 183,000

Future principal and interest payments as of June 30, 2013, are as follows:

Zions Bank		
Fiscal Year	Principal	Interest
2014	$ 183,000	$ 71,111
2015	189,000	65,328
2016	195,000	58,713
2017	203,000	51,332
2018	211,000	43,142
2018 - 2021	693,000	70,006
	$ 1,674,000	$ 359,632

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, 2012	$ 154,935
Decreases	(35,625)
Ending June 30, 2013	$ 119,310
Portion due within one year	$ 38,201

Future principal and interest payments as of June 30, 2013, are as follows:

Malheur County Title		
Fiscal Year	Principal	Interest
2014	$ 38,201	$ 7,142
2015	40,964	4,380
2016	40,145	1,420
	$ 119,310	$ 12,942

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 financing was collateralized by the College General Fund.

Beginning July 1, 2012	$ -
Debt issued	6,225,000
Decreases	(45,000)
Ending June 30, 2013	$ 6,180,000
Portion due within one year	$ 190,000

Future principal and interest payments as of June 30, 2013 are as follows:

Series 2012 Refinancing

Fiscal Year	Principal	Interest
2014	$ 190,000	$ 200,150
2015	195,000	196,350
2016	350,000	192,450
2017	245,000	185,450
2018	250,000	178,100
2018 - 2023	1,355,000	774,550
2023 - 2028	1,385,000	564,700
2028 - 2033	1,520,000	325,400
2033 - 2038	690,000	41,600
	$ 6,180,000	$ 2,658,750

The College uses a revolving line of credit to assist with daily operating cash flow. The line of $1,000,0000 carries an interest rate of prime plus .50 percent per annum. The line commenced on June 28, 2013, and matured on October 31, 2013. The balance outstanding as of June 30, 2013, was $0.

Note 8 - Accounts Receivable

Receivables as of June 30, 2013, were as follows:

Property tax	$ 157,873
Tuition and related fees	1,208,078
Due from other governmental units	1,319,236
Other	29,971
	2,715,158
Allowance for uncollectible	(702,593)
	$ 2,012,565

Note 9 - Postemployment Healthcare Plan

The College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension* for the fiscal year ended June 30, 2013. This implementation allows the College to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

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 $1,315, staff receive $1,191, and part time employees received between 50% and 75% of the individual insurance rate based on their FTE, for the year ended June 30, 2013.

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, 2013, the College contributed $1.86 million in College Paid-Cap payments. The College has elected not to prefund the actuarially determined future cost amount of $812,296.

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 Statement No. 45. 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, 2013
Determination of Annual Required Contribution	
(1) Normal cost at year end	$ 75,856
(2) Amortization of UAAL	57,513
(3) Annual Required Contribution (ARC)	$ 133,369
Determination of Net OPEB Obligation	
(4) Annual Required Contribution (ARC)	$ 133,369
(5) Interest on prior year Net OPEB Obligation	18,768
(6) Adjustment to ARC	(35,748)
(7) Annual OPEB Cost	116,389
Less	
(8) Explicit Benefit Payments	-
(9) Implicit Benefit Payments	48,615
(10) Increase in Net OPEB Obligation	67,774
(11) Net OPEB Obligation - Beginning of Year	536,220
(12) Net OPEB Obligation - End of Year	$ 603,994

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, 2011, 2012 and 2013, is as follows:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2011	$ 175,585	25%	$ 407,752
June 30, 2012	185,777	31%	536,220
June 30, 2013	116,389	31%	603,994

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, 2013, 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 7.25% in the first year, 7.5% in the second year, 6.75% in the third year, then grading down from 6.0% to 5.5% over the next 28 years, 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. For the year ended June 30, 2013, the Foundation provided scholarship support of $392,795. During the year ended June 30, 2013, the College provided various services and materials to the Foundation which totaled $164,170. During the year ended June 30, 2012, the Foundation had a capital campaign for the new Science Center for the College. During the year, $174,364 was transferred from the Foundation to the College relating to the capital campaign and $1,211 in other general support to the College. 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 $56,774 as of June 30, 2013.

Note 11 - Prior Period Restatement

Correction of an Error

During 2013, the College noted that it had not recorded changes to the prepaid pension contribution asset for the period January 1, 2012 through June 30, 2012. The changes related to unrecorded transfers to the cost sharing plan as well as earnings on the investments. The effect of the change resulted in an increase in net position for 2012 of $518,153.

Deferred Outflows and Deferred Inflows

As the result of implementing GASB Statement No. 65, the College has restated the beginning net position in the Statement of Net Position, effectively decreasing net assets as of June 30, 2012 by $17,996. The decrease results from no longer deferring and amortizing bond issuance costs. Further, the College has restated its long-term liabilities to reflect that a component of those liabilities as of June 30, 2013 – deferred charge on refunding- is now reported as deferred outflow of resources on the Statement of Net Position. The effect of this change, as of June 30, 2013, is a reclassification of $335,000 from long-term liabilities to deferred outflows of resources.

	July 1, 2012
Net Position, Beginning of Year - As Previously Stated	$ 13,992,278
Less adjustment to amortization for deferral of bond pension costs	(17,996)
Less adjustment to prepaid pension contribution	(518,153)
Net Position, Beginning of Year - As Restated	$ 13,456,129

Note 12 - 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.

Endowment

The Foundation's endowment consists of approximately 67 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 State Prudent Management of Institutional Funds Act (SPMIFA) 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 SPMIFA.

In accordance with SPMIFA, 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

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to maintain as a fund of perpetual duration. The corpus balance of the endowment was $2,840,231 as of June 30, 2013. As of June 30, 2013, the fair market value of the underlying assets was above the combined corpus. Deficiency of endowment market value under corpus includes the difference between the fair market value of the underlying assets and the corpus balance of all endowment including permanently restricted endowments. As of June 30, 2013, the fair market value of the underlying assets below corpus was $29,435.

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 principle 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.

Investments

Investments at June 30, 2013, consisted of the following:

Investment securities	
Fixed Income	$ 314,808
Mutual Funds	237,700
Equities	1,189,504
Exchange Traded Funds	1,755,262
	$ 3,497,274

The assets that are measured at fair value on a recurring basis as of June 30, 2013 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	$ 314,808	$ -	$ -	$ 314,808
Fixed Income Mutual Funds	237,700	-	-	237,700
Equities				
Large Cap Growth	575,834	-	-	575,834
Large Cap Value	211,111	-	-	211,111
Small/Mid Cap Growth	140,124	-	-	140,124
Small/Mid Cap Value	57,786	-	-	57,786
International Equity	189,045	-	-	189,045
Equities Blend	15,604	-	-	15,604
Exchange Traded Fund				
Long Government	9,829	-	-	9,829
Bonds	470,482	-	-	470,482
Intermediate Government	17,024	-	-	17,024
Foreign Large Blend	148,121	-	-	148,121
Diversified Emerging Markets	80,306	-	-	80,306
Miscellaneous Sector	5,408	-	-	5,408
Large Growth	471,323	-	-	471,323
Small Growth	51,779	-	-	51,779
Small Value	38,335	-	-	38,335
Large Value	462,655	-	-	462,655
Total assets at fair value	$ 3,497,274	$ -	$ -	$ 3,497,274

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, 2013 were:

Salaries and benefits	$ 112,388
Materials and supplies	42,437
Office space	9,345
	$ 164,170

All donated materials and services were provided by the College.

Endowment Funds

The endowment funds net asset composition is as follows:

At June 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ (29,113)	$ 344,782	$ 2,840,231	$ 3,155,900

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets				
Beginning of year July 1, 2012	$ -	$ 215,284	$ 3,060,708	$ 3,275,992
Investment return				
Investment income	-	87,986	-	87,986
Net realized and unrealized appreciation	(29,113)	290,971	-	261,858
Contributions	-	-	182,341	182,341
Other Changes				
Net transfers in/out	-	(182,834)	(402,818)	(585,652)
Appropriation of endowment assets for expenditures	-	(66,625)	-	(66,625)
Endowment assets				
End of year June 30, 2013	$ (29,113)	$ 344,782	$ 2,840,231	$ 3,155,900

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2012 are as follows:

Temporarily restricted net assets	
The portion of perpetual endowment funds subject to a time restriction under SPMIFA	
With purpose restrictions	$ 344,782
Permanently restricted net assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 2,840,231

Promises to Give

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

One year or less	$ 155,765
1 to 5 years	144,477
Total promsies to give	300,242
Less discounts to net present value	(771)
Less allowance	(24,607)
Net promises to give	$ 274,864

Promises to give receivables in more than one year are discounted at .36% for the year ended June 30, 2013.

Required Supplementary Information
June 30, 2013

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
10/1/2008	$ -	$ 1,108,087	$ 1,108,087	0%	$ 9,238,781	12%
10/1/2009	$ -	$ 1,076,138	$ 1,076,138	0%	$ 9,683,004	11%
10/1/2011	$ -	$ 812,296	$ 812,296	0%	$10,895,574	7%

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

Supplementary Information
June 30, 2013

Treasure Valley Community College

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 2,170,859	$ 2,170,859	$ 2,483,345	$ 312,486
State sources	5,163,953	5,163,953	5,165,919	1,966
Tuition and fees	7,860,542	7,860,542	7,535,985	(324,557)
Total revenues	15,195,354	15,195,354	15,185,249	(10,105)
Expenditures				
Instruction	6,741,184	6,741,184	6,574,967	166,217
Instruction support	597,702	597,702	542,534	55,168
Student services	2,014,246	2,014,246	1,778,825	235,421
College support services	3,198,678	3,198,678	3,152,007	46,671
Plant operation and maintenance	1,703,994	1,703,994	1,670,118	33,876
Plant additions	76,400	76,400	70,605	5,795
Debt service	1,953,566	1,953,566	1,960,994	(7,428)
Financial aid	813,443	813,443	732,670	80,773
Operating contingency	520,000	520,000	-	520,000
Total expenditures	17,619,213	17,619,213	16,482,720	1,136,493
Excess of Revenues over (Under) Expenditures	(2,423,859)	(2,423,859)	(1,297,471)	1,126,388
Other Financing Sources (Uses)				
Transfers in	(233,200)	(233,200)	(233,200)	-
Transfers out	1,357,059	1,357,059	1,357,059	-
Total other financing sources (uses)	1,123,859	1,123,859	1,123,859	-
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,300,000)	(1,300,000)	(173,612)	1,126,388
Available Net Position, July 1	1,600,000	1,600,000	1,816,284	216,284
Available Net Position, June 30	$ 300,000	$ 300,000	$ 1,642,672	$ 1,342,672

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 100,000	$ 100,000	$ 12,354	$ (87,646)
Tuition and fees	105,000	105,000	29,432	(75,568)
State sources	2,150,000	2,150,000	1,877,106	(272,894)
Federal sources	2,450,000	2,450,000	999,466	(1,450,534)
Total revenues	4,805,000	4,805,000	2,918,358	(1,886,642)
Expenditures				
Instruction	3,230,000	3,230,000	2,155,426	1,074,574
Supporting services	1,425,000	1,425,000	812,781	612,219
Total expenditures	4,655,000	4,655,000	2,968,207	1,686,793
Excess of Revenues over (Under) Expenditures	150,000	150,000	(49,849)	(199,849)
Available Net Position, July 1	-	-	209,886	209,886
Available Net Position, June 30	$ 150,000	$ 150,000	$ 160,037	$ 10,037

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
State grants	$ -	$ -	$ 374,940	$ 374,940
Local sources	-	-	5,586	5,586
Total revenues	-	-	380,526	380,526
Expenditures				
Facilities acquisition and construction	5,500,000	5,500,000	3,771,910	1,728,090
Total expenditures	5,500,000	5,500,000	3,771,910	1,728,090
Excess of Revenues over (Under) Expenditures	(5,500,000)	(5,500,000)	(3,391,384)	2,108,616
Other Financing Sources (Uses)				
Contributed capital	-	-	357,368	357,368
Transfer from other funds	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources (uses)	1,000,000	1,000,000	357,368	(642,632)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(4,500,000)	(4,500,000)	(3,034,016)	1,465,984
Available Net Position, July 1	4,500,000	4,500,000	3,034,016	(1,465,984)
Available Net Position, June 30	$ -	$ -	$ -	$ -

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 175,000	$ 175,000	$ 595,557	$ 420,557
Total revenues	175,000	175,000	595,557	420,557
Expenditures				
Support services	975,000	975,000	666,994	308,006
Facilities acquisition and construction	650,000	650,000	443,119	206,881
Total expenditures	1,625,000	1,625,000	1,110,113	514,887
Excess of Revenues over (Under) Expenditures	(1,450,000)	(1,450,000)	(514,556)	935,444
Other Financing Sources (Uses)				
Transfers from other funds	1,000,000	1,000,000	233,200	(766,800)
Total other financing sources (uses)	1,000,000	1,000,000	233,200	(766,800)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(450,000)	(450,000)	(281,356)	168,644
Available Net Position, July 1	3,000,000	3,000,000	2,267,063	(732,937)
Available Net Position, June 30	$ 2,550,000	$ 2,550,000	$ 1,985,707	$ (564,293)

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Local sources	$ 20,000	$ 20,000	$ 32,673	$ 12,673
State sources	350,000	350,000	153,725	(196,275)
Federal sources	22,500,000	22,500,000	20,576,719	(1,923,281)
Total revenues	22,870,000	22,870,000	20,763,117	(2,106,883)
Expenditures				
Supporting services	22,800,000	22,800,000	20,762,688	2,037,312
Total expenditures	22,800,000	22,800,000	20,762,688	2,037,312
Excess of Revenues over (Under) Expenditures	70,000	70,000	429	(69,571)
Other Financing Sources (Uses)				
Transfers from other funds	8,250,000	8,250,000	8,966,513	716,513
Transfers to other funds	(8,290,000)	(8,290,000)	(8,966,513)	(676,513)
Total other financing sources (uses)	(40,000)	(40,000)	-	40,000
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	30,000	30,000	429	(29,571)
Available Net Position, July 1	-	-	178,265	178,265
Available Net Position, June 30	$ 30,000	$ 30,000	$ 178,694	$ 148,694

Treasure Valley Community College

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)

Auxiliary Enterprises

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating Revenues				
Sale of textbooks	$ 3,250,000	$ 3,250,000	$ 2,466,499	$ (783,501)
Food and catering sales	-	-	401,714	401,714
Housing income	-	-	439,721	439,721
Printing income	-	-	184,041	184,041
Tuition and fees	3,150,000	3,150,000	2,366,118	(783,882)
Miscellaneous income	-	-	22,797	22,797
Total operating revenues	6,400,000	6,400,000	5,880,890	(519,110)
Operating Expenses				
Salaries and benefits	6,000,000	6,000,000	1,796,021	4,203,979
Cost of goods sold	-	-	1,966,648	(1,966,648)
Travel and mileage	-	-	7,132	(7,132)
Materials and supplies	-	-	119,122	(119,122)
Rent	-	-	264,033	(264,033)
Outside services	-	-	663,344	(663,344)
Repairs and maintenance	-	-	25,282	(25,282)
Equipment	-	-	22,014	(22,014)
Other expense	-	-	131,491	(131,491)
Shipping	-	-	6	(6)
Printing	-	-	37,411	(37,411)
Depreciation	-	-	167,146	(167,146)
Bad debts	-	-	25,627	(25,627)
Total operating expenses	6,000,000	6,000,000	5,225,277	774,723
Operating Income	400,000	400,000	655,613	255,613
Other Financing Sources (Uses)				
Contributed capital	-	-	736,230	736,230
Transfer to other funds	(1,450,000)	(1,450,000)	(2,296,927)	(846,927)
Total other financing sources (uses)	(1,450,000)	(1,450,000)	(1,560,697)	(110,697)
Excess of Revenues, Other Financing Sources Over (Under) Expenditures, Other Financing (Uses)	(1,050,000)	(1,050,000)	(905,084)	144,916
Available Net Position, July 1	5,650,000	5,650,000	6,118,384	468,384
Available Position, June 30	$ 4,600,000	$ 4,600,000	$ 5,213,300	$ 613,300

Other Information
June 30, 2013

Treasure Valley Community College

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2013
Assets						
Cash and cash items	$ 500	$ -	$ -	$ -	$ 689	$ 1,189
Interfund receivable	-	-	70,614	93,653	-	164,267
Prepaid assets	-	-	-	-	5,000	5,000
Receivables	47,357	-	-	-	-	47,357
Inventory	341,680	-	-	-	77,210	418,890
Fixed assets (net of accumulated depreciation)	69,694	4,003	4,963,235	8,482	36,580	5,081,994
	$ 459,231	$ 4,003	$ 5,033,849	$ 102,135	$ 119,479	$ 5,718,697
Liabilities and Net Position						
Liabilities						
Accrued payroll	$ 691	$ -	$ 445	$ 1,224	$ 41,772	$ 44,132
Deposits payable	-	-	89,983	-	-	89,983
Interfund payable	348,130	-	-	-	23,152	371,282
Total liabilities	348,821	-	90,428	1,224	64,924	505,397
Net Position						
Unrestricted	110,410	4,003	4,943,421	100,911	54,555	5,213,300
Total net position	110,410	4,003	4,943,421	100,911	54,555	5,213,300
	$ 459,231	$ 4,003	$ 5,033,849	$ 102,135	$ 119,479	$ 5,718,697

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2013
Operating Revenues						
Sale of textbooks and school supplies	$ 1,858,627	$ -	$ -	$ -	$ 607,872	$ 2,466,499
Food and catering sales	-	401,714	-	-	-	401,714
Housing income	-	-	439,721	-	-	439,721
Printing income	-	-	-	184,041	-	184,041
Miscellaneous income	4,343	-	16,621	-	1,833	22,797
Tuition and fees	-	-	-	-	2,366,118	2,366,118
Total operating revenues	1,862,970	401,714	456,342	184,041	2,975,823	5,880,890
Operating Expenses						
Salaries and benefits	130,367	-	76,642	80,845	1,508,167	1,796,021
Cost of goods sold	1,347,234	-	-	52,895	566,519	1,966,648
Travel and mileage	149	26	-	-	6,957	7,132
Materials and supplies	-	9,438	9,958	1,149	98,577	119,122
Rent	-	4,321	-	1,129	258,583	264,033
Outside services	-	581,513	20,324	7,000	54,507	663,344
Repairs and maintenance	-	4,936	5,065	6,491	8,790	25,282
Printing	8,268	318	899	6,883	21,043	37,411
Other expense	1,064	-	5,219	-	125,208	131,491
Shipping	-	-	-	-	6	6
Depreciation	2,985	3,279	149,354	1,391	10,137	167,146
Equipment	-	14,659	1,689	-	5,666	22,014
Bad debts	-	-	-	-	25,627	25,627
Total operating expenses	1,490,067	618,490	269,150	157,783	2,689,787	5,225,277
Operating Income (Loss)	372,903	(216,776)	187,192	26,258	286,036	655,613

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2013
Other Financing Sources (Uses)						
Transfer to other funds	(1,443,598)	-	(343,000)	(25,000)	(485,329)	(2,296,927)
Contributed capital	-	736,230	-	-	-	736,230
Total other financing sources (uses)	(1,443,598)	736,230	(343,000)	(25,000)	(485,329)	(1,560,697)
Net Position, Beginning of Year	1,181,105	(515,451)	5,099,229	99,653	253,848	6,118,384
Net Position, End of Year	$ 110,410	$ 4,003	$ 4,943,421	$ 100,911	$ 54,555	$ 5,213,300

Treasure Valley Community College
Combined Statement of Cash Flows – Proprietary Fund Types – Auxiliary
Year Ended June 30, 2013

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2013
Operating Activities						
Cash received from customers	$ 2,742,634	$ 1,137,944	$ 455,993	$ 184,041	$ 2,975,823	$ 7,496,435
Payments to employees	(131,945)	-	(76,990)	(80,845)	(1,480,094)	(1,769,874)
Payments to suppliers	(1,094,424)	(615,212)	(36,003)	(68,416)	(1,176,241)	(2,990,296)
Payments to suppliers for items for resale	-	-	-	-	-	-
Net Cash from Operating Activities	1,516,265	522,732	343,000	34,780	319,488	2,736,265
Noncapital Financing Activities						
Increase (decrease) in interfund receivable/payable	-	(522,732)	-	(9,780)	165,795	(366,717)
Operating transfers out	(1,443,598)	-	(343,000)	(25,000)	(485,329)	(2,296,927)
Net Cash used for Noncapital Financing Activities	(1,443,598)	(522,732)	(343,000)	(34,780)	(319,534)	(2,663,644)
Investing Activities						
Net increase in capital assets	(72,679)	-	-	-	-	(72,679)
Net Cash used for Investing Activities	(72,679)	-	-	-	-	(72,679)
Net Change in Cash	(12)	-	-	-	(46)	(58)
Net Cash, Beginning of Year	512	-	-	-	735	1,247
Net Cash, End of Year	$ 500	$ -	$ -	$ -	$ 689	$ 1,189

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals, June 30, 2013
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating Income (Loss)	$ 372,903	$ (216,776)	$ 187,192	$ 26,258	$ 286,036	$ 655,613
Depreciation and amortization	2,985	3,279	149,354	1,391	10,137	167,146
Other income	-	736,229	-	-	-	736,229
(Increase) decrease in accounts receivable (net)	25,396	-	-	-	-	25,396
(Increase) decrease in inventory	(85,839)	-	-	-	(23,009)	(108,848)
(Increase) decrease in prepaid assets	-	-	-	7,000	(4,401)	2,599
Increase (decrease) in accounts payable	-	-	7,151	131	(500)	6,782
Increase (decrease) in payroll payable	(1,578)	-	(348)	-	28,073	26,147
Increase (decrease) in interfund receivable/payable	1,202,398	-	(349)	-	23,152	1,225,201
Net Cash from Operating Activities	$ 1,516,265	$ 522,732	$ 343,000	$ 34,780	$ 319,488	$ 2,736,265

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2012	2012-2013 Assessment	Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2013
2012-2013	$ -	$ 2,027,280	$ 1,061	$ 49,383	$ 3,110	$ 1,904,589	$ 1,907,699	$ 71,936
2011-2012	102,885	-	72	-	4,778	59,565	64,343	43,061
2010-2011	50,365	-	556	-	4,365	22,169	26,534	27,529
2009-2010	27,819	-	766	-	5,061	16,344	21,405	10,669
2008-2009	10,697	-	274	-	3,376	9,130	12,506	1,287
2007-2008	676	-	22	-	64	128	192	524
2006-2007	343	-	22	-	58	98	156	223
Prior years	343	-	2	-	34	46	80	293
Total	$ 193,128	$ 2,027,280	$ 2,775	$ 49,383	$ 20,846	$2,012,069	$2,032,915	$ 155,522

Oregon Administration Rules 162-10-200 through 162-10-320 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 Treasure Valley Community College (the College) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 27, 2013. 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the College was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

Eide Bailly LLP

Boise, Idaho
December 27, 2013

Single Audit Information
June 30, 2013

Treasure Valley Community College

FederalGrantor/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*		$ 7,589,305
SEOG Program	84.007*		35,332
Perkins Loan Program - Note 3	84.038*		178,269
College Work Study Program	84.033*		96,236
Direct Loan Program	84.268*		12,855,846
Total SFA Cluster			20,754,988
High School Equivalancy Program - ARRA	84.141A		159,709
The English Acquisition Program: National Professional Development Para Educator	84.195N		81,627
Total Direct Programs			20,996,324
Passed through Oregon State Dept of Education			
Adult Education - Basic Grants to State			
Adult Basic Education (ABE)	84.002		
Comprehensive		EE11221BG	78,009
Accountability		EE11221AG	29,144
Program Improvement		EE11221PG	14,098
El Civics		EE11221EG	1,269
Total Adult Basic Education			122,520
Vocational Education - Basic Grant			
Perkins	84.048A	19175	227,553
Total Passed through Oregon State Dept of Education			350,073
Total Department of Education			21,346,397

*Denotes a major program cluster

FederalGrantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Small Business Administration			
Passed through Oregon State SBA Director			
Small Business Administration	59.037	SBHQ-12-B-0069	38,999
US Department of Agriculture			
Renewable Energy	10.314	GRANT10851360	48,659
US Department of Labor			
CASE Grant (TACCCT)	17.282*	TC-22511-11-60-A-41	305,258
Passed through Community Colleges and Workforce Development			
WIA Youth Activities (Learning Standards)	17.259	IRGRA0587	4,694
Total US Department of Labor			309,952
Total Federal Financial Assistance			$ 21,744,007

*Denotes a major program

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the College under programs of the federal government for the year ended June 30, 2013. 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*. Because the Schedule presents only a selected portion of the operation of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Note 2 - Basis of Presentation

Expenditures reported on the Schedule are reported on an accrual basis of accounting.

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, 2012	$ 177,912
Loans issued during the current year	-
	177,912
Loan receipts, allowance adjustments, and cancellation	357
Loan balance outstanding at June 30, 2013	$ 178,269

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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 June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2013.The financial statements of 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. Our report had an emphasis of matter relating to the early implementation of GASB Statement No. 65 and a change in accounting principle.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified certain a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, 2013-1 to be a material weakness.

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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.

Compliance and Other Matters

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

College’s 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
December 27, 2013

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report 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, 2013. 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.

Opinion on Each Major Federal Program
In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2013.

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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.

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

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

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

Eide Bailly LLP

Boise, Idaho
December 27, 2013

SECTION I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

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
Academic Competitiveness Grant Program	84.375
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

2013 – 1 Prior Period Adjustment

Condition- During the course of the audit the College determined the state prepaid pension contribution asset and net position were not correct as of June 30, 2012.

Criteria – The internal control structure should include procedures to ensure prepaid pension contribution asset is properly stated at year-end.

Cause – The controls currently in place were not sufficient to detect misstatements to various accounts.

Effect – The trial balance presented for audit was misstated.

Recommendation – Management should perform year-end reconciling procedures to ensure balance sheet accounts are properly stated at year-end.

Management's Response – We agree with the findings and will implement the proper procedures to ensure this is managed correctly in the future. The following is a summary of our corrective action plan.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding – Management will record changes to the prepaid pension contribution asset from the date of the actuary report through year end.

Explanation of Disagreement – We concur with the finding.

Official Responsible for Ensuring Corrective Action – Comptroller

Planned Completion for Corrective Action – The internal controls necessary to reconcile prepaid pension contribution asset will be implemented prior to the year ended June 30, 2014.

Plan to Monitor Completion of Corrective Action – The Comptroller will review the changes to the prepaid pension contribution asset to ensure balance sheet accounts are properly stated.

SECTION III - Federal Award Findings and Questioned Costs None

CFDA – 84.268 – Direct Loan Program
CFDA – 84.063 – Pell Grant

Finding 2012-01 – Student Financial Aid Cluster

Condition – In our testing we test a sample of loan recipients and PELL recipients to verify that disbursement dates and amounts in the COD agree to the student accounts (institutions records). There were 52 instances in which Treasure Valley Community College exceeded the 30 day requirement.

Current Status – Student Financial Aid personnel have implemented controls at the institution to ensure that the loan disbursements and records are submitted to the COD within the 30 day requirement.