

TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Malheur County, Oregon

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS
and
SINGLE AUDIT**

For the Year Ended June 30, 2010

TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Malheur County, Oregon
June 30, 2010

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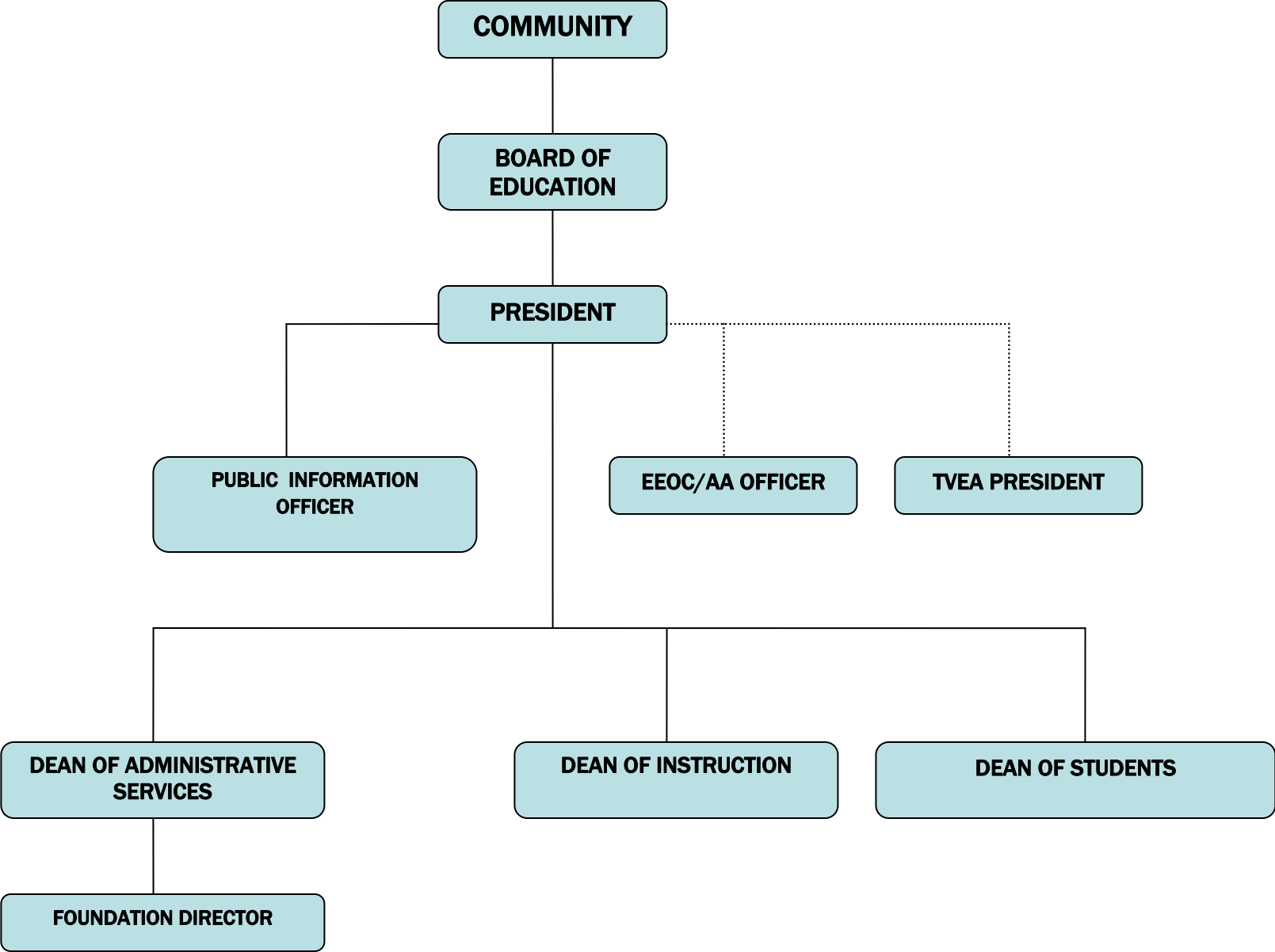
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INTRODUCTORY SECTION

TREASURE VALLEY COMMUNITY COLLEGE
2009 – 2010 Organizational Chart



TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Malheur County, Oregon
BOARD OF EDUCATION AND ADMINISTRATORS
June 30, 2010

Board of Education

<u>Name</u>	<u>Address</u>	<u>Position</u>
Peter Lawson	Ontario	Chairperson
Cheryl Cruson	Ontario	Vice-Chairperson
Scott Wilson	Ontario	Director
John Forsyth	Ontario	Director
Mary Ann Standage	Vale	Director
Ryan Gentry	Ontario	Director
Jed Myers	Ontario	Director

Administrators

Randy R. Griffin	Acting President
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FINANCIAL SECTION



Certified Public Accountants, PC

*George W. Wilber, CrFA, CPA
Robert M. Armstrong, CPA
Mary Jo Evers, CFE, CPA*

*Arlie W. Oster, CPA (1931-1998)
Brian R. Whitman, CPA
Cara R. Kness, CPA
Kari J. Ott, CPA*

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

We have audited the accompanying financial statements of Treasure Valley Community College, Ontario, Oregon and its discretely presented component unit as of and for the year ended June 30, 2010, which collectively comprise the college's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Treasure Valley Community College's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position Treasure Valley Community College, Ontario, Oregon and its discretely presented component unit, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Treasure Valley Community College's financial statements as a whole. The required supplementary information, other information and other financial schedules listed in the financial section on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The required supplementary information, other information and other financial schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon
December 20, 2010

TREASURE VALLEY COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 Assets* presents information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time an increase or decrease in net assets 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 Assets* presents the College's financial results for the fiscal year. The statement includes the College's revenues and expenses, both operating and nonoperating, with operating revenues coming primarily from tuition and fees, grants, and contracts. State appropriations 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 reimbursements decreased in the 09-10 fiscal year. Due to market conditions and declining employment in the State of Oregon, overall tax revenues have decreased from the prior year, which effected the FTE reimbursement that state provides Community Colleges. The College is expecting continued decreases in the 11-13 biennium.
- Enrollment for 09-10 increased dramatically from the prior year.
- The college continues to expand its current class selection and increase its overall enrollment at the college's main satellite center in Caldwell, Idaho.
- Federal financial aid continued to increase from prior years due to an increase in the funds available to students through improved utilization of existing aid programs.

Analysis of the Statement of Net Assets

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 assets are a measure of the college's financial condition.

In summary form, net assets consisted of:

	2010	2009	Increase (Decrease) in millions
Assets			
Current assets	\$ 6,921,945	\$ 5,394,423	1.53
Pension asset	11,724,692	10,968,774	0.76
Capital assets, net	10,313,230	10,230,667	0.08
Total assets	28,959,867	26,593,864	2.37
Liabilities			
Current liabilities	3,511,952	2,562,376	0.95
Noncurrent liabilities	17,132,699	17,783,110	-0.65
Total liabilities	20,644,651	20,345,486	0.30
Net Assets			
Invested in capital assets, net of related debt	2,136,212	1,300,544	0.84
Restricted	2,199,192	1,708,985	0.49
Unrestricted	3,979,812	3,238,849	0.74
Total net assets	\$ 8,315,216	\$ 6,248,378	2.07

Assets

Total assets for the College at the end of the fiscal year were approximately \$28.9 million, comprised of both current assets (\$6.9 million) and noncurrent assets (\$22 million).

Cash and cash equivalents for the College were \$3.0 million at year-end which is an increase of \$2.3 million from last year. This increase is due in large part because the State of Oregon withholds the College's fourth quarter FTE payment until July of the current fiscal year. In this current fiscal year, for cash purposes, the College receives five FTE payments which is the cause of the increased cash balance. An off-setting decrease in accounts receivable will also be noted as our fourth quarter payment was not withheld this year as was done in the prior fiscal year.

At year-end capital assets totaled \$18.4 million with associated accumulated depreciation of \$8.1 million, for a net capital asset value of \$10.3 million. This is a \$.08 million increase in the capital assets over the 2008-2009 fiscal year. In the 2009-2010 fiscal year, the State of Oregon funded numerous capital projects for Community Colleges and other state agencies in the hope that it would encourage job growth in the Oregon economy. These capital projects funded through state dollars are the major reason for the increase in capital assets for this fiscal year.

The College's prepaid pension contribution reflects bonds issued by the College in 2003 to finance the unfunded pension liability due to the Oregon Public Employees Retirement System. The value of these assets increased by .76 million as of the year ended 09-10. The prepaid pension obligation, like many investments in the 09-10 fiscal year, began their climb back up from the bottom reached during the 08-09 fiscal year. We anticipate the value to continue to increase in the years ahead.

Overall total assets of the College increased \$2.37 million as compared to prior year.

Assets of the Foundation are comprised primarily of investments (\$2.7 million of the \$3.98 million asset balance). Total assets for the Foundation increased by approximately 1.36 million, due in large part to realized and unrealized gains in investment values and because of a large scholarship donation for students at our Caldwell Center.

Liabilities

Liabilities are classified as current and noncurrent. The current liabilities balance at year-end was approximately \$3.5 million and the noncurrent liability balance was \$17.1 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 \$9.7 million, other post employment benefits at .2 million, and notes payable of \$8.17 million, less the current portion of \$1.0 million. The notes payable balance decreased from prior year by \$.65 million.

Net Assets

Total net assets at year-end are \$8.3 million or a \$2.1 million increase over the prior year. The increase from prior year is due to the following:

- Increase in the fair market value of our pre-paid pension asset of \$.76 million
- Increase in the College cash position and accounts receivable as of year end

The net assets of the Foundation are divided as follows:

Restricted – expendable for student aid and grants	\$ 1.49 million
Restricted – nonexpendable endowment principal	2.20 million
Unrestricted	<u>.29 million</u>
Total net assets at year-end	\$ 3.98 million

The Foundation endowed principal balance can not be expended, with only the earnings of those funds being made available for funding of student scholarships and grants.

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

The Statement of Revenues, Expenses and Changes in Net assets presents the college's operating results, as well as its non operating revenues and expenses, and reconciles the changes in net assets. 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:

	2010	2009	Increase (Decrease) in millions
Operating revenues			
Tuition and fees	\$ 6,904,613	\$ 5,390,176	1.51
Grants and contracts	3,557,533	4,199,415	-0.64
Sales of goods and services	5,896,423	4,988,373	0.91
Other operating revenues	645,054	1,134,944	-0.49
Total operating revenues	17,003,623	15,712,908	1.29
Non operating revenues			
State community college support	5,813,534	6,727,599	(0.91)
Property taxes	1,788,893	1,727,338	0.06
Investment income (loss)	772,414	(5,318,650)	6.09
Federal financial aid	17,558,710	10,698,309	6.86
Other	402	335,678	(0.34)
Total non operating revenues	25,933,953	14,170,274	11.76
Total revenues	42,937,576	29,883,182	13.05
Operating expenses			
Educational and general	9,635,423	9,537,271	0.10
Other support services	24,898,635	18,440,264	6.46
Auxiliary enterprises	4,921,573	3,675,804	1.25
Depreciation	595,248	560,979	0.03
Total operating expense	40,050,879	32,214,318	7.84
Non operating expenses	819,859	857,949	-0.04
Total expenses	40,870,738	33,072,267	7.80
Change in net assets	\$ 2,066,838	\$ (3,189,085)	5.26

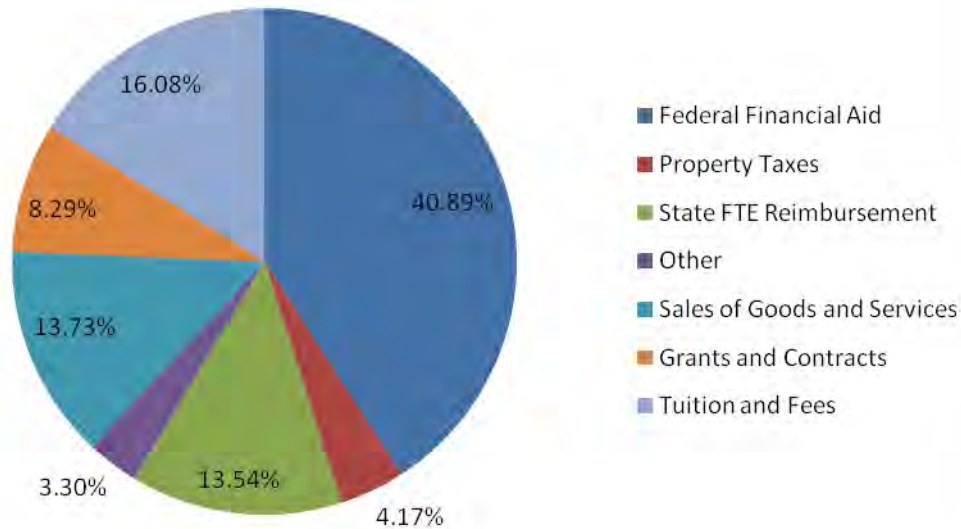
Operating Revenue

Operating revenue for the fiscal year was \$17 million (an increase of \$1.29 million over prior year). Grants and contracts revenue, which includes both federal and state grants and contracts, (except for federal financial aid) decreased by \$.64 million from the prior year due to an decrease in the amount of state programs the College administers.

Nonoperating Revenue

Nonoperating revenues increased by 11.76 million from prior year; this was due to an increase in the investment income from our prepaid pension obligation above and beyond the loss that occurred in the prior year, and an increase in the overall federal financial aid awarded.

2010 Operating and Non Operating Revenues

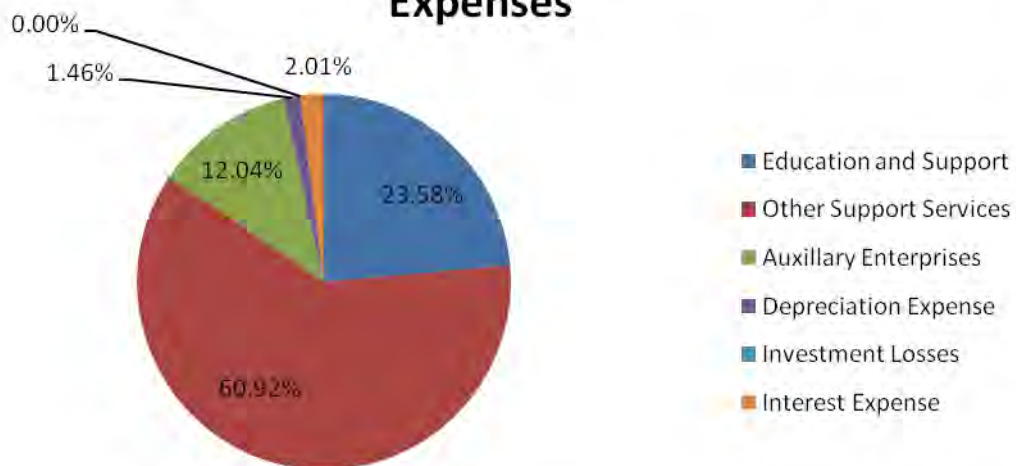


Revenue for the Foundation of \$1,703,499 came primarily from contributions and special events proceeds.

Expenses

Total operating expenses for the College were \$40.05 million for the fiscal year, an increase of \$7.84 million from prior year. Expenses by category are as follows:

2010 Operating and Non Operating Expenses



Operating expenses increased largely due to the increase in enrollment experienced by the College. Additional expenses included salary and related payroll increases, and the increased expense burden placed on the Colleges auxiliary services due to the increased enrollment growth. Financial Aid expense increased dramatically over the prior year, due in large part to the increased enrollment and the number of students who qualify for federal financial aid.

Change in Net Assets

The change in net assets for the 09-10 fiscal year was an increase of \$2.06 million. This increase was due to increased enrollment at TVCC and the overall increase in its equity assets..

Statement of Cash Flows

The College's major operating sources of cash include \$12.9 million in tuition and fees, \$1.39 million in federal student financial aid grants, and \$2.6 million in state and local government grants and contracts. Major operating uses of cash are payments to suppliers of \$7.8 million, payments to employees of \$13.2 million, and payments for student financial aid and scholarships of \$18.22 million.

Cash flows from noncapital financing activities included \$1.7 million in property taxes, \$17.08 million in federal student financial and grants, and \$7.4 million in state FTE reimbursement payments.

The College had a cash outflow of \$3.02 million in the capital financing activities. These outflows included payments on long-term debt and the purchase of additional capital assets for the institution.

The overall cash balance for the College increased by 2.3 million for the year.

Variations between Budget and Actual

During the fiscal year 09-10 we had a large increase in tuition and fees due to increased student enrollment, however that enrollment increase was tempered by a decrease in State FTE reimbursement provided to Community Colleges. We anticipate in the 11-13 bi-ennium continued weakness in the labor markets, which usually coincides with increased enrollment at the Community College level. However, with the lower employment outlook, the College also anticipates decreased state funding due to lower overall State tax revenues.

Almost all of the College's auxiliary services showed continued growth and strength. All of them exceeded their budgeted expectations for revenues. Along with the revenue generation, many of the auxiliary services also had increased expenses over the prior year. It is expected that growth in our auxiliary operations will continue, in particular, with the expansion and growth of our Caldwell Center.

Capital Assets

The College obtained funding from the State of Oregon for capital additions to our campus. These capital additions for 09-10 came in the way of building and infrastructure improvements. The College received approximately \$.5 million from the State of Oregon to fund these improvements in the hope that it would spur job creation in the State of Oregon. The College is continuing its plans for our Science Center, which will be approximately 30,000 square foot building on the Ontario Campus. This building will house new Science labs, staff and faculty

offices, and a large lecture hall for using in our lower division pre-requisite courses. The funding for this building is a 50/50 split, with a fifty percent match being provided by the State of Oregon, and the other fifty percent being funded by the College. The College has begun its first ever capital campaign with the hope of raising the College match through community donations.

Debt

During fiscal year 2009-2010 the college purchased a new phone system. The new phone system was financed over a three year period with the first payment coming in the 2010-2011 fiscal year. The College anticipates there may be a possibility of additional debt issuance in order to meet the required match on our new Science Center.

Economic Factors and Next Year's Budget

The College is expecting to see continued growth in student enrollment, but the economic factors in the economy, and more specifically the state of Oregon, will reduce the amount of FTE reimbursement the college receives for each of the students it serves. The college expects continued growth from its Auxiliary Services, including expansion of enrollment from the Caldwell Center, the college's satellite center located in Idaho. Occupancy for the residence hall has exceeded expectations. The recent improvements have greatly increased the look and appeal of the campus which has been well received in the community and with staff and students. Our current and future capital improvement projects are expected to have a positive impact for the image of the College as well as provide future fiscal benefits in the way of recruitment and overall retention of students. Management will continue to pursue these strategies and explore others as they arise to help strengthen the fiscal performance of the College for the future.

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

BASIC FINANCIAL STATEMENTS

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government	Component Unit
	TVCC	TVCC
	College	Foundation
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,060,158	\$ 1,273,822
Investments	-	2,712,255
Receivables		
Taxes	165,400	-
Accounts, net of allowance for doubtful accounts of \$582,479	3,350,803	8,266
Prepaid assets	99,319	-
Unamortized bond issuance costs-net	19,562	-
Other assets	-	2,000
Inventory	226,703	-
Total current assets	<u>6,921,945</u>	<u>3,996,343</u>
Noncurrent assets		
Capital assets	18,473,143	-
Less accumulated depreciation	(8,159,913)	-
Prepaid pension contribution	11,724,692	-
Total noncurrent assets	<u>22,037,922</u>	<u>-</u>
TOTAL ASSETS	<u>28,959,867</u>	<u>3,996,343</u>
LIABILITIES		
Current liabilities		
Accounts payable	521,111	6,619
Payroll liabilities	355,152	-
Accrued interest	270,333	-
Compensated absences	106,384	-
Due to other funds student and agency groups	216,921	-
Deferred revenue	1,017,377	-
Current portion of long-term debt	1,024,674	-
Total current liabilities	<u>3,511,952</u>	<u>6,619</u>
Noncurrent liabilities		
PERS bonds payable	9,703,442	-
Other post employment benefits payable	276,913	-
Notes payable	8,177,018	-
Less current portion of long-term debt	(1,024,674)	-
Total noncurrent liabilities	<u>17,132,699</u>	<u>-</u>
TOTAL LIABILITIES	<u>20,644,651</u>	<u>6,619</u>
NET ASSETS		
Net assets invested in capital assets	10,313,230	-
Less: related debt	(8,177,018)	-
Investment in capital assets, net	2,136,212	-
Restricted - expendable:		
Student financial aid grants and loans	177,942	1,487,993
Restricted - non expendable:		
Pension obligation	2,021,250	-
Endowment principal	-	2,205,303
Unrestricted	3,979,812	296,428
TOTAL NET ASSETS	<u>\$ 8,315,216</u>	<u>\$ 3,989,724</u>

See notes to the basic financial statements.

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended
June 30, 2010

	Primary Government	Component Unit
	TVCC College	TVCC Foundation
OPERATING REVENUES		
Student tuition and fees	\$ 6,904,613	\$ -
Federal contracted programs	1,399,261	-
State sources	2,158,272	-
Auxiliary enterprises		
Bookstore	1,868,867	-
Food services	481,378	-
Housing	497,919	-
Printing	229,048	-
Caldwell Center	2,819,211	-
Contributions and special events proceeds	-	1,703,499
Other operating revenues	645,054	-
Total operating revenues	<u>17,003,623</u>	<u>1,703,499</u>
OPERATING EXPENSES		
Educational and general	9,635,423	-
Other support services		
Student activities	2,030,408	371,785
College support	2,849,112	-
Plant operations	1,686,548	-
Financial aid	18,332,567	250,727
Auxiliary enterprises		
Bookstore	1,549,069	-
Food services	590,757	-
Housing	136,603	-
Printing	200,224	-
Caldwell Center	2,444,920	-
Fund raising expenses	-	7,288
Management and general expenses	-	38,049
Depreciation expense	595,248	-
Total operating expenses	<u>40,050,879</u>	<u>667,849</u>
Operating income (loss)	<u>(23,047,256)</u>	<u>1,035,650</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,788,893	-
Financial aid	17,558,710	-
State FTE reimbursement	5,813,534	-
Investment income (loss)	772,414	331,996
Transfers to agency funds	402	-
Interest expense	(819,859)	-
Net nonoperating revenues (expenses)	<u>25,114,094</u>	<u>331,996</u>
Increase (decrease) in net assets	2,066,838	1,367,646
NET ASSETS		
Net assets -beginning of the year	<u>6,248,378</u>	<u>2,622,078</u>
Net assets - end of the year	<u>\$ 8,315,216</u>	<u>\$ 3,989,724</u>

See notes to the basic financial statements.

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
STATEMENT OF CASH FLOWS

For the Year Ended
June 30, 2010

	TVCC College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 12,967,362
Federal grants and contracts	1,399,261
State and local government grants and contracts	2,636,286
Payments to suppliers for goods and services	(7,845,722)
Payments to employees	(13,244,888)
Payments for student financial aid and other scholarships	(18,226,429)
Other cash receipts	645,054
Net cash used in operating activities	<u>(21,669,076)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	1,759,181
Federal student financial aid grants	17,086,678
State full time equivalent reimbursement	7,413,265
Transfer to agency funds	402
Net cash provided by noncapital financing activities	<u>26,259,526</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,465,226)
Principal paid on long-term debt	(734,432)
Interest paid on long-term debt	<u>(828,117)</u>
Net cash provided (used) by capital financing activities	<u>(3,027,775)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	772,414
Net cash provided by investing activities	<u>772,414</u>
NET INCREASE (DECREASE) IN CASH	2,335,089
Cash and cash equivalents - beginning of the year	<u>725,069</u>
Cash and cash equivalents - end of year	<u><u>\$ 3,060,158</u></u>
 Operating loss	 \$ (23,047,256)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense all governmental funds	595,248
Increase in accounts receivable, not including state support	478,014
Increase in prepaid assets	(16,363)
Increase in salaries payable	21,541
Increase in accounts payable and payroll tax liabilities	74,521
Increase in deferred revenue	166,326
Increase in due to student groups	58,893
Net cash used in operating activities	<u><u>\$ (21,669,076)</u></u>

See notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

TREASURE VALLEY COMMUNITY COLLEGE
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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 organized under the laws prescribed by the State of Oregon, charged with educating students under the general supervision of the State Board of Education through the Department of Community College and Workforce Development. A seven-member Board of Education is locally elected and is authorized to establish policies governing the operation 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 and Caldwell, Idaho.

A. Reporting Entity

For financial reporting purposes, Treasure Valley Community 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. In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, "Determining Whether Certain Organizations are Component Units". This statement amends Statement No. 14 "The Financial Reporting Entity" to provide additional guidance to determine whether certain organizations for which the college is not financially accountable should be reported as component units based on the nature and significance of their relationship with the college. In general, it requires reporting as a component unit, an organization that raises and holds economic resources for the direct benefit of the governmental unit.

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.

The college has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Research Bulletins (ARB) issued on or before November 30, 1989 unless those pronouncements conflict or contradict GASB pronouncements. The college has elected not to apply FASB pronouncements issued after the applicable date.

B. Basis of Presentation

GASB Statement No. 35 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 three net asset categories:

Invested in capital assets, net of related debt

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable

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to the acquisition, construction or improvement of those assets.

Restricted net assets

Nonexpendable - Net assets subject to externally imposed stipulations that they be maintained permanently by the college, including the foundation's permanent endowment funds.

Expendable - Net assets 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 assets

Net assets that are 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.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the college. For the most part, 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. Under terms of grant agreements, the college funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs and then to general revenues.

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.

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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 stated at cost, which approximates fair value.

F. 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, 2010, the college was in compliance with the aforementioned state of Oregon statutes. Investments are stated at fair value, which is based on the individual investment's quoted market price at year end.

G. Receivables

Ad valorem 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 amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Malheur and Baker Counties collect and allocate all property taxes to the college. Property taxes are recognized as revenues when they become available. Available means when due, or past due and receivable within the current period, and collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently.

Student loans receivable are recorded as tuition and are charged as amounts are advanced to students under various federal student financial assistance programs. The college has created an estimate for the allowance of doubtful accounts based on accounts older than 360 days, representing approximately 26% of the total due. The Caldwell Center estimates 5% of tuition as uncollectible.

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.

General fund and auxiliary funds student accounts receivable consists of tuition, fees, housing, and food service revenues for the period ended June 30, 2010. The special revenue funds reflect amounts receivable from grants and state fees due to the college at June 30, 2010.

Perkins loans receivable are for loans to eligible students that are administered through the college. The allowance for doubtful accounts represents Perkins loan accounts that are over four months past due.

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H. Inventories

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

I. 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 with an estimated useful life in excess of one reporting period. 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
Land improvements	20-40 years

J. Tuition and Fees and Unearned Revenue

Tuition and fees include all assessments for educational purposes. It is stated net of institutional aid provided to students. The college's fiscal year begins with summer term and ends with spring term. Tuition and fees received prior to July 1, 2010 for the college's 2010-2011 summer term are recorded as unearned revenue.

K. 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 is accrued when earned.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for them.

L. Long-term Debt

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

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M. 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, including property taxes, federal and state grants, state educational support, investment income, and interest expense not meeting this definition are reported as non-operating revenues and expenses.

N. 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.

O. Budgetary Information

A budget is prepared for each fund in accordance with the accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, instruction support, student services, supporting services, plant services, interagency/fund transactions, contingencies and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget using a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of directors.

The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

P. Statements of Cash Flows

For purposes of the Statement of Cash Flows, the district considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the district's pooled cash and investments.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type

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transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Assets.

Note 2. Negative Retained Earnings

Negative retained earnings of auxiliary funds at June 30, 2010, were as follows:

	Amount
Food Service	\$ 219,222
Caldwell Center	139,826

Note 3. Due From and Due to Other Funds

The college pools all operational cash into one account and establishes interfund receivables and payables to reflect the balances of each funds portion of cash. The detail of interfund receivables and payables at June 30, 2010 is as follows:

Note 4. Changes in Fixed Assets

The following tables present the changes in various capital asset categories:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated				
Land	\$ 233,381	\$ -	\$ -	\$ 233,381
Construction in progress	807,436	567,495	(1,354,910)	20,021
Total capital assets not being depreciated	<u>1,040,817</u>	<u>567,495</u>	<u>(1,354,910)</u>	<u>253,402</u>
Capital assets being depreciated				
Buildings	11,315,917	874,057	-	12,189,974
Improvements	2,248,431	486,273	-	2,734,704
Vehicles and equipment	3,196,067	104,896	(5,900)	3,295,063
Total capital assets being depreciated	<u>16,760,415</u>	<u>1,465,226</u>	<u>(5,900)</u>	<u>18,219,741</u>
Less accumulated depreciation for				
Buildings	4,354,036	227,258	-	4,581,294
Improvements	506,675	152,359	-	659,034
Vehicles and equipment	2,709,854	215,631	(5,900)	2,919,585
Total accumulated depreciation	<u>7,570,565</u>	<u>595,248</u>	<u>(5,900)</u>	<u>8,159,913</u>
Total capital assets being depreciated, net	<u>9,189,850</u>	<u>869,978</u>	<u>-</u>	<u>10,059,828</u>
Total capital assets, net	<u><u>\$ 10,230,667</u></u>	<u><u>\$ 1,437,473</u></u>	<u><u>\$ (1,354,910)</u></u>	<u><u>\$ 10,313,230</u></u>

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

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Note 5. 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 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program and defined benefit portion of the plan, applies to qualifying college employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 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 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, 2010 were .29% and .19% 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, 2008, 2009, and 2010 were \$226,139, \$233,482 and \$241,791 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 (UAL). The PERS UAL Bond debt service was \$686,144 for the year ending June 30, 2010. The prepaid retirement obligation is being amortized over the life of the bond at a rate of \$430,476 per year for 24 years.

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 statements reflect the balance held with PERS in a designated side account and the last available actuarial valuation as of December 31, 2009 of \$11,724,692. The following reflects the activity during the year reported by the actuarial valuations:

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Balance - December 31, 2008	\$ 10,968,774
Investment income (loss)	1,936,162
Administrative expenses	(1,000)
Contribution to cost sharing plan	<u>(1,179,244)</u>
Balance - December 31, 2009	<u><u>\$ 11,724,692</u></u>

Note 6. 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, 2010.

Note 7. Cash and Investments

The college maintains a cash and investment pool that is available for use by all funds.

Cash and investments are comprised of the following at June 30, 2010:

Petty cash	\$ 3,282
Deposits with banks	500,371
Investments	<u>2,556,505</u>
	<u><u>\$ 3,060,158</u></u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Assets	
Cash and investments	<u>\$ 3,060,158</u>
Total	<u><u>\$ 3,060,158</u></u>

As of June 30, 2010, the college held the following investments and maturities:

Investment type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 2,556,505	100%

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial risk assumed by the college at June 30, 2010. If bank deposits at year end are not entirely insured or collateralized with securities held by the college or by its agent in the college's name, the college must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

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At June 30, 2010 the carrying amount of the college's deposits (cash and certificates of deposit) in various financial institutions was \$500,371 and the bank balances was \$1,029,567. Of these deposits, all were not covered by federal depository insurance. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295.015 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the Oregon state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. At June 30, 2010 and for the year then ended, the college's deposits were in compliance with the requirements of ORS 295.015.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The college does not have a policy for custodial credit risk for deposits.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the Oregon State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Investments

At June 30, 2010, the college held \$2,556,505 of investments, which is all classified as cash and investments on the Statement of Net Assets. The college has no policy for managing interest rate risk or credit risk.

The college has invested funds in the Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2010. The Local Government Investment Pool (LGIP) was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government Investment Pool (LGIP) is an external investment pool managed by the state treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. The Oregon LGIP is unrated for credit quality.

In addition, the Oregon LGIP distributes investment income on an amortized cost basis and participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the college's cash position.

Investments in the Oregon LGIP are made under the provisions of ORS 194.180. These funds are held in the college's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximated fair value.

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A separate financial report for the Oregon Short-term Fund Local Government Investment Pool (LGIP) is prepared by the Secretary of State Audits Division in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon Audits Division 255 Capitol Street NE, Suite 500, Salem, OR 97310 or online at <http://www.sos.state.or.us/audits/index.html>.

Oregon statutes restrict the types of investments in which the college may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the Oregon Local Government Investment Pool (LGIP). As of June 30, 2010 and for the year then ended, the college was in compliance with the aforementioned Oregon statutes.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the college to invest primarily in general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP), among others. The college has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The college is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the United States Government. The college has no such investments.

Interest Rate Risk – The college has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Foreign Currency Risk – The college is prohibited from investments that are not US dollar-denominated; therefore, the college is not exposed to this risk.

Note 8. Risk Management

The college is exposed to various risks of loss related to torts, theft, damage, 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. There was no significant reduction in the college's insurance coverage in 2010 and settlements have not exceeded the college's coverage in the past three years.

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Note 9. Long Term Debt

In February 2006, the college issued \$1,600,000 in full faith and credit certificate of obligation, 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.

Beginning July 1, 2009	\$ 1,560,000
Increases	-
Decreases	<u>(20,000)</u>
Ending June 30, 2010	<u>\$ 1,540,000</u>
Portion due within one year	<u>\$ 20,000</u>

Future principal and interest payments as of June 30, 2010 are as follows:

Housing Series 2006 Bond		
Fiscal year	Principal	Interest
2010-11	\$ 20,000	\$ 75,300
2011-12	35,000	74,500
2012-13	35,000	73,100
2013-14	40,000	71,700
2014-15	40,000	70,100
2015-20	230,000	320,750
2020-25	295,000	256,750
2025-30	370,000	176,250
2030-35	475,000	73,750
Total	<u>\$ 1,540,000</u>	<u>\$ 1,192,200</u>

In April 2005, the college issued \$5,250,000 in full faith and credit certificate of obligation, 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.

Beginning July 1, 2009	\$ 4,885,000
Increases	-
Decreases	<u>(120,000)</u>
Ending June 30, 2010	<u>\$ 4,765,000</u>
Portion due within one year	<u>\$ 130,000</u>

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Future principal and interest payments as of June 30, 2010 are as follows:

Housing Series 2005 Bond		
Fiscal year	Principal	Interest
2010-11	\$ 130,000	\$ 217,458
2011-12	130,000	212,258
2012-13	135,000	207,058
2013-14	135,000	201,658
2014-15	145,000	196,258
2016-20	835,000	877,113
2021-25	1,035,000	671,463
2026-30	985,000	443,970
2031-35	1,235,000	191,000
Total	<u>\$ 4,765,000</u>	<u>\$ 3,218,236</u>

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, although the payment due on June 30, 2010 was not deducted from cash until July 1, 2010 and has, therefore, been included in current portion. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs.

Beginning July 1, 2009	\$ 9,703,442
Increases	-
Decreases	-
Ending June 30, 2010	<u>\$ 9,703,442</u>
Portion due within one year	<u>\$ 541,840</u>

Future principal and interest payments as of June 30, 2010 are as follows:

PERS UAL Bond		
Fiscal year	Principal	Interest
2010-11	\$ 541,840	\$ 720,482
2011-12	281,037	480,108
2012-13	286,522	514,623
2013-14	290,845	555,300
2014-15	290,980	595,164
2015-20	1,462,183	3,703,539
2020-25	3,085,035	3,476,258
2025-28	3,465,000	354,132
Total	<u>\$ 9,703,442</u>	<u>\$ 10,399,606</u>

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In March of 2003, the college entered into a long term financing arrangement through Johnson Control, to finance the heating and cooling system, and electrical upgrades throughout the college. This contract has interest included at 5.86 percent per annum. Payments are made quarterly.

Beginning July 1, 2009	\$ 961,591
Increases	-
Decreases	(139,657)
Ending June 30, 2010	<u>\$ 821,934</u>
Portion due within one year	<u>\$ 140,390</u>

Future principal and interest payments as of June 30, 2010 are as follows:

Fiscal year	Johnson Control Capital Project	
	Principal	Interest
2010-11	\$ 140,390	\$ 40,870
2011-12	152,538	33,282
2012-13	165,559	25,041
2013-14	179,540	16,100
2014-15	183,907	6,408
Total	<u>\$ 821,934</u>	<u>\$ 121,701</u>

In March of 2005, the college entered into a five-year financing agreement with Nebraska Book Company for the purchase of a College Bookstore Management System. The agreement calls for annual payments of \$8,588 including interest at 6.5% per annum. This note was paid in full at June 30, 2010.

Beginning July 1, 2009	\$ 8,064
Increases	-
Decreases	(8,064)
Ending June 30, 2010	<u>\$ -</u>

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 acquisitions 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 purchase, 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 to 5.15 percent per annum.

Beginning July 1, 2009	\$ 995,000
Increases	-
Decreases	(120,000)
Ending June 30, 2010	<u>\$ 875,000</u>
Portion due within one year	<u>\$ 130,000</u>

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Future principal and interest payments as of June 30, 2010 are as follows:

2000 Series A Bonds		
Fiscal year	Principal	Interest
2010-11	\$ 130,000	\$ 40,530
2011-12	135,000	34,235
2012-13	140,000	27,600
2013-14	150,000	20,343
2014-15	155,000	13,240
2015-16	165,000	8,498
Total	<u>\$ 875,000</u>	<u>\$ 144,446</u>

The college is obligated to the City of Ontario for special assessment debt in connection with Local Improvement Districts 44 and 45 on tax lots 100 and 500. Monthly payments are \$1,501 and \$685 respectively, including interest at the rate of 5.25 percent per annum. The special assessment debt in connection with Local Improvement Districts 44 and 45 on tax lot 500 was paid in full at June 30, 2010.

Beginning July 1, 2009	\$ 147,762
Increases	-
Decreases	(23,320)
Ending June 30, 2010	<u>\$ 124,442</u>
Portion due within one year	<u>\$ 11,703</u>

Future principal and interest payments as of June 30, 2010 are as follows:

City of Ontario LID Lot 100		
Fiscal year	Principal	Interest
2010-11	\$ 11,703	\$ 6,312
2011-12	12,323	5,692
2012-13	13,004	5,012
2013-14	13,694	4,321
2014-15	14,431	3,584
2015-19	59,287	6,181
Total	<u>\$ 124,442</u>	<u>\$ 31,102</u>

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 \$5,572.87, two annual payments of \$66,874.49 with the first due on May 1, 2009 and a final annual payment of \$61,301.62.

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Beginning July 1, 2009	\$ 106,860
Increases	-
Decreases	(56,218)
Ending June 30, 2010	<u>\$ 50,642</u>
Portion due within one year	<u>\$ 50,642</u>

Future principal and interest payments as of June 30, 2010 are as follows:

First American Equipment Financing		
Fiscal year	Principal	Interest
2010-11	\$ 50,642	\$ 10,658
Total	<u>\$ 50,642</u>	<u>\$ 10,658</u>

Note 10. Accounts Receivable

Receivables at the government-wide level at June 30, 2010, were as follows:

	General	Special Revenue	Capital Projects	Auxiliary	Financial Aid	Total
Property tax	\$ 165,400	\$ -	\$ -	\$ -	\$ -	\$ 165,400
Tuition and fee related	1,869,438	-	-	-	-	1,869,438
Due from other governmental units	4,583	969,489	-	319,678	664,795	1,958,544
Other receivables	105,300	-	-	-	-	105,300
Sub total	<u>2,144,721</u>	<u>969,489</u>	<u>-</u>	<u>319,678</u>	<u>664,795</u>	<u>4,098,682</u>
Allowance for uncollectible	<u>(525,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,857)</u>	<u>(582,479)</u>
Total	<u>\$ 1,619,099</u>	<u>\$ 969,489</u>	<u>\$ -</u>	<u>\$ 319,678</u>	<u>\$ 607,938</u>	<u>\$ 3,516,203</u>

The following is an aging of tuition and fees receivables within the General Fund. As of June 30, 2010 the college has also recorded an allowance for doubtful accounts related to tuition and fees receivable of \$525,622 by adjusting the allowance to account for 90% of the accounts receivable aged greater than 180 days and 100% of the accounts receivable aged greater than one year.

	0-90	91-180	181-360	Greater than 1 year	Total
Amount	\$ 1,233,148	\$ 70,095	\$ 81,663	\$ 484,532	\$ 1,869,438
Percentage of total	66%	4%	4%	26%	100%

Note 11. Other Post Employment Benefits (OPEB)

Health Care Benefits

The college implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the fiscal year ended June 30, 2010. This implementation allows the district 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.

TREASURE VALLEY COMMUNITY COLLEGE
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The college operates a single-employer retiree benefit plan that provides post employment health, dental, vision and prescription coverage benefits to eligible employees and their 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 \$1,094.17, staff receive \$991.41, and part-time employees received between 25% and 50% of the individual rate based on their full time equivalent, for the year ended June 30, 2010.

To be eligible, retired employees must be receiving benefits from Oregon PERS and the duration of benefits is 48 months or until the attainment of age 65, if earlier.

The college is required by Oregon Revised Statute 243.303 to provide retirees 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 plan 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 fiscal year ended June 30, 2010, the college contributed \$1.67 million in College Paid-Cap payments. The college has elected not to prefund the actuarially determined future cost amount of \$1,076,138.

The college’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the college, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the college’s normal cost each year and amortize any unfunded actuarial liabilities over a period of 15 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.

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June 30, 2010

	June 30, 2010	June 30, 2011
Determination of Annual Required Contribution		
(1) Normal Cost at year end	\$ 109,847	\$ 105,186
(2) Amortization of UAAL	<u>88,140</u>	<u>78,141</u>
(3) Annual Required Contribution (ARC)	<u>197,987</u>	<u>183,327</u>
Determination of Net OPEB Obligation		
(4) Annual Required Contribution (ARC)	197,987	183,327
(5) Interest on prior year Net OPEB Obligation	5,545	11,077
(6) Adjustment to ARC	<u>(9,421)</u>	<u>(18,819)</u>
(7) Annual OPEB Cost	<u>194,111</u>	<u>175,585</u>
Less		
(8) Explicit Benefit Payments	-	-
(9) Implicit Benefit Payments	<u>55,828</u>	<u>44,746</u>
(10) Increase in Net OPEB Obligation	<u>138,283</u>	<u>130,839</u>
(11) Net OPEB Obligation - beginning	<u>138,630</u>	<u>276,913</u>
(12) Net OPEB Obligation - ending	<u><u>\$ 276,913</u></u>	<u><u>\$ 407,752</u></u>

The college's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009, 2010 and 2011 were as follows:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2009	\$ 181,192	23%	\$ 138,630
June 30, 2010	194,111	29%	276,913
June 30, 2011	175,585	25%	407,752

Funding status and funding progress based on the most recent actuarial valuation is as follows:

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%	N/A	N/A
10/1/2009	-	1,076,138	1,076,138	0%	N/A	N/A

- (1) Actuarial value of assets
- (2) Actuarial accrued liability
- (3) Unfunded actuarial liability

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

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June 30, 2010

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 matter of sharing of benefit 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, 2010 actuarial valuation “the projected unit credit actuarial cost method” was used. The actuarial assumption was a 4.0% investment rate of return (net of administrative expenses). Medical and prescription drugs premium increase of 8.4% in the first year, 7.3% in the second year, 6.2% in the third year, then grading down from 5.9% to 5.0% over the next 28 years, and then 5.05% thereafter. The annual healthcare cost trend rate of 5.0% for dental and vision insurance premiums. The UAAL (Unfunded Actuarial Accrued Liability) is being amortized as a level percentage of projected payroll on a closed basis over a period of fifteen years.

Note 12. Leases

Treasure Valley Community College leases a building and its land for classroom space. The agreement was signed June 15, 2010. The total cost for the lease was \$0 for the year ended June 30, 2010. The lease is cancellable annually, therefore, the minimum lease payments under the lease is for one year only at \$200,000.

The College leases two photocopy machines under noncancelable lease agreements. The total cost for these operating leases was \$16,423 for the year ended June 30, 2010. These lease agreements were paid in full at June 30, 2010.

Note 13. Subsequent Events

On July 13, 2010 the College entered into a lease agreement for a phone system. The total cost of the lease will be \$106,579 ending in fiscal year 2014.

On September 1, 2010 the College entered into a lease agreement for classrooms and a gymnasium. The total cost of the lease will be \$265,350 ending in fiscal year 2015.

Note 14. New Pronouncement

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement). Certain of the significant changes in the statement will require the following:

Fund balances for each of the district’s governmental funds will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

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- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the district’s General Fund.

The statement also establishes several new presentation and disclosure requirements, including requirements related to stabilization arrangements (i.e., “rainy day” amounts).

In addition, the statement clarifies the definitions of the various types of governmental funds. Interpretations of certain terms within the new definition of special revenue funds may affect which activities the district can report in special revenue funds.

The provisions of GASB Statement No. 54 must be implemented by the district no later than the fiscal year beginning July 1, 2010. Implementation will require the district to restate existing fund balances for the governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 2,103,500	\$ 2,208,500	\$ 2,236,600	\$ 28,100
State sources	5,798,547	5,798,547	5,813,534	14,987
Tuition and fees	5,680,583	6,836,200	6,787,436	(48,764)
Total revenues	13,582,630	14,843,247	14,837,570	(5,677)
EXPENDITURES				
Instruction	5,572,453	6,428,070	5,940,464	487,606
Instruction support	418,263	418,263	405,069	13,194
Student services	1,921,964	2,021,964	1,942,167	79,797
College support services	2,677,594	2,882,594	2,813,652	68,942
Plant operation and maintenance	1,450,363	1,550,363	1,542,909	7,454
Plant additions	57,500	57,500	56,900	600
Debt service	1,554,974	1,554,974	1,553,509	1,465
Financial aid	846,519	846,519	826,016	20,503
Operating contingency	710,000	710,000	-	710,000
Total expenditures	15,209,630	16,470,247	15,080,686	1,389,561
Excess of revenues over (under) expenditures	(1,627,000)	(1,627,000)	(243,116)	1,383,884
Other financing sources (uses)				
Transfers out	(266,000)	(266,000)	(266,000)	-
Transfer in	793,000	793,000	793,000	-
Total other financing sources (uses)	527,000	527,000	527,000	-
Net change in fund balance	(1,100,000)	(1,100,000)	283,884	1,383,884
Available fund balance, July 1	1,400,000	1,400,000	1,521,762	121,762
Available fund balance, June 30	\$ 300,000	\$ 300,000	\$ 1,805,646	\$ 1,505,646

TREASURE VALLEY COMMUNITY COLLEGE
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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
SPECIAL PROJECTS FUND**

For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 100,000	\$ 100,000	\$ 36,180	\$ (63,820)
State sources	2,200,000	2,200,000	1,623,010	(576,990)
Federal sources	2,500,000	2,500,000	1,399,261	(1,100,739)
Tuition and fees	5,000	5,000	99,091	94,091
Total revenues	<u>4,805,000</u>	<u>4,805,000</u>	<u>3,157,542</u>	<u>(1,647,458)</u>
EXPENDITURES				
Instruction	3,230,000	3,230,000	2,463,140	766,860
Supporting services	<u>1,475,000</u>	<u>1,475,000</u>	<u>707,105</u>	<u>767,895</u>
Total expenditures	<u>4,705,000</u>	<u>4,705,000</u>	<u>3,170,245</u>	<u>1,534,755</u>
Net change in fund balance	100,000	100,000	(12,703)	(112,703)
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>134,317</u>	<u>134,317</u>
Available fund balance, June 30	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 121,614</u>	<u>\$ 21,614</u>

TREASURE VALLEY COMMUNITY COLLEGE
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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
STUDENT FINANCIAL AID FUND**

For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 10,025	\$ 10,025
State sources	350,000	350,000	472,032	122,032
Federal sources	14,500,000	17,500,000	17,076,653	(423,347)
Total revenues	14,850,000	17,850,000	17,558,710	(291,290)
EXPENDITURES				
Supporting services	14,845,000	17,845,000	17,586,412	258,588
Total expenditures	14,845,000	17,845,000	17,586,412	258,588
Excess of revenues over (under) expenditures	5,000	5,000	(27,702)	(32,702)
Other financing sources (uses)				
Transfer in	3,745,000	6,495,000	6,951,366	456,366
Transfer out	(3,750,000)	(6,500,000)	(6,923,664)	(423,664)
Total other financing sources (uses)	(5,000)	(5,000)	27,702	32,702
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
PERKINS LOAN FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 282	\$ 282
Total revenues	-	-	282	282
EXPENDITURES				
Supporting services	5,000	5,000	150	4,850
Total expenditures	5,000	5,000	150	4,850
Excess of revenues over (under) expenditures	(5,000)	(5,000)	132	5,132
Other financing sources (uses)				
Transfer in	5,000	5,000	-	(5,000)
Total other financing sources (uses)	5,000	5,000	-	(5,000)
Net change in fund balance	-	-	132	132
Available fund balance, July 1	-	-	177,806	177,806
Available fund balance, June 30	\$ -	\$ -	\$ 177,938	\$ 177,938

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
CAPITAL PROJECTS FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
State sources	\$ 1,300,000	\$ 1,300,000	\$ 535,262	\$ (764,738)
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>535,262</u>	<u>(764,738)</u>
EXPENDITURES				
Facilities and acquisitions	<u>1,300,000</u>	<u>1,300,000</u>	<u>535,262</u>	<u>764,738</u>
Total capital outlay	<u>1,300,000</u>	<u>1,300,000</u>	<u>535,262</u>	<u>764,738</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
RESERVE FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 15,000	\$ 15,000	\$ 189,954	\$ 174,954
Total revenues	15,000	15,000	189,954	174,954
EXPENDITURES				
Support services	350,000	350,000	44,652	305,348
Facilities acquisitions and construction	600,000	600,000	260,337	339,663
Total expenditures	950,000	950,000	304,989	645,011
Excess of revenues over (under) expenditures	(935,000)	(935,000)	(115,035)	819,965
Other financing sources (uses)				
Transfer from Other Funds	275,000	275,000	518,115	243,115
Total other financing sources (uses)	275,000	275,000	518,115	243,115
Net change in fund balance	(660,000)	(660,000)	403,080	1,063,080
Available fund balance, July 1	750,000	750,000	1,255,043	505,043
Available fund balance, June 30	\$ 90,000	\$ 90,000	\$ 1,658,123	\$ 1,568,123

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
BOOKSTORE FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 1,775,000	\$ 1,875,000	\$ 1,619,839	\$ (255,161)
Sale of school supplies	-	-	230,067	230,067
Miscellaneous income	-	-	18,961	18,961
Total operating revenues	<u>1,775,000</u>	<u>1,875,000</u>	<u>1,868,867</u>	<u>(6,133)</u>
Operating expenses				
Support services				
Salaries and benefits	1,550,000	1,550,000	123,697	1,426,303
Cost of goods sold	-	-	1,412,722	(1,412,722)
Outside services	-	-	11,676	(11,676)
Depreciation	-	-	323	(323)
Other expense	-	-	450	(450)
Interest expense	-	-	524	(524)
Total operating expenses	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,549,392</u>	<u>608</u>
Operating income	225,000	325,000	319,475	(5,525)
Other sources and (uses)				
Transfer to other funds	<u>(98,000)</u>	<u>(350,000)</u>	<u>(98,000)</u>	<u>252,000</u>
Changes in net assets	127,000	(25,000)	221,475	(246,475)
Net assets, July 1	<u>100,000</u>	<u>100,000</u>	<u>490,210</u>	<u>(390,210)</u>
Net assets, June 30	<u>\$ 227,000</u>	<u>\$ 75,000</u>	<u>\$ 711,685</u>	<u>\$ 636,685</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
FOOD SERVICE FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Food and catering sales	\$ 350,000	\$ 350,000	\$ 481,378	\$ 131,378
Total operating revenues	350,000	350,000	481,378	131,378
Operating expense				
Support services				
Materials and supplies	-	-	21,287	(21,287)
Outside services	600,000	600,000	569,470	30,530
Depreciation	-	-	5,135	(5,135)
Total operating expenses	600,000	600,000	595,892	4,108
Operating income	(250,000)	(250,000)	(114,514)	135,486
Other financing sources(uses)				
Transfer to General Fund	-	250,000	-	250,000
Total other financing sources (uses)	-	250,000	-	250,000
Changes in net assets	(250,000)	-	(114,514)	385,486
Net assets, beginning	275,000	275,000	(104,708)	(379,708)
Net assets, ending	\$ 25,000	\$ 25,000	\$ (219,222)	\$ (244,222)

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
HOUSING FUND
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Residence hall receipts	\$ 300,000	\$ 300,000	\$ 494,823	\$ 194,823
Miscellaneous income	-	-	3,097	3,097
Total operating revenues	<u>300,000</u>	<u>300,000</u>	<u>497,920</u>	<u>197,920</u>
Operating expense				
Support services				
Salaries	40,000	40,000	72,824	(32,824)
Materials and services	-	-	24,720	(24,720)
Outside services	-	-	39,060	(39,060)
Depreciation	-	-	155,406	(155,406)
Total operating expenses	<u>40,000</u>	<u>40,000</u>	<u>292,010</u>	<u>(252,010)</u>
Operating income	260,000	260,000	205,910	(54,090)
Other financing sources(uses)				
Transfer to other funds	<u>(350,000)</u>	<u>(350,000)</u>	<u>(330,000)</u>	<u>20,000</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(330,000)</u>	<u>20,000</u>
Changes in net assets	(90,000)	(90,000)	(124,090)	(34,090)
Net assets, July 1	<u>5,150,000</u>	<u>5,150,000</u>	<u>5,509,266</u>	<u>359,266</u>
Net assets, June 30	<u>\$ 5,060,000</u>	<u>\$ 5,060,000</u>	<u>\$ 5,385,176</u>	<u>\$ 325,176</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

PRINTING FUND

For the Year Ended

June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Printing income	\$ 175,000	\$ 175,000	\$ 229,047	\$ 54,047
Miscellaneous income	-	-	1	1
Total operating revenues	<u>175,000</u>	<u>175,000</u>	<u>229,048</u>	<u>54,048</u>
Operating expense				
Support services				
Salaries	205,000	205,000	83,864	121,136
Travel	-	-	102	(102)
Materials and supplies	-	-	95,948	(95,948)
Outside services	-	-	15,577	(15,577)
Other expense	-	-	4,689	(4,689)
Repairs and maintenance	-	-	45	(45)
Depreciation	-	-	1,261	(1,261)
Total operating expenses	<u>205,000</u>	<u>205,000</u>	<u>201,486</u>	<u>3,514</u>
Operating income (loss)	(30,000)	(30,000)	27,562	57,562
Other financing sources(uses)				
Transfer from other funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>5,000</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>5,000</u>
Changes in net assets	(55,000)	(55,000)	7,562	62,562
Net assets, July 1	<u>100,000</u>	<u>100,000</u>	<u>62,215</u>	<u>(37,785)</u>
Net assets, June 30	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 69,777</u>	<u>\$ 24,777</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)**
CALDWELL CENTER
For the Year Ended
June 30, 2010

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 250,000	\$ 250,000	\$ 324,598	\$ 74,598
Tuition and fees	2,220,000	2,220,000	2,195,352	(24,648)
Miscellaneous income	-	-	299,262	299,262
Total operating revenues	<u>2,470,000</u>	<u>2,470,000</u>	<u>2,819,212</u>	<u>349,212</u>
Operating expense				
Instruction				
Salaries and benefits	1,800,000	1,800,000	1,212,061	587,939
Travel	-	-	19,326	(19,326)
Cost of goods sold	-	-	337,155	(337,155)
Materials and supplies	-	-	330,659	(330,659)
Outside services	-	-	62,582	(62,582)
Capital outlay	-	-	116,949	(116,949)
Other expense	-	-	163,705	(163,705)
Rent	-	-	175,361	(175,361)
Support services				
Depreciation	-	-	4,001	(4,001)
Bad debt	-	-	27,123	(27,123)
Total operating expenses	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,448,922</u>	<u>(648,922)</u>
Operating income (loss)	670,000	670,000	370,290	(299,710)
Other financing sources(uses)				
Transfer to General Fund	(500,000)	(500,000)	(461,737)	38,263
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(461,737)</u>	<u>38,263</u>
Changes in net assets	170,000	170,000	(91,447)	(261,447)
Net assets, July 1	100,000	125,000	(48,379)	(173,379)
Net assets, June 30	<u>\$ 270,000</u>	<u>\$ 295,000</u>	<u>\$ (139,826)</u>	<u>\$ (434,826)</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010

In accordance with Oregon Revised Statutes, the college adopts annual budgets and makes appropriations on a fund by fund basis utilizing the accrual basis of accounting. This method of accounting contains all information needed for proper GAAP presentation and no additional reconciliation is required.

The resolution authorizing appropriations by fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control for appropriations is set at the fund and function level. Transfers of appropriations may be made between legally authorized appropriations when authorized by board resolution. In addition, unexpected resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Annual appropriations lapse on June 30.

Budgets are not required to be adopted for the agency funds. We noted two budget violations due to overexpenditure:

Auxiliary Funds	Instruction	\$610,913
	Enterprise and Community Services	282,462

OTHER INFORMATION

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
COMBINING SCHEDULE OF NET ASSETS
AUXILIARY FUND TYPES

For the Year Ended
June 30, 2010

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2010
Assets						
Cash and cash items	\$ 512	\$ -	\$ -	\$ -	\$ 676	\$ 1,188
Interfund receivable	482,283	-	26,337	57,118	-	565,738
Receivables						
Accounts	23,979	-	-	-	295,699	319,678
Inventory	204,911	-	-	-	21,791	226,702
Prepaid expenses	-	-	-	-	5,000	5,000
Fixed assets (net of accumulated depreciation)	-	16,175	5,419,230	12,659	27,177	5,475,241
Total assets	<u>711,685</u>	<u>16,175</u>	<u>5,445,567</u>	<u>69,777</u>	<u>350,343</u>	<u>6,593,547</u>
Liabilities						
Accounts payable	-	-	60,391	-	-	60,391
Deferred revenue	-	-	-	-	296,376	296,376
Interfund payable	-	235,397	-	-	193,793	429,190
Total liabilities	<u>-</u>	<u>235,397</u>	<u>60,391</u>	<u>-</u>	<u>490,169</u>	<u>785,957</u>
Net assets						
Invested in capital assets, net of related debt	-	16,175	5,419,230	12,659	27,177	5,475,241
Unrestricted	711,685	(235,397)	(34,054)	57,118	(167,003)	332,349
Total net assets	<u>\$ 711,685</u>	<u>\$ (219,222)</u>	<u>\$ 5,385,176</u>	<u>\$ 69,777</u>	<u>\$ (139,826)</u>	<u>\$ 5,807,590</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
**COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - AUXILIARY FUND TYPES**
For the Year Ended
June 30, 2010

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2010
Operating revenues						
Sale of textbooks and school supplies	\$ 1,849,906	\$ -	\$ -	\$ -	\$ 324,598	\$ 2,174,504
Food sales	-	481,378	-	-	-	481,378
Dormitory receipts	-	-	494,823	-	-	494,823
Printing income	-	-	-	229,047	-	229,047
Miscellaneous income	18,961	-	3,097	1	299,262	321,321
Tuition and fees	-	-	-	-	2,195,352	2,195,352
Total operating revenues	<u>1,868,867</u>	<u>481,378</u>	<u>497,920</u>	<u>229,048</u>	<u>2,819,212</u>	<u>5,896,425</u>
Operating expenses						
Salaries and benefits	123,697	-	72,824	83,864	1,212,061	1,492,446
Cost of goods sold	1,412,722	-	-	-	337,155	1,749,877
Travel	-	-	-	102	19,326	19,428
Materials and supplies	-	21,287	24,720	95,948	447,608	589,563
Outside services	11,676	569,470	39,060	15,577	62,582	698,365
Other expense	450	-	-	4,689	163,705	168,844
Repairs and maintenance	-	-	-	45	175,361	175,406
Depreciation	323	5,135	155,406	1,261	4,001	166,126
Bad debts	524	-	-	-	27,123	27,647
Total operating expenses	<u>1,549,392</u>	<u>595,892</u>	<u>292,010</u>	<u>201,486</u>	<u>2,448,922</u>	<u>5,087,702</u>
Operating income	319,475	(114,514)	205,910	27,562	370,290	808,723
Other financing sources (uses)						
Transfer to other funds	(98,000)	-	(330,000)	(20,000)	(461,737)	(909,737)
Total other financing sources (uses)	<u>(98,000)</u>	<u>-</u>	<u>(330,000)</u>	<u>(20,000)</u>	<u>(461,737)</u>	<u>(909,737)</u>
Change in net assets	221,475	(114,514)	(124,090)	7,562	(91,447)	(101,014)
Net assets - beginning	490,210	(104,708)	5,509,266	62,215	(48,379)	5,908,604
Net assets - ending	<u>\$ 711,685</u>	<u>\$ (219,222)</u>	<u>\$ 5,385,176</u>	<u>\$ 69,777</u>	<u>\$ (139,826)</u>	<u>\$ 5,807,590</u>

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
COMBINED SCHEDULE OF CASH FLOWS
ALL AUXILIARY FUND TYPES
For the Year Ended
June 30, 2010

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 1,859,393	\$ 481,378	\$ 495,388	\$ 229,047	\$ 1,924,168	\$ 4,989,374
Payments to employees	(91,573)	(569,470)	(53,893)	(107,116)	(1,198,571)	(2,020,623)
Payments to suppliers	(30,560)	(21,287)	(82,711)	(86,701)	(1,232,394)	(1,453,653)
Payments to suppliers for items for resale	(1,382,040)	-	-	-	(12,259)	(1,394,299)
Other cash receipts	-	-	3,097	-	613,634	616,731
Net cash provided by (used by) operating activities	<u>355,220</u>	<u>(109,379)</u>	<u>361,881</u>	<u>35,230</u>	<u>94,578</u>	<u>737,530</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in interfund receivable/payable	(249,139)	109,379	(31,881)	(1,309)	387,760	214,810
Operating transfers (out)	(98,000)	-	(330,000)	(20,000)	(461,737)	(909,737)
Net cash used in non-capital financing activities	<u>(347,139)</u>	<u>109,379</u>	<u>(361,881)</u>	<u>(21,309)</u>	<u>(73,977)</u>	<u>(694,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Principal paid on long term debt	(8,065)	-	-	-	-	(8,065)
Net cash used in financing activities	<u>(8,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,065)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital assets purchased	-	-	-	(13,921)	(20,338)	(34,259)
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,921)</u>	<u>(20,338)</u>	<u>(34,259)</u>
NET INCREASE (DECREASE) IN CASH	16	-	-	-	263	279
CASH BALANCE (DEFICIT) JUNE 30, 2009	<u>496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413</u>	<u>909</u>
CASH BALANCE (DEFICIT) JUNE 30, 2010	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676</u>	<u>\$ 1,188</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING INCOME	\$ 319,475	\$ (114,514)	\$ 205,910	\$ 27,562	\$ 370,290	\$ 808,723
Adjustments to reconcile net income to net cash						
Depreciation	323	5,135	155,406	1,261	4,001	166,126
(Increase) decrease in accounts receivable (net)	(9,474)	-	-	-	(295,699)	(305,173)
(Increase) decrease in inventory	44,896	-	-	-	(3,529)	41,367
(Increase) decrease in prepaid assets	-	-	-	6,407	(5,000)	1,407
Increase (decrease) in deposits payable	-	-	565	-	-	565
Increase (decrease) in deferred revenues	-	-	-	-	24,515	24,515
Net cash provided (used) by operating activities	<u>\$ 355,220</u>	<u>\$ (109,379)</u>	<u>\$ 361,881</u>	<u>\$ 35,230</u>	<u>\$ 94,578</u>	<u>\$ 737,530</u>

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY SCHEDULE OF AGENCY FUND TRANSACTIONS

For the year ended
June 30, 2010

	Beginning Balance 6/30/2009	Increase	Decrease	Ending Balance 6/30/2010
3700 Small business training	\$ 19,627	\$ 20,893	\$ 22,491	\$ 18,029
3715 Student government/Caldwell	260	77,600	78,462	(602)
3717 Student government	(6,779)	285,537	281,276	(2,518)
3720 Student body special account	2,289	-	-	2,289
3790 Welding club	4,519	2,206	5,445	1,280
3810 Women's basketball	340	5,911	6,080	171
3850 Vending account	21,122	8,161	333	28,950
4003 Geology	133	595	205	523
4004 Employee wellness	255	1,000	1,184	71
4005 OR community college retreat	-	-	-	-
4010 Mentors	-	-	-	-
4030 Art guild	203	2,341	2,212	332
4050 Athletic programs	3,306	41,829	38,386	6,749
4100 Instrumental club	552	669	374	847
4110 Baseball club	1	16,316	11,000	5,317
4111 Baseball Orange sales	32,474	47,547	59,475	20,546
4113 Baseball club/Salaries	-	-	-	-
4115 Softball club	2,585	11,098	11,060	2,623
4116 Outdoor club	1,104	3,150	-	4,254
4120 Baseball marathon	9,498	28,002	16,042	21,458
4130 Chukar basketball	2,674	11,835	13,150	1,359
4136 Caldwell Hardship scholar/fundraised	-	-	-	-
4140 Chorale club	2,597	1,403	1,673	2,327
4142 TVCC chorale	571	-	-	571
4143 Youth orchestra	2,518	414	1,038	1,894
4144 Treasure Valley Symphony	4,326	3,808	6,000	2,134
4145 Children's chorus	275	-	35	240
4146 Musical jubilee	-	-	-	-
4147 Summer MAD camp	4,582	-	649	3,933
4148 Little stars	125	-	-	125
4150 Vocal jazz ensemble	465	1,623	834	1,254
4151 Jazz band	214	1,027	1,117	124
4152 Performing arts retreat	1	-	-	1
4210 Development education student support	3,135	-	-	3,135
4220 Dorm social/leadership and improvement	8,532	120	-	8,652
4230 Drama club	1,133	17,001	7,113	11,021
4231 Diversity club	560	740	274	1,026
4240 Cinco de Mayo	901	-	-	901
4242 Ski Club	300	1,189	1,351	138
4245 Film Club	35	300	114	221
4250 English department travel	2,400	1,648	2,772	1,276
4253 The Education Club	514	2,132	1,612	1,034
4270 AAWCC	1,072	1,021	348	1,745
4350 Graduation	(3,298)	6,417	5,543	(2,424)
4385 TVCC Herd/Cattle Account	508	1,439	2,900	(953)
4440 Insurance claim account	-	24,098	28,365	(4,267)
4441 International relations club	2,352	1,987	1,933	2,406
4485 WINGS club	30	-	-	30
4540 Nursing club	599	-	75	524
4542 Nursing background	560	47	-	607
4545 Nursing mobility tests	416	4,917	5,249	84
4625 Campus Christian Fellowship	683	-	-	683
4630 Phi Theta Kappa	1,738	12,579	14,175	142
4660 Rodeo club	7,875	11,433	10,141	9,167
4661 Natural Resources Club	525	397	301	621
4662 AG ambassadors	3,535	4,533	7,246	822
4663 Ultrasound club	1,000	300	-	1,300
4664 Livestock judging club	616	-	84	532
4670 Volleyball club	686	3,184	2,663	1,207
4680 Science field trip	3,102	4,678	3,254	4,526
4686 Library - EOU	(272)	844	422	150
4692 Cross country club	123	1,320	789	654
4693 Golf	2,232	5,352	6,524	1,060
4694 Soccer club	2,338	2,795	3,692	1,441
4695 Track and field club	(427)	-	4	(431)
4696 Tennis	2,234	800	430	2,604
4697 Foundation	-	-	-	-
4700 Women's soccer club	5,789	2,962	5,089	3,662
4951 Lake County Special Programs	100	50	65	85
Total	\$ 161,459	\$ 687,248	\$ 671,049	\$ 177,658

OTHER FINANCIAL SCHEDULES

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY SCHEDULES OF CASH, CASH ITEMS AND INVESTMENTS - ALL FUNDS
June 30, 2010

US Bank *	
Cash in checking	\$ 500,371
 Oregon State Treasury Local Government Investment Pool**	
Cash invested	2,556,505
 Cash on hand	<u>3,282</u>
Total cash, cash items and investments all funds	<u><u>\$ 3,060,158</u></u>

SCHEDULE OF COLLATERAL SECURITY

June 30, 2010

US Bank *	
Federal Deposit Insurance Corporation - demand	<u>\$ 250,000</u>
Total US Bank	<u><u>\$ 250,000</u></u>

* Qualified depository per ORS 295

** Oregon LGIP is fully collateralized by the State of Oregon.

TREASURE VALLEY COMMUNITY COLLEGE
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2010

Tax Year	Uncollected		(Abatement)				Total	Uncollected
Special Levy	Taxes	2009-10	and	Rebates		Taxes	Amount	Taxes
All Counties	June 30, 2009	Assessment	Adjustments	Allowed	Interest	Collected	Collected	June 30, 2010
2009-10		\$ 1,818,752	\$ -	\$ (44,578)	\$ 6,121	\$ 1,687,886	\$ 1,694,007	\$ 86,288
2008-09	\$ 74,902	-	(186)	-	1,367	28,034	29,401	46,682
2007-08	35,162	-	(18)	-	1,382	12,041	13,423	23,103
2006-07	17,763	-	(13)	-	1,682	9,461	11,143	8,289
2005-06	6,965	-	(11)	-	1,363	6,405	7,768	549
2004-05	400	-	(5)	-	47	159	207	236
2003-04	185	-	(5)	-	44	121	165	58
2002-03	107	-	-	-	-	4	4	103
2001-02	65	-	-	-	-	10	10	55
2000-01	89	-	-	-	23	52	75	37
Prior	50	-	-	-	20	50	70	-
TOTAL	\$ 135,688	\$ 1,818,752	\$ (238)	\$ (44,578)	\$ 12,049	\$ 1,744,224	\$ 1,756,272	\$ 165,400

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2010

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 require certain comments and disclosures relating to the review of fiscal affairs and compliance with legal requirements. Comments relating to significant accounting policies, organization, fund structure, cash security and investments are included in the notes to financial statements. Other required comments and disclosures relating to this audit are set forth below.

Accounting Systems and Control Structure

The organizational structure of Treasure Valley Community College provides satisfactory accounting policies for maintaining an adequate system of accountability and responsibility of funds. The accounting records are being maintained in a satisfactory manner which offers an adequate system of reporting to interested parties and compliance with legal requirements. A discussion of our assessment of the college's internal control structure is contained in our management letter.

As we have stated in the following report on compliance and on internal control over financial reporting in accordance with *Government Auditing Standards*, we do not express an opinion on the college's effectiveness in those areas. However, we did note certain matters that we reported to management in a separate letter dated December 20, 2010.

Indebtedness

It is noted that Treasure Valley Community College is within the legal debt limitations as set forth by Oregon statutes.

Budgets

Our audit of the 2009-2010 and 2010-2011 budgets indicate that local budget law has been substantially complied with during the preparation and adoption of those budgets. Treasure Valley Community College appropriates its budget at the fund and function level for budget law purposes. Treasure Valley Community College has generally complied with Oregon local budget law during the execution of the 2009-2010 budgets, however, we did note two budget violations due to overexpenditure:

Auxiliary Funds	Instruction	\$610,913
	Enterprise and Community Services	282,462

Insurance and Fidelity Bond Coverage

We examined policies relating to insurance and fidelity bond coverages and ascertained that such policies were in force at June 30, 2010 and that they appeared to satisfy bond ordinances and other provisions. We are not competent by training to state whether the insurance policies in force at June 30, 2010 provide adequate coverage. We recommend that coverages be reviewed periodically with the college's agent of record.

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2010

Programs Funded From Outside Sources

We have audited the records and grant financial reports, and made such tests, to the extent deemed appropriate for the programs in which Treasure Valley Community College participates. We also audited the reimbursement claims filed during the year. Based on our audit, we found that for the items tested, Treasure Valley Community College complied with the material terms and conditions of the federal and state grant contracts and agreements.

Further, based on our audit, nothing came to our attention to indicate that Treasure Valley Community College had not complied with the material terms and conditions of federal and state grant contracts and agreements which were not specifically tested. Each grant is subject to audit by the grantor agency and any adjustments may become a liability of the appropriate fund.

Public Contracts and Purchasing

Our review of college operations indicates Treasure Valley Community College is in compliance with statutory requirements relating to public contracting.

Investments

We have reviewed the college's compliance with statutory requirements regarding the investments of surplus public funds. Our review disclosed no conditions that we considered to be matters of noncompliance.

Collateral

Treasure Valley Community College bank balances of deposit at June 30, 2010, were entirely insured or collateralized with Federal Deposit Insurance Corporation or invested with qualified depositories.

Financial Reporting Requirements

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

Other

Compliance with the following is not applicable to Treasure Valley Community College -
Average daily membership
Oregon tax on motor vehicle fuels

OREGON AUDITS DIVISION SUMMARY OF REVENUES AND EXPENDITURES

Name of Municipal Corporation Treasure Valley Community College

Address Ontario, Malheur County, Oregon

Period Covered by Audit Report: From July 1, 2009 to June 30, 2010

Total Revenues and/or Receipts - All Funds		<u>\$ 44,153,212</u>
Less:		
Revenues of Component Units included in report	<u>(2,035,495)</u>	
Taxes, assessments and other collections to be distributed to other governmental units	<u>-</u>	<u>(2,035,495)</u>
Net Revenues and/or Receipts		<u>\$ 42,117,717</u>
Total Expenditures and/or Disbursements - All Funds		<u>\$ 40,870,738</u>
Less:		
Expenditures of Component Units included in report	<u>(667,849)</u>	
Turnovers to other municipal corporations		
Taxes and Assessments	<u>-</u>	
Other Distributions	<u>-</u>	
Net Expenditures and/or Disbursements		<u>\$ 40,870,738</u>

The above information is based upon the revenues and expenditures/expenses for all funds of the municipal corporation on the basis of accounting used in the audited or reviewed financial statements.

Auditor/Firm Signature 

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Over	Not Over	Fee	ORS 297.485 (1)
\$ 50,000	\$ 50,000	\$ 20	
150,000	150,000	40	
500,000	500,000	150	
1,000,000	1,000,000	200	
5,000,000	5,000,000	250	
10,000,000	10,000,000	300	
50,000,000	50,000,000	350	
		400	
			...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.
			(Net Expenditures and/or Disbursements)

Within 30 days after submitting the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Division of Audits, Salem, Oregon 97310, and one copy must be delivered to the municipal corporation.

For Use by Division of Audits

Account Code _____ Firm Code _____ Filing Fee _____

SINGLE AUDIT SECTION

TREASURE VALLEY COMMUNITY COLLEGE

SINGLE AUDIT

For the Year Ended June 30, 2010

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
SINGLE AUDIT
June 30, 2010

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TREASURE VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended
June 30, 2010

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. Department of Education</u>			
Direct program			
Student Financial Assistance Cluster			
PELL Grant Program	* 84.063	\$ 6,751,660	\$ 6,751,660
SEOG Program	* 84.007	127,670	127,670
College Work Study Program	* 84.033	113,181	113,181
Direct Loan Program	* 84.268	10,065,975	10,065,975
Academic Competitiveness Grant	* 84.375	18,167	18,167
		<u>17,076,653</u>	<u>17,076,653</u>
High School Equivalency Program	84.141A	354,475	354,475
Strengthening Institutions Programs (Development)	84.031A	373,224	373,224
English Acquisition Program:National Professional Development Program	84.195N	240,168	240,168
Total direct programs		<u>18,044,520</u>	<u>18,044,520</u>
Passed through Oregon Department of Education			
Adult Education - Basic Grants to State			
ABE - Tuition	84.002	115,513	115,513
		<u>115,513</u>	<u>115,513</u>
Vocational Education - Basic Grant			
Perkins - PTE Program Areas	84.048A	103,257	103,257
Tech - Prep Education	84.243	103,257	103,257
		<u>206,514</u>	<u>206,514</u>
Total passed through Oregon Department of Education		<u>322,027</u>	<u>322,027</u>
Total Department of Education		<u>18,366,547</u>	<u>18,366,547</u>
<u>U.S. Small Business Administration</u>			
Passed through Oregon State SBA Director			
SBA Federal	59.037	51,651	51,651
Total Small Business Administration		<u>51,651</u>	<u>51,651</u>
<u>U.S. Department of Agriculture</u>			
Viticulture program	10.226	15,074	15,074
Renewable Energy Summit	10.314	7,283	7,283
Total Department of Agriculture		<u>22,357</u>	<u>22,357</u>
<u>U.S. Department of Labor</u>			
WIA - Dislocated Workers	17.260	9,471	9,471
WIA - Youth Activities	17.259	25,888	25,888
Total Department of Labor		<u>35,359</u>	<u>35,359</u>
Total		<u>\$ 18,475,914</u>	<u>\$ 18,475,914</u>

*Denotes program audited as a major program

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditure of federal awards includes the federal grant activity of Treasure Valley Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 2. Sub Recipients

Of the federal expenditures presented in this schedule, Treasure Valley Community College provided no federal awards to sub recipients.

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Type of Report Issued

In our report for Treasure Valley Community College, our opinion was unqualified.

Significant Deficiencies in Internal Control

Our audit of the financial statements of Treasure Valley Community College did not disclose significant deficiencies in internal control.

Noncompliance Material to Financial Statements

Our audit of the financial statements of Treasure Valley Community College did not disclose any noncompliance, which is material to the financial statements.

Significant Deficiencies in Internal Control over Major Programs

Our audit of the financial statements of Treasure Valley Community College did not disclose any significant deficiencies in internal control over major federal programs.

Type of Report Issued on Compliance for Major Programs

We have issued an unqualified opinion on compliance with requirements applicable to each major federal program.

Audit Findings

Our audit of Treasure Valley Community College disclosed two audit findings, which we are required to report in accordance with OMB Circular A-133.

Identification of Major Programs

Student Financial Assistance Cluster	
CFDA Numbers 84.063, 84.007, 84.375, 84.033, 84.268	\$17,076,653

Dollar Threshold Used to Distinguish Between Type A and Type B Programs

Type A programs are the programs with total program expended funds of \$554,277 or more.

Risk Classification of Auditee

We have determined that Treasure Valley Community College does qualify as a low risk auditee.

Findings In Accordance With *Government Auditing Standards*

Our audit disclosed no significant deficiencies and no material weaknesses in the internal controls which are required to be reported in accordance with *Government Auditing Standards*.

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, MALHEUR COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

Findings and Questioned Costs For Major Federal Award Program Audit

Current Year Findings

2010-1 Cash management / reporting Student Financial Aid Cluster

Condition. Calculation, reporting, and return of Title IV funds are not being performed within 30 days of a student officially withdrawing from classes.

Criteria. According to 34 CFR668.22(h)(4)(ii), the college must send a notice to any student who owes an overpayment of Title IV funds within 30 days of the date of the college's determination that the student withdrew.

Cause. The current procedure of the college is to calculate return of Title IV funds at the conclusion of the academic term by creating a report of students with no grades. This procedure does not account for students who withdrew after financial aid was disbursed and before they have achieved 60% progress in their classes.

Effect. The college is not in compliance with the return of fund requirements.

Recommendation. We recommend that the college develop procedures to communicate when students officially withdraw to better ensure that federal funds are returned in a timely manner.

Management Response. The report, which the college uses to identify students who have withdrawn, both officially and unofficially, has now been modified to facilitate both determination of students who withdraw prior to the end of the quarter and reporting of Return of Title IV funds within the prescribed time frames.

2010-2 Reporting Direct Loan Program

Condition. In our testing of the reconciliation between the student accounts activity in the Department of Education's National Student Loan Data System (NSLDS) and that of the college's student accounts, we noted instances where the individual student account transaction history did not match the information contained in the NSLDS.

Criteria. Colleges are required to perform monthly reconciliations utilizing the information packages sent to the college in a timely basis.

Cause. The loan activity of individual student accounts are being not reconciled accurately and in a timely manner.

Effect. The information in the NSLDS is not correctly reflecting the activity at the college.

Recommendation. Reconciliations of the loan detail needs to be done on a monthly basis.

Management Response. The college has transitioned to reporting loans directly to the Department of Education Common Origination and Disbursement system using our financial aid software instead of using the middleware program as we had in the past. Overall, we have anticipated that this would result in a more efficient use of our resources but it has not been without frustrations. The chief problem with this new reporting method has been obtaining good quality reports from the system, which facilitate automated and timely reconciliation of loan information to Department of Education records. Thus, at times our reconciliation process has not been within prescribed timeframes. We are working both internally and with our software vendor to build the necessary reports to ensure timely reporting.

Prior Year Findings

The audit for the year ended June 30, 2009 reported no findings and questioned costs regarding the federal awards tested.

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

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

We have audited the accompanying financial statements of Treasure Valley Community College, as of and for the year ended June 30, 2010, which collectively comprise Treasure Valley Community College's basic financial statements and have issued our report thereon dated December 20, 2010. 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.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

Treasure Valley Community College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Treasure Valley Community College's response and, accordingly, we express no opinion on it.

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
- Highway revenues used for public highways, roads, and streets
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- State school fund factors and calculation

In connection with our testing nothing came to our attention that caused us to believe Treasure Valley Community College was not in substantial compliance with certain provisions of law, 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Treasure Valley Community College, in a separate letter dated December 20, 2010.

This report is intended solely for the information and use of the management, board of education, others within the college, the Oregon Secretary of State, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon
December 20, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROLOVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Treasure Valley Community College's 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 Treasure Valley Community College's major federal programs for the year ended June 30, 2010. Treasure Valley Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Treasure Valley Community College's management. Our responsibility is to express an opinion on Treasure Valley Community College's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and 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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Treasure Valley Community 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. Our audit does not provide a legal determination on Treasure Valley Community College's compliance with those requirements.

As described in items 2010-1 and 2010-2 in the accompanying schedule of findings and questioned costs, Treasure Valley Community College, did not comply with requirements regarding cash management and reporting that are applicable to its Student Financial Aid Cluster Programs. Compliance with such requirements is necessary, in our opinion, for Treasure Valley Community College, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Treasure Valley Community College, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Treasure Valley Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs 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. In planning and performing our audit, we considered Treasure Valley Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Treasure Valley Community 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the management, board of education, Oregon Secretary of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon
December 20, 2010