

TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Oregon

**INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS
and
SINGLE AUDIT**

For the Year Ended June 30, 2008

TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2008

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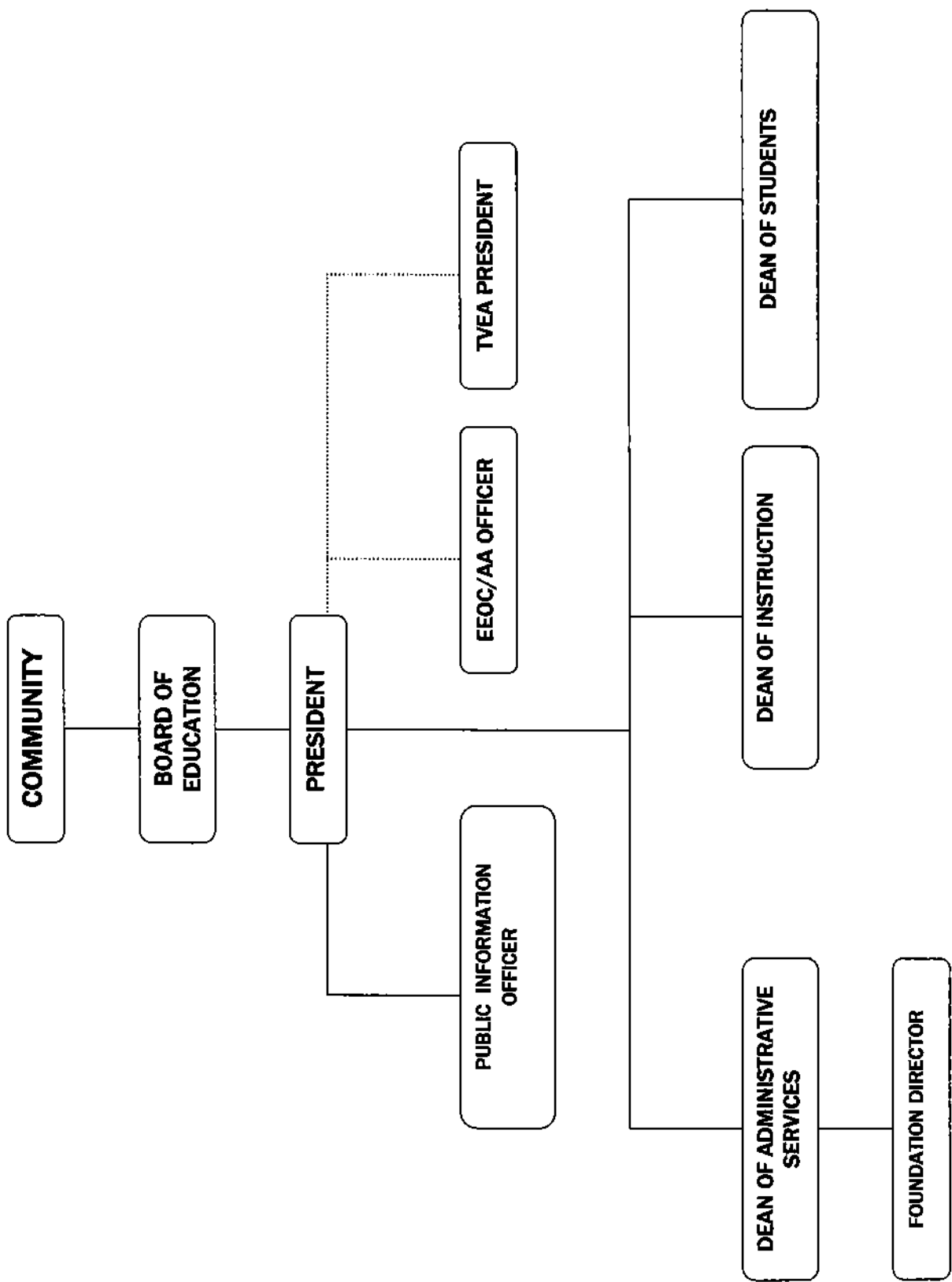
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INTRODUCTORY SECTION

TREASURE VALLEY COMMUNITY COLLEGE
2007 - 2008 Organizational Chart



TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2008

<u>Board of Education</u>	<u>Address</u>	<u>Position</u>
Peter Lawson	Ontario	Vice-Chairperson
John Forsyth	Ontario	Chairperson
Scott Wilson	Ontario	Director
Cheryl Cruson	Ontario	Director
Mary Ann Standage	Vale	Director
Ryan Gentry	Ontario	Director
Vacant		Director

Administrators

Dr. James E. Sorensen	President
Randy R. Griffin	Dean of Administrative Services/Clerk

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Treasure Valley Community College, Ontario, Oregon and its discretely presented component units as of and for the year ended June 30, 2008, 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 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 of Treasure Valley Community College, and its discretely presented component unit as of June 30, 2008, 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 a report dated January 7, 2009 on our consideration of Treasure Valley Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 is important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Treasure Valley Community College's basic financial statements. The required supplementary information, and other supplemental financial information 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 (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements of Treasure Valley Community College's basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, 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 purposes 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 them.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon
January 7, 2009

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, 2008. 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 is an indicator 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 reimbursement increased slightly in 07-08 based upon the approved funding formula for community colleges. The college is projecting continued increases in FTE reimbursement for the fiscal year 08-09 and a decrease in 09-11 biennium based on the current market conditions.
- Enrollment for 07-08 increased 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.
- The College implemented a number of procedures to address the growth in student accounts receivable noted in prior years. These steps have resulted in a decrease in the rate of growth of accounts receivable as well as an increase in the reserve established to offset the impact of uncollectible accounts (allowance for doubtful accounts).

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:

	2008	2007	Increase (Decrease) in millions
Assets			
Current assets	\$ 4,453,622	\$ 3,717,574	0.74
Pension asset	16,327,448	15,764,973	0.56
Capital assets, net	9,081,361	9,508,242	-0.43
Total assets	29,862,431	28,990,789	0.87
Liabilities			
Current liabilities	2,165,388	2,053,092	0.11
Noncurrent liabilities	18,259,580	18,963,113	-0.70
Total liabilities	20,424,968	21,016,205	-0.59
Net Assets			
Invested in capital assets, net of related debt	132,628	134,184	0.00
Restricted	6,547,036	5,733,597	0.81
Unrestricted	2,757,799	2,106,803	0.65
Total net assets	\$ 9,437,463	\$ 7,974,584	1.46

Assets

Total assets for the College at the end of the fiscal year were approximately \$29.8 million, comprised of both current assets (\$4.4 million) and noncurrent assets (\$25.4 million).

Cash and cash equivalents for the College were \$2.2 million at year-end which is an increase of \$1.6 million from last year. This increase is due in large part because in the prior year the State of Oregon withheld our fourth quarter FTE payment, whereas in the 07-08 fiscal year that was not the case. An accounts receivable decrease of \$.864 million from the prior year, resulted in a year-end balance of \$1.8 million. This decrease is due to the timing of the 06-07 fourth quarter FTE reimbursement from the State of Oregon.

At year-end capital assets totaled \$16.6 million with associated accumulated depreciation of \$7.5 million, for a net capital asset value of \$9.1 million. This is a \$.43 million decrease in the net value of capital assets from prior year. The decrease is due to the sale of land during the 07-08 fiscal year, and this is the first full year of the new completed residence halls and their depreciation impact on the College's financial statements.

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 \$.56 million as of the year ended 07-08.

Overall total assets of the College increased \$.87 million as compared to prior year.

Assets of the Foundation are comprised primarily of investments (\$3.0 million of the \$3.17 million asset balance). Total assets for the Foundation increased \$0.5 million from prior year due to receipt of additional endowed funds.

Liabilities

Liabilities are classified as current and noncurrent. The current liabilities balance at year-end was approximately \$2.1 million and the noncurrent liability balance was \$18.2 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 two primary amounts, PERS bonds payable (\$9.95 million) and notes payable (\$8.94 million), less the current portion of notes payable of \$0.6 million. The notes payable balance decreased from prior year by \$.4 million.

Net Assets

Total net assets at year-end are \$9.4 million or a \$1.46 million increase over the prior year. The increase from prior year is due to the following:

- Increase in fair market value of the prepaid pension assets of .56 million
- Change in net assets of .9 million

The net assets of the Foundation are divided as follows:

Restricted – expendable for student aid and grants	\$.41 million
Restricted – nonexpendable endowment principal	2.68 million
Unrestricted	<u>.02 million</u>
Total net assets at year-end	\$ 3.1 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:

	2008	2007	Increase (Decrease) in millions
Operating revenues			
Tuition and fees	\$ 4,572,777	\$ 4,279,903	0.29
Grants and contracts	2,892,418	2,733,561	0.16
Sales of goods and services	3,721,978	3,270,973	0.45
Other operating revenues	606,607	581,837	0.02
Total operating revenues	11,793,780	10,866,274	0.93
Non operating revenues			
State community college support	6,568,194	6,140,105	0.43
Property taxes	1,720,569	1,505,783	0.21
Investment income	684,576	2,374,774	(1.69)
Federal financial aid	6,584,135	4,995,280	1.59
Other	-	-	0.00
Total non operating revenues	15,557,474	15,015,942	0.54
Total revenues	27,351,254	25,882,216	1.47
Operating expenses			
Educational and general	8,321,862	8,308,034	0.01
Other support services	13,190,177	11,230,068	1.96
Auxiliary enterprises	3,022,680	2,627,760	0.39
Depreciation	511,058	300,691	0.21
Total operating expense	25,045,777	22,466,553	2.58
Non operating expenses	842,598	837,111	0.01
Total expenses	25,888,375	23,303,664	2.58
Change in net assets	\$ 1,462,879	\$ 2,578,552	-1.12

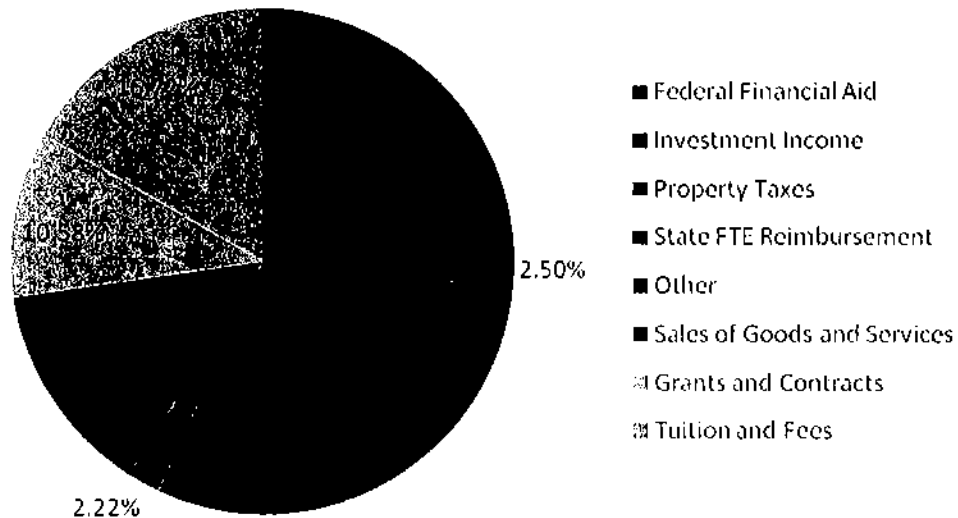
Operating Revenue

Operating revenue for the fiscal year was \$11.7 million (an increase of \$.93 million over prior year). Grants and contracts revenue, which includes both federal and state grants and contracts, (except for federal financial aid) increased by \$.16 million from the prior year due to an increase in the federal programs the College administers. Other operating revenue increased slightly over the prior year.

Nonoperating Revenue

Nonoperating revenues increased \$.5 million from prior year to \$15.5 million due to an increase in the reimbursement rate per FTE from the State of Oregon, increased property tax collections, and an increase in federal financial aid monies distributed to students.

2008 Operating and Non Operating Revenues

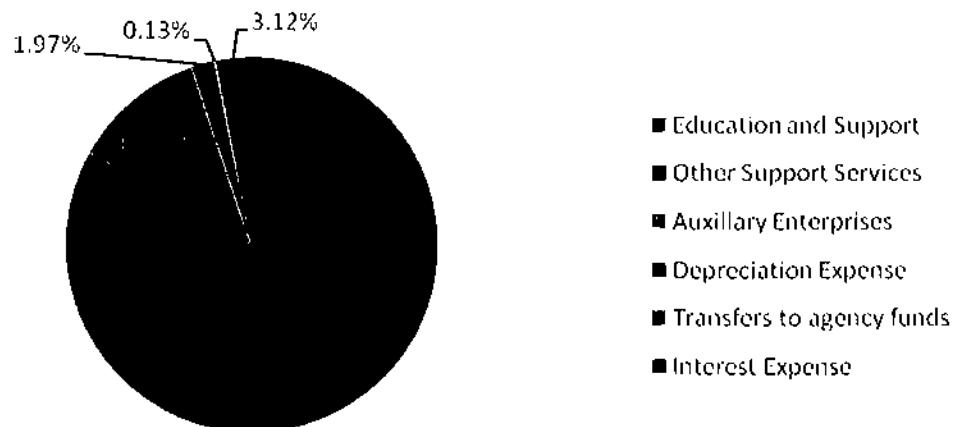


Revenue for the Foundation of \$994,124 came primarily from contributions and special events proceeds.

Expenses

Total operating expenses for the College were \$25.04 million for the fiscal year, an increase of \$2.58 million from prior year. Expenses by category are as follows:

2008 Operating and Non Operating Expenses



Operating expenses increased due to increases in employee salary and benefit costs from the prior year, increases associated with the costs of the Federal Title III grant, and lastly due to the expanded operations of the Caldwell Center whose expenses are listed as Auxiliary Enterprises. Financial aid expenses increased due to the growth in student financial aid being issued in 07-08 as compared to prior years. The College also increased the allowance for doubtful accounts receivable by \$100,000 to better reflect the collectibility of aged student accounts.

Change in Net Assets

The change in net assets for the 07-08 fiscal year was an increase of \$1.46 million. The increase is due to income generated from operations, and an increase in the overall value of the prepaid pension asset.

Statement of Cash Flows

The College's major operating sources of cash include \$5.8 million in tuition and fees, \$6.5 million in federal student financial aid grants, and \$1.3 million in state and local government grants and contracts. Major operating uses of cash are payments to suppliers of \$6.6 million, payments to employees of \$10.9 million, and payments for student financial aid and scholarships of \$6.7 million.

Cash flows from noncapital financing activities included \$1.7 million in property taxes and \$8.0 million in state FTE reimbursement payments.

The College had a cash outflow of \$1.6 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 \$.68 million for the year.

Variations between Budget and Actual

During the fiscal year 07-08 we had a large increase in tuition and fees due to increased student enrollment and an overall increase in the reimbursement per FTE provided by the State of Oregon. Unfortunately with the changes in the Oregon economy, we are expecting that student enrollment will remain high but that reimbursement from the state will actually decrease in fiscal year 08-09 marginally, and then decrease at a higher rate in the 09-11 biennium.

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 was in its first full year of operation of the 40,000 square foot residence hall. The residence hall provides additional auxiliary services income to the campus and also provides an opportunity for our students to live on campus.

The College plans continued expansion in the years to come. In fiscal year 08-09 routine remodeling projects and the building of a large fountain in front of the Student Service Center is planned and project planning is continuing on the new University Center at the Ontario Campus. The University Center is expected to be a 40,000 square foot building which will have a focus on new science labs, a large lecture hall, and improved classroom space. Funding for the University Center will be split between the College and the State, with the State providing a 50% match of the six million dollar cost.

Debt

During fiscal year 2007-08 there was no additional debt incurred by the College. The College will incur additional debt in fiscal year 08-09 for new bleachers that will be in the college gymnasium and for both major and minor repairs to athletic facilities.

Economic Factors and Next Year's Budget

The College is expecting to see continued growth in student enrollment, but economic factors in the state of Oregon will probably 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 and have been well received by 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, OREGON
STATEMENT OF NET ASSETS
June 30, 2008

	TVCC College	TVCC Foundation
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,275,358	\$ 115,962
Investments	-	3,053,262
Receivables		
Taxes	110,817	-
Accounts, net of allowance for doubtful accounts of \$423,061	1,749,705	5,840
Prepaid assets	91,242	-
Unamortized bond issuance costs-net	21,128	-
Other assets	-	2,000
Inventory	205,372	-
Total current assets	<u>4,453,622</u>	<u>3,177,064</u>
Noncurrent assets		
Capital assets	16,606,417	-
Less accumulated depreciation	(7,525,056)	-
Prepaid pension contribution	16,327,448	-
Total noncurrent assets	<u>25,408,809</u>	<u>-</u>
TOTAL ASSETS	<u>29,862,431</u>	<u>3,177,064</u>
LIABILITIES		
Current liabilities		
Accounts payable	242,481	58,630
Payroll liabilities	525,548	-
Compensated absences	94,443	-
Due to other funds student and agency groups	159,641	-
Deferred revenue	494,730	-
Current portion of long-term debt	648,545	-
Total current liabilities	<u>2,165,388</u>	<u>58,630</u>
Noncurrent liabilities		
PERS bonds payable	9,959,392	-
Notes payable	8,948,733	-
Less current portion of long-term debt	(648,545)	-
Total noncurrent liabilities	<u>18,259,580</u>	<u>-</u>
TOTAL LIABILITIES	<u>20,424,968</u>	<u>58,630</u>
NET ASSETS		
Net assets invested in capital assets	9,081,361	-
Less: related debt	(8,948,733)	-
Investment in capital assets, net	132,628	-
Restricted - expendable:		
Student financial aid grants and loans	178,980	416,239
Restricted - non expendable:		
Pension obligation	6,368,056	-
Endowment principal	-	2,686,950
Unrestricted	2,757,799	15,244
TOTAL NET ASSETS	<u>\$ 9,437,463</u>	<u>\$ 3,118,433</u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended
June 30, 2008

	TVCC College	TVCC Foundation
OPERATING REVENUES		
Student tuition and fees	\$ 4,572,777	\$ -
Federal contracted programs	1,147,653	-
State sources	1,744,765	-
Auxiliary enterprises		
Bookstore	1,215,538	-
Food services	402,748	-
Housing	482,585	-
Printing	151,264	-
Caldwell Center	1,469,843	-
Contributions and special events proceeds	-	994,124
Other operating revenues	606,607	5,990
	<u>11,793,780</u>	<u>1,000,114</u>
Total operating revenues		
OPERATING EXPENSES		
Educational and general	8,321,862	-
Other support services		
Student activities	1,815,276	134,095
College support	2,453,776	-
Plant operations	1,506,077	-
Financial aid	7,415,045	155,353
Auxiliary enterprises		
Bookstore	1,101,097	-
Food services	455,498	-
Housing	106,678	-
Printing	158,621	-
Caldwell Center	1,200,786	-
Fund raising expenses	-	8,023
Management and general expenses	-	65,408
Depreciation expense	511,061	-
	<u>25,045,777</u>	<u>362,880</u>
Total operating expenses		
Operating income (loss)	<u>(13,251,997)</u>	<u>637,234</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,720,569	-
Federal financial aid	6,584,135	-
State FTE reimbursement	6,568,194	-
Investment income	684,576	(132,190)
Transfers to agency funds	(34,613)	-
Interest expense	(807,985)	-
	<u>14,714,876</u>	<u>(132,190)</u>
Net nonoperating revenues (expenses)		
Increase (decrease) in net assets	1,462,879	505,044
NET ASSETS		
Net assets -beginning of the year	<u>7,974,584</u>	<u>2,613,389</u>
Net assets - end of the year	<u>\$ 9,437,463</u>	<u>\$ 3,118,433</u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
STATEMENT OF CASH FLOWS
For the Year Ended
June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 5,855,525
Federal grants and contracts	1,147,653
State and local government grants and contracts	1,330,879
Local sources	50,850
Payments to suppliers for goods and services	(6,673,522)
Payments to employees	(10,989,901)
Payments for student financial aid and other scholarships	(6,765,172)
Other cash receipts	<u>2,861,903</u>
Net cash used in operating activities	<u>(13,181,785)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	1,709,225
Federal student financial aid grants	6,584,135
State full time equivalent reimbursement	<u>\$8,021,475</u>
Net cash provided by noncapital financing activities	<u>16,314,835</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchases of capital assets	(242,125)
Principal paid on long-term debt	(610,300)
Interest paid on long-term debt	<u>(807,985)</u>
Net cash provided by capital financing activities	<u>(1,660,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	684,576
Less increase in prepaid retirement contribution non- cash	(562,475)
Net cash provided by investing activities	<u>122,101</u>
NET INCREASE (DECREASE) IN CASH	1,594,741
Cash and cash equivalents - beginning of the year	<u>680,617</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,275,358</u></u>
 Operating loss	
	\$ (13,251,997)
 Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense all funds	511,064
Increase in accounts receivable, not including state support	(542,185)
Decrease in inventory	20,033
Increase in prepaid assets	(26,899)
Increase in salaries payable	26,184
Increase in accounts payable and payroll tax liabilities	104,090
Increase in deferred revenue	(21,921)
Decrease in due to student groups	(154)
Net cash used in operating activities	<u><u>\$ (13,181,785)</u></u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies

Treasure Valley Community College (the college) is organized under the general laws of the State of Oregon and, as such, is a public institution under the general supervision of the State Board of Education through the Department of Community College and Workforce Development. The college qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies, cities, school districts, and special service districts, which provide services within the college's boundaries. 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. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the college to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the college.

These financial statements present Treasure Valley Community College (the primary government) and its component units. The component units discussed below are included in the college's reporting entity because of the significance of their operational or financial relationships with the college. Certain component units have been audited separately and a report has been issued under separate cover. The audited financial statements are available at the college.

Discrete Component Units

Treasure Valley Community College Foundation is a legally separate not-for-profit foundation. The foundation was established for the purpose of maintaining, developing and extending scholarships and facilities for the benefit of the college. The foundation is governed by a board of directors. Although the college does not control the timing or amount of receipts from the foundation, the majority of the resources that are held are used for the benefit of Treasure Valley Community College.

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 four net asset categories:

Invested in capital assets, net of related debt

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

TREASURE VALLEY COMMUNITY COLLEGE
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June 30, 2008

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.

D. Use of Estimates

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

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, the State of Oregon Treasurer's Local Government Investment Pool (LGIP) and short-term investments

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

with original maturities of three months or less from the date of acquisition. The LGIP is stated at cost, which approximates fair value.

F. Receivables

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become an enforceable lien on that date for real property and for personal property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if amounts due are received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes, including delinquent amounts, are considered substantially collectable or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Malheur and Baker Counties collect and allocate all property taxes to the college. Property taxes are recognized as revenues when levied.

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 37% 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 proprietary funds student accounts receivable consists of tuition, fees, housing, and food service revenues for the period ended June 30, 2008. The special revenue funds reflect amounts receivable from grants and state fees due to the college at June 30, 2008.

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.

G. 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. 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 year

TREASURE VALLEY COMMUNITY COLLEGE
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H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the college and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the college and its employees are accounted for in the period in which such services are rendered or such events take place.

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.

I. 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.

J. 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 state educational support, and expenses not meeting this definition are reported as non operating revenues and expenses.

K. 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.

L. Budgetary Information

Budgetary information is reported in the required supplementary information.

M. Inventories

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

TREASURE VALLEY COMMUNITY COLLEGE
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June 30, 2008

Note 2. Negative Retained Earnings

Negative retained earnings of auxiliary funds at June 30, 2008, were as follows:

	Amount
Caldwell Center	\$ 258,018
Food Service	\$ 41,399

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, 2008 is as follows:

	General Fund	Special Revenue	Capital Project Fund	Auxiliary Funds	Agency Funds	(memo only) Total
Due From:	<u>\$ 375,547</u>	<u>\$ 880,984</u>	<u>\$ -</u>	<u>\$ 272,350</u>	<u>\$ -</u>	<u>\$ 1,528,881</u>
Due to:						
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue		32,286	1,193,291	129,901		1,355,478
Capital Project						-
Proprietary						-
Agency					173,403	173,403
	<u>\$ -</u>	<u>\$ 32,286</u>	<u>\$ 1,193,291</u>	<u>\$ 129,901</u>	<u>\$ 173,403</u>	<u>\$ 1,528,881</u>

Note 4. Accounts Receivable

Receivables at the government-wide level at June 30, 2008, were as follows:

	General	Special Revenue	Auxiliary	Financial Aid	Total
Property tax	\$ 110,817	\$ -	\$ -	\$ -	\$ 110,817
Tuition and fee related	972,383	-	-	-	972,383
Due from other governmental units	96,940	-	-	425,888	522,828
Other receivables	4,829	491,950	20,781	159,994	677,554
Sub total	1,184,970	491,950	20,781	585,882	2,283,583
Allowance for uncollectible	(361,145)	-	-	(61,916)	(423,061)
Total	<u>\$ 823,825</u>	<u>\$ 491,950</u>	<u>\$ 20,781</u>	<u>\$ 523,966</u>	<u>\$ 1,860,522</u>

The following is an aging of tuition and fees receivables within the General Fund. As of June 30, 2008 the college has also recorded an allowance for doubtful accounts related to tuition and fees receivable of \$361,145

	0-90	91-180	181-360	Greater than 1 year	Total
Amount	\$ 387,923	\$ 100,587	\$ 68,032	\$ 415,841	\$ 972,383
Percentage of total	40%	10%	7%	43%	100%

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 5. Changes in Fixed Assets

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

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 399,782	\$ -	\$ 166,401	\$ 233,381
Construction in progress	5,333	8,456	-	13,789
Total capital assets not being depreciated	<u>405,115</u>	<u>8,456</u>	<u>166,401</u>	<u>247,170</u>
Capital assets being depreciated				
Buildings	11,713,743	69,760	-	11,783,503
Improvements	1,312,569	118,832	-	1,431,401
Vehicles and equipment	3,090,811	53,532	-	3,144,343
Total capital assets being depreciated	<u>16,117,123</u>	<u>242,124</u>	<u>-</u>	<u>16,359,247</u>
Less accumulated depreciation for				
Buildings	4,354,088	252,081	-	4,606,169
Improvements	314,087	84,301	-	398,388
Vehicles and equipment	2,345,820	174,679	-	2,520,499
Total accumulated depreciation	<u>7,013,995</u>	<u>511,061</u>	<u>-</u>	<u>7,525,056</u>
Total capital assets being depreciated, net	<u>9,103,128</u>	<u>(268,937)</u>	<u>-</u>	<u>8,834,191</u>
Total capital assets, net	<u>\$ 9,508,243</u>	<u>\$ (260,481)</u>	<u>\$ 166,401</u>	<u>\$ 9,081,361</u>

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

Note 6. Leases

Treasure Valley Community College leases two photocopy machines under noncancelable lease agreements. The total cost for these operating leases was \$21,658 for the year ended June 30, 2008.

The following is a schedule of the future minimum operating lease payments under the leases as of June 30, 2008:

Year ending June 30	
2009	\$ 21,658
2010	16,423
Total minimum lease payments	<u>\$ 38,081</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 7. 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, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute 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, 2008 were .46% and 2.93% 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, 2006, 2007, and 2008 were \$91,683, \$256,653 and \$226,139 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). PERS UAL Bond debt service was \$621,145.

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, 2007 of \$16,327,448. The

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following reflects the activity during the year reported by the actuarial valuations:

Balance - December 31, 2006	\$ 15,764,973
Investment income	1,594,698
Administrative expenses	(1,000)
Contribution to cost sharing plan	(1,031,223)
Balance - December 31, 2007	<u>\$ 16,327,448</u>

Note 8. Cash and Investments

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

Cash and investments are comprised of the following at June 30, 2008:

Petty cash	\$ 3,091
Deposits with banks	978,979
Investments	1,293,288
	<u>\$ 2,275,358</u>

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

Statement of Net Assets	
Cash and investments	\$ 2,275,358
Total	<u>\$ 2,275,358</u>

As of June 30, 2008, the district held the following investments and maturities:

Investment type	Fair Value	Weighted average maturity in years	% of investment portfolio
Local Government Investment Pool	\$ 1,287,856		100%

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

Deposits

At June 30, 2008 the carrying amount of the college's deposits (cash and certificates of deposit) was \$978,979 and the bank balance was \$687,356. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$100,000 applies to the deposits in each depository. Where balances continually exceed \$100,000, ORS 295.025 requires the depositor to obtain certificates of participation (COPS) in the amount of the excess deposit from its pool manager. ORS 295.005 provides that the pool manager can be the Oregon State Treasury, an insured bank or trust company, the Federal Reserve Bank, or the Federal Home Loan Bank. Depository banks must pledge securities with a value of at least 25% of the COP, and the securities are held by a custodian for the benefit of the district. The pool manager ensures

TREASURE VALLEY COMMUNITY COLLEGE
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that the value of the securities pledged is at least 25% of the COP. As of June 30, 2008, the college's deposits were in compliance with the above requirements of ORS 295.025.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the college's deposits may not be returned to it. The college does not have a policy for custodial credit risk for deposits. The balances in excess of the FDIC insurance plus 25% of the COPS are considered exposed to custodial credit risk. \$228,979 of the college's bank deposits were exposed to custodial credit risk at June 30, 2008.

Investments

At June 30, 2008, the college held \$1,293,288 in investments, which is all classified as cash equivalents on the Statement of Net Assets. The college has no policy for managing interest rate risk or credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of counterparty, the college will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The college does not have a policy for custodial credit risk for investments. At June 30, 2008, none of the college's investments were exposed to custodial risk.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The college minimizes this risk by limiting investments to only those that provide FDIC insurance and certificates of collateralization from the Federal Home Loan Bank. This is by limiting the college's exposure to an individual security issuer or backer, when possible. The schedule above summarizes the college's holdings by rating.

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

The Oregon Local Government Investment Pool is an external investment pool as defined in GASB Statement No. 31. The pool is governed by the Oregon Revised Statutes and the Oregon Investment Council and is not registered as an investment company with the Securities and Exchange Commission. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short term investment alternative to Oregon local governments. The Local Government Investment Pool holds certain derivatives to enhance return while managing the overall risk of the fund. These derivatives include asset-backed securities and floating rate notes of U. S. government securities. Securities held by the pool are not specifically identified to the district and are not categorized for risk purposes. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Note 9. 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

TREASURE VALLEY COMMUNITY COLLEGE
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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, 2008.

Note 10. 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 2007 and settlements have not exceeded the college's coverage in the past three years.

Note 11. 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, 2007	\$ 1,600,000
Increases	-
Decreases	(20,000)
Ending June 30, 2008	<u>\$ 1,580,000</u>

Future principal and interest payments as of June 30, 2008 are as follows:

Housing Series 2006 Bond		
Fiscal year	Principal	Interest
2008-09	\$ 20,000	\$ 76,900
2009-10	20,000	76,100
2010-11	20,000	75,300
2011-12	35,000	74,500
2012-13	35,000	73,100
2013-18	210,000	341,050
2018-23	270,000	284,250
2023-28	335,000	210,750
2028-33	430,000	117,750
2033-35	205,000	15,500
Total	<u>\$ 1,580,000</u>	<u>\$ 1,345,200</u>

TREASURE VALLEY COMMUNITY COLLEGE
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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, 2007	\$ 5,115,000
Increases	-
Decreases	<u>(110,000)</u>
Ending June 30, 2008	<u>\$ 5,005,000</u>

Future principal and interest payments as of June 30, 2008 are as follows:

Housing Series 2005 Bond		
Fiscal year	Principal	Interest
2008-09	\$ 120,000	\$ 226,158
2009-10	120,000	221,957
2010-11	130,000	217,458
2011-12	130,000	212,258
2012-13	135,000	207,057
2013-18	760,000	946,413
2018-23	950,000	758,987
2023-28	1,005,000	533,363
2028-33	1,125,000	302,757
2033-35	530,000	40,000
Total	<u>\$ 5,005,000</u>	<u>\$ 3,666,408</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. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs.

Beginning July 1, 2007	\$ 10,207,318
Increases	-
Decreases	<u>(247,926)</u>
Ending June 30, 2008	<u>\$ 9,959,392</u>

TREASURE VALLEY COMMUNITY COLLEGE
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Future principal and interest payments as of June 30, 2008 are as follows:

Fiscal year	PERSUAL Bond	
	Principal	Interest
2008-09	\$ 255,951	\$ 395,193
2009-10	265,844	420,300
2010-11	275,995	450,149
2011-12	281,037	480,108
2012-13	286,522	514,623
2013-18	1,463,295	3,217,427
2018-23	1,440,748	4,529,974
2023-28	5,690,000	936,991
Total	<u>\$ 9,959,392</u>	<u>\$ 10,944,765</u>

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, 2007	\$ 1,188,773
Increases	-
Decreases	(108,680)
Ending June 30, 2008	<u>\$ 1,080,093</u>

Future principal and interest payments as of June 30, 2008 are as follows:

Fiscal year	Johnson Control Capital Project	
	Principal	Interest
2008-09	\$ 118,502	\$ 54,258
2009-10	129,052	47,848
2010-11	140,390	40,870
2011-12	152,538	33,282
2012-13	165,559	25,041
2013-18	374,052	22,508
Total	<u>\$ 1,080,093</u>	<u>\$ 223,807</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.

Beginning July 1, 2007	\$ 22,747
Increases	-
Decreases	(8,449)
Ending June 30, 2008	<u>\$ 14,298</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

Future principal and interest payments as of June 30, 2008 are as follows:

Nebraska Book Company Point-of-Sale Package		
Fiscal year	Principal	Interest
2008-09	\$ 7,572	\$ 1,016
2009-10	6,726	524
Total	<u>\$ 14,298</u>	<u>\$ 1,540</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, 2007	\$ 1,220,000
Increases	-
Decreases	(110,000)
Ending June 30, 2008	<u>\$ 1,110,000</u>

Future principal and interest payments as of June 30, 2008 are as follows:

2000 Series A Bonds		
Fiscal year	Principal	Interest
2008-09	\$ 115,000	\$ 51,750
2009-10	120,000	46,345
2010-11	130,000	40,530
2011-12	135,000	34,235
2012-13	140,000	27,600
2013-18	470,000	37,080
Total	<u>\$ 1,110,000</u>	<u>\$ 237,540</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.

Beginning July 1, 2007	\$ 227,539
Increases	-
Decreases	(68,198)
Ending June 30, 2008	<u>\$ 159,341</u>

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Future principal and interest payments as of June 30, 2008 are as follows:

City of Ontario				
Fiscal year	LID Lot 500		LID Lot 100	
	Principal	Interest	Principal	Interest
2008-09	\$ 969	\$ 667	\$ 10,551	\$ 7,465
2009-10	1,021	615	11,106	6,910
2010-11	1,076	560	11,703	6,312
2011-12	1,134	502	12,323	5,692
2012-13	1,195	441	13,004	5,012
2013-18	7,011	1,167	76,242	13,832
2018-23	736	10	11,270	254
Total	<u>\$ 13,142</u>	<u>\$ 3,962</u>	<u>\$ 146,199</u>	<u>\$ 45,477</u>

Note 12. New Pronouncement

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. College retirees may continue their college health insurance coverage until they are eligible for Medicare benefits. Retirees are required to pay the entire cost to the college of the monthly premiums. Accounting for OPEB under GASB No. 45 will result in the college reporting a significant actuarially-based liability for benefits. The college will be required to implement GASB No. 45 in the fiscal year beginning July 1, 2008. The college has not yet determined the impact on the financial statements of implementing this statement.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

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

GENERAL FUND

For the Year Ended

June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 2,320,000	\$ 2,320,000	\$ 2,107,458	\$ (212,542)
State sources	6,060,948	6,060,948	6,542,280	481,332
Tuition and fees	4,358,200	5,031,050	4,524,450	(506,600)
Total revenues	<u>12,739,148</u>	<u>13,411,998</u>	<u>13,174,188</u>	<u>(237,810)</u>
EXPENDITURES				
Instruction	5,127,532	5,342,672	5,043,137	299,535
Instruction support	392,707	408,646	380,100	28,546
Student services	1,728,319	1,836,648	1,802,319	34,329
College support services	2,342,100	2,505,692	2,467,076	38,616
Plant operation and maintenance	1,367,050	1,487,050	1,486,631	419
Plant additions	135,500	135,500	135,491	9
Debt service	1,420,783	1,420,783	1,417,502	3,281
Financial aid	704,643	704,493	602,520	101,973
Operating contingency	710,000	710,000	-	710,000
Total expenditures	<u>13,928,634</u>	<u>14,551,484</u>	<u>13,334,776</u>	<u>1,216,708</u>
Excess of revenues over (under) expenditures	(1,189,486)	(1,139,486)	(160,588)	978,898
Other financing sources (uses)				
Transfers out	(30,000)	(80,000)	(80,000)	-
Transfer in	419,486	419,486	683,000	263,514
Institutional contribution	-	-	(75,485)	(75,485)
Proceeds from long term debt	-	-	-	-
Total other financing sources (uses)	<u>389,486</u>	<u>339,486</u>	<u>527,515</u>	<u>188,029</u>
Net change in fund balance	(800,000)	(800,000)	366,927	1,166,927
Available fund balance, July 1	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,279,983</u>	<u>179,983</u>
Available fund balance, June 30	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 1,646,910</u>	<u>\$ 1,346,910</u>

SPECIAL REVENUE FUNDS

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

For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 200,000	\$ 200,000	\$ 140,297	\$ (59,703)
State sources	2,800,000	2,800,000	1,615,347	(1,184,653)
Federal sources	2,750,000	2,750,000	1,147,653	(1,602,347)
Tuition and fees	50,000	50,000	48,327	(1,673)
Total revenues	<u>5,800,000</u>	<u>5,800,000</u>	<u>2,951,624</u>	<u>(2,848,376)</u>
EXPENDITURES				
Instruction	3,400,000	3,400,000	2,102,879	1,297,121
Supporting services	<u>2,200,000</u>	<u>2,200,000</u>	<u>812,514</u>	<u>1,387,486</u>
Total expenditures	<u>5,600,000</u>	<u>5,600,000</u>	<u>2,915,393</u>	<u>2,684,607</u>
Excess of revenues over (under) expenditures	200,000	200,000	36,231	(163,769)
Other financing sources (uses)				
Transfer in	-	-	275	(275)
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>275</u>	<u>(275)</u>
Net change in fund balance	200,000	200,000	36,506	(164,044)
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>170,737</u>	<u>170,737</u>
Available fund balance, June 30	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 207,243</u>	<u>\$ 6,693</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
STUDENT FINANCIAL AID FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	210,000	210,000	155,575	(54,425)
Federal sources	5,300,000	5,300,000	6,593,418	1,293,418
Total revenues	5,510,000	5,510,000	6,748,993	1,238,993
EXPENDITURES				
Supporting services	5,760,000	5,760,000	6,779,400	(1,019,400)
Total expenditures	5,760,000	5,760,000	6,779,400	(1,019,400)
Excess of revenues over (under) expenditures	(250,000)	(250,000)	(30,407)	219,593
Other financing sources (uses)				
Transfer in	3,650,000	3,650,000	2,463,646	(1,186,354)
Transfer out	(3,400,000)	(3,400,000)	(2,433,239)	966,761
Total other financing sources (uses)	250,000	250,000	30,407	(219,593)
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
PERKINS LOAN FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 4,501	\$ 4,501
Total revenues	-	-	4,501	4,501
EXPENDITURES				
Supporting services	100,000	100,000	1,464	98,536
Total expenditures	100,000	100,000	1,464	98,536
Excess of revenues over (under) expenditures	(100,000)	(100,000)	3,037	103,037
Other financing sources (uses)				
Transfer in	100,000	100,000	-	(100,000)
Total other financing sources (uses)	100,000	100,000	-	100,000
Net change in fund balance	-	-	3,037	3,037
Available fund balance, July 1	-	-	175,942	175,942
Available fund balance, June 30	\$ -	\$ -	\$ 178,979	\$ 178,979

CAPITAL PROJECTS FUND

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
CAPITAL PROJECTS FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Facilities and acquisitions	-	-	1	(1)
Total capital outlay	-	-	1	(1)
Excess of revenues over (under) expenditures	-	-	(1)	(1)
Other financing sources (uses)				
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(1)	(1)
Available fund balance, July 1	-	-	1	1
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
RESERVE FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 10,000	\$ 10,000	\$ 248,213	\$ 238,213
Total revenues	10,000	10,000	248,213	238,213
EXPENDITURES				
Support services	40,000	48,000	76,540	(28,540)
Facilities acquisitions and construction	65,000	77,000	36,458	40,542
Total expenditures	105,000	125,000	112,998	12,002
Excess of revenues over (under) expenditures	(95,000)	(115,000)	135,215	250,215
Other financing sources (uses)				
Transfer from Other Funds	30,000	30,000	111,530	81,530
Transfer to General Fund	(25,000)	(5,000)	-	5,000
Total other financing sources (uses)	5,000	25,000	111,530	86,530
Net change in fund balance	(90,000)	(90,000)	246,745	336,745
Available fund balance, July 1	600,000	600,000	704,500	104,500
Available fund balance, June 30	\$ 510,000	\$ 510,000	\$ 951,245	\$ 441,245

AUXILIARY FUNDS

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
BOOKSTORE FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 900,000	\$ 1,120,000	\$ 1,060,851	\$ (59,149)
Sale of school supplies	-	-	117,572	117,572
Miscellaneous income	-	-	37,114	37,114
Total operating revenues	<u>900,000</u>	<u>1,120,000</u>	<u>1,215,537</u>	<u>95,537</u>
Operating expense				
Support services				
Salaries and benefits	835,000	1,115,000	102,038	1,012,962
Cost of goods sold	-	-	992,193	(992,193)
Outside services	-	-	3,984	(3,984)
Depreciation	-	-	8,937	(8,937)
Other expense	-	-	2,881	(2,881)
Total operating expenses	<u>835,000</u>	<u>1,115,000</u>	<u>1,110,033</u>	<u>4,967</u>
Operating income	65,000	5,000	105,504	100,504
Other sources and (uses)				
Transfer to other funds	<u>(88,000)</u>	<u>(88,000)</u>	<u>(88,000)</u>	<u>-</u>
Changes in net assets	(23,000)	(83,000)	17,504	(100,504)
Net assets, July 1	<u>65,000</u>	<u>95,000</u>	<u>271,188</u>	<u>(176,188)</u>
Net assets, June 30	<u>\$ 42,000</u>	<u>\$ 12,000</u>	<u>\$ 288,692</u>	<u>\$ 276,692</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOOD SERVICE FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Food and catering sales	\$ 475,000	\$ 475,000	\$ 402,748	\$ (72,252)
Total operating revenues	<u>475,000</u>	<u>475,000</u>	<u>402,748</u>	<u>(72,252)</u>
Operating expense				
Support services				
Materials and supplies	-	-	10,427	(10,427)
Outside services	370,000	460,560	442,566	17,994
Other expense	-	-	-	-
Repairs and maintenance	-	-	2,506	(2,506)
Depreciation	-	-	4,696	(4,696)
Total operating expenses	<u>370,000</u>	<u>460,560</u>	<u>460,195</u>	<u>365</u>
Operating income	105,000	14,440	(57,447)	(71,887)
Other financing sources(uses)				
Transfer from other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	105,000	14,440	(57,447)	(71,887)
Net assets, beginning	<u>30,000</u>	<u>65,000</u>	<u>16,048</u>	<u>(48,952)</u>
Net assets, ending	<u>\$ 135,000</u>	<u>\$ 79,440</u>	<u>\$ (41,399)</u>	<u>\$ (120,839)</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
HOUSING FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Residence hall receipts	\$ 500,000	\$ 480,000	\$ 480,394	\$ 394
Miscellaneous income	-	-	2,191	2,191
Total operating revenues	<u>500,000</u>	<u>480,000</u>	<u>482,585</u>	<u>2,585</u>
Operating expense				
Support services				
Salaries	214,060	263,000	55,984	207,016
Materials and services	-	-	20,976	(20,976)
Outside services	-	-	29,719	(29,719)
Depreciation	-	-	155,836	(155,836)
Total operating expenses	<u>214,060</u>	<u>263,000</u>	<u>262,515</u>	<u>485</u>
Operating income	285,940	217,000	220,070	3,070
Other financing sources(uses)				
Transfer to other funds	<u>(301,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(301,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>
Changes in net assets	(15,060)	(113,000)	(109,930)	3,070
Net assets, July 1	<u>165,000</u>	<u>240,000</u>	<u>5,739,840</u>	<u>5,499,840</u>
Net assets, June 30	<u>\$ 149,940</u>	<u>\$ 127,000</u>	<u>\$ 5,629,910</u>	<u>\$ 5,502,910</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
PRINTING FUND
For the Year Ended
June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Printing income	\$ 130,000	\$ 130,000	\$ 151,264	\$ 21,264
Total operating revenues	<u>130,000</u>	<u>130,000</u>	<u>151,264</u>	<u>21,264</u>
Operating expense				
Support services				
Salaries	134,500	160,000	40,689	119,311
Travel	-	-	48	(48)
Materials and supplies	-	-	100,714	(100,714)
Outside services	-	-	15,733	(15,733)
Repairs and maintenance	-	-	1,436	(1,436)
Total operating expenses	<u>134,500</u>	<u>160,000</u>	<u>158,620</u>	<u>1,380</u>
Operating income (loss)	(4,500)	(30,000)	(7,356)	22,644
Other financing sources(uses)				
Transfer from other funds	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Changes in net assets	(24,500)	(50,000)	(27,356)	22,644
Net assets, July 1	<u>75,000</u>	<u>100,000</u>	<u>75,482</u>	<u>(24,518)</u>
Net assets, June 30	<u>\$ 50,500</u>	<u>\$ 50,000</u>	<u>\$ 48,126</u>	<u>\$ (1,874)</u>

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

CALDWELL CENTER

For the Year Ended

June 30, 2008

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 235,000	\$ 185,000	\$ 231,343	\$ 46,343
Tuition and fees	1,150,000	1,320,000	1,236,077	(83,923)
Miscellaneous income	-	-	2,422	2,422
Total operating revenues	<u>1,385,000</u>	<u>1,505,000</u>	<u>1,469,842</u>	<u>(35,158)</u>
Operating expense				
Instruction				
Salaries and benefits	1,100,125	1,190,125	713,296	476,829
Travel	-	-	11,736	(11,736)
Cost of goods sold	-	-	205,254	(205,254)
Materials and supplies	-	-	50,012	(50,012)
Outside services	-	-	13,744	(13,744)
Capital outlay	-	-	33,720	(33,720)
Other expense	-	-	14,183	(14,183)
Rent	-	-	144,054	(144,054)
Support services				
Other expense	-	10,000	12,436	(2,436)
Depreciation	-	-	2,421	(2,421)
Bad debt	-	-	2,350	(2,350)
Total operating expenses	<u>1,100,125</u>	<u>1,200,125</u>	<u>1,203,206</u>	<u>(3,081)</u>
Operating income (loss)	284,875	304,875	266,636	(38,239)
Other financing sources(uses)				
Transfer to General Fund	<u>(362,400)</u>	<u>(313,400)</u>	<u>(307,285)</u>	<u>6,115</u>
Total other financing sources (uses)	<u>(362,400)</u>	<u>(313,400)</u>	<u>(307,285)</u>	<u>6,115</u>
Changes in net assets	(77,525)	(8,525)	(40,649)	(32,124)
Net assets, July 1	115,000	150,000	(217,369)	(367,369)
Net assets, June 30	<u>\$ 37,475</u>	<u>\$ 141,475</u>	<u>\$ (258,018)</u>	<u>\$ (399,493)</u>

TREASURE VALLEY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008

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 the following budget violations due to overexpenditures:

Auxiliary Funds	Supporting services	\$ 5,011
Student Financial Aid and Perkins Loan Funds	Supporting services	920,864

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

TREASURE VALLEY COMMUNITY COLLEGE
COMBINING STATEMENT OF NET ASSETS
AUXILIARY FUND TYPES
For the Year Ended
June 30, 2008

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2008
Assets						
Cash and cash items	\$ 525	\$ -	\$ -	\$ -	\$ -	\$ 525
Interfund receivable	81,775	-	-	48,126	-	129,901
Receivables						20,781
Accounts	17,435	3,346	-	-	-	20,781
Inventory	194,020	-	-	-	11,353	205,373
Fixed assets (net of accumulated depreciation)	9,235	26,438	5,730,049	-	5,768	5,771,490
Total assets	<u>302,990</u>	<u>29,784</u>	<u>5,730,049</u>	<u>48,126</u>	<u>17,121</u>	<u>6,128,070</u>
						-
Liabilities						
Deposits payable	-	-	43,131	-	-	43,131
Deferred revenue	-	-	-	-	130,980	130,980
Interfund payable	-	71,183	57,008	-	144,159	272,350
Current portion of long term lease payable	7,572	-	-	-	-	7,572
Lease payable long term	6,726	-	-	-	-	6,726
Total liabilities	<u>14,298</u>	<u>71,183</u>	<u>100,139</u>	<u>-</u>	<u>275,139</u>	<u>460,759</u>
Net assets						
Invested in capital assets, net of related debt	9,235	-	5,730,049	-	5,768	5,745,052
Unrestricted	279,457	(41,399)	(100,139)	48,126	(263,786)	(77,741)
Total net assets	<u>\$ 288,692</u>	<u>\$ (41,399)</u>	<u>\$ 5,629,910</u>	<u>\$ 48,126</u>	<u>\$ (258,018)</u>	<u>\$ 5,667,311</u>

TREASURE VALLEY COMMUNITY COLLEGE
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - AUXILIARY FUND TYPES
For the Year Ended
June 30, 2008

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2008
Operating revenues						
Sale of textbooks and school supplies	\$ 1,178,423	\$ -	\$ -	\$ -	\$ 231,343	\$ 1,409,766
Food sales	-	402,748	-	-	-	402,748
Dormitory receipts	-	-	480,394	-	-	480,394
Printing income	-	-	-	151,264	-	151,264
Miscellaneous income	37,114	-	2,191	-	2,422	41,727
Tuition and fees	-	-	-	-	1,236,077	1,236,077
Total operating revenues	<u>1,215,537</u>	<u>402,748</u>	<u>482,585</u>	<u>151,264</u>	<u>1,469,842</u>	<u>3,721,976</u>
Operating expenses						
Salaries and benefits	102,038	-	55,984	40,689	713,296	912,007
Cost of goods sold	992,193	-	-	-	205,254	1,197,447
Travel	-	-	-	48	11,736	11,784
Materials and supplies	-	10,427	20,976	100,714	83,732	215,849
Outside services	3,984	442,566	29,719	15,733	13,744	505,746
Other expense	2,881	-	-	-	26,619	29,500
Repairs and maintenance	-	2,506	-	1,436	144,054	147,996
Depreciation	8,937	4,696	155,836	-	2,421	171,890
Bad debts	-	-	-	-	2,350	2,350
Total operating expenses	<u>1,110,033</u>	<u>460,195</u>	<u>262,515</u>	<u>158,620</u>	<u>1,203,206</u>	<u>3,194,569</u>
Operating income	105,504	(57,447)	220,070	(7,356)	266,636	527,407
Other financing sources (uses)						
Transfer to other funds	(88,000)	-	(330,000)	(20,000)	(307,285)	(745,285)
Contributed capital	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>(88,000)</u>	<u>-</u>	<u>(330,000)</u>	<u>(20,000)</u>	<u>(307,285)</u>	<u>(745,285)</u>
Net assets - beginning	271,188	16,048	5,739,840	75,482	(217,369)	5,885,189
Net assets - ending	<u>\$ 288,692</u>	<u>\$ (41,399)</u>	<u>\$ 5,629,910</u>	<u>\$ 48,126</u>	<u>\$ (258,018)</u>	<u>\$ 5,667,311</u>

TREASURE VALLEY COMMUNITY COLLEGE
COMBINED STATEMENT OF CASH FLOWS
ALL AUXILIARY FUND TYPES
For the Year Ended
June 30, 2008

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 1,208,282	\$ 399,487	\$ 484,011	\$ 151,265	\$ 1,255,307	\$ 3,498,352
Payments to employees	(79,240)	(442,460)	(40,655)	(33,521)	(708,271)	(1,304,147)
Payments to suppliers	(20,096)	(13,039)	(66,023)	(125,100)	(478,655)	(702,913)
Payments to suppliers for items for resale	(976,749)	-	2,191	-	(15,639)	(992,388)
Other cash receipts	-	-	-	-	230,566	232,757
Net cash provided by (used by) operating activities	<u>132,197</u>	<u>(56,012)</u>	<u>379,524</u>	<u>(7,356)</u>	<u>283,308</u>	<u>731,661</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in interfund receivable/payable	(123,763)	78,981	(49,524)	27,356	23,977	(42,973)
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	(330,000)	(20,000)	(307,285)	(657,285)
Net cash used in non-capital financing activities	<u>(123,763)</u>	<u>78,981</u>	<u>(379,524)</u>	<u>7,356</u>	<u>(283,308)</u>	<u>(700,258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from issuance of debt	-	-	-	-	-	-
Principal paid on long term debt	(8,449)	-	-	-	-	(8,449)
Interest paid on long-term debt	-	-	-	-	-	-
Net cash used in financing activities	<u>(8,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,449)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital assets purchased	-	(22,969)	-	-	-	(22,969)
Contributed capital	-	-	-	-	-	-
Net cash used in investing activities	<u>-</u>	<u>(22,969)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,969)</u>
NET INCREASE (DECREASE) IN CASH	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
CASH BALANCE (DEFICIT) JUNE 30, 2007	<u>540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540</u>
CASH BALANCE (DEFICIT) JUNE 30, 2008	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING INCOME	<u>\$ 105,504</u>	<u>\$ (57,447)</u>	<u>\$ 220,070</u>	<u>\$ (7,356)</u>	<u>\$ 266,636</u>	<u>\$ 527,407</u>
Adjustments to reconcile net income to net cash						
Depreciation	8,937	4,696	155,836	-	2,421	171,890
(Increase) decrease in accounts receivable (net)	(7,256)	(3,261)	-	-	-	(10,517)
(Increase) decrease in inventory	25,012	-	-	-	(4,979)	20,033
Increase (decrease) in deposits payable	-	-	3,618	-	-	3,618
Increase (decrease) in deferred revenues	-	-	-	-	19,230	19,230
Net cash provided (used) by operating activities	<u>\$ 132,197</u>	<u>\$ (56,012)</u>	<u>\$ 379,524</u>	<u>\$ (7,356)</u>	<u>\$ 283,308</u>	<u>\$ 731,661</u>

OTHER FINANCIAL SCHEDULES

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENT OF AGENCY FUND TRANSACTIONS

For the year ended
June 30, 2008

	Beginning Balance 6/30/2007	Increase	Decrease	Ending Balance 6/30/2008
3700 Small business training	\$ 46,310	\$ 26,489	\$ 39,177	\$ 33,622
3715 Student government/Caldwell	14,720	49,965	66,335	(1,650)
3717 Student government	12,701	204,267	193,545	23,423
3720 Student body special account	2,254	35	-	2,289
3790 Welding club	1,122	2,402	1,609	1,915
3810 Women's basketball	1,858	14,945	18,167	(1,364)
3850 Vending account	3,091	7,506	7,802	2,795
4003 Geology	-	1,050	900	150
4005 OR community college retreat	-	4,275	5,537	(1,262)
4030 Art guild	1,709	-	2,126	(417)
4050 Athletic programs	-	41,644	43,220	(1,577)
4100 Instrumental club	695	422	573	545
4110 Baseball club	22,152	5,369	27,626	(104)
4111 Baseball Orange sales	-	56,852	33,415	23,437
4113 Baseball club/Salaries	-	-	6,682	(6,682)
4115 Softball club	(769)	8,356	1,617	5,970
4116 Outdoor club	3,408	4,720	2,666	5,462
4120 Baseball marathon	-	30,423	26,346	4,077
4130 Chukar basketball	1,839	12,212	10,310	3,741
4136 Caldwell Hardship scholar/fundraised	90	-	-	90
4140 Choral club	1,773	996	530	2,238
4142 TVCC chorale	571	-	-	571
4143 Youth orchestra	3,419	1,037	969	3,488
4144 Treasure Valley Symphony	(1,654)	6,475	2,059	2,761
4145 Children's chorus	91	440	397	134
4147 Summer MAD camp	5,366	-	454	4,913
4148 Little stars	125	-	-	125
4150 Vocal jazz ensemble	288	710	796	202
4151 Jazz band	1,133	1,478	1,824	786
4152 Performing arts retreat	120	-	-	120
4210 Development education student support	3,135	-	-	3,135
4220 Dorm social/leadership and improvement	8,437	95	-	8,532
4230 Drama club	5,871	13,171	13,072	5,971
4240 Cinco de Mayo	1,283	-	382	901
4245 Entrepreneurship Club	35	-	-	35
4250 English department travel	3,250	1,185	2,031	2,404
4253 The Education Club	797	1,942	1,574	1,165
4270 AAWCC	1,003	80	384	699
4350 Graduation	(354)	4,271	4,388	(471)
4385 TVCC Herd/Cattle Account	9	7,134	3,454	3,689
4441 International relations club	-	999	-	999
4485 WINGS club	770	75	512	333
4540 Nursing club	858	-	182	677
4542 Nursing background	560	-	-	560
4545 Nursing mobility tests	(8)	7,029	6,723	298
4625 Campus Christian Fellowship	683	-	-	683
4630 Phi Theta Kappa	490	3,052	2,473	1,068
4660 Rodeo club	3,018	9,168	9,704	2,482
4662 AG ambassadors	2,322	4,570	1,827	5,065
4663 Ultrasound club	500	500	-	1,000
4664 Livestock judging club	733	1,834	1,751	816
4670 Volleyball club	5,084	5,156	5,686	4,554
4680 Science field trip	6,345	4,542	5,637	5,250
4686 Library - EOU	-	1,695	1,925	(230)
4692 Cross country club	472	134	197	409
4693 Golf	3,008	2,423	2,292	3,139
4694 Soccer club	4,098	1,883	2,817	3,164
4695 Track and field club	(427)	-	-	(427)
4696 Tennis	1,565	635	230	1,970
4697 Foundation	(1)	-	-	(1)
4700 Women's soccer club	5,794	2,231	2,286	5,739
Total	\$ 181,743	\$ 555,869	\$ 564,209	\$ 173,403

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENTS OF CASH, CASH ITEMS AND INVESTMENTS - ALL FUNDS
June 30, 2008

US Bank	
Cash in checking	\$ 978,979
 Oregon State Treasury Local Government Investment Pool	
Cash invested	1,293,288
 Cash on hand	<u>3,091</u>
Total cash, cash items and investments all funds	<u><u>\$ 2,275,358</u></u>

STATEMENT OF COLLATERAL SECURITY
June 30, 2008

US Bank	
Federal Home Loan Bank of Seattle Certificate of Participation No. 42812	\$ 3,000,000
Federal Deposit Insurance Corporation - demand	<u>100,000</u>
Total US Bank	<u><u>\$ 3,100,000</u></u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2008

Tax Year Special Levy All Counties	Uncollected Taxes June 30, 2007	2007-08 Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2008
2007-08		\$ 1,663,546	\$ -	\$ (41,530)	\$ 539	\$ 1,561,342	\$ 1,561,882	\$ 60,674
2006-07	\$ 51,698	-	(180)	(28)	1,082	24,057	25,139	27,434
2005-06	26,060	-	(143)	(1)	1,140	10,972	12,112	14,944
2004-05	14,654	-	(89)	(2)	1,219	7,595	8,814	6,968
2003-04	6,174	-	(31)	(0)	1,128	5,740	6,868	402
2002-03	460	-	(31)	-	69	268	337	161
2001-02	186	-	(29)	-	29	92	120	65
2000-01	93	-	-	-	-	4	4	89
Prior	147	-	-	-	57	66	123	80
TOTAL	\$ 99,473	\$ 1,663,546	\$ (503)	\$ (41,562)	\$ 5,263	\$ 1,610,137	\$ 1,615,400	\$ 110,817

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2008

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.

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 2007-2008 and 2008-2009 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 2007-2008 budgets. However, we noted instances of over expenditure as follows:

Auxiliary Funds	Supporting services	\$5,011
Student Financial Aid	Supporting services	920,864

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, 2008 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, 2008 provide adequate coverage. We recommend that coverages be reviewed periodically with the college's agent of record.

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2008

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, 2008, were entirely insured or collateralized with Federal Deposit Insurance Corporation or certificate of participation with the Federal Home Loan Bank of Seattle.

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 650 College Blvd. Ontario OR 97914
STREET / P O BOX CITY STATE ZIP

Period Covered by Audit/Review Report From July 2007 To June 2008

Total Revenues and/or Receipts – (Government-wide + Fiduciary Funds)		\$26,684,092
Less:		
Revenues of Component Units included in report of primary government		1,018,034
Taxes, assessments and other collections to be distributed to other governmental units		
Net Revenues and/or Receipts		\$25,666,085
Total Expenditures and/or Disbursements – (Government-wide + Fiduciary Funds)		\$26,401,365
Less:		
Expenditures of Component Units included in report of primary government		512,990
Turnovers to other municipal corporations:		
Taxes and Assessments		
Other Distributions		
Net Expenditures and/or Disbursements		\$25,888,375

The above information is based upon the revenues and expenditures/expenses for government-wide and fiduciary activities 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)
0	\$ 50,000	\$ 20	...The filing fee shall be determined by the total expenditures made by the
\$ 50,000	150,000	40	municipal corporation for any and all purposes during the calendar or fiscal year
150,000	500,000	150	audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-
500,000	1,000,000	200	term loans, principal of warrants redeemed which were issued during prior audit
1,000,000	5,000,000	250	periods, transfers or loans between funds and turnovers of taxes or other trust
5,000,000	10,000,000	300	moneys to other municipal corporations shall not be included in the total
10,000,000	50,000,000	350	expenditures upon which the amount of the fee is based.
50,000,000		400	(Net Expenditures and/or Disbursements)

Within 30 days after delivering 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 Audits Division

Account Code Firm Code Filing Fee

SINGLE AUDIT SECTION

TREASURE VALLEY COMMUNITY COLLEGE
SINGLE AUDIT
June 30, 2008

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TREASURE VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended
June 30, 2008

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Education			
Direct program			
Student Financial Assistance Cluster			
PELL Grant Program	* 84.063	\$ 2,192,690	\$ 2,192,690
SEOG Program	* 84.007	126,481	126,481
College Work Study Program	* 84.033	137,946	137,946
Direct Loan Program	* 84.268	4,155,715	4,155,715
Academic Competitiveness Grant	* 84.375	10,994	10,994
		<u>6,623,826</u>	<u>6,623,826</u>
High School Equivalency Program	84.141A	273,755	273,755
Strengthening Institutions Programs (Development)	* 84.031A	300,461	300,461
English Acquisition Program: National Professional Development Program	84.195N	239,243	239,243
Total direct programs		<u>7,437,285</u>	<u>7,437,285</u>
Passed through Oregon State Department of Education			
Adult Education - Basic Grants to State			
ABE - Tuition	84.002	124,752	124,752
		<u>124,752</u>	<u>124,752</u>
Vocational Education - Basic Grant			
Perkins - PTE Program Areas	84.048A	191,734	191,734
		<u>191,734</u>	<u>191,734</u>
Total passed through Oregon Department of Education		<u>316,486</u>	<u>316,486</u>
Total Department of Education		<u>7,753,771</u>	<u>7,753,771</u>
U.S. Small Business Administration			
Passed through Oregon State SBA Director			
SBA Federal 2006	59.037	8,862	8,862
SBA Federal 2005	59.037	-	-
Total Small Business Administration		<u>8,862</u>	<u>8,862</u>
Total		<u>\$ 7,762,633</u>	<u>\$ 7,762,633</u>

*Denotes program audited as a major program

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2008

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

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 no 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	\$6,623,826
Strengthening Institutions Programs	
CFDA Number 84.031A	300,461

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

Type A programs are the programs with total program expended funds of \$300,000 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

Findings and Questioned Costs For Major Federal Award Program Audit

Current Year Findings

The audit for the year ended June 30, 2008 reported no findings and questioned costs regarding the federal awards tested.

Prior Year Findings

The audit for the year ended June 30, 2007 reported no findings and questioned costs regarding the federal awards tested.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Treasure Valley Community College, as of and for the year ended June 30, 2008, which collectively comprise Treasure Valley Community College's basic financial statements and have issued our report thereon dated January 7, 2009. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Treasure Valley Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Treasure Valley Community College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Treasure Valley Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Treasure Valley Community College's financial statements that is more than inconsequential will not be prevented or detected by Treasure Valley Community College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Treasure Valley Community College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Treasure Valley Community College, in a separate letter dated January 7, 2009.

This report is intended solely for the information and use of management, board of directors, 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
January 7, 2009

Certified Public Accountants, PC

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Treasure Valley Community College, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

In our opinion, Treasure Valley Community College, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The 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. 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the board of directors, 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
January 7, 2009