

TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Oregon

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

For the Year Ended June 30, 2006

TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2006

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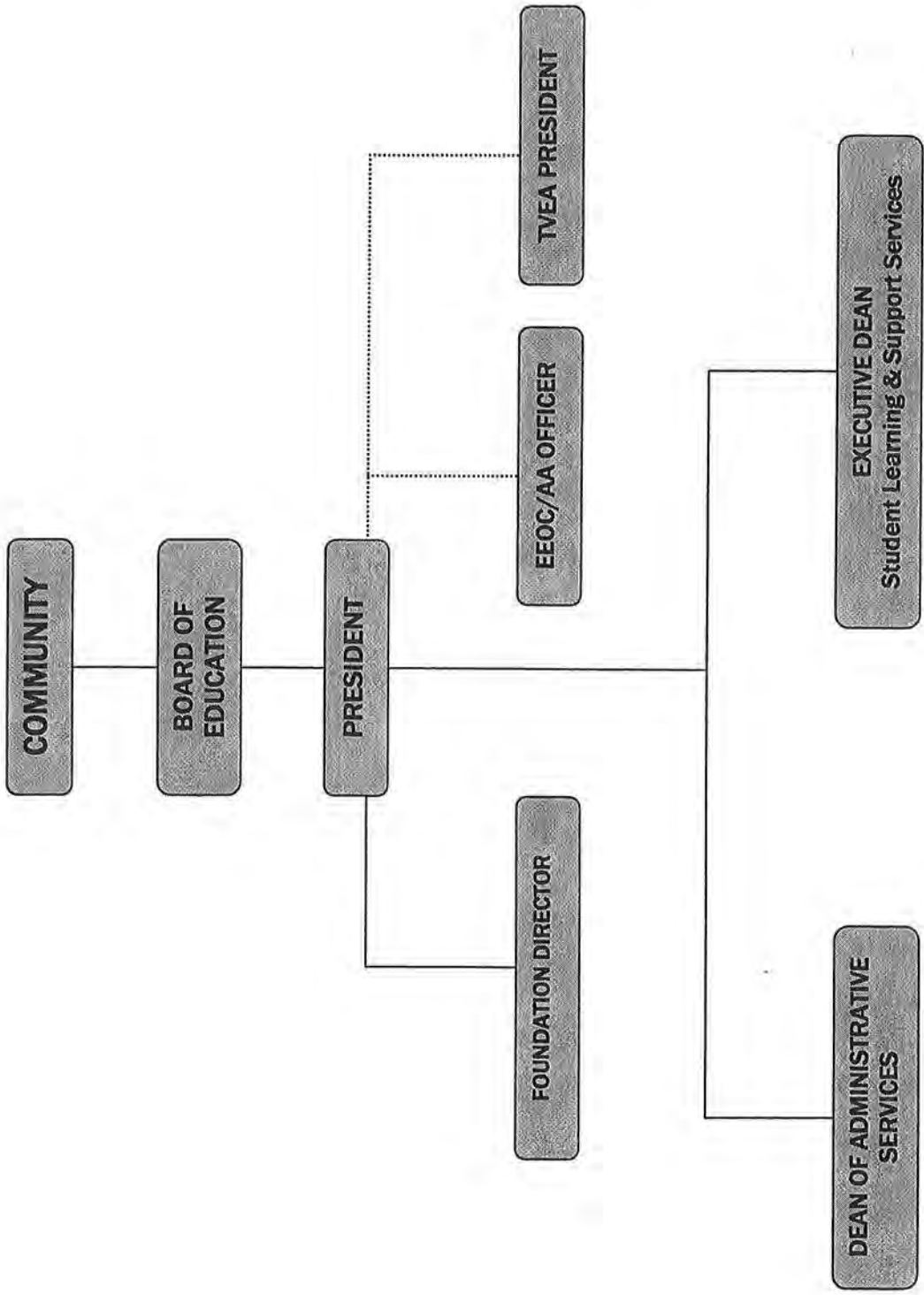
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INTRODUCTORY SECTION

**TREASURE VALLEY COMMUNITY COLLEGE
2005 - 2006 Organizational Chart**



TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2006

	<u>Address</u>	<u>Position</u>
<u>Board of Education</u>		
David Sullivan	Ontario	Chairperson
John Forsyth	Ontario	Vice-Chairperson
Kelly Edwards	Ontario	Director
Peter Lawson	Ontario	Director
Theodore Moore	Vale	Director
Patricia Morinaka	Nyssa	Director
Scott Wilson	Ontario	Director
<u>Administrators</u>		
Dr. James E. Sorensen		President
Randy R. Griffin		Dean of Administrative Services / Clerk

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, 2006, 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 management. Our responsibility is to express an opinion 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 opinion.

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, 2006, 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 November 28, 2006, 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, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 an opinion on the financial statements that collectively comprise Treasure Valley Community College's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information included in the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the 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.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon
November 28, 2006

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, 2006. 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 themselves.

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

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

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

- The *Statement of Revenues, Expenses and Changes in Net Assets* presents the College's financial results for the fiscal year. The statement includes the College's revenues and expenses, both operating and nonoperating, with operating revenues coming primarily from tuition and fees, grants, and contracts. State appropriations and property taxes are classified as non-operating revenues.
- The *Statement of Cash Flows* presents information on the receipt and uses of cash from operating activities, noncapital financing activities, capital financial activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year. This statement is intended to help the reader assess

the College's ability to generate future cash flows and its ability to meet its obligations as they come due.

Financial Highlights

- State of Oregon FTE reimbursement increased in 05-06 based upon the approved funding formula for community colleges. Even with this increase (and a projected increase for 06-07), the amount of support from the State of Oregon remains lower than the amount received in 01-02.
- Enrollment for 05-06 decreased from the prior year, but with the fiscal impact offset somewhat due to an increase in per credit tuition and universal fees.
- The College began construction of a new student housing facility during the year which was completed and ready for occupancy for the Fall 06-07 term. Due to increases in building material costs and labor, the final construction contract was higher than anticipated which resulted in the issuance of an additional \$1.6 million in full faith and credit bonds.
- 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:

	2006	2005
Assets		
Current assets	\$ 7,300,667	\$ 8,245,625
Pension asset	13,558,316	13,558,316
Capital assets, net	6,715,637	3,588,452
Total assets	<u>27,574,620</u>	<u>25,392,393</u>
Liabilities		
Current liabilities	2,581,747	1,808,409
Noncurrent liabilities	19,596,840	18,550,535
Total liabilities	<u>22,178,587</u>	<u>20,358,944</u>
Net Assets		
Invested in capital assets, net of related debt	(3,008,934)	484,125
Restricted	3,330,261	4,320,077
Unrestricted	5,074,706	229,247
Total net assets	<u>\$ 5,396,033</u>	<u>\$ 5,033,449</u>

Assets

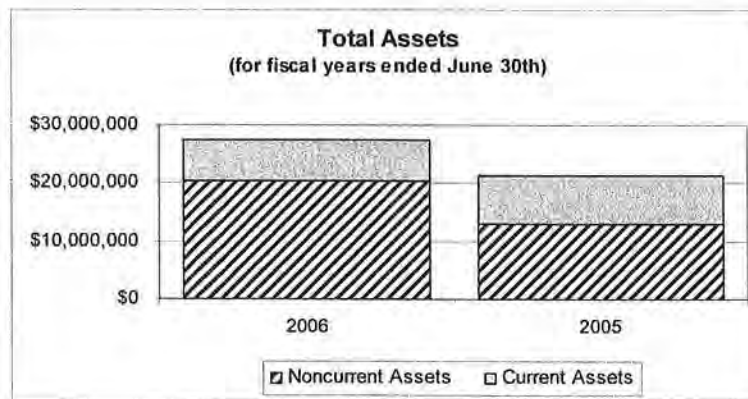
Total assets for the College at the end of the fiscal year were approximately \$27.6 million, comprised of both current assets (\$7.3 million) and noncurrent assets (\$20.3 million).

Cash and cash equivalents for the College were \$5.6 million at year-end which is an increase of \$0.6 million from last year. This increase is primarily due to the yet to be expended proceeds from the issuance of bonds to finance the construction of new housing units (the housing units were completed in September 2006). Accounts receivable decreased \$1.2 million from the prior year, resulting in a year-end balance of \$1.3 million. This decrease is due to the timing of the 04-05 fourth quarter FTE reimbursement from the State of Oregon. The 04-05 fourth quarter reimbursement payment of \$1.1 million was deferred and paid early in the 05-06 fiscal year (the fourth quarter payment from the State is delayed every other year). There was no such delay in the 05-06 payment.

At year-end capital assets totaled \$13.3 million with associated accumulated depreciation of \$6.6 million, for a net capital asset value of \$6.7 million. This is a \$3.1 million increase in the net value of capital assets from prior year. This increase is due to the construction in progress of new housing units on campus. The full value of the new housing units will be reflected in 06-07 (housing units were substantially complete and occupied in Fall term 06-07).

The College's prepaid pension contribution reflects those bonds issued by the College in 2003 to finance the unfunded pension liability due to the Oregon Public Employees Retirement System. The value of the prepaid pension contribution was restated in 05-06 to reflect the actuarial valuation provided to the College based upon amounts used to satisfy retirement funding obligations as well as investment earnings of the assets. The value of these assets was increased by \$4.1 million.

Overall total assets of the College increased \$6.3 million as compared to prior year.



Assets of the Foundation are comprised primarily of investments (\$2.2 million of the \$2.3 million asset balance). Total assets for the Foundation increased \$0.3 million from prior year due to receipt of additional endowed funds as well as the increase in the fair market value of previously held investments.

Liabilities

Liabilities are classified as current and noncurrent. The current liabilities balance at year-end was approximately \$2.5 million and the noncurrent liability balance was \$19.7 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 (\$10.4 million) and notes payable (\$9.7 million), less the current portion of that debt of \$0.6 million. The notes payable balance increased from prior year by \$1.4 million due to the issuance of additional bonds to finance the construction of new housing units on campus.

Net Assets

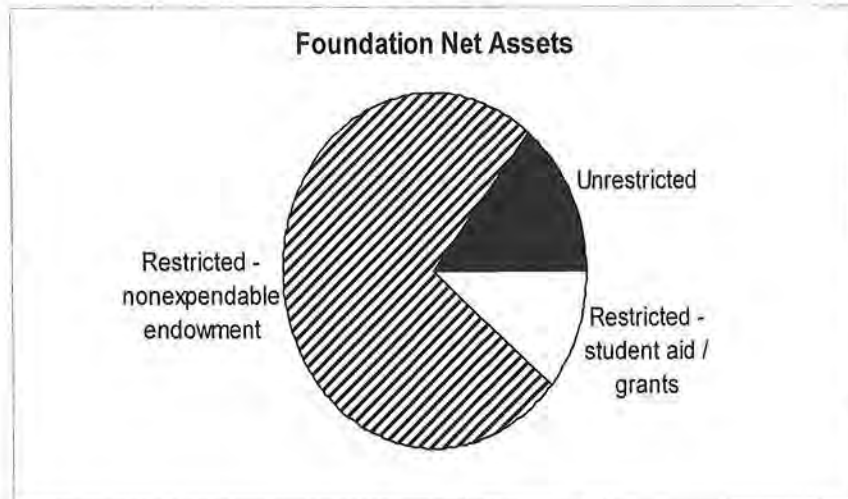
Total net assets at year-end are \$5.4 million or a \$4.5 million increase over the prior year. The increase from prior year is due to the following:

- Restatement of the value of the College’s prepaid pension contribution by \$4.1 million
- Net operating income of \$0.4 million for 05-06

The net assets of the Foundation are divided as follows:

Restricted – expendable for student aid and grants	\$.3 million
Restricted – nonexpendable endowment principal	1.7 million
Unrestricted	<u>.3 million</u>
Total net assets at year-end	<u>\$ 2.3 million</u>

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:

	2006	2005
Operating revenues		
Tuition and fees	\$ 4,306,396	\$ 4,250,515
Grants and contracts	8,348,440	7,829,373
Sales of goods and services	2,572,016	2,418,397
Other operating revenues	1,073,032	280,691
Total operating revenues	<u>16,299,884</u>	<u>14,778,976</u>
Non operating revenues		
State community college support	5,244,270	4,534,383
Property taxes	1,648,546	1,444,845
Investment income	274,241	52,121
Other	60,000	60,000
Total non operating revenues	<u>7,227,057</u>	<u>6,091,349</u>
Total revenues	<u>23,526,941</u>	<u>20,870,325</u>
Operating expenses		
Educational and general	7,941,004	7,384,725
Other support services	11,944,853	11,457,965
Auxiliary enterprises	2,124,370	2,083,574
Depreciation	356,099	400,017
Total operating expense	<u>22,366,326</u>	<u>21,326,281</u>
Non operating expenses		
Total expenses	<u>798,032</u>	<u>485,384</u>
Change in net assets	<u>\$ 362,583</u>	<u>\$ (941,340)</u>

Operating Revenue

Operating revenue for the fiscal year was \$16.3 million (an increase of \$1.6 million over prior year). The College had changes in the following revenue categories from prior year (amounts in millions):

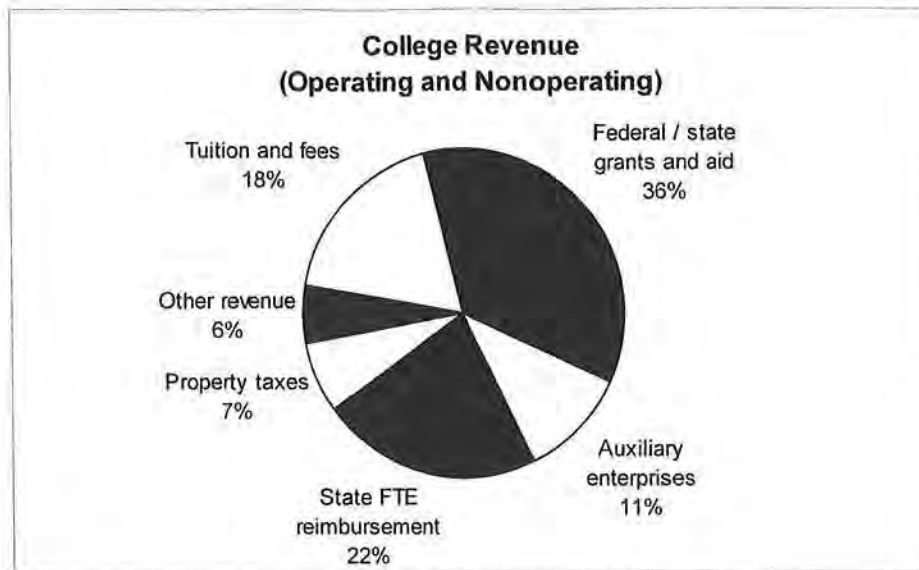
	Total 05-06	Increase from 04-05
Tuition and fees	\$ 4.3	\$ 0.1
Federal sources	\$ 6.7	\$ 0.6
Caldwell Center	\$ 1.1	\$ 0.1
Other operating revenue	\$ 1.1	\$ 0.8

Federal sources revenue increased by \$0.6 million from prior year due to additional federal student aid funds being made available to students through enhanced utilization of existing financial aid programs and the start of the federally funded Title III grant.

Other operating revenue increased due to the budgeted transfer of funds from reserve funds to operations.

Nonoperating Revenue

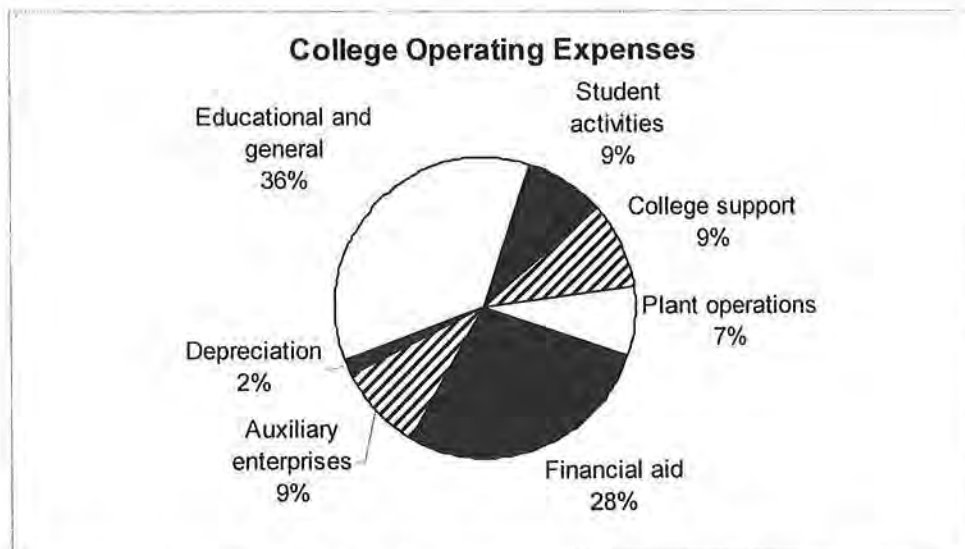
Nonoperating revenues increased \$0.8 million from prior year to \$6.5 million due to an increase in the reimbursement rate per FTE from the State of Oregon and increased property tax collections.



Revenue for the Foundation of \$276,807 came primarily from contributions and special events proceeds.

Expenses

Total operating expenses for the College were \$22.4 million for the fiscal year, an increase of \$1.1 million from prior year. Expenses by category are as follows:



Operating expenses increased due to increases in employee salary and benefit costs from prior year as well as increases associated with the costs of the federal Title III grant. Financial aid expenses increased due to the growth in student financial aid being issued in 05-06 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 05-06 fiscal year was an increase of \$362,583. The increase is due primarily to the increase in State of Oregon FTE reimbursement.

Statement of Cash Flows

The College's major operating sources of cash include \$4.6 million in tuition and fees, \$5.6 million in federal student financial aid grants, and \$1.6 million in state and local government grants and contracts. Major operating uses of cash are payments to suppliers of \$6.0 million, payments to employees of \$8.9 million and payments for student financial aid and scholarships of \$6.2 million.

Cash flows from noncapital financing activities included \$1.7 million in property taxes and \$6.4 million in state FTE reimbursement payments.

The College had a cash inflow of \$1.7 million in the capital financing activities category from the proceeds of additional bonds issued to complete the new residential housing units. Cash used in capital financing activities included \$1.2 million for principal and interest paid on long-term debt.

The overall cash balance for the College increased by \$0.4 million for the year with a year-end balance of \$5.6 million.

Economic Factors and Next Year's Budget

The College is expected to continue to see increases in State of Oregon FTE reimbursements for the next two years. Due to the growth in the economy and investment returns at the Oregon Public Employee Retirement System, the College also expects a stable level for employer pension contributions in the next few years as well.

For the 06-07 fiscal year the College Board of Education also authorized a \$1.00 increase in tuition per credit at the Ontario campus and \$3.00 increase per credit at Caldwell. Enrollment for Ontario is projected to remain flat in the coming year with continued modest growth in Caldwell.

The College has completed its campus parking improvement projects and successfully opened its new residence housing unit. Occupancy for the residence hall exceeded expectations for the Fall 06-07 term. The recent improvements have greatly increased the look and appeal of the campus which has been well received in the community and with students. These capital improvement projects are expected to have a positive impact in both the image of the College as well as provide future fiscal benefits. Management will continue to pursue these strategies and explore others as they arise to help strengthen the fiscal performance of the College.

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, 2006

	TVCC College	TVCC Foundation
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,589,497	\$ 92,915
Investments	171	2,173,940
Receivables		
Taxes	102,268	
Accounts, net of allowance for doubtful accounts of \$181,915	1,309,226	
Prepaid assets	62,136	
Unamortized bond issuance costs-net	22,694	
Other assets		2,000
Inventory	214,675	
Total current assets	7,300,667	2,268,855
Noncurrent assets		
Capital assets	13,319,581	
Less accumulated depreciation	(6,603,944)	
Prepaid pension contribution	13,558,316	
Total noncurrent assets	20,273,953	-
TOTAL ASSETS	27,574,620	2,268,855
LIABILITIES		
Current liabilities		
Accounts payable	1,154,604	6,257
Payroll liabilities	65,468	
Compensated absences	24,988	
Due to student and agency groups	132,825	
Deferred revenue	638,029	
Current portion of long-term debt	565,833	
Total current liabilities	2,581,747	6,257
Noncurrent liabilities		
PERS bonds payable	10,438,102	
Capital leases payable	16,537	
Notes payable	9,708,034	
Less current portion of long-term debt	(565,833)	
Total noncurrent liabilities	19,596,840	-
TOTAL LIABILITIES	22,178,587	6,257
NET ASSETS		
Net assets invested in capital assets	6,715,637	-
Less: related debt	(9,724,571)	-
Investment in capital assets, net	(3,008,934)	-
Restricted - expendable:		
Student financial aid grants and loans	210,047	249,385
Restricted - non expendable:		
Pension obligation	3,120,214	
Endowment principal		1,694,645
Unrestricted	5,074,706	318,568
TOTAL NET ASSETS	\$ 5,396,033	\$ 2,262,598

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, 2006

	TVCC College	TVCC Foundation
OPERATING REVENUES		
Tuition and fees	\$ 4,306,396	\$ -
Federal sources	6,699,774	
State sources	1,648,666	
Auxiliary enterprises		
Bookstore	850,102	
Food services	309,652	
Housing	179,282	
Printing	129,620	
Caldwell Center	1,103,360	
Contributions and special events proceeds		276,402
Other operating revenues	1,073,032	405
Total operating revenues	16,299,884	276,807
OPERATING EXPENSES		
Educational and general	7,941,004	
Other support services		
Student activities	1,914,060	
College support	2,091,192	
Plant operations	1,488,162	
Financial aid	6,285,068	117,226
Auxiliary enterprises		
Bookstore	733,594	
Food services	359,652	
Housing	155,257	
Printing	91,690	
Caldwell Center	784,177	
Fund raising expenses		5,398
Management and general expenses		24,200
Depreciation expense	356,099	
Total operating expenses	22,199,955	146,824
Operating income (loss)	(5,900,071)	129,983
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,648,546	
Federal sources	60,000	
State FTE reimbursement	5,244,270	
Investment income	274,241	155,690
Interest expense	(798,032)	-
Net nonoperating revenues (expenses)	6,429,025	155,690
Increase (decrease) in net assets	528,954	285,673
NET ASSETS		
Net assets - beginning before restatement	945,648	1,976,925
Restatement for correction to fixed assets	(166,371)	
Restatement for correction to pension asset	4,087,801	0
Net assets - beginning after restatement	4,867,078	1,976,925
Net assets - end of the year	\$ 5,396,032	\$ 2,262,598

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
STATEMENT OF CASH FLOWS
For the Year Ended
June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 4,564,268
Federal student financial aid grants	5,634,817
Federal grants and contracts	1,064,957
State and local government grants and contracts	1,648,666
Local sources	839,249
Payments to suppliers for goods and services	(5,998,535)
Payments to employees	(8,871,963)
Payments for student financial aid and other scholarships	(6,216,042)
Auxiliary enterprises	
Operating cash received from customers	
Bookstore	853,486
Food services	308,722
Housing	182,695
Printing	129,620
Caldwell center	1,087,368
Paid to suppliers for items for resale (Bookstore)	(736,691)
Other cash receipts	<u>493,757</u>
Net cash used in operating activities	<u>(5,015,626)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	1,669,864
Cash received from state full time equivalent reimbursement	6,360,768
Other	<u>275,844</u>
Net cash provided by noncapital financing activities	<u>8,306,476</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Net capital financing activities auxiliary funds	23,154
Proceeds from bonds issued	1,680,893
Purchase of investment for capitalized bond interest	(171)
Purchases of capital assets all funds	(3,664,537)
Principal paid on long-term debt	(422,608)
Interest paid on long-term debt	<u>(798,032)</u>
Net cash provided by capital financing activities	<u>(3,181,301)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>274,241</u>
Net cash provided by investing activities	<u>274,241</u>
NET INCREASE IN CASH	383,790
Cash and cash equivalents - beginning of the year	<u>5,205,706</u>
Cash and cash equivalents - end of year	<u>\$ 5,589,496</u>
Operating loss	\$ (6,066,442)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	373,682
Amortization expense	(6,040)
Decrease in accounts receivable, not including state support	114,628
Increase in inventory	(16,949)
Decrease in prepaid assets	72,288
Decrease in salaries payable	(167,551)
Increase in accounts payable and payroll tax liabilities	653,110
Increase in deferred revenue	142,800
Decrease in due to student groups	(115,152)
Net cash used in operating activities	<u>\$ (5,015,626)</u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

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 to the acquisition, construction or improvement of those assets.

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

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 with original

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

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.

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, 2006. The special revenue funds reflect amounts receivable from grants and state fees due to the college at June 30, 2006.

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 for equipment. Longer lived assets have higher thresholds. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or functionality of the assets' lives are not capitalized, but are expensed as incurred. Buildings, equipment and machinery, infrastructure, library collections, leasehold improvements, and land improvements of the college are depreciated using the straight-line method over the following useful lives:

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

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, 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 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 nonoperating 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
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

Note 2. Negative Retained Earnings

Negative retained earnings of proprietary funds at June 30, 2006, were as follows:

	Amount
Caldwell Center	\$ 183,781
Housing	117,194

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, 2006 is as follows:

	General Fund	Special Revenue Fund	Capital Project Fund	Proprietary Funds	Agency Funds	(memo only) Total
Due From:	<u>\$ 586,080</u>	<u>\$ 455,665</u>	<u>\$ 56,019</u>	<u>\$ 171,962</u>	<u>\$ -</u>	<u>\$ 1,269,726</u>
Due to:						
General	\$ -	\$ -	\$ 1,122,935	\$ -	\$ -	\$ 1,122,935
Special Revenue		31,535				31,535
Capital Project						-
Proprietary				-		-
Agency					115,256	115,256
	<u>\$ -</u>	<u>\$ 31,535</u>	<u>\$ 1,122,935</u>	<u>\$ -</u>	<u>\$ 115,256</u>	<u>\$ 1,269,726</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

Note 4. Changes in Fixed Assets

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

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2006
Capital assets not being depreciated				
Land	\$ 399,782	\$ -	\$ -	\$ 399,782
Construction in progress		3,492,164		3,492,164
Total capital assets not being depreciated	<u>399,782</u>	<u>3,492,164</u>	<u>-</u>	<u>3,891,946</u>
Capital assets being depreciated				
Buildings	5,212,075		(505,586)	5,717,661
Improvements	370,491	118,526	(210,436)	699,453
Vehicles and equipment	3,888,035	53,847	931,361	3,010,521
Total capital assets being depreciated	<u>9,470,601</u>	<u>172,373</u>	<u>215,339</u>	<u>9,427,635</u>
Less accumulated depreciation for				
Buildings	3,553,826	106,059	(508,910)	4,168,795
Improvements	(326,844)	38,891	(541,406)	253,453
Vehicles and equipment	3,054,949	232,112	1,105,365	2,181,696
Total accumulated depreciation	<u>6,281,931</u>	<u>377,062</u>	<u>55,049</u>	<u>6,603,944</u>
Total capital assets being depreciated, net	3,188,670	(204,689)	160,290	2,823,691
Total capital assets, net	<u>\$ 3,588,452</u>	<u>\$ 3,287,475</u>	<u>\$ 160,290</u>	<u>\$ 6,715,637</u>

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

Note 5. Leases

Treasure Valley Community College has entered into long term agreements for the acquisition of various items of equipment. In accordance with Statement on Financial Accounting Standards No. 13, *Accounting for Leases*, these agreements are being treated as capital leases since the benefits and risks of ownership are assumed by the lessee.

The following is a schedule of the future minimum lease payments under the leases and the present value of the net minimum lease payments as of June 30, 2006:

Year ending June 30	
2007	\$ 11,534
2008	5,767
Total minimum lease payments	<u>17,301</u>
Less amount representing interest	(765)
Present value of minimum lease payments	<u>\$ 16,536</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

Changes in long-term leases are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
General Fund	\$ 32,666	\$ -	\$ 16,130	\$ 16,536
Total long-term leases	\$ 32,666	\$ -	\$ 16,130	\$ 16,536

Note 6. 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, 2005 were .64% and 8.04% 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, 2004, 2005, and 2006 were \$184,293, \$160,760, and \$91,683 respectively, which equaled the required contribution for the

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

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. PERS UAL Bond debt service was \$556,144. The prepaid retirement obligation is being amortized over the life of the bond, at a rate of \$430,476 per year for 24 years.

Pension Asset - The pension asset is the result of the transfer of the college's pension bond proceeds to PERS to cover a portion of the college's share of the cost sharing plan's unfunded actuarial liability. This pension asset is being used to pay a portion of the college's annual required contribution. The financial statements reflect the restated balance held with PERS in a designated side account and the last available actuarial valuation as of December 31, 2004 of \$13,558,316. No current year activity has been recorded as data was not available at the time these financial statements were completed.

Note 7. Cash and Investments

Cash includes bank balances that at June 30, 2006 were entirely insured or collateralized with the Federal Deposit Insurance Corporation and certificates of participation with US Bank, N.A.

As of June 30, 2006, the college had the following cash and investments:

<u>Cash or investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Cash		\$ 728,055
Local Government Investment Pool	50% less than 90-day, no more than 25% over one year, and no investment over three years	4,861,442
Secured Market Deposit Account	Daily	171
Total Cash and Investments		<u>\$ 5,589,668</u>

The college invests the majority of its funds in the Local Government Investment Pool (LGIP), which has regulatory oversight from Oregon Short Term Fund Board and is 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.

Interest Rate Risk

The college has an investment policy that requires 20% of the investment portfolio to be invested in highly liquid investments which can be exchanged for cash within one day's notice. The investment policy also states that the LGIP, through its investment mechanisms, is considered appropriate diversification. The investments held at June 30, 2006 meet the college's investment policy restrictions.

Concentration Credit Risk

The college has an investment policy that limits total investments to no more than 40% with any one

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

issuer. The investment policy also states that the LGIP, though its investment mechanisms, is considered appropriate diversification.

Note 8. Commitments and Contingencies

The college receives significant financial assistance from various federal, state and local governmental agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the college at June 30, 2006.

Note 9. Risk Management

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

Note 10. 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.

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.

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.

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.

In August 2001, the college issued \$1,760,000 full faith and credit certificates of obligation to provide facilities for the conduct of educational operations including the acquisition and installation of new software for the college's computer network, together with necessary wiring in all campus buildings, various improvements for safety and security of the campus and to purchase, modify or construct a facility

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

for educational purposes. Terms call for the bonds to be repaid in annual payments of approximately \$170,000 for fifteen years including interest at 4.5 and 5.15 percent per annum.

The college is obligated to the City of Ontario for special assessment debt in connection with Local Improvement Districts 44 and 45 on tax lots 100 and 500. Monthly payments are \$1,501 and \$685 respectively, including interest at the rate of 5.25 percent per annum. The annual debt requirements are as follows:

Fiscal year	2000 Series A Bonds		Johnson Control Capital Project		PERS UAL Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006-07	\$ 105,000	\$ 61,708	\$ 99,550	\$ 65,530	\$ 230,783	\$ 355,361
2007-08	110,000	56,870	108,680	60,140	247,926	373,219
2008-09	115,000	51,750	118,502	54,258	255,951	395,193
2009-10	120,000	46,345	129,052	47,848	265,844	420,300
2010-11	130,000	40,530	140,390	40,870	275,995	450,149
2012-16	745,000	98,915	692,149	80,831	1,443,994	2,786,357
2017-21					1,455,178	3,965,915
2022-26					4,112,430	2,767,811
2027-31					2,150,000	159,040
2032-36						
	<u>\$ 1,325,000</u>	<u>\$ 356,118</u>	<u>\$ 1,288,322</u>	<u>\$ 349,478</u>	<u>\$ 10,438,102</u>	<u>\$ 11,673,345</u>

Fiscal year	City of Ontario LID Lot 500		City of Ontario LID Lot 100		Housing Series 2005 Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006-07	\$ 4,333	\$ 3,892	\$ 9,491	\$ 8,525	110,000	233,308
2007-08	4,560	3,665	9,988	8,027	110,000	230,008
2008-09	4,817	3,408	10,551	7,465	120,000	226,158
2009-10	5,070	3,155	11,106	6,910	120,000	221,958
2010-11	5,343	2,882	11,703	6,312	130,000	217,457
2012-16	31,351	9,773	68,655	21,422	695,000	1,006,963
2017-21	19,968	1,532	43,354	3,369	875,000	839,538
2022-26	-	-	-	-	1,025,000	624,888
2027-31	-	-	-	-	1,030,000	400,198
2032-36					1,010,000	129,250
	<u>\$ 75,442</u>	<u>\$ 28,307</u>	<u>\$ 164,848</u>	<u>\$ 62,030</u>	<u>\$ 5,225,000</u>	<u>\$ 4,129,726</u>

Fiscal year	Housing Series 2006 Bonds		Bookstore Point-of-Sale Package		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006-07	\$ -	\$ 97,772	\$ 6,676	\$ 1,912	\$ 565,833	\$ 828,008
2007-08	20,000	77,700	7,110	1,478	618,264	811,107
2008-09	20,000	76,900	7,572	1,016	652,393	816,148
2009-10	20,000	76,100	8,064	524	679,136	823,140
2010-11	20,000	75,300			713,431	833,500
2012-16	190,000	357,900			3,866,149	4,362,161
2017-21	245,000	309,250			2,638,500	5,119,604
2022-26	305,000	242,000			5,442,430	3,634,699
2027-31	390,000	157,750			3,570,000	716,988
2032-36	390,000	50,000			1,400,000	179,250
	<u>\$ 1,600,000</u>	<u>\$ 1,520,672</u>	<u>\$ 29,422</u>	<u>\$ 4,930</u>	<u>\$ 20,146,136</u>	<u>\$ 18,124,605</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

Note 11. Accounts Receivable

Receivables at the government-wide level at June 30, 2006, were as follows:

	General	Special Revenue	Proprietary	Financial Aid	Total
Property tax	\$ 102,268	\$ -	\$ -	\$ -	\$ 102,268
Tuition and fee related	525,461	-	-	-	525,461
Due from other governmental units	13,261	325,726	-	342,576	681,563
Other receivables	66,660	-	23,543	193,914	284,117
Sub total	<u>707,650</u>	<u>325,726</u>	<u>23,543</u>	<u>536,490</u>	<u>1,593,409</u>
Allowance for uncollectible	(120,000)	-	-	(61,915)	(181,915)
Total	<u>\$ 587,650</u>	<u>\$ 325,726</u>	<u>\$ 23,543</u>	<u>\$ 474,575</u>	<u>\$ 1,411,494</u>

The following is an aging of tuition and fees receivables within the General Fund. As of June 30, 2006 the college has also recorded an allowance for doubtful accounts related to tuition and fees receivable of \$120,000.

	0-90	91-180	181-360	Greater than 1 year	Total
Amount	\$ 102,791	\$ 94,251	\$ 109,074	\$ 219,345	\$ 525,461
Percentage of total	20%	18%	21%	42%	100%

Note 12. Restatements

Net assets were restated to reflect the December 31, 2004 actuarial valuation of the pension asset. This value was made available in June, 2006. Future valuations will be reflected as they are available. Also, after further review of existing capital assets within the auxiliary funds, the fixed asset balance was adjusted to more fairly reflect the actual amount.

Net assets June 30, 2005 before restatement	\$ 945,648
Decrease in fixed assets all funds	(166,371)
Increase in value pension asset	<u>4,087,801</u>
Net assets June 30, 2005 after restatement	<u>\$ 4,867,078</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 1,833,556	\$ 1,833,556	\$ 2,126,079	\$ 292,523
State sources	5,041,587	5,172,547	5,208,986	36,439
Federal sources	60,000	60,000	60,000	-
Tuition and fees	4,889,723	4,889,723	4,275,187	(614,536)
Total revenues	<u>11,824,866</u>	<u>11,955,826</u>	<u>11,670,252</u>	<u>(285,574)</u>
EXPENDITURES				
Instruction	4,968,855	5,058,855	4,881,116	177,739
Instruction support	257,606	257,606	245,234	12,372
Student services	1,708,672	1,708,672	1,686,628	22,044
College support services	2,158,290	2,185,250	2,127,332	57,918
Plant operation and maintenance	1,314,855	1,328,855	1,320,188	8,667
Plant additions	135,500	196,039	195,946	93
Debt service	970,226	970,226	963,608	6,618
Financial aid	616,893	616,893	386,408	230,485
Operating contingency	710,000	710,000	-	710,000
Total expenditures	<u>12,840,897</u>	<u>13,032,396</u>	<u>11,806,460</u>	<u>1,225,936</u>
Excess of revenues over (under) expenditures	(1,016,031)	(1,076,570)	(136,208)	940,362
Other financing sources (uses)				
Transfers out	(143,969)	(1,764,323)	(1,764,322)	1
Transfer in	460,000	460,000	460,000	-
Institutional contribution	-	-	(83,973)	(83,973)
Proceeds from long term debt	-	1,680,893	1,680,892	(1)
Total other financing sources (uses)	<u>316,031</u>	<u>376,570</u>	<u>292,597</u>	<u>(83,973)</u>
Excess of revenues, other financing sources over (under) expenditures, other financing (uses)	(700,000)	(700,000)	156,389	856,389
Available fund balance, July 1	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,006,429</u>	<u>6,429</u>
Available fund balance, June 30	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 1,162,818</u>	<u>\$ 862,818</u>

See accompanying independent auditor's report.

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, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 145,000	\$ 145,000	\$ 142,584	\$ (2,416)
Tuition and fees	55,000	55,000	31,653	(23,347)
State sources	4,200,000	4,200,000	1,541,066	(2,658,934)
Federal sources	<u>2,250,000</u>	<u>2,250,000</u>	<u>1,064,958</u>	<u>(1,185,042)</u>
Total revenues	<u>6,650,000</u>	<u>6,650,000</u>	<u>2,780,261</u>	<u>(3,869,739)</u>
EXPENDITURES				
Instruction	3,800,000	3,800,000	2,449,408	1,350,592
Supporting services	2,900,000	2,900,000	372,811	2,527,189
Community services	-	-	-	-
Total expenditures	<u>6,700,000</u>	<u>6,700,000</u>	<u>2,822,219</u>	<u>3,877,781</u>
Excess of revenues over (under) expenditures	(50,000)	(50,000)	(41,958)	8,042
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(50,000)	(50,000)	(41,958)	8,042
Available fund balance, July 1	<u>300,000</u>	<u>300,000</u>	<u>239,462</u>	<u>(60,538)</u>
Available fund balance, June 30	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 197,504</u>	<u>\$ (52,496)</u>

TREASURE VALLEY COMMUNITY COLLEGE
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL**
STUDENT FINANCIAL AID FUND
 For the Year Ended
 June 30, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
State sources	190,000	190,000	142,884	(47,116)
Federal sources	<u>6,150,000</u>	<u>6,150,000</u>	<u>5,634,816</u>	<u>(515,184)</u>
Total revenues	<u>6,355,000</u>	<u>6,355,000</u>	<u>5,777,700</u>	<u>(547,300)</u>
EXPENDITURES				
Supporting services	<u>6,400,000</u>	<u>6,400,000</u>	<u>5,874,684</u>	<u>525,316</u>
Total expenditures	<u>6,400,000</u>	<u>6,400,000</u>	<u>5,874,684</u>	<u>525,316</u>
Excess of revenues over (under) expenditures	(45,000)	(45,000)	(96,984)	(21,984)
Other financing sources (uses)				
Transfer in	3,260,000	3,260,000	2,374,449	(885,551)
Transfer out	(3,200,000)	(3,200,000)	(2,277,465)	922,535
Returned to grantor	-	-	-	-
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>96,984</u>	<u>36,984</u>
Excess of revenues and other sources over (under) expenditures and other uses	15,000	15,000	-	15,000
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available fund balance, June 30	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>

TREASURE VALLEY COMMUNITY COLLEGE
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PERKINS LOAN FUND**
 For the Year Ended
 June 30, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 1,746	\$ 1,746
State sources	-	-	-	-
Federal sources	-	-	-	-
Tuition and fees	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,746</u>	<u>1,746</u>
EXPENDITURES				
Supporting services	<u>100,000</u>	<u>100,000</u>	<u>23,975</u>	<u>76,025</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>23,975</u>	<u>76,025</u>
Excess of revenues over (under) expenditures	(100,000)	(100,000)	(22,229)	77,771
Other financing sources (uses)				
Transfer in	100,000	100,000	-	(100,000)
Transfer out	-	-	-	-
Federal contribution	-	-	-	-
Institutional contribution	-	-	-	-
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(22,229)	(22,229)
Available fund balance, July 1	<u>160,000</u>	<u>160,000</u>	<u>232,276</u>	<u>72,276</u>
Available fund balance, June 30	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 210,047</u>	<u>\$ 50,047</u>

TREASURE VALLEY COMMUNITY COLLEGE
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 CAPITAL PROJECT FUND**

For the Year Ended
 June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 450,000	\$ 450,000	\$ 173,054	\$ (276,946)
State sources	-	-	-	-
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>173,054</u>	<u>(276,946)</u>
EXPENDITURES				
Facilities acquisitions and construction	<u>4,950,000</u>	<u>6,570,354</u>	<u>3,289,899</u>	<u>3,280,455</u>
Total capital outlay	<u>4,950,000</u>	<u>6,570,354</u>	<u>3,289,899</u>	<u>3,280,455</u>
Excess of revenues over (under) expenditures	(4,500,000)	(6,120,354)	(3,116,845)	3,003,509
Other financing sources (uses)				
Transfers from other funds	-	1,620,354	1,620,353	(1)
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,620,354</u>	<u>1,620,353</u>	<u>(1)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(4,500,000)	(4,500,000)	(1,496,492)	3,003,508
Available fund balance, July 1	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,290,268</u>	<u>(209,732)</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,793,776</u>	<u>\$ 2,793,776</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, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 100,000	\$ 100,000	\$ 539,348	\$ 439,348
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>539,348</u>	<u>439,348</u>
EXPENDITURES				
Support services	150,000	150,000	137,300	12,700
Facilities acquisitions and construction	950,000	850,000	515,161	334,839
Other uses- debt service	-	-	11,535	(11,535)
Total expenditures	<u>1,100,000</u>	<u>1,000,000</u>	<u>663,996</u>	<u>336,004</u>
Excess of revenues over (under) expenditures	<u>(1,000,000)</u>	<u>(900,000)</u>	<u>(124,648)</u>	<u>775,352</u>
Other financing sources (uses)				
Transfer from Other Funds	200,000	200,000	151,469	(48,531)
Transfer to General Fund	(100,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>(48,531)</u>	<u>(48,531)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(900,000)	(900,000)	(173,179)	726,821
Available fund balance, July 1	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,122,933</u>	<u>122,933</u>
Available fund balance, June 30	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 949,754</u>	<u>\$ 849,754</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BOOKSTORE FUND
For the Year Ended
June 30, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 1,030,000	\$ 1,030,000	\$ 789,965	\$ (240,035)
Miscellaneous income	-	-	60,137	60,137
Total operating revenues	<u>1,030,000</u>	<u>1,030,000</u>	<u>850,102</u>	<u>(179,898)</u>
Operating expense				
Salaries and employee benefits	100,000	100,000	96,146	3,854
Cost of goods sold	970,000	970,000	616,772	353,228
Outside services	-	-	7,677	(7,677)
Depreciation	-	-	10,354	(10,354)
Interest expense	-	-	2,320	(2,320)
Other expense	-	-	325	(325)
Total operating expenses	<u>1,070,000</u>	<u>1,070,000</u>	<u>733,594</u>	<u>336,406</u>
Operating income	(40,000)	(40,000)	116,508	156,508
Other sources and (uses)				
Transfer to agency fund			(30,000)	(30,000)
Transfer to General Fund			(40,000)	(40,000)
Total other financing sources (uses)			<u>(70,000)</u>	<u>(70,000)</u>
Excess of operating revenues and other sources over (under) operating expenses and other uses.	(40,000)	(40,000)	46,508	86,508
Net assets, beginning before restatements			184,734	184,734
Restatements for fixed asset corrections			(11,235)	(11,235)
Net assets, beginning after restatements			<u>173,499</u>	<u>173,499</u>
Net assets, ending	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ 220,007</u>	<u>\$ 260,007</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended
June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Operating revenues				
Food and catering sales	\$ 350,000	\$ 350,000	\$ 309,652	\$ (40,348)
Total operating revenues	<u>350,000</u>	<u>350,000</u>	<u>309,652</u>	<u>(40,348)</u>
Operating expense				
Salaries and benefits	5,000	5,000	-	5,000
Travel	-	-	1,492	(1,492)
Materials and supplies	360,000	360,000	28,341	331,659
Outside services	-	-	326,194	(326,194)
Depreciation	-	-	3,625	(3,625)
Total operating expenses	<u>365,000</u>	<u>365,000</u>	<u>359,652</u>	<u>5,348</u>
Operating income	(15,000)	(15,000)	(50,000)	(35,000)
Other financing sources(uses)				
Transfer from other funds	-	-	30,000	30,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Excess of operating revenues and other sources over (under) operating expenses and other uses	(15,000)	(15,000)	(20,000)	(5,000)
Net assets, beginning before restatements			24,832	24,832
Restatements for fixed asset corrections			5,591	5,591
Net assets, beginning after restatements	-	-	<u>30,423</u>	<u>30,423</u>
Net assets, ending	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 10,423</u>	<u>\$ 25,423</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOUSING FUND
For the Year Ended
June 30, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Dormitory receipts	\$ 270,000	\$ 270,000	\$ 177,873	\$ (92,127)
Miscellaneous income	-	-	1,409	1,409
Total operating revenues	<u>270,000</u>	<u>270,000</u>	<u>179,282</u>	<u>(90,718)</u>
Operating expense				
Salaries and employee benefits	100,000	100,000	93,044	6,956
Materials and supplies	95,000	95,000	12,639	82,361
Outside services	-	-	43,534	(43,534)
Other expenses				-
Depreciation	-	-	6,040	(6,040)
Total operating expenses	<u>195,000</u>	<u>195,000</u>	<u>155,257</u>	<u>39,743</u>
Operating income	75,000	75,000	24,025	(50,975)
Other financing sources(uses)				
Transfer from other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of operating revenues and other sources over (under) operating expenses and other uses	75,000	75,000	24,025	(50,975)
Net assets, beginning before restatements			7,771	7,771
Restatements for fixed asset corrections			(148,990)	(148,990)
Net assets, beginning after restatements			<u>(141,219)</u>	<u>(141,219)</u>
Net assets, ending	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ (117,194)</u>	<u>\$ (192,194)</u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PRINTING FUND
For the Year Ended
June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Operating revenues				
Printing income	\$ 150,000	\$ 150,000	\$ 129,620	\$ (20,380)
Miscellaneous income			-	-
Total operating revenues	<u>150,000</u>	<u>150,000</u>	<u>129,620</u>	<u>(20,380)</u>
Operating expense				
Salaries	35,500	35,500	29,241	6,259
Employee benefits	-	-	7,815	(7,815)
Travel			131	(131)
Materials and supplies	159,000	159,000	74,321	84,679
Outside services	-	-	55	(55)
Interest expense	-	-	-	-
Postage	-	-	-	-
Capital outlay	3,000	3,000	-	3,000
Other expense	-	-	-	-
Repairs and maintenance	-	-	126	(126)
Depreciation	-	-	-	-
Other debt service	2,500	2,500	-	2,500
Total operating expenses	<u>200,000</u>	<u>200,000</u>	<u>111,689</u>	<u>88,311</u>
Operating income (loss)	(50,000)	(50,000)	17,931	67,931
Other financing sources(uses)				
Transfer from other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of operating revenues and other sources over (under) operating expenses and other uses	(50,000)	(50,000)	17,931	67,931
Net assets, beginning before restatements	50,000	50,000	54,302	4,302
Restatements for fixed asset corrections			(555)	(555)
Net assets, beginning after restatements	<u>50,000</u>	<u>50,000</u>	<u>53,747</u>	<u>3,747</u>
Net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,678</u>	<u>\$ 71,678</u>

TREASURE VALLEY COMMUNITY COLLEGE
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 CALDWELL CENTER**

For the Year Ended
 June 30, 2006

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ -	\$ -	\$ 126,524	\$ 126,524
Tuition and fees	1,090,000	1,090,000	974,860	(115,140)
Miscellaneous income	10,000	10,000	1,975	(8,025)
Total operating revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,103,359</u>	<u>3,359</u>
Operating expense				
Salaries and benefits	300,000	300,000	637,388	(337,388)
Travel	-	-	16,132	(16,132)
Cost of goods sold	-	-	102,583	(102,583)
Materials and supplies	650,000	650,000	31,821	618,179
Outside services	-	-	38,562	(38,562)
Rent			86,158	
Other expense	150,000	150,000	1,172	148,828
Depreciation	-	-	944	(944)
Total operating expenses	<u>1,100,000</u>	<u>1,100,000</u>	<u>914,760</u>	<u>271,398</u>
Operating income (loss)	-	-	188,599	188,599
Other financing sources(uses)				
Transfer to General Fund	-	-	(200,000)	(200,000)
Transfer to Agency Fund	-	-	(26,006)	(26,006)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(226,006)</u>	<u>(226,006)</u>
Excess of operating revenues and other sources over (under) operating expenses and other use	-	-	(37,407)	(37,407)
Net assets, beginning before restatements	-	-	(84,293)	(84,293)
Restatements for fixed asset corrections			(62,081)	(62,081)
Net assets, beginning after restatements	<u>-</u>	<u>-</u>	<u>(146,374)</u>	<u>(146,374)</u>
Net assets, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,781)</u>	<u>\$ (183,781)</u>

TREASURE VALLEY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2006

In accordance with Oregon Revised Statutes, the college adopts annual budgets and makes appropriations on a fund by fund basis, either cash or accrual basis of accounting depending on the fund type.

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.

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OTHER SUPPLEMENTAL FINANCIAL INFORMATION

TREASURE VALLEY COMMUNITY COLLEGE
 COMBINING BALANCE SHEET
 PROPRIETARY FUND TYPES- AUXILIARY
 For the Year Ended
 June 30, 2006

ASSETS	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2006
Cash and cash items	\$ 531	\$ -	\$ -	\$ -	\$ -	\$ 531
Interfund receivable	-	-	-	71,678	-	71,678
Receivables						
Accounts	22,613	930	-	-	-	23,543
Inventory	206,740	-	-	-	-	214,675
Prepaid expenses	-	-	-	-	7,935	-
Fixed assets (net of accumulated depreciation)	28,362	10,891	33,301	-	10,612	83,166
Total assets	<u>\$ 258,246</u>	<u>\$ 11,821</u>	<u>\$ 33,301</u>	<u>\$ 71,678</u>	<u>\$ 18,547</u>	<u>\$ 393,593</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Deposits payable	\$ -	\$ -	\$ 15,643	\$ -	\$ -	\$ 15,643
Deferred revenue	-	-	-	-	83,030	83,030
Interfund payable	8,816	1,398	134,852	-	119,298	264,364
Lease payable	29,423	-	-	-	-	29,423
Total liabilities	<u>38,239</u>	<u>1,398</u>	<u>150,495</u>	<u>-</u>	<u>202,328</u>	<u>392,460</u>
Net assets						
Invested in capital assets, net of related debt	28,362	10,891	33,301	-	10,612	83,166
Unrestricted	191,645	(468)	(150,495)	71,678	(194,393)	(82,033)
Total fund equity	<u>220,007</u>	<u>10,423</u>	<u>(117,194)</u>	<u>71,678</u>	<u>(183,781)</u>	<u>1,133</u>
Total liabilities and fund equity	<u>\$ 258,246</u>	<u>\$ 11,821</u>	<u>\$ 33,301</u>	<u>\$ 71,678</u>	<u>\$ 18,547</u>	<u>\$ 393,593</u>

TREASURE VALLEY COMMUNITY COLLEGE
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN NET ASSETS - ALL PROPRIETARY FUND TYPES**
 For the Year Ended
 June 30, 2006

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2006
Operating revenues						
Sale of textbooks	\$ 789,965	\$ -	\$ -	\$ -	\$ 126,524	\$ 916,489
Food and catering sales	-	309,652	-	-	-	309,652
Housing income	-	-	176,535	-	-	176,535
Printing income	-	-	-	129,620	-	129,620
Miscellaneous income	60,138	-	2,747	-	1,975	64,860
Tuition and fees	-	-	-	-	974,860	974,860
Gross profit	<u>850,103</u>	<u>309,652</u>	<u>179,282</u>	<u>129,620</u>	<u>1,103,359</u>	<u>2,572,016</u>
Operating expenses						
Salaries and benefits	96,146	-	93,044	37,056	637,966	864,212
Travel	-	1,492	-	162	16,132	17,786
Cost of goods sold	616,772	-	-	-	102,006	718,778
Materials and supplies	-	28,341	12,639	18,279	31,821	91,080
Rent	-	-	-	26,939	86,158	113,097
Outside services	7,678	326,194	43,534	9,254	38,562	425,222
Interest expense	2,320	-	-	-	-	2,320
Other expense	325	-	-	-	1,172	1,497
Depreciation	10,354	3,625	6,040	-	943	20,962
Total operating expenses	<u>733,595</u>	<u>359,652</u>	<u>155,257</u>	<u>91,690</u>	<u>914,760</u>	<u>2,254,954</u>
Operating income	116,508	(50,000)	24,025	37,930	188,599	317,062
Other financing sources (uses)						
Transfer to other funds	(40,000)	-	-	(20,000)	(226,006)	(286,006)
Transfer from other funds	(30,000)	30,000	-	-	-	-
Total other financing sources (uses)	<u>(70,000)</u>	<u>30,000</u>	<u>-</u>	<u>(20,000)</u>	<u>(226,006)</u>	<u>(286,006)</u>
Net assets - beginning before restatement	184,734	24,832	7,771	54,302	(84,293)	187,346
Restatement of fixed assets	(11,235)	5,591	(148,990)	(555)	(62,081)	(217,270)
Net assets - beginning after restatement	<u>173,499</u>	<u>30,423</u>	<u>(141,219)</u>	<u>53,747</u>	<u>(146,374)</u>	<u>(29,924)</u>
Net assets - ending	<u>\$ 220,007</u>	<u>\$ 10,423</u>	<u>\$ (117,194)</u>	<u>\$ 71,677</u>	<u>\$ (183,781)</u>	<u>\$ 1,132</u>

TREASURE VALLEY COMMUNITY COLLEGE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES-AUXILIARY

For the Year Ended
 June 30, 2006

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 853,486	\$ 308,722	\$ 182,695	\$ 129,620	\$ 1,087,368	\$ 2,561,891
Payments to employees	(96,146)	-	(93,044)	(37,056)	(637,390)	(863,636)
Payments to suppliers	(8,003)	(364,852)	(56,173)	(54,634)	(181,780)	(665,442)
Payments to suppliers for items for resale	(634,685)	-	-	-	(102,006)	(736,691)
Other cash receipts	-	-	-	-	-	-
Net cash provided by (used by) operating activities	<u>114,652</u>	<u>(56,130)</u>	<u>33,478</u>	<u>37,930</u>	<u>166,192</u>	<u>296,122</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in interfund receivable/payable	(36,076)	23,117	(16,870)	(17,930)	68,485	20,726
Operating transfers in	-	30,000	-	-	-	30,000
Operating transfers (out)	(70,000)	-	-	(20,000)	(226,006)	(316,006)
Net cash used in non-capital financing activities	<u>(106,076)</u>	<u>53,117</u>	<u>(16,870)</u>	<u>(37,930)</u>	<u>(157,521)</u>	<u>(265,280)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from issuance of debt	31,743	-	-	-	-	31,743
Principal paid on long term debt	(6,269)	-	-	-	-	(6,269)
Interest paid on long-term debt	(2,320)	-	-	-	-	(2,320)
Net cash used in financing activities	<u>23,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net (increase) decrease in capital assets	(31,743)	3,013	(16,608)	-	(8,671)	(54,009)
Net cash used in investing activities	<u>(31,743)</u>	<u>3,013</u>	<u>(16,608)</u>	<u>-</u>	<u>(8,671)</u>	<u>(54,009)</u>
NET INCREASE (DECREASE) IN CASH	(13)	-	-	-	-	(13)
CASH BALANCE (DEFICIT) JUNE 30, 2005	<u>544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544</u>
CASH BALANCE (DEFICIT) JUNE 30, 2006	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING INCOME	\$ 107,609	\$ (58,825)	\$ 24,025	\$ 37,930	\$ 189,175	\$ 299,914
Adjustments to reconcile net income to net cash	-	-	-	-	-	-
Depreciation	10,354	3,625	6,040	-	944	20,963
Interest	2,320	-	-	-	-	-
(Increase) decrease in accounts receivable (net)	3,384	-	-	-	-	3,384
(Increase) decrease in inventory	(9,015)	-	-	-	(7,935)	(16,950)
(Increase) decrease in prepaid assets	-	-	-	-	-	-
Increase (decrease) in deposits payable	-	-	3,413	-	-	3,413
Increase (decrease) in deferred revenues	-	(930)	-	-	(15,992)	(16,922)
Net cash provided (used) by operating activities	<u>\$ 114,652</u>	<u>\$ (56,130)</u>	<u>\$ 33,478</u>	<u>\$ 37,930</u>	<u>\$ 166,192</u>	<u>\$ 296,122</u>

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENT OF AGENCY FUND TRANSACTIONS

For the year ended
June 30, 2006

	Beginning Balance 6/30/2005	Increase	Decrease	Ending Balance 6/30/2006
3700 Small business training	\$ 37,359	\$ 29,798	\$ 29,427	\$ 37,729
3717 Student government	17,085	189,431	213,875	(7,360)
3790 Student body special account	1,769	14,291	69	15,991
3790 Welding club	2,785	11,960	13,048	1,697
3810 Women's basketball	2,689	5,394	5,861	2,223
4010 Mentors	1,352	-	-	1,352
4030 Art guild	268	3,140	2,535	873
4050 Athletic programs	28,367	95,198	122,355	1,210
4100 Instrumental club	29	598	500	127
4110 Baseball club	762	36,514	43,365	(6,089)
4111 Baseball Orange sales	7,539	44,230	51,809	(40)
4115 Softball club	1,663	3,603	4,617	649
4116 Outdoor club	-	274	-	274
4120 Baseball marathon	206	34,612	30,275	4,543
4130 Chukar basketball	(16)	5,738	4,331	1,392
4140 Chorale club	832	5,666	4,065	2,433
4142 TVCC chorale	571	-	-	571
4143 Youth orchestra	772	2,312	1,574	1,510
4144 Treasure Valley Symphony	2,366	8,129	9,485	1,011
4145 Children's chorus	-	448	94	354
4146 Musical jubilee	1	-	-	1
4147 Summer MAD camp	2,084	19,357	15,770	5,670
4148 Little stars	2,935	4,750	7,585	100
4150 Vocal jazz ensemble	1,089	4,516	5,386	218
4151 Jazz band	193	1,320	1,415	98
4152 Performing arts retreat	31	3,420	3,025	427
4210 Development education student support	3,135	-	-	3,135
4220 Dorm social/leadership and improvement	910	6,550	7,719	(260)
4221 RA Club Account	-	8,000	4,750	3,250
4230 Drama club	5,986	19,998	19,520	6,464
4240 Cinco de Mayo	1,570	115	509	1,176
4241 BESO Club	159	16	68	107
4250 English department travel	5,936	1,057	2,882	4,110
4253 The Education Club	158	761	717	202
4270 AAWCC	240	275	29	486
4350 Graduation	1,005	6,205	3,849	3,361
4440 Insurance claim account	4,947	-	-	4,947
4460 Mallheur County alcohol recovery	80	-	-	80
4485 WINGS club	915	700	424	1,191
4540 Nursing club	595	600	472	722
4542 Nursing background	(40)	555	-	515
4545 Nursing mobility tests	1,336	5,724	6,699	361
4550 Nyssa pop machine	24	-	-	24
4561 Bus Office Student Service	-	1,000	-	1,000
4565 Support staff funds	145	-	-	145
4620 Bill White fund	15	-	-	15
4625 Campus Christian Fellowship	-	2,022	1,933	89
4630 Phi Theta Kappa	1,384	3,500	3,730	1,154
4660 Rodeo club	2,963	29,941	33,232	(328)
4662 AG ambassadors	3,034	3,555	4,647	1,941
4663 Ultrasound club	184	500	-	684
4664 Livestock judging club	2,506	8,846	11,286	66
4670 Volleyball club	1,058	6,540	8,490	(892)
4680 Science field trip	1,555	7,197	5,858	2,893
4691 Campus Security	-	180	-	180
4692 Cross country club	551	2,088	2,295	344
4693 Golf	1,639	2,348	1,011	2,976
4694 Soccer club	8,282	7,569	8,710	7,141
4695 Track and field club	217	-	732	(515)
4696 Tennis	1,099	999	790	1,308
4697 Foundation	281	-	-	281
Total	\$ 164,599	\$ 651,536	\$ 700,817	\$ 115,318

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENTS OF CASH, CASH ITEMS AND INVESTMENTS - ALL FUNDS
 June 30, 2006

US Bank	
Cash in checking	\$ 725,547
Oregon State Treasury Local Government Investment Pool	
Cash invested	4,861,442
Wells Fargo	171
Cash on hand	<u>2,507</u>
Total cash, cash items and investments governmental funds	<u><u>\$ 5,589,667</u></u>

STATEMENT OF COLLATERAL SECURITY
 June 30, 2006

US Bank	
Certificate of participation - # 40991	\$ 1,500,000
Federal Deposit Insurance Corporation - demand	<u>100,000</u>
Total US Bank	<u><u>\$ 1,600,000</u></u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2006

Tax Year	Uncollected Taxes	2005-06	(Abatement) and	Rebates		Taxes	Total	Uncollected
Special Levy	June 30, 2005	Assessment	Adjustments	Allowed	Interest	Collected	Amount Collected	Taxes June 30, 2006
<u>All Counties</u>								
2005-06		\$ 1,567,727	\$ -	\$(40,407)	\$ 720	\$ 1,476,015	\$ 1,476,735	\$ 51,305
2004-05	\$ 63,412		432	1	2,131	36,974	39,104	26,870
2003-04	34,182		87	0	2,407	18,277	20,684	15,992
2002-03	17,500		(52)	-	2,277	11,101	13,378	6,347
2001-02	7,409		(51)	-	1,671	6,695	8,366	663
2000-01	794		55	-	81	265	346	584
1999-00	147		223	-	47	124	171	246
1998-99	17		-	-	-	-	-	17
prior years	125		118	-	-	-	-	243
						-	-	
TOTAL	<u>\$ 123,586</u>	<u>\$ 1,567,727</u>	<u>\$ 811</u>	<u>\$(40,406)</u>	<u>\$ 9,333</u>	<u>\$ 1,549,450</u>	<u>\$ 1,558,784</u>	<u>\$ 102,268</u>

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COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2006

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.

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 2005-06 and 2006-07 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 2005-06 budgets. However, we noted one instance of over expenditure as follows:

Auxiliary Funds \$246,006

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, 2006 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, 2006 provide adequate coverage. We recommend that coverages be reviewed periodically with the college's agent of record.

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

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2006

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, 2006, 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
- Highway funds

**OREGON AUDITS DIVISION
SUMMARY OF REVENUES AND EXPENDITURES**

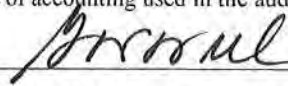
Name of Municipal Corporation Treasure Valley Community College

Address Ontario, Oregon 97914

Period Covered by Audit Report: From June 30, 2005 to June 30, 2006

Total Revenues and/or Receipts - All Funds		\$ 28,119,391
Less:		
Interfund loans and transfers	\$ 4,647,277	
Receipts from short-term loans	_____	
Taxes, assessments and other collections to be distributed to other governmental units	_____	4,647,277
Net Revenues and/or Receipts		<u>\$ 23,472,114</u>
Total Expenditures and/or Disbursements - All Funds		<u>\$ 30,977,975</u>
Less:		
Interfund loans and transfers	\$ 4,647,277	
Principal Payments - short-term loans	_____	
Principal Payments - bonded or other long-term debt	422,608	
Principal Payments - warrants issued during prior years	_____	
Turnovers to other municipal corporations	_____	
Taxes and Assessments	_____	
Other Distributions	_____	
Other Trust Moneys	_____	5,069,885
Net Expenditures and/or Disbursements		<u>\$ 25,908,090</u>

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

Auditor/Firm Signature 

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Over	Not Over	Fee	ORS 297.485 (1)
	\$ 50,000	\$ 20	
\$ 50,000	150,000	40	
150,000	500,000	150	
500,000	1,000,000	200	
1,000,000	5,000,000	250	
5,000,000	10,000,000	300	
10,000,000	50,000,000	350	
50,000,000		400	

...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, except that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.

(Net Expenditures and/or Disbursements)

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

SINGLE AUDIT SECTION

TREASURE VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended

June 30, 2006

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. Department of Education</u>			
Direct program			
Student Financial Assistance Cluster			
PELL Grant Program	*	\$ 2,020,704	\$ 2,020,704
SEOG Program	*	206,120	206,120
Perkins Loan Program	*	30,971	30,971
College Work Study Program	*	138,432	138,432
Direct Loan Program	*	3,357,352	3,357,352
		<u>5,753,579</u>	<u>5,753,579</u>
Strengthening Institutions Programs (Development)			
Title III 05-06	84.031A	175,268	175,268
High School Equivalency Program	84.141A	261,492	261,492
English Acquisition Program: National Professional Development Program	84.195A	244,728	244,728
Total direct programs		<u>6,435,067</u>	<u>6,435,067</u>
Passed through Oregon State Department of Education			
Adult Education - Basic Grants to State			
ABE - Tuition	84.002	-	-
ABE - EL Civics Grant	84.002	32,500	32,500
ABE - Set Aside	84.002	9,700	9,700
ABE - Program Improvement	84.002	6,000	6,000
ABE - Harney County	84.002	10,000	10,000
ABE - Accountability	84.002	20,000	20,000
		<u>78,200</u>	<u>78,200</u>
Vocational Education - Basic Grant			
Perkins - PTE Program Areas	84.048A	279,511	279,511
		<u>279,511</u>	<u>279,511</u>
Total passed through Oregon Department of Education		<u>357,711</u>	<u>357,711</u>
Total Department of Education		<u>6,792,778</u>	<u>6,792,778</u>
<u>U.S. Small Business Administration</u>			
Passed through Oregon State SBA Director			
SBA Federal 2006	59.037	6,399	6,399
SBA Federal 2005	59.037	19,359	19,359
Total Small Business Administration		<u>25,758</u>	<u>25,758</u>
Total		<u>\$ 6,818,536</u>	<u>\$ 6,818,536</u>

* Denotes major program

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2006

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 modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. 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, 2006

SUMMARY OF AUDITOR'S RESULTS

Type of Report Issued

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

Reportable Conditions in Internal Control

Our audit of the financial statements of Treasure Valley Community College did not disclose reportable conditions 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.

Reportable Conditions in Internal Control Over Major Programs

Our audit of the financial statements of Treasure Valley Community College did not disclose any reportable conditions 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 one audit finding, 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, 84.038, 84.033, 84.268

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 one reportable condition 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, 2006

Findings and Questioned Costs For Major Federal Award Program Audit

Current Year Findings

06-1 Cash management Student Financial Aid Cluster CFDA No. 84.063

Condition. We noted during our testing of instances of return of federal funds that the calculation guidelines were not followed. In our test, all unofficial withdrawals were calculated and reported within the time guidelines, but the officially withdrawn were not.

Criteria. 34 CFR 668.22 specified the maximum time frame for the institution to return the excess federal funds of a refund to program accounts. For the Title IV programs an institution must return the federal portion within 30 calendar days of the date the student officially withdraws or the date the school discovers that the student has unofficially withdrawn.

Cause. There appeared to be an internal reporting flaw for identification of official withdrawals to determine federal fund refunds and in one instance the college held up the return based on a student appeal process.

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

Recommendation. We recommend that the college develop procedures to communicate student withdrawals to better ensure that federal funds are refunded in a timely manner.

Management response.

In the first case the return calculation was not completed within the requisite timeframe due to the fact that the student had an active appeal pending with the Dean of Students that had a direct bearing on the manner in which the return of Title IV funds calculation was completed. In the future an active appeal will not have an impact on returning funds within the requisite time frame.

In the other cases a report used to determine federal funds refunds was flawed. The report has been corrected.

Prior Year Findings

The audit for the year ended June 30, 2005 reported no findings and questioned costs regarding the federal awards tested.

Certified Public Accountants, PC

**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 basic financial statements of Treasure Valley Community College, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 28, 2006. 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.

Compliance

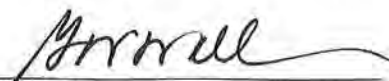
As part of obtaining reasonable assurance about whether Treasure Valley Community College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 06-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Treasure Valley Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition 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 misstatements in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we considered to be material weaknesses. However we noted certain other matters regarding internal control that we reported to management of Treasure Valley Community College in a separate letter dated November 28, 2006.

This report is intended solely for the information and use of the board of education, management, others within the organization and federal awarding agencies and pass-through entities and state regulatory agencies 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 

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 programs for the year ended June 30, 2006. 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as item 06-1.

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 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 internal control that might be material weaknesses. A material weakness is a condition 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 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. However, we noted certain other matters regarding internal control that we reported to management of Treasure Valley Community College in a separate letter dated November 28, 2006.

This report is intended solely for the information and use of the board of education, management, others within the organization, and federal awarding agencies and pass-through entities and state regulatory agencies 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
November 28, 2006