

TREASURE VALLEY COMMUNITY COLLEGE
Ontario, Oregon

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

For the Year Ended June 30, 2004

TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2004

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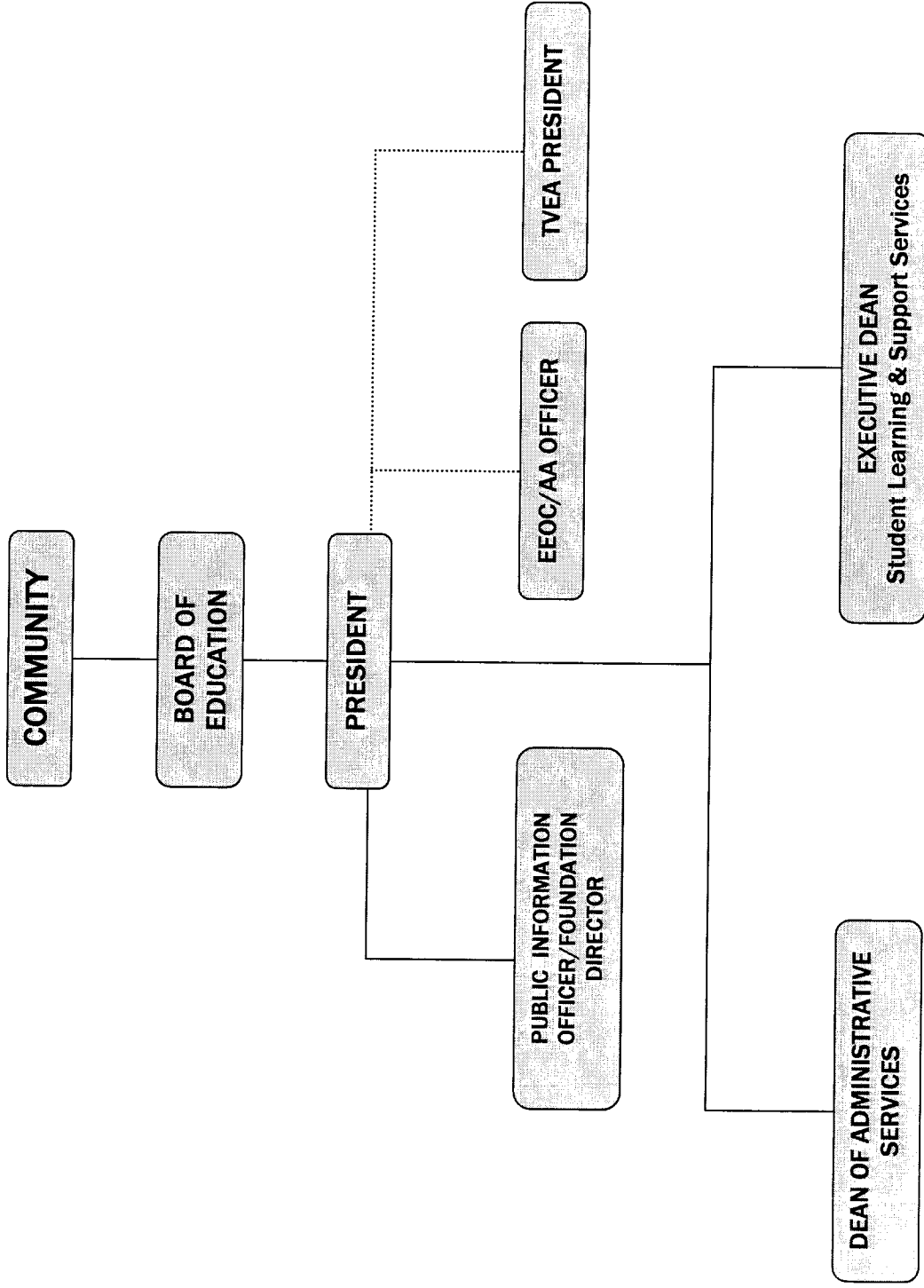
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INTRODUCTORY SECTION

TREASURE VALLEY COMMUNITY COLLEGE
2004 – 2005 Organizational Chart



TREASURE VALLEY COMMUNITY COLLEGE
June 30, 2004

<u>Board of Education</u>	<u>Address</u>	<u>Position</u>
Peter Lawson	Ontario	Director
David Carlson	Vale	Director
John Forsyth	Ontario	Director
Scott Wilson	Ontario	Chairperson
David Sullivan	Ontario	Director
Ron Pressley	Vale	Director
Patricia Morinaka	Nyssa	Vice-Chairperson

Administrators

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

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Treasure Valley Community College, Ontario, Oregon and its discretely presented component units as of and for the year ended June 30, 2004, which collectively comprise the district'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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Treasure Valley Community College, and its discretely presented component unit as of June 30, 2004, 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.

As described in Note 9 to the financial statements, during the year ended June 30, 2004, Treasure Valley Community College adopted Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2004, 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 on pages 3 through 9 and 23 through 34, 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 inquiries 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
October 13, 2004

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, 2004. 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. In the prior fiscal year ended June 30, 2003 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. 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

Tuition and fee revenue increased due to a \$10 per credit hour increase to offset funding cuts by the State of Oregon.

Federal financial aid increased from prior years due to an increase in the funds available to students through improved utilization of existing aid programs.

Increased federal grant revenue for College programs.

Gross revenue from the new Caldwell Center exceeded \$0.6 million in its first full year of operations.

Assets

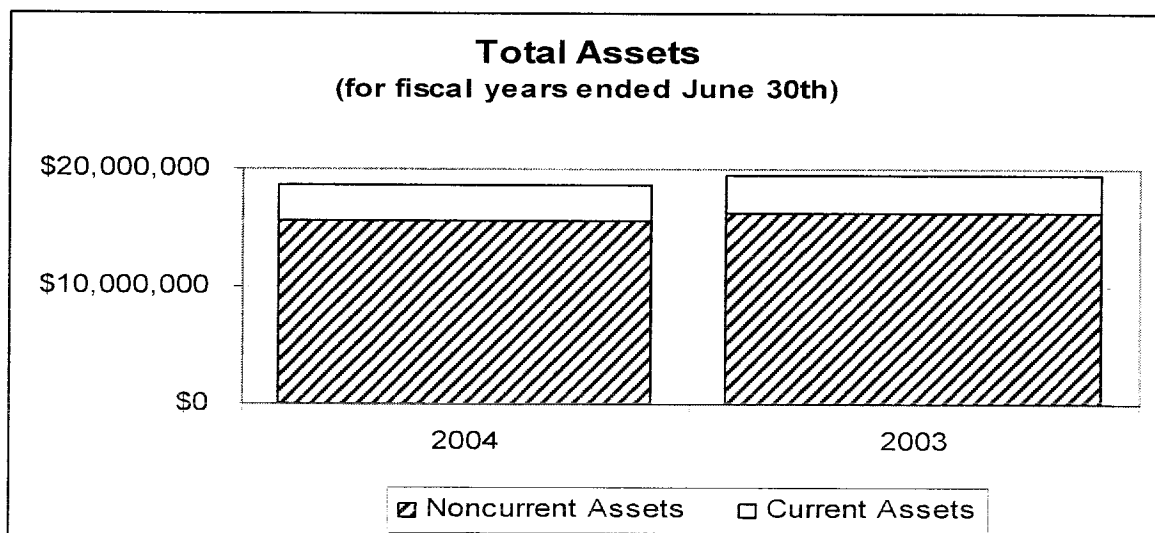
Total assets for the College at the end of the fiscal year were approximately \$18.7 million, comprised of both current assets (\$3.1 million) and noncurrent assets (\$15.6 million).

Cash and cash equivalents for the College were \$1.7 million at year end and accounts receivable (net of doubtful accounts) was \$1.1 million. These balances reflect a change from prior year due to the timing of FTE reimbursements from the State of Oregon. In an attempt to balance the 2003 – 2005 biennial budget, the Oregon Legislature deferred the fourth quarter FTE reimbursement owed to the College from April 2003 to July 2003. As this deferral did not occur again at the end of the College's current fiscal year, the cash and cash equivalents balance at the end of the current fiscal year is higher than prior year, and the current year accounts receivable balance is lower.

Noncurrent assets of the College are comprised of capital assets (\$11.8 million) and their associated accumulated depreciation (\$6.5 million) for a net value of \$5.3 million and the value of the College's prepaid pension contributions of \$10.3 million.

The net balance of capital assets of \$5.3 million at year end was a decrease of \$0.4 million from prior year due to the fact that there have been no significant additions to the College's capital assets in the past year and only normal depreciation of existing assets. The \$10.3 million in prepaid pension contributions reflects those bonds issued by the College in April of 2003 to finance the unfunded pension liability due to the Oregon Public Employees Retirement System.

Overall total assets of the College decreased \$0.8 million as compared to prior year.



Assets of the Foundation are comprised primarily of investments (\$1.6 million of the \$1.8 million asset balance). Total assets for the Foundation increased \$0.2 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 \$1.4 million and the noncurrent liability balance was \$13.8 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 (\$10.7 million) and notes payable (\$3.3 million), less the current portion of that debt of \$0.2 million.

There has been no change in the PERS bond payable balance from prior year as the College's first principal payment is not due until the 04-05 fiscal year. The notes payable balance increased from prior year by approximately \$120,000 due primarily to the addition of a Local Improvement District liability by the City of Ontario.

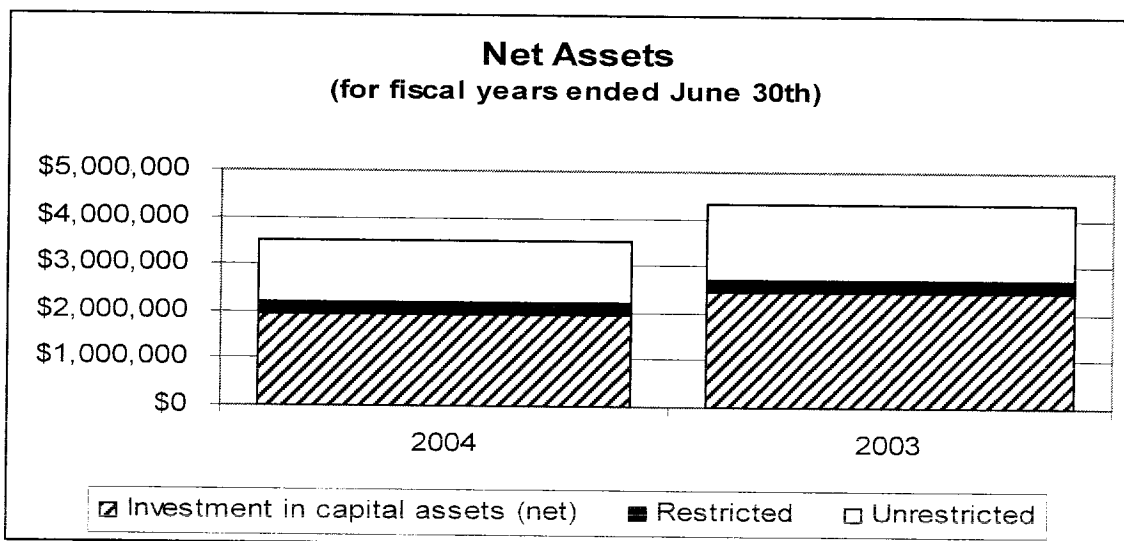
Overall total liabilities have remained constant with the prior year.

Net Assets

The net asset balance for the college is comprised of three balances:

Investment in capital assets (net of related debt)	\$ 2.0 million
Restricted assets for student financial aid and loans	.2 million
Unrestricted	<u>1.3 million</u>
Total net assets at year end	\$ 3.5 million

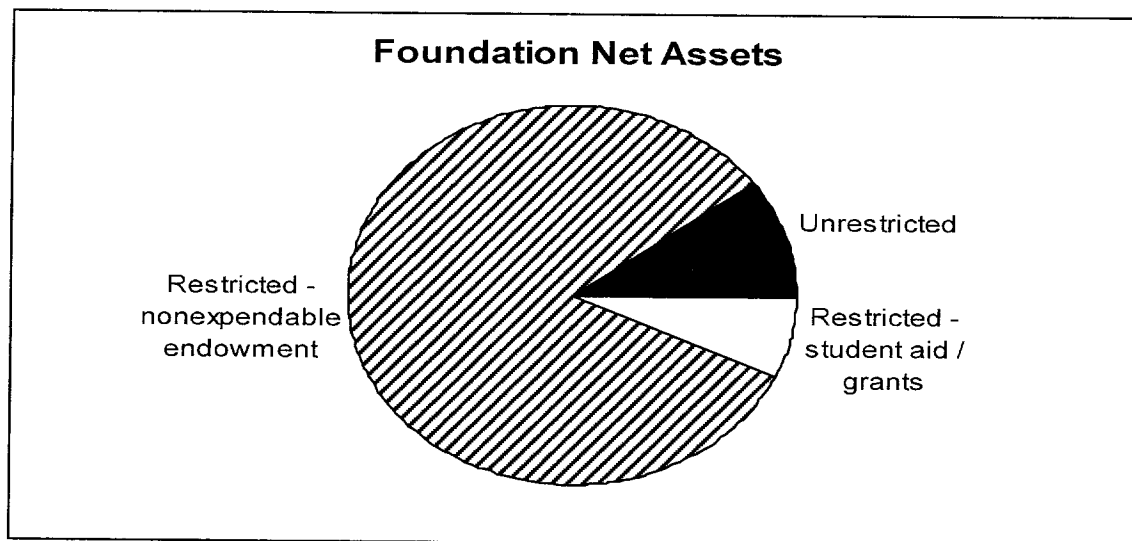
Total net assets at year end is approximately \$0.8 million lower than the prior year due to the reductions noted previously in current and noncurrent assets from prior year.



The net assets of the Foundation are divided as follows:

Restricted – expendable for student aid and grants	\$.1 million
Restricted – nonexpendable endowment principal	1.5 million
Unrestricted	<u>.2 million</u>
Total net assets at year end	\$ 1.8 million

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



Revenues (Operating and Nonoperating)

Operating revenue for the fiscal year was \$14.2 million (an increase of nearly \$2.9 million or 25% from prior year). The College had increases in the following revenue categories from prior year (amounts in millions):

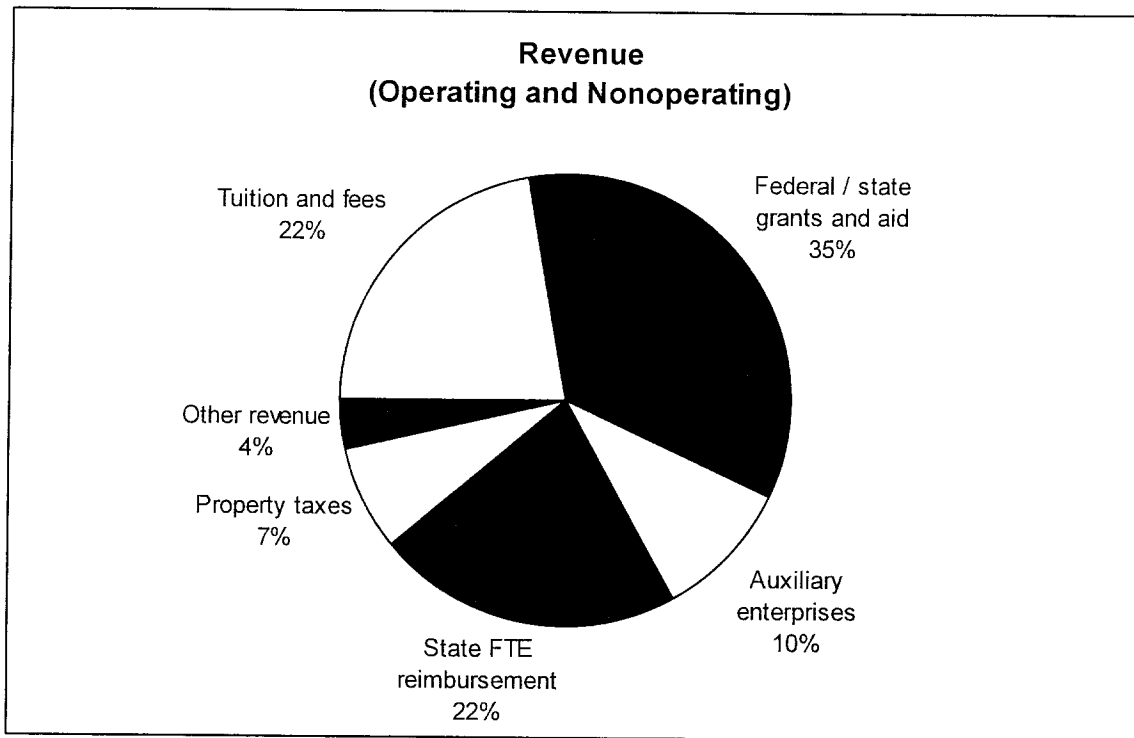
	Total 03-04	Increase Over 02-03
Tuition and fees	\$ 4.5	\$.7
Federal sources	\$ 5.7	\$ 1.2
Caldwell Center	\$.6	\$.6

Tuition and fees increased from prior year due to a tuition increase of \$10 per credit hour for the fiscal year as well as an increase in overall student enrollment. This tuition increase was adopted to offset continued uncertainty in state and federal funding sources.

Federal source revenues increased by \$1.2 million from prior year due primarily to additional federal student aid funds being made available to students through enhanced utilization of existing financial aid programs and federal grants for College programs.

Revenue from the Caldwell Center increased from prior year as 2003-04 was the first full-year of operation for this new facility.

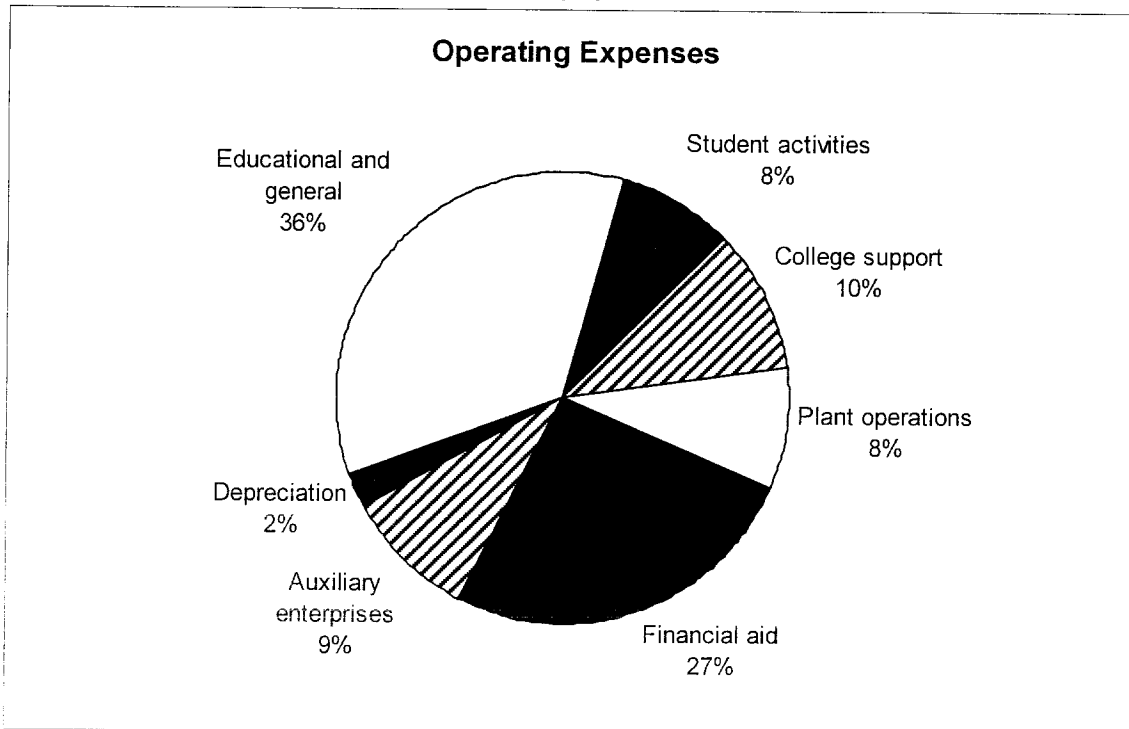
Nonoperating revenues decreased from prior year due to a reduction in state FTE reimbursement from \$5.0 million in fiscal year 2002-03 to \$4.5 million in fiscal year 2003-04 (a \$.5 million or 10% decrease).



Revenue for the Foundation of \$191,789 came primarily from contributions and special events proceeds.

Expenses

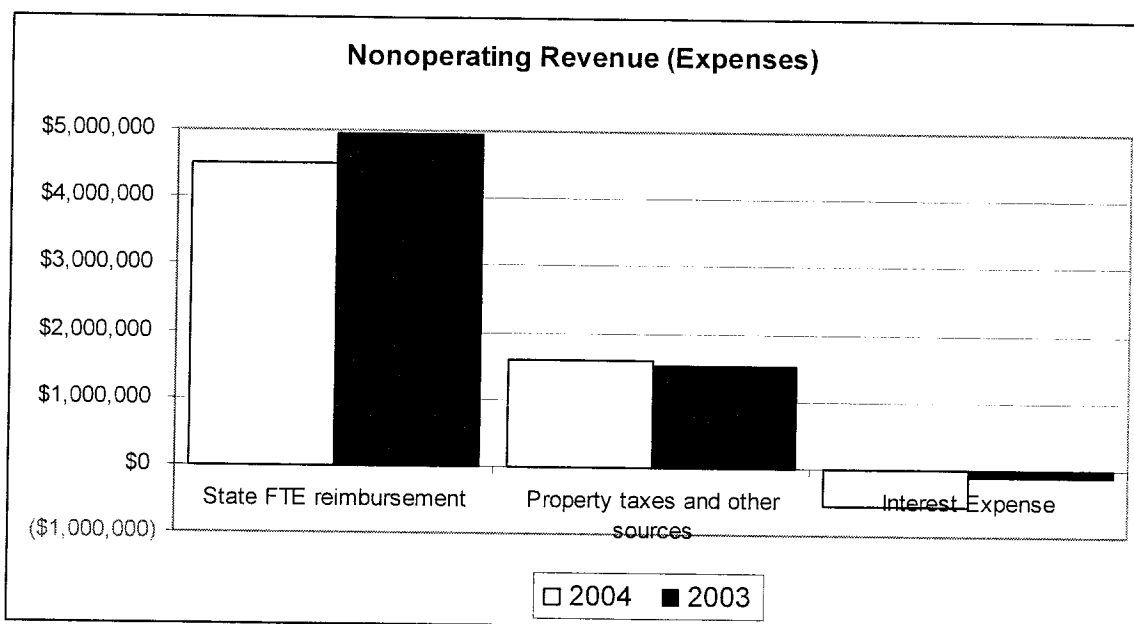
Total operating expenses for the College were \$20.6 million for the fiscal year, an increase of \$1.3 million from prior year. Expenses by category are as follows:



Educational and general expenses increased by \$0.5 million due primarily to increases in employee salary and benefit costs from prior year. Financial aid expenses increased due to the increase in student financial aid being issued in 03-04 as compared to prior years. The operating costs for the Caldwell Center were also higher than prior year (\$0.6 million, up from \$0.1 million in fiscal year 02-03) as it was the first full year of operations for the center. College support costs did decrease from the prior year due to an energy savings project implemented in fiscal year 02-03 for a one-time cost of \$1.5 million.

Nonoperating Revenues and Expenses

Net nonoperating revenues and expenses decreased \$0.8 million from the prior year (from \$6.3 million to \$5.5 million) due to the decrease in FTE reimbursement funding from the State of Oregon (\$0.5 million) and an increase in interest expense of \$0.4 million associated with the PERS pension bonds. These reductions in net nonoperating revenue were offset by an increase in property taxes of \$0.1 million from prior year for a total of \$1.5 million in 2003-04.



Change in Net Assets

Net assets decreased by \$0.8 million from prior year, from \$4.3 million to \$3.5 million. The decrease is less than the decrease experienced in fiscal year 2002-03 due to a reduction in the operating loss in the current fiscal year (\$6.4 million loss in this fiscal year as compared to \$7.9 million loss in the prior year). The improvement in the operating loss was due primarily to operating revenue increasing at a greater rate than expenses due to the increase in tuition and fees and federal financial aid sources.

Statement of Cash Flows

The College's major sources of cash includes \$4.4 million in tuition and fees, \$4.9 million in federal student financial aid grants, and \$1.3 million in state and local government grants and contracts. Major uses of cash are payments to suppliers of \$6.2 million, payments to employees of \$7.4 million and payments for student financial aid and scholarships of \$5.3 million.

Cash flows from noncapital financing activities included \$1.5 million in property taxes and \$5.9 million in state FTE reimbursement payments (the \$5.9 million includes the cash receipt of state funds which were deferred from fiscal year 02-03). Cash used in capital financing activities included \$0.6 million for interest paid on long-term debt and \$0.3 million used for purchase of capital assets.

Overall cash balances for the College increased by \$1.0 million for the year with a year-end balance of \$1.7 million.

Economic Factors and Next Year's Budget

The lack of certainty in the level of state funding continues to impact ongoing College operations. In an attempt to offset the uncertainty from the state and to stabilize funding for the College the following steps have been taken by management in fiscal year 2004-05: a \$2 per credit hour increase was implemented, planned growth in course offerings and revenue from the new Caldwell Center, a cap on the amount of employee health benefit costs paid for by the College has been implemented, and the exploration of the replacement and significant enhancement of student housing on campus to increase campus appeal and overall enrollment.

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, 2004

	TVCC College	TVCC Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,687,147	\$ 139,960
Investments		1,637,060
Receivables		
Taxes	124,408	
Accounts, net of allowance for doubtful accounts of \$38,874	1,118,400	
Prepaid assets	8,899	
Other assets		2,000
Inventory	192,249	
Total current assets	<u>3,131,103</u>	<u>1,779,019</u>
Noncurrent assets:		
Capital assets	11,806,257	
Less accumulated depreciation	(6,543,457)	
Prepaid pension contribution	<u>10,331,469</u>	
Total noncurrent assets	<u>15,594,269</u>	<u>-</u>
TOTAL ASSETS	<u>18,725,372</u>	<u>1,779,019</u>
LIABILITIES		
Current liabilities		
Accounts payable	175,180	5,538
Payroll liabilities	220,982	
Compensated absences	100,511	
Due to student and agency groups	164,600	
Deferred revenue	547,538	
Current portion of long-term debt	233,469	
Total current liabilities	<u>1,442,280</u>	<u>5,538</u>
Noncurrent liabilities		
PERS bonds payable	10,701,480	
Capital leases payable	71,419	
Notes payable	3,238,280	
Less current portion of long-term debt	<u>(233,469)</u>	
Total noncurrent liabilities	<u>13,777,710</u>	<u>-</u>
TOTAL LIABILITIES	<u>15,219,990</u>	<u>5,538</u>
NET ASSETS		
Net assets invested in capital assets	5,262,800	-
Less: related debt	<u>(3,307,891)</u>	<u>-</u>
Investment in capital assets, net	1,954,909	-
Restricted - expendable:		
Student financial aid grants and loans	231,289	125,613
Restricted - non expendable:		
Endowment principal		1,466,154
Unrestricted	<u>1,319,184</u>	<u>181,714</u>
TOTAL NET ASSETS	<u>\$ 3,505,382</u>	<u>\$ 1,773,481</u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended
June 30, 2004

	TVCC College	TVCC Foundation
OPERATING REVENUES		
Tuition and fees	\$ 4,500,987	\$ -
Federal sources	5,652,886	
State sources	1,345,374	
Auxiliary enterprises:		
Bookstore	850,137	
Food services	219,749	
Housing	168,646	
Printing	113,932	
Caldwell Center	639,021	
Contributions and special events proceeds		191,790
Other operating revenues	723,531	63,261
Total operating revenues	<u>14,214,263</u>	<u>255,051</u>
OPERATING EXPENSES		
Educational and general	7,171,284	
Other support services		
Student activities	1,695,819	
College support	2,132,809	
Plant operations	1,740,951	62,509
Financial aid	5,403,267	153,765
Auxiliary enterprises		
Bookstore	734,536	
Food services	220,757	
Housing	166,587	
Printing	130,521	
Caldwell Center	677,739	
Fund raising expenses		3,938
Management and general expenses		10,032
Depreciation expense	499,391	
Total operating expenses	<u>20,573,661</u>	<u>230,244</u>
Operating income (loss)	<u>(6,359,398)</u>	<u>24,807</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,521,600	
Federal sources	60,000	
State FTE reimbursement	4,496,954	
Investment income	25,099	208,133
Interest expense	(562,578)	
Net nonoperating revenues (expenses)	<u>5,541,075</u>	<u>208,133</u>
Increase (decrease) in net assets	(818,323)	232,940
NET ASSETS		
Net assets - beginning of the year	4,323,705	1,540,541
Net assets - end of the year	<u>\$ 3,505,382</u>	<u>\$ 1,773,481</u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
STATEMENT OF CASH FLOWS
For the Year Ended
June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 4,364,136
Federal student financial aid grants	4,878,730
Federal grants and contracts	774,156
State and local government grants and contracts	1,345,374
Local sources	28,000
Payments to suppliers for goods and services	(6,246,192)
Payments to employees	(7,405,469)
Payments for student financial aid and other scholarships	(5,255,932)
Auxiliary enterprises:	
Operating cash received from customers	
Bookstore	862,764
Food services	219,749
Housing	157,349
Printing	113,932
Caldwell center	649,904
Paid to suppliers for items for resale (Bookstore)	(626,980)
Other cash receipts	<u>695,555</u>
Net cash used in operating activities	<u>(5,444,924)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	1,522,311
Cash received from state full time equivalent reimbursement	5,880,866
Other	<u>44,084</u>
Net cash provided by noncapital financing activities	<u>7,447,261</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Net capital financing activities auxiliary funds	(5,242)
Purchases of capital assets all funds	(276,054)
Purchase of capital assets auxiliary funds	(19,496)
Principal paid on long-term debt	(155,796)
Interest paid on long-term debt	<u>(562,578)</u>
Net cash used by capital financing activities	<u>(1,019,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	25,099
Net cash provided by investing activities	<u>25,099</u>
NET DECREASE IN CASH	1,008,270
Cash and cash equivalents - beginning of the year	<u>678,877</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,687,147</u></u>
 Operating loss	 \$ (6,359,398)
 Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	540,252
Amortization expense	204,781
Non-cash activity in fixed assets	439,739
Decrease in accounts receivable, net	(149,478)
Increase in inventory	(43,473)
Increase in prepaid assets	(643)
Increase in salaries payable	188,572
Decrease in accounts payable and payroll tax liabilities	(256,142)
Decrease in deferred revenue	(29,469)
Increase in due to student groups	20,335
Net cash used in operating activities	<u><u>\$ (5,444,924)</u></u>

See notes to basic financial statements

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

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 who are appointed by the college. 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, 2004

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 now 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, 2004

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

F. Receivables

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Malheur and Baker Counties levy taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. Malheur and Baker Counties collect and allocate all property taxes to the college. Property tax revenues are recognized when they become available. Available means when due, or past due and receivable within the current period, and collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently.

Student loans receivable are recorded as tuition is 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, 2004. The special revenue funds reflect amounts receivable from grants and state fees due to the college at June 30, 2004.

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

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

Leasehold improvements	10-40 years
Land improvements	20-40 years

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 an 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.

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

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.

N. Accounting Change

For the year ended June 30, 2004, the college implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations Are Component Units. The significant change in the financial statements includes reporting the financial statements of Treasure Valley Community College Foundation as a discretely presented component unit. . Since the component unit is discretely presented, there is no change in the college's previously reported net assets.

Note 2. Negative Retained Earnings

Negative retained earnings of proprietary funds at June 30, 2004, were as follows:

	Amount
Food Service Fund	\$ 85,006
Caldwell Center	94,865
Housing Fund	51,044
Total	<u>\$ 230,915</u>

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, 2004 is as follows:

	General Fund	Special Revenue Fund	Capital Project	Proprietary Funds	Agency Funds	(memo only) Total
Due From:	<u>\$ 359,432</u>	<u>\$ 181,407</u>	<u>\$ -</u>	<u>\$ 266,136</u>	<u>\$ -</u>	<u>\$ 806,975</u>
Due to:						
General			617,456			617,456
Special Revenue		16,953				16,953
Capital Project						-
Proprietary						-
Agency					172,566	172,566
	<u>\$ -</u>	<u>\$ 16,953</u>	<u>\$ 617,456</u>	<u>\$ -</u>	<u>\$ 172,566</u>	<u>\$ 806,975</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

Note 4. Changes in Fixed Assets

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

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Capital assets not being depreciated				
Land	\$ 399,782	\$ -	\$ -	\$ 399,782
Total capital assets not being depreciated	<u>399,782</u>	<u>-</u>	<u>-</u>	<u>399,782</u>
Capital assets being depreciated				
Buildings	5,169,006	63,948		5,232,954
Improvements	375,808	35,242		411,050
Vehicles and equipment	5,825,487	196,360	259,376	5,762,471
Total capital assets being depreciated	<u>11,370,301</u>	<u>295,550</u>	<u>259,376</u>	<u>11,406,475</u>
Less accumulated depreciation for				
Buildings	3,216,907	126,439		3,343,346
Improvements	119,347	15,532		134,879
Vehicles and equipment	2,745,923	398,281	78,972	3,065,232
Total accumulated depreciation	<u>6,082,177</u>	<u>540,252</u>	<u>78,972</u>	<u>6,543,457</u>
Total capital assets being depreciated, net	5,288,124	(244,702)	180,404	4,863,018
Total capital assets, net	<u>\$ 5,687,906</u>	<u>\$ (244,702)</u>	<u>\$ 180,404</u>	<u>\$ 5,262,800</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, 2004:

Year ending June 30	
2005	\$ 29,827
2006	30,267
2007	11,535
2008	5,767
Total minimum lease payments	<u>77,465</u>
Less amount representing interest	<u>(6,046)</u>
Present value of minimum lease payments	<u>\$ 71,419</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

Changes in general long-term leases are as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Proprietary Fund	\$ 23,168	\$ -	\$ 5,242	\$ 17,926
General Long-Term Debt	73,025	-	19,532	53,493
Total long-term leases	<u>\$ 96,193</u>	<u>\$ -</u>	<u>\$ 24,774</u>	<u>\$ 71,419</u>

Note 6. Pension Plan

Treasure Valley Community College contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost sharing multiple employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits annual cost of living adjustments, and death benefits to plan members and beneficiaries.

PERS is administered under Oregon Revised Statutes (ORS) Chapter 238. ORS 238.620 established the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report, which can be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

Members of PERS are required to contribute 6% of their salary covered under the plan. Treasure Valley Community College is required to contribute at an actuarially determined rate. The current rate for Treasure Valley Community college at June 30, 2003, is .73% of salary covered under the plan. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Total pension expense for the current fiscal year was \$184,293 paid on current year contributions, and \$380,913 paid on PERS UAL Bond debt service. Pension expense for the two preceding years was \$10,952,286 and \$591,905. The prior year expense reflects a payment of bonded funds for the unfunded actuarial liability of approximately \$10,500,000.

Note 7. Cash and Investments

Cash and investments include bank balances that at June 30, 2004 were entirely insured or collateralized with the Federal Deposit Insurance Corporation and certificates of participation with Washington Mutual Bank.

The college invests in the Local Government Investment Pool, 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.

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

There are three categories of credit risk that apply to the college's cash and investments:

- (1) Insured or registered, or for which the securities are held by the college or the college's agent in the college's name.
- (2) Uninsured and unregistered for which the securities are held by the counterparty's trust department or the college's agent in the college's name.
- (3) Uninsured and unregistered for which the securities are held by the counterparty or by its trust department or agent but not in the college's name.

At June 30, 2004, the college's investment balances were as follows (in thousands):

	Category			Carrying amount	Fair value
	1	2	3		
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0	\$ 0
Investments not subject to categorization					
Local Government Investment Pool				1,423	1,422
Total investments				<u>\$ 1,423</u>	<u>\$ 1,422</u>

At June 30, 2004 the carrying amount of the college's deposits was \$263,959 and the bank balance was \$543,043. The entire bank balance was collateralized with securities held by the college or by its agent in the college's name. Cash deposits held at financial institutions can be categorized according to three levels of risk. These levels of risk are as follows:

- (1) Deposits which are insured or collateralized with securities held by the college or by its agent in the college's name.
- (2) Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the college's name.
- (3) Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the college's cash deposits are generally classified as category one.

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, 2004.

Note 9. Risk Management

The college is exposed to various risks of loss related to torts, theft, damage, and destruction of assets,

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

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

Pursuant to a resolution by the board of education authorizing the college to borrow money to provide financing for the costs of various capital projects not to exceed \$5,000,000. Treasure Valley Community College has issued \$1,760,000 full faith and credit certificates of obligation. These certificates of obligation are direct obligations and pledge the full faith and credit of the college. The purpose of this debt is 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 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.

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%. Payments are made quarterly.

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
2004-05	\$ 100,000	\$ 71,045	\$ 72,857	\$ 74,043	\$ 47,830	\$ 323,315
2005-06	105,000	66,433	79,807	70,093	215,549	340,595
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
2008-13	640,000	200,460	706,041	201,299	1,365,349	2,260,373
2013-18	470,000	37,080	374,052	22,508	1,463,295	3,217,428
2018-23					1,440,748	4,529,974
2023-28					5,690,000	936,991
	<u>\$ 1,530,000</u>	<u>\$ 493,595</u>	<u>\$ 1,440,986</u>	<u>\$ 493,614</u>	<u>\$ 10,701,480</u>	<u>\$ 12,337,255</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

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% per annum. Five year maturities are as follows.

Fiscal year	City of Ontario LID Lot 500		LID Lot 100	
	Principal	Interest	Principal	Interest
2004-05	\$ 4,007	\$ 4,282	\$ 8,776	\$ 9,379
2005-06	4,116	4,109	9,015	9,000
2006-07	4,337	3,888	9,500	8,515
2007-08	4,565	3,660	9,998	8,017
2008-09	4,822	3,403	10,561	7,454
2009-10	5,075	3,150	11,117	6,899
2010-11	5,348	2,877	11,714	6,301
2012-16	31,375	9,748	53,505	18,556
2017-22	20,136	1,516	59,326	6,120
	<u>\$ 83,781</u>	<u>\$ 36,633</u>	<u>\$ 183,512</u>	<u>\$ 80,241</u>

Note 11. Accounting Change

For the year ended June 30, 2004, the college implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The significant change in the financial statements includes reporting the financial statements of Treasure Valley Community College Foundation as a discretely presented component unit. Since the component unit is discretely presented, there is no change in the college's previously reported net assets.

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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 2,166,250	\$ 2,166,250	\$ 1,921,219	\$ 245,031
State sources	4,381,764	4,381,764	4,463,064	(81,300)
Federal sources	46,525	46,525	60,000	(13,475)
Tuition and fees	5,184,114	5,184,114	4,452,917	731,197
Total revenues	11,778,653	11,778,653	10,897,200	881,453
EXPENDITURES				
Instruction	4,676,256	4,726,256	4,672,277	53,979
Instruction support	317,981	347,981	328,649	19,332
Student services	1,398,565	1,398,565	1,374,361	24,204
College support services	2,059,286	2,009,286	1,928,028	81,258
Plant operation and maintenance	1,263,639	1,318,639	1,244,973	73,666
Plant additions	520,500	425,500	417,034	8,466
Debt service	749,605	759,605	721,022	38,583
Financial aid	669,821	669,821	364,717	305,104
Operating contingency	650,000	650,000	-	650,000
Total expenditures	12,305,653	12,305,653	11,051,061	1,254,592
Excess of revenues over (under) expenditures	(527,000)	(527,000)	(153,861)	373,139
Other financing sources (uses)				
Transfers out	(174,000)	(174,000)	(174,000)	-
Transfer in	-	-	25,000	25,000
Institutional contribution	-	-	(38,094)	(38,094)
Proceeds from long term debt	401,000	401,000	272,015	(128,985)
Total other financing sources (use)	227,000	227,000	84,921	(142,079)
Excess of revenues, other financing sources over (under) expenditures, other financing (uses)	(300,000)	(300,000)	(68,940)	231,060
Available fund balance, July 1	300,000	300,000	1,047,947	747,947
Available fund balance, June 30	\$ -	\$ -	\$ 979,007	\$ 979,007

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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 77,601	\$ 77,601
State sources	6,950,000	6,950,000	1,254,382	(5,695,618)
Federal sources	-	-	774,156	774,156
Tuition and fees	-	-	47,460	47,460
Total revenues	<u>6,950,000</u>	<u>6,950,000</u>	<u>2,153,599</u>	<u>(4,796,401)</u>
EXPENDITURES				
Instruction	4,000,000	4,000,000	2,095,786	1,904,214
Instruction support	2,900,000	2,900,000	119,630	2,780,370
Supporting services	-	-	-	-
Community services	-	-	-	-
Total expenditures	<u>6,900,000</u>	<u>6,900,000</u>	<u>2,215,416</u>	<u>4,684,584</u>
Excess of revenues over (under) expenditures	50,000	50,000	(61,817)	(111,817)
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	(61,817)	(111,817)
Available fund balance, July 1	<u>(50,000)</u>	<u>(50,000)</u>	<u>334,824</u>	<u>384,824</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,007</u>	<u>\$ 273,007</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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	200,000	200,000	124,883	(75,117)
Federal sources	4,810,000	4,810,000	4,878,730	68,730
Total revenues	5,010,000	5,010,000	5,003,613	(6,387)
EXPENDITURES				
Supporting services	4,950,000	4,950,000	5,024,829	(74,829)
Unappropriated ending balance	-	-	-	-
Total expenditures	4,950,000	4,950,000	5,024,829	(74,829)
Excess of revenues over (under) expenditures	60,000	60,000	(21,216)	(81,216)
Other financing sources (uses)				
Transfer in	2,440,000	2,440,000	2,460,115	20,115
Transfer out	(2,500,000)	(2,500,000)	(2,438,899)	61,101
Returned to grantor	-	-	-	-
Total other financing sources (uses)	(60,000)	(60,000)	21,216	81,216
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PERKINS LOAN FUND
For the Year Ended
June 30, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 15,000	\$ 15,000	\$ 11,871	\$ (3,129)
State sources	-	-	-	-
Federal sources	-	-	-	-
Tuition and fees	-	-	-	-
Total revenues	15,000	15,000	11,871	(3,129)
EXPENDITURES				
Supporting services	50,000	50,000	13,721	36,279
Total expenditures	50,000	50,000	13,721	36,279
Excess of revenues over (under) expenditures	(35,000)	(35,000)	(1,850)	33,150
Other financing sources (uses)				
Transfer in	60,000	60,000	16,953	(43,047)
Transfer out	-	-	-	-
Federal contribution	-	-	-	-
Institutional contribution	-	-	-	-
Total other financing sources (uses)	60,000	60,000	16,953	43,047
Excess of revenues and other sources over (under) expenditures and other uses	25,000	25,000	15,103	(9,897)
Available fund balance, July 1	(25,000)	(25,000)	216,186	241,186
Available fund balance, June 30	\$ -	\$ -	\$ 231,289	\$ 231,289

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CONSTRUCTION FUND
For the Year Ended
June 30, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ -	\$ -	\$ 123,948	\$ 123,948
State sources	-	-	-	-
Total revenues	-	-	123,948	123,948
EXPENDITURES				
Supporting services	200,000	200,000	128,807	71,193
Unappropriated ending balance	0	0	-	-
Total capital outlay	200,000	200,000	128,807	71,193
Excess of revenues over (under) expenditures	(200,000)	(200,000)	(4,859)	195,141
Other financing sources (uses)				
Transfer from General Fund	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(200,000)	(200,000)	(4,859)	195,141
Available fund balance, July 1	200,000	200,000	203,555	3,555
Available fund balance, June 30	\$ -	\$ -	\$ 198,696	\$ 198,696

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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 500	\$ 500	\$ 4,175	\$ 3,675
Total revenues	500	500	4,175	3,675
EXPENDITURES				
Support services	180,000	180,000	57,879	122,121
Facilities acquisitions and construction	294,000	294,000	120,504	173,496
Other uses- debt service	20,000	20,000	11,535	8,465
Total expenditures	494,000	494,000	189,918	304,082
Excess of revenues over (under) expenditures	(493,500)	(493,500)	(185,743)	307,757
Other financing sources (uses)				
Transfer from General Fund	214,000	214,000	202,684	(11,316)
Transfer to General Fund	(85,000)	(85,000)	(28,684)	56,316
Total other financing sources (uses)	129,000	129,000	174,000	45,000
Excess of revenues and other sources over (under) expenditures and other uses	(364,500)	(364,500)	(11,743)	352,757
Available fund balance, July 1	364,500	364,500	430,503	66,003
Available fund balance, June 30	\$ -	\$ -	\$ 418,760	\$ 418,760

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BOOKSTORE FUND
For the Year Ended
June 30, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ 1,036,500	\$ 1,036,500	\$ 810,239	\$ (226,261)
Miscellaneous income	-	-	39,898	39,898
Total operating revenues	<u>1,036,500</u>	<u>1,036,500</u>	<u>850,137</u>	<u>(186,363)</u>
Operating expense				
Salaries	-	-	65,637	(65,637)
Employee benefits	-	-	21,526	(21,526)
Contracted services	-	-	-	-
Purchase of textbooks	-	-	571,210	(571,210)
Purchase of miscellaneous	-	-	12,252	(12,252)
Postage	-	-	1,280	(1,280)
Materials and supplies	-	-	60,086	(60,086)
Other expenses	-	-	1,327	(1,327)
Repairs and maintenance	-	-	314	(314)
Depreciation	-	-	905	(905)
Bad debts	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>734,537</u>	<u>(734,537)</u>
Operating income	1,036,500	1,036,500	115,600	(920,900)
Net assets, July 1	<u>-</u>	<u>-</u>	<u>196,701</u>	<u>196,701</u>
Net assets, June 30	<u>\$ 1,036,500</u>	<u>\$ 1,036,500</u>	<u>\$ 312,301</u>	<u>\$ (724,199)</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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Food sales	\$ 335,000	\$ 335,000	\$ 216,823	\$ (118,177)
Snack bar and miscellaneous	-	-	2,925	2,925
Total operating revenues	335,000	335,000	219,748	(115,252)
Operating expense				
Materials and supplies	-	-	2,766	(2,766)
Outside services	-	-	208,491	(208,491)
Other expense	-	-	2,551	(2,551)
Repairs and maintenance	-	-	3,840	(3,840)
Depreciation	-	-	3,108	(3,108)
Total operating expenses	-	-	220,756	(220,756)
Operating income	335,000	335,000	(1,008)	(336,008)
Net assets, July 1	(30,000)	(30,000)	(83,998)	(53,998)
Net assets, June 30	\$ 305,000	\$ 305,000	\$ (85,006)	\$ (390,006)

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOUSING FUND
For the Year Ended
June 30, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Dormitory receipts	\$ 260,000	\$ 260,000	\$ 167,355	\$ (92,645)
Miscellaneous income	20,000	20,000	1,291	(18,709)
Total operating revenues	280,000	280,000	168,646	(111,354)
Operating expense				
Salaries	-	-	70,957	(70,957)
Employee benefits	-	-	20,060	(20,060)
Travel	-	-	318	(318)
Materials and supplies	-	-	20,986	(20,986)
Outside services	-	-	17,397	(17,397)
Other expense	-	-	20,901	(20,901)
Repairs and maintenance	-	-	5,758	(5,758)
Depreciation	-	-	10,209	(10,209)
Bad debts	-	-	-	-
Total operating expenses	-	-	166,586	(166,586)
Operating income	280,000	280,000	2,060	(277,940)
Net assets, July 1	50,000	50,000	(53,104)	(3,104)
Net assets, June 30	\$ 230,000	\$ 230,000	\$ (51,044)	\$ (281,044)

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PRINTING FUND
For the Year Ended
June 30, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Printing income	\$ 151,000	\$ 151,000	\$ 113,932	\$ (37,068)
Miscellaneous income			-	-
Total operating revenues	<u>151,000</u>	<u>151,000</u>	<u>113,932</u>	<u>(37,068)</u>
Operating expense				
Salaries	1,646,500	1,646,500	24,666	1,621,834
Employee benefits	-	-	9,718	(9,718)
Materials and supplies	-	-	72,783	(72,783)
Outside services	-	-	7,566	(7,566)
Interest expense	-	-	-	-
Postage	-	-	-	-
Other expense	-	-	1,797	(1,797)
Repairs and maintenance	-	-	-	-
Depreciation	-	-	15,724	(15,724)
Bad debt	-	-	-	-
Total operating expenses	<u>1,646,500</u>	<u>1,646,500</u>	<u>132,254</u>	<u>1,514,246</u>
Operating income (loss)	(1,495,500)	(1,495,500)	(18,322)	1,477,178
Net assets, July 1	<u>5,000</u>	<u>5,000</u>	<u>60,031</u>	<u>55,031</u>
Net assets, June 30	<u>\$ (1,490,500)</u>	<u>\$ (1,490,500)</u>	<u>\$ 41,709</u>	<u>\$ 1,532,209</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, 2004

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Operating revenues				
Sale of textbooks	\$ -	\$ -	\$ 36,421	\$ 36,421
Tuition and fees	400,000	400,000	583,687	183,687
Miscellaneous income	-	-	18,913	18,913
Total operating revenues	<u>400,000</u>	<u>400,000</u>	<u>639,021</u>	<u>239,021</u>
Operating expense				
Salaries and benefits	300,000	300,000	428,688	(128,688)
Travel	-	-	5,075	(5,075)
Textbooks	-	-	62,964	(62,964)
Materials and supplies	-	-	86,202	(86,202)
Outside services	-	-	23,392	(23,392)
Other expense	-	-	60,502	(60,502)
Depreciation	140,000	140,000	10,915	129,085
Total operating expenses	<u>440,000</u>	<u>440,000</u>	<u>677,738</u>	<u>(237,738)</u>
Operating income (loss)	(40,000)	(40,000)	(38,717)	1,283
Net assets, July 1	-	-	(56,148)	-
Net assets, June 30	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ (94,865)</u>	<u>\$ (54,865)</u>

TREASURE VALLEY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2004

In accordance with Oregon Revised Statutes, the college adopts annual budgets and makes appropriations on a fund basis, using either the modified accrual 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.

During the year ended June 30, 2004, disbursements in the Student Financial Aid Fund (including the Perkins Fund) supporting services function exceeded the amounts budgeted by the following.

Supporting Services	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Student Financial Aid Fund	\$4,950,000	\$5,024,829	(\$ 74,829)
Perkins Loan Fund	<u>50,000</u>	<u>13,721</u>	<u>36,279</u>
Total	<u>\$5,000,000</u>	<u>\$5,038,550</u>	<u>(\$ 38,550)</u>

OTHER SUPPLEMENTAL FINANCIAL INFORMTAION

TREASURE VALLEY COMMUNITY COLLEGE
ONTARIO, OREGON
COMBINING BALANCE SHEET
June 30, 2004

ASSETS	General	Special Revenue	Capital Project	Proprietary	Agency	Totals June 30, 2004
Cash and cash items	\$ 240,245	\$ 23,181	\$ -	\$ 534	\$ -	\$ 263,960
Investments	1,239,070	184,117	-	-	-	1,423,187
Receivables						
Property taxes	124,408	-	-	-	-	124,408
Accounts	232,458	688,536	-	12,787	-	933,781
Net amount due from other funds	233,952	12,201	-	-	-	246,153
Allowance for doubtful interest (deduction)	-	(2,573)	-	-	-	(2,573)
Allowance for doubtful loans (deduction)	-	(36,301)	-	-	-	(36,301)
Interfund receivable	-	16,953	617,456	-	172,566	806,975
Prepaid expenses	-	-	-	8,899	-	8,899
Inventory	-	-	-	192,248	-	192,248
Fixed assets (net of accumulated depreciation)	-	-	-	269,956	-	269,956
Total assets	<u>\$ 2,070,133</u>	<u>\$ 886,114</u>	<u>\$ 617,456</u>	<u>\$ 484,424</u>	<u>\$ 172,566</u>	<u>\$ 4,230,693</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$ 175,179	\$ 11,351	\$ -	\$ -	\$ -	\$ 186,530
Salaries payable	1,287	-	-	-	-	1,287
Payroll benefits payable	65,598	-	-	-	-	65,598
Interfund payable	359,432	181,407	-	266,136	-	806,975
Accrued compensated absences	100,511	-	-	-	-	100,511
Deposits payable	220	-	-	9,312	-	9,532
Due to student groups	-	-	-	-	164,599	164,599
Deferred property tax revenue	106,342	-	-	-	-	106,342
Deferred tuition and other revenue	282,557	189,060	-	67,955	7,967	547,539
Current portion of long term liabilities	-	-	-	4,963	-	4,963
Lease purchases payable	-	-	-	12,963	-	12,963
Long term debt	-	-	-	-	-	-
Total liabilities	<u>1,091,126</u>	<u>381,818</u>	<u>-</u>	<u>361,329</u>	<u>172,566</u>	<u>2,006,839</u>
Fund equity						
Investment in general fixed assets	-	-	-	-	-	-
Net assets						
Contributed capital	-	-	-	9,233	-	9,233
Unrestricted	-	-	-	113,862	-	113,862
Fund balances						
Reserved for student loans	-	507,142	-	-	-	507,142
Reserved for debt service	-	-	-	-	-	-
Designated for construction	-	-	198,696	-	-	198,696
Designated for equipment replacement	-	-	284,060	-	-	284,060
Designated for early retirement	-	-	134,700	-	-	134,700
Undesignated	979,007	(2,846)	-	-	-	976,161
Total fund equity	<u>979,007</u>	<u>504,296</u>	<u>617,456</u>	<u>123,095</u>	<u>-</u>	<u>2,223,854</u>
Total liabilities and fund equity	<u>\$ 2,070,133</u>	<u>\$ 886,114</u>	<u>\$ 617,456</u>	<u>\$ 484,424</u>	<u>\$ 172,566</u>	<u>\$ 4,230,693</u>

TREASURE VALLEY COMMUNITY COLLEGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
IN COMPLIANCE WITH GAAP

For the Year Ended
June 30, 2004

	General	Special Revenue	Capital Project	Totals June 30, 2004
Revenues				
Local sources				
Earnings on investments	\$ 22,823	\$ 14,147	\$ -	\$ 36,970
Taxes	1,415,259	-	-	1,415,259
Other local revenue	218,017	75,325	128,123	421,465
Admin costs and reimbursements	265,121	-	-	265,121
State sources	4,463,064	1,379,265	-	5,842,329
Federal sources	60,000	5,652,886	-	5,712,886
Tuition and fees	4,452,917	47,460	-	4,500,377
Total revenues	<u>10,897,201</u>	<u>7,169,083</u>	<u>128,123</u>	<u>18,194,407</u>
Expenditures				
Instruction	4,672,277	2,095,786	-	6,768,063
Instruction support	328,649	119,630	-	448,279
Student services	1,374,361	5,038,550	-	6,412,911
College support	1,928,028	-	-	1,928,028
Plant operation and maintenance	1,244,973	-	-	1,244,973
Plant additions	417,034	-	-	417,034
Financial aid	364,717	-	-	364,717
Other expenditures and requirements	-	-	307,192	307,192
Debt service				
Capital lease obligations	160,837	-	-	160,837
Principal	-	-	9,143	9,143
Interest	560,186	-	2,391	562,577
Total expenditures	<u>11,051,062</u>	<u>7,253,966</u>	<u>318,726</u>	<u>18,623,754</u>
Revenues over (under) expenditures	(153,861)	(84,883)	(190,603)	(429,347)
Other financing sources (uses)				
Transfers in	25,000	2,477,068	202,684	2,704,752
Transfers (out)	(174,000)	(2,438,899)	(28,684)	(2,641,583)
Proceeds from long term debt	272,015	-	-	272,015
Federal contribution	-	-	-	-
Institutional contribution	(38,094)	-	-	-
Total other financing sources (uses)	<u>84,921</u>	<u>38,169</u>	<u>174,000</u>	<u>335,184</u>
Excess of revenues and other sources over (under) expenditures and other uses	(68,940)	(46,714)	(16,603)	(94,163)
Available fund balance, July 1	<u>1,047,947</u>	<u>551,010</u>	<u>634,059</u>	<u>2,233,016</u>
Available fund balance, June 30	<u><u>\$ 979,007</u></u>	<u><u>\$ 504,296</u></u>	<u><u>\$ 617,456</u></u>	<u><u>\$ 2,138,853</u></u>

TREASURE VALLEY COMMUNITY COLLEGE
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**

For the Year Ended
June 30, 2004

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2004
Operating revenues						
Sale of textbooks	\$ 810,239	\$ -	\$ -	\$ -	\$ 36,421	\$ 846,660
Food sales	-	216,823	-	-	-	216,823
Snack bar and miscellaneous	-	2,925	-	-	-	2,925
Dormitory receipts	-	-	167,355	-	-	167,355
Printing income	-	-	-	113,932	-	113,932
Miscellaneous income	39,898	-	1,291	-	18,913	60,102
Tuition and fees	-	-	-	-	583,687	583,687
Gross profit	<u>850,137</u>	<u>219,748</u>	<u>168,646</u>	<u>113,932</u>	<u>639,021</u>	<u>1,991,484</u>
Operating expenses						
Salaries	65,637	-	70,957	24,666	428,688	589,948
Employee benefits	21,526	-	20,060	9,718	-	51,304
Travel	-	-	318	-	5,075	5,393
Purchase of textbooks	571,210	-	-	-	62,964	634,174
Purchase of miscellaneous	12,252	-	-	-	-	12,252
Materials and supplies	-	2,766	20,986	72,783	86,202	182,737
Postage	1,280	-	-	-	-	1,280
Outside services	60,086	208,491	17,397	7,566	23,392	316,932
Interest expense	-	-	-	-	-	-
Postage	-	-	-	-	-	-
Other expense	1,327	2,551	20,901	1,797	60,502	87,078
Repairs and maintenance	314	3,840	5,758	-	-	9,912
Depreciation	905	3,108	10,209	15,724	10,915	40,861
Bad debts	-	-	-	-	-	-
Total operating expenses	<u>734,537</u>	<u>220,756</u>	<u>166,586</u>	<u>132,254</u>	<u>677,738</u>	<u>1,931,871</u>
Operating income	115,600	(1,008)	2,060	(18,322)	(38,717)	59,613
Retained earnings, July 1	196,701	(83,998)	(53,104)	60,031	(56,148)	63,482
Retained earnings, June 30	<u>\$ 312,301</u>	<u>\$ (85,006)</u>	<u>\$ (51,044)</u>	<u>\$ 41,709</u>	<u>\$ (94,865)</u>	<u>\$ 123,095</u>

TREASURE VALLEY COMMUNITY COLLEGE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES-AUXILIARY
For the Year Ended
June 30, 2004

	Bookstore	Food Service	Housing	Printing	Caldwell Center	Totals June 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 862,764	\$ 219,749	\$ 156,058	\$ 113,932	\$ 594,570	\$ 1,947,073
Payments to employees	(65,637)	(2,243)	(70,957)	(24,666)	(357,450)	(520,953)
Payments to suppliers	(111,474)	(215,406)	(85,420)	(91,863)	(291,288)	(795,451)
Payments to suppliers for items for resale	(608,894)				(18,086)	(626,980)
Other cash receipts		-	1,291		55,334	56,625
Net cash provided by (used by) operating activities	<u>76,759</u>	<u>2,100</u>	<u>972</u>	<u>(2,597)</u>	<u>(16,920)</u>	<u>60,314</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in interfund receivable/payable	(76,739)	195	(972)	7,839	34,121	(35,556)
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Net cash used in non-capital financing activities	<u>(76,739)</u>	<u>195</u>	<u>(972)</u>	<u>7,839</u>	<u>34,121</u>	<u>(35,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Decrease in long term lease payable	-	-	-	(5,242)		(5,242)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,242)</u>	<u>-</u>	<u>(5,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Increase in capital assets		(2,295)			(17,201)	(19,496)
Net cash used in investing activities	<u>-</u>	<u>(2,295)</u>	<u>-</u>	<u>-</u>	<u>(17,201)</u>	<u>(19,496)</u>
NET INCREASE (DECREASE) IN CASH	20	-	-	-	-	60,334
CASH BALANCE (DEFICIT) JUNE 30, 2003	<u>513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513</u>
CASH BALANCE (DEFICIT) JUNE 30, 2004	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING INCOME	<u>\$ 115,600</u>	<u>\$ (1,008)</u>	<u>\$ 2,060</u>	<u>\$ (18,322)</u>	<u>\$ (38,718)</u>	<u>\$ 59,612</u>
Adjustments to reconcile net income to net cash	-	-	-	-	-	-
Depreciation	904	3,108	10,209	15,725	10,915	40,861
(Increase) decrease in accounts receivable (net)	12,627	-	-	-	-	12,627
(Increase) decrease in inventory	(43,473)	-	-	-	-	(43,473)
(Increase) decrease in prepaid assets	(8,899)	-	-	-	-	(8,899)
Increase (decrease) in deposits payable	-	-	(11,297)	-	-	(11,297)
Increase (decrease) in deferred revenues	-	-	-	-	10,883	10,883
Net cash provided (used) by operating activities	<u>\$ 76,759</u>	<u>\$ 2,100</u>	<u>\$ 972</u>	<u>\$ (2,597)</u>	<u>\$ (16,920)</u>	<u>\$ 60,314</u>

OTHER FINANCIAL SCHEDULES

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENT OF AGENCY FUND TRANSACTIONS
For the year ended
June 30, 2004

	Beginning Balance 6/30/2003	Increase	Decrease	Ending Balance 6/30/2004
3700 Small business training	\$ 37,887	\$ 20,407	\$ 20,935	\$ 37,359
3717 Student government	20,376	142,901	146,192	17,085
3790 Student body special account	1,759	10	-	1,769
3790 Welding club	2,438	6,854	6,506	2,785
3795 Drafting club	-	-	-	-
3810 Women's basketball	1,714	3,225	2,249	2,689
4010 Mentors	1,352	-	-	1,352
4030 Art guild	0	368	100	268
4050 Athletic programs	33,122	108,973	113,728	28,367
4100 Instrumental club	357	-	328	29
4110 Baseball club	(2,610)	31,970	28,598	762
4111 Baseball Orange sales		35,681	28,142	7,539
4115 Softball club	1,056	7,958	7,351	1,663
4120 Baseball marathon		28,950	28,744	206
4130 Chukar basketball	214	2,859	3,088	(16)
4140 Chorale club	329	1,479	976	832
4142 TVCC chorale	571	-	-	571
4143 Youth orchestra	188	1,899	1,315	772
4144 Treasure Valley Symphony	350	7,579	5,563	2,366
4145 Children's chorus	-	-	-	-
4146 Musical jubilee	1	-	-	1
4147 Summer MAD camp	(1,894)	29,520	25,543	2,084
4148 Little stars	50	3,860	974	2,935
4150 Vocal jazz ensemble	1,784	7,399	8,094	1,089
4151 Jazz band	763	3,180	3,750	193
4152 Performing arts retreat	4	2,636	2,609	31
4210 Development education student support	3,135	-	-	3,135
4220 Dorm social/leadership and improvement	306	5,220	4,616	910
4230 Drama club	6,561	15,074	15,649	5,986
4240 Cinco de Mayo	1,717		147	1,570
4241 BESO Club	477	650	968	159
4250 English department travel	7,332	2,280	3,677	5,936
4251 Endeavor newspaper	-	-	-	-
4253 The Education Club		756	599	158
4260 Sunshine children's center	3,548	(3,158)	390	-
4270 AAWCC	140	100	-	240
4350 Graduation	-	4,738	3,732	1,005
4440 Insurance claim account		8,492	3,544	4,947
4460 Malheur County alcohol recovery	80	-	-	80
4485 WINGS club	661	614	360	915
4540 Nursing club	473	750	629	595
4542 Nursing background	65	510	615	(40)
4545 Nursing mobility tests	830	5,161	4,655	1,336
4550 Nyssa pop machine	24	-	-	24
4565 Support staff funds	145	-	-	145
4620 Bill White fund	15	-	-	15
4630 Phi Theta Kappa	1,594	1,990	2,201	1,384
4660 Rodeo club	1,068	16,702	14,807	2,963
4662 AG ambassdors	707	12,122	9,796	3,034
4663 Ultrasound club		776	592	184
4664 Livestock judging club	2,487	2,094	2,075	2,506
4670 Volleyball club	1,555	5,448	5,944	1,058
4680 Science field trip	198	1,357		1,555
4692 Cross country club	(78)	1,437	809	551
4693 Golf	1,736	957	1,054	1,639
4694 Soccer club	8,207	12,695	12,619	8,282
4695 Track and field club	217	-	-	217
4696 Tennis	973	3,002	2,876	1,099
4697 Foundation	281			281
Total	<u>\$ 144,265</u>	<u>\$ 547,473</u>	<u>\$ 527,138</u>	<u>\$ 164,599</u>

TREASURE VALLEY COMMUNITY COLLEGE
SUMMARY STATEMENTS OF CASH, CASH ITEMS AND INVESTMENTS - ALL FUNDS
June 30, 2004

Washington Mutual Bank	
Cash in checking	\$ 259,762
 Oregon State Treasury Local Government Investment Pool	
Cash invested	1,423,187
 Cash on hand	<u>4,198</u>
Total cash, cash items and investments	<u><u>\$ 1,687,147</u></u>

STATEMENT OF COLLATERAL SECURITY
June 30, 2004

Washington Mutual Bank	
Certificate of participation - # 40991	\$ 1,500,000
Federal Deposit Insurance Corporation - demand	<u>100,000</u>
Total U.S. Bank N.A.	<u><u>\$ 1,600,000</u></u>

TREASURE VALLEY COMMUNITY COLLEGE
STATEMENT OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2004

Tax Year	Uncollected Taxes	2003-04	(Abatement) and	Rebates		Taxes	Total	Uncollected
Special Levy	June 30, 2003	Assessment	Adjustments	Allowed	Interest	Collected	Amount Collected	Taxes
All Counties								June 30, 2004
2003-04		\$ 1,461,673	\$ (2,327)	\$ 35,885	\$ 395	\$ 1,357,061	\$1,357,456	\$ 66,796
2002-03	\$ 66,249		(491)		3	33,204	33,207	32,557
2001-02	31,604		(1,477)		37	12,969	13,007	17,195
2000-01	18,308		(1,537)		42	9,639	9,680	7,174
1999-00	6,894		(1,348)		24	5,219	5,243	351
1998-99	640		(1,284)		36	(716)	(680)	108
1997-98	403		(793)		17	(386)	(369)	14
1996-97	447		(985)		30	(521)	(492)	13
1995-96	43		(781)		20	(718)	(699)	(0)
1994-95	-		(1,159)		35	(1,124)	(1,089)	-
1993-94	82		(1,345)		40	(1,221)	(1,181)	(1)
1992-93	106		(1,392)		42	(1,245)	(1,203)	(0)
1991-92	100					100	100	(0)
1989-90	79		(42)				-	37
1988 and earlier	165						-	165
Interest & county land sales					7,873	964	8,837	
TOTAL	\$ 125,120	\$ 1,461,673	\$ (14,960)	\$ 35,885	\$ 8,593	\$ 1,413,225	\$1,421,818	\$ 124,408

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2004

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 2003-04 and 2004-05 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 2003-04 budgets; however, we noted one over expenditure in the Student Financial Aid Fund, support services function of \$38,550.

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, 2004 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, 2004 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 were not specifically tested. Each grant is subject to audit by the grantor agency and any adjustments may become

TREASURE VALLEY COMMUNITY COLLEGE
COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2004

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, 2004, 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, 2003 to June 30, 2004

Total Revenues and/or Receipts - All Funds		<u>\$22,890,643</u>
Less:		
Interfund loans and transfers	<u>\$ 2,704,752</u>	
Receipts from short-term loans	<u> </u>	
Taxes, assessments and other collections to be distributed to other governmental units	<u> </u>	<u>2,704,752</u>
Net Revenues and/or Receipts		<u>\$20,185,891</u>
Total Expenditures and/or Disbursements - All Funds		<u>\$23,197,208</u>
Less:		
Interfund loans and transfers	<u>\$ 2,641,583</u>	
Principal Payments - short-term loans	<u> </u>	
Principal Payments - bonded or other long-term debt	<u> </u>	
Principal Payments - warrants issued during prior years	<u> </u>	
Turnovers to other municipal corporations	<u> </u>	
Taxes and Assessments	<u> </u>	
Other Distributions	<u> </u>	
Other Trust Moneys	<u> </u>	<u>2,641,583</u>
Net Expenditures and/or Disbursements		<u>\$20,555,625</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	
<p>...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.</p> <p style="text-align: right;"><i>(Net Expenditures and/or Disbursements)</i></p>			

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

**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, 2004, and have issued our report thereon dated October 13, 2004. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.

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
October 13, 2004
77 W Adams Street, Burns, Oregon 97720
Phone (541) 573-6151 FAX (541) 573-5605
Toll Free 1(877)229-8706
www.opgcpa.com

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, 2004. 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, 2004.

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.

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
October 13, 2004

TREASURE VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended
June 30, 2004

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. Department of Education</u>			
Direct program			
Student Financial Assistance Cluster			
PELL Grant Program	84.063	\$ 2,307,818	\$ 2,307,818
SEOG Program	84.007	58,480	58,480
Perkins Loan Program	84.038	16,953	13,721
College Work Study Program	84.033	93,817	93,817
Direct Loan Program	84.268	2,444,281	2,444,281
		<u>4,921,349</u>	<u>4,918,117</u>
High School Equivalency Program	84.141A	239,741	239,741
English Acquisition Program/National Professional Development Program	84.195A	244,919	244,919
Total direct programs		<u>5,406,009</u>	<u>5,402,777</u>
Passed through Oregon State Department of Education			
Adult Education - Basic Grants to State			
ABE - Tuition	84.002	60,000	60,000
ABE - EL Civics Grant	84.002	32,500	32,500
ABE - Set Aside	84.002	10,000	10,000
ABE- Harney County	84.002	5,700	5,700
ABE - Program Improvements	84.002	6,670	6,670
ABE - Accountability	84.002	20,000	20,000
ABE - Tutoring	84.002	9,083	9,083
		<u>143,953</u>	<u>143,953</u>
Vocational Education - Basic Grant			
Perkins - PTB Program Areas	84.048A	7,844	7,844
Perkins - PTB Program Areas	84.048A	150,898	150,898
		<u>158,742</u>	<u>158,742</u>
Total passed through Oregon Department of Education		<u>302,695</u>	<u>302,695</u>
Total Department of Education		<u>5,708,704</u>	<u>5,705,472</u>
<u>U.S. Small Business Administration</u>			
Passed through Oregon State SBA Director			
Oregon Microenterprise Network	59.037	15,432	15,432
SBA Federal 2001-02	59.037	6,462	6,462
SBA Federal 2002	59.037	24,273	24,273
Total Small Business Administration		<u>46,167</u>	<u>46,167</u>
<u>U.S. Department of Agriculture</u>			
Direct program			
Fund for Rural America-Ultrasound Research and Education Project	10.224	633	633
Total U.S. Department of Agriculture		<u>633</u>	<u>633</u>
Total		<u>\$ 5,755,504</u>	<u>\$ 5,752,272</u>

TREASURE VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
June 30, 2004

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 general purpose 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, 2004

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 did not disclose any audit findings, which we are required to report in accordance with OMB Circular A-133.

Identification of Major Programs

Student Financial Assistance Cluster

CFDA Numbers 84.063, 84.007, 84.038, 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 no findings of reportable conditions and 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, 2004

Findings and Questioned Costs For Federal Awards

Current Year Findings

Our audit did not disclose any findings and questioned costs as defined by OMB Circular A-133 for the year ended June 30, 2004, regarding federal awards tested.

Prior Year Findings

The audit for the year ended June 30, 2003 reported no findings and questioned costs regarding the federal awards tested.