

THE GATE CITY JOURNAL
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SUBSCRIPTION RATES
 Single Copies 10c
 In Malheur County, Oregon, and Payette and Canyon Counties, Idaho:
 One Year \$4.00
 Six Months \$2.75
 Elsewhere in the U. S. A.
 Per Year \$5.00
 Six Months \$3.00

1967 NATIONAL NEWSPAPER PUBLISHERS ASSOCIATION

Published Every Thursday at Nyssa, Malheur County, Oregon

Entered at the Post Office at Nyssa, Oregon, for Transmission through the United States Mails, as a Second Class Matter under the Act of March 3, 1879.

An Editorial . . .
WHO CARES?

. . . by George

The featured article in this issue of "Your Taxes" can be of real value to every citizen in Oregon. The question is not that it happened in Treasure Valley Community College, but that it did happen in Oregon. We have long contended that Oregon has the finest combination of Budget Law and Municipal Audit Law of any state in the Union, but after this series of events we wonder if there isn't too much being taken for granted.

Blame for the near chaos might properly be placed on the shoulders of those most directly involved, the local board and administration, but certainly not without fault as the occurrences developed were the independent auditor whose responsibility is to the taxpayers of the district, the Division of Audits which is charged with maintaining prescribed standards of accounting and reporting to the State Tax Commission any irregularities in the budget procedure, and the State Tax Commission which "shall order the municipal corporation to correct its procedures in the preparation of its subsequent budgets."

From our on-the-spot review of the problems of TVCC we can't help but conclude that there were, and still are, budget irregularities in abundance at the college. Our inquiries to various officials indicate that no censure of any kind is contemplated. We would hope, as a minimum, that our investigation will provoke the Commission to order corrective procedures, if, in fact, our findings prove to be violations of, or deviations from, the Local Budget Law.

We strongly recommend to the Board and officials of the district that the budget be re-published to conform to the Budget Law, not only revealing to the patrons of the district the financial plans of the college, but the intended disposition of receipts from the sale of the recently-approved bonds. At the very least, a supplemental budget is mandatory prior to the expenditure of any bond proceeds in the coming fiscal year.

PROLOGUE

The people of Treasure Valley Community College have revealed, by their vote on both the budget of the college for the coming year and their approval of the bond issue, their support for the institution. In so doing, they have recognized their responsibility to some 3,000 persons furthering their education at the college, and respected their moral obligation to the bank. In our investigation we found no one who condoned or defended what happened.

How did it happen? The answer is simple. Those charged with the management of the financial affairs of the college did not follow the law in the budgeting and expenditure of public funds. Others with the responsibility of overseeing and gaining compliance with the law, either failed in carrying out their duties or were ignorant of the state of affairs in the operation of the college.

Was the Board of Education of Treasure Valley a group of incompetents? Certainly not. The Board was made up of men of unusually high integrity and all of them have displayed competence in the handling of their personal affairs. The Board made no attempt to shed its responsibility for what happened, but what they did was to place their trust in a paid administrator with a unique ability for mis-managing the financial affairs of the college.

That our investigation will bear fruit is, of course, a matter of speculation. As this is being written, we are aware of the interest of certain state officials in trying to bring order out of near chaos. But we are equally aware that some will choose to brand Oregon Tax Research as "aggravers" because of a series of complaints lodged with community colleges in total.

We would remind those who make such charges that community colleges undertake identical responsibilities along with the other 1300 municipal corporations in the state and we are a better friend of community colleges than are some misguided or poorly advised college administrators. We're only asking or seeking what is demanded from all public corporations, because, after all, OTR cares.

FINANCIAL CHAOS

(Continued from page 1)

fined to the current fiscal year which contravened and violated numerous sections of the Local Budget Law.

Preceding Fiscal Year 65-66 Budget Overspent

The audit for the fiscal year ending June 30, 1966, reveals expenditures from the General Fund were \$176,836.98 greater than the amount budgeted. Over-expenditures were principally occurred for classroom instruction (\$15,102.84) Capital Outlay (\$115,843.44) and new buildings (\$75,898.50). These over-expenditures were offset by under-expenditures in other categories leaving a net over-expenditure of \$176,836.98.

Expenditures in excess of amounts budgeted is expressly prohibited by ORS 294.435 which provides that after the governing body has adopted resolutions making the appropriations, "thereafter no greater expenditure of public money shall be made for any specific purpose than the amount appropriated therefor . . ."

On May 6, 1963, voters in the Treasure Valley Community College District approved a three year serial levy in the amount of \$42,000 to be used for construction purposes. With the expiration of the serial levy, the voters subsequently approved on September 22, 1965 an additional five year serial levy for the same amount. Each year since the serial levy was legally authorized by the voters, the levy has been extended on the tax rolls and the receipts turned over to the community college district. However, the serial levy has never been budgeted.

Not only does the law require that such funds be budgeted, but ORS 280.110 specifically requires that the funds from such a levy be kept in a fund separate and distinct from other funds and retained or expended only for the purpose for which the fund was created. There is no contention that the funds from the serial levy were expended for any other purpose than which they were intended but is cited only as one of many instances where the Treasure Valley Community College disregarded the law in the budgeting and expenditure of funds.

Another violation occurred with respect to the serial levy in 1965. In that year, the amount of the serial levy certified to the County Assessor was \$56,000 which resulted from an illegal \$14,000 being allowed for discounts and delinquencies. The Attorney General issued an opinion stating that it is not permissible to extend a serial levy in an amount greater than authorized by the voters. A \$5,000 override was certified to the county assessor in 1966 but was voided by the County Assessor at the instigation of OTR.

Unbudgeted Funds

An examination of the audit for the fiscal year ending June 30, 1966 reveals Treasure Valley Community College operated a number of funds that were not included in the budget. With the possible exception of the Student Body Fund, all of these unbudgeted funds were of a nature that should have been budgeted. The funds indicated by the auditor to be unbudgeted and the amount expended from these funds for the year ending June 30, 1966 are as follows:

Disbursement Unbudgeted Funds

Student Body Fund	\$ 9,938.96
Housing and Food Service	6,596.75
Federal Funded Instruction not determined ()	
Bookstore Fund	39,377.65
Athletic Fund	8,484.04
Foundation Fund	9,203.40
Work Study Fund	105,003.13

ORS 294.361 requires each municipal corporation to estimate in detail its budget resources for the ensuing year by funds and sources. The Budget Law is specific in the kinds of resources which must be included, and leaves no doubt that the source of revenue from which the unbudgeted expenditures were made should be budgeted. The cardinal principle of the Local Budget Law is that no expenditure shall be made without an appropriation authorizing the expenditure.

The failure of the Treasure Valley Community College to adhere to this one simple principle was directly responsible for the near financial collapse of the college.

Actual Salaries Not Revealed in Budget

The Local Budget Law (ORS 294.351) requires that an estimate of expenditures be prepared by funds and itemized to disclose fully (boldface ours) all proposed expenditures therein. So far as the estimate for personal services (salaries) is concerned, the law requires, except for persons who receive hourly wages, the full salary for each officer and each employee to be listed. It is permissible to group the salaries of like classification and salary so long as the range does not exceed \$600 per annum spread between minimum and maximum salaries of like classification.

The budget document covering the fiscal year ending June 30, 1967 contains a summary of expenditures for personal services. The casual observer examining the document could conclude that no instructor at the institution receives a salary greater than \$8,899 per annum. However, this is not the case. The college engaged in the deceptive and questionable practice of not reporting the full salary paid certain individuals employed at the college on a 12 month basis. As an example, the actual salary received by the business manager for the current fiscal year is \$13,000, as opposed to the \$10,250 reported in the budget.

OTR is not privy to the salary records of the college and is uncertain as to what extent this practice was utilized throughout the salary schedules. Inquiry by OTR, as to why this practice was followed, brought the response it was feared budgeting the full 12 month salary would cause dissension among other teachers in the community. The point which should forcibly be made is that there is no room for this type of deception in handling the affairs of a municipal corporation.

Audit Report Not Critical

The audit report covering the operation of the Treasure Valley Community College for the fiscal year ending June 30, 1966 was transmitted to the college on January 27, 1967. The letter of transmittal, from the auditor, to the Board of Education of the college, ac-

(Continued on page 3)

Without Supervision

The Journal is carrying the entire report of Oregon Tax Research following their exhaustive study of conditions of TVCC's financial conditions and the causes.

It should serve as a warning of what can occur without proper supervision and failure to follow laws set up to protect the interest of taxpayers.

It answers, in an unbiased manner, a number of questions asked by Journal readers immediately prior to the May 24 election on the budget and bond issues. But it should not be considered as opening a breach that has been closed. The board has taken many corrective steps and should have the full cooperation of all citizens in their efforts to right the wrongs.

Ronald W. Batt Still Improving

Sp/4 Robert W. Batt telephoned his parents, Mr. and Mrs. Ronald Batt, Tuesday to notify them that his condition is improving.

He reported that he is now able to move his hands and arms. The artificial kidney machine is now used occasionally and will soon be discontinued.

Robert will be hospitalized at Walter Reed hospital for several months more undergoing therapy to regain the use of his hands and arms.

Longs Entertain Senior Citizens

A potluck dinner meeting of the area's senior citizens was held Friday on the lawn at the home of Dr. and Mrs. John E. Long.

Those with anniversaries in April, May and June were honored with birthday refreshments.

Next meeting will be at 10:30 a.m. Friday on the Long lawn. In case of inclement weather, the group will meet in the Methodist church basement. All area residents, 55 years of age or older, are cordially invited to attend the semi-weekly gatherings.

Mr. and Mrs. Arch Hunter of Woods Cross, Utah were recent weekend guests of cousins, Mr. and Mrs. Jesse Elgan. The Nyssa couple planned to leave Wednesday for Bountiful, Utah to attend an Elgan family reunion on July 1. They plan to be gone for several days.

NAZARENE Church News

Members of the Nazarene church are planning a Fourth of July picnic to be held at the Apple Valley School.

An invitation is extended to all the members and friends of the church to share in this holiday picnic.

David Alexander, president of the young adult fellowship, is general chairman for the picnic arrangements.

This family event will include a pot-luck dinner with games and activities throughout the afternoon. The schedule of activities is set to begin around 11:00 a.m. with the meal to begin at 12:30 p.m. Games and races and other events will follow.

Youth Camp will be held at Victory Cove in McCall, Ida. The schedule of activities are boys camp for ages 9-11, July 10-15; junior high camp, July 17-22; senior high camp, July 24-29; and girls camp for ages 9-11, July 31-August 5.

FAITH LUTHERAN CHURCH NOTES

Members of Faith Lutheran church will meet for a family potluck picnic at 5 p.m. Sunday, July 2 in Nyssa south park. Luther League members are organizing plans for the picnic and recreational activities.

Confirmation on Ghoulish Acts Sought by Fry

The commander in chief of the Veterans of Foreign Wars of the United States, Leslie M. Fry, on June 12, called on the Attorney General "to immediately investigate reports that antiwar groups here in the United States have asked North Vietnamese troops to strip American military wounded and dead of personal effects for use by these protest groups."

"The report, emanating from Saigon, claimed that this ghoulish order was found in a document taken from a captured North Vietnamese officer. The document is reported to say in part: 'These American protest groups requested us to provide them with the personal articles of American soldiers, killed or wounded, such as identification cards, letters, pictures, personal papers, handkerchiefs, notebooks and diaries . . .'

"Our government must confirm or deny this report. If it is factual, we must know who the 'protest groups' are and stringent action must be taken immediately. This inhuman effort is beyond my comprehension. If the report is true, the 'protest groups' have now gone too far."

"The American people have allowed these antiwar peaceniks full rein in their efforts to subvert and destroy United States policy in Southeast Asia. The vast segment of American opinion will rise against these peaceniks if this horrendous report is true. These people must not be allowed to carry out their intended crime against the families and loved ones of our brave men killed and wounded while fighting for peace in viet Nam. They must be publicly identified and appropriate action taken immediately by our government." (The Stars and Stripes) June 15, 1967.

Obituaries

Elizabeth Rhodes

Funeral rites for Elizabeth Hoover Rhodes, 71, will be conducted at 3 o'clock this afternoon at the Vale Ward of the LDS church. Interment will be made in Valley View cemetery, under direction of High's chapel.

Mrs. Rhodes, a native of Kansas, succumbed Monday at Malheur Memorial hospital in Nyssa, following an extended illness. She had been a resident of Malheur county since 1950. In addition to her husband, Hulon Rhodes of Jamleson, she is survived by three brothers and one sister.

The family has suggested that contributions be made to a memorial fund established to benefit the Nyssa hospital.

James Farmer

Services for James Farmer, father of the late Warren Farmer of Nyssa, were conducted Tuesday afternoon, June 27, 1967 at Relyea chapel in Boise, with interment made in the Nyssa cemetery.

Mr. Farmer, 88, succumbed Friday at his home, following an extended illness.

The deceased had been active in sheep ranching and farming in Idaho and Oregon since prior to 1900. He was a member of the LDS church, was a past vice president of the Idaho Wool Growers association and past director of the Livestock Production Credit association.

Mr. Farmer was a member of the Boise Rotary, Arid and Hillcrest Country clubs.

Survivors include his widow, Ruby of Boise, six children, 23 grandchildren and 19 great-grandchildren.

Grandchild Arrives

A daughter was born Sunday morning, June 25, 1967 to Mr. and Mrs. Allan Rainsberry at Holy Rosary hospital in Ontario. The six-pound, 15 1/2 ounces infant is the couple's first child and has been named Susan Marie.

Maternal grandparents are Mr. and Mrs. Homer Wood of Nyssa.

New Arrivals

June 23 — To Mr. and Mrs. Marvin Bowers of Adrian an 8-pound, 3-ounce boy, David Wayne.

June 26 — To Mr. and Mrs. Orville Jacobson of Nyssa a 7-pound, 8-ounce girl, Elizabeth Diane.



Floyd Rhodes (on left), outgoing president of Nyssa Lions club; and Richard Forbess, newly elected president, display memorial plaques to be given to families of the late Warren Farmer and Thomas G. Jones. The deceased men were long-time members of the organization. Journal Photo.

Salesman Attends Georgia School

Bob McKinney, salesman for Owyhee Truck and Implement company returned to Nyssa Saturday following an intensive one-week training course on tractors and farm equipment at International Harvester's training center at Tifton, Ga. He, along with 20 other men from all parts of the U. S., studied and operated a large number of tractors, tillage and hay machines in actual field conditions.

IH Introduces New Type Farm Tractor



Introduction of the first hydrostatic-drive farm tractor was announced here today by D. A. Erickson, Owner of Owyhee Truck and Implement Company of Nyssa. Commenting on the new tractor, just released by International Harvester Company, Mr. Erickson said, "The hydrostatic Farmall '656' is the first farm tractor that gives the user any speed he wants from 9 in reverse to 20 mph forward, and changes speed on-the-go, without the use of a clutch and without changing the throttle."

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