FINANCIAL CHAOS

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Valley Community College, indicating that the college would make no further claim for state funds for the remainder of the current fiscal year. At the time the letter was received $148,000 remained in the state appropriation for community college buildings, all of which could have been claimed by the college.

Appropriations Over-Spent in Current Fiscal Year

All of the questionable practices of the preceding fiscal year were continued into the current fiscal year. Expenditures were made without regard to the amount budgeted for a particular item. Resources and appropriations were juggled from one account to the other within the General Fund but not in a single instance do the minutes of the Board reveal the transfers were approved by the Board as required by ORS 294.450. The full extent which the various categories have been over-spent can only be determined when a full and complete audit has been made of the operation of the college after the close of the current fiscal year on June 30, 1967.

But the extent by which some items have been over-spent is revealed in a letter dated May 3, 1967, to the Board of Education from Mr. John Fowler, CPA, who conducts the annual audit for Treasure Valley Community College. Mr. Fowler's letter, in part, states: "the budget for the current (fiscal) year, as approved by the voters of the District, provided for an expenditure not to exceed $67,551 for all capital outlay; therefore it follows that expenditures in the amount of $180,090.01 which have been for site improvement, furniture, fixtures, equipment and other capital outlay, should never have been paid by the General Fund." What Mr. Fowler didn't say was that the expenditure should not have been made. Precisely from what other fund the expenditure could have been made is not clear since the college had only one budgeted fund, the General Fund.

There is reason to believe that the expenditure for personal service exceeds the amounts budgeted. A letter of inquiry to Mr. Fowler brought the response . . . "After consulting with Mr. Schroeder, Chairman of the Board of Education, we have reached a conclusion that a comparison of unaudited current year budget items would tend to add to the confusion rather than improve any financial presentation.'

Mr. Fowler advised that he had been instructed by the Chairman of the Board of Education to furnish OTR with a copy of the new audit as soon as it had been completed.

The Roof Caved In

Exactly when the Treasure Valley Community College awoke to the fact that they were in deep financial trouble is not clear. But it would be safe to assume officials of the college should have suspected something was wrong by February 28, when faced with $475,000 in promissory notes due and no funds in sight with which to meet their obligations.

The Board of the Treasure Valley Community College in their report seeking to explain the situation to the people suggests . . . "the problem did not become apparent until after the Board of Education, at the suggestion of the President, employed an independent auditor to review the material in depth" . . . .

As soon as the Board realized the precarious situation of the college, it did the only thing possible and that was to go to the people and ask that they approve a $735,000 bond issue.

May 24, 1967, Treasure Valley Community College submitted to the voters of the district, a bond issue for $735,000. At the same election, the budget covering the operations of the college for 1967-68 fiscal year was submitted. The amount of the bond issue was determined by estimating the amount of revenue needed to meet expenses for the remainder of the current school year plus the amounts needed to meet unpaid obligations. Added to these amounts were the estimated local requirements for construction and equipment for the 1967-68 fiscal year. The amount of the bond issue was determined from the following estimates of need:

ASSETS:		
Cash, 1st National Bank	$102,086.44	
Accounts Receivable	46,971.49	
Total		$149,057.93
LIABILITIES & RESERVES:		
Payroll (May, June, 1967)	$155,900.00	
Owing Federal Government	9,211.42	
Work Study Program	9,211.42	
Notes, First National Bank	477,520.00	
Unpaid Bills:		
Misc. (through 5-2-67)	53,100.00	
Architect	10,170.09	
Contractor	10,000.00	
Folding Doors	14,000.00	
Reserved for Construction and Equipment 1967-68	229,500.00	
Total		$968,768.46
Difference		819,710.53
Less:		
Proposed deficit (7-1-67)		(91,095.46)
Bondable Net		$728,615.07
Estimated Cost of Bonding		6,384.93
Bondable Gross		$735,000.00

From Rags to Riches

Voters of the Treasure Valley Community College overwhelmingly approved the bond issue for $735,000 and the fiscal year 1967-68 operating budget totalling $1,262,245. In authorizing the bond issue, the voters also voted to discontinue the $42,000 serial levy.

The budget for the coming fiscal year continues many practices of the preceding years. Receipts and expenditures from a number of funds are not budgeted and the salary schedule does not reveal the full salary of certain employes.

Availability of the revenue from the sale of the bonds offers the college a number of alternatives in financing the coming year's operation. When OTR

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