

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA
Deborah Adcock, CPA
Michael D. Rogers, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
jwlsla@cox - internet.com

Independent Auditor's Report

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

The Board of Trustees
Trinity Valley Community College
100 Cardinal Drive
Athens, Texas 75751

Members of the Board of Trustees:

Compliance

We have audited the compliance of Trinity Valley Community College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2003. Trinity 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 Trinity Valley Community College's management. Our responsibility is to express an opinion on Trinity 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; *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*; and State of Texas Single Audit Circular. Those standards and Circulars 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 Trinity 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 Trinity Valley Community College's compliance with those requirements.

In our opinion, Trinity 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 August 31, 2003. There were no major state programs.

Internal Control Over Compliance

The management of Trinity Valley Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Trinity Valley Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133. There were no major state programs.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 for the information and use of Trinity Valley Community College's Board of Trustees, management, federal and state awarding agencies, and pass-through entities, and is not intended to be used and should not be used by anyone other than those specified parties.

Respectfully submitted,

Smith, Lambright & Associates, P.C.

SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

November 11, 2003

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number		Federal Expenditures
U.S. SMALL BUSINESS ADMINISTRATION				
<u>Pass-Through Programs From:</u>				
Dallas Community College District				
Business Development Center:				
Small Business Development Center Prog.	59.037			
09/01/02 - 09/30/02		0046-16	\$ 11 388	
10/01/02 - 08/30/03		0046-17	<u>66 610</u>	
Subtotal Small Business Development Center Prog.				\$ 77 998
TOTAL U.S. SMALL BUSINESS ADMINISTRATION				\$ 77 998
 U.S. DEPARTMENT OF EDUCATION				
<u>Direct Programs:</u>				
Student Financial Aid - Cluster:				
Federal Supplemental Education				
Opportunity Grant (SEOG)	84.007			
07/01/02 - 06/30/03			58 198	
07/01/03 - 06/30/04			<u>200</u>	
Subtotal SEOG				\$ 58 398
Federal Family Education Loans (Note 4)	84.032			
Federal College Work - Study Program (FCWS)	84.033			
07/01/02 - 06/30/03			56 289	
07/01/03 - 06/30/04			<u>1 082</u>	
Subtotal FCWS				57 371
Federal Perkins Loan Program (Note 4)	84.038			-
Federal Pell Grant Program (PELL) (See Note 7)	84.063			
07/01/02 - 06/30/03			3 525 858	
07/01/03 - 06/30/04			<u>237 305</u>	
Subtotal PELL				<u>3 763 163</u>
Total Student Financial Aid Cluster				3 878 932
 Trio - Cluster:				
Student Support Services (See Note 7)	84.042			<u>290 262</u>
Total Direct Programs, U.S. Department Of Education				\$ 4 169 194

See auditor's reports and notes. The notes to this schedule are on the following pages.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
--	---------------------------	-------------------------------------	-------------------------

Pass-Through Programs From:

Texas Education Agency:

National Literacy Act (Federal)			
Adult Basic Education (ABE)	84.002		
Section 223		341000352	\$ 5 302
Section 225		341000252	24 972
Section 231		341000152	177 179
Section 231 - EL Civics		341000852	99 993
Section 223 - EL Civics		341000852223	<u>1 993</u>

Subtotal ABE \$ 309 439

Total Pass-Through from the Texas Education Agency 309 439

Texas Higher Education Coordinating Board:

Carl Perkins Vocational Education	84.048	34251	<u>434 982</u>
-----------------------------------	--------	-------	----------------

Total Texas Higher Education Coordinating Board 434 982

University of Texas at Tyler:

East Texas Tech - Prep Consortium at UT-Tyler Program	84.243	-	<u>8 750</u>
--	--------	---	--------------

Total Pass-Through from the University of Texas at Tyler 8 750

Total Pass - Through Programs, U.S. Department of Education 753 171

TOTAL U. S. DEPARTMENT OF EDUCATION 4 922 365

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

Pass-Through Programs From:

Texas Education Agency:

Adult Basic Education - Temporary	93.558		
Assistance for Needy Families (TANF)			
10/01/02 - 09/30/03		236250152	<u>37 395</u>
Subtotal TANF			<u>37 395</u>

TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES 37 395

TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES \$ 5 037 758

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

Note 1: Federal Assistance Reconciliation

Federal Revenues - Per Exhibit 2	\$ 5 037 759
Rounding	<u>-1</u>
Total Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 5 037 758</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in the schedule are reported for Trinity Valley Community College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the college for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the financial statements. Separate accounts are maintained for the different awards to aid in the observance of restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Expenditures from Federal Funds Not Subject to A-133 Audit (Single Audit)

None

Note 4: Student Loans Processed and Administrative Costs Recovered

The following are student loans from financial institutions processed/facilitated by Trinity Valley Community College during the period from September 1, 2002 through August 31, 2003.

<u>Federal Grantor/CFDA Number/ Program Name</u>	<u>Federal CFDA Number</u>	<u>New Loans Processed</u>	<u>Administrative Cost Recovered</u>	<u>Total Loans Processed and Administrative Cost Recovered</u>
U.S. Department of Education: Federal Family Education Loans	84.032	<u>\$2 394 254</u>	<u>\$ 0</u>	<u>\$ 2 394 254</u>

Trinity Valley Community College had the following loan balances outstanding at August 31, 2003. These loan balances outstanding are not included in the federal expenditures presented in the schedule because they are prior year expenditures with minimal current year compliance requirements. Trinity Valley Community College has filed Federal Perkins Loan Program Liquidation Requests to Discontinue Participation in the Program, and does not currently participate in the Federal Perkins Loan Program.

<u>Federal Grantor/CFDA Number/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
U.S. Department of Education: Federal Perkins Loan Program	84.038	<u>\$ 138 674</u>

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed Through by the College

None

Note 7: CFDA Numbers

The "Schedule of Expenditures of Federal Awards" is arranged in ascending CFDA number order except in the U.S. Department of Education Direct Program Area. The "Student Support Services" program is not in numerical order in this area because it is a part of the TRIO Cluster, not the Student Financial Aid Cluster.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

State Grantor/ Pass-Through Grantor/ Program Title	Grantor's Number		State Expenditures
TEXAS EDUCATION AGENCY			
<u>Direct Programs:</u>			
Adult Basic Education - State	101000152	\$ 46 281	
Adult Basic Education - TANF	101100152	<u>14 771</u>	
Subtotal Adult Basic Education			\$ 61 052
TOTAL TEXAS EDUCATION AGENCY			<u>61 052</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD			
<u>Direct Programs:</u>			
Nursing Innovation Grant Program			11 762
Texas College Work Study Program			6 296
Certified Educational Aide Program			25 951
Early High School Graduation Program			8 779
Texas Grant Allocation			89 189
Texas National Guard Program			<u>775</u>
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD			<u>142 752</u>
TELECOMMUNICATION INFRASTRUCTURE FUND BOARD (TIFB)			
<u>Direct Programs:</u>			
TIFB Grant - HE4C	QE-2002-HE4C-7234	103 970	
TIFB Grant - HTA2S	QE-2001-HTA2S-5460	<u>64 329</u>	
TOTAL TELECOMMUNICATION INFRASTRUCTURE FUND BOARD			<u>168 299</u>
TEXAS DEPARTMENT OF HEALTH			
<u>Direct Programs:</u>			
ECA Training Program # 33184	HB-2446	\$ 3185	
TOTAL TEXAS DEPARTMENT OF HEALTH			<u>\$ 3 185</u>

See auditor's reports and notes.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

State Grantor/ Pass-Through Grantor/ Program Title	Grantor's Number	State Expenditures
TEXAS WORKFORCE COMMISSION		
<u>Pass-through Programs From:</u>		
Texas Workforce Commission to Dallas Community College District, Business Development Center to TVCC's Small Business Development Center Program:		
09/01/02 - 09/30/02		\$ 2 379
10/01/02 - 08/31/03		<u>22 435</u>
Subtotal Small Business Development		\$ <u>24 814</u>
TOTAL TEXAS WORKFORCE COMMISSION		<u>24 814</u>
TOTAL STATE FINANCIAL ASSISTANCE EXPENDITURES		<u>\$ 400 102</u>

See auditor's reports and notes.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2003

Note 1: Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of Trinity Valley Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the 1998 State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2: State Financial Assistance Reconciliation

State Grants and Contracts, - per Exhibit 2	\$ 400 101
Rounding	<u> +1</u>
Expenditures of State Awards, Per Schedule of Expenditures of State Awards	<u>\$ 400 102</u>

Note 3: Expenditures from State Funds Not Subject to the Single Audit Circular

None

Note 4: Texas Public Education Grants (TPEG)

During the year ended August 31, 2003, these grants were made to students:

1) Residents	\$ 106 872
2) Non-residents	<u> 450</u>
Total	<u>\$ 107 322</u>

These amounts are not disclosed on the Schedule of Expenditure of State Awards because all payments were funded from local tuition resources.

Note 5: Schedule of Findings and Questioned Costs

State program information and Federal program information is combined in the "Schedule of Findings and Questioned Costs.

Note 6: Major State Programs

There were no major state programs.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2003

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards and State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>State #</u>	<u>Name of Federal or State Program or Cluster</u>
84.002	None	Adult Basic Education - Cluster
84.007; 84.032; 84.033; 84.038; 84.063	None	Student Financial Aid - Cluster
84.048	None	Carl Perkins Vocational Education

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2003

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD PROGRAMS AUDIT QUESTIONED COSTS

No matters were reported

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF CORRECTED ACTION FOR AUDIT
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2003

This schedule was not used. There were no findings or questioned costs.

TRINITY VALLEY COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2003

There are no unresolved audit findings from prior years.