

OTHER REPORTS

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 AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

Members of the Board of Trustees:

We have audited the financial statements of Trinity Valley Community College as of and for the year ended August 31, 2005, and have issued our report thereon dated November 18, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trinity 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 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 the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused

by error or fraud 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 consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trinity Valley Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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**.

This report is intended solely 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 18, 2005

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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, 2005. 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, 2005. 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 reportable 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 caused by error or fraud 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 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 18, 2005

SCHEDULES

Trinity Valley Community College
 Schedule of Operating Revenues
 For the Year Ended August 31, 2005 (with Memorandum Totals for the Year Ended August 31, 2004)

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Educational Activities</u> | <u>Auxiliary Enterprises</u> | <u>2005 Total</u> | <u>2004 Total</u> |
|--|---------------------|---------------------|---|----------------------------------|-----------------------|-----------------------|
| Tuition: | | | | | | |
| State Funded Credit Courses: | | | | | | |
| In-District Resident Tuition | \$ 1 087 451 | \$ | \$ 1 087 451 | \$ | \$ 1 087 451 | \$ 1 071 535 |
| Out-of-District Resident Tuition | 929 785 | | 929 785 | | 929 785 | 864 939 |
| Non-resident Tuition | 110 164 | | 110 164 | | 110 164 | 129 013 |
| TPEG - Credit (Set Aside)* | 126 861 | | 126 861 | | 126 861 | 126 093 |
| State Funded Continuing Education | 181 727 | | 181 727 | | 181 727 | 197 934 |
| TPEG -Non- Credit (Set Aside)* | 8 561 | | 8 561 | | 8 561 | 7 621 |
| Non-State Funded Educational Programs | 71 393 | | 71 393 | | 71 393 | 127 459 |
| Total Tuition | <u>2 515 942</u> | <u>0</u> | <u>2 515 942</u> | <u>0</u> | <u>2 515 942</u> | <u>2 524 594</u> |
| Fees: | | | | | | |
| General Fee | 1 698 053 | | 1 698 053 | | 1 698 053 | 1 658 887 |
| Out-of-District Fee | 747 734 | | 747 734 | | 747 734 | 710 200 |
| Laboratory Fee | 344 985 | | 344 985 | | 344 985 | 337 810 |
| Distance Learning Fee | 79 934 | | 79 934 | | 79 934 | 65 045 |
| Installment Plan Fee | 29 015 | | 29 015 | | 29 015 | 29 415 |
| Non-Funded Course Fee | 38 643 | | 38 643 | | 38 643 | 0 |
| Other Fees | 18 548 | | 18 548 | | 18 548 | 21 161 |
| Total Fees | <u>2 956 912</u> | <u>0</u> | <u>2 956 912</u> | <u>0</u> | <u>2 956 912</u> | <u>2 822 518</u> |
| Scholarship Allowances and Discounts: | | | | | | |
| Scholarship Allowances | (393 349) | | (393 349) | | (393 349) | (462 393) |
| Remissions and Exemptions - State | (41 078) | | (41 078) | | (41 078) | (33 204) |
| Remissions and Exemptions - Local | (160 656) | | (160 656) | | (160 656) | (156 374) |
| TPEG Allowances | (103 586) | | (103 586) | | (103 586) | (78 169) |
| Federal Grants to Students | (1 385 537) | | (1 385 537) | | (1 385 537) | (1 257 284) |
| State Grants to Students | (66 964) | | (66 964) | | (66 964) | (69 583) |
| Total Scholarship Allowances | <u>(2 151 170)</u> | <u>0</u> | <u>(2 151 170)</u> | <u>0</u> | <u>(2 151 170)</u> | <u>(2 057 007)</u> |
| Total Net Tuition and Fees | <u>3 321 684</u> | <u>0</u> | <u>3 321 684</u> | <u>0</u> | <u>3 321 684</u> | <u>3 290 105</u> |
| Additional Operating Revenues: | | | | | | |
| Federal Grants and Contracts | 48 327 | 6 615 850 | 6 664 177 | | 6 664 177 | 6 166 218 |
| State Grants and Contracts | | 293 699 | 293 699 | | 293 699 | 384 777 |
| Local Grants and Contracts | | 2 821 | 2 821 | | 2 821 | 27 394 |
| Non-Governmental Grants and Contracts | | 71 469 | 71 469 | | 71 469 | 10 349 |
| Sales and Services of Educational Activities | 385 374 | | 385 374 | | 385 374 | 361 678 |
| General Operating Revenues | 182 480 | | 182 480 | | 182 480 | 319 273 |
| Total Additional Operating Revenues | <u>616 181</u> | <u>6 983 839</u> | <u>7 600 020</u> | <u>0</u> | <u>7 600 020</u> | <u>7 269 689</u> |
| Auxiliary Enterprises: | | | | | | |
| Residential Life | | | 0 | 1 085 484 | 1 085 484 | 993 105 |
| Less: Scholarship Allowances and Discounts | | | 0 | (551 265) | (551 265) | (499 965) |
| Bookstore | | | 0 | 2 354 664 | 2 354 664 | 2 406 609 |
| Less: Scholarship Allowances and Discounts | | | 0 | (864 706) | (864 706) | (807 133) |
| Athletics | | | 0 | 30 523 | 30 523 | 26 866 |
| Other Auxiliary Enterprises | | | 0 | 39 108 | 39 108 | 37 294 |
| Total Auxiliary Enterprises | <u>0</u> | <u>0</u> | <u>0</u> | <u>2 093 808</u> | <u>2 093 808</u> | <u>2 156 776</u> |
| Total Operating Revenues | <u>\$ 3 937 865</u> | <u>\$ 6 983 839</u> | <u>\$ 10 921 704</u> | <u>\$ 2 093 808</u> | <u>\$ 13 015 512</u> | <u>\$ 12 716 570</u> |
| | | | | | (Exhibit 2) | (Exhibit 2) |

The Accompanying notes are an integral part of the financial statements.

* In accordance with Education Code 56.033, \$135,422, and \$133,714 for years August 31, 2005 and August 31, 2004, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Trinity Valley Community College
 Schedule of Operating Expenses by Object
 For the Year Ended August 31, 2005 (with Memorandum Totals for the Year Ended August 31, 2004)

| | Operating Expenses | | | August 31, 2005 Total | August 31, 2004 Total | |
|---|-----------------------|---------------------|---------------------|-----------------------------|-------------------------------------|-------------------------------------|
| | Salaries and Wages | Benefits | | | | Other Expenses |
| | | State | Local | | | |
| Unrestricted - Educational Activities | | | | | | |
| Instruction | \$ 7 948 157 | | \$ 1 046 728 | \$ 726 754 | \$ 9 721 639 | \$ 9 683 086 |
| Public Service | 109 365 | | 40 367 | 27 200 | 176 932 | 144 592 |
| Academic Support | 1 311 893 | | 141 487 | 711 793 | 2 165 173 | 1 559 289 |
| Student Services | 1 261 844 | | 164 161 | 244 217 | 1 670 222 | 1 614 076 |
| Institutional Support | 1 203 908 | | 321 154 | 531 455 | 2 056 517 | 2 251 679 |
| Operation and Maintenance of Plant | 778 967 | | 291 378 | 1 458 420 | 2 528 765 | 2 248 386 |
| Scholarships and Fellowships | | | | | | |
| Total Unrestricted Educational Activities | <u>12 614 134</u> | <u>0</u> | <u>2 005 275</u> | <u>3 699 839</u> | <u>18 319 248</u> | <u>17 501 108</u> |
| Restricted - Educational Activities | | | | | | |
| Instruction | 252 448 | 1 121 121 | 52 899 | 431 508 | 1 857 976 | 1 876 148 |
| Public Service | 99 338 | 14 592 | 27 807 | 28 353 | 170 090 | 159 195 |
| Academic Support | | 203 779 | | | 203 779 | 180 592 |
| Student Services | 405 624 | 234 943 | 80 872 | 109 950 | 831 389 | 779 124 |
| Institutional Support | 29 892 | 248 584 | | 931 | 279 407 | 211 226 |
| Operation and Maintenance of Plant | | 40 922 | | 120 000 | 160 922 | 41 576 |
| Scholarship and Fellowship | | | | 2 891 367 | 2 891 367 | 2 790 309 |
| Total Restricted Educational Activities | <u>787 302</u> | <u>1 863 941</u> | <u>161 578</u> | <u>3 582 109</u> | <u>6 394 930</u> | <u>6 038 170</u> |
| Total Educational Activities | 13 401 436 | 1 863 941 | 2 166 853 | 7 281 948 | 24 714 178 | 23 539 278 |
| Auxiliary Enterprises | 311 122 | | 79 491 | 2 583 124 | 2 973 737 | 3 078 751 |
| Depreciation Expense - Building and Other Real Estate Improvements | | | | 472 247 | 472 247 | 450 118 |
| Depreciation Expense - Equipment and Furniture and Library Books | | | | 400 231 | 400 231 | 257 496 |
| Total Operating Expenses | <u>\$ 13 712 558</u> | <u>\$ 1 863 941</u> | <u>\$ 2 246 344</u> | <u>\$ 10 737 550</u> | <u>\$ 28 560 393</u> (Exhibit 2) | <u>\$ 27 325 643</u> (Exhibit 2) |

The Accompanying notes are an integral part of the financial statements.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2005
(with Memorandum Totals for the Year Ended August 31, 2004)

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Auxiliary Enterprises</u> | <u>2005 Total</u> | <u>2004 Total</u> |
|-------------------------------------|-----------------------------|----------------------------|----------------------------------|--|--|
| NON-OPERATING REVENUES: | | | | | |
| State Appropriations: | | | | | |
| Education and General State Support | \$ 10 323 261 | \$ | \$ | \$ 10 323 261 | \$ 10 323 431 |
| State Group Insurance | | 1 218 021 | | 1 218 021 | 1 175 286 |
| State Retirement Matching | | 645 920 | | 645 920 | 685 917 |
| Remedial Education | | | | 0 | 0 |
| Nursing Growth | | | | 0 | 8 703 |
| Other | | <u>430</u> | | <u>430</u> | <u>335</u> |
| Total State Appropriations | 10 323 261 | 1 864 371 | 0 | 12 187 632 | 12 193 672 |
| Maintenance Ad Valorem Taxes | 4 656 766 | | | 4 656 766 | 4 268 699 |
| Gifts | 1 600 | 65 399 | | 66 999 | 47 386 |
| Investment Income | 257 860 | 24 475 | 29 173 | 311 508 | 210 289 |
| Capital Insurance Proceeds | | | | 0 | 233 259 |
| Other Non-Operating Revenue | | | | <u>0</u> | <u>0</u> |
| Total Non-Operating Revenues | <u>15 239 487</u> | <u>1 954 245</u> | <u>29 173</u> | <u>17 222 905</u> | <u>16 953 305</u> |
| NON-OPERATING EXPENSES: | | | | | |
| Loss on Disposal of Fixed Assets | 68 878 | | | 66 878 | 88 891 |
| Other Non-Operating Expenses | | | | <u>0</u> | <u>0</u> |
| Total Non-Operating Expenses | <u>68 878</u> | <u>0</u> | <u>0</u> | <u>66 878</u> | <u>88 891</u> |
| Net Non-Operating Revenues | <u>\$ 15 170 609</u> | <u>\$ 1 954 245</u> | <u>\$ 29 173</u> | <u>\$ 17 156 027</u> (Exhibit 2) | <u>\$ 16 864 414</u> (Exhibit 2) |

The Accompanying notes are an integral part of the financial statements.

TRINITY VALLEY COMMUNITY COLLEGE
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 FOR THE YEAR ENDED AUGUST 31, 2005
 (with Memorandum Totals for the Year Ended August 31, 2004)

| | Detail by Source | | | | Available for Current Operations | | | |
|--|-----------------------|--------------------|------------------|---|----------------------------------|-----------------------|-----------|---------------------|
| | Unrestricted | Restricted | | Capital Assets Net of Depreciation & Related Debt | Total | Yes | | No |
| | | Expendable | Non-Expendable | | | Yes | No | |
| Current: | | | | | | | | |
| Unrestricted | \$ 3 882 767 | | | | \$ 3 882 767 | \$ 3 882 767 | | |
| Board Designated | 2 000 000 | | | | 2 000 000 | | 2 000 000 | |
| Restricted | | | | | 0 | | | |
| Auxiliary Enterprise | 2 291 472 | | | | 2 291 472 | 2 291 472 | | |
| Loan | 100 370 | | | | 100 370 | 100 370 | | |
| Endowment: | | | | | 0 | | | |
| Quasi: | | | | | 0 | | | |
| Unrestricted | | | | | 0 | | | |
| Restricted | | | | | 0 | | | |
| Endowment: | | | | | 0 | | | |
| True | | 144 477 | 731 720 | | 876 197 | | 876 197 | |
| Term (Per Instructions at Maturity) | | | | | 0 | | | |
| Life Income Contracts | | | | | 0 | | | |
| Annuities | | | | | 0 | | | |
| Plant: | | | | | 0 | | | |
| Unexpended | 3 208 | | | | 3 208 | | | 3 208 |
| Renewals | | | | | 0 | | | |
| Debt Service | | | | | 0 | | | |
| Investment in Plant | | | | 23 844 054 | 23 844 054 | | | 23 844 054 |
| Total Net Assets, August 31, 2005 | 8 277 817 | 144 477 | 731 720 | 23 844 054 | 32 998 068 | 6 274 609 | | 26 723 459 |
| Total Net Assets, August 31, 2004 | | | | | (Exhibit 1) | | | |
| (Restated) | 10 739 599 | 164 678 | 653 297 | 19 829 348 | 31 386 922 | 7 699 599 | | 23 687 323 |
| | | | | | (Exhibit 1) | | | |
| Net Increase (Decrease) in Net Assets | \$ (2 461 782) | \$ (20 201) | \$ 78 423 | \$ 4 014 706 | \$ 1 611 146 | \$ (1 424 990) | | \$ 3 036 136 |
| | | | | | (Exhibit 2) | | | |

The Accompanying notes are an integral part of the financial statements.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Expenditures and Pass-Through Disbursements |
|--|---------------------------|-------------------------------------|--|
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Direct Programs:</u> | | | |
| Student Financial Aid - Cluster: | | | |
| Federal Supplemental Education Opportunity Grant (SEOG) | 84.007 | | |
| 09/01/04 - 06/30/05 | | 51 632 | |
| 07/01/05 - 08/31/05 | | <u>833</u> | |
| Subtotal SEOG | | | \$ 52 465 |
| Federal Family Education Loans (Note 4) | 84.032 | | |
| Federal College Work - Study Program (FCWS) | 84.033 | | |
| 09/01/04 - 06/30/05 | | 68 976 | |
| 07/01/05 - 08/31/05 | | <u>3 359</u> | |
| Subtotal FCWS | | | 72 335 |
| Federal Perkins Loan Program (Note 4) | 84.038 | | - |
| Trio - Cluster (See Below) | 84.042 | | - |
| Federal Pell Grant Program (PELL) (See Note 7) | 84.063 | | |
| 09/01/04 - 06/30/05 | | 4 828 327 | |
| 07/01/05 - 09/30/05 | | <u>403 257</u> | |
| Subtotal PELL | | | <u>5 231 584</u> |
| Total Student Financial Aid Cluster | | | 5 356 384 |
| Trio - Cluster: | | | |
| Student Support Services (See Note 7) | 84.042 | | <u>296 952</u> |
| Total Direct Programs, U.S. Department Of Education | | | <u>\$ 5 653 336</u> |
| <u>Pass-Through Programs From:</u> | | | |
| Texas Education Agency: | | | |
| National Literacy Act (Federal) Adult Basic Education (ABE) | 84.002 | | |
| Section 225 | | 054100017110006 | 19 118 |
| Section 231 | | 054100017110006 | 218 869 |
| Section 231 - EL Civics | | 054100087110034 | <u>95 306</u> |
| Subtotal ABE | | | <u>\$ 333 293</u> |
| Total Pass-Through from the Texas Education Agency | | | <u>333 293</u> |

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, 2005

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Expenditures and Pass-Through Disbursements |
|--|---------------------------|-------------------------------------|--|
| Texas Higher Education Coordinating Board: | | | |
| Carl Perkins Vocational Education | 84.048 | 44251 | <u>501 878</u> |
| Total Pass-Through from the Texas Higher Education Coordinating Board | | | <u>501 878</u> |
| University of Texas at Tyler: | | | |
| East Texas Tech - Prep Consortium at UT-Tyler Program | 84.243 | - | <u>15 895</u> |
| Total Pass-Through from the University of Texas at Tyler | | | <u>15 895</u> |
| Total Pass - Through Programs, U.S. Department of Education | | | <u>851 066</u> |
| TOTAL U. S. DEPARTMENT OF EDUCATION | | | <u>6 504 402</u> |
| U.S. SMALL BUSINESS ADMINISTRATION | | | |
| <u>Pass-Through Programs From:</u> | | | |
| Dallas Community College District | | | |
| Business Development Center: | | | |
| Small Business Development Center Program | 59.037 | | |
| 09/01/04 - 09/30/05 | | 3-0046-17 | \$ 6 317 |
| 10/01/04 - 08/31/05 | | 4-0046-18 | <u>66 904</u> |
| Subtotal Small Business Development Center Program | | | <u>\$ 73 221</u> |
| TOTAL U.S. SMALL BUSINESS ADMINISTRATION | | | <u>\$ 73 221</u> |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | |
| <u>Pass-Through Programs From:</u> | | | |
| Texas Education Agency: | | | |
| Adult Basic Education - Temporary Assistance for Needy Families (TANF) | 93.558 | | |
| 09/01/04 - 09/30/04 | | 04362501711031 | 12 033 |
| 10/01/04 - 08/31/05 | | 05362501711006 | <u>26 195</u> |
| Subtotal TANF | | | <u>38 228</u> |
| Total Pass-Through from the Texas Education Agency | | | <u>38 228</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | <u>38 228</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES | | | <u>\$ 6 615 851</u> |

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

**TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005**

Note 1: Federal Assistance Reconciliation

| | |
|--|---------------------|
| Federal Grants Revenues - Per Schedule A | \$ 6 615 850 |
| Rounding | <u>1</u> |
| Total per Schedule of Expenditures of Federal Awards | <u>\$ 6 615 851</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 basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and 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, 2004 through August 31, 2005.

| <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>\$ 4 381 943</u> | <u>\$ 0</u> | <u>\$ 4 381 943</u> |

Trinity Valley Community College had the following loan balances outstanding at August 31, 2005. 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>\$ 154 568</u> |

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed Through by the College

None

Note 7: CFDA Number Order

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; also, the U.S. Department of Education Programs are listed first in the Schedule.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

| State Grantor/ Pass-Through Grantor/ Program Title | Grantor's Number | and | State Expenditures Pass-Through Disbursements |
|--|---------------------|-----------|--|
| TEXAS EDUCATION AGENCY | | | |
| <u>Direct Programs:</u> | | | |
| Adult Basic Education - State | 050100017110006 | \$ | 44 401 |
| Adult Basic Education - TANF | 050110017110006 | | <u>14 746</u> |
| Subtotal Adult Basic Education | | \$ | <u>59 147</u> |
| TOTAL TEXAS EDUCATION AGENCY | | | \$ <u>59 147</u> |
| TEXAS HIGHER EDUCATION COORDINATING BOARD | | | |
| <u>Direct Programs:</u> | | | |
| Nursing Innovation Grant Program | | | 19 678 |
| Texas College Work Study Program | | | 19 496 |
| Certified Educational Aide Program | | | 22 860 |
| Early High School Graduation Program | | | 18 388 |
| Texas Grant Allocation | | | 116 205 |
| Vocational Nursing Scholarship | | | <u>555</u> |
| Total Direct Programs, Texas Higher Education Coordinating Board | | | 197 182 |
| <u>Pass-through Programs From:</u> | | | |
| Texas Higher Coordinating Board to Dallas Community College District, Business Development Center to TVCC's Small Business Development Center Program: | | | |
| 09/01/04 - 09/30/04 | | \$ | 2 658 |
| 10/01/04 - 08/31/05 | | | <u>34 713</u> |
| Subtotal Small Business Development Center Program | | \$ | <u>37 371</u> |
| Total Pass-Through from the Texas Higher Education Coordinating Board | | | <u>37 371</u> |
| TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD | | | \$ <u>234 553</u> |
| TOTAL STATE FINANCIAL ASSISTANCE EXPENDITURES | | | \$ <u>293 700</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, 2005

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. Due to the funding level, this schedule is not required under Texas Single Audit but is reported as additional information. 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 Schedule A | \$ 293 699 |
| Rounding | <u>1</u> |
| Expenditures of State Awards, Per Schedule of Expenditures of State Awards | <u>\$ 293 700</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, 2005, these grants were made to students:

| | |
|------------------|-------------------|
| 1) Residents | \$ 129 982 |
| 2) Non-residents | <u>1 000</u> |
| Total | <u>\$ 130 982</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" as applicable.

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, 2005

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 | Various | Adult Basic Education - Cluster |
| 84.007; 84.032; 84.033; 84.038; 84.042; 84.063 | Various | Student Financial Aid - Cluster |

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, 2005

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, 2005

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, 2005**

There are no unresolved audit findings from prior years.