

TRINITY VALLEY COMMUNITY COLLEGE
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2005

TRINITY VALLEY COMMUNITY COLLEGE
Annual Financial Report for
the Year Ended August 31, 2005

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TRINITY VALLEY COMMUNITY COLLEGE
 NAMES AND TERMS OF THE BOARD OF TRUSTEES/REGENTS
 PRINCIPAL ADMINISTRATIVE OFFICERS AND THE BUSINESS AND FINANCIAL STAFF
 FOR THE FISCAL YEAR 2004-2005

Board of Trustees

Officers

Bob J. McDonald	President
Ray Raymond	Vice President
Ron Baugh	Secretary

Members

	Term Expires
	<u>April 30,</u>
Ron Day	Mabank, Texas 2006
David Monk	Chandler, Texas 2006
Paula Kimball	Mabank, Texas 2006
Bob J. McDonald	Athens, Texas 2008
Ray Raymond	Kaufman, Texas 2008
Herbert Riley	Frankston, Texas 2008
Dr. Charlie Risinger	Terrell, Texas 2010
Homer L. Norville	Kaufman, Texas 2010
Jerry Stone	Malakoff, Texas 2010

Principal Administrative Officers

Ron Baugh	President
W. P. Drumgoole	Vice-President of Student Services
Jan Huffstutler	Vice-President of Instruction
Cherre Watson	Vice-President of Fiscal Services
Mike Abbott	Dean of Information Technology Services
Charles Akin	Dean of Palestine Campus
Brett Daniel	Dean of Administrative & Computing Services
Charles H. Gann	Dean of Terrell Campus
Colette Hilliard	Dean of Enrollment Management
Jerry King	Dean of Occupational Education
Max Logan	Dean of Physical Facilities
Jeremy M ^c Millen	Dean of Planning and Information Services
Helen Reid	Dean of Health Occupations
Gayla Roberts	Dean of Community Services
Ray Williams	Dean of Academic Education

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

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Deborah Adcock, CPA
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INDEPENDENT AUDITOR'S REPORT

UNQUALIFIED OPINION ON THE BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION - SINGLE AUDIT-
GOVERNMENTAL ENTITY

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

Members of the Board of Trustees:

We have audited the accompanying financial statements of Trinity Valley Community College, a special purpose government engaged only in business - type activities, as of and for the year ended August 31, 2005, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Trinity Valley Community College's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

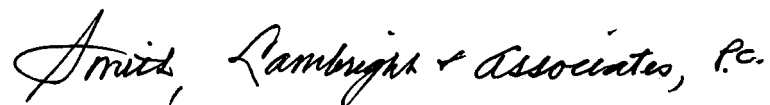
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related compliance supplement; 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business - type activities, of Trinity Valley Community College as of August 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying "Management's Discussion and Analysis" is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2005 on our consideration of Trinity 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Trinity Valley Community College's basic financial statements. The accompanying schedule of expenditures of federal awards and expenditures of state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of Texas Single Audit Circular, and are not required parts of the basic financial statements. Other schedules as listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for Statistical Supplements marked UNAUDITED and on which we express no opinion, has been subjected to the auditing procedures applied in the 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.

A handwritten signature in cursive script that reads "Smith, Lambright & Associates, P.C.".

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

November 18, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Trinity Valley Community College's financial statements provides an overview of the College's financial activities for the year ending August 31, 2005. Please read it in conjunction with the independent auditor's reports, the College's basic financial statements, footnotes, schedules and supplemental information.

Trinity Valley Community College is a comprehensive community college providing both credit and non-credit courses. Courses are taught at the Athens campus, Palestine campus, Terrell campus, Kaufman Health Science Center, Texas Department of Criminal Justice, area high schools and through distance education. In order to maintain financial stability, the College strives to have adequate revenue streams to accumulate net assets to ensure sufficient funding to accomplish its mission.

FINANCIAL HIGHLIGHTS

For the year ending August 31, 2005:

- The College's net assets increased from \$31,386,922 in 2004 to \$32,998,068 in 2005.
- Cash increased from \$11,143,514 in 2004 to \$14,332,644 in 2005.
- The College issued a \$5.5 million general revenue bond for construction of a new technology building.

USING THIS REPORT

In December 1998, the Government Accounting Standards Board (GASB) released statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" which revised the reporting of property tax revenue. In June 1999, GASB released statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Changes in statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation. In November 1999, GASB issued statement No. 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities" which applies these standards to public colleges and universities. This annual report consists of a series of financial statements prepared in accordance with GASB 33, 34 and 35.

These financial statements differ significantly, in both the form and accounting principles utilized, from the College's financial statements issued prior to GASB 33, 34 and 35. Financial data is presented in a form similar to that used by corporations by providing information on the College as a whole. This presentation contrasts with financial statements prepared prior to implementation of GASB 33, 34 and 35 which focused on accountability of funds, i.e., current, auxiliary, endowment, loan and plant funds.

The annual financial report is presented in three sections: financial data, organizational data, and statistical data. The financial section includes the report of independent auditors, this management's discussion and analysis, the financial statements, notes to the financial statements, schedules, other reports, and supplemented information. The introductory section includes the College's principal officers and organization data. The statistical section includes selected unaudited data, generally presented in a multi-year basis.

FINANCIAL INFORMATION

There are three basic financial statements in this report:

- The Statement of Net Assets,
- The Statement of Revenues, Expenses, and Changes in Net Assets, and
- The Statement of Cash Flows.

The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College. These financial statements help our readers assess the College's financial health.

The Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is received or paid. This statement reflects the status of the College’s financial resources after the revenues and expenses have been recorded for the year.

The College’s net assets (the difference between assets and liabilities) is one indicator of the College’s financial health. Over time, increases or decreases in net assets is one indicator of the improvement or deterioration of the College’s financial health. Of course, other non-financial data such as enrollment levels and condition of facilities should also be considered in this assessment.

The following table reflects the condensed Statement of Net Assets. Please refer to the College’s Statement of Net Assets (page 15) for more complete detail.

Statement of Net Assets (Condensed)				
	<u>08/31/05</u>	<u>Restated 08/31/04</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 10,543,975	\$12,746,620	(\$2,202,645)	-17.3%
Noncurrent assets	6,505,755	934,793	5,570,962	596.0%
Capital assets – net	<u>23,844,054</u>	<u>19,829,348</u>	<u>4,014,706</u>	<u>14.8%</u>
Total assets	40,893,784	33,510,761	7,383,023	22.0%
Current liabilities	2,681,077	2,000,975	680,102	34.0%
Noncurrent liabilities	<u>5,214,639</u>	<u>122,864</u>	<u>5,091,775</u>	<u>4144.2%</u>
Total liabilities	7,895,716	2,123,839	5,771,877	271.8%
Net Assets:				
Invested in Capital Assets (net of related debt)	23,844,054	19,829,348	4,014,706	20.2%
Restricted	879,405	817,975	61,430	7.5%
Unrestricted	<u>8,274,609</u>	<u>10,739,599</u>	<u>(2,464,990)</u>	<u>-23.0%</u>
Total Net assets	\$32,998,068	\$31,386,922	\$ 1,611,146	5.1%

Current assets decreased approximately \$2.2 million during the year which primarily is a result of cash used in construction of campus facilities and acquisition of capital assets. Capital assets increased by approximately \$4 million. The increase in noncurrent assets is attributable to \$5.5 million in bond proceeds received at year end. Similarly, liabilities increased due to the newly acquired bond debt. Trinity Valley Community College continues to maintain a strong financial position. Its net assets increased by \$1,611,146, a 5.1% increase over last year’s net assets.

The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. The activities of the College are classified as either operating or non-operating.

GASB 33, 34, and 35 accounting requirements significantly impact the determination and classification of *operating* and *non-operating* revenues for public colleges. Operating revenues are activities that generate income that result from “exchange transactions”, i.e., payments received for the college’s services. This definition of operating revenues requires several major changes in the accounting preparation and presentation of financial statements for community colleges.

Perhaps the most significant change is that state appropriations and ad valorem tax revenues, while budgeted for operations, are considered non-operating revenue because these revenues do not meet the above mentioned definition for operating revenue.

Two other changes are notable as well:

- The reporting of tuition and fees and auxiliary (housing, food service and bookstore) revenue is *net of discounts*. Discounting is the practice of accepting less than the stated charge for tuition, fees, room, board and/or books in payment for the goods and services provided. Common terminology for methods of discounting are: “institutional scholarships” when self-funded by the institution, “waivers” and/or “exemptions” when state mandated, “financial aid” and “allowances”. Prior to GASB 34 and 35, reporting gross tuition and fee revenue, and reporting an offsetting expense as “scholarships and financial aid” was the generally acceptable accounting treatment for public colleges and universities. GASB 34 and 35 now require the reporting of scholarship/financial aid as a deduction (discount) from revenue; and
- The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statement as depreciation expense, which allocates the cost of an asset over its expected useful life. Prior to 2004-2005, library books were recommended but not required to be depreciated. However, the Texas Higher Education Coordinating Board’s position has changed and now states that library books shall be depreciated beginning with the 2004-2005 year. For purposes of this report amounts have been restated to reflect the accumulated depreciation for library books through fiscal year 2004.

Due to the above accounting treatments and especially since state appropriations and ad valorem taxes are two of the three primary sources of revenue (state appropriations, tuition and fees, and property taxes), it is likely to be typical to have an *operating loss* on the Statement of Revenues, Expenses, and Changes in Net Assets.

There are additional basic transactions that affect the levels of revenues and expenses:

Revenues:

- Enrollment levels directly affect tuition and fee revenues and auxiliary (housing, food service, and bookstore) sales, services and fee revenues.
- The State of Texas contributes a significant portion of the College revenues through state appropriations. Thus, the economic health and budget priorities of the State may directly affect revenues.
- The College derives a significant amount of grant and student financial aid from the Federal and State governments. Again, changes in their budget priorities may affect revenues.
- Increases or decreases in property tax valuations and property tax rates will affect tax revenues.
- Investment income is affected by changes in interest rates, the stock market, etc.

Expenses:

- Enrollment levels may directly affect expenses by increasing or decreasing the resources required to support the students.
- The implementation of new programs or additional services within the existing functional expense categories directly affects the level of services required and resources needed.
- Economic factors, such as changes in prices caused by inflation or changes in energy prices, will impact operating costs.

The following table reflects the condensed Statement of Revenues, Expenses and Change in Net Assets. Please refer to the College’s Statement of Revenues, Expenses and Change in Net Assets (page 17) for more complete detail.

Statement of Revenues, Expenses and Changes in Net Assets (Condensed)				
	<u>2005</u>	<u>Restated 2004</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and fees – net	3,321,684	3,290,105	31,579	1.2%
Grants and contracts	7,032,166	6,588,738	443,428	6.7%
Sales and Services of				
Educational Activities	385,374	361,678	23,696	6.6%
Auxiliary – net	2,093,808	2,156,776	(62,968)	-2.9%
Other	<u>182,480</u>	<u>319,273</u>	<u>(136,793)</u>	<u>-42.8%</u>
Total operating revenue	13,015,512	12,716,570	298,942	2.4%
Less Operating Expenses				
Instruction	11,579,615	11,559,234	20,381	0.2%
Public Service	347,022	303,787	43,235	14.2%
Academic Support	2,368,952	1,739,881	629,071	36.2%
Student Services	2,501,611	2,393,200	108,411	4.5%
Institutional Support	2,335,924	2,462,905	(126,981)	-5.2%
Plant Operations	2,689,687	2,289,962	399,725	17.5%
Scholarships**	2,891,367	2,790,309	101,058	3.6%
Auxiliary	2,973,737	3,078,751	(105,014)	-3.4%
Depreciation	<u>872,478</u>	<u>707,614</u>	<u>164,864</u>	<u>23.3%</u>
Total Operating Expenses	28,560,393	27,325,643	1,234,750	4.5%
Net Operating Income (Loss)	(15,544,881)	(14,609,073)	(935,808)	6.4%
Non Operating Revenue (Expenses)				
State Appropriations	12,187,632	12,193,672	(6,040)	0.0%
Property taxes	4,656,766	4,268,699	388,067	9.1%
Gifts	66,999	47,386	19,613	41.4%
Investment income	311,508	210,289	101,219	48.1%
Loss on Disposal of Assets	(66,878)	(88,891)	(22,013)	-24.8%
Insurance proceeds	0	233,259	(233,259)	-100.0%
Interest Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total non operating revenues	17,156,027	16,864,414	291,613	1.7%
Increase in Net Assets	1,611,146	2,255,341		
Net Assets – Beginning of Year	<u>31,386,922</u>	<u>30,510,225</u>		
Prior year adjustment		(1,378,644)	*accumulated depreciation/books	
Net Assets – End of Year	<u>\$32,998,068</u>	<u>\$31,386,922</u>	1,611,146	5.1%

**Note: In the above table, the terminology “scholarships” used under operating expenses are monies paid directly to students which were not included as a “discount” against tuition, fees, room, board and book revenues. (See paragraph on tuition discounting above.) The vast majority of these monies are Federal Financial Aid that flow from the U.S. Department of Education through the College to the students for their own use after educational costs have been paid.

In fiscal year 2005, operating revenue totaled \$13,015,512, an increase of 2.4% over the past year. Tuition and fee revenue increased by \$31,579 or 1%. However, adding back financial aid which paid for students’ tuition and fees (discounts for purposes of this annual report) results in a 2.3% increase. The small percentage increase in tuition and fee revenue is reflective of the College’s decision not to raise tuition and fee costs for fiscal year 2005. Student contact hour production increased approximately 2%. Increased federal and state financial aid to students is attributable to the increase in grant revenue. Sales and services of educational activities were up primarily due to the expansion of the distance education program. The decrease in other revenue is due to the previous year’s receipts of insurance proceeds for flood damage for contents at the Health Science Center.

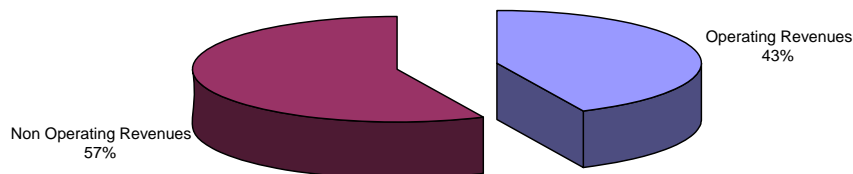
Non-operating revenue, the majority of which is state appropriations and property tax revenue, increased 1.7% from the previous year to \$17,156,027. State appropriations were essentially flat for the year while all other categories of revenue were up. Last year the College received insurance proceeds for flood damage to the Health Science Center. None were received for fiscal year 2005.

Fiscal year 2005 operating expenses totaled \$28,560,393, an increase of \$1,234,750, or 4.5% over the previous year. Salaries and employee fringe benefits, which represent the largest operating expense, increased due to additional personnel and annual pay increases. Increased expense can also be attributed to additional grant and scholarship aid.

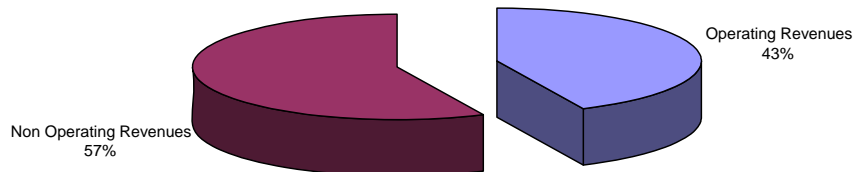
After deducting operating expenses from operating revenue, the College had a *net operating loss* of \$15,544,881. However, when combined with non-operating revenue of \$17,156,027 the College had a net increase in assets of \$1,611,146.

The following charts provide a graphic breakdown of total revenues by category for the fiscal years ending August 31, 2005 and August 31, 2004.

2005 Major Revenue Categories

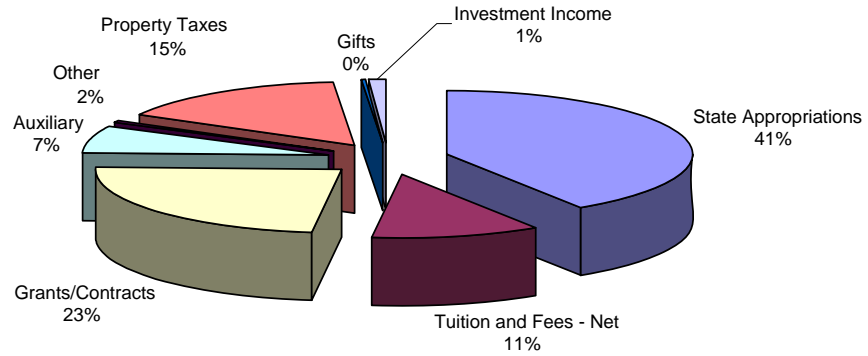


2004 Major Revenue Categories

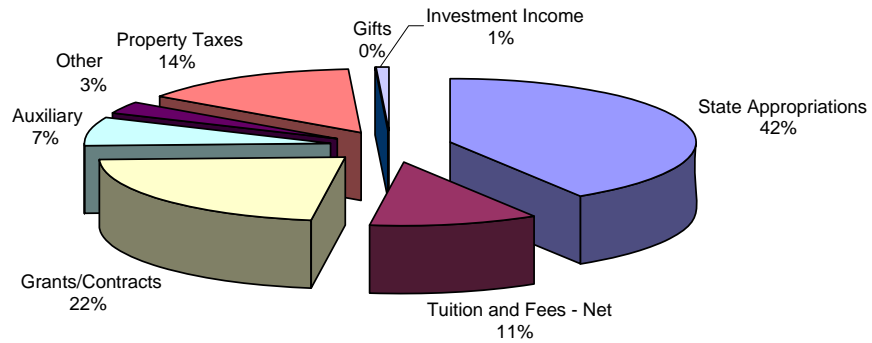


The following is graphic illustrations of revenues by source for the fiscal years August 31, 2005 and August 31, 2004:

2005 Revenue by Source

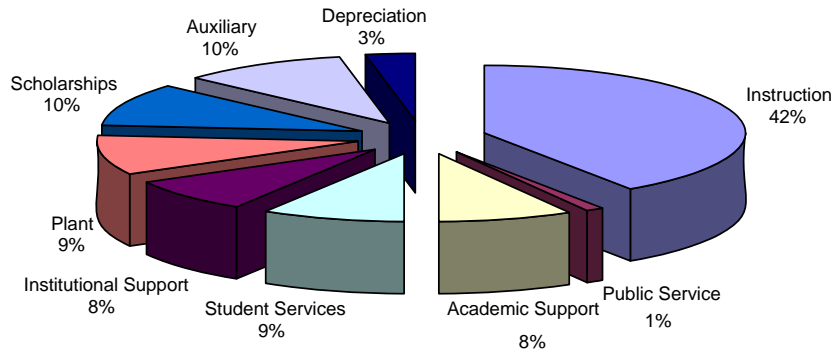


2004 Revenue by Source

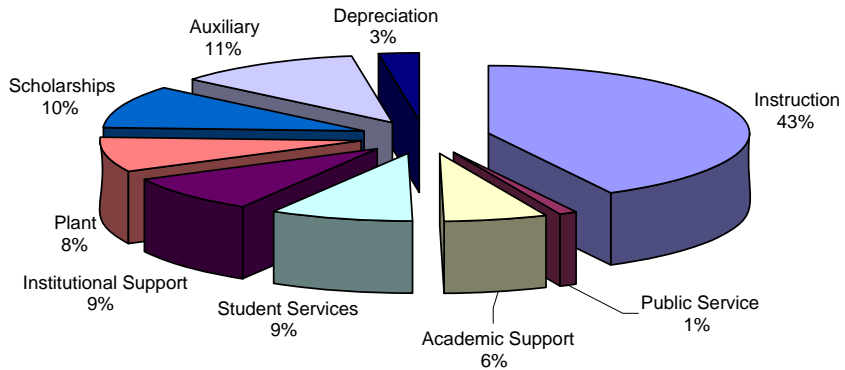


The following is graphic illustrations of operating expenses presented by functional classification for the fiscal years August 31, 2005 and August 31, 2004:

2005 Operating Expenses - Functional Classification

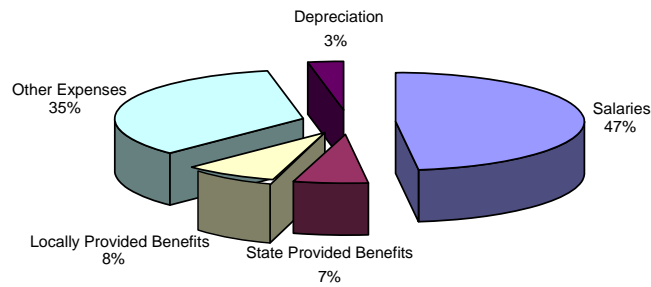


2004 Operating Expenses - Functional Classification

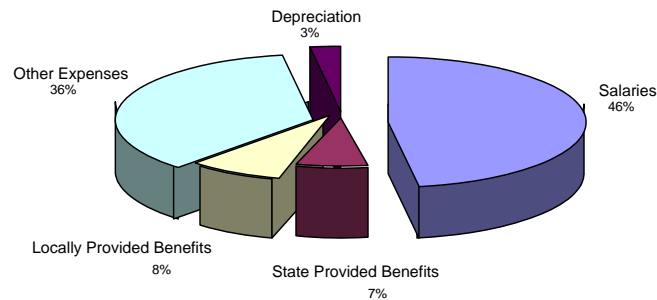


Operating expenses may also be presented by natural classification:

2005 Operating Expenses - Natural Classification



2004 Operating Expenses - Natural Classification



Operating Expenses (by natural classification)

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Salaries	\$13,712,558	\$12,968,938	\$ 743,620	5.7%
State Provided Benefits	\$ 1,863,941	\$ 1,861,203	\$ 2,738	0.1%
Local Provided Benefits	\$ 2,246,344	\$ 2,085,726	\$ 160,618	7.7%
Other Expenses	\$ 9,865,072	\$ 9,702,162	\$ 162,910	1.7%
Depreciation	\$ 872,478	\$ 707,614	\$ 164,864	23.3%
Total Expenses	\$28,560,393	\$27,325,643	\$ 1,234,750	4.5%

Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about actual cash receipts and cash payments during the period. It also helps users assess the institution's ability to generate future net cash flows, its ability to meet its obligations as they come due and whether or not there is a need for external financing.

Cash increased \$3,189,130 from 2004 resulting in a cash balance of \$14,332,644 as of August 31, 2005.

The following table reflects the condensed Statement of Cash Flows. Again, please refer to the College's Statement of Cash Flows (page 19) for complete details.

Statement of Cash Flows (Condensed)				
	<u>2005</u>	<u>2004</u>	Cash Increase (Decrease)	Percent Change
Net Cash provided (used) by:				
Operating activities	\$(12,594,510)	\$(11,668,469)	\$(926,041)	- 7.9%
Non-capital financing activities	14,924,437	14,540,575	383,862	2.6%
Capital and related financing activities	549,016	(1,639,573)	2,188,589	134.1%
Investing activities	<u>310,187</u>	<u>210,509</u>	<u>99,678</u>	<u>47.4%</u>
Net increase in cash	3,189,130	1,443,042	1,746,088	121.0%
Cash, beginning of the year	<u>11,143,514</u>	<u>9,700,472</u>		
Cash, end of the year	<u>\$14,332,644</u>	<u>\$ 11,143,514</u>		

Cash provided (used) by operating activities represents the difference in the incoming and outgoing cash for all educational and administrative activities (primarily receipts for tuition and fees, auxiliary services and grants and payments for salaries, goods and services and scholarships).

Cash provided by non-capital financing activities represent state appropriations and collections for local ad valorem taxes.

Cash provided (used) in capital and related financing activities represent bond proceeds received and payments for acquisitions and construction of capitalized assets. For fiscal year 2005, the College received \$5.5 million in bond proceeds and paid out approximately \$4.9 million on construction and other capitalized assets.

Capital Asset and Debt Administration

Capital Assets

At August 31, 2005, the College had \$23,844,054 invested in capital assets, net of accumulated depreciation of \$9,616,977. This accumulated depreciation amount includes the prior year adjustment of \$1,378,644 to record depreciation on library books through fiscal year 2004. Details of these assets are shown below. Refer to Note 6 in the Notes to the Financial Statements (page 25) for further details.

Capital Assets				
	<u>08/31/05</u>	(Restated) <u>08/31/04</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
Land	\$ 1,139,726	\$ 1,139,726	0	0
Library Books	2,384,967	2,347,559	37,408	1.6%
Construction in Progress	3,889,122	1,147,353	2,741,770	239.0%
Buildings	22,117,964	20,920,163	1,197,801	5.7%
Facility and Other Improvements	2,093,190	1,458,623	634,567	43.5%
Furniture, Machinery, Vehicles and Other Equipment	1,091,450	1,019,100	72,350	7.1%
Telecommunications and and Peripheral Equipment	<u>744,612</u>	<u>751,298</u>	<u>(6,686)</u>	<u>-0.9%</u>
Subtotal	33,461,032	28,783,822	4,677,210	16.2%
Accumulated Depreciation:	(9,616,977)	(8,954,474)	662,503	7.4%
Net Capital Assets	<u>\$ 23,844,055</u>	<u>\$ 19,829,348</u>	4,014,707	12.4%

During the year, capital assets acquisitions of \$4,954,062 (\$4.6 for building related projects) were added and capital assets in the amount of \$276,853 were removed. The net result, along with the change in accumulated depreciation for 2005 of \$662,503, is an increase in net capital assets of \$4,014,707.

The College stands committed to its facilities master plan in maintaining adequate physical resources to support its mission. In 2005, the College completed construction, except for some minor details, of the Learning Resource Center on the Terrell campus, at a cost of approximately \$3.3 million. This facility contains over 33,000 square feet and will provide eleven new classrooms, ten faculty offices, various conference and media rooms, and a new library. Additionally, the College recently completed an approximately 11,000 square foot, \$1.2 million athletic field house. The addition of this facility allows men and women's basketball teams to be housed under one gym, rather than two, and allows demolition of the old gym to make way for a new technology building.

Debt

This year, the College issued a \$5.5 million general revenue bond to aid in the construction of a new technology building. Refer to Note 7 in the Notes to the Financial Statements (page 27) for additional information regarding the bond. This is the first bond issue by the college in about forty years.

The technology building will provide twenty-four classrooms, seventeen faculty offices, and several conference rooms. Preparation of the site began in the summer of 2005 with an anticipated construction completion date of summer 2007.

FUTURE FINANCIAL AFFECTS

Trinity Valley Community College is committed to providing education and workforce development programs and services that meet individual and community needs. The ability to fulfill its mission is directly influenced by enrollment, state appropriations, and federal funding. Additionally, escalation of salaries, health care, utilities and unfunded state and federal mandates require continual fiscal oversight. The College will scrutinize potential avenues for additional revenue and will endeavor to keep operating costs at a minimum while striving to keep the price of education affordable for all students.

Historically, Trinity Valley Community College has been successful in maintaining low educational costs. Due to the continued uncertainty of the level of state funding for community colleges along with an anticipated upward trend in enrollment growth, the College foresees the need for increased revenue to fulfill the educational needs of the region. Tuition was raised \$5 per semester credit hour, a 33% increase, for the upcoming fiscal year 2005/2006.

To help meet the challenge, the College's Foundation was revitalized. It began a new Capital Campaign four years ago and the balance of the Foundation's fund at fiscal year end August 31, 2005, is \$1,201,404, an increase of \$335,861 over the previous year.

The campaign's overall goal seeks to strengthen scholarship endowment funds in hopes of providing some type of scholarship for every deserving student who desires a college education at Trinity Valley Community College.

EXHIBITS AND NOTES

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
FOR YEAR ENDED AUGUST 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2 676 889	\$ 3 168 721
Short-Term Investments	5 150 000	7 040 000
Accounts Receivable (Net)	1 999 344	1 865 312
Deferred Charges	83 348	11 533
Inventories	576 394	597 565
Prepaid Expenses	<u>58 000</u>	<u>63 489</u>
Total Current Assets	<u>10 543 975</u>	<u>12 746 620</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	5 631 597	123 200
Restricted Short-Term Investments	874 158	811 593
Capital Assets, (Net) (See Note)(Restated for 2004)	<u>23 844 054</u>	<u>19 829 348</u>
Total Noncurrent Assets	<u>30 349 809</u>	<u>20 764 141</u>
Total Assets	<u>40 893 784</u>	<u>33 510 761</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	675 969	584 892
Accrued Compensable Absences	201 025	184 759
Funds Held for Others	127 743	110 920
Deferred Revenues	1 211 340	1 120 404
Bonds Payable - Current Portion	<u>465 000</u>	<u>0</u>
Total Current Liabilities	<u>2 681 077</u>	<u>2 000 975</u>
Noncurrent Liabilities		
Deposits	179 639	122 864
Bonds Payable	<u>5 035 000</u>	<u>0</u>
Total Noncurrent Liabilities	<u>5 214 639</u>	<u>122 864</u>
Total Liabilities	<u>7 895 716</u>	<u>2 123 839</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt (Restated for 2004)	23 844 054	19 829 348
Restricted for		
Nonexpendable		
Student Aid	731 720	653 297
Expendable		
Student Aid	144 477	164 678
Unexpended Bond Funds (Net of Bonded Debt)	3 208	0
Unrestricted	<u>8 274 609</u>	<u>10 739 599</u>
Total Net Assets (Schedule D)	<u>\$ 32 998 068</u>	<u>\$ 31 386 922</u>

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

TRINITY VALLEY COMMUNITY COLLEGE
 AFFILIATED ORGANIZATION
 TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION
 STATEMENT OF NET ASSETS
 FOR YEARS ENDED AUGUST 31, 2005 AND 2004

	<u>Current Year</u>	<u>Prior Year</u>
ASSETS		
Cash and Cash Equivalents	\$ 269 244	\$ 554 670
Investments	929 014	305 025
Accrued Receivables	0	1 129
Capital Assets (Net)	<u>3 146</u>	<u>4 719</u>
Total Assets	<u><u>1 201 404</u></u>	<u><u>865 543</u></u>
LIABILITIES		
None	<u>0</u>	<u>0</u>
NET ASSETS		
Invested in Capital Assets	3 146	4 719
Restricted for:		
Nonexpendable		
Student Aid	1 145 872	834 158
Expendable		
Student Aid	28 482	11 676
Capital Projects	5 598	3 033
Unrestricted	<u>18 306</u>	<u>11 957</u>
Total Net Assets	<u><u>\$ 1 201 404</u></u>	<u><u>\$ 865 543</u></u>

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2005 AND AUGUST 31, 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Tuition and Fees (Net of Discounts of \$2,151,170 And \$2,057,007 respectively)	\$ 3 321 684	\$ 3 290 105
Federal Grants and Contracts	6 664 177	6 166 218
State Grants and Contracts	293 699	384 777
Local Grants and Contracts	2 821	27 394
Non-government Grants and Contracts	71 469	10 349
Sales and Services of Educational Activities	385 374	361 678
Auxiliary Enterprises (Net of Discounts of \$1,415,971 And \$1,307,698 respectively)	2 093 808	2 156 776
General Operating Revenue	<u>182 480</u>	<u>319 273</u>
Total Operating Revenues (Schedule A)	<u>13 015 512</u>	<u>12 716 570</u>
Operating Expenses		
Instruction	11 579 615	11 559 234
Public Service	347 022	303 787
Academic Support	2 368 952	1 739 881
Student Services	2 501 611	2 393 200
Institutional Support	2 335 924	2 462 905
Operation and Maintenance of Plant	2 689 687	2 289 962
Scholarships and Fellowships	2 891 367	2 790 309
Auxiliary Enterprises	2 973 737	3 078 751
Depreciation	<u>872 478</u>	<u>707 614</u>
Total Operating Expenses (Schedule B)	<u>28 560 393</u>	<u>27 325 643</u>
Operating Income (Loss)	<u>(15 544 881)</u>	<u>(14 609 073)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	12 187 632	12 193 672
Maintenance Ad Valorem Taxes	4 656 766	4 268 699
Gifts	66 999	47 386
Investment Income	311 508	210 289
Loss on Disposal of Fixed Assets	(66 878)	(88 891)
Capital Insurance Proceeds	<u>0</u>	<u>233 259</u>
Net Non-Operating Revenues (Schedule C)	<u>17 156 027</u>	<u>16 864 414</u>
Increase (Decrease) in Net Assets	<u>1 611 146</u>	<u>2 255 341</u>
Net Assets		
Net Assets - Beginning of Year	31 386 922	30 510 225
Subtract: Prior Accumulated Depreciation On Library Books not previously depreciated	<u>0</u>	<u>(1 378 644)</u>
Restated Net Assets - Beginning of Year	<u>31 386 922</u>	<u>29 131 581</u>
Net Assets - End of Year	<u>\$ 32 998 068</u>	<u>\$ 31 386 922</u>

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

TRINITY VALLEY COMMUNITY COLLEGE
 AFFILIATED ORGANIZATIONS
 TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION
 STATEMENT OF ACTIVITIES
 FOR YEAR ENDED AUGUST 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
REVENUES		
Investment Income	\$ 28 124	\$ 11 668
Fund Raising Events (Net of Expense)	13 199	10 980
Gifts	302 959	388 882
Bad Debt Recoveries		
Unrealized Gain (Loss) on Sale of Securities	<u>(380)</u>	<u>262</u>
Total Revenues	<u>343 902</u>	<u>411 792</u>
 EXPENSES		
Scholarships	6 463	0
Administrative Expense	5	6
Depreciation	1 573	1 573
Loss on Sale of Securities	<u>0</u>	<u>7</u>
Total Expenses	<u>8 041</u>	<u>1 586</u>
Change in Net Assets	335 861	410 206
Net Assets at Beginning of Year	<u>865 543</u>	<u>455 337</u>
Net Assets at End of Year	<u>\$ 1 201 404</u>	<u>\$ 865 543</u>

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2005 AND AUGUST 31, 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 9 233 787	\$ 9 014 662
Receipts of Grants and Contracts	6 915 943	6 493 055
Payments to Suppliers for Goods or Services	(6 766 770)	(6 435 726)
Payments to or on Behalf of Employees	(15 849 604)	(15 041 817)
Payments to Scholarships and Fellowships	(6 183 798)	(5 896 987)
Loans Issued to Students	(141 583)	(265 239)
Collection of Loans to Students	146 771	262 158
Other Receipts	<u>50 744</u>	<u>201 425</u>
Net Cash Provided (Used) by Operating Activities	<u>(12 594 510)</u>	<u>(11 668 469)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	10 323 691	10 332 469
Receipts from Ad Valorem Taxes	4 644 783	4 289 089
Payment for Collections of Taxes	(127 859)	(132 647)
Receipts from Student Organizations and Other Agency Transactions	1 266 687	356 094
Payments to Student Organizations and Other Agency Transactions	(1 249 864)	(351 816)
Other Receipts	<u>66 999</u>	<u>47 386</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>14 924 437</u>	<u>14 540 575</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds on Issuance of Capital Debt	5 500 000	0
Proceeds from Sale of Capital Assets	3 078	3 705
Capital Insurance Proceeds	0	233 259
Purchases of Capital Assets	<u>(4 954 062)</u>	<u>(1 876 537)</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>549 016</u>	<u>(1 639 573)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	0	0
Interest on Investments	310 187	210 509
Purchase of Investments	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>310 187</u>	<u>210 509</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3 189 130	1 443 042
CASH AND CASH EQUIVALENTS - September 1	<u>11 143 514</u>	<u>9 700 472</u>
CASH AND CASH EQUIVALENTS - August 31	<u>\$ 14 332 644</u>	<u>\$ 11 143 514</u>

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEARS ENDED AUGUST 31, 2005 AND AUGUST 31, 2004

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (15 544 881)	\$ (14 609 073)
Adjustments to Reconcile Net Loss to Net Cash Provided (Used)		
by Operating Activities:		
Depreciation Expense	872 478	707 614
Tax Collection Fee	127 859	132 647
On-behalf State Fringe Benefits	1 863 941	1 861 203
Bad Debt Expense	9 025	25 162
Changes in Assets and Liabilities		
Receivables, Net	(132 831)	(232 121)
Deferred Expenses	(71 815)	(10 689)
Inventories	21 171	120 318
Prepaid Expenses	5 489	6 607
Accounts Payable	91 077	235 992
Funds Held for Others	0	4 279
Deposits	56 775	17 000
Compensated Absences	16 266	11 838
Deferred Revenue	90 936	60 754
Net Cash Provided (Used) by Operating Activities	<u>\$ (12 594 510)</u>	<u>\$ (11 668 469)</u>

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

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

1. REPORTING ENTITY

Trinity Valley Community College (the College) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of the Trinity Valley Community College District and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Report Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

B. Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award is used by the student for the tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other tuition discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

The financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

D. Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

E. Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

F. Investments

In accordance with GASB Statement No 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. The governing board has designated public funds investment pools comprised of \$-0- to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

G. Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and bookstore stock. Inventories are valued at cost and are charged to expense as consumed.

H. Capital assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure as well as the cost of new buildings are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment and 5 years for telecommunications and peripheral equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred revenues

Tuition, fees, and other revenues received and related to the period after August 31, 2005 have been deferred.

J. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenue are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

L. Prior year restatement

Prior year restatement was necessary to add accumulated depreciation of library books in accordance with APB20.

3. AUTHORIZED INVESTMENTS

Trinity Valley Community College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligation of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

4. DEPOSITS AND INVESTMENTS

Cash and Deposits included on Exhibit 1, State of Net Assets, consist of the following items reported below.

Cash and Deposits

	<u>2005</u>	<u>2004</u>
Bank Deposits:	\$ 8 304 158	\$ 3 288 094
Demand Deposits	<u>8 304 158</u>	<u>3 288 094</u>
Cash and Cash Equivalents:	<u>4 328</u>	<u>3 827</u>
Petty Cash on Hand	<u>4 328</u>	<u>3 827</u>
Total Cash and Deposits	<u>\$ 8 308 486</u>	<u>\$ 3 291 921</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Market Value</u> <u>August 31, 2005</u>	<u>Market Value</u> <u>August 31, 2004</u>
U. S. Government	\$ 0	\$ 0
U. S. Instrumentality	0	0
Real Estate Investments	<u>0</u>	<u>0</u>
Totals	<u>\$ 0</u>	<u>\$ 0</u>
Total Cash and Deposits	8 308 486	3 291 921
Total Investments	<u>0</u>	<u>0</u>
Total Deposit and Investments	<u>8 308 486</u>	<u>3 291 921</u>
Cash and Temporary Investments (Exhibit 1)	6 024 158	7 851 593
Investments (Exhibit 1)	<u>0</u>	<u>0</u>
Total Deposits and Investments	<u>\$ 14 332 644</u>	<u>\$ 11 143 514</u>

The College has no investments exposed to credit or custodial risk. All deposits are either insured by federal deposit insurance or covered by collateral pledged in Trinity Valley Community College's name and held in the safekeeping departments of unrelated banks which act as the pledging bank's agents.

5. DERIVATIVES

The College had no derivatives at August 31, 2005.

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2005 was as follows:

	Balance September 1, 2004 (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance August 31, 2005
<u>Not Depreciated:</u>				
Land	\$ 1 139 726	\$	\$	\$ 1 139 726
Construction in Progress	<u>1 147 353</u>	<u>2 758 101</u>	<u>16 332</u>	<u>3 889 122</u>
Subtotal	<u>2 287 079</u>	<u>2 758 101</u>	<u>16 332</u>	<u>5 028 848</u>
Other Capital Assets:				
Building	20 920 163	1 197 801		22 117 964
Facilities & Improvements	1 458 623	634 567		2 093 190
Library Books	2 347 559	96 055	58 647	2 384 967
Furniture, Machinery, Vehicles, and Other Equipment	1 019 100	148 122	75 772	1 091 450
Telecommunications and Peripheral Equipment	<u>751 298</u>	<u>135 748</u>	<u>142 434</u>	<u>744 612</u>
Subtotal	<u>26 496 743</u>	<u>2 212 293</u>	<u>276 853</u>	<u>28 432 183</u>
Accumulated Depreciation:				
Buildings	6 209 232	411 241		6 620 473
Facilities & Improvements	395 695	61 006		456 701
Library Books	1 378 644	146 398	4 195	1 520 847
Furniture, Machinery, Vehicles, and Other Equipment	545 616	145 324	63 346	627 594
Telecommunications and Peripheral Equipment	<u>425 287</u>	<u>108 509</u>	<u>142 434</u>	<u>391 362</u>
Subtotal	<u>8 954 474</u>	<u>872 478</u>	<u>209 975</u>	<u>9 616 977</u>
Net Other Capital Assets	<u>17 542 269</u>	<u>1 339 815</u>	<u>66 878</u>	<u>18 815 206</u>
Net Capital Assets	<u>\$ 19 829 348</u>	<u>\$ 4 097 916</u>	<u>\$ 83 210</u>	<u>\$ 23 844 054</u>

6. CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2004 was as follows:

	Balance September 1, 2003 <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance August 31, 2004 <u>(Restated)</u>
<u>Not Depreciated:</u>				
Land	\$ 1 139 726	\$	\$	\$ 1 139 726
Construction in Progress	<u>0</u>	<u>1 147 353</u>	<u> </u>	<u>1 147 353</u>
Subtotal	<u>1 139 726</u>	<u>1 147 353</u>	<u>0</u>	<u>2 287 079</u>
<u>Other Capital Assets:</u>				
Building	20 828 219	91 944		20 920 163
Facilities & Improvements	1 105 931	352 692		1 458 623
Library Books	2 321 798	101 673	75 912	2 347 559
Furniture, Machinery, Vehicles, and Other Equipment	926 885	169 379	77 164	1 019 100
Telecommunications and Peripheral Equipment	<u>737 802</u>	<u>13 496</u>	<u> </u>	<u>751 298</u>
Subtotal	<u>25 920 635</u>	<u>729 186</u>	<u>153 076</u>	<u>26 496 743</u>
<u>Accumulated Depreciation:</u>				
Buildings	5 799 830	409 402		6 209 232
Facilities & Improvements	354 979	40 716		395 695
Library Books (Restated)	1 231 994	146 650		1 378 644
Furniture, Machinery, Vehicles, and Other Equipment	465 970	140 126	60 480	545 616
Telecommunications and Peripheral Equipment	<u>307 917</u>	<u>117 370</u>	<u> </u>	<u>425 287</u>
Subtotal	<u>8 160 690</u>	<u>854 264</u>	<u>60 480</u>	<u>8 954 474</u>
Net Other Capital Assets	<u>17 759 945</u>	<u>(125 080)</u>	<u>16 684</u>	<u>15 194 710</u>
Net Capital Assets	<u>18 899 671</u>	<u>(1 022 273)</u>	<u>92 596</u>	<u>19 829 348</u>

7. LONG - TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2005 was as follows:

	Balance September 1 <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31 <u>2005</u>	Current Portion
Bonds:					
Revenue Bonds	\$ <u>0</u>	\$ <u>5 500 000</u>	\$ _____	\$ <u>5 500 000</u>	\$ <u>465 000</u>
Total Long-term Liabilities	\$ <u>0</u>	\$ <u>5 500 000</u>	\$ _____	\$ <u>5 500 000</u>	\$ <u>465 000</u>

There were no long-term liabilities for the previous year.

Debt service requirements at August 31, 2005 were as follows:

For the Year Ended August 31,	<u>Principal</u>	<u>Revenue Bonds Interest</u>	<u>Total</u>
2007	\$ 480 000	\$ 201 400	\$ 681 400
2008	495 000	182 699	677 699
2009	515 000	162 400	677 400
2010	535 000	141 800	676 800
2011	555 000	120 400	675 400
2012-2015	<u>2 455 000</u>	<u>250 869</u>	<u>2 705 869</u>
Total	<u>\$ 5 035 000</u>	<u>\$ 1 059 568</u>	<u>\$ 6 094 568</u>

General information related to bonds payable is summarized as follows:

Bond issue Name, Series - Series 2005
 Purpose of the bond issue - To construct a classroom building
 Issue date - June 27, 2005
 Original amount of issue - \$5,500,000
 Source of revenue for debt service - Pledged tuition fee, building use fee, student services fee, laboratory fee, other fees
 and Auxiliary Enterprise Fund System revenue including all interest income on such funds.

Bonds payable are due in annual installments varying from \$642,205 to \$681,200 with an interest rate to maturity of \$4.0 percent with the final installment due in 2015.

8. DEBT AND LEASE OBLIGATIONS

The College had no debt and lease obligations for the year ending August 31, 2005.

9. BONDS PAYABLE

See Note 7.

10. ADVANCE REFUNDING BONDS

The College had no advance refunding bonds for the year ending August 31, 2005.

11. DEFEASED BONDS OUTSTANDING

The College had no defeased bonds outstanding for the year ending August 31, 2005.

12. SHORT - TERM DEBT

The College had no short - term debt for the year ending August 31, 2005.

13. EMPLOYEES' RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 6% and 6.4% respectively, of annual compensation.

The Teachers Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature.

The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65% respectively. The College contributes 2.5% percent for employees who were participating in the optional retirement program prior to September 1, 1995. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$645,920 and \$617,426 for the fiscal years ended August 31, 2005 and 2004, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$13,679,026 and \$13,029,351 for fiscal years ending August 31, 2005 and 2004, respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,468,588 and \$5,198,214, and the total payroll of employees covered by the Optional Retirement System was \$5,296,746 and \$5,092,220 for fiscal years ending August 31, 2005 and 2004, respectively.

14. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The College acts as a withholding agent for the employee contracts with their individual plan. The College has no liability to the employee other than withholding from their salary check and remitting to their designated plan. For the year ended August 31, 2005 the College withheld and remitted \$190,620 for 41 employees. For the year ended August 31, 2004, the College withheld and remitted \$200,204 for 48 employees.

15. COMPENSABLE ABSENCES

Full-time employees earn annual vacation leave of one day per month of employment during their first ten years of employment. After ten years of employment annual leave is earned at the rate of one and one-half days per month. This leave can accumulate up to one year. Accrued compensation balances have been recorded. The College recognized the accrued liability for the unpaid annual leave for in the amounts of \$201,025 at August 31, 2005 and \$184,759 at August 31, 2004.

Also, all full-time employees are granted medical leave at the rate of one day per month of service to up 45 days depending on length of employment. If this leave is not used for medical purposes, it lapses upon the retirement or resignation of the employee and the employee is not paid for it. Therefore, no accruals have been recorded for medical leave.

16. PENDING LAWSUITS AND CLAIMS

There were no pending lawsuits or claims during the current period according to Trinity Valley Community College personnel.

17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2005, were as follows:

	<u>2005</u>		<u>2004</u>	
	Primary <u>Institution</u>	Component Unit <u>(Foundation)</u>	Primary <u>Institution</u>	Component Unit <u>(Foundation)</u>
Student Receivables	\$ 877 156	\$	\$ 711 722	\$
Taxes Receivables	566 453		524 800	
State Receivables	154 856		10 736	
Federal Receivables	1 057		1 128	
Grant Receivables	577 108		699 731	
Other Receivables	<u>65 333</u>		<u>107 025</u>	<u>1 129</u>
Subtotal	2 241 963	0	2 055 142	1129
Allowance for Doubtful Accounts	<u>(242 619)</u>		<u>(203 892)</u>	<u>0</u>
Total	<u>\$ 1 999 344</u>	<u>\$ 0</u>	<u>\$ 1 851 250</u>	<u>\$ 1 129</u>

Payables

Payables at August 31, 2005, were as follows:

	<u>2005</u>		<u>2004</u>	
	Primary <u>Institution</u>	Component Unit <u>(Foundation)</u>	Primary <u>Institution</u>	Component Unit <u>(Foundation)</u>
Vendors Payable	\$ 241 463	\$	\$ 214 822	\$
Due to State	2 044		5 271	
Sales Tax Payable	73 728		58 388	
Payable to Bookstore	357 856		305 355	
Other Payables	<u>878</u>		<u>1 056</u>	
Total	<u>\$ 675 969</u>	<u>\$ 0</u>	<u>\$ 584 892</u>	<u>\$ 0</u>

18. FUNDS HELD IN TRUST BY OTHERS

There were no known funds held in trust by others on behalf of Trinity Valley Community College for the year ending August 31, 2005.

19. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grants awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal years ending August 31, 2005 and 2004 respectively for which monies have not been received nor funds expended totaled \$121,480 and \$127,023. Of these amounts, \$114,493 and \$124,365 were from Federal Contract and Grant Awards; \$6,987 and \$2,658 were from State Contract and Grant Awards; \$-0- and \$-0- were from Local Contract and Grant Awards; and \$-0- and \$-0- were from Private Contract and Grant Awards for the fiscal years ended August 31, 2005 and 2004, respectively.

20. SELF-INSURED PLANS

The College did not participate in any self-insured plans as of August 31, 2005.

21. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$316.68 per month for the year ended August 31, 2005 (\$300.27 per month for year ended August 31, 2004) and totaled \$1,218,021 for the year ended August 31, 2005 (\$1,175,286 for the year ended August 31, 2004). The cost of providing those benefits for 80 retirees in the year ended August 31, 2005 was \$371,972 (retiree benefits for 79 retirees cost \$331,089 for the year ended August 31, 2004). For 239 active employees, the cost of providing benefits was \$846,049 for the year ended August 31, 2005 (active employee benefits for 239 employees cost \$844,197 for the year ended August 31, 2004).

22. PROPERTY TAX

The District's ad valorem property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

At August 31:

	<u>2005</u>		<u>2004</u>	
Assessed Valuation of the College	\$ 9 347 838 075		\$ 9 150 024 028	
Less: Exemptions	1 735 553 144		2 026 544 296	
Less: Abatements	<u>35 550 720</u>		<u>44 071 117</u>	
Net Assessed Valuation of the College	<u>\$ 7 576 734 211</u>		<u>\$ 7 079 408 615</u>	
	<u>2005</u>		<u>2004</u>	
	<u>Current</u>		<u>Current</u>	
	<u>Operations</u>	<u>Total</u>	<u>Operations</u>	<u>Total</u>
Tax Rate per \$100 valuation for Authorized	\$.50	\$.50	\$.50	\$.50
Tax Rate per \$100 valuation for Assessed	\$.0615	\$.0615	\$.0615	\$.0615
Tax Rate per \$100 Valuation for Assessed Maintenance Tax	\$.05	\$.05	\$.0485	\$.0485

Tax levied during the year ended August 31, 2005 and 2004 is \$4,594,741 and \$4,243,249 which includes any penalty and interest assessed if applicable. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

22. PROPERTY TAX (continued)

<u>Taxes Collected (Includes Maintenance Tax)</u>	<u>2005</u>		<u>2004</u>	
	<u>Current Operations</u>	<u>Total</u>	<u>Current Operations</u>	<u>Total</u>
Current Taxes Collected	\$ 4 303 274	\$ 4 303 274	\$ 3 955 513	\$ 3 955 513
Delinquent Taxes Collected	204 358	204 358	236 508	236 508
Penalties and Interest Collected	<u>120 909</u>	<u>120 909</u>	<u>94 962</u>	<u>94 962</u>
Total Collections	<u>\$ 4 628 541</u>	<u>\$ 4 628 541</u>	<u>\$ 4 286 983</u>	<u>\$ 4 286 983</u>

Tax collections for the year ended August 31, 2005 and 2004 were 94% and 93%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and/or operations.

23. BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax which is established by election is supposed to be levied by the Palestine Independent School District. However, due to an agreement by the College and the Palestine Independent School District, this tax is completely administered by the College. It is levied each October 1, on the assessed value listed as of the prior January 1 for all real and business personal property located in the district. Collections are made by Anderson County Tax Assessor-Collector and are transferred to the College District to be used for operation of a Branch Campus at Palestine, Texas.

<u>County or Independent School District</u>	<u>Collections (including Penalties and Interest) 2005</u>	<u>Collections (including Penalties and Interest) 2004</u>
Palestine ISD	\$ 407 575 {	\$ 393 033 {

{ This amount included in the amount of the preceding notes.

24. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc. Unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2005.

25. COMPONENT UNITS

The Trinity Valley Community College Foundation is not a component unit as defined in GASB 39. However, we have reported Trinity Valley Community College Foundation as an affiliated organization.

26. RELATED PARTIES

The only noted and possible related party instance is that Carol Staples, Mother of state legislator Todd Staples, is an instructor at Trinity Valley Community College.

OTHER REPORTS

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

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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

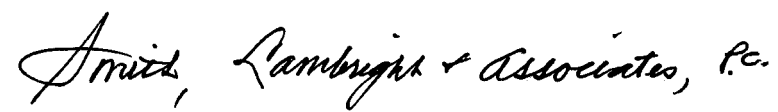
by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting 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,

A handwritten signature in black ink that reads "Smith, Lambright & Associates, P.C." in a cursive script.

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

November 18, 2005

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

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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.

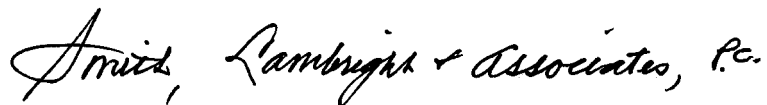
Internal Control Over Compliance

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,

A handwritten signature in cursive script that reads "Smith, Lambright & Associates, P.C." The signature is written in black ink and is positioned above the typed name of the firm.

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	<u>71 393</u>		<u>71 393</u>		<u>71 393</u>	<u>127 459</u>
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	<u>18 548</u>		<u>18 548</u>		<u>18 548</u>	<u>21 161</u>
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	<u>(66 964)</u>		<u>(66 964)</u>		<u>(66 964)</u>	<u>(69 583)</u>
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	<u>182 480</u>		<u>182 480</u>		<u>182 480</u>	<u>319 273</u>
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)

	<u>Operating Expenses</u>			August 31, 2005 Total	August 31, 2004 Total	
	<u>Salaries and Wages</u>	<u>Benefits</u>				<u>Other Expenses</u>
		<u>State</u>	<u>Local</u>			
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		430		430	335
	<u>10 323 261</u>	<u>1 864 371</u>	<u>0</u>	<u>12 187 632</u>	<u>12 193 672</u>
Total State Appropriations					
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				0	0
	<u>15 239 487</u>	<u>1 954 245</u>	<u>29 173</u>	<u>17 222 905</u>	<u>16 953 305</u>
Total Non-Operating Revenues					
NON-OPERATING EXPENSES:					
Loss on Disposal of Fixed Assets	68 878			66 878	88 891
Other Non-Operating Expenses				0	0
	<u>68 878</u>	<u>0</u>	<u>0</u>	<u>66 878</u>	<u>88 891</u>
Total Non-Operating Expenses					
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		
	<u>Unrestricted</u>	<u>Restricted</u>		Capital Assets Net of Depreciation & Related Debt	<u>Total</u>	Available for Current Operations	
		<u>Expendable</u>	<u>Non-Expendable</u>			<u>Yes</u>	<u>No</u>
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 (Restated)	<u>10 739 599</u>	<u>164 678</u>	<u>653 297</u>	<u>19 829 348</u>	<u>31 386 922</u> (Exhibit 1)	<u>7 699 599</u>	<u>23 687 323</u> (Exhibit 1)
Net Increase (Decrease) in Net Assets	<u>\$ (2 461 782)</u>	<u>\$ (20 201)</u>	<u>\$ 78 423</u>	<u>\$ 4 014 706</u>	<u>\$ 1 611 146</u> (Exhibit 2)	<u>\$ (1 424 990)</u>	<u>\$ 3 036 136</u>

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			
Direct Programs:			
Student Financial Aid - Cluster:			
Federal Supplemental Education Opportunity Grant (SEOG) 09/01/04 - 06/30/05	84.007		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) 09/01/04 - 06/30/05	84.033		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) 09/01/04 - 06/30/05	84.063		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>
Pass-Through Programs From:			
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	93.558		
Assistance for Needy Families (TANF)			
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			\$ 59 147
TOTAL TEXAS EDUCATION AGENCY			\$ 59 147
 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			\$ 37 371
Total Pass-Through from the Texas Higher Education Coordinating Board			<u>37 371</u>
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD			\$ 234 553
TOTAL STATE FINANCIAL ASSISTANCE EXPENDITURES			\$ 293 700

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.

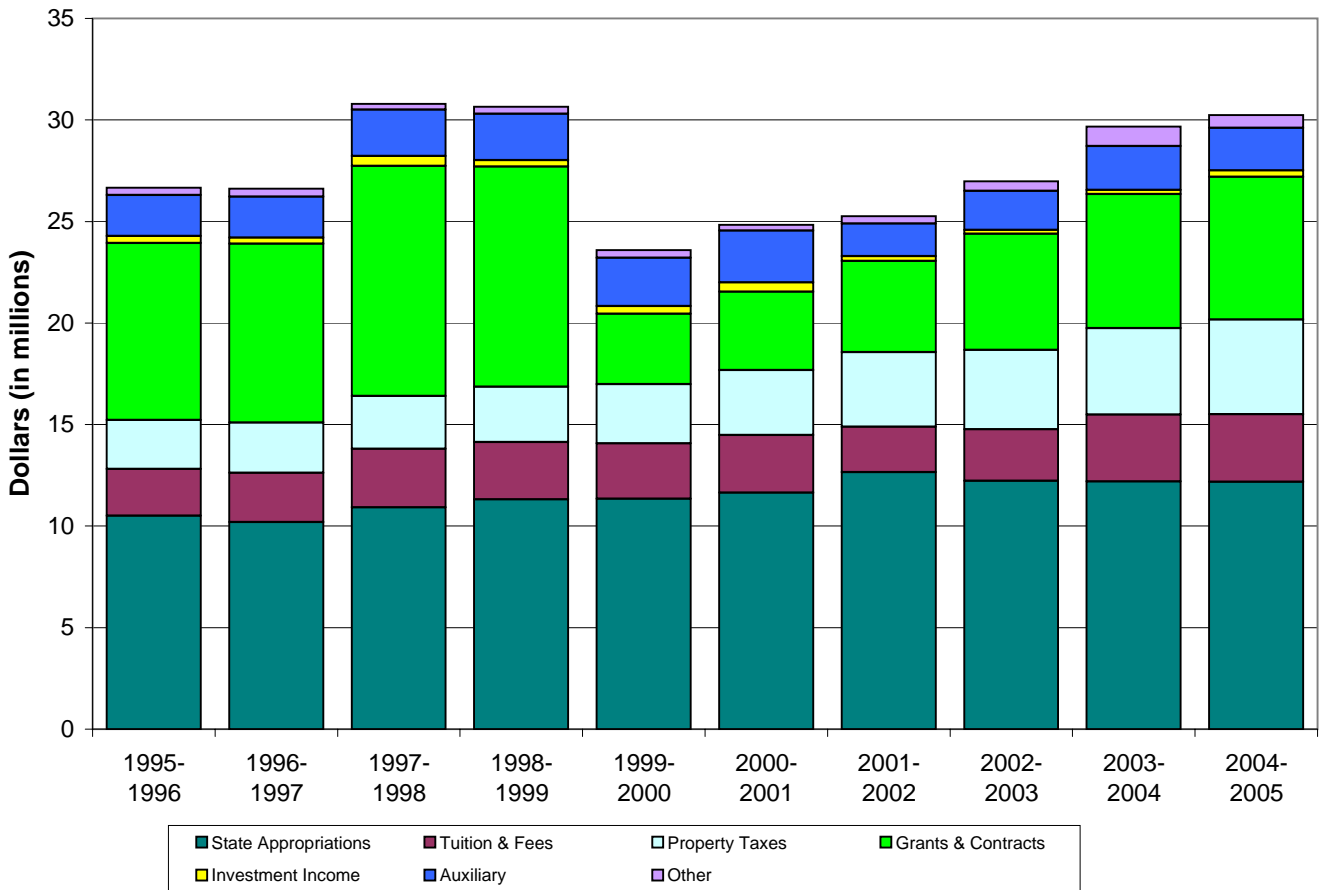
TRINITY VALLEY COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2005

There are no unresolved audit findings from prior years.

STATISTICAL SUPPLEMENT

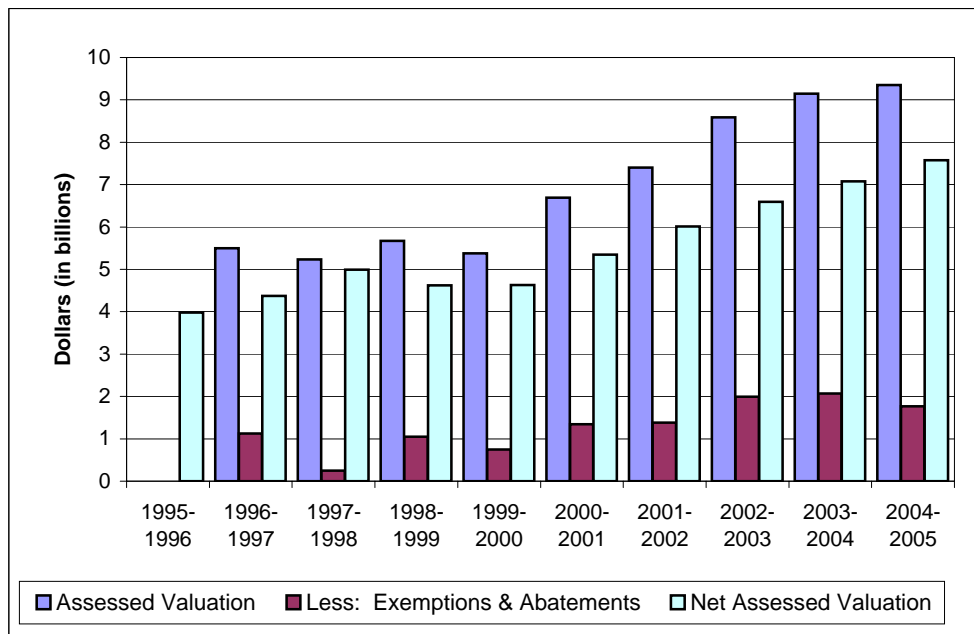
Trinity Valley Community College
Revenue by Source
Last 10 Fiscal Years
(Unaudited)

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
State Appropriations	10,507,332	10,202,552	10,915,846	11,309,038	11,350,913	11,643,216	12,651,316	12,220,904	12,193,672	12,187,632
Tuition & Fees	2,303,199	2,423,657	2,882,301	2,830,873	2,727,049	2,843,743	2,244,003	2,546,496	3,290,105	3,321,684
Property Taxes	2,419,987	2,474,944	2,605,024	2,723,102	2,903,554	3,196,105	3,661,939	3,904,557	4,268,699	4,656,766
Grants & Contracts	8,701,260	8,801,969	11,335,724	10,843,629	3,470,187	3,852,421	4,501,766	5,715,516	6,588,738	7,032,166
Investment Income	355,169	298,300	490,074	314,824	388,157	458,455	231,340	190,734	210,289	311,508
Auxiliary	2,020,654	2,013,978	2,287,355	2,287,205	2,375,077	2,560,428	1,611,674	1,930,253	2,156,776	2,093,808
Other	356,411	404,247	279,731	337,456	373,453	276,245	363,842	467,208	961,596	634,853
Total	26,664,012	26,619,647	30,796,055	30,646,127	23,588,390	24,830,613	25,265,880	26,975,668	29,669,875	30,238,417



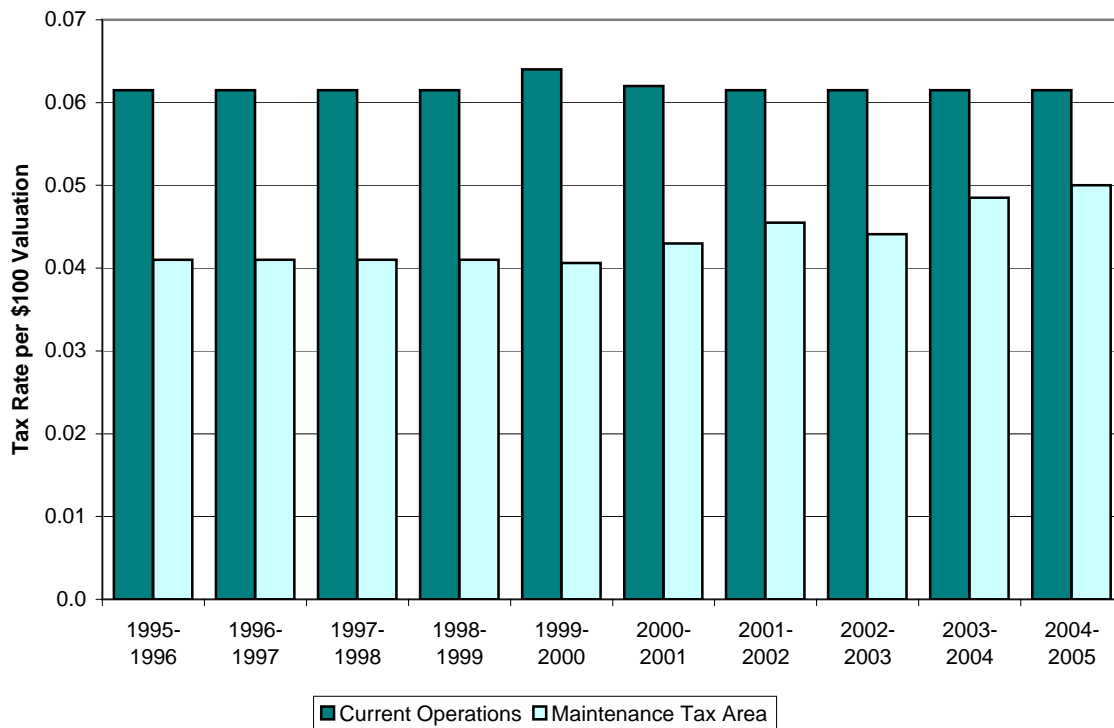
**Trinity Valley Community College
Property Tax Valuations
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Assessed Valuation	Less: Exemptions & Abatements	Net Assessed Valuation
1995-1996			3,979,785,131
1996-1997	5,499,467,997	1,124,192,910	4,375,275,087
1997-1998	5,237,186,222	246,536,053	4,990,650,169
1998-1999	5,673,703,154	1,047,690,164	4,626,012,990
1999-2000	5,376,836,813	750,374,948	4,626,461,865
2000-2001	6,694,828,325	1,345,438,074	5,349,390,251
2001-2002	7,398,997,129	1,385,115,368	6,013,881,761
2002-2003	8,584,959,550	1,992,670,700	6,592,288,850
2003-2004	9,150,024,028	2,070,615,413	7,079,408,615
2004-2005	9,347,838,075	1,771,103,864	7,576,734,211



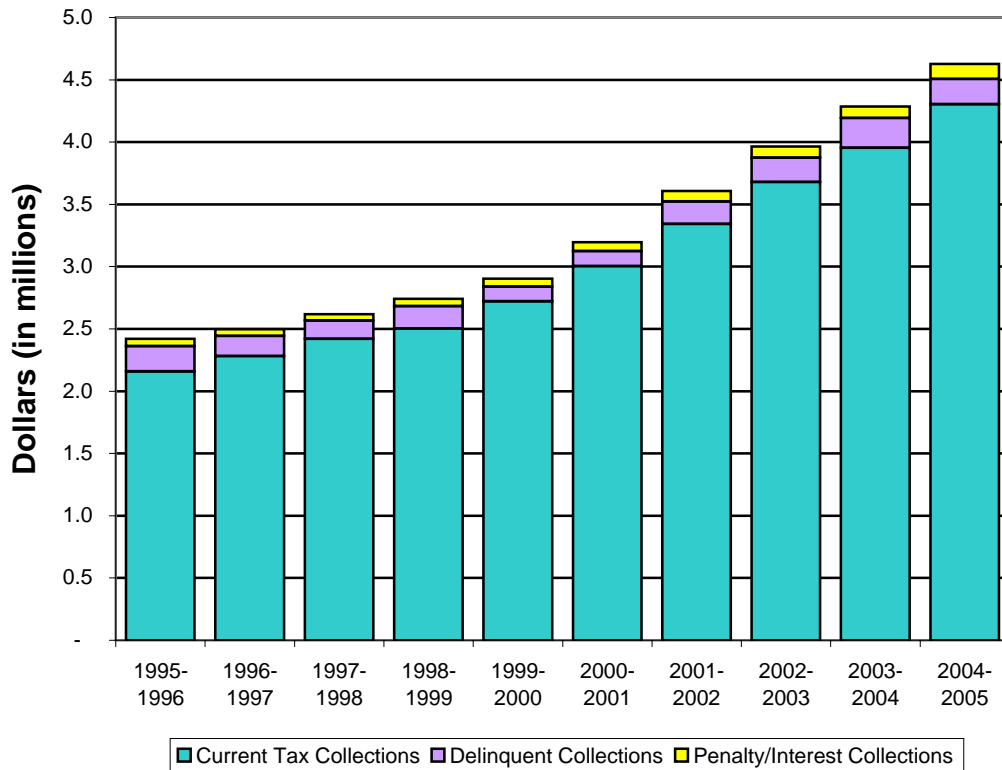
**Trinity Valley Community College
Property Tax Rates Assessed
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Current Operations (per \$100 valuation)	Maintenance Tax Area (per \$100 valuation)	Debt Service	Property Tax Rates Authorized
1995-1996	0.0615	0.04100	0.0	0.50
1996-1997	0.0615	0.04100	0.0	0.50
1997-1998	0.0615	0.04100	0.0	0.50
1998-1999	0.0615	0.04100	0.0	0.50
1999-2000	0.0640	0.04064	0.0	0.50
2000-2001	0.0620	0.04300	0.0	0.50
2001-2002	0.0615	0.04550	0.0	0.50
2002-2003	0.0615	0.04410	0.0	0.50
2003-2004	0.0615	0.04850	0.0	0.50
2004-2005	0.0615	0.05000	0.0	0.50



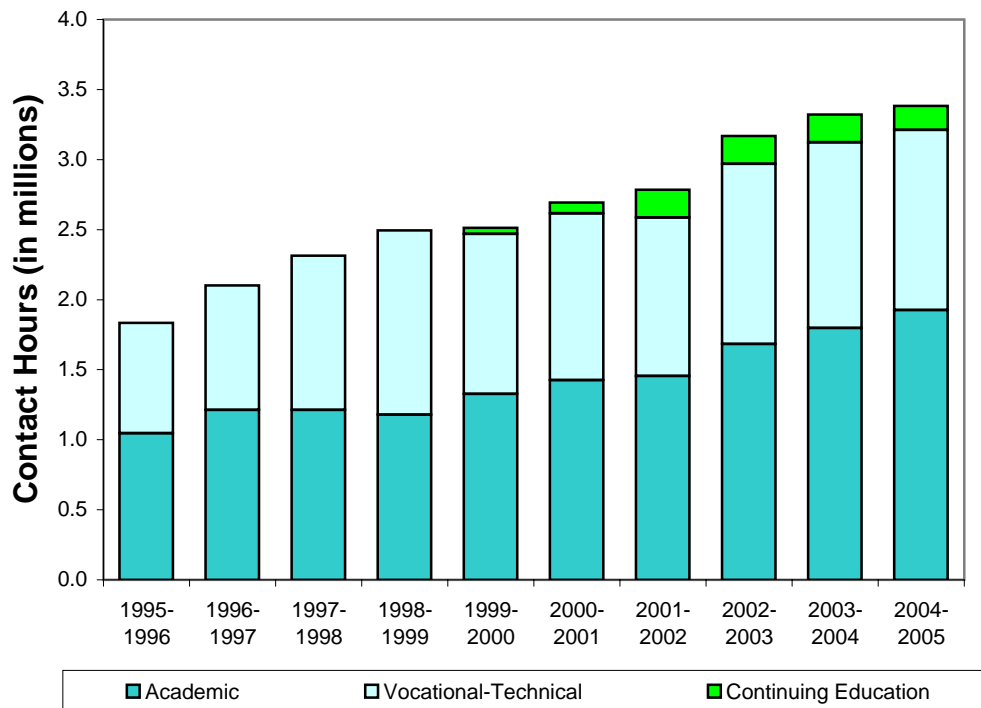
**Trinity Valley Community College
Property Tax Collections
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Current Tax Collections	Delinquent Collections	Penalty/Interest Collections	Total Tax Collections
1995-1996	2,159,453	200,909	59,625	2,419,987
1996-1997	2,282,003	160,499	53,725	2,496,227
1997-1998	2,419,349	148,470	50,527	2,618,346
1998-1999	2,501,533	181,047	58,608	2,741,188
1999-2000	2,721,989	117,900	63,665	2,903,554
2000-2001	3,004,140	120,932	71,033	3,196,105
2001-2002	3,341,810	179,890	85,990	3,607,690
2002-2003	3,679,771	194,939	89,368	3,964,078
2003-2004	3,955,513	236,508	94,962	4,286,983
2004-2005	4,303,274	204,358	120,909	4,628,541



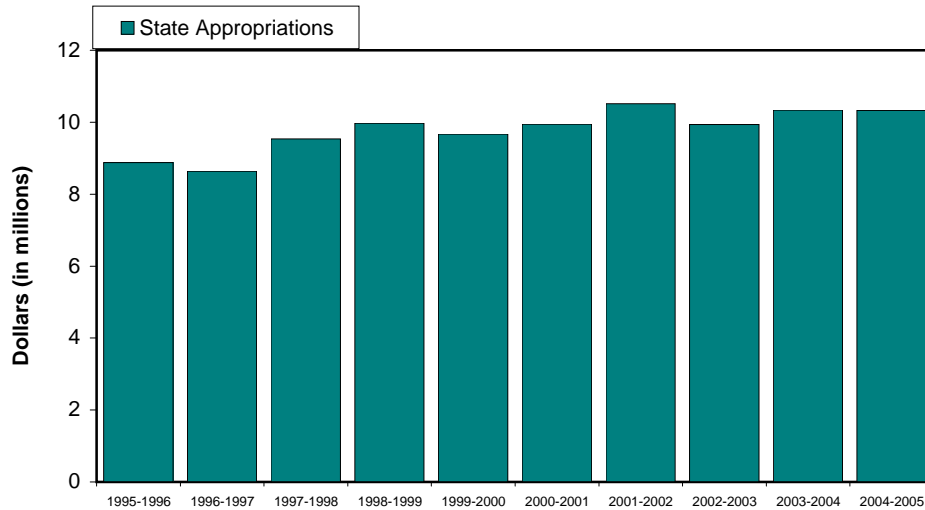
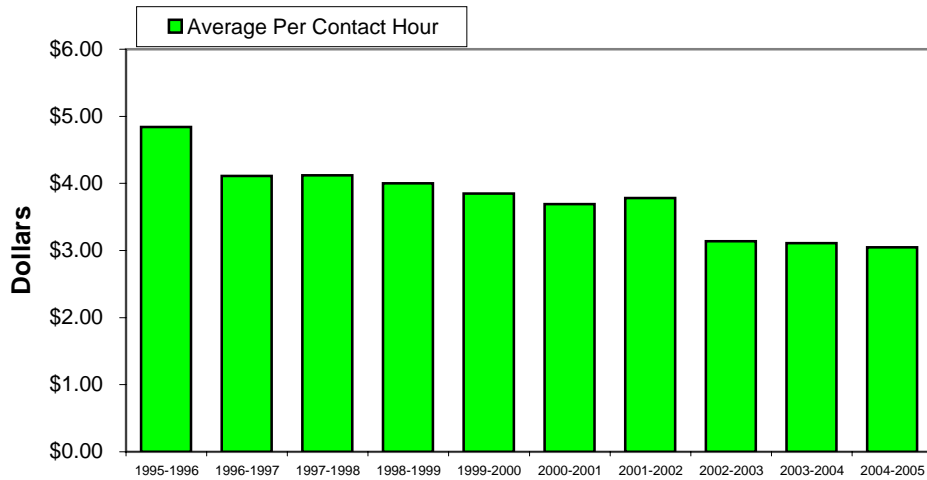
**Trinity Valley Community College
Contact Hour Production
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	Academic	Vocational- Technical	Continuing Education	Total
1995-1996	1,046,244	789,184	-	1,835,428
1996-1997	1,212,016	888,828	-	2,100,844
1997-1998	1,212,112	1,101,934	-	2,314,046
1998-1999	1,179,376	1,314,846	-	2,494,222
1999-2000	1,327,488	1,140,940	43,920	2,512,348
2000-2001	1,426,352	1,188,288	78,740	2,693,380
2001-2002	1,454,512	1,130,784	198,927	2,784,223
2002-2003	1,682,624	1,286,224	199,121	3,167,969
2003-2004	1,798,608	1,324,952	198,383	3,321,943
2004-2005	1,925,496	1,285,508	173,200	3,384,204



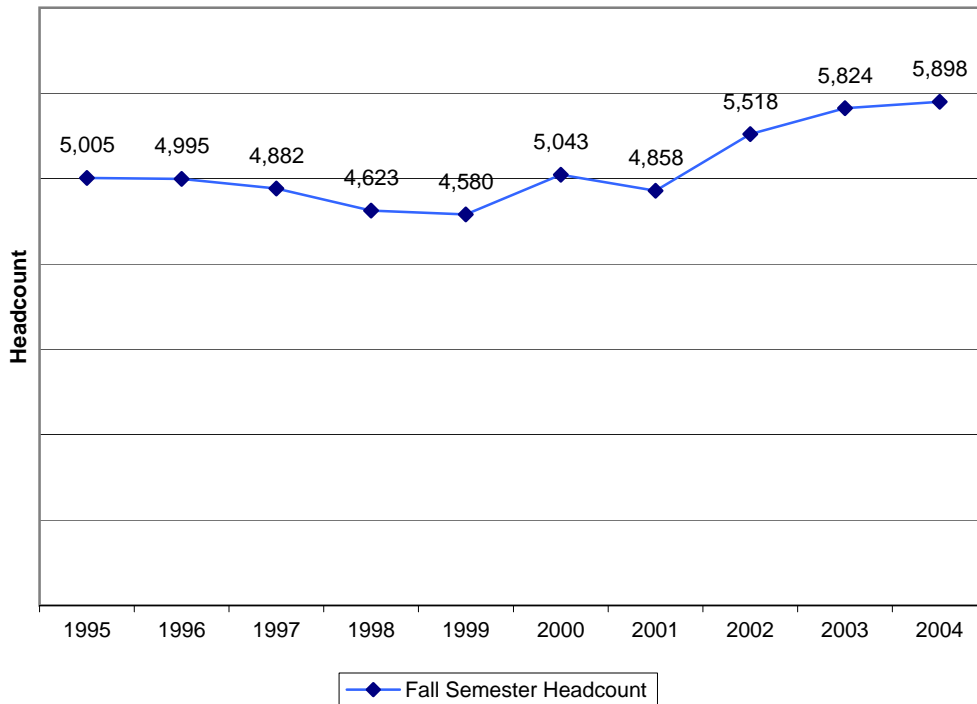
**Trinity Valley Community College
State Contact Hour Funding
Last 10 Fiscal Years
(Unaudited)**

Fiscal Year	State Appropriations	Average Per Contact Hour
1995-1996	8,877,156	4.84
1996-1997	8,634,182	4.11
1997-1998	9,532,122	4.12
1998-1999	9,974,041	4.00
1999-2000	9,667,462	3.85
2000-2001	9,947,049	3.69
2001-2002	10,515,602	3.78
2002-2003	9,939,566	3.14
2003-2004	10,332,134	3.11
2004-2005	10,323,261	3.05



**Trinity Valley Community College
Headcount Enrollments
Last 10 Fiscal Years
(Unaudited)**

Year	Fall Semester Headcount
1995	5,005
1996	4,995
1997	4,882
1998	4,623
1999	4,580
2000	5,043
2001	4,858
2002	5,518
2003	5,824
2004	5,898



SMITH, LAMBRIGHT & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH PROVISIONS OF THE PUBLIC FUNDS INVESTMENT ACT

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

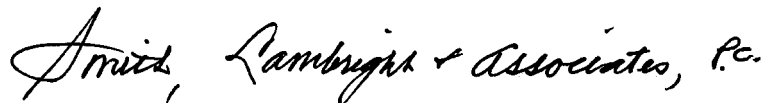
Members of the Board:

We have completed our audit of the Trinity Valley Community College for the year ended August 31, 2005. During the course of our audit, we noted that you have an investment policy which complies with the Public Funds Investment Act (Act). This compliance report is in response to the provisions of Chapter 2256.005 (m) of the Act.

We reviewed your investment policy, the monthly reports and other provisions of the policy including the types of investments you made during the year under audit. We noted no matters of noncompliance with the Act, lack of adherence to the College's investment policy, internal control weaknesses over the investment function or any other investment issues during the audit.

Please see the following schedule that is a schedule of portfolio composition as of August 31, 2005, which is part of this compliance report.

Respectfully submitted,



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

November 18, 2005

Trinity Valley Community College
 Portfolio Composition as of August 31, 2005

Investment Type	Book Value August 31, 2005	Market Value August 31, 2005
Savings Account(s) in Financial Institutions		
Certificates of Deposit	\$ 6 024 158	\$ 6 024 158
Repurchase Agreements		
Bankers Acceptances		
Commercial Paper		
No-Load Money Market Mutual Fund		
No-Load Mutual Fund		
Investment Pool (s): (1) <i>Constant Net Asset Value</i> _____ (Name of investment pool) _____ (Name of investment pool) <i>Variable Net Asset Value</i> _____ (Name of investment pool) _____ (Name of investment pool)		
U.S. Government Securities: Long-term Short-term		
U.S. Government Securities: Long-term Short-term		

(1) An investment pool with a constant net asset value (market value/book value) means that money is deposited and withdrawn at a stable price of \$1.00 per share. In a variable net asset value pool, the share price fluctuates with the market value of the pool's portfolio.