

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

Members of the Board of Trustees:

**Compliance**

We have audited the compliance of Trinity Valley Community College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. Trinity Valley Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Trinity Valley Community College's management. Our responsibility is to express an opinion on Trinity Valley Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*; and *State of Texas Single Audit Circular*. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trinity Valley Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trinity Valley Community College's compliance with those requirements.

In our opinion, Trinity Valley Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005. There were no major state programs.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Trinity Valley Community College's Board of Trustees, management, federal and state awarding agencies, and pass-through entities, and is not intended to be used and should not be used by anyone other than those specified parties.

Respectfully submitted,

*Smith, Lambright & Associates, P.C.*

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

November 18, 2005

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
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b><u>Direct Programs:</u></b>			
<b>Student Financial Aid - Cluster:</b>			
Federal Supplemental Education Opportunity Grant (SEOG)	84.007		
09/01/04 - 06/30/05		51 632	
07/01/05 - 08/31/05		<u>833</u>	
Subtotal SEOG			\$ 52 465
Federal Family Education Loans (Note 4)	84.032		
Federal College Work - Study Program (FCWS)	84.033		
09/01/04 - 06/30/05		68 976	
07/01/05 - 08/31/05		<u>3 359</u>	
Subtotal FCWS			72 335
Federal Perkins Loan Program (Note 4)	84.038		-
Trio - Cluster (See Below)	84.042		-
Federal Pell Grant Program (PELL) (See Note 7)	84.063		
09/01/04 - 06/30/05		4 828 327	
07/01/05 - 09/30/05		<u>403 257</u>	
Subtotal PELL			<u>5 231 584</u>
<b>Total Student Financial Aid Cluster</b>			5 356 384
<b>Trio - Cluster:</b>			
Student Support Services (See Note 7)	84.042		<u>296 952</u>
<b>Total Direct Programs, U.S. Department Of Education</b>			<u>\$ 5 653 336</u>
<b><u>Pass-Through Programs From:</u></b>			
<b>Texas Education Agency:</b>			
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>
<b>Total Pass-Through from the Texas Education Agency</b>			<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
<b>Texas Higher Education Coordinating Board:</b>			
Carl Perkins Vocational Education	84.048	44251	<u>501 878</u>
<b>Total Pass-Through from the Texas Higher Education Coordinating Board</b>			<u>501 878</u>
<b>University of Texas at Tyler:</b>			
East Texas Tech - Prep Consortium at UT-Tyler Program	84.243	-	<u>15 895</u>
<b>Total Pass-Through from the University of Texas at Tyler</b>			<u>15 895</u>
			<u>851 066</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u>6 504 402</u>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>			
<b><u>Pass-Through Programs From:</u></b>			
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>
<b>TOTAL U.S. SMALL BUSINESS ADMINISTRATION</b>			<u>\$ 73 221</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b><u>Pass-Through Programs From:</u></b>			
<b>Texas Education Agency:</b>			
Adult Basic Education - Temporary Assistance for Needy Families (TANF)	93.558		
09/01/04 - 09/30/04	04362501711031		12 033
10/01/04 - 08/31/05	05362501711006		<u>26 195</u>
Subtotal TANF			<u>38 228</u>
<b>Total Pass-Through from the Texas Education Agency</b>			<u>38 228</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			<u>38 228</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES</b>			<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
<b>TEXAS EDUCATION AGENCY</b>			
<b><u>Direct Programs:</u></b>			
Adult Basic Education - State	050100017110006	\$	44 401
Adult Basic Education - TANF	050110017110006		<u>14 746</u>
<b>Subtotal Adult Basic Education</b>		<b>\$</b>	<b><u>59 147</u></b>
<b>TOTAL TEXAS EDUCATION AGENCY</b>			<b>\$ <u>59 147</u></b>
 <b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>			
<b><u>Direct Programs:</u></b>			
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>
<b>Total Direct Programs, Texas Higher Education Coordinating Board</b>			<b>197 182</b>
 <b><u>Pass-through Programs From:</u></b>			
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>
<b>Subtotal Small Business Development Center Program</b>		<b>\$</b>	<b><u>37 371</u></b>
<b>Total Pass-Through from the Texas Higher Education Coordinating Board</b>			<b><u>37 371</u></b>
<b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>			<b>\$ <u>234 553</u></b>
<b>TOTAL STATE FINANCIAL ASSISTANCE EXPENDITURES</b>			<b>\$ <u>293 700</u></b>

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.**