

TRINITY VALLEY COMMUNITY COLLEGE
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2013

TRINITY VALLEY COMMUNITY COLLEGE
Annual Financial Report for
the Year Ended August 31, 2013

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TRINITY VALLEY COMMUNITY COLLEGE
 ORGANIZATIONAL DATA
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

Board of Trustees

Officers

Ray Raymond	President
Paula Kimball	Vice President
Glendon Forgey	Secretary

Members

	<u>Term Expires</u> <u>April 30,</u>
Homer L. Norville	Kaufman, Texas 2016
Dr. Charlie Risinger	Terrell, Texas 2016
Jerry Stone	Malakoff, Texas 2016
Ron Day	Mabank, Texas 2018
Paula Kimball	Seven Points, Texas 2018
David Monk	Tyler, Texas 2018
Steve Grant	Athens, Texas 2014
Ray Raymond	Kaufman, Texas 2014
Kenneth McGee	Athens, Texas 2014

Principal Administrative Officers

Dr. Glendon Forgey	President
Mike Abbott	Vice-President of Information Technology
Dr. Jerry King	Vice-President of Instruction
Dr. Jay Kinzer	Vice-President of Student Services
Jean M ^c Spadden, CPA	Vice-President of Administrative Services and Chief Financial Officer
Mary Nicholson	Vice-President of Institutional Advancement
Brett Daniel	Associate Vice-President of Information Technology
Dr. Sam Hurley	Associate Vice-President of Correctional Education
Wendy Mays	Associate Vice-President of Academic Affairs
David M ^c Anally	Associate Vice-President of Workforce Education
Dr. Algia Allen	Provost of Terrell Campus
Dr. Helen Reid	Provost of Health Occupations
Dr. Jeffrey Watson	Provost of Palestine Campus
Joyce Helberg	Controller

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

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**Unmodified Opinions on the Basic Financial Statements
and Supplementary Information - Single Audit-
Governmental Entity**

Independent Auditor's Report

The Board of Trustees
Trinity Valley Community College
Athens, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Trinity Valley Community College (the "College"), as of and for the year ended August 31, 2013 and August 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Trinity Valley Community College as of August 31, 2013 and August 2012, and the respective changes in financial position and cash

flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, supplemental information, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal and 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 the *Uniform Grant Management Standards*, and are not a required part of the basic financial statements.

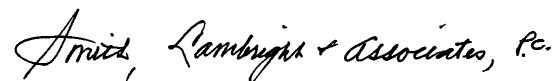
The supplemental information and the Schedules of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,



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

November 12, 2013

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, 2013. Please read it in conjunction with the independent auditor's reports, the College's basic financial statements, footnotes, and schedules.

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.

USING THIS REPORT

The College's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions," Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and Statement 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." These statements require a comprehensive one-line look at the entity. Financial data is presented in a form similar to that used by corporations. 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 two sections: organizational data and financial data. The organizational section includes the College's Board of Trustees and principal officers. The financial section includes the independent auditor's report, this management's discussion and analysis, the financial statements, notes to the financial statements, other auditor reports, and schedules.

FINANCIAL INFORMATION

There are three basic financial statements in this report. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College, and assist the reader in assessing the College's financial health. The basic financial statements are:

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

The Statement of Net Position

The Statement of Net Position (SONP) includes all assets and liabilities and is presented as Exhibit 1 on page 13. 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 position (the difference between assets and liabilities) is one indicator of the College's financial health. Over time, increases or decreases in net position 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.

As shown on the SONP, net position is \$43,809,086 at August 31, 2013, an increase of \$982,570 or 2.3% over net position at August 21, 2012.

Presented on the following page is a condensed SONP showing fiscal years 2013, 2012 and 2011 for comparative purposes.

Assets and Liabilities (\$000)			
(Condensed)			
	2013	2012	2011
Assets			
Cash and Cash Equivalents, Unrestricted	\$ 4,204	\$ 3,492	\$ 4,992
Cash and Cash Equivalents, Restricted	198	224	198
Investments, Unrestricted	4,037	4,011	1,000
Capital Assets, Net	35,724	36,476	37,273
Other Assets	3,490	3,294	3,642
Total Assets	\$ 47,653	\$ 47,497	\$ 47,105
Liabilities			
Non-current Liabilities	\$ 750	\$ 1,468	\$ 2,153
Other Liabilities	3,094	3,202	3,799
Total Liabilities	\$ 3,844	\$ 4,670	\$ 5,952
Net Position			
Invested in Capital Assets, Net of Debt	\$ 34,256	\$ 34,380	\$ 34,444
Unrestricted	9,553	8,447	6,709
Total Net Position	\$ 43,809	\$ 42,827	\$ 41,153

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

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents the revenues earned and expenses incurred during the year and is presented as Exhibit 2 on page 15. The activities of the College are classified as either operating or non-operating.

GASB 33, 34, and 35 accounting requirements define *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. Under this definition, although they are budgeted for operational use, state appropriations and ad valorem tax revenues are considered non-operating revenue because these revenues do not meet the above mentioned definition for operating revenue, i.e., income resulting from “exchange transactions”. Similarly, current GASB interpretation advocates the classification of federal Title IV funds as non-operating revenue as well.

GASB 33, 34, and 35 also require the following treatment of revenues and capital expenditures:

- 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.
- Due to the above accounting treatments and especially since state appropriations, ad valorem taxes and federal Title IV funds are three of the four primary sources of revenue (state appropriations, tuition and fees, federal funds and property taxes), it is typical to have an *operating loss* on the Statement of

Revenues, Expenses, and Changes in Net Position. If state appropriations, property tax revenue, and federal Title IV funds are added to operating revenues, overall income will usually be positive as is the case this year.

Additional factors that affect the levels of revenues and expenses include:

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.

Note: In the SRECNP, the terminology “scholarships” used under operating expenses are monies paid directly to students and were not included as a “discount” against tuition, fees, room, board and book revenues. (See paragraph on tuition discounting above.) The 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.

Total operating revenue was \$12,913,551, a slight increase of \$163,046 over prior year operating revenue of \$12,750,505. The primary contributing factor to the increase was the revenue received from the new state-funded Nursing Innovation Grant Program.

Operating expenses totaled \$43,473,000, a net increase of \$1,473,630 or 3.3% over the previous year. The primary components of the increase were **1) Personnel Costs:** modest salary increase for employees (no raises were given in prior year), increase in the cost of employee benefits including health insurance premiums, and payment of prior year TRS dispute with the state; **2) Instructional Programs:** expenses related to the new Nursing Innovation Grant Program (offset in revenue as noted above), new instructional equipment in the welding, science and performing arts departments, and payment of dual credit stipends to area high schools; **3) Student Services:** purchase of student loan default prevention management services, increase in number of tests administered and cost per test, replacement of computers for student registration; and **4) Bookstore:** increase in number of textbooks purchased and cost per textbook (offset in revenue). These increases were offset by a decrease in scholarship expenses (which are cash balances paid out to students after TVCC charges have been paid) of approximately \$588,000 comprised primarily of a reduction in Pell funds paid to students. Because the college increased tuition and fee rates for the academic year, the amount of Pell funds paid to the college increased and the amount paid directly to the student decreased.

Net non-operating revenue, the majority of which is state appropriations, property tax revenue and federal Title IV funding, increased \$619,436 or 1.9% compared to the previous year. The net increase is primarily attributable to an increase in ad valorem tax revenue of ~\$565,000 and an increase in federal Title IV funding of ~\$234,000, offset by a decrease in state appropriations of ~\$197,000.

Presented on the following page is a condensed SRECNP showing fiscal years 2013, 2012 and 2011 for comparative purposes.

Revenues and Expenses (\$000) (Condensed)			
	2013	2012	2011
Operating Revenues			
Tuition and Fees - net	\$ 6,682	\$ 6,697	\$ 6,393
Federal Grants/Contracts	1,619	1,726	1,540
State Grants/Contracts	1,292	1,033	1,664
Local Grants/Contracts	-	-	-
Non-government Grants/Contracts	23	2	1,900
Sales and Services of Educational Activities	169	184	227
Auxiliary Enterprises - net	2,890	2,864	2,603
Other	239	244	338
Total Operating Revenues	\$ 12,914	\$ 12,750	\$ 14,665
Operating Expenses			
Instruction	\$ 16,651	\$ 15,840	\$ 18,292
Public Service	572	573	537
Academic Support	4,626	4,498	3,970
Student Services	3,514	3,162	3,383
Institutional Support	3,918	3,745	3,609
Operation and Maintenance of Plant	2,819	2,807	3,036
Scholarships and Fellowships	5,832	6,420	8,457
Auxiliary Enterprises	5,878	5,359	4,929
Depreciation	1,663	1,595	1,361
Total Operating Expenses	\$ 45,473	\$ 43,999	\$ 47,574
Operating Income (Loss)	\$ (32,559)	\$ (31,249)	\$ (32,909)
Non-Operating Revenues (Expenses)			
State Appropriations	\$ 12,673	\$ 12,870	\$ 13,109
Ad Valorem Taxes	8,548	7,983	7,670
Federal Non-op Revenue	12,560	12,326	12,859
Payments for Collection of Taxes	(231)	(225)	(214)
Gifts	19	22	-
Other Non-op Revenue	4	11	28
Investment Income	45	53	115
Bond Issuance Costs	-	(14)	-
Interest on Capital-related Debt	(40)	(89)	(120)
Loss on Disposal of Fixed Assets	(37)	(14)	(36)
Net Non-Operating Revenues	\$ 33,541	\$ 32,923	\$ 33,411
Income Before Other Items	\$ 982	\$ 1,674	\$ 502
Special and Extraordinary Items	\$ -	\$ -	\$ (931)
Total Other Items	\$ -	\$ -	\$ (931)
Change in Net Position	\$ 982	\$ 1,674	\$ (429)
Beginning Net Position	\$ 42,827	\$ 41,153	\$ 41,582
Ending Net Position	43,809	42,827	41,153

Statement of Cash Flows

Another way to assess the financial health of an institution is to analyze cash flow. The college's Statement of Cash Flows is presented as Exhibit 3 on page 17. 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 provided (used) by *operating activities* represents the difference in the incoming and outgoing cash for 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, collections for local ad valorem taxes, federal Title IV funds and agency transactions.

Cash provided (used) in *capital and related financing activities* represent bond proceeds received and payments for acquisitions and construction of capitalized assets.

Cash provided (used) by *investing activities* may include proceeds from sales of investment instruments, receipts of interest and dividends, and purchases to acquire investment instruments.

For fiscal year 2013, there was more cash provided (inflow) than used (outflow) resulting in positive cash flow of \$713,280 as compared to fiscal year 2012 positive cash flow of \$1,537,185. While the decrease in positive cash flow over the prior year is attributable to many offsetting inflows and outflows, the change can be primarily attributed to the increase in cash personnel costs of ~\$957,000 in fiscal year 2013 compared to 2012.

Capital Asset and Debt Administration

Capital Assets

At August 31, 2013, the College had \$35,723,797 invested in capital assets, net of accumulated depreciation of \$18,891,528. Refer to Note 6 in the Notes to the Financial Statements (page 23) for further details on the College's capital assets.

The College remains committed to maintaining adequate physical resources to support its mission, and in early 2009 completed a major update to the campus master plan. A new residence hall was completed in 2011 and funded with cash reserves. The college is building back up its cash reserves before moving further with additional campus master plan initiatives.

There were no significant capital projects undertaken during the year.

Debt

During fiscal year 2012, the College refunded the remaining obligation under its Series 2005 general revenue bond with a new Series 2012 general revenue bond in order to take advantage of lower interest rates; the rate was reduced from 4% to 1.7%. Outstanding debt on the bonds at 2013 fiscal year-end is \$1,280,000 with \$625,000 (plus interest) due in fiscal year 2014.

Outstanding debt under the College's lease/purchase agreement entered into in 2011 to finance the acquisition of a new telecommunications and telephone system is \$189,204 with a payment of \$92,775 due in fiscal year 2014.

The college has no other debt as of August 31, 2013.

Refer to Notes 7 and 9 in the Notes to the Financial Statements (pages 25 and 26) for additional information regarding debt.

Affiliated Organization

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

The Foundation plays a key role in helping the college fulfill its mission primarily through the awarding of scholarships to TVCC students. The Foundation's Net Position balance at fiscal year-end August 31, 2013 is \$3,693,475, a net increase of \$267,204 after scholarship and other expenses. The Foundation's Statement of Position and Statement of Activities are presented on pages 14 and 16 respectively. Endowment funds of the Foundation are under professional investment management.

The Foundation's overall goal is 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.

FUTURE FINANCIAL AFFECTS

Trinity Valley Community College strives to provide quality educational programs at an affordable cost. The College maintains one of the lowest tuition rates as well as one of the lowest property tax rates among all Texas community colleges. Through fiscally responsible leadership by the Board of Trustees and the College's administration, the College has generated continued growth in net position. The financial statements attest to its sound financial base and financial stability.

The Trinity Valley Community College mission statement reads:

Trinity Valley Community College is a learning-centered college that provides quality academic, workforce, and community service programs to meet the educational needs of our students and the citizens of our service area.

The Trinity Valley Community College's service area consists of 28 independent school districts covering Henderson, Anderson, Kaufman and Rains counties and part of Van Zandt and Hunt Counties. The area has experienced population growth in past years with an emphasis among minority groups. The number of students in the service area identified as economically disadvantaged has risen over the years as well. Along with its open-door admissions policy, meeting the needs of this growing and changing population continues to be a challenge. The College must prepare students for transfer to a university, provide opportunities for students to obtain workforce skills, participate in non-credit courses and earn certificates and associates degrees. The College strives to provide programs which will enhance learning for all students.

Trinity Valley is committed to its mission. However, the ability to fulfill its mission is directly influenced by enrollment, state appropriations, and federal funding. Additionally, escalation of salaries, benefits, 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.

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EXHIBITS AND NOTES

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF NET POSITION
AUGUST 31, 2013 AND AUGUST 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 4,204,423	\$ 3,491,722
Short-Term Investments	4,036,987	4,010,910
Accounts Receivable (Net)	2,940,491	2,702,542
Deferred Charges	74,406	73,727
Inventories	452,768	490,795
Prepaid Expenses	21,600	27,000
Total Current Assets	<u>11,730,675</u>	<u>10,796,696</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	198,391	223,889
Capital Assets, (Net) (See Note)	35,723,796	36,476,311
Total Noncurrent Assets	<u>35,922,187</u>	<u>36,700,200</u>
Total Assets	<u>47,652,862</u>	<u>47,496,896</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	255,492	179,796
Accrued Compensable Absences - Current Portion	350,132	327,304
Funds Held for Others	65,507	131,511
Deferred Revenues	1,375,075	1,611,587
Deposits	329,366	323,459
Capital Leases Payable - Current Portion	92,775	33,519
Bonds Payable - Current Portion	625,000	595,000
Total Current Liabilities	<u>3,093,347</u>	<u>3,202,176</u>
Noncurrent Liabilities		
Capital Leases Payable	95,429	188,204
Bonds Payable	655,000	1,280,000
Total Noncurrent Liabilities	<u>750,429</u>	<u>1,468,204</u>
Total Liabilities	<u>3,843,776</u>	<u>4,670,380</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	34,255,592	34,379,588
Unrestricted	9,553,494	8,446,928
Total Net Position (Schedule D)	<u>\$ 43,809,086</u>	<u>\$ 42,826,516</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 POSITION
 AUGUST 31, 2013 AND AUGUST 31, 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	\$ 490,494	\$ 433,987
Investments	3,200,712	2,989,621
Accrued Receivables	36	48
Capital Assets (Net)	2,621	2,621
Total Assets	3,693,863	3,426,277
LIABILITIES		
Accounts Payable	388	6
NET POSITION		
Invested in Capital Assets	2,621	2,621
Restricted for:		
Nonexpendable		
Student Aid	3,065,318	2,874,202
Expendable		
Student Aid	543,999	474,600
Capital Projects	27,669	27,161
Unrestricted	53,868	47,687
Total Net Position	\$ 3,693,475	\$ 3,426,271

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2013 AND AUGUST 31, 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Tuition and Fees (Net of Discounts of \$7,555,478 And \$6,884,249 respectively)	\$ 6,681,563	\$ 6,697,098
Federal Grants and Contracts	1,619,224	1,725,661
State Grants and Contracts	1,292,138	1,032,894
Local Grants and Contracts		0
Non-government Grants and Contracts	22,539	1,804
Sales and Services of Educational Activities	168,848	184,211
Auxiliary Enterprises (Net of Discounts of \$2,676,563 And \$2,589,259 respectively)	2,889,616	2,864,761
General Operating Revenue	<u>239,623</u>	<u>244,076</u>
Total Operating Revenues (Schedule A)	<u>12,913,551</u>	<u>12,750,505</u>
Operating Expenses		
Instruction	16,650,524	15,840,503
Public Service	571,947	573,631
Academic Support	4,626,444	4,498,345
Student Services	3,513,767	3,162,029
Institutional Support	3,917,966	3,744,891
Operation and Maintenance of Plant	2,819,374	2,806,801
Scholarships and Fellowships	5,832,013	6,419,551
Auxiliary Enterprises	5,878,388	5,358,734
Depreciation	<u>1,662,577</u>	<u>1,594,885</u>
Total Operating Expenses (Schedule B)	<u>45,473,000</u>	<u>43,999,370</u>
Operating Income (Loss)	<u>(32,559,449)</u>	<u>(31,248,865)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	12,673,076	12,869,894
Maintenance Ad Valorem Taxes	8,547,832	7,983,304
Federal Revenues, non-operating	12,560,407	12,326,539
Payments for Collection of Taxes	(230,912)	(225,301)
Gifts	18,930	21,658
Other Non-operating Revenue	4,725	11,477
Investment Income	45,632	52,564
Bond Issuance Costs		(13,813)
Interest on Capital Related Debt	(40,281)	(89,411)
Loss on Disposal of Fixed Assets	<u>(37,390)</u>	<u>(14,328)</u>
Net Non-Operating Revenues (Schedule C)	<u>33,542,019</u>	<u>32,922,583</u>
Increase (Decrease) in Net Position	982,570	1,673,718
Net Position		
Net Position - Beginning of Year	<u>42,826,516</u>	<u>41,152,798</u>
Net Position - End of Year	<u>\$ 43,809,086</u>	<u>\$ 42,826,516</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 THE YEARS ENDED AUGUST 31, 2013 AND AUGUST 31, 2012

	2013	2012
REVENUES		
Investment Income	\$ 72,376	\$ 68,849
Fund Raising Events (Net of Expense)	6,947	6,072
Gifts	130,241	137,169
Realized Gain on Sale of Securities	58,077	18,485
Unrealized Gain (Loss) on Sale of Securities	102,630	87,523
Total Revenues	370,271	318,098
 EXPENSES		
Scholarships	70,528	77,990
Contributions to TVCC and Affiliated Organizations	10,055	29,368
Administrative Expense	21,984	21,000
General Fundraising Expense	500	2,630
Total Expenses	103,067	130,988
Change in Net Position	267,204	187,110
Net Position at Beginning of Year	3,426,271	3,239,161
Net Position at End of Year	\$ 3,693,475	\$ 3,426,271

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, 2013 AND AUGUST 31, 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Students and Other Customers	\$ 19,014,973	\$ 18,796,316
Receipts of Grants and Contracts	2,746,198	2,738,719
Payments to Suppliers for Goods or Services	(10,844,019)	(10,324,836)
Payments to or on Behalf of Employees	(25,489,450)	(24,531,797)
Payments to Scholarships and Fellowships	(15,047,161)	(14,378,546)
Loans Issued to Students	(492,613)	(959,383)
Collection of Loans to Students	481,001	960,620
Other Receipts	8,972	26,230
Net Cash Provided (Used) by Operating Activities	<u>(29,622,099)</u>	<u>(27,672,677)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	11,138,236	11,442,783
Receipts from Ad Valorem Taxes	8,543,578	7,933,343
Receipts from non-operating federal Revenue	12,497,454	12,181,576
Payment for Collections of Taxes	(230,720)	(225,468)
Receipts from Student Organizations and Other Agency Transactions	9,964,312	10,964,923
Payments to Student Organizations and Other Agency Transactions	(10,030,315)	(10,956,432)
Other Receipts	18,930	33,133
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>31,901,475</u>	<u>31,373,858</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Issuance of Capital Debt		2,469,000
Purchases of Capital Assets	(947,452)	(1,437,923)
Insurance Proceeds on Capital Assets	4,725	
Bond Issuance Costs		(13,813)
Payments on Capital Debt - Principal	(628,519)	(3,145,393)
Payments on Capital Debt - Interest	(40,282)	(89,411)
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,611,528)</u>	<u>(2,217,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	45,432	53,544
Net Cash Provided (Used) by Investing Activities	<u>45,432</u>	<u>53,544</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	713,280	1,537,185
CASH AND CASH EQUIVALENTS - September 1	<u>7,726,521</u>	<u>6,189,336</u>
CASH AND CASH EQUIVALENTS - August 31	<u><u>\$ 8,439,801</u></u>	<u><u>\$ 7,726,521</u></u>

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEARS ENDED AUGUST 31, 2013 AND AUGUST 31, 2012

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (32,559,449)	\$ (31,248,865)
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	1,662,577	1,594,885
Payments Made Directly by State for Benefits	1,534,841	1,427,111
Bad Debt Expense	174,955	
Changes in Assets and Liabilities		
Receivables, Net	(345,499)	517,489
Deferred Expenses	(679)	(2,019)
Inventories	38,027	22,364
Prepaid Expenses	5,400	4,600
Accounts Payable	75,505	(70,905)
Deposits	5,907	(16,619)
Compensated Absences	22,828	(20,973)
Deferred Revenue	(236,512)	120,255
Net Cash Provided (Used) by Operating Activities	<u>\$ (29,622,099)</u>	<u>\$ (27,672,677)</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, 2013

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. 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.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 (including certificates of deposit) 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 physical plant supplies, automotive fleet 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.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred revenues

Tuition, fees, and other revenues received and related to the period after August 31, 2013 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. The College reports as a BTA and as a single proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations, property tax collections, and federal Title IV Funds. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

L. Characterization of Title IV Grant Revenue

In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the implementation Guide, revenue received for federal Title IV grant programs (i.e. Pell grants) is now characterized as non-operating revenue as opposed to operating revenue.

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.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

4. **DEPOSITS AND INVESTMENTS**

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

Cash and Deposits

	<u>2013</u>	<u>2012</u>
Bank Deposits:		
Demand Deposits	\$ 2,191,190	\$ 1,920,773
Cash and Cash Equivalents:		
Petty Cash on Hand	<u>5,552</u>	<u>4,635</u>
Total Cash and Deposits	<u>\$ 2,196,742</u>	<u>\$ 1,925,408</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Market Value</u> <u>August 31,</u> <u>2013</u>	<u>Market Value</u> <u>August 31,</u> <u>2012</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	2,196,742	1,925,408
Total Investments	<u>6,243,059</u>	<u>5,801,113</u>
Total Deposit and Investments	<u>8,439,801</u>	<u>7,726,521</u>
Cash and Temporary Investments (Exhibit 1)	4,402,814	3,715,611
Investments (Exhibit 1)	<u>4,036,987</u>	<u>4,010,910</u>
Total Deposits and Investments	<u>\$ 8,439,801</u>	<u>\$ 7,726,521</u>
<u>Investment Type</u>		<u>Weighted Average</u> <u>Maturity (Years)</u>
Certificate of Deposit	\$ 4,036,987	.24385
Money Market Accounts	<u>2,206,071</u>	.0822
Total Fair Value	<u>\$ 6,243,058</u>	

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2013 was as follows:

	<u>Balance September 1, 2012</u>	<u>Increases</u>	<u>Decreases / Adjustments</u>	<u>Balance August 31, 2013</u>
<u>Not Depreciated:</u>				
Land	\$ 1,158,469	\$	\$	\$ 1,158,469
Construction in Progress	<u>501,883</u>	<u>62,579</u>	<u>8,962</u>	<u>555,500</u>
				0
Subtotal	<u>1,660,352</u>	<u>62,579</u>	<u>8,962</u>	<u>1,713,969</u>
Other Capital Assets:				
Building	41,998,886	236,169		42,235,055
Facilities & Improvements	2,640,645	6,150		2,646,795
Library Books	2,844,482	89,222	29,730	2,903,974
Furniture, Machinery, Vehicles and Other Equipment	2,452,971	392,983	29,737	2,816,217
Telecommunications and Peripheral Equipment	<u>2,308,488</u>	<u>169,310</u>	<u>178,483</u>	<u>2,299,315</u>
Subtotal	<u>52,245,472</u>	<u>893,834</u>	<u>237,950</u>	<u>52,901,356</u>
Accumulated Depreciation:				
Buildings	11,352,408	888,031		12,240,439
Facilities & Improvements	1,177,068	119,328		1,296,396
Library Books	2,043,390	97,656	10,115	2,130,931
Furniture, Machinery, Vehicles, and Other Equipment	1,344,332	237,628	16,826	1,565,134
Telecommunications and Peripheral Equipment	<u>1,512,315</u>	<u>319,933</u>	<u>173,620</u>	<u>1,658,628</u>
Subtotal	<u>17,429,513</u>	<u>1,662,576</u>	<u>200,561</u>	<u>18,891,528</u>
Net Other Capital Assets	<u>34,815,959</u>	<u>(768,742)</u>	<u>37,389</u>	<u>34,009,828</u>
Net Capital Assets	<u>\$ 36,476,311</u>	<u>\$ (706,163)</u>	<u>\$ 46,351</u>	<u>\$ 35,723,797</u>

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

6. CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2012 was as follows:

	<u>Balance September 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2012</u>
<u>Not Depreciated:</u>				
Land	\$ 1,158,469	\$	\$	\$ 1,158,469
Construction in Progress	<u>7,473,644</u>	<u>43,312</u>	<u>7,015,073</u>	<u>501,883</u>
Subtotal	<u>8,632,113</u>	<u>43,312</u>	<u>7,015,073</u>	<u>1,660,352</u>
 <u>Other Capital Assets:</u>				
Building	35,447,129	6,551,757		41,998,886
Facilities & Improvements	2,640,645			2,640,645
Library Books	2,760,096	110,321	25,935	2,844,482
Furniture, Machinery, Vehicles, and Other Equipment	1,752,316			2,452,971
		712,457	11,802	
Telecommunications and Peripheral Equipment	<u>1,887,361</u>	<u>477,782</u>	<u>56,655</u>	<u>2,308,488</u>
Subtotal	<u>44,487,547</u>	<u>7,852,317</u>	<u>94,392</u>	<u>52,245,472</u>
 <u>Accumulated Depreciation:</u>				
Buildings	10,502,764	849,644		11,352,408
Facilities & Improvements	1,057,766	119,302		1,177,068
Library Books	1,955,988	99,009	11,607	2,043,390
Furniture, Machinery, Vehicles, and Other Equipment	1,154,320	190,012		1,344,332
Telecommunications and Peripheral Equipment	<u>1,175,397</u>	<u>336,918</u>		<u>1,512,315</u>
Subtotal	<u>15,846,235</u>	<u>1,594,885</u>	<u>11,607</u>	<u>17,429,513</u>
Net Other Capital Assets	<u>28,641,312</u>	<u>6,257,432</u>	<u>82,785</u>	<u>34,815,959</u>
Net Capital Assets	<u>\$ 37,273,425</u>	<u>\$ 6,300,744</u>	<u>7,097,858</u>	<u>36,476,311</u>

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

7. LONG - TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2013 was as follows:

	Balance September 1 2012	Additions	Reductions	Balance August 31 2013	Current Portion
Bond:					
Revenue Bonds - Series 2012	1,875,000		595,000	1,280,000	625,000
Capital Lease	221,723		33,519	188,204	92,775
Total Long-Term Liabilities	<u>\$ 2,096,723</u>	<u>\$</u>	<u>\$ 628,519</u>	<u>\$ 1,468,204</u>	<u>\$ 717,775</u>

Long-term liability activity for the year ended August 31, 2012 was as follows:

	Balance September 1 2011	Additions	Reductions	Balance August 31 2012	Current Portion
Bonds:					
Revenue Bonds-Series 2005	\$ 2,455,000	\$	\$ 2,455,000	\$ 0	\$ 0
Revenue Bonds-Series 2012		2,469,000	594,000	1,875,000	595,000
Subtotal	<u>2,455,000</u>	<u>2,469,000</u>	<u>3,049,000</u>	<u>1,875,000</u>	<u>595,000</u>
Capital Lease	374,790		153,067	221,723	33,519
Total Long-Term Liabilities	<u>\$ 2,829,790</u>	<u>\$ 2,469,000</u>	<u>\$ 3,202,067</u>	<u>\$ 2,096,723</u>	<u>\$ 628,519</u>

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

8. DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2013 were as follows:

For the Year Ended August 31	Revenue Bonds		
	Principal	Interest	Total
2014	\$ 625,000	\$ 22,062	\$ 647,062
2015	<u>655,000</u>	<u>11,290</u>	<u>666,290</u>
Totals	<u>\$ 1,280,000</u>	<u>\$ 33,352</u>	<u>\$ 1,313,352</u>

Obligations under capital leases at August 31, 2013 were as follows:

For the Year Ended August 31	Capital Lease		
	Principal	Interest	Total
2014	\$ 92,775	\$ 5,384	\$ 98,159
2015	<u>95,429</u>	<u>2,730</u>	<u>98,159</u>
Totals	<u>\$ 188,204</u>	<u>\$ 8,114</u>	<u>\$ 196,318</u>

Obligations under operating leases at August 31, 2013, were as follows:

For the Year Ended August 31	Total
2014	\$ 68,968
2015	56,825
2016	56,825
2017	<u>56,825</u>
Total Minimum Lease Payments	<u>\$ 239,443</u>

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

9. BONDS PAYABLE

General information related to bonds payable is summarized as follows:

- A. Consolidated Fund Revenue Bonds, 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 were due in annual installments varying from \$670,000 to \$681,200 with an interest rate to maturity of 4.0 percent with the final installment due in 2015.
This bond issue was refunded on April 5, 2012 with the issuance of the Series 2012 bonds.
- B. Consolidated Fund Revenue Bonds, Series 2012
Purpose of the bond issue - To refund the Series 2005 bonds
Issue date - April 5, 2012
Original amount of issue - \$2,469,000
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 \$595,000 to \$655,000 with an interest rate to maturity of 1.7 percent with the final installment due in 2015.

10. REFUNDING BONDS

The Consolidated Fund Revenue Bonds, Series 2005 were refunded on April 5, 2012 with the issuance of the Consolidated Fund Revenue Bonds, Series 2012. The proceeds of the Series 2012 were used to repay the principal balance of the Series 2005 bonds and to provide funds to pay the costs of issuance.

11. DEFEASED BONDS OUTSTANDING

The College had no defeased bonds outstanding for the year ending August 31, 2013.

12. SHORT - TERM DEBT

The College had no short - term debt for the year ending August 31, 2013.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

13. EMPLOYEES' RETIREMENT

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

Plan Description. The Trinity Valley Community College District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2013 and 2012 and a state contribution rate of 6.4% for fiscal year 2013 and 6.0% for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's contribution.

Optional Retirement Plan

Plan Description. 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 and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6% and 6.65%, respectively. The College contributes 2.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

The retirement expense to the State for the College was \$1,534,841 and \$1,427,111 for the fiscal years ended August 31, 2013 and 2012, 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 \$20,242,371 and \$19,975,901 for fiscal years 2013 and 2012, respectively. The total payroll of employees covered by the Teacher Retirement System was \$12,525,958 and \$12,426,996, and the total payroll of employees covered by the Optional Retirement Program was \$5,377,878 and \$5,600,382 for fiscal years 2013 and 2012, 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, 2013 the College withheld and remitted \$250,797 for 36 employees. For the year ended August 31, 2012, the College withheld and remitted \$198,642 for 32 employees.

15. COMPENSABLE ABSENCES

Full-time non-faculty 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. Nonexempt employees may receive compensatory time off, rather than overtime pay, for overtime work. Compensatory time may not accrue beyond a maximum of 75 hours and should be used within the duty year in which it is earned. Faculty employees are allowed two personal days per contract year. Personal days do not carry over to subsequent contract years, but effective with the contract year beginning September 1, 2009, are paid upon termination or separation of employment.

Compensable absence balances have been recorded. The College recognized the accrued liability for unused annual vacation leave, compensatory time and personal days in the amounts of \$350,132 at August 31, 2013. The College recognized the accrued liability for the unused annual vacation leave and personal days in the amount of \$327,304 at August 31, 2012. Also, all full-time employees are granted sick 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 accrued liability has been recorded for sick leave.

16. PENDING LAWSUITS AND CLAIMS

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

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

17. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2013, were as follows:

	2013		2012	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
Student Receivables	\$ 1,415,605	\$	\$ 1,639,954	\$
Taxes Receivables	867,936		881,450	
Local, State & Federal Rec.	1,289,711		1,117,744	
Interest Receivables	2,467	36	2,268	48
Other Receivables	883		9,262	
Subtotal	3,576,602	36	3,650,678	48
Allowance for Doubtful Accounts	(636,111)		(948,136)	
Total Receivables	<u>\$ 2,940,491</u>	<u>\$ 36</u>	<u>\$ 2,702,542</u>	<u>\$ 48</u>

Old accounts amounting to \$488,038 were removed from the financial statements after exhaustive attempts were made to collect them. An offsetting entry was made to the allowance for bad debts.

Payables

Payables at August 31, 2013, were as follows:

	2013		2012	
	Primary Institution	Component Unit (Foundation)	Primary Institution	Component Unit (Foundation)
Vendors Payable	\$ 149,649	\$ 388	\$ 80,362	\$ 6
Sales Tax Payable	105,843		99,434	0
Total	<u>\$ 255,492</u>	<u>\$ 388</u>	<u>\$ 179,796</u>	<u>\$ 6</u>

Because of an accounting change, certain previous year amounts were adjusted between receivables and payables for the purpose of making comparable presentation for the current and prior year. Fund balances were unaffected.

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, 2013.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

19. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide and Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedules A and C. Contract and grant 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, 2013 and 2012 respectively for which monies have not been received nor funds expended totaled \$908,030 and \$531,268. Of these amounts, \$200,050 and \$512,567 were from Federal Contract and Grant Awards; \$685,342 and \$18,701 were from State Contract and Grant Awards; \$-0- and \$-0- were from Local Contract and Grant Awards; and \$22,638 and \$-0- were from Private Contract and Grant Awards for the fiscal years ended August 31, 2013 and 2012, respectively.

20. SELF-INSURED PLANS

The College did not participate in any self-insured plans as of August 31, 2013.

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 \$468.16 per month for the year ended August 31, 2013 (\$438.30 per month for year ended August 31, 2012) and totaled \$2,834,324 for the year ended August 31, 2013 (\$2,664,672 for the year ended August 31, 2012). The cost of providing those benefits for 116 retirees in the year ended August 31, 2013 was \$773,312 (retiree benefits for 112 retirees cost \$693,203 for the year ended August 31, 2012). For 288 active employees, the cost of providing benefits was \$2,061,012 for the year ended August 31, 2013 (active employee benefits for 287 employees cost \$1,971,468 for the year ended August 31, 2012).

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

22. AD VALOREM TAX

The College'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 College. 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:

	2013	2012
Assessed Valuation of the College	\$ 11,916,679,793	\$ 11,931,282,230
Less: Exemptions & Abatements	(1,384,542,838)	(1,369,737,902)
Net Assessed Valuation of the College	\$ 10,532,136,955	\$ 10,561,544,328

	2013		2012	
	Current Operations	Total	Current Operations	Total
Authorized Tax Rate per \$100 valuation (Maximum Per Enabling Legislation)	\$.5000	\$.5000	\$ 0.5000	\$ 0.500
Assessed Tax Rate per \$100 valuation	\$.0890	\$.0890	\$ 0.0815	\$ 0.0815
Assessed Tax Rate per \$100 Valuation for Branch Campus Maintenance	\$.0500	\$.0500	\$ 0.0500	\$ 0.0500

Tax levied during the year ended August 31, 2013 and 2011 is \$8,424,016 and \$7,853,355 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.

	2013		2012	
	Current Operations	Total	Current Operations	Total
<u>Taxes Collected (Includes Maintenance Tax)</u>				
Current Taxes Collected	\$8,137,672	\$8,137,672	\$7,551,437	\$ 7,551,437
Delinquent Taxes Collected	245,018	245,018	234,798	234,798
Penalties and Interest Collected	160,767	160,767	154,170	154,170
Total Collections	\$8,543,457	\$8,543,457	\$7,940,405	\$ 7,940,405

Tax collections for the year ended August 31, 2013 and 2012 were 96.6% and 96.2%, 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.

TRINITY VALLEY COMMUNITY COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

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 college. Collections are made by Anderson County Tax Assessor-Collector and are transferred to the College to be used for operation of a Branch Campus at Palestine, Texas.

County or Independent School District	Collections (including Penalties and Interest) 2013	Collections (including Penalties and Interest) 2012
Palestine ISD	\$ 571,389 *	\$ 562,299 *

* 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, 2013.

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. The Trinity Valley Community College Endowment Fund was transferred to the Trinity Valley Community College Foundation during fiscal year 2011.

26. RELATED PARTIES

The only noted and possible related party instance is that Brenda Boyd, sister of Texas Agriculture Commissioner, Todd Staples, is an instructor at Trinity Valley Community College.

27. SUBSEQUENT EVENTS

No notable subsequent events were present as of the date of this report.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

28. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. Trinity Valley Community College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The college's contributions to SRHP for the years ended August 31, 2013 and 2012 were \$773,312 and \$693,203 respectively, which equaled the required contributions each year.

SCHEDULES

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2013
(with Memorandum Totals for the Year Ended AUGUST 31, 2012)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2013 Total</u>	<u>2012 Total</u>
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 2,756,567	\$	\$ 2,756,567	\$	\$ 2,756,567	\$ 2,747,934
Out-of-District Resident Tuition	1,502,510		1,502,510		1,502,510	1,574,437
Non-resident Tuition	400,043		400,043		400,043	414,728
TPEG - Credit (Set Aside)*	287,704		287,704		287,704	290,353
State Funded Continuing Education	176,196		176,196		176,196	237,679
TPEG -Non- Credit (Set Aside)*	9,738		9,738		9,738	13,020
Non-State Funded Educational Programs	116,448		116,448		116,448	110,803
Total Tuition	<u>5,249,206</u>	<u>0</u>	<u>5,249,206</u>	<u>0</u>	<u>5,249,206</u>	<u>5,388,954</u>
Fees:						
General Fee	5,599,696		5,599,696		5,599,696	4,729,007
Out-of-District Fee	2,393,567		2,393,567		2,393,567	2,500,700
Laboratory Fee	477,806		477,806		477,806	485,888
Distance Learning Fee	388,179		388,179		388,179	324,034
Installment Plan Fee	8,141		8,141		8,141	13,761
Non-Funded Course Fee	90,341		90,341		90,341	105,533
Other Fees	30,105		30,105		30,105	33,470
Total Fees	<u>8,987,835</u>	<u>0</u>	<u>8,987,835</u>	<u>0</u>	<u>8,987,835</u>	<u>8,192,393</u>
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(128,986)		(128,986)		(128,986)	(390,717)
Scholarship Allowances	(1,070,485)		(1,070,485)		(1,070,485)	(950,702)
Remissions and Exemptions - State	(332,601)		(332,601)		(332,601)	(328,868)
Remissions and Exemptions - Local	(476,286)		(476,286)		(476,286)	(430,030)
TPEG Allowances	(246,166)		(246,166)		(246,166)	(210,867)
Federal Grants to Students	(5,168,425)		(5,168,425)		(5,168,425)	(4,485,244)
State Grants to Students	(132,529)		(132,529)		(132,529)	(87,821)
Total Scholarship Allowances	<u>(7,555,478)</u>	<u>0</u>	<u>(7,555,478)</u>	<u>0</u>	<u>(7,555,478)</u>	<u>(6,884,249)</u>
Total Net Tuition and Fees	<u>6,681,563</u>	<u>0</u>	<u>6,681,563</u>	<u>0</u>	<u>6,681,563</u>	<u>6,697,098</u>
Additional Operating Revenues:						
Federal Grants and Contracts	57,888	1,561,336	1,619,224		1,619,224	1,725,661
State Grants and Contracts	6,561	1,285,577	1,292,138		1,292,138	1,032,894
Non-Governmental Grants and Contracts		22,539	22,539		22,539	1,804
Sales and Services of Educational Activities	168,848		168,848		168,848	184,211
General Operating Revenues	239,623		239,623		239,623	244,076
Total Additional Operating Revenues	<u>472,920</u>	<u>2,869,452</u>	<u>3,342,372</u>	<u>0</u>	<u>3,342,372</u>	<u>3,188,646</u>
Auxiliary Enterprises:						
Residential Life			0	2,017,416	2,017,416	2,016,426
Less: Scholarship Allowances and Discounts			0	(998,175)	(998,175)	(974,789)
Less: Bad Debt Allowance			0	(6,437)	(6,437)	(65,228)
Bookstore			0	3,491,056	3,491,056	3,345,919
Less: Scholarship Allowances and Discounts			0	(1,641,472)	(1,641,472)	(1,483,563)
Less: Bad Debt Allowance			0	(30,479)	(30,479)	(65,679)
Athletics			0	21,480	21,480	25,279
Other Auxiliary Enterprises			0	36,227	36,227	66,396
Total Auxiliary Enterprises	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,889,616</u>	<u>2,889,616</u>	<u>2,864,761</u>
Total Operating Revenues	<u>\$ 7,154,483</u>	<u>\$ 2,869,452</u>	<u>\$ 10,023,935</u>	<u>\$ 2,889,616</u>	<u>\$ 12,913,551</u>	<u>\$ 12,750,505</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 56.033, \$297,442 and \$303,372, for years August 31, 2013 and August 31, 2012, 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, 2013
 (with Memorandum Totals for the Year Ended AUGUST 31, 2012)

	Operating Expenses			August 31, 2013 Total	August 31, 2012 Total	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 10,664,810	\$	\$ 2,280,431	\$ 1,005,643	\$ 13,950,884	
Public Service	191,837		75,613	41,435	308,885	
Academic Support	2,390,222		622,663	1,312,780	4,226,488	
Student Services	1,896,493		538,750	530,168	2,965,411	
Institutional Support	2,270,439		646,302	687,301	3,604,042	
Operation and Maintenance of Plant	582,202		356,900	1,861,640	2,800,742	
Scholarships and Fellowships				430	430	
					1,316	
Total Unrestricted Educational Activities	<u>17,996,003</u>	<u>0</u>	<u>4,520,659</u>	<u>5,439,397</u>	<u>27,956,059</u>	
Restricted - Educational Activities						
Instruction	759,823	1,009,892	139,829	790,096	2,699,640	
Public Service	167,091	21,020	47,070	27,881	263,062	
Academic Support		273,590		27,189	300,779	
Student Services	236,911	230,790	41,977	38,678	548,356	
Institutional Support	38,906	274,221		797	313,924	
Operation and Maintenance of Plant		18,632			18,632	
Scholarship and Fellowship				5,831,583	5,831,583	
Total Restricted Educational Activities	<u>1,202,731</u>	<u>1,828,145</u>	<u>228,876</u>	<u>6,716,224</u>	<u>9,975,976</u>	
Total Educational Activities	19,198,734	1,828,145	4,749,535	12,155,621	37,932,035	
Auxiliary Enterprises	974,859		373,683	4,529,846	5,878,388	
Depreciation Expense - Building and Other Real Estate Improvements				1,007,359	968,946	
Depreciation Expense - Equipment and Furniture				655,218	625,939	
Total Operating Expenses	<u>\$ 20,173,593</u>	<u>\$ 1,828,145</u>	<u>\$ 5,123,218</u>	<u>\$ 18,348,044</u>	<u>\$ 45,473,000</u>	
				(Exhibit 2)	(Exhibit 2)	

TRINITY VALLEY COMMUNITY COLLEGE
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2013
 (with Memorandum Totals for the Year Ended AUGUST 31, 2012)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2013 Total</u>	<u>2012 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 10,844,135	\$	0	\$ 10,844,135	\$ 11,128,260
State Group Insurance		1,130,163		1,130,163	1,072,072
State Retirement Matching		697,982		697,982	668,280
Other		796		796	1,282
	<u>10,844,135</u>	<u>1,828,941</u>	<u>0</u>	<u>12,673,076</u>	<u>12,869,894</u>
Total State Appropriations					
Maintenance Ad Valorem Taxes	8,547,832			8,547,832	7,983,304
Federal Revenues, Non Operating		12,560,407		12,560,407	12,326,539
Gifts	18,930			18,930	21,658
Other Income	4,725			4,725	11,477
Investment Income	45,632			45,632	52,564
	<u>19,461,254</u>	<u>14,389,348</u>	<u>0</u>	<u>33,850,602</u>	<u>33,265,436</u>
Total Non-Operating Revenues					
NON-OPERATING EXPENSES:					
Payments for Collection of Taxes	230,912			230,912	225,301
Interest on Capital Related Debt	40,281			40,281	89,411
Bond Issuance Costs				0	13,813
Loss on Disposal of Fixed Assets	37,390			37,390	143,287
	<u>308,583</u>	<u>0</u>	<u>0</u>	<u>308,583</u>	<u>342,853</u>
Total Non-Operating Expenses					
Net Non-Operating Revenues	<u>\$ 19,152,671</u>	<u>\$ 14,389,348</u>	<u>\$ 0</u>	<u>\$ 33,542,019</u>	<u>\$ 32,922,583</u>
				(Exhibit 2)	(Exhibit 2)

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

AUGUST 31, 2013
(with Memorandum Totals for August 31, 2012)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 4,381,745				\$ 4,381,745	\$ 4,381,745	
Board Designated					0		
Restricted	5,043,926				5,043,926		5,043,926
Auxiliary Enterprise					0		
Loan	127,823				127,823	127,823	
Endowment:					0		
Quasi:					0		
Unrestricted					0		
Restricted					0		
Endowment:					0		
True					0		
Term (Per Instructions at Maturity)					0		
Life Income Contracts					0		
Annuities					0		
Plant:					0		
Unexpended					0		
Renewals					0		
Debt Service					0		
Investment in Plant				34,255,592	34,255,592		34,255,592
Total Net Position, August 31, 2013	9,553,494	0	0	34,255,592	43,809,086	4,509,568	39,299,518
Total Net Position, August 31, 2012	8,446,928	0	0	34,379,588	42,826,516 (Exhibit 1)	3,431,029	39,395,487
Net Increase (Decrease) in Net Position	<u>\$ 1,106,566</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (123,996)</u>	<u>\$ 982,570</u> (Exhibit 2)	<u>\$ 1,078,539</u>	<u>\$ (95,969)</u>

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

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 LABOR				
<u>Pass-Through Program From:</u>				
Texas Workforce Commission:				
Wagner Peyser: Mech. Eng. Biotech Program	17.207	0812WPB000	\$ 34,311	
Wagner Peyser: Mech. Eng. Biotech Program	17.207	0813WPB000	358,475	
Subtotal Wagner Peyser: Mech. Eng. Biotech Program				<u>392,786</u>
TOTAL U.S. DEPARTMENT OF LABOR				\$ 392,786
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			
09/01/12 - 09/30/12		2-603001-Z-0046	\$ 3,993	
10/01/12 - 08/31/13		3-603001-Z-0046-D	66,664	
09/01/12 - 08/31/13 Carryover		3-603001-Z-0046-C	<u>11,223</u>	
Subtotal Small Business Development Center Program				81,880
Small Business Jobs Act	59.037	1-603001-Z-0152		<u>14,241</u>
TOTAL U.S. SMALL BUSINESS ADMINISTRATION				96,121
U.S. DEPARTMENT OF EDUCATION				
<u>Direct Programs:</u>				
Student Financial Aid Cluster (SFA Cluster)				
Federal Supplemental Education Opportunity Grant (SEOG)				
09/01/12 - 06/30/13	84.007		90,770	
07/01/13 - 08/31/13			<u>1,852</u>	
Subtotal SEOG				92,622
Federal Family Education Loans (Note 4)	84.032			
Federal College Work - Study Program (FCWS)	84.033			
09/01/12 - 06/30/13			86,802	
07/01/13 - 08/31/13			<u>3,933</u>	
Subtotal FCWS				90,735
Federal Perkins Loan Program (Note 4)	84.038			
Federal Pell Grant Program (PELL)	84.063			
09/01/12 - 06/30/13			11,238,160	
07/01/13 - 08/31/13			<u>1,138,890</u>	
Subtotal PELL				12,377,050
Federal Direct Student Loans (Note 1)	84.268			<u>6,637,889</u>
Total Student Financial Aid Cluster				<u>19,198,296</u>
Total Direct Programs				<u>19,198,296</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, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures and Pass-Through Disbursements
<u>Pass-Through Programs From:</u>			
Texas Education Agency:			
National Literacy Act (Federal)			
Adult Basic Education (ABE)			
Section 231	84.002	134100017110443	309,447
Section 231 - EL Civics	84.002	134100087110510	<u>101,920</u>
Subtotal ABE / Total Texas Education Agency			411,367
Texas Higher Education Coordinating Board:			
Carl Perkins Career & Technical Education - Basic	84.048	10623	<u>528,970</u>
Subtotal Texas Higher Education Coordinating Board			528,970
State of Texas to Windham School District:			
Incarcerated Individuals Program Grant	84.331	-	<u>51,014</u>
Total Pass-Through Programs			<u>991,351</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			20,189,647
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)		133625017110417	33,422
Workforce Solutions East Texas to ETCOG:			
TANF:	93.558		
09/01/12 - 09/30/12		TVCC-TANF PY11-01	7,324
10/01/12 - 08/31/13		TVCC-TANF PY12-01	<u>38,042</u>
Subtotal TANF/WSET/ETCOG			45,366
Texas Workforce Commission:			
Childcare Local Match	93.596	04161C33	2,290
(Workforce Solutions E. Texas Board)			<u>2,290</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>81,078</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES			<u><u>\$ 20,759,632</u></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, 2013

Note 1: Federal Assistance Reconciliation

Federal Grants Revenue - Per Schedule A	\$ 1,619,224
Federal Grants Revenue - Per Schedule C	12,560,407
Administration	(57,888)
Federal Direct Loans	<u>6,637,889</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 20,759,632</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See notes to the financial statements for Trinity Valley Community College's significant accounting policies.

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, 2012 through August 31, 2013.

<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 Loan Program	84.032	\$ -	\$ -	\$ -
Federal Perkins Loan Program	84.038	\$ -	\$ -	\$ -

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed Through by the College

None

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Grantor Agency / Program Title	Grant Contract Number	State Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD (THECB)		
Direct Programs:		
College Work Study (Texas)		\$ 28,087
Nursing - Innovation Grant - Curriculum	10566	261,684
Nursing - Innovation Grant - At Risk	05684	46,631
Professional Nursing Shortage Reduction		44,771
Professional Nursing Shortage Reduction - Over 70%		61,434
Texas Educational Opportunity Grant		189,486
Texas Grant Allocation		425,325
Top 10% Scholarship		<u>18,000</u>
Total Direct Programs THECB		\$ 1,075,418
Pass-through Programs From:		
East Texas Medical Center - Hospital Based Nursing Ed	02299	<u>8,386</u>
Total Pass-through Programs THECB		<u>8,386</u>
Total Texas Higher Education Coordinating Board		\$ 1,083,804
TEXAS EDUCATION AGENCY		
Direct Programs:		
State Adult Education	130100017110443	76,682
Adult Basic Education - TANF	133625017110417	<u>17,727</u>
Total Texas Education Agency		94,409
TEXAS SMALL BUSINESS ADMINISTRATION		
Pass - Through Programs From:		
Dallas County Community College District		
Small Business Development Center		
09/01/12- 09/30/12	2-603001-Z-0046	9,103
10/01/12 - 08/31/13	3-603001-Z-0046-D	<u>94,755</u>
Total Texas Small Business Administration		103,858
TEXAS WORKFORCE COMMISSION		
Direct Program:		
Skill Development: Partner with Warehouse & Logistics	0412SDF001	<u>1,212</u>
Total Texas Workforce Commission		1,212
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		
Direct Programs:		
Jobs & Education for Texans (#7)	6095	<u>2,296</u>
Total Texas Comptroller of Public Accounts		2,296
Total State Financial Assistance Expenditures		\$ <u>1,285,579</u>

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

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Note 1: State Assistance Reconciliation

State Grants Revenues - Per Schedule A	\$ 1,292,138
Administration	<u>(6,561)</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 1,285,577</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See notes to the financial statements for Trinity Valley Community College's significant account policies.

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.

OTHER REPORTS

SMITH, LAMBRIGHT & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

Independent Auditor's Report

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

Members of the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the College as of and for the year ended August 31, 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

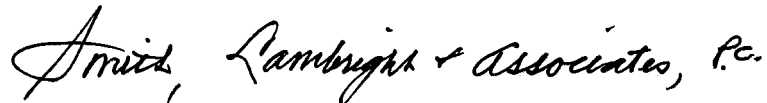
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

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

November 12, 2013

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
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**Report on Compliance with Requirements Applicable to Each Major Federal and State Program and
Internal Control Over Compliance in Accordance with OMB Circular A-133**

Independent Auditor's Report

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Trinity Valley Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2013. Trinity Valley Community College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *OMB Circular A-133* and *State of Texas Single Audit Circular* 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 or state 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 on compliance for each major federal or state program. However, our audit does not provide a legal determination of Trinity Valley Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Trinity Valley Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriated in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the College as of and for the year ended August 31, 2013, and have issued our report thereon dated November 12, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of state awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

Smith, Lambright & Associates, P.C.

November 12, 2013

TRINITY VALLEY COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2013

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

Significant deficiency (ies) 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

Significant deficiency(ies) 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 or State of Texas Single Audit Circular? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster</u>
84.007; 84.032; 84.033; 84.038; 84.063; 84.268 State of Texas / THECB	Student Financial Aid - Cluster Texas Grant Allocation

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

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

College Contact Person: Jean McSpadden, CPA
 Vice President of Administrative Services and CFO

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no finding required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS / TEXAS AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no finding required to be reported.

SMITH, LAMBRIGHT & ASSOCIATES, P.C.

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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

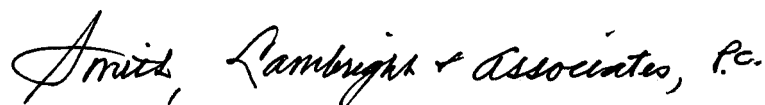
Members of the Board:

We have completed our audit of the Trinity Valley Community College for the year ended August 31, 2013. 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, 2013, which is part of this compliance report.

Respectfully submitted,



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

November 12, 2013

Trinity Valley Community College
 Portfolio Composition as of August 31, 2013

Investment Type	Book Value August 31, 2013	Market Value August 31, 2013
Savings Account(s) in Financial Institutions		
Certificates of Deposit	\$ 4,036,987	\$ 4,036,987
Repurchase Agreements		
Bankers Acceptances		
Commercial Paper		
Money Market Funds		
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.