

Three Rivers Community College
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 June 30, 2013 and 2012

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Three Rivers Community College

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KRAFT, MILES & TATUM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

1650 WEST HARPER, POPLAR BLUFF, MISSOURI 63901-4196
(573)-785-6438
FAX (573) 785-0114

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Three Rivers Community College
Poplar Bluff, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Three Rivers Community College and Three Rivers Endowment Trust, a discretely presented component unit of Three Rivers Community College as of and for the years ended June 30, 2013 and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Three Rivers Endowment Trust were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Three Rivers Community College as of June 30, 2013 and 2012, and the respective changes in financial position and its cash flows for the years 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 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 audit was conducted for the purpose of forming opinions, as referenced in the first paragraph above, on the financial statements that collectively comprise Three Rivers Community College's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The disclosure required by the Lease Participation Certificates has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of Three Rivers Community 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 the 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 Three Rivers Community College's internal control over financial reporting and compliance.

Kraft, Miles & Tatum, LLC

Certified Public Accountants
Poplar Bluff, Missouri
December 12, 2013

Three Rivers Community College
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Three Rivers Community College (the "College"). This discussion was prepared by the College's management and should be read in conjunction with the financial statements and notes that follow.

The financial statements were prepared in accordance with principles established by the Government Accounting Standards Board (GASB). These standards require that financial statements be presented on a consolidated basis to focus on the College as a whole.

There are three financial statements presented that are proprietary funds. These deal with day-to-day operations of the College. These statements are: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. In addition, there are two statements dealing with fiduciary assets which will be discussed later in this section, as well as two statements disclosing the activities of the component unit of the College.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the College as of June 30, 2013 and 2012, the last day of each fiscal year. The general purpose of this statement is to present a "snapshot" of the financial condition of the College.

Assets and liabilities are categorized as either current or noncurrent. Current assets mature and current liabilities become payable within the normal twelve month accounting cycle. Noncurrent assets mature and noncurrent liabilities become payable beyond the twelve month period. The current assets of the College consist of cash and cash equivalents and various trade receivables. Noncurrent assets are primarily the College's capital assets, i.e. property, plant and equipment, net of depreciation.

Total net position, which is the difference between total assets and total liabilities, is one of the key indicators of the current financial condition of the College. Net position is presented in three major categories. The first is "net investment in capital assets" which simply represents the College's equity in its property, plant and equipment.

The second - restricted - is further divided between nonexpendable and expendable. Nonexpendable restricted net assets are endowments, which can never be spent. These endowments earn interest, which is used for scholarships. Expendable restricted net assets are available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time.

Unrestricted net assets are available for any lawful purpose.

Three Rivers Community College
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Table 1
Comparative Statement of Net Position

	<u>2013</u>	<u>2012</u>
Assets		
Current	\$18,356,871	18,652,769
Land	5,329,286	3,779,661
Capital assets, net	11,196,324	7,700,697
Housing capital assets, net	3,254,411	3,425,714
Other non-current assets	<u>5,851,486</u>	<u>1,211,376</u>
Total Assets	<u>43,988,378</u>	<u>34,770,217</u>
Liabilities		
Bonds, notes and leases payable	9,934,891	5,270,000
Other current liabilities	7,171,176	6,973,276
Other non-current liabilities	<u>694,317</u>	<u>553,102</u>
Total Liabilities	<u>17,800,384</u>	<u>12,796,378</u>
Net Position		
Net investment in capital assets	16,343,406	11,480,358
Net investment in housing capital assets	(1,338,216)	(1,935,020)
Restricted		
Non-expendable	642,025	651,777
Expendable	184,643	768,754
Unrestricted	<u>10,356,136</u>	<u>11,007,970</u>
Total Net Position	<u>\$26,187,994</u>	<u>21,973,839</u>

Both total assets and total liabilities increased in the current year. Total assets increased by approximately \$9,218,000, while total liabilities increased by approximately \$5,004,000. Assets were increased primarily due to investment in a major renovation of the Academic Resource Commons. Liabilities increased due to the issuance of new bonds in anticipation of building projects planned in fiscal year 2014.

Statement of Revenues, Expenses and Changes in Net Position

This statement presents the College's results of operations for the years ended June 30, 2013 and 2012. It includes the College's revenues and expenses, both operating and non-operating. Operating revenues and expenses are those for which the College directly provides or receives goods and services. Non-operating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property taxes and state aid are two examples of non-operating revenues where local taxpayers and the state legislature, respectively, do not directly receive goods or services in exchange for the revenue.

Three Rivers Community College
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Following are summarized versions of the College's revenues, expenses and changes in net position for the years ended June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Operating revenues	\$15,787,914	14,858,214
Operating expenses	<u>(22,700,902)</u>	<u>(21,393,814)</u>
Operating Loss	(6,912,988)	(6,535,600)
Non-operating revenues	12,218,958	10,630,998
Gain (loss) on sale of asset	(547,692)	
Gift returns	(16,211)	(238,426)
Debt issue costs	(273,689)	
Interest expense	<u>(254,223)</u>	<u>(278,037)</u>
Change in Net Position	4,214,155	3,578,935
Net Position, Beginning of Year	21,973,839	18,803,904
Prior period adjustment	<u> </u>	<u>(409,000)</u>
Net Position, End of Year	<u>\$26,187,994</u>	<u>21,973,839</u>

For purposes of comparison, the schedule of the College's revenues, both operating and non-operating, for the years ended June 30, 2013 and 2012, are presented here.

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Student tuition and fees	\$12,255,810	11,422,357
Auxiliary enterprises	3,250,968	3,063,197
Other	<u>281,136</u>	<u>372,660</u>
Total	<u>\$15,787,914</u>	<u>14,858,214</u>
Non-Operating Revenues		
Property donations	\$ 1,558,329	1,282,500
Property taxes	1,940,547	1,886,357
State aid and grants	5,181,804	5,406,326
Federal grants and contracts	3,342,440	1,857,178
Other	<u>195,838</u>	<u>198,637</u>
Total	<u>\$12,218,958</u>	<u>10,630,998</u>

Tuition and fees increased by approximately \$833,000. The increase is due to an overall increase in credit hours and a modest increase in tuition and fee rates.

Three Rivers Community College
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

State aid and grants decreased by approximately \$225,000. Federal grants increased by approximately \$1,485,000.

The following schedule presents operating expenses of the College by function for the years ended June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Operating Expenses		
Instruction	\$ 8,315,794	7,169,376
Student services	3,515,212	3,110,744
Academic support	1,686,233	1,788,154
Institutional support	3,337,000	3,512,245
Operation and management of plant	1,942,239	1,812,639
Financial aid and scholarships	665,810	747,607
Auxiliary enterprises	2,256,383	1,982,315
Depreciation	<u>982,231</u>	<u>1,270,734</u>
Total Operating Expenses	<u>\$22,700,902</u>	<u>21,393,814</u>
Non-Operating Expenses		
Gain (loss) on sale of asset	\$ 547,692	
Gift returns	16,211	238,426
Debt issue costs	273,689	
Interest	<u>254,223</u>	<u>278,037</u>
Total Non-Operating Expenses	<u>\$ 1,091,815</u>	<u>516,463</u>

The cost of operations increased 6% compared to a 6% increase in operational revenues.

Statement of Cash Flows

This Statement of Cash Flows presents information about the cash activity of the College. It shows the major sources and uses of cash. Comparative summary statements of cash flows for the fiscal years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Net Cash Provided (Used) By:		
Operating activities	\$ (6,308,902)	(5,744,200)
Investing activities	130,388	256,741
Non-capital financing activities	10,514,030	8,982,620
Capital and related financing activities	<u>(10,744)</u>	<u>(833,602)</u>
Net Change in Cash	4,324,772	2,661,559
Cash and Cash Equivalents, Beginning of Year	<u>11,545,883</u>	<u>8,884,324</u>
Cash and Cash Equivalents, End of Year	<u>\$15,870,655</u>	<u>11,545,883</u>

Three Rivers Community College
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

The balance between net cash used by operating and provided by non-capital financing activities reflects the College's continued judicious use of its major revenue sources-tuition, property taxes and state aid.

**Statement of Fiduciary Net Position and
Statement of Changes in Fiduciary Net Position**

These statements are presented separately from the operating statements of the College discussed previously. The information contained in these statements deals with funds that have been contributed to the College subject to the requirement that a designated beneficiary receive a specified annual payment. When these payments end, the balance of the funds will be available for use by the College at a time specified in the trust agreement. The net position of the trust at June 30, 2013, totaled approximately \$2,703,000, an increase of approximately \$220,000 from the prior year due primarily to unrealized gains on investments.

The Statement of Fiduciary Net Position also contains a column titled "Agency Funds". These are funds held in trust by the College belonging to various organizations in the College.

Analysis

The College realized an increase of approximately \$833,000 in tuition and fees. The College finished the year with an increase in net position of approximately \$4,214,000. The financial condition of the College remains sound. Adequate fund balances and reserves exist to continue to provide a quality educational experience.

Contacting the College's Financial Management

This financial report is designed to provide our constituents with a general overview of Three Rivers Community College's finances and to demonstrate the College's accountability for the resources it receives. Questions concerning this report or requests for additional financial information should be directed to Ms. Charlotte Eubank, Chief Financial Officer, 2080 Three Rivers Boulevard, Poplar Bluff, Missouri 63901.

Three Rivers Community College
Statements of Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,019,169	10,334,507
Investments	27,018	20,561
Tuition and fees receivable, net	7,038,598	6,786,700
Rent receivable	92,812	131,331
Property taxes and other receivables	130,320	116,983
Inventory	213,800	193,109
Other receivables	600,122	148,603
Prepaid expenses	148,332	108,727
Held for sale	86,700	812,248
	<hr/>	<hr/>
Total Current Assets	18,356,871	18,652,769
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	5,851,486	1,211,376
Land	5,329,286	3,779,661
Capital assets, net	11,196,324	7,700,697
Housing capital assets, net	3,254,411	3,425,714
	<hr/>	<hr/>
Total Non-Current Assets	25,631,507	16,117,448
	<hr/>	<hr/>
Total Assets	43,988,378	34,770,217
CURRENT LIABILITIES		
Accounts payable	1,126,064	716,486
Accrued vacation, salaries, and retirement	510,055	297,471
Accrued interest	70,283	90,734
Student deposits	54,926	47,708
Unearned tuition and fees	5,336,363	5,732,530
Endowments and scholarships	13,060	20,360
Bonds, notes and leases payable	175,000	295,000
Incentive retirement payable	60,425	67,987
	<hr/>	<hr/>
Total Current Liabilities	7,346,176	7,268,276
NON-CURRENT LIABILITIES		
Incentive retirement payable	50,417	100,602
Other post employment benefits	643,900	452,500
Bonds, notes, and leases payable	9,759,891	4,975,000
	<hr/>	<hr/>
Total Non-Current Liabilities	10,454,208	5,528,102
	<hr/>	<hr/>
Total Liabilities	17,800,384	12,796,378
NET POSITION		
Net investment in capital assets	16,343,406	11,480,358
Net investment in housing capital assets	(1,338,216)	(1,935,020)
Restricted for nonexpendable:		
Scholarships and fellowships	642,025	651,777
Restricted for expendable:		
Debt service	6,136	580,160
Scholarships and fellowships	178,507	188,594
Unrestricted	10,356,136	11,007,970
	<hr/>	<hr/>
Total Net Position	26,187,994	21,973,839
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 43,988,378	34,770,217

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

Three Rivers Community College
Statements of Revenues, Expenses, and
Changes in Net Position
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Student tuitions and fees (net of scholarship allowances of \$10,612,581 and \$12,907,211)	\$ 12,255,810	11,422,357
Auxiliary enterprises		
Housing	592,357	659,130
Bookstore	2,309,699	2,036,299
Student activities	348,912	367,768
Other operating revenues	<u>281,136</u>	<u>372,660</u>
Total Operating Revenues	<u>15,787,914</u>	<u>14,858,214</u>
OPERATING EXPENSES		
Instruction	8,315,794	7,169,376
Student services	3,515,212	3,110,744
Academic support	1,686,233	1,788,154
Institutional support	3,337,000	3,512,245
Operating and management of plant	1,942,239	1,812,639
Financial aid and scholarships	665,810	747,607
Auxiliary enterprises		
Housing	317,174	267,882
Bookstore	1,542,916	1,348,668
Student activities	396,293	365,765
Depreciation and amortization	<u>982,231</u>	<u>1,270,734</u>
Total Operating Expenses	<u>22,700,902</u>	<u>21,393,814</u>
Operating Income/(Loss)	<u>(6,912,988)</u>	<u>(6,535,600)</u>
NON-OPERATING REVENUES/(EXPENSES)		
Property donations	1,558,329	1,282,500
Property taxes	1,940,547	1,886,357
State aid and grants	5,181,804	5,406,326
Federal grants and contracts	3,342,440	1,857,178
Investment gain	130,388	127,452
Contributions	65,450	70,019
Gift returns	(16,211)	(238,426)
Gain (loss) on sale of asset	(547,692)	1,166
Debt issue costs	(273,689)	
Interest expense	<u>(254,223)</u>	<u>(278,037)</u>
Total Non-Operating Revenues/(Expenses)	<u>11,127,143</u>	<u>10,114,535</u>
CHANGES IN NET POSITION	4,214,155	3,578,935
NET POSITION, Beginning of year	21,973,839	18,803,904
Prior period adjustment	<u> </u>	<u>(409,000)</u>
NET POSITION, End of year	<u>\$ 26,187,994</u>	<u>21,973,839</u>

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

Three Rivers Community College
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 11,822,396	10,999,135
Payments to suppliers	(5,531,516)	(5,003,869)
Payments to employees	(12,742,369)	(12,127,684)
Receipts (refunds) of deposits	7,218	(22,063)
Auxiliary enterprise receipts	(225,916)	(54,937)
Other	361,285	465,218
Net cash used in operating activities	<u>(6,308,902)</u>	<u>(5,744,200)</u>
Cash Flows from Noncapital Financing Activities:		
Local property taxes	1,940,547	1,886,357
State aid and grants	5,181,804	5,406,326
Federal grants and contracts	3,342,440	1,857,178
Gift returns	(16,211)	(238,426)
Miscellaneous income		1,166
Contributions	65,450	70,019
Net cash provided by noncapital financing activities	<u>10,514,030</u>	<u>8,982,620</u>
Cash Flows from Capital and Related Financing Activities:		
Debt service - interest payments	(274,674)	(282,043)
Debt service - principal payments	(5,270,000)	(280,000)
Proceeds from Lease Participation Certificates	9,934,891	
Payments of debt issuance cost	(273,688)	
Proceeds from sale of asset	240,050	
Aquisition of capital assets	(4,367,323)	(271,559)
Net cash used in capital and related financing activities	<u>(10,744)</u>	<u>(833,602)</u>
Cash Flows from Investing Activities:		
Interest and dividends	130,388	127,452
Proceeds from investments		129,289
Net cash provided by investing activities	<u>130,388</u>	<u>256,741</u>
Net increase/(decrease) in cash and cash equivalents	4,324,772	2,661,559
Cash, beginning of year	<u>11,545,883</u>	<u>8,884,324</u>
Cash, end of year	<u>\$ 15,870,655</u>	<u>11,545,883</u>

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

Three Rivers Community College
Statements of Cash Flows - Continued
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Displayed as:		
Cash and cash equivalents	\$ 10,019,169	10,334,507
Restricted cash and cash equivalents	5,851,486	1,211,376
	<u>\$ 15,870,655</u>	<u>11,545,883</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in)		
operating activities		
Operating income/(loss)	\$ (6,912,988)	(6,535,600)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	982,231	1,270,734
Bad debt, net	764,684	436,742
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Tuition and fees receivable	(1,015,765)	(2,863,942)
Other receivables	(413,000)	63,996
Property taxes	(13,337)	(32,983)
Inventory	(20,691)	(53,885)
Prepaid expenses	(39,605)	(30,228)
Increase/(decrease) in:		
Accounts payable	409,581	324,773
Accrued vacation, salaries, and retirement	212,584	34,340
Student deposits	7,218	(22,063)
Unearned tuition and fees	(396,167)	1,615,110
Endowments and scholarships	(7,300)	(2,093)
Incentive retirement payable	(57,747)	(67,301)
Other post employment benefits	191,400	118,200
Net cash used in operating activities	<u>\$ (6,308,902)</u>	<u>(5,744,200)</u>

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

Three Rivers Community College
 Statements of Fiduciary Net Position
 For the Years Ended June 30, 2013 and 2012

	June 30, 2013		June 30, 2012	
	Private Purpose Trusts	Agency Funds	Private Purpose Trusts	Agency Funds
ASSETS				
Cash and cash equivalents	\$	182,980	\$	120,819
Beneficial interest in trust	2,702,656		2,482,786	
Total assets	<u>2,702,656</u>	<u>182,980</u>	<u>2,482,786</u>	<u>120,819</u>
LIABILITIES				
Deposits held in trust for others		182,980		120,819
Total liabilities		<u>182,980</u>		<u>120,819</u>
NET POSITION				
Unreserved	<u>\$ 2,702,656</u>		<u>\$ 2,482,786</u>	

Three Rivers Community College
 Statements of Changes in Fiduciary Net Position
 For the Years Ended June 30, 2013 and 2012

	Private Purpose Trusts Years Ended June 30,	
	2013	2012
ADDITIONS		
Interest income	\$ 69,974	72,000
Realized gain/(loss) on investments	99,181	69,468
Total Additions	<u>169,155</u>	<u>141,468</u>
DEDUCTIONS		
Benefits paid to beneficiaries	50,526	50,526
Unrealized (gain)/loss on investments	(123,599)	91,545
Administrative expense	22,358	22,012
Total Deductions	<u>(50,715)</u>	<u>164,083</u>
CHANGES IN NET POSITION	219,870	(22,615)
NET POSITION, Beginning of year	<u>2,482,786</u>	<u>2,505,401</u>
NET POSITION, End of year	<u>\$ 2,702,656</u>	<u>2,482,786</u>

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

Three Rivers Community College
 Statements of Financial Position-Component Unit
 Three Rivers Endowment Trust
 For the Years Ended June 30, 2013 and 2012

	Years Ended June 30,	
	2013	2012
ASSETS		
Cash	\$ 121,994	90,839
Contribution receivable	716,095	
Certificates of deposit	68,591	
Investments	686,530	372,705
Assets held for sale	286,900	100,000
Property and equipment, net	10,569	10,433
Total Assets	\$ 1,890,679	573,977
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 35,736	28,402
Accrued payroll expenses	9,128	8,185
Notes payable	29,380	38,031
Total Liabilities	74,244	74,618
Net Assets:		
Unrestricted	376,983	124,454
Temporarily restricted	905,198	18,005
Permanently restricted	534,254	356,900
Total Net Assets	1,816,435	499,359
Total Liabilities and Net Assets	\$ 1,890,679	573,977

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

Three Rivers Community College
 Statements of Activities-Component Unit
 Three Rivers Endowment Trust
 For the Years Ended June 30, 2013 and 2012

	Years Ended June 30,	
	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues		
Contributions	\$ 179,753	165,821
Donated items	257,000	100,000
Fundraising events	5,550	
License fee income	256,782	264,498
Miscellaneous	593	102
Net assets released from restrictions	32,971	
Total Unrestricted Revenue	732,649	530,421
Expenses		
Program services	47,021	6,000
General and administrative	347,259	268,620
Fundraising	85,840	110,254
Total Expenses	480,120	384,874
Increase in Unrestricted Net Assets	252,529	145,547
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	876,959	
Interest and dividend income	4,612	1,892
Investment gain	38,593	16,113
Net assets released from restrictions	(32,971)	
Increase in Temporarily Restricted Net Assets	887,193	18,005
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	177,354	113,098
Increase in Permanently Restricted Net Assets	177,354	113,098
Change in Net Assets	1,317,076	276,650
Net Assets, Beginning of Year	499,359	222,709
Net Assets, End of Year	\$ 1,816,435	499,359

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

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Three Rivers Community College (the "College"), a public two-year institution, was established April 5, 1966, under the Missouri Junior College Act of 1961. The College provides academic transfer, occupational, technical, developmental, and continuing education courses to its four-county district, known as The Community College District of Poplar Bluff, Missouri, and many surrounding counties in Southeast Missouri. The six-member elected Board of Trustees establishes the policies and procedures by which the College is governed.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

Basis of Accounting

Proprietary Funds

For financial reporting purposes, the College is considered a special-purpose government engaged in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the college receives value without directly giving equal value in return, includes property taxes; federal, state and local grants; state appropriations; and other contributions. On the accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized when requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided on a reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the College's own programs. Fiduciary fund reporting focuses on net position and changes in net position and also uses the economic resources measurement focus and the accrual basis of accounting.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

The private purpose trusts of the College consist of funds contributed to the College by various grantors subject to the requirement that the college periodically pay specified amounts of the income earned on the assets to designated beneficiaries. Such payments terminate at a time specified in the agreements and the balance of the funds will be transferred to the College as designated by the grantor.

The agency fund accounts for assets held by the College in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Reporting Entity

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its blended component unit and discretely presented component units.

Blended Component Unit

Three Rivers Community College Building Corporation (the "Corporation") is a component unit incorporated on June 20, 1994, as a not-for-profit organization whose stated purpose is to operate exclusively for the benefit of Three Rivers Community College. Although the College is not legally responsible for the debt of the building corporation, the Corporation's sole source of revenue is from lease payments from the College.

The following financial information represents the condensed financial statements for the Three Rivers Community College Building Corporation.

Condensed Statements of Net Position

	2013	2012
Assets		
Current assets	\$ 5,236,479	580,160
Capital assets	3,924,160	3,425,714
Total Assets	9,160,639	4,005,874
Liabilities		
Current liabilities	70,283	90,734
Noncurrent liabilities	9,934,891	5,270,000
Due to college	669,749	
Total Liabilities	10,674,923	5,360,734
Net Position		
Net investment in capital assets	(1,520,420)	(1,935,020)
Restricted for debt service	6,136	580,160
Total Net Position	\$ (1,514,284)	(1,354,860)

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

**Condensed Statements of Revenues, Expenses,
and Changes in Net Position**

	2013	2012
Operating Revenues (Expenses)		
Operating revenues	\$ 543,052	552,888
Other operating expenses	(3,260)	(2,515)
Depreciation and amortization expense	(171,304)	(205,387)
Operating Income	368,488	344,986
Non-Operating Revenues (Expenses)		
Interest expense	(254,223)	(278,038)
Debt issue costs	(273,689)	
Changes in Net Position	(159,424)	66,948
Beginning Net Position	(1,354,860)	(1,012,808)
Prior Period Adjustment		(409,000)
Ending Net Position	\$(1,514,284)	(1,354,860)

Condensed Statements of Cash Flows

	2013	2012
Net Cash Provided By:		
Operating activities	\$ 543,052	552,888
Capital and related financing activities	4,113,267	(564,558)
Net Change	4,656,319	(11,670)
Cash and Cash Equivalents, Beginning	580,160	591,830
Cash and Cash Equivalents, Ending	\$ 5,236,479	580,160

Discretely Presented Component Unit

Three Rivers Endowment Trust

Three Rivers Endowment Trust ("the Trust") is a legally separate, tax exempt component unit of the College, created December 21, 2009. The purpose of the Trust is to encourage, promote, obtain and provide funds or property of any nature or kind for the advantage of the College and the encouragement and subsidization of its students and mission.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Under state law, neither the principal nor income generated by the assets of the Trust can be taken into consideration in determining the amount of state-appropriated funds allocated to the College. Third parties dealing with the College, the Missouri Coordinating Board of Higher Education, the State of Missouri, and the Federal Government (or any agency thereof) should not rely upon the financial statements of the Trust for any purpose without consideration of all of the foregoing conditions and limitations.

The directors of the Trust make all decisions regarding the business and affairs of the Trust, including, without limitations, distributions made to the College. Although the College does not control the timing or amount of receipts from the Trust, the majority of resources or income thereon that the Trust holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Trust can only be used by, or for the benefit of, the College, the Trust is considered a component unit of the College. The Trust is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Trust is a private not-for-profit organization that reports its financial results in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Most significant to the Trust's operations and reporting model are FASB ASC 958-605 and FASB ASC 958-205. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Trust's financial information in the College's financial reporting entity for these differences; however, significant note disclosures to the Trust's financial statements have been incorporated into the College's notes to the financial statements as described below.

The Trust maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Trust. Generally, the donors of these assets permit the Trust to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met by actions of the Trust and/or passage of time.

Unrestricted Net Assets

Net assets not subject to donor-imposed restrictions.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

Questions concerning the component unit's financial information or requests for additional financial information should be directed to Three Rivers Endowment Trust, 2080 Three Rivers Boulevard, Poplar Bluff, Missouri 63901.

Omitted Component Unit

Three Rivers Booster Club

Three Rivers Booster Club (the "Club") is a legally separate, tax-exempt component unit of the College. The Club provides assistance and support to the Three Rivers Community College athletic programs and because the College is the exclusive beneficiary of the Club, its financial information is required to be presented. The Club is not a subsidiary or affiliate of the College. Moreover, the assets of the Club are the exclusive property of the Club and are not owned by the College. The College is not accountable for, and does not have ownership of, any of the financial or capital resources of the Club. In addition, the College does not have the power or authority to mortgage, pledge or encumber the assets of the Club. The financial activities of this omitted component unit are not considered material to the basic financial statements.

Questions concerning the component unit's financial information or requests for additional financial information should be directed to Three Rivers Booster Club, 1815 Zehm Avenue, Poplar Bluff, Missouri 63901.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties in the College's district collect the tax and remit it to the College. Beginning in 2013, delinquent property taxes are deemed to be uncollectible with the following percentages:

1 year	10%
2 years	20%
3 years	50%
4 years	60%
5 years	90%
Over 5 years	100%

The assessed valuation of the tangible taxable property for the calendar years 2012 and 2011 for purposes of local taxation was \$782,155,889 and \$767,881,370, respectively. The tax levy per \$100 of the assessed valuation of tangible property for the calendar years 2012 and 2011 was set at \$0.2413 and \$0.2355, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the College considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value based on quoted market prices.

Tuition and Fees Receivable

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable are recorded net of estimated uncollectible amounts. Accounts outstanding are deemed to be uncollectible with the following percentages:

0-1 year	2%
1-2 years	30%
2-3 years	60%
3-5 years	75%
5-7 years	90%
Over 7 years	100%

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-40 years
Infrastructure	15-20 years
Land improvements	20 years
Library materials	10 years
Furniture, fixtures and equipment	5 years

Inventory

Inventory consists of bookstore merchandise and is stated at the lower of cost or market determined on the first-in, first-out basis.

Unamortized Bond Issue Costs

Bond issue costs incurred on the issuance of \$7,005,000 Student Housing Revenue Bonds, Series 2004, have been deferred and are being amortized over the life of the bonds using the straight-line method. Total amortization for the years ended June 30, 2013 and 2012, was \$0 and \$34,083, respectively. These bonds were refinanced with the Series 2012A Lease Participation Certificates as of June 30, 2013.

The College adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

This GASB Statement requires that debt issue costs be expensed when incurred, therefore prior unamortized issue costs have been expensed.

Unearned Tuition and Fees

Unearned tuition and fees revenue represents the student fees and advances on grants and contract awards, which the College has not yet earned.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Compensated Absences

The College records a liability for employees' vacation leave earned, but not yet taken. Employees are allowed to carry over a limited number of vacation days from year to year. Expense and related liability are recognized as vacation benefits are earned. The College has no commitment for accumulated sick leave and no liability is recorded.

Classification of Revenue

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, and (2) sales and services of auxiliary enterprises. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts, and federal appropriations, and (4) gifts and contributions.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported as the net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and or/third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance. The scholarship allowances on tuition, fees, and housing for the years ended June 30, 2013 and 2012, was \$10,612,581 and \$12,907,211, respectively.

Federal Financial Assistance Programs

Major federally funded student financial aid programs in which the College participates include the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work Study, and Federal Direct Student Loan Programs.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets

Represents the College's total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets-Nonexpendable

Includes permanent endowments that are required to be retained in perpetuity.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Restricted Net Assets-Expendable

Includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted Net Assets

Includes resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through December 12, 2013, the date the financial statements were available to be issued.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

2. DEPOSITS AND INVESTMENTS

The Missouri Revised Statutes allow funds belonging to the College to be invested. College policy delegates this authority to the Treasurer of the Board of Trustees as permitted by Missouri law and limits the investments to certificates of deposit with banks within the College district and United States treasury bills.

Deposits

The carrying values of the College's bank accounts and certificates of deposit at June 30, 2013 and 2012, were \$16,053,635 and \$11,666,702, respectively, and the bank balances at June 30, 2013 and 2012, were \$11,720,533 and \$12,365,848, respectively, substantially all of which were covered by federal depository insurance and collateral held by the College's agent in the College's name. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies and instrumentalities or the State of Missouri; bonds of any city, county, school district, or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value of at least equal to the amount of the deposits. Cash balances were held in excess of federal depository insurance and in excess of collateral as described above in the amounts of \$0 and \$797,842 for the years ended June 30, 2013 and 2012, respectively. Subsequent to year-end, such balances were covered as described above without loss to the College.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Summary of Carrying Values

The carrying values of deposits and investments are included in the statements of net position as follows:

	2013	2012
Carrying Value		
Deposits	\$16,053,635	11,666,702

Included in the following statements of net position captions:

	2013	2012
Proprietary Funds		
Cash and cash equivalents	\$10,019,169	10,334,507
Restricted cash and cash equivalents	5,851,486	1,211,376
Fiduciary-Agency Funds		
Cash and cash equivalents	182,980	120,819
	\$16,053,635	11,666,702

Investments

Investments consist of equity securities donated to the College.

3. BENEFICIAL INTEREST IN TRUST

As of June 30, 2013 and 2012, the College has \$2,702,656 and \$2,482,786, respectively, of beneficial interest in a charitable remainder annuity trust. The trust is maintained by an outside fiscal agent and is not under the control of the College. Under the terms of the trust agreement, the donor's designated beneficiary receives five percent of the initial fair market value of the assets in the trust during her lifetime.

Upon her death, the trust is to terminate and the remaining trust assets are to be distributed to the College for the establishment of an endowment fund. Assets held in the charitable trust are reported at fair market value in the College's Statement of Fiduciary Assets and changes in the fair value of the charitable trust are reflected in the Statement of Changes in Fiduciary Net Position.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

4. NON-CURRENT LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2013.

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2013</u>	<u>Current Portion</u>
Revenue bonds:					
Student housing system, Series 2004	\$ 5,270,000		5,270,000		
Lease Participation Certificates, Series 2012A		4,600,000		4,600,000	175,000
Lease Participation Certificates, Series 2012B		5,400,000		5,400,000	
Premiums (Discounts)		(65,109)		(65,109)	
Other liabilities:					
Incentive retirement payable	168,589	9,470	67,217	110,842	60,425
Other post employment benefits	<u>452,500</u>	<u>191,400</u>	<u> </u>	<u>643,900</u>	<u> </u>
Total	<u>\$ 5,891,089</u>	<u>10,135,761</u>	<u>5,337,217</u>	<u>10,689,633</u>	<u>235,425</u>

The following is a summary of long-term obligation transactions for the College for the year ended June 30, 2012.

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2012</u>	<u>Current Portion</u>
Revenue bonds:					
Student housing system, Series 2004	\$ 5,550,000		280,000	5,270,000	295,000
Other liabilities:					
Incentive retirement payable	235,890	6,863	74,164	168,589	67,987
Other post employment benefits	<u>334,300</u>	<u>118,200</u>	<u> </u>	<u>452,500</u>	<u> </u>
Total	<u>\$ 6,120,190</u>	<u>125,063</u>	<u>354,164</u>	<u>5,891,089</u>	<u>362,987</u>

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Debt Service Requirements to Maturity

The debt service requirements for the next five years, and thereafter, as of June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total to be Paid
2014	\$ 175,000	298,094	473,094
2015	400,000	294,594	694,594
2016	400,000	286,594	686,594
2017	400,000	278,594	678,594
2018	400,000	270,594	670,594
2019-2023	2,275,000	1,212,594	3,487,594
2024-2028	2,850,000	864,281	3,714,281
2029-2033	3,100,000	324,781	3,424,781
	<u>\$ 10,000,000</u>	<u>3,830,126</u>	<u>13,830,126</u>

Revenue Bonds - Series 2004

On July 21, 2004, the College issued \$7,005,000 of revenue bonds. The bonds bear interest at 1.95%-5.70%, due in semiannual installments, which began on March 1, 2005. Principal maturities began September 1, 2005, and continue through 2025. Proceeds from the issuance of these bonds were used to pay down Student Housing System Revenue Bonds Series 2001, make the necessary deposit to the Series 2004 reserve account for the bonds, pay capitalized interest on the bonds, and pay certain costs incurred in connection with the issuance of the bonds. The bonds are secured solely from the net revenues derived from the operation and ownership of the housing system. These bonds were refinanced with the Series 2012A Lease Participation Certificates as of June 30, 2013. The new issue will reduce debt service payments for the College by \$502,104 with an economic gain of \$478,855 or 9.09%.

Lease Participation Certificates - Series 2012A

On October 12, 2012, the College issued \$4,600,000 of lease participation certificates. These certificates bear interest at 2.0% to 3.63%, due in semiannual installments, which began on April 1, 2013. Principal maturities will begin on April 1, 2014, and continue through 2032. These certificates were issued for the refinancing of the Series 2004 Student Housing Revenue Bonds.

Lease Participation Certificates - Series 2012B

On December 27, 2012, the College issued \$5,400,000 of lease participation certificates. These certificates bear interest at 2.0% to 3.75%, due in semiannual installments, which began on April 1, 2013. Principal maturities will begin on April 1, 2015, and continue through 2033. These certificates will be used for the construction of the FEMA safe room on the Sikeston and Poplar Bluff campuses.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2013</u>
Capital assets, not being depreciated:				
Land	\$ 3,779,661	1,610,125	60,500	5,329,286
Construction in progress		878,986		878,986
Total capital assets, not being depreciated	<u>3,779,661</u>	<u>2,489,111</u>	<u>60,500</u>	<u>6,208,272</u>
Capital assets, being depreciated:				
Buildings and improvements	18,924,215	2,432,640	128,971	21,227,884
Furniture, fixtures and equipment	8,343,431	996,128	11,200	9,328,359
Infrastructure and land improvements	1,216,624			1,216,624
Library materials	701,800	15,147		716,947
Leasehold improvements	782,090			782,090
Total capital assets, being depreciated	<u>29,968,160</u>	<u>3,443,915</u>	<u>140,171</u>	<u>33,271,904</u>
Less accumulated depreciation for:				
Buildings and improvements	9,802,213	462,200	119,905	10,144,508
Furniture, fixtures and equipment	7,285,540	368,521		7,654,061
Infrastructure and land improvements	751,982	58,805	3,920	806,867
Library materials	632,618	14,495		647,113
Leasehold improvements	369,396	78,210		447,606
Total accumulated depreciation	<u>18,841,749</u>	<u>982,231</u>	<u>123,825</u>	<u>19,700,155</u>
Total capital assets, being depreciated, net	<u>11,126,411</u>	<u>2,461,684</u>	<u>16,346</u>	<u>13,571,749</u>
Total capital assets, net	<u>\$ 14,906,072</u>	<u>4,950,795</u>	<u>76,846</u>	<u>19,780,021</u>

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Capital asset activity for the year ended June 30, 2012:

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2012</u>
Capital assets, not being depreciated:				
Land	\$ 3,719,161	60,500	_____	3,779,661
Total capital assets, not being depreciated	<u>3,719,161</u>	<u>60,500</u>	_____	<u>3,779,661</u>
Capital assets, being depreciated:				
Buildings and improvements	17,621,505	1,302,710	_____	18,924,215
Furniture, fixtures and equipment	8,166,398	177,033	_____	8,343,431
Infrastructure and land improvements	1,216,624	_____	_____	1,216,624
Library materials	687,984	13,816	_____	701,800
Leasehold improvements	782,090	_____	_____	782,090
Total capital assets, being depreciated	<u>28,474,601</u>	<u>1,493,559</u>	_____	<u>29,968,160</u>
Less accumulated depreciation for:				
Buildings and improvements	9,154,939	647,274	_____	9,802,213
Furniture, fixtures and equipment	6,846,819	438,721	_____	7,285,540
Infrastructure and land improvements	693,177	58,805	_____	751,982
Library materials	618,976	13,642	_____	632,618
Leasehold improvements	291,186	78,210	_____	369,396
Total accumulated depreciation	<u>17,605,097</u>	<u>1,236,652</u>	_____	<u>18,841,749</u>
Total capital assets, being depreciated, net	<u>10,869,504</u>	<u>256,907</u>	_____	<u>11,126,411</u>
Total capital assets, net	<u>\$ 14,588,665</u>	<u>317,407</u>	<u>_____</u>	<u>14,906,072</u>

6. PENSION PLANS

The College contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certified employees and death benefits to members and beneficiaries. Positions covered by PSRS are not covered by Social Security. PSRS benefit provisions are set for in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven member Board of Directors. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri P.O. Box 268, Jefferson City, Missouri, 65102 or by calling 1-800-392-6848.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

PSRS members are required to contribute 14.5% of their annual covered salary and the College is required to contribute a matching amount. The contribution requirements of members and the College are established and may be amended by the PSRS Board of Directors. The College's contributions to PSRS for the years ending June 30, 2013 and 2012, were \$1,168,555 and \$1,098,741, respectively, equal to the required contributions.

The College also contributes to The Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the College who work 20 or more hours per week and who do not contribute to PSRS. Positions covered by PEERS are also covered by Social Security. Benefit provisions are set for in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Directors of The Public Education Employees Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.9% of their annual covered salary and the College is required to contribute a matching amount. The contribution requirements of members and the College are established and may be amended by the Board of Directors. The College's contributions to PEERS for the years ending June 30, 2013 and 2012, were \$116,740 and \$116,053, respectively, equal to the required contributions.

7. SEGMENT INFORMATION

The following financial information represents identifiable activities for which one or more revenue bonds or other revenue-backed debt is outstanding. The activities provided dormitory space to students of the College.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Condensed Statements of Net Position

	<u>2013</u>	<u>2012</u>
Assets		
Current assets	\$ 119,071	183,612
Restricted assets	6,136	580,160
Capital assets, net	<u>3,254,411</u>	<u>3,425,714</u>
Total Assets	<u>3,379,618</u>	<u>4,189,486</u>
Liabilities		
Current liabilities	269,194	442,286
Noncurrent liabilities	4,386,442	4,975,000
Due to other funds	<u>929,530</u>	<u>1,017,357</u>
Total Liabilities	<u>5,585,166</u>	<u>6,434,643</u>
Net Position		
Net investment in capital assets	(1,338,216)	(1,935,020)
Restricted for:		
Debt service	6,136	580,160
Unrestricted	<u>(873,468)</u>	<u>(890,297)</u>
Total Net Position	<u>\$ (2,205,548)</u>	<u>(2,245,157)</u>

**Condensed Statements of Revenues, Expenses,
and Changes in Net Position**

	<u>2013</u>	<u>2012</u>
Operating Revenues (Expenses)		
Operating revenues	\$ 592,357	659,130
Other operating expenses	(317,174)	(267,882)
Depreciation and amortization expense	<u>(171,304)</u>	<u>(205,386)</u>
Operating Income	<u>103,879</u>	<u>185,862</u>
Non-Operating Revenues (Expenses)		
Interest income	222	2,105
Interest expense	(173,607)	(278,037)
Debt issue costs	(130,583)	
Transfers	<u>239,698</u>	<u>(88,505)</u>
Changes in Net Position	39,609	(178,575)
Beginning Net Position	(2,245,157)	(1,657,582)
Prior Period Adjustment	<u> </u>	<u>(409,000)</u>
Ending Net Position	<u>\$ (2,205,548)</u>	<u>(2,245,157)</u>

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Condensed Statements of Cash Flows

	2013	2012
Net Cash Provided By:		
Operating activities	\$ 433,359	353,765
Capital and related financing activities	(1,033,738)	(554,033)
Investing activities	222	2,105
Net Change	(600,157)	(198,163)
Cash and Cash Equivalents, Beginning	628,854	827,017
Cash and Cash Equivalents, Ending	\$ 28,697	628,854

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The College has effectively managed risk through its insurance and various educational and prevention programs.

The College is a member of the Missouri United School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The College does not pay premiums to purchase insurance policies but pays an assessment to be a member of a self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The College is a part of the SEMO Consortium. This consortium is made up of school districts in Southeast Missouri who have joined together for the purpose of purchasing employee benefits as a larger group to increase buying power and stabilize renewals. These are fully insured plans which means that the carriers assume the risk of the claims in return for the premiums that the College pays on a monthly basis.

9. CONTINGENCIES AND CLAIMS

The College, from time to time, receives information regarding potential claims against the College, including from students or employees. Management has represented that its insurance company is responsible for handling any and all such claims and believes the insurance coverage is adequate to protect the College in the event of a successful claim. An estimate of possible damage, if any, which the College would be liable for, cannot be made at this time.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

10. POST EMPLOYMENT BENEFITS

The College maintained an early retirement incentive program for qualified employees. This policy was repealed as of June 30, 2010. The College will continue to pay out benefits on previous retirees over the next five years. As of June 30, 2013 and 2012, the College has recognized a current liability of \$60,425 and \$67,987, respectively, and a non-current liability of \$50,417 and \$100,602, respectively, for the payment of the retirement incentive payouts.

11. OTHER POST EMPLOYMENT BENEFITS

The College allows retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees without a specific contribution from the College. The premiums paid by the retirees may be lower than they would have been if the retirees were insured separately. This benefit is called an "implicit rate subsidy." To comply with the applicable provisions of GASB Code Section P50, the College records a liability, as calculated by an actuary, to recognize the additional cost to the College of the participating retirees who benefit from the lower group health insurance plan premium rates and, because of their age, are most likely not paying 100% of the true cost of the medical benefits they receive. The Three Rivers Community College Other Post-Employment Benefits Program is a single-employer plan and does not issue a stand-alone financial report.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
06/30/09	\$ -	\$ 2,582,000	\$ 2,582,000	0%	\$10,698,000	24%
06/30/11	\$ -	\$ 3,050,000	\$ 3,050,000	0%	TBD	TBD
06/30/13	\$ -	\$ 2,754,000	\$ 2,754,000	0%	TBD	TBD

The results shown above are based on the baseline assumptions with respect to the medical inflation rate of 7.90% for the year ending June 30, 2013, and the discount rate of 3.75% per annum. The baseline discount rate assumes that the College will not prefund its retiree medical program. The discount rate is based on the expected earnings of the College's general fund.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

Year Ended <u>Ended</u>	Annual Required <u>Contribution</u>	Interest on Net OPEB <u>Obligation</u>	Adjustment to the ARC	Net OPEB <u>Cost</u>	Actual <u>Contribution</u>	Net OPEB <u>Obligation</u>
06/30/10	\$210,200	\$8,000	\$6,700	\$211,500	\$77,900	\$334,300
06/30/11	\$210,200	\$13,400	\$11,100	\$212,500	\$92,000	\$454,800
06/30/12	\$243,300	\$17,100	\$15,200	\$245,200	\$56,100	\$643,900

The Actuarial Accrued Liability is determined directly as the present value of benefits accrued to date, where the accrued benefits for each member is the pro-rata portion (based on services to date) of the projected benefit payable at death, disability, retirement, or termination.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

To recognize the cost of benefits earned each year by retirees and to amortize the Unfunded Actuarial Accrued Liability over 30 years the College has recognized a liability in the amount of \$643,900.

12. OFF-SITE CAMPUS LOCATIONS

The College has several off-site centers throughout Southern Missouri for freshman and sophomore college courses and career training. Two leases are currently paid on a month-to-month basis. One lease will begin on July 1, 2013, and will be paid on a month to month basis for six months. Another lease began this year and is currently paid on an annual basis. The leases for these off-site centers provide for minimum monthly rental payments. Future minimum lease payments under the agreements are as follows:

Year Ending <u>June 30,</u>	
2014	\$ 195,721
2015	177,720
2016	<u>46,860</u>
	<u>\$ 420,301</u>

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

13. FAIR VALUE MEASUREMENTS

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology are unadjusted quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the College's investments at fair values as of June 30, 2013.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Proprietary Funds:				
Certificates of deposit	\$ 3,335,797		3,335,797	
Equities	27,018	27,018		
Total	<u>\$ 3,362,815</u>	<u>27,018</u>	<u>3,335,797</u>	
Fiduciary Funds:				
Money market accounts	\$ 10,818	10,818		
Federal government obligations	35,003	35,003		
Corporate bonds	514,426		514,426	
Mutual Funds	722,282	496,644	225,638	
Equities	1,420,127	1,420,127		
Total	<u>\$ 2,702,656</u>	<u>1,962,592</u>	<u>740,064</u>	

The following table sets forth by level, within the fair value hierarchy, the Endowment Trust's investments at fair values as of June 30, 2013.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	\$ 686,530	459,879	58,068	168,583
Total	<u>\$ 686,530</u>	<u>459,879</u>	<u>58,068</u>	<u>168,583</u>

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

The following table sets forth by level, within the fair value hierarchy, the College's investments at fair values as of June 30, 2012.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Proprietary Funds:				
Certificates of deposit	\$ 3,335,583		3,335,583	
Equities	20,561	20,561		
Total	<u>\$ 3,356,144</u>	<u>20,561</u>	<u>3,335,583</u>	
Fiduciary Funds:				
Money market accounts	\$ 16,777	16,777		
Federal government obligations	35,991	35,991		
Corporate bonds	603,235		603,235	
Mutual Funds	593,784	411,437	182,347	
Equities	1,232,999	1,232,999		
Total	<u>\$ 2,482,786</u>	<u>1,697,204</u>	<u>785,582</u>	

The following table sets forth by level, within the fair value hierarchy, the Endowment Trust's investments at fair values as of June 30, 2012.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Component Unit:				
Mutual funds	\$ 372,705	221,851	60,487	90,367
Total	<u>\$ 372,705</u>	<u>221,851</u>	<u>60,487</u>	<u>90,367</u>

14. ENDOWMENTS

The endowments of the College consist of individual donor-restricted funds established for scholarships. In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Permanently restricted endowment balances include the original value at the date of the gift. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until awarded to an eligible student.

If a donor has not provided specific restrictions, state law permits the College to appropriate an amount of the endowment funds' net appreciation, realized and unrealized, as the College considers to be prudent. Barring specific donor restrictions otherwise, the College invests endowment funds in certificates of deposits.

Three Rivers Community College
Notes to the Basic Financial Statements
June 30, 2013 and 2012

At June 30, 2013, net appreciation of endowments was \$128,070. Of which, \$10,747 is classified as restricted nonexpendable and \$117,323 as restricted expendable for scholarships.

15. OPERATING LEASES

The College leases various copiers and office machines under operating leases with four year terms. Lease expense for the year ended June 30, 2013, was \$13,650. This lease ended on June 30, 2013; therefore, there are no future minimum lease payments.

16. DONATED PROPERTIES

On March 4, 2013, the College was donated a parcel of real estate located in Butler County, Missouri, with certain restrictions. In accepting the gift, the College has agreed to use the real estate exclusively for the construction and maintenance of education, academic or recreational facilities for the benefit of the College and for no other purpose. Furthermore, if substantial construction of education, academic or recreational facilities for the benefit of the College is not commenced within three years of the date of the delivery of the deed from the donors, ownership will revert back to the donors. The value of the land was appraised at \$1,412,754.

On May 16, 2013, Progressive Farm Credit Services, PCA, donated the former Caruthersville Production Credit Association Building in Caruthersville, MO. The value of this property was assessed at \$140,000 and is classified on the balance sheet as buildings and improvements.

17. PRIOR PERIOD ADJUSTMENT

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the College has recorded a prior period adjustment to properly account for previously unamortized bond issue costs. This adjustment has been reported on the Statements of Revenues, Expenses, and Changes in Net Position. In addition, the beginning fund balance of the Current Fund, as reported on the Combining Statement of Revenues, Expenses, and Changes in Net Position of \$3,930,612, as originally reported, has been decreased to \$3,521,612.

Three Rivers Community College

Disclosures Required By Lease Participation Certificates (Unaudited)
Year Ended June 30, 2013

Enrollment

The following table shows the enrollment of the College for the Fall semester for the last five years. This table includes only students taking courses for college credit, and does not include business and industry enrollments and other adult continuing education students.

<u>Fall</u>	<u>Freshmen</u>	<u>Sophomores</u>	<u>Other</u>	<u>Total</u>
2008	1,557	1,230	333	3,120
2009	1,916	1,209	409	3,534
2010	2,026	1,318	388	3,732
2011	2,319	1,406	510	4,235
2012	2,587	1,531	534	4,652

The following table shows the number of full-time equivalent students and the total annual student credit hours for the last five years.

<u>Year</u>	<u>FTE Students</u>	<u>Credit Hours</u>
2008	2,213	33,191
2009	2,501	37,519
2010	2,694	40,413
2011	2,950	44,248
2012	3,234	48,503

Source

For the fiscal year ended June 30, 2013, the portion of the College's revenue from various sources were as follows:

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Operating Revenue		
Tuition and fees	\$ 12,255,810	43.8%
Auxiliary enterprises	2,658,611	9.5
Student housing revenue	592,357	2.1
Other operating revenue	281,136	1.0
Non Operating Revenue		
Property donations	1,558,329	5.6
Property taxes	1,940,547	6.9
State aid and grants	5,181,804	20.7
Federal grants and contracts	3,342,440	9.7
Investment gain	130,388	0.5
Contributions	65,450	0.2
Total	<u>\$ 28,006,872</u>	<u>100%</u>

Three Rivers Community College
Disclosures Required By Lease Participation Certificates (Unaudited)
Year Ended June 30, 2013

Tax Rates

The following table sets forth the College's tax rates per \$100 of equalized assessed valuation for the following years:

<u>Year</u>	<u>Tax Levy</u>
2008	\$ 0.2319
2009	0.2334
2010	0.2334
2011	0.2355
2012	0.2413

Tax Levies and Collections

The following table sets forth information regarding property tax collections for the College for the last five years:

<u>Year Ended</u>	<u>Total Adjusted Levy (per \$100 of A.V.)</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Total Taxes Collected</u>	<u>Percentage of Total Assessment Collected</u>
2008	\$ 0.2319	\$ 740,802,680	\$ 1,716,187	\$ 1,647,393	96.0%
2009	0.2334	740,451,356	1,724,727	1,676,797	97.2
2010	0.2334	764,127,995	1,780,633	1,700,774	95.5
2011	0.2355	767,881,370	1,805,720	1,759,655	97.4
2012	0.2413	782,155,889	1,885,542	1,831,596	97.1

Three Rivers Community College
Combining Statement of Net Position
For the Year Ended June 30, 2013

	Current Fund	Plant Fund	Endowment and Similar Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,890,581	5,097,539	31,049	10,019,169
Investments			27,018	27,018
Tuition and fees receivable, net of allowance for uncollectible accounts of \$764,684	7,038,598			7,038,598
Rent receivable	92,812			92,812
Other receivables	598,283	1,839		600,122
Property taxes receivable, net of allowance for uncollectible taxes of \$29,068	130,320			130,320
Inventories	213,800			213,800
Prepaid expenses	148,332			148,332
Assets held for sale		86,700		86,700
Total current assets	<u>13,112,726</u>	<u>5,186,078</u>	<u>58,067</u>	<u>18,356,871</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	6,136	5,230,343	615,007	5,851,486
Capital assets, net		16,525,610		16,525,610
Housing capital assets, net	3,254,411			3,254,411
Due from other funds		382,436	7,538	389,974
Total noncurrent assets	<u>3,260,547</u>	<u>22,138,389</u>	<u>622,545</u>	<u>26,021,481</u>
Total Assets	<u>16,373,273</u>	<u>27,324,467</u>	<u>680,612</u>	<u>44,378,352</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,125,784		280	1,126,064
Accrued vacation, salaries, and retirement	510,055			510,055
Student deposits	54,926			54,926
Unearned tuition and fees	5,336,363			5,336,363
Endowments and scholarships			13,060	13,060
Incentive retirement payable	60,425			60,425
Bonds, notes and lease payable	175,000			175,000
Liabilities payable from restricted assets:				
Accrued interest	31,185	39,098		70,283
Total current liabilities	<u>7,293,738</u>	<u>39,098</u>	<u>13,340</u>	<u>7,346,176</u>
Noncurrent Liabilities:				
Incentive retirement payable	50,417			50,417
Other post employment benefits	643,900			643,900
Bonds, notes and leases payable	4,386,442	5,373,449		9,759,891
Due to other funds	389,974			389,974
Total noncurrent liabilities	<u>5,470,733</u>	<u>5,373,449</u>		<u>10,844,182</u>
Total Liabilities	<u>12,764,471</u>	<u>5,412,547</u>	<u>13,340</u>	<u>18,190,358</u>
NET POSITION				
Net investment in capital assets		16,343,406		16,343,406
Net investment in housing capital assets	(1,338,216)			(1,338,216)
Restricted for nonexpendable:				
Scholarships and fellowships			642,025	642,025
Restricted for expendable:				
Debt Service	6,136			6,136
Scholarships and fellowships	178,507			178,507
Unrestricted	4,762,375	5,568,514	25,247	10,356,136
Total Net Position	<u>\$ 3,608,802</u>	<u>21,911,920</u>	<u>667,272</u>	<u>26,187,994</u>

See independent auditors' report

Three Rivers Community College
Combining Statement of Revenues,
Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	<u>Current</u> <u>Fund</u>	<u>Plant</u> <u>Fund</u>	<u>Endowment</u> <u>and Similar</u> <u>Funds</u>	<u>Total</u>
Operating Revenues:				
Student tuition and fees (net of scholarship allowances of \$10,612,581)	\$ 12,255,810			12,255,810
Auxiliary enterprises				
Housing	592,357			592,357
Bookstore	2,309,699			2,309,699
Student activities	348,912			348,912
Other operating revenues	281,136			281,136
Total Operating Revenues	<u>15,787,914</u>			<u>15,787,914</u>
Operating Expenses:				
Instruction	8,315,794			8,315,794
Student services	3,515,212			3,515,212
Academic support	1,686,233			1,686,233
Institutional support	3,337,000			3,337,000
Operation and maintenance of plant	1,942,239			1,942,239
Financial aid and scholarships	665,810			665,810
Auxiliary enterprises				
Housing	317,174			317,174
Bookstore	1,542,916			1,542,916
Student activities	396,293			396,293
Depreciation and amortization	171,304	810,927		982,231
Total Operating Expenses	<u>21,889,975</u>	<u>810,927</u>		<u>22,700,902</u>
Operating Income (Loss)	<u>(6,102,061)</u>	<u>(810,927)</u>		<u>(6,912,988)</u>
Nonoperating Revenues (Expenses):				
Property donations		1,558,329		1,558,329
Property taxes	1,940,547			1,940,547
State aid and grants	5,181,804			5,181,804
Federal grants and contracts	3,342,440			3,342,440
Investment gain (loss)	80,364	43,568	6,456	130,388
Contributions	64,750		700	65,450
Gift returns			(16,211)	(16,211)
Gain (loss) on sale of asset		(547,692)		(547,692)
Debt issue costs	(130,583)	(143,106)		(273,689)
Interest expense	(173,607)	(80,616)		(254,223)
Total Nonoperating Revenues/(Expenses)	<u>10,305,715</u>	<u>830,483</u>	<u>(9,055)</u>	<u>11,127,143</u>
Income before Transfers	4,203,654	19,556	(9,055)	4,214,155
Transfers	<u>(4,116,464)</u>	<u>4,161,865</u>	<u>(45,401)</u>	
Changes in Net Position	87,190	4,181,421	(54,456)	4,214,155
Net Position, June 30, 2012, Restated (Note 17)	<u>3,521,612</u>	<u>17,730,499</u>	<u>721,728</u>	<u>21,973,839</u>
Net Position, June 30, 2013	<u>\$ 3,608,802</u>	<u>21,911,920</u>	<u>667,272</u>	<u>26,187,994</u>

See independent auditors' report



KRAFT, MILES & TATUM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

1650 WEST HARPER, POPLAR BLUFF, MISSOURI 63901-4196
(573)-785-6438
FAX (573) 785-0114

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

Board of Trustees
Three Rivers Community College
Poplar Bluff, Missouri 63901

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 Three Rivers Community College, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Three Rivers Community College's basic financial statements and have issued our report thereon dated December 12, 2013. The financial statements of Three Rivers Endowment Trust were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Three Rivers Community 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 Three Rivers Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Three Rivers Community 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 Three Rivers Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this 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.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

Poplar Bluff, Missouri

December 12, 2013



KRAFT, MILES & TATUM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

1650 WEST HARPER, POPLAR BLUFF, MISSOURI 63901-4196
(573)-785-6438
FAX (573) 785-0114

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Three Rivers Community College
Poplar Bluff, Missouri

Report on Compliance for Each Major Federal Program

We have audited Three Rivers Community College's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. Three Rivers Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Three Rivers Community 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Three Rivers 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 program. However, our audit does not provide a legal determination of Three Rivers Community College's compliance.

Opinion of Each Major Federal Program

In our opinion, Three Rivers 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 programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Three Rivers Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 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 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 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 material weaknesses or significant deficiencies. 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.

Kraft, Miles & Tatum, LLC

Certified Public Accountants
Poplar Bluff, Missouri
December 12, 2013

Three Rivers Community College
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

Federal Grantor Pass-Through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Agency or Pass-Through <u>Number</u>	Federal Disbursements/ <u>Expenditures</u>
U.S. Department of Education			
Direct Program			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063		\$ 12,402,266
Federal Work Study Program	84.033		129,092
Federal Supplemental Educ. Opport. Grant	84.007		77,600
Federal Direct Student Loans	84.268		8,206,772
TRIO Cluster			
TRIO-Student Support Services	84.042		262,910
TRIO-Talent Search	84.044		343,849
Higher Education Institution Aid (Title III)	84.031A	P031A100089	336,738
Pass through: Missouri Department of Elementary and Secondary Education			
Career & Technical Education-Basic Grants to States	84.048		296,187
Pass through: State of Missouri			
Rehabilitation Training-State Vocational Rehabilitation	84.265		<u>22,302</u>
Total U.S. Department of Education			<u>22,077,716</u>
U.S. Department of Labor			
Direct Program			
Trade Adj Assistance Community College & Career Grants	17.282		282,998
Pass through: Missouri Division of Workforce Development			
Trade Adjustment Assistance	17.245		413,684
WIA Dislocated Workers	17.278		59,936
Pass through: Delta Regional Authority			
Delta Regional Development	90.200		<u>193,634</u>
Total U.S. Department of Labor			<u>950,252</u>

The accompanying notes are an integral part of this schedule

Three Rivers Community College
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

Federal Grantor Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Homeland Security			
Pass through: State of Missouri			
Hazard Mitigation Grant Program	97.039	FEMA-DR-1822-MO #0019	209,546
Hazard Mitigation Grant Program	97.039	FEMA-DR-1822-MO #0021	60,873
Hazard Mitigation Grant Program	97.039	FEMA-DR-1934-MO #0004	<u>159,866</u>
Total U.S. Department of Homeland Security			<u>430,285</u>
U.S. Department of H.U.D.			
Pass through: Butler County, Missouri			
Community Development Block Grant	14.218		<u>11,383</u>
Total U.S. Department of H.U.D.			<u>11,383</u>
U.S. Department of Commerce			
Direct Program			
Broadband Technology Opportunities Program (BTOP)-ARRA	11.557	29-42-B10563	<u>768,909</u>
Total U.S. Department of Commerce			<u>768,909</u>
U.S. Department of Veterans Affairs			
Pass through: Missouri Department of Social Services			
Vocational Rehabilitation for Disabled Veterans	64.116		95,129
Post-9/11 Veterans Educational Assistance	64.027		<u>171,235</u>
Total U.S. Department of Veterans Affairs			<u>266,364</u>
Total Federal Financial Assistance			<u><u>\$ 24,504,909</u></u>

The accompanying notes are an integral part of this schedule

Three Rivers Community College
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. BASIS OF ACCOUNTING

The accompanying schedule is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of Three Rivers Community College.

Three Rivers Community College
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Part I - Summary of Auditor's Results

An unmodified opinion was issued on the financial statements of Three Rivers Community College, for the year ended June 30, 2013.

No material weaknesses in internal control were disclosed by the audit of the financial statements of Three Rivers Community College.

The audit did not disclose any noncompliance which is material to the financial statements of Three Rivers Community College.

No material weaknesses in internal control over major programs of Three Rivers Community College, were disclosed.

An unmodified opinion was issued on compliance for major programs.

The audit did not disclose any audit findings which are required to be reported by OMB Circular A-133.

The major programs and CFDA numbers tested during the year ended June 30, 2013 were:

Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work Study Program	84.033
Federal Direct Student Loans	84.268
Higher Education Institution Aid (Title III)	84.031A
Career & Technical Education-Basic Grants to State	84.048
Trade Adjustment Assistance	17.245
Hazard Mitigation Grant Program	97.039
Broadband Technology Opportunities Program (BTOP) - ARRA	11.557

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

Three Rivers Community College was determined to be a low-risk auditee.

Part II - Findings Related to the Financial Statements

There were no findings for the financial statements for the year ended June 30, 2013.

Part III - Findings Related to Federal Awards

There were no findings for federal awards for the year ended June 30, 2013.

Three Rivers Community College
Schedule of Resolution of Prior Year Audit Findings
For the Year Ended June 30, 2013

No unresolved findings or questioned costs remain from the previous year.