

**TRUCKEE MEADOWS COMMUNITY COLLEGE**

**UNAUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**TRUCKEE MEADOWS COMMUNITY COLLEGE**

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**TRUCKEE MEADOWS COMMUNITY COLLEGE  
UNAUDITED FINANCIAL STATEMENTS (000's)  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Truckee Meadows Community College's (TMCC) annual financial statements presents management's discussion and analysis of TMCC's financial activity during the fiscal year that ended on June 30, 2010. The purpose of this section is to assist the reader in understanding significant financial issues that occurred during the year. Since this discussion provides summary level financial information, it should be read in conjunction with TMCC's financial statements and accompanying footnotes, which follow this section. Responsibility for the financial statements, footnotes and this discussion rests with TMCC management.

Included in this report are the financial statements of TMCC and its discretely presented component unit, the TMCC Foundation. The TMCC Foundation is a nonprofit corporation whose mission is to solicit, receive and manage gift revenues for the benefit of TMCC. In this capacity, the Foundation is considered under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities* to be a component unit of TMCC because its Board of Trustees is appointed by the Nevada System of Higher Education Board of Regents. Accordingly, the Foundation is included in the TMCC financial statements as a discrete component unit. Transactions with the College relate primarily to the disbursement of gift funds and the reimbursement of expenditures. The Foundation follows the same accounting policies and principals as TMCC. Unless significantly material the disclosures for the Foundation are the same as disclosures for TMCC.

### **USING THIS REPORT**

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements focus on the financial condition, results of operations, and cash flows of TMCC as a whole.

One of the most important questions asked about College finances is whether TMCC as a whole is better off or worse off as a result of the year's activities. The key to understanding this question is the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. TMCC's net assets (the difference between assets and liabilities) is one indicator of TMCC's financial health when considered with non-financial facts such as enrollment levels and condition of the facilities.

The Statement of Net Assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. All things being equal, a public college's dependency on state appropriations will result in operating deficits. This is because the financial reporting model classifies state appropriations as non-operating revenues. The use of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is TMCC's ability to meet financial obligations as they mature and come due. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing, and investing activities.

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
UNAUDITED FINANCIAL STATEMENTS (000's)  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL HIGHLIGHTS**

**Truckee Meadows Community College**

- Total net assets increased by 7% from \$80,286 to \$85,782.
- Total operating revenue increased by 29% from \$25,901 to \$33,471.
- Total operating expense increased by 4% from \$64,466 to \$66,863.
- Non-operating revenue increased by 1% from \$37,681 to \$38,192.
- The state appropriation decreased 44% from \$39,416 to \$22,138.
- The College received \$15,176 from the federal American Reinvestment and Recovery Act (ARRA).

**Truckee Meadows Community College Foundation**

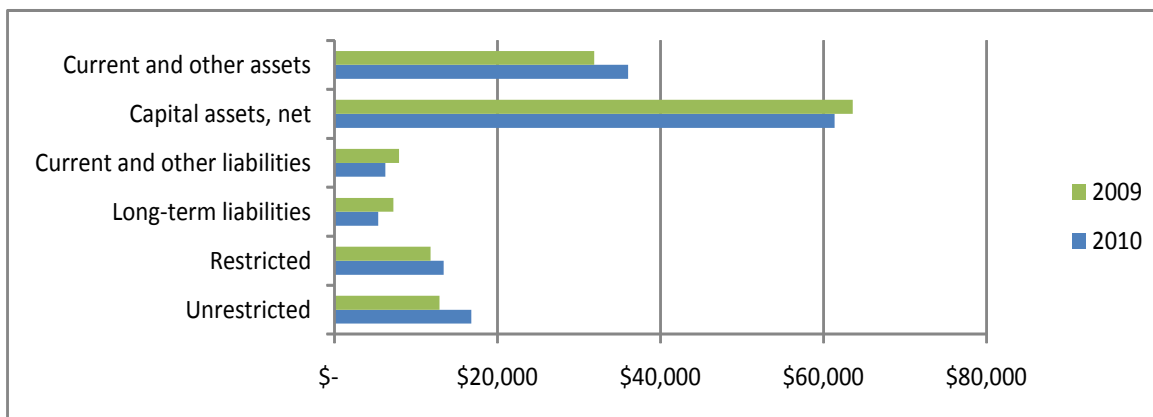
- Total net assets increased by 1% from \$880 to \$886.
- Total operating revenue decreased by 15% from \$1,350 to \$1,154.
- Total operating expense decreased by 11% from \$1,357 to \$1,208.
- The endowment increased by 23% from \$252 to \$310.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CONDENSED FINANCIAL INFORMATION**

Truckee Meadows Community College  
Condensed Statement of Net Assets  
June 30, 2010 and 2009

	2010	2009	\$ Change	% Change
Current and other assets	\$ 36,035	\$ 31,847	\$ 4,188	13.15%
Capital assets, net	61,348	63,578	(2,230)	-3.51%
Total assets	<u>97,383</u>	<u>95,425</u>	<u>1,958</u>	<u>2.05%</u>
Current and other liabilities	6,241	7,924	(1,683)	-21.24%
Long-term liabilities	5,360	7,215	(1,855)	-25.71%
Total liabilities	<u>11,601</u>	<u>15,139</u>	<u>(3,538)</u>	<u>-23.37%</u>
Net assets				
Invested in capital assets, net of related debt	55,573	55,620	(47)	-0.08%
Restricted				
Nonexpendable	3,539	2,836	703	24.79%
Expendable	9,869	8,960	909	10.15%
Unrestricted	16,801	12,870	3,931	30.54%
Total net assets	<u>\$ 85,782</u>	<u>\$ 80,286</u>	<u>\$ 5,496</u>	<u>6.85%</u>



Total assets increased from \$95.4 million to \$97.4 million. TMCC's largest non-capital asset is short-term investments of \$18.5 million, a decrease of \$350 thousand from the prior year. Cash increased by \$2.9 million or 71% due to a increase in cash from operating, capital financing and investment activities partially offset by a decrease in cash from non-capital financing activities. TMCC's current assets of \$28 million were more than sufficient to cover current liabilities of \$5.5 million, as the current ratio was \$5 dollars in assets to every \$1 dollar of liabilities.

Liabilities at year-end totaled \$11.6 million, a \$3.5 million decrease from last year. Noncurrent liabilities decreased from \$7.8 million to \$6.1 million. This decrease is primarily due to the payoff of long-term bank debt and principal payments on bond debt.

TMCC's financial position, as a whole, improved during the fiscal year ended June 30, 2010. Net assets increased to \$85.8 million from \$80.3 million. The expendable and unrestricted net assets totaled \$26.7 million, which represents 40% of total operating expenditures during the year ended June 30, 2010. Net assets are divided into three major categories as follows:

**Invested in capital assets** - Invested in capital assets, net of related debt represents TMCC's capital assets net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets and capital lease obligations.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Restricted, nonexpendable/expendable** - TMCC's endowment funds consist of both permanent endowments and funds functioning as endowments, or quasi-endowments.

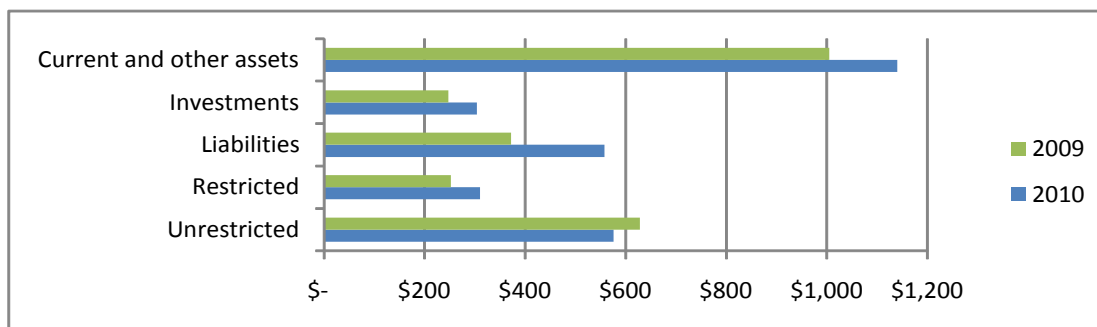
Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income which is to be expended for the purposes stipulated by the donor.

Funds functioning as an endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by TMCC for long-term investment purposes although amounts are not subject to donor restrictions requiring TMCC to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, research efforts and other important programs and activities.

**Unrestricted net assets** - Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of TMCC's unrestricted net assets have been designated for various academic and student programs and initiatives as well as capital projects.

Truckee Meadows Community College Foundation  
 Condensed Statement of Net Assets  
 June 30, 2010 and 2009

	2010	2009	\$ Change	% Change
Current and other assets	\$ 1,140	\$ 1,005	\$ 135	13.43%
Investments	304	247	57	23.08%
Total Assets	<u>1,444</u>	<u>1,252</u>	<u>192</u>	<u>15.34%</u>
Liabilities	558	372	186	50.00%
Net assets				
Restricted	310	252	58	23.02%
Unrestricted	576	628	(52)	-8.28%
Total Net Assets	<u>\$ 886</u>	<u>\$ 880</u>	<u>\$ 6</u>	<u>0.68%</u>

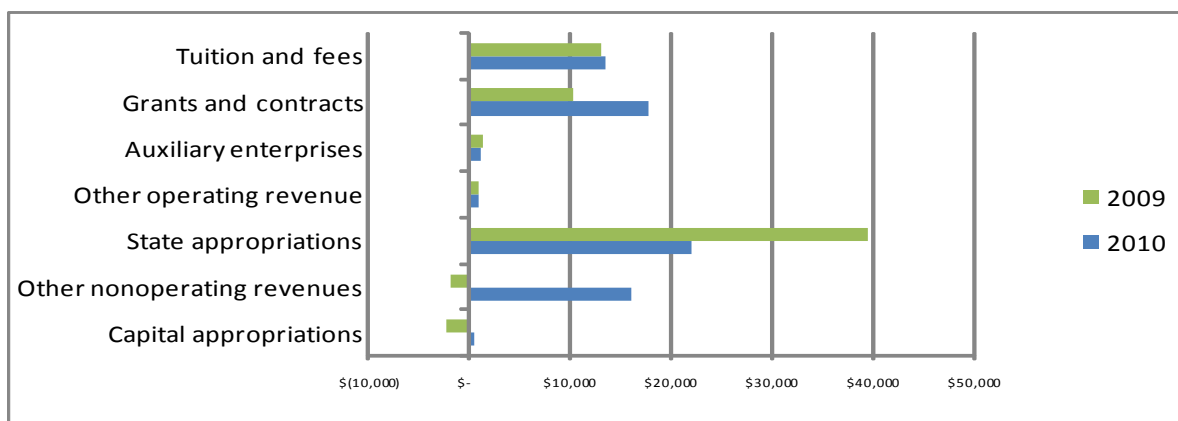


Total assets increased by \$192 for the year. Net asset increases of \$6 were primarily due to an increase in the value of investment securities and cash offset by an increase in deferred revenue.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Truckee Meadows Community College  
Condensed Statement of Revenues, Expenses and Changes in Net Assets  
For the Years Ended June 30, 2010 and 2009

	2010	2009	\$ Change	% Change
<b>Operating Revenues</b>				
Tuition and fees	\$ 13,578	\$ 13,075	\$ 503	4%
Grants and contracts	17,712	10,420	7,292	70%
Auxiliary enterprises	1,161	1,380	(219)	-16%
Other operating revenues	1,020	1,026	(6)	-1%
<b>Total Operating revenues</b>	<b>33,471</b>	<b>25,901</b>	<b>7,570</b>	<b>29%</b>
<b>Operating Expenses</b>	<b>66,863</b>	<b>64,466</b>	<b>2,397</b>	<b>4%</b>
Operating loss	(33,392)	(38,565)	5,173	-13%
<b>Nonoperating Revenues</b>				
State appropriations	22,138	39,416	(17,278)	-44%
Other nonoperating revenues	16,054	(1,735)	17,789	-1025%
<b>Net nonoperating revenues</b>	<b>38,192</b>	<b>37,681</b>	<b>511</b>	<b>1%</b>
<b>Income (loss) before other revenue, expenses, gains or losses</b>	<b>4,800</b>	<b>(884)</b>	<b>5,684</b>	<b>-643%</b>
<b>Capital grants and gifts</b>			-	0%
Capital appropriations	657	(2,223)	2,880	-130%
Additions to permanent endowments	39	24	15	63%
<b>Total other revenues</b>	<b>696</b>	<b>(2,199)</b>	<b>2,895</b>	<b>-132%</b>
<b>Increase (decrease) in net assets</b>	<b>5,496</b>	<b>(3,083)</b>	<b>8,579</b>	<b>-278%</b>
<b>Net Assets</b>				
Net assets, beginning of year	80,286	83,369	(3,083)	-4%
Net assets, end of year	<u>\$ 85,782</u>	<u>\$ 80,286</u>	<u>\$ 5,496</u>	<u>7%</u>



TMCC's total operating and non-operating revenues increased by 13% to \$71.7 million. This is primarily due to a \$6.9 million increase in federal grant and contract revenue. As illustrated above, the most significant sources of revenue for TMCC come from state appropriations, federal ARRA funds (included in other non-operating revenues), tuition and fees, and grants and contracts.

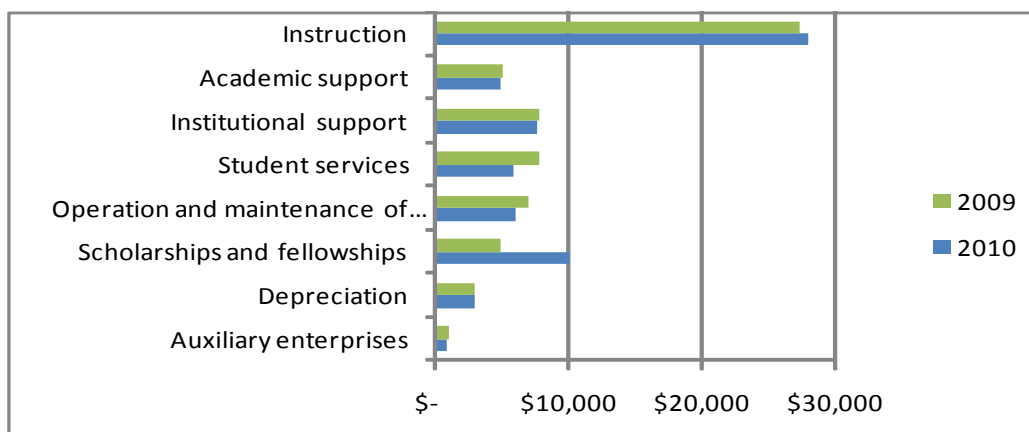
**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Truckee Meadows Community College

Operating Expenses

For the Years Ended June 30, 2010 and 2009

	2010	2009	\$ Change	% Change
Operating Expenses				
Instruction	\$ 28,081	\$ 27,423	\$ 658	2%
Academic support	4,986	5,156	(170)	-3%
Institutional support	7,616	7,917	(301)	-4%
Student services	5,935	7,912	(1,977)	-25%
Operation and maintenance of plant	6,134	6,966	(832)	-12%
Scholarships and fellowships	10,034	4,897	5,137	105%
Depreciation	3,087	3,047	40	1%
Auxiliary enterprises	990	1,148	(158)	-14%
Total	<u>\$ 66,863</u>	<u>\$ 64,466</u>	<u>\$ 2,397</u>	<u>4%</u>



Operating expenditures, including depreciation of \$3.1 million, increased by 4% to \$66.9 million. This is primarily due to a \$5.1 million increase in Scholarships and Fellowships partially offset by a \$2 million decrease in Student Services. TMCC's expenses cover a range of services, but are primarily associated with instruction, academic and institutional support, and scholarships and fellowships.

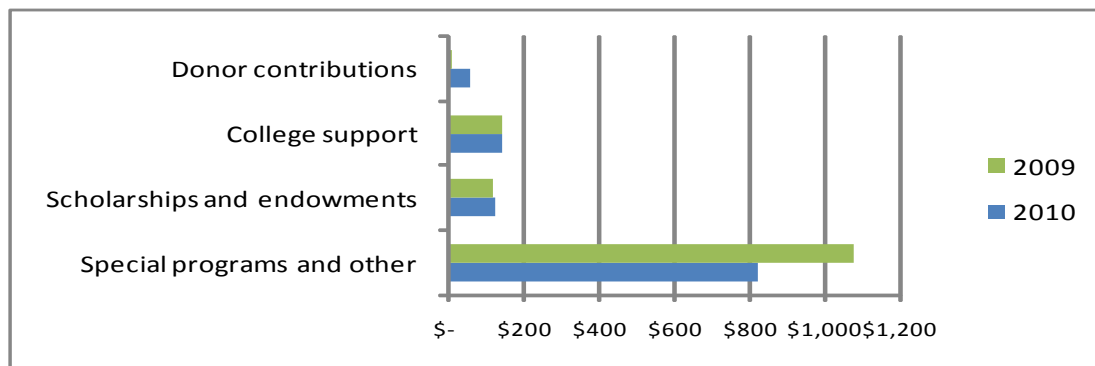
**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Truckee Meadows Community College Foundation

Condensed Statement of Revenues, Expenses and Changes in Net Assets

For the Years Ended June 30, 2010 and 2009

	2010	2009	\$ Change	% Change
<b>Operating Revenues</b>				
Donor contributions	\$ 56	\$ 13	\$ 43	331%
College support	144	142	2	1%
Scholarships and endowments	128	118	10	8%
Special programs and other	826	1,077	(251)	-23%
	<u>1,154</u>	<u>1,350</u>	<u>(196)</u>	<u>-15%</u>
<b>Operating Expenses</b>	1,208	1,357	(149)	-11%
<b>Nonoperating Revenues(Losses)</b>				
Investment income	60	(63)	123	-195%
Additions to permanent endowments	-	-	-	0%
	<u>60</u>	<u>(63)</u>	<u>123</u>	<u>-195%</u>
<b>Increase (decrease) in net assets</b>	6	(70)	76	-109%
<b>Net Assets</b>				
Net assets, beginning of year	880	950	(70)	-7%
Net assets, end of year	<u>\$ 886</u>	<u>\$ 880</u>	<u>\$ 6</u>	<u>1%</u>



The Foundation distributed \$988 to support the College programs during the year, including: \$825 for Specialized Programs, \$128 for Scholarships and Endowments, and \$34 in Faculty Grants.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Truckee Meadows Community College  
Condensed Statements of Cash Flows  
For the Years Ended June 30, 2010 and 2009

	2010	2009	Change	% Change
Cash provided by (used in)				
Operating activities	\$ (32,074)	\$ (34,833)	\$ 2,759	-8%
Noncapital financing activities	35,457	42,108	(6,651)	-16%
Capital and related financing activities	(2,948)	(4,913)	1,965	-40%
Investing activities	2,494	(6,078)	8,572	-141%
Net (decrease) increase in cash and cash equivalents	2,929	(3,716)	6,645	-179%
Cash and cash equivalents - beginning of year	4,134	7,850	(3,716)	-47%
Cash and cash equivalents - end of year	<u>\$ 7,063</u>	<u>\$ 4,134</u>	<u>\$ 2,929</u>	<u>71%</u>

TMCC's overall liquidity improved during the year, with a net increase in cash and cash equivalents of \$3 million. Cash used in operating activities of \$32.1 million decreased by \$2.8 million (8%) when compared to the prior year. The change is primarily due to a \$7.3 million increase in revenue from federal grants and contracts partially offset by a \$2.4 million increase in operating expenses and a \$1.5 million decrease in accrued payroll. Major sources of operating funds were grants and contracts (\$17.7 million) and student tuition and fees (\$13.6 million). Cash provided by noncapital financing activities of \$35.5 million decreased by \$6.7 million from the prior year. The decrease is due to a \$18.2 million reduction in State Appropriations and a \$3.6 million increase in net transfers to System Administration, partially offset by the receipt of \$15.2 million in federal ARRA grant funds. Cash used in capital financing activities of \$2.9 million decreased \$2 million when compared to the prior year, due primarily to a increase in capital appropriations and a decrease in capital purchases partially offset by increased debt principal payments. Cash provided by investing activities increased by \$8.6 million when compared to the prior year due to an increase in net sales of investments.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Truckee Meadows Community College  
Capital Assets, Net  
For the Years Ended June 30, 2010 and 2009

	2010	2009	Change	% Change
Capital Assets				
Construction in progress	\$ 438	\$ -	\$ 438	100.0%
Land	2,370	2,370	-	0.0%
Land improvements	1,547	1,547	-	0.0%
Buildings	87,260	87,260	-	0.0%
Machinery and equipment	6,480	6,237	243	3.9%
Library books and media	2,524	2,499	25	1.0%
Total	100,619	99,913	706	0.7%
Less accumulated depreciation	(39,271)	(36,335)	(2,936)	8.1%
Net capital assets	<u>\$ 61,348</u>	<u>\$ 63,578</u>	<u>\$ (2,230)</u>	<u>-3.5%</u>

As of June 30, 2010, TMCC had \$100.6 million invested in capital assets, \$39.3 million in accumulated depreciation and \$61.3 million in net capital assets. The college has no major construction projects in progress.

**FACTORS IMPACTING FUTURE PERIODS**

While the State of Nevada experiences budget challenges, NSHE colleges and universities will continue to feel the impact on their budgets. At TMCC several factors will likely impact future periods. They include:

Enrollment Growth – TMCC has witnessed enrollment growth. For fiscal year 2009 and 2010 enrollment grew by 5%, and enrollment is strong for fall 2010. Population growth in our service area, an increase in our capture rate of local

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED FINANCIAL STATEMENTS (000's)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

high school students, new skills development in the current economy and growing demands to diversify the economy should result in continued pressures to serve more students.

Financial Stability – TMCC's fiscal year 2010 original operating budget for State appropriations and authorized expenditures (the "State Supported Operating Budget") totals \$48.8 million. This budget represents a 7% decrease in authorized funding levels as compared to the originally approved \$52.5 million budget for fiscal year 2009. State appropriations for fiscal year 2010 total \$22.1 million, representing 45% of the State Supported Operating Budget. This compares to \$39.4 million appropriated for fiscal year 2009 and represents a 44% decrease. Other budgeted revenue sources, including student fees, tuition, federal funds, indirect cost recovery, auxiliary enterprise funds, and training grants account for the remaining budgeted amount.

The discrete presentation of the TMCC Foundation financial statements as a component unit of TMCC better reflects the total financial picture of TMCC as a whole. This inclusion is an indication of the importance of external fund raising activities of the Foundation.

Program Growth and Development - TMCC anticipates continuing growth in our service area and being a leader in our service area economic diversification.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain information provided by TMCC, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, which address activities, events or developments TMCC expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. TMCC does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
UNAUDITED STATEMENTS OF NET ASSETS (000's)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**UNAUDITED FINANCIAL STATEMENTS**

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED STATEMENTS OF NET ASSETS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	TMCC		Foundation	
	2010	2009	2010	2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 7,061	\$ 3,692	\$ 1,091	\$ 956
Short-term investments	18,546	18,896		
Accounts receivable, net	1,027	718	49	49
Receivable from U.S. Government	1,061	696		
Receivable from State of Nevada	270	35		
Current portion of loans receivable, net	10	12		
Inventories and deferred expenditures	30	11		
Funds Held in Trust by Others	-	37		
Total current assets	<u>28,005</u>	<u>24,097</u>	<u>1,140</u>	<u>1,005</u>
<b>Noncurrent Assets</b>				
Cash held by State Treasurer	2	442		
Endowment Investments	7,752	7,010	304	247
Loans receivable, net	276	298		
Capital assets, net	61,348	63,578		
Total noncurrent assets	<u>69,378</u>	<u>71,328</u>	<u>304</u>	<u>247</u>
Total Assets	<u>97,383</u>	<u>95,425</u>	<u>1,444</u>	<u>1,252</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	1,442	1,082	43	9
Accounts payable for property and equipment				
Accrued payroll and related liabilities	1,364	2,892		
Due to State of Nevada	441	426		
Unemployment insurance and workers' compensation liability	180	236		
Current portion of compensated absences	1,152	1,301		
Current portion of long-term debt	-	343		
Accrued interest payable	66	92		
Deferred revenue	752	725	515	363
Funds held in trust for others	97	286		
Total current liabilities	<u>5,494</u>	<u>7,383</u>	<u>558</u>	<u>372</u>
<b>Noncurrent liabilities</b>				
Compensated absences	520	292		
Due to State of Nevada	5,360	5,775		
Long-term debt	-	1,440		
Refundable advances under federal loan program	227	249		
Total noncurrent liabilities	<u>6,107</u>	<u>7,756</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>11,601</u>	<u>15,139</u>	<u>558</u>	<u>372</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	55,573	55,620		
Restricted for				
Nonexpendable	3,539	2,836	310	252
Expendable:				
Scholarships, research and instruction	4,760	4,739		
Loans	67	80		
Capital projects	5,108	4,206		
Debt service	(66)	(65)		
Unrestricted	16,801	12,870	576	628
Total Net Assets	<u>\$ 85,782</u>	<u>\$ 80,286</u>	<u>\$ 886</u>	<u>\$ 880</u>

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

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	TMCC		Foundation	
	2010	2009	2010	2009
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Student tuition and fees (net of scholarship allowance of \$4,403 and \$3,213)	\$ 13,578	\$ 13,075	\$ -	\$ -
Contributions			1,009	1,166
Federal grants and contracts	15,886	9,000		
State grants and contracts	1,715	1,223		
Other grants and contracts	111	197		
Sales and services of educational departments	973	946		
Sales and services of auxiliary enterprises	1,161	1,380		
Campus support	-		144	142
Interest earned on loans receivable and Other revenues	47	80	1	42
Total operating revenues	33,471	25,901	1,154	1,350
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
Employee compensation and benefits	42,727	45,966	142	140
Utilities	1,524	1,581	1	1
Supplies and services	9,491	8,975	77	33
Scholarships and fellowships	10,034	4,897		
Depreciation	3,087	3,047		
Total operating expenses	66,863	64,466	220	174
Operating (loss) income	(33,392)	(38,565)	934	1,176
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	22,138	39,416		
Federal grants and contracts	15,176	-		
Transfers from (to) System Administration	(1,857)	1,747		
Gifts (including \$949 and \$1,061, partly deferred, from the Foundation)	206	225		
Investment income	2,887	(3,292)	60	(63)
Disposal of capital assets and other non-operating revenues	(17)	(40)		
Interest expense	(341)	(375)		
Payments to TMCC			(988)	(1,183)
Net nonoperating revenues (expenses)	38,192	37,681	(928)	(1,246)
(Loss) income before other revenues, expenses, gains or losses	4,800	(884)	6	(70)
Capital grants and gifts				
Capital appropriations	657	(2,223)		
Additions to permanent endowments (including \$39 and \$34, partly deferred, from the Foundation)	39	24	-	-
Total other revenues	696	(2,199)	-	-
Increase (decrease) in net assets	5,496	(3,083)	6	(70)
<b>NET ASSETS</b>				
Net assets, beginning of year	80,286	83,369	880	950
Net assets, end of year	\$ 85,782	\$ 80,286	\$ 886	\$ 880

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

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**UNAUDITED STATEMENTS OF CASH FLOWS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 20108 AND 2009**

	TMCC	
	2010	2009
<b>Cash flows from operating activities</b>		
Student tuition and fees	\$ 13,269	\$ 13,053
Grants and contracts	17,418	10,119
Payments for supplies and services	(9,149)	(8,846)
Payments for utilities	(1,524)	(1,581)
Payments for employee compensation and benefits	(44,232)	(45,065)
Payments for scholarships and fellowships	(10,034)	(4,897)
Loans issued to students and employees	(99)	(110)
Collection of loans to students and employees	80	84
Sales and services of auxiliary enterprises	974	946
Sales and services of educational departments	1,161	1,380
Other receipts	62	84
Net cash used by operating activities	<u>(32,074)</u>	<u>(34,833)</u>
<b>Cash flows from noncapital financing activities</b>		
State appropriations	21,902	40,112
Federal Grants & Contracts	15,176	
Transfers from System Administration	(1,857)	1,747
Gifts and grants for other than capital purposes	197	225
Gifts for endowment purposes	39	24
Receipts under federal loan programs	13,438	9,075
Disbursements under federal loan programs	(13,438)	(9,075)
Net cash provided by noncapital financing activities	<u>35,457</u>	<u>42,108</u>
<b>Cash flows from capital financing activities</b>		
Capital grants, gifts, and appropriations	467	(2,223)
Purchases of capital assets	(865)	(1,796)
Principal paid on capital debt and leases	(2,183)	(713)
Interest paid on capital debt and leases	(367)	(382)
Other		201
Net cash provided (used) by capital financing activities	<u>(2,948)</u>	<u>(4,913)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	12,108	36,993
Purchase of investments	(10,144)	(43,668)
Interest and dividends on investments	472	652
Net (increase) decrease in cash equivalents, non current investments	58	(55)
Net cash used by investing activities	<u>2,494</u>	<u>(6,078)</u>
Net increase (decrease) in cash and cash equivalents	2,929	(3,716)
Cash and cash equivalents, beginning of year	4,134	7,850
Cash and cash equivalents, end of year	<u>\$ 7,063</u>	<u>\$ 4,134</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (33,392)	\$ (38,565)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,087	3,047
Changes in assets and liabilities:		
Accounts receivable and others, net	(696)	(252)
Loans receivable, net	24	4
Inventories	(6)	3
Deferred expenditures	(12)	200
Accounts payable	360	(115)
Accrued payroll and related liabilities	(1,490)	1,128
Accrued unemployment and workers' compensation insurance	(56)	(118)
Deferred revenue	27	(56)
Compensated absences	80	(109)
Net cash used by operating activities	<u>\$ (32,074)</u>	<u>\$ (34,833)</u>
<b>Supplemental noncash activities information</b>		
Capital assets acquired by incurring capital lease obligations and accounts payable	\$ -	\$ -
Disposal of capital assets	<u>\$ 17</u>	<u>\$ 40</u>

The accompanying notes are an integral part of these financial statements

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTES TO THE FINANCIAL STATEMENTS**

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 1 – Organization**

The accompanying financial statements include the accounts of all Truckee Meadows Community College ("TMCC") and the Truckee Meadows Community College Foundation (the "Foundation") operations. TMCC is one of nine divisions or campuses of the Nevada System of Higher Education (the "System") formerly known as the University and Community College System of Nevada, which also includes:

- University of Nevada, Reno
- University of Nevada, Las Vegas
- Nevada State College
- College of Southern Nevada
- Great Basin College
- Western Nevada College
- Desert Research Institute
- Nevada System of Higher Education Administration

The System is an agency of the State of Nevada (the "State") and TMCC receives significant support from and has significant assets held by the State as set forth in the accompanying financial statements.

The Foundation is a nonprofit corporation whose mission is to solicit, receive and manage gift revenues for the benefit of TMCC. In this capacity, the Foundation is considered to be a component unit of TMCC because its Board of Trustees is appointed by the System Board of Regents. Accordingly, the Foundation is included in the TMCC financial statements as a discretely presented component unit. Transactions with TMCC relate primarily to the disbursement of gifts funds and the reimbursement of expenditures. During the years ended June 30, 2010 and 2009 the Foundation distributed \$988 and \$1,183, respectively, to TMCC for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Institutional Advancement Office at TMCC, 7000 Dandini Blvd, Reno, Nevada 89512.

TMCC is not a separate legal entity; it is an institution of the System and is governed by the System's Board of Regents. Certain administrative expenditures of the System are not charged or allocated to TMCC because they are not directly related to TMCC's operations.

**NOTE 2 - Summary of Significant Accounting Policies**

The significant accounting policies followed by TMCC and the Foundation are described below to enhance the usefulness of the financial statements to the reader.

**BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

The financial statements required by Statement No. 35 are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. Financial reporting requirements also include Management's Discussion and Analysis of TMCC's financial position and results of operations.

Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies guidance to be used in preparing Management's Discussion and Analysis and Statement No. 38 modifies, adds and deletes various note disclosure requirements.

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**RECLASSIFICATIONS**

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation. Such reclassifications had no effect on previously reported total net assets or changes in total net assets.

**BASIS OF ACCOUNTING**

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred. TMCC has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. TMCC has elected not to apply FASB pronouncements issued after the applicable date.

**CASH EQUIVALENTS**

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

**INVESTMENTS**

**TMCC**

Investments are primarily stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships are based upon valuations provided by the general partners of the respective partnerships as of March 31, adjusted for cash receipts, cash disbursements and securities distributions through June 30. The System believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the private equity partnerships are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

**Foundation**

Investments are stated at fair value based on broker quoted market values, and realized and unrealized gains and losses are reflected in the statement of revenues, expenses, and changes in net assets. The investments included in the accompanying statement of net assets represent donated instruments and the Foundation is required to maintain the investment intact. At such time as it is no longer a productive investment, and upon approval by the Foundation Board and the donor's trust, if available, the stock may be sold. As such, all unrealized appreciation and depreciation in the investments are reflected in the value of the endowment fund and are not available for distribution. Other investment income generated by the investments is available for specific designated scholarship purposes.

**INVENTORIES**

Inventories consist of vending machine inventory and are stated at either cost or lower of estimated cost or market. Cost is calculated on the first-in, first-out method.

**CAPITAL ASSETS**

Capital assets are defined as assets with an initial unit cost of \$5 or more, and an estimated useful life in excess of one year. The unit cost was changed from \$2 to \$5 effective July 1, 2007. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Accumulated depreciation is computed on a straight-line basis over the following estimated useful lives:

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
 NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)  
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	15
Machinery and equipment	5 to 10
Library books	5

**DEFERRED REVENUE**

TMCC

Deferred revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition.

Foundation

Deferred revenue consists of donor contributions received, which are earmarked for specific programs, scholarships and special events.

**COMPENSATED ABSENCES**

TMCC accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked. Such accrued expenses have been classified as a component of employee compensation and benefits in the accompanying Statements of Revenues, Expenses and Changes in Net Assets.

**FEDERAL REFUNDABLE LOANS**

Certain loans to students are administered by TMCC, with funding primarily supported by the federal government. TMCC's Statements of Net Assets include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

**NET ASSETS**

Net Assets are classified as follows:

*Invested in capital assets, net of related debt:* This represents total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

*Restricted net assets – nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purposes of producing present and future income, which may either be expended or added to principal.

*Restricted net assets – expendable:* Restricted expendable net assets include resources which must be expended in accordance with restrictions imposed by external third parties.

*Unrestricted net assets:* Unrestricted net assets represent resources that are not subject to externally imposed restrictions. These resources are used for transactions relating to the educational and general operations and may be used to meet current expenses for any purpose.

**OPERATING AND NONOPERATING REVENUES AND EXPENSES**

TMCC

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grants and contracts representing an exchange transaction are considered operating revenues.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Revenues and expenses are classified as non-operating if they result from capital and related financing, noncapital financing, or investing activities. State Appropriations received to finance operating deficits are classified as noncapital financing activities; therefore, they are reported as non-operating revenues. Grants and contracts representing non-exchange receipts are treated as non-operating revenues.

**Foundation**

Donations, gifts and pledges received are recognized as income in the period in which they are received, unless they are received as part of a campaign which is specifically designated as being for a future period. In the latter cases, they are initially recorded as deferred revenue and are then transferred to income in the period for which they are designated.

**SCHOLARSHIP ALLOWANCES**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by TMCC, and the amount that is paid by students and/or third parties making payments on the students' behalf. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

**GRANTS-IN-AID**

Tuition and fees revenue includes grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for the years ended June 30, 2010 and 2009 totaled \$178 and \$174 respectively.

**TAX EXEMPTION**

The System and its discretely presented component units are qualified tax-exempt organizations under the provisions of Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income.

**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 and expenditures during the reporting period. Actual amounts could differ from those estimates.

**NEW ACCOUNTING PRONOUNCEMENTS**

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires most identifiable intangibles to be classified as capital assets and gives guidance on amortization, when appropriate. The Statement is effective for years beginning after June 15, 2009. The implementation of this pronouncement did not have a material impact.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which address the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Statement is effective for years ending June 30, 2010. The implementation of this pronouncement did not have a material impact.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement is effective for the fiscal year ending June 30, 2011. The anticipated impact of this pronouncement is uncertain at this time.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 3 - Cash and Cash Equivalents**

TMCC

Cash and cash equivalents of the TMCC are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. Substantially all of TMCC's cash and cash equivalents are pooled with that of the other campuses and divisions of the System. At June 30, 2010 and 2009 the System's deposits in money market funds totaled \$117,128 and \$23,800, respectively, and cash in bank was \$7,390 and \$8,799, respectively. Of these balances \$250 was covered by the Federal Depository Insurance Corporation ("FDIC"), the remaining deposits were uncollateralized and uninsured. Cash held by State Treasurer represents the funds from certain state appropriations, which were enacted to provide the NSHE System with the funds necessary for the construction of major assets. Such amounts are controlled by the Nevada Public Works Board. All of the above are included in cash and cash equivalents in the Statement of Cash Flows.

Foundation

The Foundation maintains its cash at one commercial bank. The account is insured by the FDIC up to \$250. The Foundation also maintains a money market account at a brokerage firm located in Reno, Nevada. The account is insured by the Securities Investor Protection Corporation (SIPC) up to \$250 in cash. Excess balances are uninsured and are thereby exposed to custodial credit risk.

**NOTE 4 – Investments**

Investments are stated at fair value. At June 30, 2010 and 2009, TMCC's operating and endowment investments totaled \$26,299 and \$25,893, respectively, and such investments were maintained in the Systems' operating and endowment investment pools. At June 30, 2010 and 2009 the System's operating and endowment investment pools totaled \$537,011 and \$557,487, respectively, and were comprised of the following:

	<u>2010</u>	<u>2009</u>
Mutual funds publicly traded	\$204,983	\$197,003
Partnerships	186,154	151,991
Equities	6,191	4,769
Endowment cash and cash equivalents	1,406	277
Trust(s)	5,264	6,737
Private comingled funds	<u>133,013</u>	<u>196,710</u>
	<u>\$537,011</u>	<u>\$557,487</u>

The Board of Regents has established an investment income distribution policy for pooled investments which serves to mitigate earnings fluctuations at the campus level from year to year. In accordance with this policy, during the years ended June 30, 2010 and 2009 System Administration (retained)/distributed (\$1,857) and \$1,747, respectively, of investment income from TMCC's operating fund investments. Such amount is included in Net Transfers to System Administration in the financial statements.

As of June 30, 2010 the System had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, the System is obligated to make additional investments in these private equity partnerships of \$4,827.

For purposes of applying GASB Statement No. 40, certain of the System's operating and endowment investments are subject to risks as follows:

*Credit risk and interest rate risk*

Certain securities with fixed income are subject to credit risk which is the risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, for example Moody's Investors Service or Standard and Poor's. The System's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to credit risk for these investments.

The credit risk profile for the System's operating and endowment investments at June 30, 2010 is as follows:

	Fair Value	Not Rated
Mutual funds publicly traded	\$204,983	\$204,983
Partnerships	186,154	186,154
Equities	6,191	6,191
Endowment cash and cash equivalents	1,406	1,406
Trust(s)	5,264	5,264
Private comingled funds	<u>133,013</u>	<u>133,013</u>
	<u>\$537,011</u>	<u>\$537,011</u>

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer investment lives. The System's policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments which are solely attributable to the University of Nevada, Reno, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds. The segmented time distribution for these investments at June 30, 2010 is as follows:

Less than 1 year	\$479,634
1 to 5 years	21,673
6 to 10 years	15,218
More than 10 years	<u>20,486</u>
	<u>\$537,011</u>

*Custodial credit risk*

Custodial credit risk is the risk that in the event of the failure of the custodian, the System may not be able to recover the value of the investments held by the custodian as these investments are uninsured. The risk typically occurs in repurchase agreements where one transfers cash to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. The System does not have a formal policy for custodial credit risk.

*Concentration of credit risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. The System's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the System's total operating and endowment investments. At June 30, 2010, there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

*Foreign currency risk*

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is therefore, not subject to foreign currency risk. However, the System has \$71,151 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2010.

**NOTE 5 – Endowment Pool**

Approximately \$7,752 and \$7,010 of TMCC's endowment fund investments at June 30, 2010 and 2009, respectively, are pooled on a unit market value basis with endowment fund investments of the other campuses and divisions of the System.

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

The endowment pool is comprised of investments in the following:

	<u>2010</u>	<u>2009</u>
Mutual funds	37%	44%
Stocks	3%	3%
Private equity partnerships	44%	37%
Other	16%	16%

Each individual fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2010 and 2009 is \$460.96 and \$400.95, respectively.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the years ended June 30, 2010 and 2009 the Board of Regents' policy authorized a distribution of 4.5% and 4.5%, respectively, of the average unit market value for the twenty (20) preceding quarters. Under the provisions of this spending rule, \$21.05 and \$19.95, respectively, was distributed to each time-weighted unit for a total distribution to TMCC of \$327 and \$328 during the years ended June 30, 2010 and 2009, respectively.

**NOTE 6 – Accounts and Loans Receivable**

Accounts receivable consists of amounts due from students for tuition and fees and from local and private sources for grant and contract agreements. Accounts receivable are presented on the accompanying Statements of Net Assets net of allowances of \$663 and \$425 as of June 30, 2010 and 2009, respectively.

Loans receivable bear interest primarily between 3% and 5% per annum and are generally repayable in installments to TMCC over a five to ten year period commencing nine months from the date of separation from TMCC. A provision for possible uncollectible amounts is recorded on the basis of estimated future losses for each item.

The loans receivable and corresponding allowance for uncollectible loans balances as of June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Loans receivable	\$316	\$330
Less: allowance for doubtful loans	<u>(30)</u>	<u>(20)</u>
Net loans receivable	286	310
Less: current portion	<u>(10)</u>	<u>(12)</u>
Noncurrent loans receivable	<u>\$276</u>	<u>\$298</u>

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 7 – Capital Assets**

Capital asset activity for the years ended June 30, 2010 and 2009 was as follows:

	<u>2010</u>			
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ --	\$ 438	\$( -- )	\$ 438
Land	2,370	--		2,370
Land improvements	<u>1,547</u>	<u>--</u>	<u>--</u>	<u>1,547</u>
Total capital assets not being depreciated	<u>3,917</u>	<u>438</u>	<u>(--)</u>	<u>4,355</u>
Capital assets, being depreciated:				
Buildings	87,260	--	--	87,260
Machinery and equipment	6,237	367	(124)	6,480
Library books and media	<u>2,499</u>	<u>68</u>	<u>(43)</u>	<u>2,524</u>
Total capital assets being depreciated	<u>95,996</u>	<u>435</u>	<u>(167)</u>	<u>96,264</u>
Less accumulated depreciation for:				
Buildings	(29,815)	(2,465)	--	(32,280)
Machinery and equipment	(4,338)	(389)	-	(4,727)
Library books and media	<u>(2,182)</u>	<u>(125)</u>	<u>43</u>	<u>(2,264)</u>
Total accumulated depreciation	<u>(36,335)</u>	<u>(2,979)</u>	<u>43</u>	<u>(39,271)</u>
Total capital assets being depreciated, net	<u>59,661</u>	<u>(2,544)</u>	<u>(124)</u>	<u>56,993</u>
Capital assets, net	<u>\$63,578</u>	<u>\$(2,106)</u>	<u>\$(124)</u>	<u>\$61,348</u>

	<u>2009</u>			
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$1,575	\$ --	\$(1,575)	\$ --
Land	2,370	--		2,370
Land improvements	<u>1,547</u>	<u>--</u>	<u>--</u>	<u>1,547</u>
Total capital assets not being depreciated	<u>5,492</u>	<u>--</u>	<u>(1,575)</u>	<u>3,917</u>
Capital assets, being depreciated:				
Buildings	84,203	3,057	--	87,260
Machinery and equipment	6,232	219	(214)	6,237
Library books and media	<u>2,446</u>	<u>82</u>	<u>(29)</u>	<u>2,499</u>
Total capital assets being depreciated	<u>92,881</u>	<u>3,358</u>	<u>(243)</u>	<u>95,996</u>
Less accumulated depreciation for:				
Buildings	(27,419)	(2,396)	--	(29,815)
Machinery and equipment	(3,995)	(516)	173	(4,338)
Library books and media	<u>(2,077)</u>	<u>(135)</u>	<u>30</u>	<u>(2,182)</u>
Total accumulated depreciation	<u>(33,491)</u>	<u>(3,047)</u>	<u>203</u>	<u>(36,335)</u>
Total capital assets being depreciated, net	<u>59,390</u>	<u>311</u>	<u>(40)</u>	<u>59,661</u>
Capital assets, net	<u>\$64,882</u>	<u>\$311</u>	<u>\$(1,615)</u>	<u>\$63,578</u>

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 8 – Long-term Debt**

Long-term debt at June 30, 2010 and 2009 consists of the following:

			<u>2010</u>				
	Annual	Fiscal	Beginning			Ending	
	<u>Interest Rate</u>	<u>Year Final</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>
		<u>Payment Due</u>					
Notes payable	4.24%	2013	\$1,163	\$ --	\$(1,163)	\$ --	\$ --
Notes payable	3.73%	2016	<u>620</u>	--	<u>(620)</u>	--	--
Totals			<u>\$1,783</u>	<u>\$ --</u>	<u>\$(1,783)</u>	<u>\$ --</u>	<u>\$ --</u>

			<u>2009</u>				
	Annual	Fiscal	Beginning			Ending	
	<u>Interest Rate</u>	<u>Year Final</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>
		<u>Payment Due</u>					
Notes payable	4.24%	2013	\$1,427	\$ --	\$(264)	\$1,163	\$275
Notes payable	3.73%	2016	<u>684</u>	--	<u>(64)</u>	<u>620</u>	<u>68</u>
Totals			<u>\$2,111</u>	<u>\$ --</u>	<u>\$(328)</u>	<u>\$1,783</u>	<u>\$343</u>

In July 2002, TMCC purchased two office buildings and vacant parcels of land in Reno, Nevada for \$9,954. Associated with this purchase, the State of Nevada issued a general obligation bond on behalf of TMCC in the amount of \$8,500. The loan requires TMCC to transfer monthly principal and interest payments to the State of Nevada through 2021. This obligation is presented on the financial statements under Due to State of Nevada. In connection with the purchase transaction, TMCC also issued a note payable to the seller in the amount of \$1,454 at an interest rate of 7.5%. This note and a line of credit with Bank of America were retired through the issuance of an uncollateralized note payable to Wells Fargo Bank in the amount of \$2,644. The note with Wells Fargo was paid in full during 2010. Total interest expense under long-term debt included in the accompanying financial statements is \$341 and \$375 for the years ended June 30, 2010 and 2009, respectively.

**NOTE 9 – Obligations Under Capital Leases**

During the year ended June 30, 2010 the college had no obligations under capital leases.

**Note 10 – Operating Leases**

Truckee Meadows Community College has entered into a number of operating leases where it is the lessor in relation to the Meadowood Plaza building, which range in length of one to five years. The future minimum lease income under these leases is as follows:

Year ending June 30,	
	\$248
2011	109
2012	69
2013	<u>14</u>
2014	<u>\$440</u>
Total	

**TRUCKEE MEADOWS COMMUNITY COLLEGE**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

TMCC is party to an operating lease for a performing arts theater entered into in October 2002 and ending September 2012. Minimum rental commitments payable in future years under this operating lease are as follow:

Year ending June 30,	
2011	\$121
2012	124
2013	<u>31</u>
Total	<u>\$276</u>

Rental expense under operating leases was \$139 and \$130 for the years ended June 30, 2010 and 2009, respectively.

**NOTE 11 – Other Current and Noncurrent Liabilities Activity**

TMCC

The activity with respect to other current and noncurrent liabilities of TMCC for the years ended June 30, 2010 and 2009 is as follows:

	<u>2010</u>				
	<u>Beginning</u>			<u>Ending</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>
Refundable advances under federal loan program	\$ 249	\$ 8	\$( 30)	\$ 227	\$ --
Compensated absences	1,593	1,185	(1,106)	1,672	1,152
Deferred revenue	<u>725</u>	<u>752</u>	<u>(725)</u>	<u>752</u>	<u>752</u>
Total	<u>\$2,567</u>	<u>\$1,945</u>	<u>\$(1,861)</u>	<u>\$2,651</u>	<u>\$1,904</u>

	<u>2009</u>				
	<u>Beginning</u>			<u>Ending</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>
Refundable advances under federal loan program	\$ 249	\$ 20	\$( 20)	\$ 249	\$ --
Compensated absences	1,702	1,297	(1,407)	1,592	1,301
Deferred revenue	<u>781</u>	<u>725</u>	<u>(781)</u>	<u>725</u>	<u>725</u>
Total	<u>\$2,732</u>	<u>\$2,042</u>	<u>\$(2,208)</u>	<u>\$2,566</u>	<u>\$2,026</u>

Foundation

For the Foundation, deferred revenue consists of contributions received, which are earmarked by the donors for specific application. Revenue is recognized only as the funds are expended for their designated purposes. Deferred revenue is available for the following purposes at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Scholarships and endowments	\$127	\$152
Specialized programs	<u>388</u>	<u>211</u>
	<u>\$515</u>	<u>\$363</u>

**NOTE 12 - Pension Plans**

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the State of Nevada Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system. Professional employees are covered under PERS or up to three Alternative Retirement Plans.

**TRUCKEE MEADOWS COMMUNITY COLLEGE  
NOTES TO UNAUDITED FINANCIAL STATEMENTS (000's)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

All permanent System classified employees are mandated by State law to participate in PERS. Employees who retire with 5 or more years of service at age 65, 10 or more years of service at age 60 or with 30 years or more of service at any age are entitled to a retirement benefit, payable monthly for life, equal to 2.67 percent of the employee's average compensation for each year of service up to 30 years, with a maximum of 75 percent. An employees' average compensation is the average of the employees' highest compensation for 36 consecutive months. A diminished benefit is provided to all eligible employees upon early retirement, if such employees have achieved the years of service required for regular retirement. PERS also provides death and disability benefits. Benefits are established by State statute.

The authority for establishing and amending the obligation to make contributions is provided by statute. Contribution rates are also established by statute. Active employees contribute to PERS at a rate of either 11.25% or 0% of annual covered wages depending on the contribution option selected. The System is required to contribute to PERS at a rate of either 11.25% or 22.5% of annual covered wages, depending on the option selected by the employee. The NSHE is not liable for any unfunded liabilities of PERS.

PERS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS at 693 West Nye Lane, Carson City, NV 89703-1599.

In addition to PERS, certain exempt employees have the option of participating in various retirement plans provided through TIAA-CREF, VALIC, and Fidelity Investments. Under these defined contribution plans, the System and participants make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

TMCC's contribution to all retirement plans for the years ended June 30, 2010, 2009, 2008 was approximately \$3,538, \$3,498, and \$3,621, respectively – equal to the required contribution for the year.

**NOTE 13 - Contingent Liabilities**

TMCC is a defendant or co-defendant in legal actions in several jurisdictions. Based on present knowledge and advice of legal counsel, TMCC management believes any ultimate liability in these matters in excess of insurance coverage will not materially affect the net assets, changes in net assets or cash flows of TMCC.

**NOTE 14 – Functional Classification of Expenses**

The following is the functional classifications of expenses as reported on the Statements of Revenues, Expenses and Changes in Net Assets for the period ending June 30, 2010 and 2009, as follows:

	<u>2010</u>	<u>2009</u>
Instruction	\$28,081	\$27,423
Academic support	4,986	5,156
Institutional support	7,616	7,917
Student services	5,935	7,912
Operation and maintenance of plant	6,134	6,966
Scholarships and fellowships	10,034	4,897
Auxiliary enterprises	990	1,148
Depreciation	<u>3,087</u>	<u>3,047</u>
Totals	<u>\$66,863</u>	<u>\$64,466</u>