



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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LUNA COMMUNITY COLLEGE**

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**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE**

**Listing of Principal Officials**

**June 30, 2012**

**BOARD OF TRUSTEES**

<b>Name</b>	<b>Title</b>
Thomas Jerry Maestas	Chairman
Tony Valdez	Vice Chairman
Abelino Montoya, Jr.	Secretary
Frank E. Tenorio	Member
Ambrose M. Castellano	Member
David Gutierrez	Member
Levi Alcon, Jr.	Member

**ADMINISTRATIVE OFFICIALS**

<b>Name</b>	<b>Title</b>
Pete Campos	President
Donna Flores - Medina	Vice President for Finance & Administration

## REPORT OF INDEPENDENT AUDITORS

The Board of Trustees  
Luna Community College  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited the accompanying basic financial statements of the business-type activities and the discretely presented component unit of the State of New Mexico Luna Community College (the "College") as of and for the year ended June 30, 2012, as listed in the table of contents. We have also audited the budget comparisons presented as supplementary information for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the State of New Mexico Luna Community College as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In our opinion, the budget comparisons referred to above present fairly, in all material respects, the budget comparison for the year then ended in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Board of Trustees  
Luna Community College  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the College's financial statements and the budget comparisons. The accompanying Schedule of Cash and Cash Equivalents, Schedule of Pledged Collateral, and the Schedule of Memorandums of Understanding as required by the New Mexico State Audit Rule and the Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget Circular A-133 Audits of States, Local Governments, and Not-For-profit Organizations (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial

The Board of Trustees  
Luna Community College  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Cash and Cash Equivalents, Schedule of Pledged Collateral, Schedule of Memorandums of Understanding, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 13, 2012

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

**Introduction**

The management of Luna Community College (College or LCC) herewith presents its financial statements and required supplementary information for the year ended June 30, 2012. The following discussion and analysis provides an overview of the financial position and activities of the College and is intended to be user-friendly information for all readers.

This report is prepared as required to conform with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*.

**THE BASIC FINANCIAL STATEMENTS**

Required under GASB 34/35 is the presentation of all of the College's year-end assets, liabilities and net assets in one column, as is the presentation of its expense, revenues and the resulting change in net assets, and its sources and uses of cash, in a one-column format. The purpose of these three reports is to show the College's financial position and annual activities in summary format, as if the College was a corporation, whereby all funds and cost centers are combined.

The three entity-wide reports, the **Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows**, are followed by the notes to the financial statements, including a comparison of the final budget to the original budget and of actual results to the final budget.

The **Statement of Net Assets** presents the assets, liabilities and net assets for the College as of the end of the fiscal year. The **Statement of Net Assets** is a point-in-time financial statement which gives the readers a fiscal snapshot of the College presenting end of year data about assets (current and non-current), liabilities (current and non-current), and net assets (assets minus liabilities).

Changes in total net assets are based on the activity in the **Statement of Revenues, Expenses, and Changes in Net Assets** namely the revenues received by the College, both operating and non-operating, and any other revenue, and the expense incurred by the College.

The third financial statement is the **Statement of Cash Flows** that represents the inflows and outflows of cash from operating, capital, financial and investing activities. The statement is prepared using the direct method.

**Reporting Entity**

This financial report presents the basic financial statements of the College and any component units deemed material. The College's foundation was considered material and was presented as a component unit. The College has no other units to consider for inclusion in this report.



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

Luna Community College  
Condensed Summary of Net Assets  
June 30, 2012

	<u>11-12</u>	<u>10-11</u>
<b>Assets</b>		
Current assets	\$ 4,012,516	\$ 4,485,065
Capital assets, net of accumulated depreciation	19,824,419	19,359,707
<b>Total Assets</b>	<u>\$ 23,836,935</u>	<u>\$ 23,844,772</u>
<b>Liabilities</b>		
Current liabilities	\$ 948,360	\$ 948,625
Noncurrent liabilities	37,439	53,456
<b>Total Liabilities</b>	<u>\$ 985,799</u>	<u>\$ 1,002,081</u>
<b>Net Assets</b>		
Invested in capital assets, net of accumulated depreciation	\$ 19,824,419	\$ 19,359,707
Restricted for expendable capital projects		
Unrestricted	3,026,717	3,482,984
<b>Total Net Assets</b>	<u>\$ 22,851,136</u>	<u>\$ 22,842,691</u>

The College's current assets consist primarily of cash and other assets deemed to be consumed or convertible to cash within one year in the amount of \$ 3,312,368.

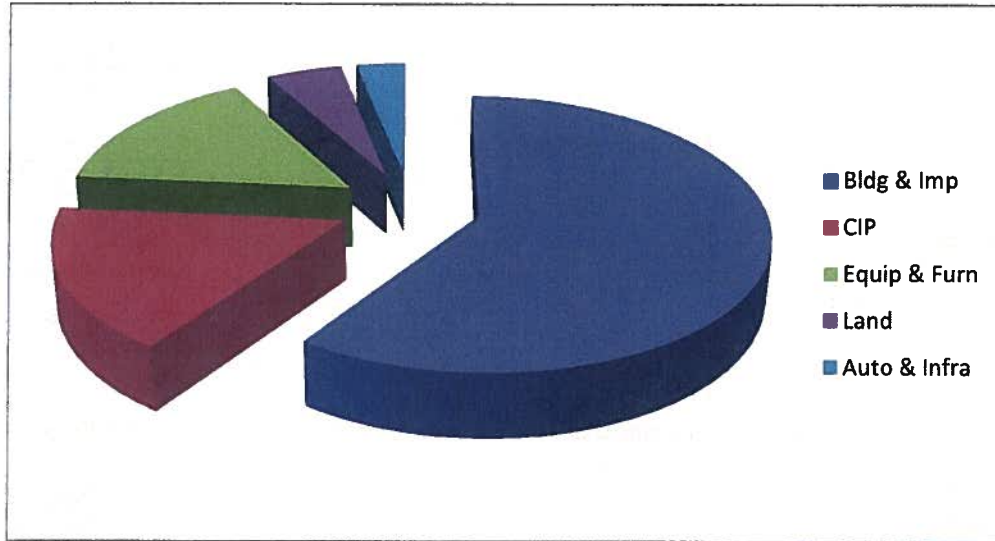
Current liabilities are amounts due within one year of \$948,360 and non-current liabilities, accrued compensated absences of \$37,439.

At June 30, 2012, the College's current ratio was nearly 4:1 comparing the amount of current assets, \$4,012,516 available to cover current liabilities, \$948,360. The largest category of non-current assets is capital assets, net of accumulated depreciation of \$24,005,082.

Significant change between 10-11 and 11-12 in Current Assets is due to decreased Grants Receivable.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

Capital Assets at Cost



Luna Community College  
Condensed Summary of Revenue, Expenses and Changes in Net Assets  
June 30, 2012

**Operating Revenues By Major Source**

Tuition  
Contracts and grants  
Sales and services of auxiliary enterprises  
Other

	11-12	10-11
Tuition	\$ 602,035	\$ 671,259
Contracts and grants	5,167,017	5,592,363
Sales and services of auxiliary enterprises	805,413	864,871
Other	711,870	518,284
	<u>7,286,335</u>	<u>7,646,777</u>

**Operating Expenses By Major Function**

Instruction  
Academic support  
Student services  
Institutional support  
Operation and maintenance of plant  
Public service  
Student aid  
Auxiliaries  
Depreciation

Instruction	5,306,481	5,139,901
Academic support	1,241,093	1,188,208
Student services	1,414,678	1,291,975
Institutional support	2,185,605	2,192,930
Operation and maintenance of plant	2,085,289	1,896,678
Public service	539,406	613,994
Student aid	3,381,586	3,378,992
Auxiliaries	740,553	754,180
Depreciation	1,125,041	333,854
	<u>18,019,732</u>	<u>16,790,712</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

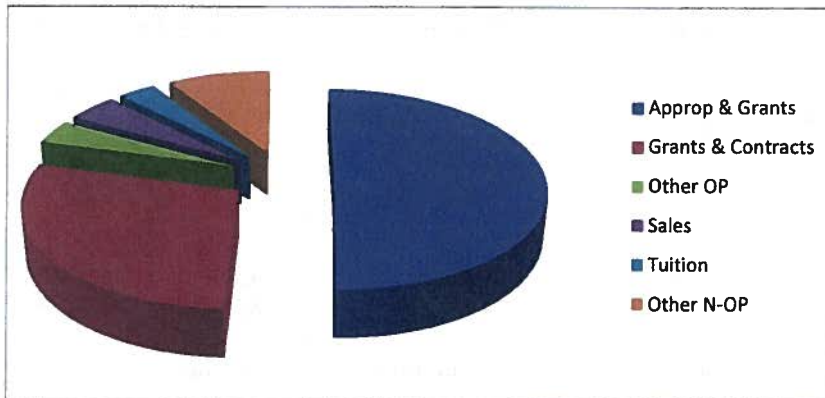
<b>Nonoperating Revenue (Expense)</b>	<u>11-12</u>	<u>10-11</u>
Appropriations	7,287,584	7,590,000
Other	3,454,258	6,548,408
	<u>10,741,842</u>	<u>14,138,408</u>
 Income before other revenues and expenses	 <u>8,445</u>	 <u>4,994,473</u>
 Total increase (decrease) in net assets	 8,445	 4,994,473
 <b>Net Assets, Beginning of Year</b>	 <u>22,842,691</u>	 <u>17,848,218</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 22,851,136</u></b>	<b><u>\$ 22,842,691</u></b>

Revenues in this reporting model are shown by source of funding. Operating revenues are generally defined as exchange transactions produced in conducting the primary business operations of the College, including instruction and public service. Non-operating revenues are generally defined as non-exchange revenues and include appropriations, gifts and investment income.

Significant changes are PY capitalization of \$4,738,511 compared to \$1,589,53 current year and increases in Plant and Depreciation expenditures.

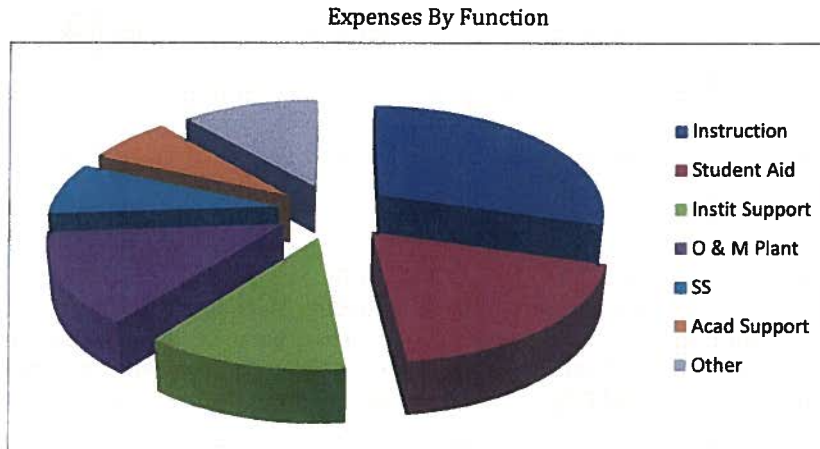
Although State of New Mexico appropriations are considered non-operating revenues, the College uses these funds to support key operations. The following chart displays revenues by source (some categories are combined).

Revenue By Source



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

The College elected to present expenses on the Statement of Revenue, Expenses and Changes in Net Assets by major functions of the College. The chart below shows the distribution of operating expense by functional category with minor categories combined.



The College's 2012 net assets showed a minor change of \$8,445.

Total net assets are classified by the College's ability to use these assets to meet operating needs. Net assets are restricted to their use by sponsoring agencies, donors or other non-LCC entities are classified as "non-expendable" and "expendable". The restricted net assets are further classified in general terms as to the function for which they must be used. Unrestricted net assets may be used to meet all operating needs of the College. The chart below shows the change in net assets by category.

**Prior Year Comparison of Changes in Net Assets**

	<u>11-12</u>	<u>10-11</u>	<u>Change</u>
Change in Net Assets	\$ 8,445	\$ 4,994,473	\$ (4,986,028)
Restricted Expendable	-	-	\$ -
Capital, net	19,824,419	19,359,707	\$ 464,712
Unrestricted	3,026,717	3,482,984	\$ (456,267)

**An analysis of financial position** shows an adequate balance in unrestricted net assets, realizing a decrease of \$456,267.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

Luna Community College  
Condensed Summary of Cash Flows  
June 30, 2012

	<u>11-12</u>	<u>10-11</u>
Cash Flows Used By Operating Activities	\$ (8,180,600)	\$ (9,675,589)
Cash Flows Provided From Noncapital Financing Activities	10,729,563	14,090,540
Cash Flows Provided From Investment Activities	12,279	47,868
Cash Flows Used By Capital and Related Financing Activities	<u>(1,589,751)</u>	<u>(4,738,512)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	971,491	(275,693)
Cash and Cash Equivalents, Beginning of Year	<u>2,340,877</u>	<u>2,616,570</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 3,312,368</u></b>	<b><u>\$ 2,340,877</u></b>

Changes in Cash Flow are due primarily from a significant increase in Accounts Receivable.

**Budget and Results**

The Combined Revenue variance was \$3,672,006 consisting mainly of \$2,336,426 from PELL Grant which was budgeted to accommodate growth in eligibility which did not materialize. The Combined Expenditure variance of \$5,399,120 consisted mainly of the PELL Grant of \$2,336,426. Additionally, there were equivalent variances on the revenue and expenditures for restricted funds as well as were significant savings in unrestricted I&G.

**Capital Asset Activity**

Overall, the College's Capital Asset balance changed slightly, 2% increasing by \$464,713 as result of \$1,589,753 net additions and \$1,125,041 in depreciation.

**Long Term Debt**

Luna Community College does not have any long-term debt.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

**FACTORS IMPACTING FUTURE PERIODS & ECONOMIC OUTLOOK**

Luna Community College continues to respond to the change in formula funding in that efforts are being strengthened in the area of retention and completions. The 2007-2012 Title V Grant moved the College in a much better position to expand its on-line services and much improved student services which translated into a significant increase in on-line registrations. The College was also awarded a new Title V grant which will further enhance on-line and hybrid course delivery with concentrations in the vocational trades and allied health fields. Amongst the new grants is also a Youth Build three year grant for training disadvantaged youth with: education and employment skills necessary to achieve self-sufficiency in high demand occupations. A faculty senate has recently been approved the governing board which will be a valuable arm for strategic planning and shared governance. On the horizon is the construction of dormitories on the campus. With two sports attracting more out of town students, the need has grown. Phase one will be a 150 bed facility. The financing thereof has not been finalized.

For more detail and explanations, the reader should refer to the notes and other supplementary information contained in this document.

**Contact Information**

The reader is encouraged to contact the College with any questions or comments:

Luna Community College  
Finance and Administration  
366 Luna Drive  
Las Vegas, New Mexico 87701  
[www.luna.edu](http://www.luna.edu)  
Phone (505) 454-5328

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2012**

	Luna Community College	Component Unit Luna Foundation
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,312,368	785,109
Student accounts receivable, net of allowance of \$596,327	55,346	-
Grants receivable	384,618	-
Other receivables	-	559
Inventories	260,184	-
<b>Total current assets</b>	<u>4,012,516</u>	<u>785,668</u>
Noncurrent Assets		
Capital assets, net	19,824,419	-
<b>Total assets</b>	<u>\$ 23,836,935</u>	<u>785,668</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 223,613	-
Accrued compensated absences	262,513	-
Deferred revenues	462,234	-
<b>Total current liabilities</b>	<u>948,360</u>	<u>-</u>
Noncurrent Liabilities		
Accrued compensated absences	37,439	-
<b>Total liabilities</b>	<u>985,799</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in capital assets	19,824,419	-
Nonexpendable		
Scholarships	-	340,000
Expendable		
Scholarships	-	415,644
Unrestricted	3,026,717	30,024
<b>Total net assets</b>	<u>22,851,136</u>	<u>785,668</u>
<b>Total net assets and liabilities</b>	<u>\$ 23,836,935</u>	<u>785,668</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended June 30, 2012**

	Luna Community College	Component Unit Luna Foundation
<b>Operating Revenues</b>		
Tuition and fees	\$ 1,418,269	-
Tuition discounts and allowances	(816,234)	-
	<u>602,035</u>	
Federal grants and contracts	4,955,337	130,000
State and local grants and contracts	142,610	-
Private gifts and grants	69,070	-
Sales and services of auxiliary enterprises	805,413	-
Other	711,870	40,792
<b>Total operating revenues</b>	<u>7,286,335</u>	<u>170,792</u>
<b>Operating Expenses</b>		
Instruction and general		
Instruction	5,306,481	-
Academic support	1,241,093	-
Student services	1,414,678	-
Institutional support	2,185,605	24,306
Operation and maintenance of plant	2,085,289	-
<b>Total instruction and general</b>	<u>12,233,146</u>	<u>24,306</u>
Public service	539,406	-
Student aid grants and stipends	4,197,820	14,647
Tuition discounts and allowances	(816,234)	-
Auxiliary enterprises	740,553	-
Depreciation	1,125,041	-
<b>Total operating expenses</b>	<u>18,019,732</u>	<u>38,953</u>
<b>Operating (loss) gain</b>	<u>(10,733,397)</u>	<u>131,839</u>
<b>Nonoperating revenues (expenses)</b>		
State appropriations	7,287,584	-
Local property tax levy	1,631,349	-
Interest and investment income	12,279	8,583
Other nonoperating revenues	1,810,630	-
<b>Net nonoperating revenues</b>	<u>10,741,842</u>	<u>8,583</u>
Increase in net assets	8,445	140,422
Net assets, beginning of year	<u>22,842,691</u>	<u>645,246</u>
<b>Net assets, end of year</b>	<u>\$ 22,851,136</u>	<u>785,668</u>

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012**

<b>Cash Flows From Operating Activities</b>	
Tuition and fees	\$ 627,648
Grants and contracts	6,620,569
Sales and services of educational activities	805,413
Other operating receipts	711,870
Payments to employees and suppliers	(16,946,100)
<b>Net cash used by operating activities</b>	<u>(8,180,600)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
State appropriations	7,287,584
Local property tax levy	1,631,349
<b>Net cash provided by noncapital financing activities</b>	<u>8,918,933</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Cash paid for capital assets	(1,589,751)
<b>Net cash used by capital and related financing activities</b>	<u>(1,589,751)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	12,279
<b>Net cash provided by investing activities</b>	<u>12,279</u>
<b>Net increase in cash and cash equivalents</b>	(839,139)
Cash and cash equivalents, beginning of year	<u>2,340,877</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,501,738</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (10,733,397)
Adjustments to reconcile operating (loss) to net cash used by operating activities	
Depreciation	1,125,041
Changes in assets and liabilities	
Receivables	1,538,575
Inventories	(94,415)
Accounts payable	59,023
Deferred revenues	(59,410)
Accrued compensated absences	(16,017)
<b>Net cash used by operating activities</b>	<u>\$ (8,180,600)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization.* Luna Vocational Technical Institute was established with provision of 1967 Laws, Chapter 177 (Section 21-17-1 through 21-17-17, New Mexico Area Vocational School Act of 1978). In December of 2000, the College changed its name to Luna Community College to reflect the change from a vocational school to a community college.

The Luna Community College (the College) was created to provide vocational and technical education for the residents of its service area and the State of New Mexico to prepare them for the world of work. It is largely a post-secondary institution with some provisions to include high school students upon deliberate (concurrent enrollment) agreements with the secondary schools in the area.

The College maintains the general goal of providing educational and training programs designed to prepare its students in the area of marketable skills, for careers in technical and vocational fields, as well as to teach them how to best utilize skills in earning a living while also participating and contributing as productive citizens.

Therefore, the College is dedicated to: (1) the pursuit of excellence in its educational programs, (2) the simulation of actual occupational environments in its training systems, (3) the simulation of student interest and aptitude, (4) the administration of sound guidance and counseling service, (5) the provisions of administrative management and leadership in all its services and responsibilities, and (6) the facilitation of occupational placement for its students.

Instruction at the College is offered in six areas:

1. Adult Basic Education
2. Business Education Studies
3. Health Occupations
4. Technologies
5. Trade and Industrial Occupations
6. Associate of Applied Sciences, Associates of Arts, Associates of Science Degrees

The College is governed by an elected Board of Trustees, made up of seven representatives serving at large from the seven participating school districts served by the College. The seven school districts, within five counties, are East Las Vegas, West Las Vegas, Maxwell, Mora, Santa Rosa, Springer and Wagon Mound. The

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

College's president is the chief executive officer of the College responsible for the implementation and maintenance of board policies and administration to carry out the goals of the College within statutory and constitutional provisions. The President serves the College under the direction of the Board and reports directly to the Board.

The College is primarily funded by state appropriations with additional funding coming from federal and local sources. Each school district imposes a three-mil ad valorem tax to support the College. Additional resources include sales and service revenues, interest income, private gifts, grants, and contracts.

On July 1, 1988, Luna Community College became an institution of higher education under the jurisdiction of the Higher Education Department. Prior to this, the College had been under the jurisdiction of the State Department of Education.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. This was followed in December 1999 by GASB Statement No. 35, Basic Financial Statements and management's Discussion and Analysis for Public Colleges and Universities. The financial statement presentation required by GASB No. 34 and 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

This statement provides for a significant change in financial reporting and is scheduled for a phased implementation. It has since been updated by GASB Statements 37 and 38. The Administration implemented all of these statements effective July 1, 2004.

**Luna Community College Foundation, Inc. (Foundation)**

The Foundation was organized as a not-for-profit New Mexico corporation under 501(c)(3) of the Internal Revenue Code. The Foundation receives support from contributions and earnings on investments. The Foundation does not issue separate financial statements.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Basis of Accounting.* For financial reporting purposes, the College is considered a special-purpose government engaged only 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 the 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.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

*Reporting Entity.* In May 2002, Governmental Accounting Standards Board issued statement No. 39. The statement established standards for identifying a component unit through evaluation of the reporting entity and significance of certain related party transactions, defined as potential component units. In evaluating how to define the College for financial reporting purposes, management has evaluated the College's potential component units. The basic, but not the only, criterion for including a potential component unit as part of the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability of responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the College.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the College is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the College's reporting entity.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the College. The decision to include a potential component unit in the College's reporting entity is based upon several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Luna Community College Foundation, Inc. is a discretely presented component unit and is included in these financial statements.

*Basis of Budgetary Presentation.* The accompanying supplementary information; Combined Revenues and Expenditures Budget Comparisons - Unrestricted and Restricted - all operations, Unrestricted Current Funds - Summary of Instruction and General Revenues and Expenditures Budgets and Comparisons and Restricted Current Funds - Summary of Instruction and General Revenue and Expenditures Budget Comparisons, for the year ended June 30, 2012, are prepared on the basis of accounting prescribed by the State of New Mexico, Higher Education Department (HED). HED requires budgets to be on a basis consistent with the financial reporting model used by the College prior to implementation of GASB statements No. 34 and 35. Additions to capital assets is reported as expenditures on the budget basis, but not on the basis required by generally accepted accounting principles (GAAP). Depreciation expense and scholarship allowances are GAAP requirements not included in the budget basis submitted to the HED.

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Budget.* The College follows the requirements established by the Higher Education Department (HED) in formulating its budgets and in exercising the budgetary control. It is through the HED's policy that, when the appropriation has been made to the College, its Board of Trustees can, in general, adopt an operating budget within the limits of available income.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Procedures for Approval of Operating Budgets:**

1. The institution will then submit an original typed copy that has been approved by the Board of Trustees to the HED's office by May 1 of the preceding fiscal year.
2. The HED meets in June and acts on approval of the budgets.
3. The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.
4. During the year revisions to the budget are prepared and sent to HED for approval. A final budget revision is due on May 1 of the current fiscal year.

In accordance with House Bill 2, unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year and are generally available for appropriation by the College in subsequent years.

*Budgetary Control.* Total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary control are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total unrestricted expenditures in instruction and general; (3) total restricted expenditures in instruction and general. Budget revisions must be approved by the executive secretary of the HED and then by the Budget Division of the Department of Finance and Administration.

*Cash and Cash Equivalents.* For purposes of the statement of cash flows, cash and cash equivalents include demand, savings, and money market accounts with an original maturity of 3 months or less.

*Inventories.* Inventories are recorded at first-in, first-out (FIFO) and are valued at the lower of cost or market.

*Income Taxes.* The College, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the College are deductible by donors as provided under Section 170 of the Internal Revenue Code and consistent with the provisions under Section 501 (c)(3) of the Internal Revenue Code.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Student Accounts Receivable.* The College records student tuition and fees and student accounts receivable at rates established at the time a student registers for classes. In addition, bookstore, daycare, and cafeteria charges are recorded when incurred. Provision for uncollectible student accounts is recorded to maintain an adequate allowance for anticipated losses. Grants receivables consist of unreimbursed expenditures on federal, state, and private grants.

*Deferred Income.* Revenue includes amounts received from grant and contract sponsors that have not been earned.

*Capital Assets.* Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The College does not capitalize historical treasures, works of art or library books.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 30 years for buildings, infrastructure and land improvements, and 5 to 12 years for equipment (including software).

*Compensated Absences.* The College accounts for the accumulated vacation leave on the accrual basis in accordance with GASB 16. Accrued vacation up to 240 hours is recorded at 100% of the employee hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA).

*Net Assets.* The College's net assets are classified as follows:

*Invested in Capital Assets.* This represents the College's total investment in capital assets, net of any 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.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Restricted Net Assets - Nonexpendable.* Nonexpendable restricted net assets consist of endowment and similar type funds in 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 purpose of producing present and future income, which may either be expended or added to principal.

*Restricted Net Assets - Expendable.* Expendable restricted net assets are resources that the College is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

*Unrestricted Net Assets.* Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and 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.

These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted, and then toward unrestricted resources.

*Classification of Revenues.* The College has classified its revenues either as operating or nonoperating revenues according to the following criteria:

*Operating Revenues.* Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) most federal, state, and local grants and contracts and federal appropriations, and (3) interest on institutional student loans.

*Nonoperating Revenues.* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB No. 34, such as state appropriations.



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Significant Concentration of Credit Risk.* The College is dependent on state funding, local property tax levy, and tuition payments from students for its operating budget. In addition, the College receives the majority of its restricted revenues from federal sources. Its student population is derived primarily from Northeastern New Mexico Communities.

*Special Appropriation.* The College receives special appropriations during the year. When an expense is incurred that can be paid using either unrestricted or special appropriation resources, the College's policy is to first apply the expense toward the special appropriation. The special appropriation funds are non-reverting, and the College received permission to carryover the funds for another year. The College received \$ 204,898 for its Nursing program of which \$166,012 was spent during the year and \$38,886 is encumbered for fiscal year 2013. The special appropriation expires on June 30, 2013.

**NOTE 2. CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to them. The College does not have its own deposit policy for credit risk, but follows New Mexico Statute Section 6-10-17, requiring collateral equal to at least one-half of the amount of uninsured public monies on deposit. As of June 30, 2012, none of the College's bank balance of \$3,531,978 was subject to custodial credit risk because it was neither uninsured nor uncollateralized.

The sources of the component unit cash do not meet the definition of public monies. Therefore, the component units are not required to follow State Statutes and no collateralization is required.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 3. CAPITAL ASSETS, NET**

Following are the changes in capital assets for the year ended June 30, 2012:

	Balance June 30, 2011	Additions/ Reclassifications	Transfers	Retirement	Balance June 30, 2012
<b>Capital assets not being depreciated</b>					
Land	\$ 2,322,078	-	-	-	2,322,078
Construction in progress	6,202,973	1,565,582	-	-	7,768,555
	<u>\$ 8,525,051</u>	<u>1,565,582</u>	<u>-</u>	<u>-</u>	<u>10,090,633</u>
<b>Other capital assets</b>					
Buildings	\$ 22,912,497	-	-	-	22,912,497
Building improvements	4,754,696	-	-	-	4,754,696
Infrastructure	737,625	-	-	-	737,625
Automobiles	588,698	6,375	-	166,591	428,482
Equipment and furniture	6,013,891	17,796	-	1,126,119	4,905,568
	<u>35,007,407</u>	<u>24,171</u>	<u>-</u>	<u>1,292,710</u>	<u>33,738,868</u>
<b>Less accumulated depreciation for</b>					
Buildings	15,812,012	631,426	-	-	16,443,438
Building improvements	2,425,684	229,028	-	-	2,654,712
Automobiles	507,732	48,071	-	166,591	389,212
Equipment and furniture	5,427,324	216,516	-	1,126,119	4,517,721
	<u>24,172,752</u>	<u>1,125,041</u>	<u>-</u>	<u>1,292,710</u>	<u>24,005,082</u>
<b>Other capital assets, net</b>	<u>\$ 10,834,655</u>	<u>(1,100,869)</u>	<u>-</u>	<u>-</u>	<u>9,733,786</u>
	Balance June 30, 2011	Additions	Transfers	Retirement	Balance June 30, 2012
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 8,525,081	1,565,582	-	-	10,090,633
Other capital assets at cost	35,007,407	24,171	-	1,292,710	33,738,868
	<u>43,532,458</u>	<u>1,589,753</u>	<u>-</u>	<u>1,292,710</u>	<u>43,829,501</u>
Less accumulated depreciation	24,172,752	1,125,041	-	1,292,710	24,005,082
<b>Capital assets, net</b>	<u>\$ 19,359,706</u>	<u>464,713</u>	<u>-</u>	<u>-</u>	<u>19,824,419</u>

Depreciation expense for the year ended June 30, 2012 was \$1,125,041.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4. LONG-TERM LIABILITIES**

Long-term liability activity for the College for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Accrued compensated absences	\$ 315,969	232,534	248,551	299,952	262,513

**NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD**

*Plan Description.* Substantially all of the Luna Community College full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* As of July 1, 2009, House Bill 854 increased plan members' contributions to 11.15%. The College is required to contribute 9.15% of the gross covered salary. Employees earning \$20,000 or less (on a full-time annualized basis) contribute 7.9% of gross salary and the College contributes 12.4%. As of July 1, 2012, the contribution required by employees earning more than \$20,000 will increase to 9.4% and the College contribution will decrease to 10.9%. The contribution rates remain unchanged for employees earning \$20,000 or less. The contribution requirement of plan members and the College are established in State Statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. Luna Community College's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010 were \$1,205,018, \$1,205,512, and \$1,299,720, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 6. POST EMPLOYMENT BENEFITS**

*Plan Description.* Luna Community College contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

1. Retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
2. Retirees defined by the Act who retired prior to July 1, 1990;
3. Former legislators who served at least two years; and
4. Former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., Suite 104, Albuquerque, New Mexico 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 6. POST EMPLOYMENT BENEFITS (CONTINUED)**

authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute 0.833% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

FY 13 Employer 2.000%, Employee 1.000%. Also employers joining the program after 1/1/98 are required to make surplus-amount contributions to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and the retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The College's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$163,643, \$147,152, and \$125,003 respectively, which equal the required contributions for each year.

**NOTE 7. SURETY BOND/INSURANCE**

The College is covered by the New Mexico Public Schools Insurance Authority (NMPSIA) as required by statute. Additional insurance, beyond that required by statute, has also been acquired to guard against risks.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

There were no commitments or obligations outstanding at June 30, 2012.

The College is liable or contingently liable in connection with certain claims, which arise in the normal courses of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the College's financial position.

The College receives governmental grants, which may be refundable in the event that all terms of the grants are not complied with. In the opinion of management, no material refunds will occur.

**NOTE 9. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located in the College as of the preceding January 1. The taxable valuations for the various classes of property are determined by the San Miguel, Guadalupe, Mora and Colfax County Assessors. The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 5 mils (\$5 per \$1,000 assessed valuation). Taxes are payable in two equal installments due on November 10 and April 10 and become delinquent after 30 days. The College cannot reasonably estimate the amount of property taxes receivable due to lack of information. Property taxes are not accrued for in the accompanying financial statements beyond what was received with the first sixty days of the fiscal year. However, the College estimates the net receivable amount to be immaterial to the financial statements.

**NOTE 10. RECONCILIATION OF BUDGET BASIS TO GAAP – REVENUES AND EXPENSES**

	Revenues	Expenses
Budget basis (revenues) / expenditures	\$ (18,787,821)	19,514,052
Agency funds	(56,590)	112,554
Capital expenditures	-	(1,915,681)
Depreciation	-	1,125,041
Scholarship allowance	<u>816,234</u>	<u>(816,234)</u>
GAAP basis (revenue) / expense	<u>\$ (18,028,177)</u>	<u>18,019,732</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 11. FOUNDATION CASH AND CASH EQUIVALENTS**

The following table provides information concerning the custodial credit risk assumed by the Foundation at year-end. Actual bank balances are shown because they reflect the current relationship between the deposits and corresponding collateral. The source of the Foundation's cash does not meet the definition of public monies. Therefore, the Foundation does not require collateralization.

	Federally Insured	Insured and Collateralized	Uninsured and Un- Collateralized	Total Depository Balances
Demand deposits				
Community First Bank	\$ 307,099	-	-	307,099
Certificates of deposit				
Community First Bank	212,306	-	-	102,306
Bank of Las Vegas	250,000	-	12,910	262,910
	<u>\$ 769,405</u>	<u>-</u>	<u>12,910</u>	<u>782,315</u>

**NOTE 12. FOUNDATION NONEXPENDABLE FUNDS**

The College has elected the endowment option within the Title V grant in accordance with EDGAR Part 628 APPLICABLE ENDOWMENT CHALLENGE GRANT PROGRAM REGULATIONS FOR TITLE III, PART AND TITLE V, HSI. The Title V grant of \$130,000 was matched in a like amount by the Foundation during fiscal year 2011-2012.

The provisions of the grant require that the endowment corpus along with at least 50% of the income be invested for 20 years after which time the entire amount may be expended for the restricted purpose. Up to 50% of that income can be expended annually in accordance with the above noted provisions.

## Supplementary Information

The following supplementary information is available for this article:

- [Supplementary Table 1](#): List of items used in the study.
- [Supplementary Table 2](#): Correlations between variables.
- [Supplementary Table 3](#): Regression coefficients and statistics.

Variable	Mean	SD	Alpha	Correlation
1. Self-esteem	3.5	0.8	.85	
2. Self-esteem stability	3.5	0.8	.85	.70
3. Self-esteem stability × self-esteem	3.5	0.8	.85	.15
4. Self-esteem stability × self-esteem × time	3.5	0.8	.85	.05
5. Self-esteem stability × self-esteem × time × time	3.5	0.8	.85	.02
6. Self-esteem stability × self-esteem × time × time × time	3.5	0.8	.85	.01

### SUPPLEMENTARY INFORMATION

The following supplementary information is available for this article:

- [Supplementary Table 1](#): List of items used in the study.
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**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
COMBINED REVENUES AND EXPENDITURES BUDGET COMPARISONS -  
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS  
For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning Fund Balance	\$ 2,202,636	\$ 3,752,948	\$ 3,752,948	\$ -
<b>Revenues:</b>				
State general fund appropriations	7,448,100	7,448,100	7,448,096	(4)
Federal revenue sources	3,422,457	6,419,721	4,304,978	(2,114,743)
Tuition and fees	1,373,423	1,382,011	1,418,269	36,258
Private gifts, grants and contracts	588,250	1,240,885	-	(1,240,885)
Other	3,489,785	5,969,106	5,616,478	(352,628)
Total revenues	<u>16,322,015</u>	<u>22,459,823</u>	<u>18,787,821</u>	<u>(3,672,002)</u>
<b>Expenditures:</b>				
Instruction	4,826,562	5,499,831	5,250,934	(248,897)
Academic support	1,267,323	1,520,346	1,241,093	(279,253)
Student services	1,324,575	1,571,633	1,414,678	(156,955)
Institutional support	2,320,874	2,504,177	2,185,605	(318,572)
Operation and maintenance of plant	2,001,547	2,108,549	1,949,835	(158,714)
Subtotal Instruction and general	<u>11,740,881</u>	<u>13,204,536</u>	<u>12,042,145</u>	<u>(1,162,391)</u>
Student social and cultural	20,645	29,233	24,498	(4,735)
Public service	558,472	712,038	494,590	(217,448)
Student aid	3,537,577	6,718,599	3,804,161	(2,914,438)
Auxiliary enterprises	667,826	913,497	728,363	(185,134)
Intercollegiate athletics	348,239	394,438	369,159	(25,279)
Capital outlay	200,000	2,249,188	1,891,510	(357,678)
Renewal and replacements	203,155	691,639	159,626	(532,013)
Total expenditures	<u>17,276,795</u>	<u>24,913,168</u>	<u>19,514,052</u>	<u>(5,399,116)</u>
Change in net assets (budgetary basis)	(954,780)	(2,453,345)	(726,231)	1,727,114
Ending fund balance	<u>\$ 1,247,856</u>	<u>\$ 1,299,603</u>	<u>\$ 3,026,717</u>	<u>\$ 1,727,114</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
UNRESTRICTED CURRENT FUNDS -  
SUMMARY OF INSTRUCTION AND GENERAL  
REVENUES AND EXPENDITURES BUDGET COMPARISONS  
For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning Fund Balance	\$ 1,679,587	\$ 2,804,749	\$ 2,804,749	\$ -
<b>Revenues:</b>				
Tuition and fees	1,352,778	1,352,778	1,389,877	37,099
Government appropriations - state	7,287,600	7,287,600	7,287,584	(16)
Government appropriations - local	1,499,982	1,499,982	1,631,349	131,367
Grants and contracts - federal	5,000	5,000	5,699	699
Grants and contracts - state	188,000	250,288	142,610	(107,678)
Gifts, grants and contracts - private	2,000	4,600	4,472	(128)
Other sources	67,200	67,200	31,873	(35,327)
<b>Total revenues</b>	<b>10,402,560</b>	<b>10,467,448</b>	<b>10,493,464</b>	<b>26,016</b>
<b>Expenditures:</b>				
Instruction	5,105,107	5,450,180	4,983,491	(466,689)
Academic support	631,678	693,288	618,876	(74,412)
Student services	1,324,575	1,419,923	1,338,692	(81,231)
Institutional support	2,320,874	2,504,177	2,185,605	(318,572)
Operation and maintenance of plant	2,001,547	2,108,549	1,949,835	(158,714)
<b>Total expenditures</b>	<b>11,383,781</b>	<b>12,176,117</b>	<b>11,076,499</b>	<b>(1,099,618)</b>
Change in net assets - budgetary basis	(981,221)	(1,708,669)	(583,035)	1,125,634
Ending fund balance	\$ 698,366	\$ 1,096,080	\$ 2,221,714	\$ 1,125,634

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
RESTRICTED CURRENT FUNDS -  
SUMMARY OF INSTRUCTION AND GENERAL  
REVENUES AND EXPENDITURES BUDGET COMPARISONS  
For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>				
Tuition and fees	\$ -	-	3,688	\$ 3,688
Grants and contracts - federal	673,045	1,038,618	777,120	(261,498)
Grants and contracts - state	118,734	291,651	182,273	(109,378)
Gifts, grants and contracts - private	-	330,229		(330,229)
Other sources		7,802		(7,802)
	<u>791,779</u>	<u>1,668,300</u>	<u>963,081</u>	<u>(705,219)</u>
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	<u>791,779</u>	<u>1,668,300</u>	<u>963,081</u>	<u>(705,219)</u>
<b>Expenditures:</b>				
Instruction	156,134	689,532	264,879	(424,653)
Academic support	635,645	827,058	622,216	(204,842)
Student services		151,710	75,986	(75,724)
Total expenditures	<u>791,779</u>	<u>1,668,300</u>	<u>963,081</u>	<u>(705,219)</u>
Change in net assets - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF CASH AND CASH EQUIVALENTS  
Year Ended June 30, 2012**

**College:**

Account Name	Type of Account	Balance Per Bank Statement	Reconciled Balance Per Books
<b>Wells Fargo</b>			
Santa Rosa Account	Checking	\$ 7,459	\$ 7,214
Springer Account	Checking	6,486	6,486
	<b>Total</b>	<u>13,945</u>	<u>13,700</u>
<b>The Bank of Las Vegas</b>			
General Disbursement	Checking	3,157,939	3,081,003
Payroll	Checking	310,717	156,669
Student Activity	Checking	49,377	60,996
	<b>Total</b>	<u>3,518,033</u>	<u>3,298,668</u>
	<b>Total</b>	<u>\$ 3,531,978</u>	<u>\$ 3,312,368</u>

**Foundation:**

<b>Community 1st Bank</b>			
Checking	Checking	\$ 307,099	\$ 306,717
Short-Term Investments	Certificate of Deposit	212,306	215,482
	<b>Total</b>	<u>519,405</u>	<u>522,199</u>
<b>The Bank of Las Vegas</b>			
Short-Term Investments	Certificate of Deposit	262,910	262,910
	<b>Total</b>	<u>\$ 782,315</u>	<u>\$ 785,109</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2012**

	Wells Fargo	The Bank of Las Vegas			
Total amount on deposit at bank in checking accounts	\$ 13,945	3,518,033			
Total amount on deposit at bank in certificates of deposit	-	-			
Less FDIC Insurance	13,945	250,000			
	<hr/>	<hr/>			
Total uninsured public funds	\$ -	3,268,033			
	<hr/>	<hr/>			
50% collateral requirement (Section 6-10-17 NMSA 1978)	\$ -	1,634,017			
	<hr/>	<hr/>			
Security	CUSIP No.	Location	Maturity		
U.S. Treasury	3134G3KD1	Southwest Capital Bank	1/30/2019	-	500,000
U.S. Treasury	3128MDAT0	Southwest Capital Bank	10/1/2026	-	500,000
U.S. Treasury	3133XVNT4	Southwest Capital Bank	12/14/2012	-	1,000,000
				<hr/>	<hr/>
				-	2,000,000
				<hr/>	<hr/>
Amount over (under) collateralized				\$ -	365,983
				<hr/>	<hr/>

STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE

Schedule of Memorandums of Understanding  
For The Year Ended June 30, 2012

Participants	Administering Agency Responsible Party	Description	Begin Date	End Date	Total Amount	LCC Amount	Amount Expended as of 06/30/2012	Audit Party	Fiscal Agent	Reporting Agency
LCC / NMDOH	NMDOH	CDSMP Project Management	7.1.10	1.31.12		See SEFA		LCC	LCC	Both
LCC / WLYS FSCS	WLYS	Positive Academic Promo	7.23.10		N/A	N/A	N/A	LCC	LCC	Both
LCC / La Familia Medical Center	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / SMCDC	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / LVCYFD	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / Mora Community Health Services	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / Guadalupe County Hospital	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / El Centro Family Health	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / WLYS	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / Pecos Independent Schools	LCC	Student Smart Lab	9.30.10	9.30.11	N/A	N/A	N/A	LCC	LCC	Both
LCC / NMHU	NMHU	BCS Grant	10.1.10	9.30.11		See SEFA		LCC	LCC	Both
LCC / UNMH	LCC	Clinical Instruction	11.1.10	Termination	N/A	N/A	N/A	LCC	LCC	Both
LCC / NMHU	LCC / NMHU	SMET Articulation/Transfer	10.11.10	10.11.11	N/A	N/A	N/A	LCC	LCC	Both
LCC / NMHU	LCC / NMHU	Sports Performance Articulation/Transfer	10.1.10	10.1.11	N/A	N/A	N/A	LCC	LCC	Both
LCC / LVCS	LCC	Clinical Instruction	8.1.10	8.30.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / Mora Valley Dental Health Center	LCC	Clinical Instruction	1.1.11	7.28.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / NMSU	LCC	Articulation	2.10.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
LCC / SFCC / TAACCCT	LCC	Education & Career Training	4.15.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
LCC / NMHU	LCC	Transfer Agreement	3.24.11	3.24.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / NM Association of Counties	LCC	Public Safety Seminar	7.1.11	6.30.12	No Grant. Regular Instruction costs which vary			LCC	LCC	Both
LCC / SMCDC	LCC	GED Prep/Literacy Improvement/Work Readiness Classes	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both

STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE

Schedule of Memorandums of Understanding  
For The Year Ended June 30, 2012

Participants	Administering Agency Responsible Party	Description	Begin Date	End Date	Total Amount	LCC Amount	Amount Expended as of 06/30/2012	Audit Party	Fiscal Agent	Reporting Agency
LCC / SUNM	LCC	Transfer Agreement	5.5.11	5.5.12	N/A	N/A	N/A	LCC	LCC	Both
LCC / WLVS	LCC	Concurrent Enrollment / Dual Credit	5.4.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Collins Dental	LCC	Clinical Instruction	1.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Divine Dental	LCC	Clinical Instruction	1.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
El Centro Dental Clinic	LCC	Clinical Instruction	1.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Mora Valley Dental Health Center	LCC	Clinical Instruction	1.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Santa Fe Community College / TAAC	LCC	Education & Career Training	1.3.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
New Mexico State University	LCC	Articulation	2.10.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Highlands University	LCC / NMHU	Sports Performance	4.6.11	4.6.12	N/A	N/A	N/A	LCC	LCC	Both
Santa Fe Community College / TAACC	LCC	Articulation/Transfer	4.15.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
NMHU / SFCC	LCC/NMHU/SFCC	Education & Career Training	4.15.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
Dr. Robert Urquhart, DDS	LCC	Rural Sustainability	4.25.11	6.1.13	N/A	N/A	N/A	LCC	LCC	Both
West Las Vegas Family Partnership	LCC	Clinical Instruction	5.4.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
Southwest University of Naproathic	LCC	Concurrent Enrollment / Dual Credit	5.5.11	5.5.12	N/A	N/A	N/A	LCC	LCC	Both
US Department of Education / ABE	LCC	Transfer Agreement	5.10.11	5.10.12	N/A	N/A	N/A	LCC	LCC	Both
Department of Energy/Environment	LCC	Adult Basic Education Program	5.11.11	5.11.16	N/A	N/A	N/A	LCC	LCC	Both
Dr. Dennis Aragon, DDS	LCC	SMET Research & Enviro. Mgr	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. M. Thomas Ashbrook, DDS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Bonita Medical Center	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Edward Ebell, DDS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Philip Edgerton, DMD	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Randy Garcia, DDS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Jeffery Melton, DDS, MS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Patricia Peck, DDS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Just For Grins, Dr. Jacob Prishkulnik	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Daniel Sanchez, DDS	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both

**STATE OF NEW MEXICO**  
**LUNA COMMUNITY COLLEGE**  
 Schedule of Memorandums of Understanding  
 For The Year Ended June 30, 2012

Participants	Administrating Agency Responsible Party	Description	Begin Date	End Date	Total Amount	LCC Amount	Amount Expended as of 06/30/2012	Audit Party	Fiscal Agent	Reporting Agency
Dr. J. Uribe/ Bonita Medical Center	LCC	Clinical Instruction	6.1.11	7.28.13	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Behavioral Health Insttt	LCC	C.N.A. courses	6.20.11	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
Regional Development Corporation	LCC	Technical Training & Job Place	6.23.11	3.19.12	N/A	N/A	N/A	LCC	LCC	Both
San Miguel County	LCC / SMC	Economic Sustainability GED Prep/Literacy	6.27.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
San Miguel County Detention Center	LCC	Improvement/Work Readiness Classes GED Prep/Literacy	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
San Miguel County Detention Center	LCC	Readiness Classes	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Association of Counties	LCC	Public Safety Seminar	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
NM Small Business Development Cen	LCC	SBDC Cooperative Agreement Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Maxwell Municipal Schools	LCC	Dual Credit Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Mora Independent Schools	LCC	Dual Credit Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Pecos Independent Schools	LCC	Dual Credit Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Santa Rosa Consolidated Schools	LCC	Dual Credit Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Wagon Mound Public Schools	LCC	Dual Credit Concurrent Enrollment /	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Mesa View Alternative Schools	LCC	Dual Credit	7.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Department of Health	NMDOH	CDSMP Project Management	7.19.11	1.31.12	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Higher Education Institt	LCC / NMHEDI	Blackboard Software	7.27.11	5.30.12	\$ 44,000.00	See SEFA 44,000.00	\$ 44,000.00	LCC	LCC	Both
Miners Colfax Medical Center	LCC	Clinical Instruction	8.1.11	8.30.13	N/A	N/A	N/A	LCC	LCC	Both
United World College	LCC	Clinical Instruction	8.1.11	8.30.13	N/A	N/A	N/A	LCC	LCC	Both
Vida Encantada	LCC	Clinical Instruction	9.1.11	8.30.13	N/A	N/A	N/A	LCC	LCC	Both
HELP New Mexico	LCC / HELP NM	Vehicle Lease	9.13.11	9.13.12	N/A	N/A	N/A	LCC	LCC	Both
Presbyterian Health Services	LCC	Clinical Instruction	9.16.11	Termination	N/A	N/A	N/A	LCC	LCC	Both
Santa Fe Community College	LCC/SFCC	Green Building & Energy Effici Concurrent Enrollment /	9.23.11	9.22.12	N/A	N/A	N/A	LCC	LCC	Both
Pecos Independent Schools	LCC	Dual Credit	9.27.11	9.30.12	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Behavioral Health Insttt	LCC	C.N.A. Courses	11.1.11	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
New Mexico Highlands University	LCC	PASS Grant Concurrent Enrollment /	1.1.12	9.30.12	N/A	See SEFA	N/A	LCC	LCC	Both
Mora High School	LCC	Dual Credit	7.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
NM SBDC	LCC	Small Business Development	7.1.12	6.30.13	N/A	See SEFA	N/A	LCC	LCC	Both
San Miguel County Detention Center	LCC	Public Safety Seminar GED Prep/Literacy	7.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
San Miguel County Detention Center	LCC	Improvement/Work Readiness Classes	7.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both



**STATE OF NEW MEXICO**  
**LUNA COMMUNITY COLLEGE**  
 Schedule of Memorandums of Understanding  
 For The Year Ended June 30, 2012

Participants	Administering Agency Responsible Party	Description	Begin Date	End Date	Total Amount	LCC Amount	Amount Expended as of 06/30/2012	Audit Party	Fiscal Agent	Reporting Agency
Familia Dental	LCC	Clinical Instruction	6.1.11	6.28.13	N/A	N/A	N/A	LCC	LCC	Both
Guadalupe County Hospital	LCC	Clinical Instruction	1.27.12	8.30.14	N/A	N/A	N/A	LCC	LCC	Both
Alta Vista Regional Hospital	LCC	Clinical Instruction	2.1.12	1.31.15	N/A	N/A	N/A	LCC	LCC	Both
Dr. Balderamos	LCC	Clinical Instruction	7.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
NM Behavioral Health	LCC	C.N.A. Courses	7.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Elizabeth Wilson	LCC	Clinical Instruction	7.1.12	6.30.12	N/A	N/A	N/A	LCC	LCC	Both
Adventure Dental	LCC	Clinical Instruction	5.1.12	6.30.13	N/A	N/A	N/A	LCC	LCC	Both
WNMU	WNMU	Carl Perkins	7.1.12	6.30.13	N/A	See SEFA	N/A	LCC	LCC	Both
Albuquerque Modern Dentists	LCC	Clinical Instruction	5.1.12	7.30.13	N/A	N/A	N/A	LCC	LCC	Both
Dr. Kristine All, DMD	LCC	Clinical Instruction	5.1.12	7.30.13	N/A	N/A	N/A	LCC	LCC	Both
NM Behavioral Health Institution	LCC	Student Affiliation	7.1.12	6.30.15	N/A	N/A	N/A	LCC	LCC	Both
San Miguel County Detention Center	LCC	Clinical Instruction	7.1.12	6.30.15	N/A	N/A	N/A	LCC	LCC	Both
Taos Holy Cross	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Vida Encantada	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Mora Community Health Center	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Pecos Valley Medical Center	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
West Las Vegas Schools	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Esperanza Home Health / Hospice	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Guadalupe County Hospital	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both
Casa Real Nursing Operation	LCC	Clinical Instruction	8.1.12	8.30.15	N/A	N/A	N/A	LCC	LCC	Both

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Subaward Number	Federal Expenditures
<b>United States Treasury</b>			
National Service Award (Americorps)	94.006		<u>2,000</u>
<b>United States Small Business Administration</b>			
Passed through the New Mexico Small Business Development Center	59.037	4-603001-Z-0032-20	<u>21,689</u>
<b>United States Department of Education</b>			
Student Financial Aid Cluster			
SEOG	84.007	P007A112645 (11-12)	46,925
College Work Study	84.033	P033A112645 (11-12)	31,517
PELL Grant	84.063	P063P103271 (10-11)	18,066
PELL Grant	84.063	P063P113271 (11-12)	2,645,508
Direct Loans Subsidized	84.268	P268K113271 (10-11)	2,322
Direct Loans Subsidized	84.268	P268K123271 (11-12)	491,890
Direct Loans Un-Subsidized	84.268	P268K113271 (10-11)	845
Direct Loans Un-Subsidized	84.268	P268K123271 (11-12)	145,202
Total Student Financial Aid Cluster			<u>3,382,275</u>
Higher Education Institutional Aid - Title V	84.031S	P031S070001-10	177,820
Higher Education Institutional Aid - Title V	84.031S	P031S070001-11	435,846
			<u>613,666</u>
Passed through New Mexico Highlands University			
Higher Education Institutional Aid - Bridging Careers for Success	84.031C	P031C0880040-09/11 ext.	55,983
Higher Education Institutional Aid - PASS	84.031C	NMHU PO#P0121866	26,311
Total passed through New Mexico Highlands University			<u>82,294</u>
Total Higher Education Institutional Aid			<u>695,960</u>
Passed through the State of New Mexico Higher Education Department Adult Basic Education			
	84.022	689888 (11-12)	43,863
Passed through Western New Mexico University Carl Perkins Career/Mass Media			
	84.048	PO0050890 WNMU	37,297
Total Department of Education			<u>4,159,395</u>
<b>United States Department of Health and Human Services</b>			
Passed through the University of New Mexico			
AHEC	93.107	HRSA#U77HP03032-15	29,700
AHEC	93.107	HRSA#U77HP23074-01-00	46,060
Total passed through the University of New Mexico			<u>75,760</u>
Passed through the New Mexico Department of Health Chronic Disease Self-Management Program (ARRA)			
	93.725	ARRA #00000011966	50,621
Total United States Department of Health and Human Services			<u>126,381</u>
<b>Total Federal Expenditures</b>			<u>\$ 4,309,465</u>

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation.* The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

**NOTE 2. STUDENT FINANCIAL ASSISTANCE**

The College administers the Federal Direct Loan Program (CDFA 84.268). During the fiscal year ended June 30, 2012, the College processed \$640,259 of new loans under the Federal Direct Loan Program. The amounts processed under the direct loan program are included on the Schedule of Expenditures of Federal Awards.

**NOTE 3. OTHER DISCLOSURES**

The College did not receive any non-cash assistance, there was no insurance in effect during the year and no federal loan guarantees are outstanding at year end.

THE BOARD OF DIRECTORS OF THE COMPANY HAS REVIEWED THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2011 AND HAS APPROVED THEM FOR ISSUANCE TO THE SHAREHOLDERS.

THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2011 HAVE BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2006 AND THE COMPANIES (ACCOUNTS) REGULATIONS, 2009.

THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2011 HAVE BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2006 AND THE COMPANIES (ACCOUNTS) REGULATIONS, 2009.

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THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2011 HAVE BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2006 AND THE COMPANIES (ACCOUNTS) REGULATIONS, 2009.

### **SINGLE AUDIT SECTION**

THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31st MARCH 2011 HAVE BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2006 AND THE COMPANIES (ACCOUNTS) REGULATIONS, 2009.

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

The Board of Trustees  
Luna Community College  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited the basic financial statements of the State of New Mexico Luna Community College (the "College") and its discretely presented component unit, and the budget comparison presented as supplemental information as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any

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deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting listed as findings 09-03, 11-01, and 11-02. 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.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the Foundation, the New Mexico Higher Education Department, the New Mexico State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 13, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

The Board of Trustees  
Luna Community College  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

**Compliance**

We have audited the State of New Mexico Luna Community College's (the "College") 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, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

The Board of Trustees  
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In our opinion, the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-04 and 12-01.

#### **Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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



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above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11-04. 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.

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the New Mexico Higher Education Department, the New Mexico State Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 13, 2012

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2012**

Finding 09-03	Foundation Accounting Records	Repeated/Revised
Finding 11-01	Segregation of Duties	Repeated/Revised
Finding 11-02	Fixed Asset Inventory	Repeated/Revised
Finding 11-03	Student Financial Aid – Return to Title IV	Resolved
Finding 11-04	Student Financial Aid – Enrollment Reporting	Repeated/Revised
Finding 11-05	Budget Overages	Resolved

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified?   X   yes    \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Various	Student Financial Aid Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$   300,000  

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section II - Financial Statement Findings**

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**09-03 Foundation Accounting Processes (Significant Deficiency)**

**CONDITION/CONTEXT**

During testing it was also noted that there were no segregation of duties for the individual receiving cash receipts and the individual recording them.

**CRITERIA**

Proper internal control structure requires an appropriate segregation of duties so as to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Segregation of duties is especially important when dealing with cash.

**CAUSE**

There are no formalized policies for receipt and recording of cash. The failure to segregate duties is a result of having only one employee of the foundation.

**EFFECT**

A failure to establish appropriate segregation of duties over cash receipts provides for greater opportunity of error or misappropriation of funds.

**RECOMMENDATION**

We recommend that the Foundation separate the receiving function from the recording function for cash receipts.

**MANAGEMENT RESPONSE**

The LCC Foundation concurs with the auditors and will separate the receiving function from the recording function for cash receipts. The LCC Board will monthly review deposits and tracking sheets and compare them against the bank statements, Profit and Loss Statement, and Balance Sheet.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section II - Financial Statement Findings (continued)**

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**11-01 Segregation of Duties (Significant Deficiency)**

**CONDITION/CONTEXT**

During testing of the Financial Close and Reporting processes it was noted the one employee has the ability to write Journal Entries with another employee under them reviewing them.

**CRITERIA**

Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions.

**CAUSE**

Policies and procedures are not sufficient to ensure proper segregation of duties.

**EFFECT**

The lack of segregation of duties could lead to misstatements in the financial statements as well as inappropriate actions by employees.

**RECOMMENDATION**

The college needs to develop accounting policies that provide adequate segregation of duties for the posting and custody of the Accounts Receivable listing as well as proper review of journal entries

**MANAGEMENT RESPONSE**

The CFO will only prepare the journal entry and have the Fiscal Office Manager enter it. This will also lend itself to further cross training of year end closing procedures and financial statement preparation.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section II - Financial Statement Findings (continued)**

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**11-02 Fixed Asset Inventory (Significant Deficiency)**

**CONDITION/CONTEXT**

While physical inventories are taken of the fixed assets, these inventories are ongoing and have not been completed as of audit procedures resulting in assets that the College no longer has still being maintained within the accounting system.

**CRITERIA**

Sound accounting practices state that, to ensure that amounts are properly reflected in the accounting system, appropriate reconciliations should be performed for sub ledgers.

**CAUSE**

The College has many very old items on their fixed asset listing and are having difficulty performing physical inventories over all items.

**EFFECT**

Fixed assets are misstated as there are assets still maintained in the accounting system that the College no longer has.

**RECOMMENDATION**

The College should develop formalized policies and procedures to ensure that the physical inventory is being properly performed timely and reconciled to the general ledger.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section II - Financial Statement Findings (continued)**

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**MANAGEMENT RESPONSE**

Luna Community College acknowledges the finding and ensures that the inventory audits will be more accurate as the files and the records are being updated.

1. Complete asset listing from LCC software management system will be printed and compared to the depreciation summary listing,
2. Thorough search of items will take place,
3. Items not found will be noted and added to listing for removal,
4. When listing is approved removal of items will take place on both the Management Software system and our reports.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section III - Federal Award Findings and Questioned Costs**

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**11-04 Student Financial Aid – Enrollment Reporting (Direct Loan) (Significant Deficiency/Non-Compliance)**

*Federal program information:*

Funding agency: U.S. Department of Education  
Title: Student Financial Aid Cluster  
CFDA Number: Various

**CONDITION/CONTEXT**

During our test work of the Student Financial Aid program, we determined that student status changes were not being properly reported in the National Student Loan Data System. One of the six students tested were reported to NSLDS late (after 30 days).

**CRITERIA**

Per 34 CFR section 685.309, schools must complete and return within 30 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file with the default set at every two months, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

**QUESTIONED COSTS**

None noted.



**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section III - Federal Award Findings and Questioned Costs (continued)**

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**11-04 Student Financial Aid – Enrollment Reporting (Direct Loan) (Significant Deficiency/Non-Compliance)**

*Federal program information:*

Funding agency: U.S. Department of Education  
Title: Student Financial Aid Cluster  
CFDA Number: 84.268

**EFFECT**

Failure to report student status changes timely or correctly increases the risk of errors and could result in improper use of federal funds.

**CAUSE**

The College lacks formal processes and review procedures related to monitoring and notifying NSLDS of student status changes.

**RECOMMENDATION**

We recommend that the College ensures that the student status changes review process is designed to capture errors in the reporting of student status change information and ensure information is reported timely.

**MANAGEMENT RESPONSE**

We have made adjustments to how the enrollment reporting will be done. The SSCR will be submitted by the required dates and all adjustments to enrollment will be reported to the NSLDS on a monthly basis ensuring the 30 day timeframe is met. This reporting will be done by the Associate Director and will be done by using the day-to-day drop reports ran out of the Jenzabar/CARSsoftware.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section III - Federal Award Findings and Questioned Costs (continued)**

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**12-01 Student Financial Aid Programs - Borrower Data Transmission and Reconciliation (Non-Compliance)**

**Funding Agency: U.S. Department of Education**

**Title: Student Financial Aid Cluster**

**CFDA Number: 84.268**

**CONDITION**

During testing, it was noted that monthly reconciliations of the Direct Loan program payments had not been reconciled to the School Account Statement (SAS) data file provided by the Common Origination and Disbursement (COD).

**CRITERIA**

34 CFR sections 685.102(b), 685.301, and 303 states that each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records.

**QUESTIONED COSTS**

None

**EFFECT**

The College did not perform the required reconciliations for the year under audit. They were, therefore, not in compliance with program requirements.

**CAUSE**

The Student Financial Aid Director is new to the position this year and was not aware of this requirement.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012**

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**Section III - Federal Award Findings and Questioned Costs (continued)**

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**12-01 Student Financial Aid Programs - Borrower Data Transmission and Reconciliation (Continued)**

**RECOMMENDATION**

We recommend that the College personnel responsible for the financial aid program ensure they are current on program requirements so that the College stays in compliance.

**MANAGEMENT RESPONSE**

The required reconciliation will be performed monthly using information provided from powerFAIDS, jenzabar/CARS, and COD. The monthly statements will be downloaded into Direct Loans for windows and a running reconciliation will be done through the use of Microsoft Excel. The reconciliation process will also be added to the master Financial Aid calendar in order to remain compliant with Title IV regulations.

**STATE OF NEW MEXICO  
LUNA COMMUNITY COLLEGE  
EXIT CONFERENCE  
June 30, 2012**

The contents of this report were discussed in the exit conference held on November 13, 2012 with the following in attendance:

**Representing Luna Community College:**

Pete Campos	President
Donna Flores-Medina	Chief Financial Officer
Thomas Jerry Maestas	Board of Trustees Chairman
Tony Valdez	Board of Trustees Vice Chairman
Francina Martinez	Controller
Lawrence Quintana	HR Director
Vidal Martinez	VP Academics
Miguel Martinez	Purchasing Director

**Representing Luna Community College Foundation:**

Chris Cavazos	Board of Trustees Chairman
Sarah Flores	Foundation Executive Director

**Representing Moss Adams LLP:**

Scott Eliason	Partner
Mandy Huggard	Manager

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of Luna Community College.