

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

**Financial Statements
With Independent Auditor's Report Thereon
June 30, 2008**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

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June 30, 2008**

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**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

**Official Roster
June 30, 2008**

<u>Trustees</u>	<u>Term Expires</u>	<u>Title</u>
Mr. Gayla Brumfield	2013	Chairman
Mr. Arnold Martinez	2011	Secretary
Mr. Charles Guthals	2013	Board Member
Mr. Russell Muffley	2009	Board Member
Mr. Terry Martin	2009	Board Member

University Officials

Dr. John Neibling	President
Mr. Tom Drake	Assistant to the President
Mr. David Pacheco	Vice President for Administration

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the business type activities and the discretely presented component unit of Clovis Community College (the "College"), as of and for the year ended June 30, 2008, as listed in the table of contents. We have also audited the budget comparison statements presented as supplementary information in the accompanying Schedules I, II, III, IV, and V for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Clovis Community 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 with 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the College as of June 30, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects, the budgetary comparisons of Clovis Community College for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2008 on our consideration of Clovis Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied

certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clovis Community College's basic financial statements and the budgetary comparisons. The accompanying financial information listed as supporting Schedules VII, VIII, and IX in the Table of Contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Also, the Schedule of Expenditures of Federal Awards, Schedule X, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Miller & Associates, CPA, PC

Miller & Associates, CPA, PC
October 20, 2008

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Clovis Community College (CCC or the College) for the year ended June 30, 2008. This discussion should be read along with the accompanying financial statements and footnotes included therein. Management assisted Miller & Associates in the preparation of the basic financial statements and related note disclosures and has prepared this discussion and analysis. The basic financial statements, notes, and this discussion, are the responsibility of CCC management.

This management's discussion and analysis (MD&A) includes comparative financial information for fiscal years 2007 and 2008.

Using the Basic Financial Statements

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of fiscal year 2008. It is a point-in-time financial statement, the purpose of which is to give the readers a fiscal snapshot of the financial condition of CCC. The statement presents end-of-year data concerning current and non-current assets, current and non-current liabilities, and net assets.

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenue, Expenses, and Changes in Net Assets (SRECNA). The purpose of the SRECNA is to present the revenue received by the College as well as expenses, gains, and losses received or incurred by the College.

The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, capital, financing, and investing activities. The statement is prepared using the direct method of cash flows, presenting gross amounts for the year's activities.

Reporting Entity

This financial report presents the basic financial statements of the College and its component unit, the Clovis Community College Foundation (the Foundation). The College acts as the fiscal agent for the Foundation and is therefore considered financially accountable based on criteria set forth in GASB Statement 14, The Financial Reporting Entity.

STATE OF NEW MEXICO
 Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2008

Net Assets and Revenue, Expenses , and Changes in Net Assets

Condensed Summary of Net Assets
 For Fiscal Years Ended June 30, 2007 and 2008

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Assets		
Current Assets	\$ 5,590,070	\$ 7,070,749
Capital Assets, net	<u>19,728,658</u>	<u>19,518,034</u>
Total Assets	<u>25,318,728</u>	<u>26,588,783</u>
Liabilities		
Current Liabilities	1,278,770	1,241,499
Non-Current Liabilities	<u>1,972,412</u>	<u>1,711,577</u>
Total Liabilities	<u>3,251,182</u>	<u>2,953,076</u>
Net Assets	<u>\$ 22,067,546</u>	<u>\$ 23,635,707</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	17,888,658	17,768,034
Restricted	500,818	651,396
Unrestricted	<u>3,678,070</u>	<u>5,216,277</u>
Total Net Assets	<u>\$ 22,067,546</u>	<u>\$ 23,635,707</u>

Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The most significant current assets of the College at June 30, 2008 are cash and cash equivalents of \$3,920,174.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued annual leave. Bonds payable is the largest liability of the College, totaling \$1,840,000. Annual debt service for the bonds is approximately \$175,000 through the year 2022.

Non-current assets are capital assets, net of accumulated depreciation, of \$19,733,816.

STATE OF NEW MEXICO
 Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2008

Net Assets and Revenue, Expenses , and Changes in Net Assets

Condensed Summary of Revenues and Expenses
 For Fiscal Years Ended June 30, 2007 and 2008

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Operating Revenues by Major Source		
Tuition and Fees	\$ 1,231,564	\$ 1,228,152
Grants and Contracts	6,044,407	6,113,518
Auxiliary Services	1,134,540	1,278,232
Other	370,061	251,837
Total Operating Revenues	<u>8,780,572</u>	<u>8,871,739</u>
Operating Expenses by Major Function		
Instruction	6,474,750	7,114,037
Academic Support	1,148,944	1,207,300
Student Services	1,817,363	1,758,928
Institutional Support	1,808,016	1,824,986
Operation and Maintenance of Plant	1,570,896	1,612,349
Depreciation	1,394,903	1,346,499
Public Service	1,891,698	2,178,482
Student Aid	1,541,307	1,726,460
Auxiliary Services	1,577,529	1,637,931
Other Operating Expenses	620,809	822,457
Total Operating Expenses	<u>19,846,215</u>	<u>21,229,429</u>
Non-Operating Revenues (Expenses)		
State Appropriation	10,787,733	12,729,636
Local Tax Levy	858,291	943,508
Investment Income	6,523	(1,299)
Private Gifts	3,294	126,806
Gain (Loss) on Disposal of Capital Assets	(25,861)	(30,627)
Interest on Capital Asset Related Debt	(75,700)	(86,803)
Other	-	-
Total Non-Operating Revenues (Expenses)	<u>11,554,280</u>	<u>13,681,221</u>
Total Increase (Decrease) in Net Assets	<u>\$ 488,637</u>	<u>\$ 1,323,531</u>

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Revenues in the reporting model are shown by source of funding. Operating revenues are generally defined as exchange transactions that are produced in the primary business functions of the College, including instruction, public service, and auxiliary services. Non-operating revenues are generally defined as non-exchange transactions and include state appropriations, local tax levy, gifts, and interest income. While classified as non-operating revenue, state appropriations account for a vast majority of the College's revenues and provide much-needed support for the operation of the College.

Operating expenses for the College are presented in a functional format showing the major functions of the College, with expenditures for instruction and for the support of instruction representing a majority of operating expenses.

Total net assets (assets minus liabilities) are classified by the College's ability to use those assets to meet operating needs. Net assets that are restricted as to their use by sponsoring agencies or donors are classified as non-expendable (for example, permanent endowments) or expendable (contract or grant net assets). Unrestricted net assets may be used to meet all operating needs of the College.

General Budgetary Highlights

During Fiscal Year 2008, the Board of Trustees and the New Mexico Higher Education Department approved budget adjustments to reflect final audited balances forward, and changes in additional revenue and expenditures.

Unrestricted and restricted actual revenues were 87% of budgeted expectations and expenditures were 80% of budgeted expectations, resulting in a net increase of \$1,708,930 in net assets on a budgetary basis. Actual revenues were below budgeted revenues in the amount of \$6,729,225 and actual expenditures were below budgeted expenditures in the amount of \$9,013,024. This was due primarily to: (1) \$3,000,000 budgeted in State Appropriations in capital funding for a new Allied Health Science Center which began construction in May 2008 and will continue through Spring 2009, and (2) \$4,672,530 budgeted revenue for Restricted Funds (Student Financial Aid and Grants and Contracts) which for Grants and Contracts is budgeted for multiple fiscal years. Clovis Community College distributes Pell Grant financial aid to approximately one-half of its students. This grant alone comprises a majority of the federal funds received and expended at the College. While the 1 in 2 ratio remains nearly constant from fiscal year to fiscal year, the amount of Pell Grant eligibility for the students does not. These funds must be distributed to eligible students regardless of the College's budget for this line item. However, if the line item exceeds the budget, the College faces an audit finding. Therefore, to insure that the College is able to distribute financial aid to students and not exceed its budget for this item, the budgeted amounts for revenue and expense are inflated.

The College has been awarded five multi-year federal grants since 2005. The primary purposes of these grants are: 1) to prepare and transition high school students into college and 2) to better serve students registered at Clovis Community College. Three of these federal grants will begin in the College's 2007-2008 fiscal year and will increase the Restricted Funds budget by approximately \$1,275,000.

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Analysis of Overall Financial Position

The overall financial position of the College is stable. The College's current ratio, the amount of current assets available to cover current liabilities, is 5.7 to 1. The actual increase in net assets, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Assets, is \$1,323,531. This amount is an increase of \$834,894 over the prior year's increase in net assets and is due primarily to: an increase in non-operating revenues for state appropriations and local tax levy, and a conservative approach to Instruction and General expenditures. The conservative approach to I&G expenditures is due to the continued transition of missions at Cannon Air Force Base which led to a decrease in enrollment at the College. Now that Cannon Air Force Base is moving forward with their mission transition, the College is in a very good position to be able to support an expected growth in students.

Factors Impacting Future Periods

Clovis Community College experienced enrollment declines in the prior fiscal years 2006-2007 and 2007-2008 which resulted in an adjustment of the state appropriation formula base and a decrease in state appropriation revenue. The enrollment decline in fiscal year 2006-2007 was sufficient to trigger a decrease in state appropriation formula funds for the college in the amount of \$865,409, effective with fiscal year 2007-2008; this funding decrease was offset by a non-recurring legislative enrollment decline offset appropriation in the amount of \$724,300. The enrollment decline in fiscal year 2006-2007 triggered a second decrease in state appropriation formula funds for the college in the approximate amount of \$628,000. The New Mexico Legislature provided relief to institutions of higher education in the state by allowing the decrease to be reduced in gradual increments; in the case of Clovis Community College, the funding decrease will be spread over three fiscal years. The College expects that enrollment will return to the growth pattern experienced by the college now that the new mission has been assigned to Cannon Air Force Base and has commenced to transfer the new units to the base. Enrollment in fiscal year 2007-08 was stable.

All of the modules in the new Banner administrative software have been successfully implemented. This software is in use by most higher education institutions in New Mexico and will allow the New Mexico Higher Education Department to request data that is being consistently reported in the same format.

The College Trustees approved a successful bidder on a Request For Proposal for construction of a new facility to house the Allied Health programs. Construction has begun and the anticipated completion date is May 2009. This facility will allow student growth in the allied health science programs, and will provide more space for classrooms and labs in the main building of the College. Funding for Phase II of this project is on the November ballot for the State G.O. Bond issue. Approval by the voters of the G.O. Bond will allow completion of faculty offices in the new building.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statements of Net Assets
June 30, 2008

ASSETS	Primary Institution	Component Unit CCC Foundation
Current:		
Cash and Cash Equivalents	\$ 199,788	\$ 12,227
Restricted Cash	651,396	-
Investment in State General Fund Investment Pool	4,011,000	935,000
Accounts Receivable, net	1,444,045	5,031
Inventories	433,256	-
Prepaid Expenses and Deferred Charges	331,264	-
Total Current Assets	7,070,749	952,258
Noncurrent:		
Capital Assets, Net	19,518,034	77,495
Other Assets	-	4,506
Total Noncurrent Assets	19,518,034	82,001
Total Assets	\$ 26,588,783	\$ 1,034,259
LIABILITIES		
Current:		
Accounts Payable and Accrued Liabilities	\$ 476,966	\$ 18,000
Deferred Revenue	293,566	-
Compensated Absences Payable	380,967	-
Current Portion of Long-Term Obligations	90,000	-
Total Current Liabilities	1,241,499	18,000
Noncurrent:		
Accrued Compensated Absences	51,577	-
Noncurrent Portion of Long-Term Obligations	1,660,000	-
Total Noncurrent Liabilities	1,711,577	-
Total Liabilities	2,953,076	18,000
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	17,768,034	77,495
Restricted:		
Nonexpendable:		
Scholarships	651,396	712,830
Expendable:		
Other	-	116
Unrestricted	5,216,277	225,818
Total Net Assets	23,635,707	1,016,259
Total Liabilities and Net Assets	\$ 26,588,783	\$ 1,034,259

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	<u>Primary Institution</u>	<u>Component Unit CCC Foundation</u>
Operating Revenues:		
Student Tuition and Fees (net of scholarship allowance of \$881,288)	\$ 1,228,152	\$ -
Federal Grants and Contracts	4,341,737	-
State Grants and Contracts	1,620,850	-
Private Grants and Contracts	150,931	-
Sales and Services (net of scholarship allowance of \$430,309)	1,278,232	-
Other Operating Revenues	251,837	-
Total Operating Revenues	<u>8,871,739</u>	<u>-</u>
Operating Expenses:		
Education and General		
Instruction	7,114,037	-
Public Service	2,178,482	-
Academic Support	1,207,300	-
Student Services	1,758,928	-
Institutional Support	1,824,986	-
Student Social and Cultural	107,887	-
Internal Services	(515,661)	-
Operation and Maintenance of Plant	1,612,349	-
Depreciation & Amortization	1,346,499	2,346
Student Aid	1,726,460	-
Auxiliary Enterprises	1,637,931	-
Other Operating Expenses	1,230,231	67,106
Total Operating Expenses	<u>21,229,429</u>	<u>69,452</u>
Operating Income/(Loss)	(12,357,690)	(69,452)
Non-operating Revenue (Expenses)		
Ad Valorem Taxes	943,508	-
State Appropriations	12,729,636	-
Private Gifts	126,806	264,081
Investment Income (Loss) - Net of Expenses	(1,299)	27,254
Interest on Capital Asset Related Debt	(86,803)	-
Loss on Disposal of Capital Assets	(30,627)	-
Other Non-Operating Revenues	-	6,900
Other Non-Operating Expenses	-	(1,285)
Total Non-Operating Revenues/(Expenses)	<u>13,681,221</u>	<u>296,950</u>
Increase in Net Assets	<u>1,323,531</u>	<u>227,498</u>
Beginning net assets - as previously reported	22,072,704	788,761
Restatement	239,472	-
Beginning net assets - as restated	<u>22,312,176</u>	<u>788,761</u>
Net Assets, End of Year	<u>\$ 23,635,707</u>	<u>\$ 1,016,259</u>

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statements of Cash Flows
For the Year Ended June 30, 2008

	<u>Primary Institution</u>	<u>Component Unit CCC Foundation</u>
Cash Flows from Operating Activities		
Receipts from Student Tuition and Fees	\$ 1,154,867	\$ -
Receipts from Grants and Contracts	5,816,781	-
Other Receipts	2,045,730	-
Payments to or on Behalf of Employees	(12,402,522)	-
Payment to Suppliers for Goods and Services	(4,821,376)	(9,181)
Payments for Scholarships	(1,726,460)	(40,615)
Payments for Institutional Support	(1,824,986)	-
Net Cash Provided/(Used) by Operating Activities	<u>(11,757,966)</u>	<u>(49,796)</u>
Cash Flows from Non-Capital Financing Activities		
Ad Valorem Tax Revenues	943,508	-
State Appropriations	12,729,636	-
Gifts and Grants Received for Non-Capital Purposes	126,807	264,912
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>13,799,951</u>	<u>264,912</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(901,727)	-
Capital Assets Abandoned	30,627	-
Payments on Capital Debt	(176,803)	-
Net Cash Provided/(Used) by Capital and Related Financing	<u>(1,047,903)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment Earnings	-	27,254
Investment	(31,926)	-
Other Non-Operating Income Net of Related Expenses	-	5,615
Net Cash Provided/(Used) by Investing Activities	<u>(31,926)</u>	<u>32,869</u>
Increase (Decrease) in Cash and Cash Equivalents	962,156	247,985
Cash and Cash Equivalents - Beginning of Year	3,920,174	699,242
Prior Year Reclassification of Agency Fund Cash	(20,146)	-
Cash and Cash Equivalents - As Restated	<u>3,900,028</u>	<u>699,242</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,862,184</u>	<u>\$ 947,227</u>

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statements of Cash Flows
For the Year Ended June 30, 2008

	<u>Primary Institution</u>	<u>Component Unit CCC Foundation</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operations		
Operating Income/(Loss)	\$ (12,357,690)	\$ (69,452)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operations:		
Depreciation and Amortization	1,346,499	2,165
Change in Assets and Liabilities:		
Receivables	(296,737)	-
Inventories	(93,091)	-
Other Assets	(148,841)	181
Accounts Payable & Deferred Liabilities	(98,933)	17,310
Compensated Absences	(35,888)	-
Deferred Revenue	(73,285)	-
Net Cash Provided/(Used) by Operating Activities	<u>\$ (11,757,966)</u>	<u>\$ (49,796)</u>

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

ASSETS

Cash and cash equivalents	\$ 25,451
	<hr/>
Total assets	\$ 25,451
	<hr/> <hr/>

LIABILITIES

Accounts payable	\$ 364
Due to student organizations	25,087
	<hr/>
Total liabilities	\$ 25,451
	<hr/> <hr/>

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008

NOTE 1: NATURE OF ACTIVITIES

Clovis Community College (the "College") is a two (2) year institution of higher education on a campus located in the east central part of the State of New Mexico. The College has an enrollment of approximately 4,000 students, primarily from Eastern New Mexico and West Texas. The College is supported primarily by federal and state appropriations and tuition.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

As of July 1, 2002, Clovis Community College and its component unit were required to implement Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements and management's discussion and Analysis for State and Local Governments*; GASB Statement No. 35 - *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; GASB Statement No. 37 ~ *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; GASB Statement No. 38 *Certain Financial Statement Note Disclosures*. This financial report provides an entity-wide perspective of the College's assets, liabilities, and net assets, revenues, expenses and changes in net assets, and cash flows. Presentation under GASB Statement Nos. 34, 35, 37, and 38 replaces the fund-group accounting perspective that was previously required.

As required by GASB Statement No. 39, these basic financial statements present the College and its component unit, an entity for which the College is considered to be financially accountable. This entity is the Clovis Community College Foundation, and was selected for inclusion based on criteria as set forth in GASB Statement No. 39. The entity is discretely presented.

B. Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-entity 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 after the applicable date.

C. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Estimates (continued)

and expenses during the reported period. Actual results could differ significantly from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with original maturities of three months or less.

E. Receivables and Payables

The College records student accounts receivable at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain adequate allowance for anticipated losses. See Note 4 for segregation of accounts receivable.

Accrued liabilities consist of \$25,922 in payroll and related tax liabilities.

F. Inventories

Inventories, consisting mainly of bookstore, cosmetology, and snack bar items held for resale, valued at the lower of cost or market on a first-in, first-out (FIFO) basis. They are reported at cost.

G. Capital Assets

Capital assets are recorded at original cost, or fair value if donated. The College's capitalization policy for moveable equipment includes all items with a unit cost of \$5,000 or more and an estimated useful life 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. Information Technology Equipment, including software, is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9C(5). Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight line method over the estimated useful lives of the assets, as follows:

	<u>Life in Years</u>
Buildings and improvements	40
Land improvements	20
Library books	10
Equipment	5-12
Software	3-5

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

Invested in capital assets, net of related debt represents the College's total investment in capital assets net of outstanding debt 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 component of invested in capital assets, net of related debt.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Net Assets (continued)

Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net assets are resources that the College is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted, non-expendable net assets consist of endowment and similar funds in which third parties 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. The income generated from the principal may be expended or added to principal. The amount of net appreciation for the College and the Foundation are \$24,275 and \$25,011, respectively.

Unrestricted net assets consist of those operating funds over which the governing board retains full control to use in achieving any of its authorized use.

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 toward restricted resources, and then toward unrestricted resources.

I. Classification of Revenues

The College's revenues are classified as operating or non-operating according to the following criteria:

Operating Revenues

Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances; b) sales and services; and c) non-exchange transactions such as contracts and grants.

Non-operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as a) appropriations; b) taxes; and c) investment income.

Student tuition and fee revenue and auxiliary enterprises revenue from students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as operating or non-operating revenue in the College's financial statements. To the extent that revenue from such programs are used to satisfy tuition and fees, other student charges, and auxiliary enterprise charges the College has recorded a scholarship allowance.

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Classification of Revenues (continued)

Deferred revenue consists primarily of advances from contracts and grants. Revenue is recognized to the extent expenses are incurred.

J. Expenses

The College's expenses are classified as operating or non-operating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expenses; b) scholarships and fellowships, net of scholarship discounts and allowances; c) utilities, supplies, and other services; d) professional fees; and e) depreciation expenses related to College property, plant, and equipment.

Non-operating expense include activities that have the characteristics of non-exchange transactions, such as interest on capital-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No.9 - *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

K. Accounting Changes

As a result of the adoption of GASB Statement Nos. 34, 35, 37, and 38, the financial statements are required to provide a comprehensive perspective of the College's assets, liabilities, and net assets, revenues, expenses, and changes in net assets, and cash flows, and replaces the fund group perspective that was previously required. The impact of adopting the new standards resulted in adding management's discussion and analysis as required supplementary information; adding a direct method statement of cash flows; classifying net assets as invested in capital assets, net of related debt, restricted and unrestricted; classifying the statement of net assets between current and non-current assets and liabilities and classifying revenue and expenses as operating and non-operating.

L. Tax Status

The income generated by the college is excluded from Federal income taxes under Section 115(a) of the Internal Revenue Code. The College is exempt under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501 (c) (3). See Note 13 for the Discrete Component Unit: Clovis Community College Foundation.

M. Budgetary Process

Operating budgets are submitted for approval to the Board of Trustees, the State of New Mexico Higher Education Department (HED), and the State Budget Division of the Department of Finance and Administration (DFA) and are prepared on a modified accrual basis, including capital outlay and retirement of indebtedness. Similarly, separate legislative budget requests are submitted to the Board of Trustees, HED and the DFA for inclusion in the State of New Mexico Executive Budget for consideration of appropriations by the state legislature.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budgetary Process (continued)

Total expenditures or transfers in each of these items of budgetary control may not exceed the amount shown in the approved budget - A. unrestricted expenditures and restricted expenditures are considered separately; B. instruction and general; C. each budget function in current funds other than instruction and general; D. within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service; and E. each individual item of transfer between funds and/or functions.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the deposit and investment of College funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and repurchase (overnight) agreements. All funds of the College must follow these investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks, or savings and loan associations within the geographical boundaries of the College. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

At June 30, 2008, the carrying amount of the College's deposits was \$5,836,964 and the bank balance was \$1,757,327. The entire bank balance throughout the year was covered by federal depository insurance and by collateral held by the College's agent in the College's name.

The collateral pledged is listed on Schedule VIII of this report. The type of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. For cash, custodial credit risk is the risk that in the event of the failure of the bank, the College will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The College has \$1,678,425 exposed to custodial credit risk. The College's \$1,678,425 investment in a repurchase agreement is an uninsured and unregistered investment for which the securities are held by the counterparty, or by its trust department in the College's name.

The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

	New Mexico Bank & Trust	Penn Security	NM Bank & Trust Repurchase Agreement	Total
Total amount of deposits	\$ 71,927	\$ 6,975	\$ 1,678,425	\$ 1,757,327
Less: FDIC coverage	71,927	6,975	-	78,902
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,678,425</u>	<u>\$1,678,425</u>
Collateral requirement	\$ -	\$ -	\$ 1,711,994	\$ 1,711,994
Less: Pledged security	-	-	1,936,759	1,936,759
Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,765</u>	<u>\$ 224,765</u>

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the College. Time deposits, savings deposits and interest bearing NOW accounts of an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

The carrying amount of the portfolio approximates the fair value based on quoted market prices of all investments at June 30, 2008.

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government.

The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits. At June 30, 2008, the New MexiGROW Local Government Investment Pool was rated at AAAM and was considered a 46-day WAM.

Investment	Maturities	Fair Value
State investment pool - College	<180 days	\$ 4,011,000
State investment pool - Foundation	<180 days	935,000

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 4: RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	Primary Institution	Component Unit
Tuition and fees	\$ 618,196	\$ -
Contracts and grants	1,105,507	-
Interactive accounts	392,383	-
Accrued interest receivables	7,938	1,850
Other	18,296	3,181
	<u>2,142,320</u>	<u>5,031</u>
Less: Allowance for doubtful accounts	(698,275)	-
Net Total Receivables	<u>\$ 1,444,045</u>	<u>\$ 5,031</u>

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Adjustments	Restated Balance June 30, 2008	Additions	Deletions	Balance June 30, 2008
Not depreciated:						
Land	\$ 286,400	\$ -	\$ 286,400	\$ -	\$ -	\$ 286,400
Construction in progress	267,167	-	267,167	636,860	267,167	636,860
Fine arts	745,165	-	745,165	-	-	745,165
Other capital assets:						
Land improvements	1,836,373	-	1,836,373	-	-	1,836,373
Building improvements	23,827,797	300,000	24,127,797	312,167	-	24,439,964
Library books	1,864,194	-	1,864,194	27,065	35,765	1,855,494
Equipment	6,954,274	-	6,954,274	192,802	706,619	6,440,457
<i>Total capital assets</i>	<u>35,781,370</u>	<u>300,000</u>	<u>36,081,370</u>	<u>1,168,894</u>	<u>1,009,551</u>	<u>36,240,713</u>
Accumulated Depreciation:						
Land improvements	1,053,944	-	1,053,944	64,651	-	1,118,595
Building & improvements	9,345,246	36,000	9,381,246	616,174	-	9,997,420
Library books	1,622,980	-	1,622,980	59,191	35,764	1,646,407
Equipment	4,025,384	4,382	4,029,766	606,483	675,992	3,960,257
<i>Total accumulated depreciation</i>	<u>16,047,554</u>	<u>40,382</u>	<u>16,087,936</u>	<u>1,346,499</u>	<u>711,756</u>	<u>16,722,679</u>
<i>Total capital assets - net</i>	<u>\$19,733,816</u>	<u>\$259,618</u>	<u>\$19,993,434</u>	<u>\$ (177,605)</u>	<u>\$297,795</u>	<u>\$19,518,034</u>
<i>Component unit - net capital assets</i>	<u>\$ 79,660</u>	<u>\$ -</u>	<u>\$ 79,660</u>	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 77,495</u>

NOTE 6: DEFERRED REVENUE

Deferred revenue consists of summer tuition revenue in the amount of \$293,566 at June 30, 2008.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 7: COMPENSATED ABSENCES

College employees earn annual leave at various rates based upon type of employment and such leave may be accumulated to a maximum of 352 hours.

Employees also earn sick leave at various rates based upon type of employment to a maximum accumulation of 1,040 hours. Sick leave is not payable to the employee and is lost upon termination; therefore, no accrual is made for sick leave in the financial statements. The summary of changes in compensated absences is as follows:

	Balance 07/01/07	Increase	(Decrease)	Balance 06/30/08	Amount Due Within One Year
Compensated Absences Payable	\$ 468,432	\$ 376,688	\$ (412,576)	\$ 432,544	\$ 380,967

NOTE 8: TAX-DEFERRED ANNUITY PLAN

The College provides a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan is available to employees who normally work 20 hours or more per week. The College does not contribute to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code

NOTE 9: CONTINGENCIES

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the College may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the College.

NOTE 10: PENSION PLAN - EDUCATION RETIREMENT BOARD

Plan Description. Substantially all of Clovis Community College's full-time employees participate in a public employee retirement plan authorized under the Education Retirement Act (Chapter 22, Article II NIVISA 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 ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008

NOTE 10: PENSION PLAN - EDUCATION RETIREMENT BOARD (continued)

Faculty and professionals initially employed at the College on or after July 1, 1991, may elect to participate in an alternative retirement plan in lieu of the ERB. The election to participate in the alternative retirement plan must be made within ninety days of employment and that election is irrevocable. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and non-vested accumulated plan benefits, the plans net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting ERB's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan.

Retirement Eligibility: The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

A member is eligible to retire when:

1. The members age and earned service credits add up to the sum of 75 or more, or
2. The member is age 65 or more with at least five years of earned service credit, or
3. The member has earned service credit and allowed service credit totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a member having at least one year of employment after July 1, 1957 and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five, may contribute to the fund for each year needed. The cost of such contributions is 15.2 % of the average salary of the last five years for each year of contributory employment needed, plus 3% compound interest for the applicable periods after July 1, 1957 to date of payment.

When a member has completed five years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund and retire 1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or 2) the member may retire at age 65, if he/she has at least five years of "earned service credit".

Funding Policy

Plan members are required to contribute 7.825% of their gross salary. The College is required to contribute 10.90% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements 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. Contributions to the Alternative Retirement Plan is 7.825% of the employee's salary and the College matches that contribution at the rate of 7.9% and remits 3% of salary to the Educational Retirement Board to pay the unfunded actuarial accrued liability. The College's contributions to ERB for the years ended June 30, 2008, 2007, and 2006 were \$878,051, \$831,201 and \$741,050, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 11: SYSTEM REVENUE BONDS PAYABLE

On August 1, 2001, the College issued System Revenue Bonds in the principal amount of \$2,290,000. The Bonds were issued for the purpose of constructing, improving, remodeling, furnishing and equipping the College's Library and Technology Center. Aggregate principal outstanding at June 30, 2008 is \$1,750,000 with interest ranging from 4.0% to 4.75%. The bonds are secured by pledged revenues from the College's revenue producing facilities, gross proceeds or student tuition and fees, and certain other revenues devised from sources other than ad valorem taxation or appropriations. The reserve requirement for the bonds is equal to the lesser of the maximum annual debt service requirement, 125% of the average annual debt service, or 10% of the principal amount of the bonds.

Clovis Community College maintains at least \$177,860 in the debt service fund in compliance with this agreement.

	June 30, 2007	Additions	Deletions	June 30, 2008	Due Within One Year
System Revenue					
Series 8/11/01	\$ 1,840,000	\$ -	\$ 90,000	\$ 1,750,000	\$90,000

The annual requirements to amortize the August 1, 2001 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

Fiscal Year Ending June 30	Total Debt		
	Principal	Interest	Service
2009	\$ 90,000	\$ 83,203	\$ 173,203
2010	95,000	79,467	174,467
2011	100,000	75,430	175,430
2012	105,000	71,080	176,080
2013	110,000	66,408	176,408
2014-2018	630,000	249,902	879,902
2018-2022	620,000	79,250	699,250
	<u>\$ 1,750,000</u>	<u>\$ 704,740</u>	<u>\$ 2,454,740</u>

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 12: JOINT POWERS AGREEMENT

The College is a member of a purchasing cooperative formed with the approval of the New Mexico Department of Finance and Administration. All public education institutions in the state of New Mexico are eligible to be members of the cooperative. The College has no equity or other financial interest in the cooperative except to the extent it makes purchases through the cooperative.

Participants	All School Districts, Clovis Community College, Luna Vocational Technical Institute, San Juan College
Party Responsible for operations	N/A
Description	To make purchases through the coop at a discount.
Beginning and Ending Dates	12/18/84 -
Total Estimated Cost	N/A
Amount Contributed in the Current Year	None
Audit Responsibility	N/A
Fiscal agent	N/A
Agency where the entity reports	N/A

NOTE 13: DISCRETE COMPONENT UNIT - CLOVIS COMMUNITY COLLEGE FOUNDATION

Clovis Community College Foundation (the "Foundation") is a New Mexico non-profit corporation formed in 1997 to encourage, solicit, receive and administer gifts and bequests of property for the advancement of Clovis Community College. The Foundation is accounted for separately in the Basic Financial Statements of the College, and has a June 30 fiscal year end.

The Foundation is a non-profit corporation operating under 501 (c) (3) of the Internal Revenue Code, and is generally exempted from Federal income taxes. Accordingly, no provision for income taxes is included in the financial statements.

NOTE 14: PAYABLES

Payables at June 30, 2008 consist of the following:

	Primary Institution	Component Unit
Payable to vendors	\$ 162,765	\$ -
Grants payable	5,554	18,000
Gross receipts tax	3,656	-
Salaries and benefits payable	279,069	-
Funds held in trust	25,922	-
Net Total Payables	<u>\$ 476,966</u>	<u>\$ 18,000</u>

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 15: PRIOR PERIOD ADJUSTMENT

During the period, management determined to restate the beginning fund balance for additional depreciation on software and to capitalize a building that was donated in a prior year. In addition, the College has agency funds for the various student organizations on campus. The money does not belong to the College and is not included in the annual budget. The following schedule recaps the changes to the beginning fund balance:

	<u>Primary Institution</u>
Fund Balance, as Originally Stated	\$ 22,072,704
Adjustments:	
Additional depreciation on software	(4,382)
Capitalization of Mesa Theater (net)	264,000
Agency funds	(20,146)
Fund Balance, as Restated	\$ 22,312,176

NOTE 16: ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) today issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Statement provides needed guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. The requirements Statement 51 are effective for financial statements for periods beginning after June 15, 2009. The College believes it will have no significant effect on the financial statements for the upcoming year.

In December 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Pollution Remedial Obligations*. This statement is effective for financial statements for the periods beginning after December 15, 2007. This statement establishes accounting standards for the recognition and reporting of liabilities related to environmental clean-up efforts. The College believes it will have no significant effect on the financial statements for the upcoming year.

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged. The College is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2008**

NOTE 16: ACCOUNTING STANDARDS (continued)

In November 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. Reporting those investments at fair value provides more decision-useful information about their composition, current value, and recent changes in value. GASB Statement No. 52 is effective for financial statements for periods beginning after June 15, 2008. The College is analyzing the effect this standard will have on its financial statements, and is planning on obtaining an appraisal of real estate held by the foundation at the end of the next fiscal year.

NOTE 17: MEMORANDUM OF UNDERSTANDING

The College entered into a memorandum of understanding with Ramona Munsell & Associates Consulting, Inc. to provide consultation services in establishing eligibility and developing a Title V application.

Participants	Clovis Community College and Ramona Munsell & Associates, Inc.
Party Responsible for operations	Clovis Community College
Description	To develop a successful Title V application.
Beginning and Ending Dates	05/03/07 - 05/02/10
Total Estimated Cost	5% of the funds awarded by each grant award document
Amount Contributed in the Current Year	None
Audit Responsibility	Clovis Community College
Fiscal agent	N/A
Agency where the entity reports	Clovis Community College

NOTE 18: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2008, the College had an uncompleted construction contracts for the Allied Health Center. The remaining commitment on this construction contract was approximately \$3,245,963.

NOTE 19: RELATED PARTY TRANSACTIONS

On July 1, 2007, the College entered into a contract for basic insurance for the College. The insurance company is owned and operated by the husband of an employee of the College. As of June 30, 2008, \$195,821 has been paid to the insurance company. In addition, the same insurance company won the contract for the fiscal year beginning July 1, 2008 for an amount of \$251,064.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Budgeted and Actual Revenues and Expenditures
Unrestricted and Restricted
All Operations
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ 3,056,529	\$ 3,802,908	\$ 3,802,908	\$ -
Unrestricted and Restricted Revenues:				
State Government Appropriations	14,740,470	15,698,868	12,729,636	(2,969,232)
Federal Revenue Sources	6,578,500	9,014,268	4,341,738	(4,672,530)
Tuition and Fees	2,035,000	2,043,250	1,845,713	(197,537)
Endowments and Private Gifts	162,000	189,655	277,737	88,082
Other	3,584,500	3,790,746	4,812,738	1,021,992
Total Unrestricted and Restricted Revenues	27,100,470	30,736,787	24,007,562	(6,729,225)
Unrestricted and Restricted Expenditures:				
Instruction	6,895,000	8,449,167	7,114,037	1,335,130
Academic Support	1,290,000	1,290,500	1,207,300	83,200
Student Services	1,952,000	1,952,000	1,758,928	193,072
Institutional Support	1,825,000	1,921,940	1,824,986	96,954
Operation and Maintenance of Plant	1,760,001	1,760,001	1,612,349	147,652
Student Social and Cultural Activities	100,000	120,401	107,888	12,513
Public Service	1,673,000	2,830,070	2,178,482	651,588
Internal Services	(18,000)	(18,000)	(515,661)	497,661
Student Aid, Grants and Stipends	5,186,929	5,220,929	3,063,631	2,157,298
Auxiliary Services	2,180,600	2,188,600	1,637,931	550,669
Capital Outlay	3,800,000	4,728,048	1,700,259	3,027,789
Building Renewal and Replacement	690,000	690,000	431,699	258,301
Retirement of Indebtedness	178,000	178,000	176,803	1,197
Total Unrestricted and Restricted Expenditures	27,512,530	31,311,656	22,298,632	9,013,024
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	(412,060)	(574,869)	1,708,930	\$ (15,742,249)
Ending Fund Balance	\$ 2,644,469	\$ 3,228,039	\$ 5,511,838	

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Budgeted and Actual Revenues and Expenditures
Unrestricted
Non-Instructional and General
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ 1,864,145	\$ 2,026,237	\$ 2,026,237	\$ -
Unrestricted Revenues:				
Miscellaneous Fees	317,000	317,000	263,727	(53,273)
State Government Appropriations	3,270,000	4,140,060	1,446,624	(2,693,436)
Private Gifts	-	6,000	6,494	494
Sales and Services	2,250,000	2,266,000	1,708,541	(557,459)
Other	57,000	57,000	95,387	38,387
Total Unrestricted Revenues	<u>5,894,000</u>	<u>6,786,060</u>	<u>3,520,773</u>	<u>(3,265,287)</u>
Unrestricted Expenditures:				
Student Social and Cultural Activities	100,000	120,401	107,888	12,513
Public Service	14,000	14,000	4,982	9,018
Internal Services	(18,000)	(18,000)	(515,661)	497,661
Student Aid, Grants and Stipends	86,929	86,929	86,929	-
Auxiliary Services	2,180,600	2,188,600	1,637,931	550,669
Capital Outlay	3,800,000	4,728,048	1,700,259	3,027,789
Building Renewal and Replacement	690,000	690,000	431,699	258,301
Retirement of Indebtedness	178,000	178,000	176,803	1,197
Total Unrestricted Expenditures	<u>7,031,529</u>	<u>7,987,978</u>	<u>3,630,830</u>	<u>4,357,148</u>
Net Transfers	<u>1,332,938</u>	<u>2,032,938</u>	<u>2,002,867</u>	<u>30,071</u>
Change in Net Assets (Budgetary Basis)	<u>195,409</u>	<u>831,020</u>	<u>1,892,810</u>	<u>\$ (7,592,364)</u>
Ending Fund Balance	<u>\$ 2,059,554</u>	<u>\$ 2,857,257</u>	<u>\$ 3,919,047</u>	

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Budgeted and Actual Revenues and Expenditures
Restricted
Non-Instructional and General
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ -	\$ 89,793	\$ 89,793	\$ -
Restricted Revenues:				
Tuition	10,000	-	4,260	4,260
Federal Government Contracts	6,224,000	7,293,768	3,598,509	(3,695,259)
State Government Contracts	375,000	471,235	1,074,643	603,408
Private Gifts	150,000	171,655	269,205	97,550
Other	-	-	22,928	22,928
Total Restricted Revenues	<u>6,759,000</u>	<u>7,936,658</u>	<u>4,969,545</u>	<u>(2,967,113)</u>
Restricted Expenditures:				
Public Service	1,659,000	2,816,070	2,173,500	642,570
Student Aid, Grants and Stipends	5,100,000	5,134,000	2,976,702	2,157,298
Total Restricted Expenditures	<u>6,759,000</u>	<u>7,950,070</u>	<u>5,150,202</u>	<u>2,799,868</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	(13,412)	(180,657)	<u>\$ (5,766,981)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 76,381</u>	<u>\$ (90,864)</u>	

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Budgeted and Actual Revenues and Expenditures
Unrestricted
Instructional and General
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance	\$ 1,192,384	\$ 1,675,958	\$ 1,675,958	\$ -
Unrestricted Revenues:				
Tuition	2,025,000	2,043,250	1,841,453	(201,797)
State Government Appropriations	11,470,470	11,558,808	11,283,012	(275,796)
Local Government Appropriations	784,530	784,530	943,508	158,978
Federal Government Contracts and Grants	47,500	47,500	113,878	66,378
State Government Contracts and Grants	-	230,000	230,000	-
Other	137,500	137,500	157,797	20,297
Total Unrestricted Revenues	<u>14,465,000</u>	<u>14,801,588</u>	<u>14,569,648</u>	<u>(231,940)</u>
Unrestricted Expenditures:				
Instruction	6,140,000	6,453,237	6,413,141	40,096
Academic Support	1,290,000	1,290,500	1,207,300	83,200
Student Services	1,940,000	1,940,000	1,758,928	181,072
Institutional Support	1,825,000	1,921,940	1,824,986	96,954
Operation and Maintenance of Plant	1,760,001	1,760,001	1,612,349	147,652
Total Unrestricted Expenditures	<u>12,955,001</u>	<u>13,365,678</u>	<u>12,816,704</u>	<u>548,974</u>
Net Transfers	<u>(1,332,938)</u>	<u>(2,032,938)</u>	<u>(2,002,867)</u>	<u>(30,071)</u>
Change in Net Assets (Budgetary Basis)	<u>177,061</u>	<u>(597,028)</u>	<u>(249,923)</u>	<u>\$ (810,985)</u>
Ending Fund Balance	<u>\$ 1,369,445</u>	<u>\$ 1,078,930</u>	<u>\$ 1,426,035</u>	

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Budgeted and Actual Revenues and Expenditures
Restricted
Instructional and General
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ -	\$ 10,920	\$ 10,920	\$ -
Restricted Revenues:				
Federal Contracts and Grants	307,000	1,673,000	629,351	(1,043,649)
State Contracts and Grants	448,000	312,011	316,207	4,196
Private Grants	12,000	12,000	2,038	(9,962)
Other Income	-	-	-	-
Total Restricted Revenues	<u>767,000</u>	<u>1,997,011</u>	<u>947,596</u>	<u>(1,049,415)</u>
Restricted Expenditures:				
Instruction	755,000	1,995,930	700,896	1,295,034
Student Services	12,000	12,000	-	12,000
Total Restricted Expenditures	<u>767,000</u>	<u>2,007,930</u>	<u>700,896</u>	<u>1,307,034</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	(10,919)	246,700	<u>\$ (2,356,449)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 257,620</u>	

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

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Reconciliation of Changes in Net Assets
GAAP Basis to Budgetary Basis
For the Year Ended June 30, 2008**

Reconciliation of Change in Net Assets on GAAP Basis to Budgetary Basis

Change in Net Assets (GAAP Basis)	\$ 1,323,531
Add: Depreciation Expense	1,346,499
Loss on Disposal of Assets	30,627
Less: Capital Outlay Amounts	(901,727)
Payment of Principal on Debt	(90,000)
	(90,000)
Change in Net Assets (Budgetary Basis)	<u>\$ 1,708,930</u>

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Deposit and Investment Accounts
June 30, 2008

Account Name	Account Type	Recorded/Deposit Investment Amount	Deposits in Transit	Outstanding Checks	Bank/Pool Balance
Checking Accounts:					
New Mexico Bank and Trust	Checking	\$ (833,827)	\$ (72,683)	\$ 915,395	\$ 8,885
New Mexico Bank and Trust	Checking	-	-	-	-
New Mexico Bank and Trust	Repurchase Agreement	1,678,425	-	-	1,678,425
New Mexico Bank and Trust	Payroll	-	-	-	-
New Mexico Bank and Trust	Auxiliary	14,197	(432)	-	13,765
New Mexico Bank and Trust	Foundation	14,077	(2,521)	34,671	46,227
Penn Security Bank	Business Office Credit Card	4,278	(603)	73	3,748
Penn Security Bank	Bookstore Credit Card	3,206	-	21	3,227
		<u>880,356</u>	<u>(76,239)</u>	<u>950,160</u>	<u>1,754,277</u>
New Mexico State Treasurer					
Local Government Investment Pool	Investment	4,946,000	-	-	4,946,000
		<u>5,826,356</u>	<u>(76,239)</u>	<u>950,160</u>	<u>\$ 6,700,277</u>

Petty Cash

8,506
\$ 5,834,862

Reconciliation to Statement

Equity in Combined Cash:

Primary Institution

Component Unit

Agency Fund

\$ 199,788
12,227
25,451
\$ 237,466

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

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Pledged Collateral
For the Year Ended June 30, 2008**

	<u>New Mexico Bank and Trust</u>	<u>Penn Security</u>	<u>New Mexico Bank & Trust Repurchase Agreement</u>	
Total Amount on Deposit	\$ 71,927	\$ 6,975	\$ 1,678,425	
Less: FDIC Coverage	<u>71,927</u>	<u>6,975</u>	<u>-</u>	
Total Uninsured Public Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,678,425</u>	
Pledged Security Requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,711,994</u>	(1)
Pledged Security/Safekeeping Federal Farm Credit Bank	-	-	1,936,759	
Pledged Security	<u>-</u>	<u>-</u>	<u>1,936,759</u>	
Over (Under)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,766</u>	

(1) Collateral Requirement of 102%

<u>New Mexico Bank & Trust Type</u>	<u>CUSIP #</u>	<u>Maturity Date</u>	<u>FMV</u>
Federal Home Loan Mortgage Corporation	3133XJZA9	6/15/2008	\$ 1,936,759

The above security is held at the Commerce Bank in St. Louis, MO.

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Cash and cash equivalents	\$ 20,146	\$ 22,902	\$ 17,597	\$ 25,451
Total assets	<u>\$ 20,146</u>	<u>\$ 22,902</u>	<u>\$ 17,597</u>	<u>\$ 25,451</u>
LIABILITIES				
Accrued expenses	\$ -	\$ 17,961	\$ 17,597	\$ 364
Due to other taxing units	<u>20,146</u>	<u>4,941</u>	<u>-</u>	<u>25,087</u>
Total liabilities	<u>\$ 20,146</u>	<u>\$ 22,902</u>	<u>\$ 17,597</u>	<u>\$ 25,451</u>

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

COMPLIANCE SECTION

MILLER & ASSOCIATES
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**Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

Mr. Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Trustees
Clovis Community College
Clovis, New Mexico

We have audited the accompanying basic financial statements of the business type activities and the discretely presented component unit of Clovis Community College (the "College"), as of and for the year ended June 30, 2008, as listed in the table of contents. We have also audited the budget comparison statements presented as supplementary information in the accompanying Schedules I, II, III, IV, and V for the year ended June 30, 2008, and have issued our report thereon dated October 20, 2008. 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

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 opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

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

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*.

This report is intended solely for the information and use of management, the Board of Trustees, management, the Higher Education Department, the New Mexico State Legislature, the Office of the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Miller & Associates, CPA, PC

Miller & Associates, CPA, PC

October 20 2008

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**Report on Compliance With Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Mr. Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Trustees
Clovis Community College
Clovis, New Mexico

We have audited the compliance of Clovis Community College (the "College") with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 on the College's compliance with those requirements.

In our opinion, the Clovis Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Clovis Community College is responsible for establishing and maintaining effective internal control over compliance with 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

requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance exists with 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 above.

This report is intended solely for the information and use of management, the Board of Trustees, management, the Higher Education Department, the New Mexico State Legislature, the Office of the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Miller & Associates, CPA, PC

Miller & Associates, CPA, PC
October 20, 2008

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Pell Grant Program (1)	N/A	84.063	\$ 2,376,117
College Work Study Program	N/A	84.033	67,641
SEOG Program	N/A	84.077	46,079
Trio	N/A	84.043	231,997
Upward Bound	N/A	84-047	163,705
Title V	N/A	84.031	424,180
Gear Up	N/A	84.334	535,884
Pass-through Programs:			
Commission of Higher Education			
Adult Basic Education	Award Letter	84.002	254,672
NM Department of Education			
Carl Perkins	002-04-03-01-855	84.048	187,881
Total U.S. Department of Education			<u>4,288,156</u>
U.S. Department of Labor			
Community Based Job Training Grant	N/A	17.269	45,338
Total U.S. Department of Labor			<u>45,338</u>
U.S. Department of Health and Human Service			
Pass-through EAWDB			
TANF/Food Stamps	Award Letter	93.558	341,014
WIA	Award Letter	-	166,353
Total U.S. Department of Health and Human Services			<u>507,367</u>
Santa Fe Community College			
Direct Program:			
Small Business Development	N/A	59.037	214,740
Total Expenditures of Federal Awards			<u>\$ 5,055,601</u>

(1) Audited as major program

The Schedule of Expenditures of Federal Awards includes the federal grant activities of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Clovis Community College.
2. There were no significant deficiencies disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the Clovis Community College, that would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies noted during the audit of the major federal award programs of the Clovis Community College.
5. The auditors' report on compliance expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that were required to be reported in accordance with OMB Circular A-133, Section 510(a).
7. The program tested as a major program was Pell Grant, CFDA No. 84.063.
8. The dollar threshold to determine between Type A and Type B programs was \$300,000.
9. Clovis Community College was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Exit Conference
June 30, 2008**

The contents of this report were discussed at an exit conference held on October 20, 2008. The following individuals were in attendance.

College Officials

Gayla Brumfield, Chairman
Russell Muffley, Board Member
Dr. John Neibling, President
David Pacheco, Vice President of Administration
Jayne Craig, Director of Business Affairs
Jacob Moberly, Foundation President
Stephanie, Spencer, Executive Director - Foundation

Auditors

Ronald L. Miller, Shareholder
Ryan Miller, Shareholder

The financial statements of Clovis Community College were prepared from original books and records provided by the management of these entities by Miller and Associates, C.P.A., P.C.