

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

**Financial Statements
With Independent Auditor's Report Thereon
June 30, 2009**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
Clovis Community College**

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June 30, 2009**

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**STATE OF NEW MEXICO
Clovis Community College**

**Official Roster
June 30, 2009**

<u>Trustees</u>	<u>Term Expires</u>	<u>Title</u>
Mr. Arnold Martinez	2011	Chairman
Mr. Charles Guthals	2013	Secretary
Mr. Russell Muffley	2015	Board Member
Mr. Terry Martin	2015	Board Member
Mr. Gayla Brumfield	2013	Board Member

University Officials

Dr. John Neibling	President
Mr. Tom Drake	Executive Director for Business & Government Relations
Mr. David Pacheco	Vice President for Administration
Ms. Jayne Craig	Director of Business Affairs

FINANCIAL SECTION

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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, NM

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, 2009, 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, 2009, 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, 2009, 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, 2009, 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 November 4, 2009 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, P.C.

Miller & Associates, CPA, PC
November 4, 2009

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

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, 2009. 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 2008 and 2009.

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 2009. 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, 2009

Net Assets and Revenue, Expenses , and Changes in Net Assets
Clovis Community College
Condensed Summary of Net Assets
For Fiscal Years Ended June 30, 2009 and 2008

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Assets		
Current Assets	\$ 6,776,032	\$ 7,070,749
Capital Assets, net	<u>21,858,948</u>	<u>19,518,034</u>
Total Assets	<u>28,634,980</u>	<u>26,588,783</u>
Liabilities		
Current Liabilities	908,742	1,241,499
Non-Current Liabilities	<u>2,005,605</u>	<u>1,711,577</u>
Total Liabilities	<u>2,914,347</u>	<u>2,953,076</u>
Net Assets	<u>\$ 25,720,633</u>	<u>\$ 23,635,707</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 20,198,948	\$ 17,768,034
Restricted	687,957	651,396
Unrestricted	<u>4,833,728</u>	<u>5,216,277</u>
Total Net Assets	<u>\$ 25,720,633</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, 2009 is the investment in the State General Fund Investment Pool of \$3,940,000.

Non-current assets are capital assets, net of accumulated depreciation, of \$21,858,948.

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 non-current liability of the College, totaling \$1,565,000. Annual debt service for the bonds is approximately \$175,000 through the year 2022.

The most significant capital expenditure relates to the construction of the new Allied Health Science Building. Of the \$3,659,599 in new capital asset additions for FYE 6/30/09, \$2,955,794 was spent towards the construction of the new building.

At June 30, 2009, the College's current ratio, the amount of current assets (\$6,776,032) available to cover current liabilities (\$908,742) was 7.45 to 1.

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Net Assets and Revenue, Expenses , and Changes in Net Assets
Clovis Community College
Condensed Summary of Revenues and Expenses
For Fiscal Years Ended June 30, 2009 and 2008

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Operating Revenues by Major Source		
Tuition and Fees	\$ 1,154,352	\$ 1,228,152
Grants and Contracts	7,663,840	6,113,518
Auxiliary Services	1,245,099	1,278,232
Other	159,488	251,837
Total Operating Revenues	<u>10,222,779</u>	<u>8,871,739</u>
Operating Expenses by Major Function		
Instruction	7,579,708	7,114,037
Academic Support	1,237,084	1,207,300
Student Services	1,799,957	1,758,928
Institutional Support	1,950,210	1,824,986
Operation and Maintenance of Plant	1,574,507	1,612,349
Depreciation	1,315,605	1,346,499
Public Service	2,600,409	2,178,482
Student Aid	2,074,543	1,726,460
Auxiliary Services	1,686,623	1,637,931
Other Operating Expenses	640,309	822,457
Total Operating Expenses	<u>22,458,955</u>	<u>21,229,429</u>
Non-Operating Revenues (Expenses)		
State Appropriation	13,380,473	12,729,636
Local Tax Levy	1,031,963	943,508
Investment Income	472	(1,299)
Private Gifts	2,011	126,806
Gain (Loss) on Disposal of Capital Assets	(83,203)	(30,627)
Interest on Capital Asset Related Debt	-	(86,803)
Other	(3,081)	-
Total Non-Operating Revenues (Expenses)	<u>14,328,635</u>	<u>13,681,221</u>
Total Increase (Decrease) in Net Assets	<u><u>\$ 2,092,459</u></u>	<u><u>\$ 1,323,531</u></u>

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

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 2009, 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 Instruction and General actual revenues were 99% of budgeted expectations and expenditures were 96% of budgeted expectations, resulting in a net increase of \$1,276,445 in Fund Balance on a budgetary basis. Actual revenues were below budgeted revenues in the amount of \$93,853 and actual expenditures were below budgeted expenditures in the amount of \$570,847.

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 started up in the College's 2007-2008 fiscal year and will increase the Restricted Funds budget by approximately \$1,275,000.

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 7.45 to 1. The actual increase in net assets, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Assets, is \$2,092,459. This amount of increase is due primarily to: an increase in non-operating revenues for state appropriations for construction of a new nursing education building, an increase in restricted grants, and a conservative approach to Instruction and General expenditures.

Expenditures have been conservative due to continued projected State of New Mexico revenue shortfalls which will impact state funding of education. The actual increase in operating expenditures is \$1,229,526, which amounts to a 5.8% increase.

STATE OF NEW MEXICO
Clovis Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Factors Impacting Future Periods

Clovis Community College experienced significant enrollment declines beginning in fiscal years 2005-2006 due to news that nearby Cannon Air Force Base was placed on the BRAC list and was being considered for closure. Since then a new mission has been assigned to Cannon Air Force Base and enrollment has stabilized as the new mission completes the transition to the base. Enrollment increased in the current fiscal year by a modest 1%, however, enrollment in the Fall semester of FY 2010 increased by 18.5%. The College anticipates that there will be continued enrollment growth. Of major concern is the projected shortfall in the State of New Mexico revenues and the ability of the legislature to fund work load growth as specified in the appropriation formula for institutions of higher education in the state.

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.

Construction of the new Allied Health Science Building was completed in August and opened to nursing students at the beginning of the Fall semester. This new building will greatly enhance the ability of the College to admit more students to the nursing program. Funding for Phase II of this project was approved in November 2008 as part of the 2008 State of New Mexico General Obligation Bond issue. Phase II will provide additional classrooms, lab space and faculty offices. This \$4,000,000 project will begin with selection of the architect in January 2010 and construction will be completed in 2011.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Statements of Net Assets
June 30, 2009

ASSETS	Primary Institution	Component Unit CCC Foundation
Current:		
Cash and Cash Equivalents	\$ 99,362	\$ 999,249
Restricted Cash	687,957	-
Investment in Local Government Investment Pool	3,940,000	160,000
Accounts Receivable, net	1,417,895	4,959
Inventories	389,300	-
Prepaid Expenses and Deferred Charges	241,518	-
Total Current Assets	6,776,032	1,164,208
Noncurrent:		
Capital Assets, Net	21,858,948	75,330
Other Assets	-	3,636
Total Noncurrent Assets	21,858,948	78,966
Total Assets	\$ 28,634,980	\$ 1,243,174
LIABILITIES		
Current:		
Accounts Payable and Accrued Liabilities	593,700	-
Deferred Revenue	198,718	-
Compensated Absences Payable	21,324	-
Current Portion of Long-Term Obligations	95,000	-
Total Current Liabilities	908,742	-
Noncurrent:		
Accrued Compensated Absences	440,605	-
Noncurrent Portion of Long-Term Obligations	1,565,000	-
Total Noncurrent Liabilities	2,005,605	-
Total Liabilities	2,914,347	-
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	20,198,948	75,330
Restricted:		
Nonexpendable:		
Scholarships	687,957	942,634
Expendable:		
Other	-	55
Unrestricted	4,833,728	225,155
Total Net Assets	25,720,633	1,243,174
Total Liabilities and Net Assets	\$ 28,634,980	\$ 1,243,174

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, 2009

	<u>Primary Institution</u>	<u>Component Unit CCC Foundation</u>
Operating Revenues:		
Student Tuition and Fees (net of scholarship allowance of \$950,288)	\$ 1,154,352	\$ -
Federal Grants and Contracts	5,959,666	107,500
State Grants and Contracts	1,584,185	-
Private Grants and Contracts	119,989	-
Sales and Services (net of scholarship allowance of \$432,917)	1,245,099	-
Other Operating Revenues	159,488	-
Total Operating Revenues	<u>10,222,779</u>	<u>107,500</u>
Operating Expenses:		
Education and General		
Instruction	7,579,708	-
Public Service	2,600,409	-
Academic Support	1,237,084	-
Student Services	1,799,957	-
Institutional Support	1,950,210	-
Student Social and Cultural	112,991	-
Internal Services	(39,680)	-
Operation and Maintenance of Plant	1,574,507	-
Depreciation & Amortization	1,315,605	2,165
Student Aid	2,074,543	-
Auxiliary Enterprises	1,686,623	-
Other Operating Expenses	566,998	48,643
Total Operating Expenses	<u>22,458,955</u>	<u>50,808</u>
Operating Income/(Loss)	<u>(12,236,176)</u>	<u>56,692</u>
Non-operating Revenue (Expenses)		
Ad Valorem Taxes	1,031,963	-
State Appropriations	13,380,473	-
Private Gifts	2,011	143,860
Investment Income (Loss) - Net of Expenses	472	14,638
Interest on Capital Asset Related Debt	(83,203)	-
Loss on Disposal of Capital Assets	(3,081)	-
Other Non-Operating Revenues	-	5,850
Other Non-Operating Expenses	-	(1,658)
Total Non-Operating Revenues/(Expenses)	<u>14,328,635</u>	<u>162,690</u>
Increase in Net Assets	2,092,459	219,382
Net Transfers	(7,533)	7,533
Beginning net assets	<u>23,635,707</u>	<u>1,016,259</u>
Net Assets, End of Year	<u>\$ 25,720,633</u>	<u>\$ 1,243,174</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, 2009

	Primary Institution	Component Unit CCC Foundation
Cash Flows from Operating Activities		
Receipts from Student Tuition and Fees	\$ 1,059,504	\$ -
Receipts from Grants and Contracts	7,689,990	107,500
Other Receipts	1,444,267	
Payments to or on Behalf of Employees	(13,300,764)	-
Payment to Suppliers for Goods and Services	(3,577,692)	(31,591)
Payments for Scholarships	(2,074,543)	(34,110)
Payments for Institutional Support	(1,950,210)	-
Net Cash Provided/(Used) by Operating Activities	<u>(10,709,448)</u>	<u>41,799</u>
Cash Flows from Non-Capital Financing Activities		
Ad Valorem Tax Revenues	1,031,963	-
Operating Transfers In(Out)	(7,533)	7,533
State Appropriations	13,380,473	-
Gifts and Grants Received for Non-Capital Purposes	2,011	143,860
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>14,406,914</u>	<u>151,393</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(3,659,600)	-
Capital Assets Abandoned	3,081	-
Payments on Capital Debt	(173,203)	-
Net Cash Provided/(Used) by Capital and Related Financing	<u>(3,829,722)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment Earnings	(2,609)	14,638
Other Non-Operating Income Net of Related Expenses	-	4,192
Net Cash Provided/(Used) by Investing Activities	<u>(2,609)</u>	<u>18,830</u>
Increase (Decrease) in Cash and Cash Equivalents	(134,865)	212,022
Cash and Cash Equivalents - Beginning of Year	<u>4,862,184</u>	<u>947,227</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,727,319</u>	<u>\$ 1,159,249</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)	\$ (12,236,176)	\$ 56,692
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operations:		
Depreciation and Amortization	1,315,605	2,165
Change in Assets and Liabilities:		
Receivables	26,150	72
Inventories	43,956	-
Other Assets	89,746	870
Accounts Payable & Deferred Liabilities	116,734	(18,000)
Compensated Absences	29,385	-
Deferred Revenue	(94,848)	-
Net Cash Provided/(Used) by Operating Activities	<u>\$ (10,709,448)</u>	<u>\$ 41,799</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, 2009

ASSETS

Cash and cash equivalents	\$ 30,093
	<hr/>
Total assets	\$ 30,093
	<hr/> <hr/>

LIABILITIES

Accounts payable	\$ 239
Due to student organizations	29,854
	<hr/>
Total liabilities	\$ 30,093
	<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, 2009**

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, 2009**

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 \$26,679 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, 2009**

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 \$8,603 and \$14,638, 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, 2009**

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, 2009**

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, 2009, the carrying amount of the College's deposits was \$1,808,144 and the bank balance was \$2,754,972. 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 \$1,662,349 exposed to custodial credit risk. The College's \$1,662,349 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, 2009**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

	NM Bank & Trust	Penn Security	Bank of Clovis	American Heritage Bank	First Community Bank	Citizens Bank of Clovis	NM Bank & Trust Repurchase Agreement	Total
Total amount of deposits	\$72,158	\$220,465	\$200,000	\$ 200,000	\$ 200,000	\$200,000	\$ 1,662,349	\$ 2,754,972
Less: FDIC coverage	72,158	220,465	200,000	200,000	200,000	200,000	-	1,092,623
Total uninsured public funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,662,349	\$1,662,349
Collateral requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,659,596	\$ 1,659,596
Less: Pledged security	-	-	-	-	-	-	5,740,904	5,740,904
Collateralized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,081,308	\$ 4,081,308

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 \$250,000 in aggregate and separate from the \$250,000 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, 2009.

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 INMSA 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, 2009, 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	\$ 3,940,000
State investment pool - Foundation	<180 days	160,000

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, 2009**

NOTE 4: RECEIVABLES

Receivables at June 30, 2009 consist of the following:

	Primary Institution	Component Unit
Tuition and fees	\$ 420,813	\$ -
Contracts and grants	1,265,792	-
Interactive accounts	468,954	-
Accrued interest receivables	863	2,104
Other	16,485	2,855
	2,172,907	4,959
Less: Allowance for doubtful accounts	(755,012)	-
Net Total Receivables	\$ 1,417,895	\$ 4,959

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Not depreciated:				
Land	\$ 286,400	\$ -	\$ -	\$ 286,400
Construction in progress	636,860	2,955,794	-	3,592,654
Fine arts	745,165	-	-	745,165
Other capital assets:				
Land improvements	1,836,373	-	-	1,836,373
Building improvements	24,439,963	-	-	24,439,963
Library books	1,855,494	54,069	44,195	1,865,368
Equipment	6,440,458	649,736	12,924	7,077,270
Total capital assets	36,240,713	3,659,599	57,119	39,843,193
Accumulated Depreciation:				
Land improvements	1,118,595	64,651	-	1,183,246
Building & improvements	9,997,420	616,174	-	10,613,594
Library books	1,646,407	55,933	44,195	1,658,145
Equipment	3,960,257	578,847	9,844	4,529,260
Total accumulated depreciation	16,722,68079	1,315,605	54,039	17,984,245
Total capital assets - net	\$ 19,518,0334	\$ 2,343,994	\$ 3,080	\$ 21,858,948
Component unit - net capital assets	\$ 77,495	\$ -	\$ 2,165	\$ 75,330

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2009**

NOTE 6: DEFERRED REVENUE

Deferred revenue consists of summer tuition revenue in the amount of \$198,718 at June 30, 2009.

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 07/01/08	Increase	(Decrease)	Balance 06/30/09	Amount Due Within One Year
Compensated Absences Payable	\$ 432,544	\$ 441,961	\$ (412,576)	\$ 461,929	\$ 21,324

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, 2009, 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, 2009**

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 7.9% of their gross salary. The College is required to contribute 11.25% of the gross covered salary. 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. Beginning on July 1, 2009, the employee portion will increase by 1.5% and the employer contribution will decrease by 1.5%, as enacted by legislature. Contributions to the Alternative Retirement Plan is 7.9% of the employee's salary and the College matches that contribution at the rate of 11.65% 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, 2009, 2008, and 2007 were \$974,075, \$878,051, and \$831,201, 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, 2009**

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, 2009 is \$1,660,000 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.

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
System Revenue					
<u>Series 8/11/01</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 1,660,000</u>	<u>\$95,000</u>

The annual requirements to amortize the August 1, 2001 Series general obligation bonds outstanding as of June 30, 2009 including interest payments are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	115,000	61,403	176,403
2015-2019	660,000	219,500	879,500
2020-2022	475,000	48,250	523,250
	<u>\$ 1,660,000</u>	<u>\$ 621,538</u>	<u>\$ 2,281,538</u>

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2009**

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, 2009 consist of the following:

	Primary Institution	Component Unit
Payable to vendors	\$ 100,270	\$ -
Grants payable	108,409	-
Gross receipts tax	3,663	-
Salaries and benefits payable	354,679	-
Funds held in trust	26,679	-
Net Total Payables	\$ 593,700	\$ -

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2009**

NOTE 15: 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 in 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 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.

In February 2009, GASB adopted a standard that is designed to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund definitions. The standard establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The requirements in Statement 54 are effective for periods beginning after June 15, 2010. 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.

NOTE 16: MEMORANDUM OF UNDERSTANDING

The College entered into the following memorandums of understanding:

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

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2009**

NOTE 16: MEMORANDUM OF UNDERSTANDING (continued)

Participants	Clovis Community College and Cannon Air Force Base
Party Responsible for operations	Clovis Community College
Description	To establish ITV site on base.
Beginning and Ending Dates	7/13/09 - 7/13/10
Total Estimated Cost	None
Amount Contributed in the Current Year	None
Audit Responsibility	Clovis Community College
Fiscal agent	N/A
Agency where the entity reports	Clovis Community College
Participants	Clovis Community College and Cimarron Municipal Schools
Party Responsible for operations	Clovis Community College
Description	To provide dual credit program..
Beginning and Ending Dates	07/01/08 - 06/30/12
Total Estimated Cost	None
Amount Contributed in the Current Year	None
Audit Responsibility	Clovis Community College
Fiscal agent	N/A
Agency where the entity reports	Clovis Community College
Participants	Clovis Community College and Eastern Area Workforce Development Board
Party Responsible for operations	Clovis Comprehensive Workforce Center Partners
Description	To occupy and maintain property for TANF program..
Beginning and Ending Dates	8/07/08 - Until Terminated
Total Estimated Cost	Unknown
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 17: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2009, the College had an uncompleted construction contract for the Allied Health Center. The remaining commitment on this construction contract is approximately \$529,929.

NOTE 19: RELATED PARTY TRANSACTIONS

On July 1, 2008, the College entered into a contract for basic insurance for the College. The husband of an employee of the College has a minority ownership in the insurance company. As of June 30, 2009, \$199,477 has been paid to the insurance company. In addition, the same insurance company won the contract for the fiscal year beginning July 1, 2009 for an amount of \$253,475.

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ 2,644,469	\$ 3,228,039	\$ 5,511,838	
Unrestricted and Restricted Revenues:				
State Government Appropriations	14,393,328	14,310,043	13,380,473	(929,570)
Federal Revenue Sources	6,578,500	9,329,572	5,918,362	(3,411,210)
Tuition and Fees	2,010,000	2,070,035	1,801,071	(268,964)
Endowments and Private Gifts	12,000	26,674	119,989	93,315
Other	4,439,172	5,299,540	4,754,365	(545,175)
Total Unrestricted and Restricted Revenues	27,433,000	31,035,864	25,974,260	(5,061,604)
Unrestricted and Restricted Expenditures:				
Instruction	6,995,000	8,318,171	7,575,349	742,822
Academic Support	1,303,000	1,303,000	1,238,584	64,416
Student Services	1,908,000	1,966,600	1,799,957	166,643
Institutional Support	1,836,000	1,970,400	1,950,210	20,190
Operation and Maintenance of Plant	1,772,000	1,726,000	1,574,507	151,493
Student Social and Cultural Activities	90,000	111,400	112,991	(1,591)
Public Service	1,685,647	3,873,974	2,667,603	1,206,371
Internal Services	(18,000)	(18,000)	(39,680)	21,680
Student Aid, Grants and Stipends	5,180,747	5,214,921	3,390,554	1,824,367
Auxiliary Services	2,180,600	2,184,600	1,686,623	497,977
Capital Outlay	4,840,534	5,275,900	3,896,872	1,379,028
Building Renewal and Replacement	540,000	640,000	329,725	310,275
Retirement of Indebtedness	178,000	178,000	173,203	4,797
Total Unrestricted and Restricted Expenditures	28,491,528	32,744,966	26,356,498	6,388,468
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	(1,058,528)	(1,709,102)	(382,238)	\$ (11,450,072)
Ending Fund Balance	\$ 1,585,941	\$ 1,518,937	\$ 5,129,600	

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ 2,059,554	\$ 2,857,257	\$ 3,919,047	
Unrestricted Revenues:				
Miscellaneous Fees	159,400	159,400	307,333	\$ 147,933
State Government Appropriations	3,920,600	4,097,315	3,166,149	(931,166)
Private Gifts	-	9,049	9,049	-
Sales and Services	2,253,000	2,255,000	1,595,281	(659,719)
Other	57,000	54,000	132,259	78,259
Total Unrestricted Revenues	6,390,000	6,574,764	5,210,071	(1,364,693)
Unrestricted Expenditures:				
Student Social and Cultural Activities	90,000	111,400	112,991	(1,591)
Public Service	26,647	26,647	3,302	23,345
Internal Services	(18,000)	(18,000)	(39,680)	21,680
Student Aid, Grants and Stipends	80,747	80,747	80,747	-
Auxiliary Services	2,180,600	2,184,600	1,686,623	497,977
Capital Outlay	4,840,534	5,275,900	3,896,872	1,379,028
Building Renewal and Replacement	540,000	640,000	329,725	310,275
Retirement of Indebtedness	178,000	178,000	173,203	4,797
Total Unrestricted Expenditures	7,918,528	8,479,294	6,243,783	2,235,511
Net Transfers	(584,219)	(584,219)	(584,219)	-
Change in Fund Balance (Budgetary Basis)	(2,112,747)	(2,488,749)	(1,617,931)	\$ (3,600,204)
Ending Fund Balance	\$ (53,193)	\$ 368,508	\$ 2,301,116	

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ -	\$ 76,381	\$ (90,864)	
Restricted Revenues:				
Tuition	10,000	5,535	7,060	\$ 1,525
Federal Government Contracts	6,224,000	7,564,365	4,142,189	(3,422,176)
State Government Contracts	525,000	1,394,045	1,067,540	(326,505)
Private Gifts	-	5,625	110,940	105,315
Other	-	-	-	-
Total Restricted Revenues	<u>6,759,000</u>	<u>8,969,570</u>	<u>5,327,729</u>	<u>(3,641,841)</u>
Restricted Expenditures:				
Public Service	1,659,000	3,847,327	2,664,301	1,183,026
Student Aid, Grants and Stipends	5,100,000	5,134,174	3,309,807	1,824,367
Total Restricted Expenditures	<u>6,759,000</u>	<u>8,981,501</u>	<u>5,974,108</u>	<u>3,007,393</u>
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	-	(11,931)	(646,379)	<u>\$ (6,649,234)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 64,450</u>	<u>\$ (737,243)</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ 1,369,445	\$ 1,078,930	\$ 1,426,035	
Unrestricted Revenues:				
Tuition	2,000,000	2,064,500	1,794,011	\$ (270,489)
State Government Appropriations	10,472,728	10,212,728	10,214,324	1,596
Local Government Appropriations	859,272	859,272	1,031,963	172,691
Federal Government Contracts and Grants	47,500	105,000	115,505	10,505
State Government Contracts and Grants	-	168,832	168,832	-
Other	137,500	116,000	103,344	(12,656)
Total Unrestricted Revenues	<u>13,517,000</u>	<u>13,526,332</u>	<u>13,427,979</u>	<u>(98,353)</u>
Unrestricted Expenditures:				
Instruction	6,240,000	6,352,600	6,172,495	180,105
Academic Support	1,303,000	1,303,000	1,238,584	64,416
Student Services	1,896,000	1,954,600	1,799,957	154,643
Institutional Support	1,836,000	1,970,400	1,950,210	20,190
Operation and Maintenance of Plant	1,772,000	1,726,000	1,574,507	151,493
Total Unrestricted Expenditures	<u>13,047,000</u>	<u>13,306,600</u>	<u>12,735,753</u>	<u>570,847</u>
Net Transfers	<u>584,219</u>	<u>584,219</u>	<u>584,219</u>	<u>-</u>
Change in Fund Balance (Budgetary Basis)	<u>1,054,219</u>	<u>803,951</u>	<u>1,276,445</u>	<u>\$ (669,200)</u>
Ending Fund Balance	<u>\$ 2,423,664</u>	<u>\$ 1,882,881</u>	<u>\$ 2,702,480</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance	\$ -	\$ 12,373	\$ 257,620	
Restricted Revenues:				
Federal Contracts and Grants	307,000	1,660,207	1,660,668	\$ 461
State Contracts and Grants	448,000	292,991	347,813	54,822
Private Grants	12,000	12,000	-	(12,000)
Other Income	-	-	-	-
Total Restricted Revenues	<u>767,000</u>	<u>1,965,198</u>	<u>2,008,481</u>	<u>43,283</u>
Restricted Expenditures:				
Instruction	755,000	1,965,571	1,402,854	562,717
Student Services	12,000	12,000	-	12,000
Total Restricted Expenditures	<u>767,000</u>	<u>1,977,571</u>	<u>1,402,854</u>	<u>574,717</u>
Net Transfers	-	-	-	
Change in Fund Balance (Budgetary Basis)	-	(12,373)	605,627	\$ (531,434)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,247</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, 2009**

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

Change in Net Assets (GAAP Basis)		\$ 2,092,459
Add: Depreciation Expense		1,315,605
Loss on Disposal of Assets		3,080
Less: Capital Outlay Amounts		(3,659,599)
Payment of Principal on Debt		(90,000)
Transfer to Component Unit		(7,533)
Other		(36,250)
		(36,250)
Change in Fund Balance (Budgetary Basis)		\$ (382,238)

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, 2009

Account Name	Account Type	Recorded/Deposit Investment Amount	Deposits in Transit	Outstanding Checks	Bank/Pool Balance
Checking Accounts:					
New Mexico Bank and Trust	Checking	\$ (924,504)	\$ 44,333	\$ 977,878	\$ 9,041
New Mexico Bank and Trust	Checking	-	-	-	-
New Mexico Bank and Trust	Repurchase	1,662,349	-	-	1,662,349
New Mexico Bank and Trust	Checking	-	-	-	-
New Mexico Bank and Trust	Checking	30,553	123	-	30,430
New Mexico Bank and Trust	Checking	1,353	40	31,374	32,687
Penn Security Bank	Checking	32,071	17,928	-	14,143
Penn Security Bank	Checking	6,322	-	-	6,322
Western Bank	CD	200,000	-	-	200,000
Bank of Clovis	CD	200,000	-	-	200,000
American Heritage Bank	CD	200,000	-	-	200,000
Citizens Bank of Clovis	CD	200,000	-	-	200,000
First Community Bank	CD	200,000	-	-	200,000
		<u>1,808,144</u>	<u>62,424</u>	<u>1,009,252</u>	<u>2,754,972</u>
New Mexico State Treasurer					
Local Government Investment Pool	Investment	4,100,000	-	-	4,100,000
		<u>\$ 5,908,144</u>	<u>\$ 62,424</u>	<u>\$ 1,009,252</u>	<u>\$ 6,854,972</u>

Petty Cash

8,517
\$ 5,916,661

Reconciliation to Statement

Equity in Combined Cash:

Primary Institution
Component Unit
Agency Fund

\$ 4,727,319
1,159,249
30,093
\$ 5,916,661

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, 2009**

	<u>New Mexico Bank and Trust</u>	<u>Penn Security</u>	<u>New Mexico Bank & Trust Repurchase Agreement</u>	
Total Amount on Deposit	\$ 72,158	\$ 20,465	\$ 1,662,349	
Less: FDIC Coverage	<u>72,158</u>	<u>20,465</u>	<u>-</u>	
Total Uninsured Public Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,662,349</u>	
Pledged Security Requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,695,596</u>	(1)
Pledged Security/Safekeeping Federal Farm Credit Bank	-	-	5,740,904	
Pledged Security	<u>-</u>	<u>-</u>	<u>5,740,904</u>	
Over (Under)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,045,308</u>	

(1) Collateral Requirement of 102%

<u>New Mexico Bank & Trust Type</u>	<u>CUSIP #</u>	<u>Maturity Date</u>	<u>FMV</u>
Commerce Bank of St. Louis	31331GNA3	2/12/2014	\$ 4,075,656
Federal Home Loan Mortgage Corporation	31396GJ51	6/15/2024	1,665,248
			<u>\$ 5,740,904</u>

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, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS				
Cash and cash equivalents	\$ 25,451	\$ 19,687	\$ 15,045	\$ 30,093
Total assets	<u>\$ 25,451</u>	<u>\$ 19,687</u>	<u>\$ 15,045</u>	<u>\$ 30,093</u>
LIABILITIES				
Accrued expenses	\$ 364	\$ 14,919	\$ 15,044	\$ 239
Due to other taxing units	25,087	4,768	1	29,854
Total liabilities	<u>\$ 25,451</u>	<u>\$ 19,687</u>	<u>\$ 15,045</u>	<u>\$ 30,093</u>

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

COMPLIANCE SECTION

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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, 2009, 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, 2009, and have issued our report thereon dated November 4, 2009. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

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

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
November 4, 2009

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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

Compliance

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, 2009. 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, 2009. 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 2009-2 through 2009-6

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 the 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-2 through 2009-6 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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, P.C.

Miller & Associates, CPA, PC

November 4, 2009

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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	N/A	84.063	\$ 2,779,829
College Work Study Program	N/A	84.033	54,058
SEOG Program	N/A	84.077	41,654
Trio (1)	N/A	84.042	232,837
Upward Bound	N/A	84-047	244,369
Title V (1)	N/A	84.031	578,981
Gear Up	N/A	84.334	520,074
Pass-through Programs:			
Commission of Higher Education			
Adult Basic Education	Award Letter	84.002	51,899
NM Department of Education			
Carl Perkins	002-04-03-01-855	84.048	201,013
Total U.S. Department of Education			<u>4,704,714</u>
U.S. Department of Labor			
Community Based Job Training Grant (1)	N/A	17.269	732,580
Total U.S. Department of Labor			<u>732,580</u>
U.S. Department of Health and Human Service			
Pass-through EAWDB			
TANF/Food Stamps (1)	Award Letter	93.558	377,477
WIA	Award Letter	-	136,531
Total U.S. Department of Health and Human Services			<u>514,008</u>
Santa Fe Community College			
Direct Program:			
Small Business Development	N/A	59.037	216,364
Total Expenditures of Federal Awards			<u>\$ 6,167,666</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, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Clovis Community College.
2. One control deficiency on compliance over financial reporting was disclosed during the audit of the financial statements. There were no significant deficiencies.
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 five significant deficiencies noted during the audit of the major federal award programs of the Clovis Community College. We did not consider any of the deficiencies to be material weaknesses.
5. The auditors' report on compliance expresses an unqualified opinion on all major federal programs.
6. There were five 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 were TRiO Student Support Services, CFDA No. 84.042, Title 5, CFDA No. 84.031, Community Based Job Training Grant, CFDA No. 17.269, and TANF, CFDA No.93.558.
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.

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 Schedule of Findings and Questioned Costs
 June 30, 2009

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2009-1 Over Spending of Certain Budget Line Items

Condition

During our examination we noted that lines items in the following funds had expenditures in excess of budgeted amounts for expenditures:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Unrestricted Non-Instructional & General Student Social and Cultural Activities	\$90,000	\$111,400	\$112,991	(\$1,591)

Criteria

State budgeting requirement 6.20.2.9 NMSA 1978 sets forth budget preparation standards and states that budgetary control shall be at the function level and that over-expenditure of a function shall not be allowed.

Cause

No budget line item transfers for the overages were proposed or approved by the governing body.

Effect

The effect of this condition is that certain expenditures exceeded budget line items.

Recommendation

We recommend that a responsible party perform a periodic review of the budget. Any anticipated budgetary transfers can be isolated and authorization can be obtained before the overspending of line item expenditures.

Agency Response

This over expenditure occurred in the Cultural Arts Program. There was sufficient revenue to support the expenditures, however, the over expenditure occurred after the deadline for submitting a Budget Adjustment Request to the state for approval. The Vice President for Administration will review expenditures to ensure that authorization is obtained prior to overspending of line item expenditures.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2009

C. FINDINGS – FEDERAL AWARDS

2009-2 SUSPENSION AND DEBARMENT – COMPLIANCE REQUIREMENT

Condition

During our audit of the TRIO Student Support Services, CFDA No. 84.042, Title 5, CFDA No. 84.031, Community Based Job Training Grant, CFDA No. 17.269, and TANF, CFDA No.93.558, in accordance with OMB A-133, we found the grant administrators were not familiar with the requirements for suspension and debarment.

Questioned Costs

None

Criteria

According to the OMB A-133 Compliance Supplement, when a non-federal agency enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System* (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. A “covered transaction” includes those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet certain other specified criteria.

Cause

The controls were not in place to verify that entities are not suspended or debarred when entering into a covered transaction.

Effect

The effect of not verifying vendors were not suspended or debarred resulted in the College’s non-compliance with federal guidelines.

Recommendation

We recommend that the College use the *Excluded Parties List System* to verify that an entity is not suspended or debarred before entering into a covered transaction, and keep documentation showing that the verification was performed.

Client Response

CCC has been verifying that an entity is not suspended or debarred or otherwise excluded by collecting a certification from the vendor. CCC will also begin verifying for suspended or debarred vendors by checking the Excluded Parties List System maintained by the General Services Administration.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2009

C. FINDINGS – FEDERAL AWARDS (continued)

2009-3 REPORTING – FAILURE TO SUBMIT REPORT TIMELY

Condition

During our audit of the Community Based Job Training Grant, CFDA No. 17.269, in accordance with OMB A-133, we noted that the College failed to submit one quarterly performance report in a timely manner (i.e. 45 days after the end of the quarter). It was filed three days after the due date.

Questioned Costs

None

Criteria

According to the Department of Labor, Performance Reports are required to be submitted 45 days after the end of the quarter. If the due date falls on a weekend, the report is due the Friday before the normal due date.

Cause

Management does not have the internal controls in place to ensure that the reports are submitted in a timely fashion.

Effect

Failure to submit reports in a timely fashion resulted in non-compliance with federal guidelines.

Recommendation

We recommend that the Organization implement controls to ensure the timely submission of reports.

Client Response

The College has implemented controls to ensure the timely submission of reports.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2009

C. FINDINGS – FEDERAL AWARDS (continued)

2009-4 MATCHING - COMPLIANCE REQUIREMENT

Condition

During our audit of the Community Based Job Training Grant, CFDA No. 17.269, in accordance with OMB A-133 we determined that the College did not maintain records for monitoring matching requirements.

Questioned Costs

None

Criteria

According to the OMB A-133 Compliance Supplement as well as the Community Based Job Training Grant Application, various area business pledged to commit time to the program, which should needs to be monitored.

Cause

The College has not been monitoring the amount of time committed to the program and is unable to determine how much time each business still owes the program.

Effect

The effect of the lack of monitoring is that the program may not fully use all resources available to the College.

Recommendation

We recommend that College track the amount dedicated to the program by each of the area businesses and determine how much time is remaining.

Agency Response

The College has created a report to document matching requirements and monitor business pledges for time commitments to the program.

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CLOVIS COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
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C. FINDINGS – FEDERAL AWARDS (continued)

2009-5 SUPERVISOR APPROVAL – COMPLIANCE REQUIRMENT

Condition

During our audit of the TRIO Student Support Services, CFDA No. 84.042, Title 5, CFDA No. 84.031, Community Based Job Training Grant, CFDA No. 17.269, and TANF, CFDA No.93.558, in accordance with OMB A-133, we found the grant administrators were not documenting approval of charges to the College's bookstore. In addition, during testing of transactions for the Community Based Job Training Grant, there was not documentation of supervisor approval for purchases originating from the Physical Plant department or scholarship awards.

Questioned Costs

None

Criteria

According to the grant documents for each of the programs, the grant administrator has the responsibility for approving all expenditures of the program.

Cause

The controls were not in place to document grant administrator approvals for internal purchases made at the College.

Effect

The effect of not implementing controls over purchases made internally could result in purchase made by employees for personal use.

Recommendation

We recommend that the College implement controls to document approval of internal purchases or to require grant administrators to complete transactions that are generated internally.

Client Response

The College has initiated a system so that all Bookstore, or any other internal charge, is approved by the appropriate responsible person.

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C. FINDINGS – FEDERAL AWARDS (continued)

2009-6 ELIGIBILITY – COMPLIANCE REQUIREMENT

Condition

During our audit of the Title 5, CFDA No. 84.031, in accordance with OMB A-133, we found scholarship awards can be granted based on requirements that were selected by the Bonner family. One of the requirements for the Bonner Title V Endowed scholarship is that each applicant submit a faculty letter of recommendation. We reviewed the files for all 19 recipients of the Bonner scholarship and all but one had the required faculty letter of recommendation.

Questioned Costs

None

Criteria

According to the scholarship application requirements, all applications must include a letter of recommendation from a faculty member of the nursing department.

Cause

The requirements were not enforced because the faculty members of the nursing department were not always familiar with the students coming into the Nursing program.

Effect

The effect of not requiring nursing faculty letters of recommendation could result in giving the scholarship to a student who is not capable of successfully completing the program.

Recommendation

We recommend that the College request that the Bonner family change the requirements to require faculty letters of recommendations from nursing faculty or faculty from prerequisite classes.

Client Response

Controls have been established to ensure that all scholarship requirements are documented.

D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
Exit Conference
June 30, 2009**

The contents of this report were discussed at an exit conference held on November 4, 2009. The following individuals were in attendance.

College Officials

John Neibling, President
Becky Rowley, Executive Vice President
David Pacheco, Vice President of Administration
Jayne Craig, Director of Business Affairs
Charles Guthals, Trustee
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.