



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

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

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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CLOVIS COMMUNITY COLLEGE**

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**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE**

**Directory of Officials**

**June 30, 2011**

**BOARD**

<b>Name</b>	<b>Title</b>
Charles Guthals	Chair
Terry Martin	Secretary
Gayla Brumfield	Member
Russell Muffley	Member
Arnold Martinez	Member

**OFFICIALS**

<b>Name</b>	<b>Title</b>
Becky Rowley	President
Tom Drake	VP for Administration
Jayne Craig	Director of Business Affairs

## Report of Independent Auditors

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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit (Clovis Community College Foundation) and the fiduciary fund of the State of New Mexico Clovis Community College (the College) as of and for the year ended June 30, 2011, which collectively comprise the College's financial statements as listed in the table of contents. We have also audited the budgetary comparisons presented as supplementary information for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit and the fiduciary fund of the College as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, 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 the College as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects the budget comparison for the year ended June 30, 2011 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in Note 1. Which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying financial information listed as supporting Schedules IV to IX in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 14, 2011

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**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, 2011. This discussion should be read along with the accompanying financial statements and footnotes included therein. Management assisted Moss Adams, LLP 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 2010 and 2011.

**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 2011. 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, 2011**

**Net Assets and Revenue, Expenses, and Changes in Net Assets  
Clovis Community College  
Condensed Summary of Net Assets  
For Fiscal Year Ended June 30, 2011  
(with comparative totals for 2010)**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Assets</b>		
Current Assets	8,104,483	7,391,179
Other non-current assets	1,235,000	-
Capital Assets, net	<u>22,974,872</u>	<u>22,569,008</u>
Total Assets	<u>\$32,314,355</u>	<u>\$29,960,187</u>
<b>Liabilities</b>		
Current Liabilities	1,663,893	1,373,555
Non-Current Liabilities	<u>1,360,000</u>	<u>1,465,000</u>
Total Liabilities	<u>\$3,023,893</u>	<u>\$2,838,555</u>
Net Assets	<u>\$29,290,462</u>	<u>\$27,121,632</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	21,509,872	20,273,222
Restricted	1,235,000	730,786
Unrestricted	<u>6,545,590</u>	<u>6,117,624</u>
Total Net Assets	<u>\$29,290,462</u>	<u>\$27,121,632</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 asset of the College at June 30, 2011 is the investment in the State General Fund Investment Pool of \$6,000,480.

Non-current assets are capital assets, net of accumulated depreciation, of \$22,974,872 and restricted investments of \$1,235,000.

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 \$1,360,000. Annual debt service for the bonds is approximately \$175,000 through the year 2022.

At June 30, 2011, the College's current ratio, the amount of current assets (\$8,104,483) available to cover current liabilities (\$1,663,893) was 4.87 to 1.



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Net Assets and Revenue, Expenses, and Changes in Net Assets  
Clovis Community College  
Condensed Summary of Revenues and Expenses  
For Fiscal Year Ended June 30, 2011  
(with comparative totals for 2010)**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Operating Revenues by Major Source</b>		
Tuition and Fees	1,338,654	1,219,098
Grants and Contracts	10,575,038	11,462,058
Auxiliary Services	996,600	1,096,921
Other	299,982	92,584
Total Operating Revenues	<u>\$13,210,274</u>	<u>\$13,870,661</u>
<b>Operating Expenses by Major Function</b>		
Instruction	6,455,037	6,953,781
Academic Support	1,152,225	1,215,334
Student Services	1,471,421	1,774,366
Institutional Support	2,048,573	1,890,031
Internal Services	(41,162)	(20,032)
Student Social & Cultural	139,863	133,878
Operation and Maintenance of Plant	1,532,490	1,561,393
Depreciation	1,249,035	1,344,177
Public Service	2,411,059	3,184,565
Student Aid	4,901,812	3,543,514
Auxiliary Services	1,472,834	1,853,228
Other Operating Expenses	185,414	448,733
Total Operating Expenses	<u>\$22,978,601</u>	<u>\$23,882,968</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriation	10,365,742	10,053,713
Local Tax Levy	1,160,474	1,141,927
Investment Income	2,010	(2,141)
Private Gifts	520,338	3,338
Gain (Loss) on Disposal of Capital Assets	(35,977)	(4,227)
Interest on Capital Asset Related Debt	(75,430)	(79,468)
Total Non-Operating Revenues (Expenses)	<u>\$11,937,157</u>	<u>\$11,113,142</u>
<b>Total Increase in Net Assets</b>	<u><u>\$2,168,830</u></u>	<u><u>\$1,100,835</u></u>

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

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 2011, 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 102% of budgeted expectations and expenditures were 95% of budgeted expectations, resulting in a net increase of \$306,529 in Fund Balance on a budgetary basis. Actual revenues were above budgeted revenues in the amount of \$283,426 and actual expenditures were below budgeted expenditures in the amount of \$595,084.

The College has been awarded five multi-year federal grants since 2005, two of those grants, Gear-Up and STEM end September 30, 2011. 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.

**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 4.87 to 1. The actual increase in net assets, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Assets, is \$2,168,830. This amount of increase is due primarily to: 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 continue to adversely impact state funding for higher education. The decrease in operating expenditures is \$904,367 which amounts to a 3.8% decrease due to conservative spending.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Factors Impacting Future Periods**

Clovis Community College experienced a slight decrease in enrollment for FY 2011 and we are projecting flat enrollment for FY 2012.

Of major concern is the continued 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. It is also important to note that the formula for funding higher education in New Mexico has been revised and the impact to institutions is not known at this time. As a result of this the College has been and will continue to be conservative in its fiscal management particularly during this next fiscal year.

Funding for Phase II of the Allied Health project was approved in November 2008 as part of the 2008 State of New Mexico General Obligation Bond issue for \$4,000,000 and Private Funding of \$1,700,000 was secured. Phase II will provide additional classrooms, lab space and faculty offices. The health science field has been and will continue to be a high demand field and the resources that the College has dedicated to the construction of Phases 1 and II reflect this. Enrollment in health science classes, i.e., Math, Biology and Chemistry have trended upward as a result of the demand. The \$5,700,000 project is underway and construction is anticipated to be completed in summer 2012. A LEED Certification level of "Silver" will be pursued for the technologically advanced sustainable facility.

**Requests for Information**

Questions concerning any of the financial information provided in this report or requests for additional information should be addresses to Tom Drake, Vice President for Administration, Clovis Community College.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2011**

	Primary Institution	Component Unit CCC Foundation
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,441,971	129,008
Investments	4,765,480	-
Receivables, net	1,362,261	8,938
Inventories	319,469	-
Prepaid expenses and deferred charges	215,302	-
<b>Total current assets</b>	<b>8,104,483</b>	<b>137,946</b>
Noncurrent Assets		
Restricted investments	1,235,000	1,650,000
Capital assets, net	22,974,872	71,000
Other assets	-	3,881
<b>Total noncurrent assets</b>	<b>24,209,872</b>	<b>1,724,881</b>
<b>Total assets</b>	<b>\$ 32,314,355</b>	<b>1,862,827</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 925,281	-
Deferred revenue	237,843	-
Compensated absences payable	395,769	-
Current portion of long-term obligations	105,000	-
<b>Total current liabilities</b>	<b>1,663,893</b>	<b>-</b>
Noncurrent Liabilities		
Non-current portion of long-term obligations	1,360,000	-
<b>Total noncurrent liabilities</b>	<b>1,360,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,023,893</b>	<b>-</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	21,509,872	71,000
Restricted		
Nonexpendable		
Scholarships	1,007,603	1,575,852
Expendable		
Scholarships	227,397	74,148
Unrestricted	6,545,590	141,827
<b>Total net assets</b>	<b>29,290,462</b>	<b>1,862,827</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,314,355</b>	<b>1,862,827</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended June 30, 2011**

	Primary Institution	Component Unit CCC Foundation
Operating Revenues		
Student tuition and fees (net of discounts and allowances of \$1,464,274)	\$ 1,338,654	-
Federal grants and contracts	9,382,277	-
State grants and contracts	1,066,339	-
Private grants and contracts	126,422	-
Sales and services (net of discounts and allowances of \$647,776)	996,600	-
Other operating revenues	299,982	-
<b>Total operating revenues</b>	<u>13,210,274</u>	<u>-</u>
Operating Expenses		
Education and general		
Instruction	6,413,875	-
Public service	2,411,059	-
Academic support	1,152,225	-
Student services	1,471,421	-
Institutional support	2,048,573	-
Student social and cultural	139,863	-
Operation and maintenance of plant	1,532,490	-
Depreciation and amortization	1,249,035	-
Student aid	4,901,812	-
Auxiliary enterprises	1,472,834	-
Other operating expenses	185,414	29,286
<b>Total operating expenses</b>	<u>22,978,601</u>	<u>29,286</u>
Operating loss	(9,768,327)	(29,286)
Nonoperating revenues (expenses)		
Local tax levy	1,160,474	-
State appropriations	10,365,742	-
Private gifts	520,338	200,516
Investment income - net of expenses	2,010	21,554
Interest on capital asset related debt	(75,430)	-
Loss on disposal of capital assets	(35,977)	-
<b>Total non-operating revenues/(expenses)</b>	<u>11,937,157</u>	<u>222,070</u>
Increase in net assets	2,168,830	192,784
Beginning net assets	<u>27,121,632</u>	<u>1,670,043</u>
<b>Net assets, end of year</b>	<u>\$ 29,290,462</u>	<u>1,862,827</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2011**

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 1,454,407
Grants and Contracts	11,350,734
Payments to suppliers, employees, and others	(12,932,606)
Payments for educational activities	(7,665,320)
Auxiliary enterprise charges	(176,252)
<b>Net cash used by operating activities</b>	<u>(7,969,037)</u>
Cash Flows From Noncapital Financing Activities	
Local tax levy	1,208,654
State appropriations	10,365,742
Gifts and grants received for noncapital purposes	520,338
<b>Net cash provided by noncapital financing activities</b>	<u>12,094,734</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(2,385,685)
Capital assets abandoned	(35,977)
Payments on capital debt	(175,430)
<b>Net cash used by capital and related financing activities</b>	<u>(2,597,092)</u>
Cash Flows From Investing Activities	
Investment earnings	2,010
Investment earnings in local government investment pool	(302,490)
<b>Net cash used by investing activities</b>	<u>(300,480)</u>
<b>Net increase in cash and cash equivalents</b>	1,228,125
Beginning cash and cash equivalents	213,846
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,441,971</u>
 RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (9,768,327)
Adjustments to reconcile operating loss to net cash provided/used by operating activities	
Depreciation and amortization	1,249,035
Change in assets and liabilities	
Receivables	175,576
Inventories	35,735
Other assets	51,596
Accounts payable and deferred liabilities	475,304
Compensated absences	(76,903)
Deferred revenue	(111,053)
<b>Net cash used by operating activities</b>	<u>\$ (7,969,037)</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2011**

**ASSETS**

Cash and cash equivalents	\$	<u>23,591</u>
<b>Total assets</b>	\$	<u><u>23,591</u></u>

**LIABILITIES**

Accrued expenses	\$	20
Due to student organizations		<u>23,571</u>
<b>Total liabilities</b>	\$	<u><u>23,591</u></u>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1. NATURE OF ACTIVITIES**

Clovis Community College was created by majority vote of the Curry County electorate on September 18, 1990. Formerly a branch campus of Eastern New Mexico University, Clovis Community College (the College) was reorganized under the state "Junior College Act" (i.e., Section 21-13-1 through 21-13-25 New Mexico Statutes Annotate, 1978 compilation, as amended). The purpose of the Junior College Act is to provide for the creation of local junior colleges and to extend the privilege of a basic vocational technological or higher education to all persons who are qualified to pursue the courses of study offered. The College is funded through appropriations from the State of New Mexico, local mil tax levy, and tuition and fees.

The College is governed by a Board of Trustees consisting of five members elected from single member districts within Curry County. The Board's authority is established by state statute, specifically the 1985 Community College Act as amended. The Board employs a President and Vice President for Finance and Administration who are responsible for the management of the day-to-day control of the institution including the hiring of administrative officers, faculty and staff.

The mission of the College is to improve the quality of life of the citizens its serves by meeting the educational and human needs of the entire community in concert with other community agencies, business, industries and other groups.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Clovis Community College Foundation is a legally separate, tax-exempt component unit of Clovis Community College (College). The Foundation acts primarily as a fund raising organization to supplement the resources that are available to the College in support of its programs. The twenty one member board of the foundation consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can be used by or for the benefit of the College only, the foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

*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

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

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

*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 FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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

*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:

Buildings and improvements	40
Land improvements	20
Library books	10
Equipment	5-12

*Net Assets.* 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 FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 \$2,010 and \$21,554, 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.

*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.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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

*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 nonoperating 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.

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

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

Accounts payable and accrued liabilities consist of \$453,055 in payroll and related tax liabilities and \$472,226 in accounts payable to vendors.

**NOTE 3. DEPOSITS AND INVESTMENTS**

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and United States Government obligations. Management of the College is not aware of any investments that did not properly follow State investment requirements as of June 30, 2011.

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.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

*Deposits.* Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2011, \$1,758,063 of the College's bank balances of \$1,794,551 was exposed to custodial credit risk. \$1,758,063 was uninsured and collateralized by securities held by the pledging financial institution's trust department or agent, but not in the College's name and \$0 was uninsured and uncollateralized.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Section 6-10-17, NMSA 1978, requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. The types of collateral allowed are 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. All depositories had collateral exceeding the amount required by law as shown in Schedule VI.

The sources of the component unit cash do not meet the definition of public monies. Therefore, the component units are not required to follow State Statutes and no collateralization is required. As of June 30, 2011, none of the component unit's bank balance of \$120,531 was exposed to uncollateralized and uninsured amounts.

*Investments.* All investment decisions are approved by the Board. As of June 30, 2011, the College had unexpended plant funds totaling \$2,461,000, current investment funds of \$2,124,480, and endowment funds of \$1,235,000. Through the approval of the Board of Trustees for the College, the funds were invested in the New MexiGROW Local Government Investment Pool (LGIP), which is managed by the State Treasurer. These investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer New MexiGROW LGIP 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 fund in securities that are issued by the United States government or its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP 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. Per Section 6-10-10.1F, NMSA 1978, 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 fund amounts were invested. Participation in the local government investment pool is voluntary.

*Interest Rate Risk.* According to the State Treasurer's LGIP investment policy, the pool shall be invested in order to maintain a stable net asset value of \$1.00 per share. The weighted average maturity of investments in the pool shall not exceed 60 days. To limit the possibility of loss of principal due to interest rate fluctuations, the State Treasurer will make reasonable efforts to match investments with anticipated cash requirements and give particular emphasis to the following factors: Relative Yield to Maturity, Marketability, and Inter-market yield Analysis.

*Credit Rate Risk.* Under Section 59A-9-6, NMSA 1978, an insurer shall not invest in bonds rated below BAA by Moody's Investment Service, Inc. or BBB by Standard & Poor's, Inc.; as of June 30, 2011, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Concentration Risk.* The College places no limit on the amount the College may invest in any one issuer. At year end, 100% of the College's investments were held in the New MexiGrow LGIP.

Total investment income for the year ended June 30, 2011 is comprised of \$2,010 of interest and dividends.

**NOTE 4. RECEIVABLES, NET**

Receivables, net at June 30, 2011 for the College, consist of the following:

Tuition and fees	\$ 386,960
Contracts and grants	438,521
Inactive accounts	571,553
Accrued interest receivables	1,201
Property taxes	25,597
Due from State Agency	<u>845,566</u>
	2,269,398
 Less: allowance for doubtful accounts	 <u>(907,137)</u>
Receivables, net	<u><u>\$ 1,362,261</u></u>



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 is summarized as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 286,400	-	-	286,400
Fine art	967,365	-	-	967,365
Construction in progress	5,677	1,773,193	5,677	1,773,193
Total capital assets not being depreciated	<u>1,259,442</u>	<u>1,773,193</u>	<u>5,677</u>	<u>3,026,958</u>
Capital assets being depreciated:				
Buildings and improvements	28,660,855	-	-	28,660,855
Equipment	7,471,001	278,017	606,195	7,142,823
Library books	1,914,505	27,570	15,823	1,926,252
Land improvements	1,836,373	361,260	-	2,197,633
Total other capital assets, at cost	<u>39,882,734</u>	<u>666,847</u>	<u>622,018</u>	<u>39,927,563</u>
Less accumulated depreciation:				
Buildings and improvements	11,335,290	721,696	-	12,056,986
Land improvements	1,241,097	75,910	-	1,317,007
Equipment	5,030,357	416,613	570,218	4,876,752
Library books	1,697,210	47,517	15,823	1,728,904
Total accumulated depreciation	<u>19,303,954</u>	<u>1,261,736</u>	<u>586,041</u>	<u>19,979,649</u>
Other capital assets, net	<u>\$ 21,838,222</u>	<u>1,178,304</u>	<u>41,654</u>	<u>22,974,872</u>
Capital asset summary				
Capital assets not being depreciated \$	1,259,442	1,773,193	5,677	3,026,958
Other capital assets, at cost	<u>39,882,734</u>	<u>666,847</u>	<u>622,018</u>	<u>39,927,563</u>
Total cost of capital assets	41,142,176	2,442,040	627,695	42,956,521
Less accumulated depreciation	<u>19,303,954</u>	<u>1,261,736</u>	<u>586,041</u>	<u>19,979,649</u>
Capital assets, net	<u>\$ 21,838,222</u>	<u>1,178,304</u>	<u>41,654</u>	<u>22,974,872</u>
Component unit – net capital assets	<u>\$ 73,165</u>	<u>-</u>	<u>2,165</u>	<u>71,000</u>

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 6. 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, 2011 is \$1,465,000 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. The remaining principal and interest to be paid on the bonds total \$1,931,640. During the current year, pledged revenue was \$2,635,236 compared to the annual debt requirements of \$176,080.

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

	Balance June 30, 2010	Additions	Deletions	<b>Balance June 30, 2011</b>	Due Within One Year
System Revenue Series 8/11/01	\$1,565,000	-	100,000	<b>1,465,000</b>	<b>105,000</b>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 105,000	71,080	176,080
2013	110,000	66,408	176,408
2014	115,000	61,403	176,403
2015	120,000	56,055	176,055
2016-2020	690,000	187,195	877,195
2021-2022	325,000	24,500	349,500
	<b>\$ 1,465,000</b>	<b>466,640</b>	<b>1,931,640</b>

**NOTE 7. DEFERRED REVENUE**

Deferred revenue consists of summer tuition revenue in the amount of \$237,843 at June 30, 2011.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 8. ACCRUED 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 June 30, 2010	Increase	(Decrease)	<b>Balance June 30, 2011</b>	Amount Due Within One Year
Compensated Absences Payable	\$ 472,672	288,575	(365,478)	<b>395,769</b>	395,769

**NOTE 9. PENSION PLAN – EDUCATION RETIREMENT BOARD**

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

*Funding Policy.* Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The College was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% 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. The College's contributions to ERB for the years ending June 30, 2011, 2010 and 2009 were \$880,564, \$936,120 and \$974,075, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 10. CONTINGENT LIABILITIES**

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, 2011, 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 11. 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 12. 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 13. RELATED-PARTY TRANSACTIONS**

On July 1, 2009, 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, 2011, \$143,988 has been paid to the insurance company.

**NOTE 14. SUBSEQUENT EVENTS**

In July 2011, the College refinanced its System Revenue Bonds with the New Mexico Mortgage Finance Authority, at a rate of 4.55 - 5.00% and a final maturity of 2021.

**SUPPLEMENTAL INFORMATION**

**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, 2011**

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning fund balance	\$ 5,422,903	6,332,102	6,498,151	(166,049)
Revenues:				
State government appropriations	12,920,904	12,630,504	10,484,846	2,145,658
Federal revenue sources	11,762,300	12,163,731	9,457,937	2,705,794
Tuition and fees	2,518,401	2,332,926	2,639,252	(306,326)
Endowments and private gifts	150,000	150,000	642,759	(492,759)
Other	3,287,100	3,196,175	4,146,634	(950,459)
Total revenues	<u>30,638,705</u>	<u>30,473,336</u>	<u>27,371,428</u>	<u>3,101,908</u>
Expenditures:				
Instruction	6,846,390	6,557,189	6,310,203	246,986
Academic support	1,145,000	1,155,084	1,152,225	2,859
Student services	1,560,851	1,539,931	1,470,662	69,269
Institutional support	2,235,990	2,160,319	2,056,466	103,853
Operation and maintenance of plant	1,662,800	1,740,675	1,532,490	208,185
Total instruction and general	<u>13,451,031</u>	<u>13,153,198</u>	<u>12,522,046</u>	<u>631,152</u>
Student social and cultural activities	107,238	163,738	139,861	23,877
Public service	3,426,647	3,916,854	2,507,424	1,409,430
Student aid, grants and stipends	7,910,116	8,416,786	7,013,861	1,402,925
Auxiliary services	1,972,400	1,495,225	1,472,832	22,393
Capital outlay	6,059,104	2,384,692	2,040,841	343,851
Building renewal and replacement	302,434	702,434	362,774	339,660
Retirement of indebtedness	176,232	176,232	175,430	802
Total expenditures	<u>33,405,202</u>	<u>30,409,159</u>	<u>26,235,069</u>	<u>4,174,090</u>
Net transfers	-	-	-	-
Change in net assets (budgetary basis)	<u>(2,766,497)</u>	<u>64,177</u>	<u>1,136,359</u>	<u>(1,072,182)</u>
Ending fund balance	<u>\$ 2,656,406</u>	<u>\$ 6,396,279</u>	<u>\$ 7,634,510</u>	<u>\$ 1,238,231</u>

Under Title 5 of the New Mexico Administrative Code, Chapter 3, Part 4, Paragraph 10 - Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as items of budgetary control. Total expenditures or transfers in each of the following items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures. 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. E. Each individual item of transfer between funds and/or functions.

**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, 2011**

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net assets	\$ 1,196,227	1,866,307	1,616,053	250,254
Revenues:				
Tuition	2,280,900	2,308,300	2,457,971	(149,671)
State government appropriations	8,951,800	8,661,400	8,663,209	(1,809)
Local government appropriations	1,055,000	1,055,000	1,160,474	(105,474)
Federal government contracts and grants	7,000	7,000	8,779	(1,779)
Other	111,500	111,500	136,193	(24,693)
Total revenues	<u>12,406,200</u>	<u>12,143,200</u>	<u>12,426,626</u>	<u>(283,426)</u>
Expenditures:				
Instruction	6,015,430	5,853,922	5,643,004	210,918
Academic support	1,145,000	1,155,084	1,152,225	2,859
Student services	1,507,411	1,539,931	1,470,662	69,269
Institutional support	2,235,990	2,160,319	2,056,466	103,853
Operation and maintenance of plant	1,662,800	1,417,375	1,209,190	208,185
Total expenditures	<u>12,566,631</u>	<u>12,126,631</u>	<u>11,531,547</u>	<u>595,084</u>
Net transfers	<u>(388,550)</u>	<u>(588,550)</u>	<u>(588,550)</u>	-
Change in net assets - budgetary basis	<u>(548,981)</u>	<u>(571,981)</u>	<u>306,529</u>	<u>(878,510)</u>
Ending net assets	<u>\$ 647,246</u>	<u>1,294,326</u>	<u>1,922,582</u>	<u>628,256</u>

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, 2011

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net assets	\$ -	-	-	-
Revenues:				
Federal contracts and grants	600,800	725,816	710,787	15,029
State contracts and grants	283,600	300,751	279,712	21,039
Private grants	-	-	-	-
Total revenues	884,400	1,026,567	990,499	36,068
Expenditures:				
Instruction	830,960	703,267	667,199	36,068
Student Support	53,440	-	-	-
Operation and Maintenance of Plant	-	323,300	323,300	-
Total expenditures	884,400	1,026,567	990,499	36,068
Net transfers	-	-	-	-
Change in net assets - budgetary basis	-	-	-	-
Ending net assets	\$ -	-	-	-



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
RECONCILIATION OF CHANGES IN NET ASSETS  
BUDGET BASIS TO GAAP BASIS  
For the Year Ended June 30, 2011**

	<u>Revenues</u>	<u>Expense</u>
Budget basis (revenues) expense	\$ (27,371,428)	26,235,069
Capital expenditures	-	(2,040,841)
Depreciation	-	1,249,035
Scholarship allowance	1,464,274	(1,464,274)
Loss on disposal of assets	-	35,977
Payment of principal on debt	-	(100,000)
Discounts and allowances on sales and services	647,776	(647,776)
Other	540	(177,182)
	<u>540</u>	<u>(177,182)</u>
GAAP basis (revenue) expense	<u>\$ (25,258,838)</u>	<u>23,090,008</u>

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS  
Year Ended June 30, 2011**

Account Name	Type of Account	NM Bank and Trust	Penn Security Bank	NM State Treasurer	Total
<b>Deposits</b>					
General account	Checking	\$ 220	\$ -	\$ -	\$ 220
Accounts payable	Checking	-	-	-	-
Payroll	Checking	-	-	-	-
Repurchase agreement	Repurchase agreement	1,758,063	-	-	1,758,063
Auxiliary	Checking	4,237	-	-	4,237
Business office credit card	Checking	-	27,276	-	27,276
Bookstore credit card	Money market	-	4,755	-	4,755
Total amount of deposits in bank		<u>1,762,520</u>	<u>32,031</u>	<u>-</u>	<u>1,794,551</u>
Less: insured/non-public funds		-	-	-	-
Less: FDIC coverage		4,457	32,031	-	36,488
Total uninsured public funds		<u>1,758,063</u>	<u>-</u>	<u>-</u>	<u>1,758,063</u>
50% collateral requirements		-	-	-	-
102% collateral requirements		1,793,224	-	-	1,793,224
Pledged securities		2,358,779	-	-	2,358,779
Over/(under) collateralized		<u>565,555</u>	<u>-</u>	<u>-</u>	<u>565,555</u>
Bank balance		1,762,520	32,031	-	1,794,551
Outstanding items		342,837	-	-	342,837
Deposits in transit		5,083	265	-	5,348
Book balance		<u>\$ 1,424,766</u>	<u>\$ 32,296</u>	<u>\$ -</u>	<u>\$ 1,457,062</u>
<b>Investments</b>					
New MexiGrow	External investment pool	-	-	5,983,116	5,983,116
Reserve contingency fund	External investment pool	-	-	17,364	17,364
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000,480</u>	<u>\$ 6,000,480</u>
				Petty Cash	\$ 8,500
				Less: Agency Cash	\$ (23,591)
				Deposits and investments per schedule	<u>\$ 7,442,451</u>
				Cash	\$ 1,441,971
				Investments and restricted investments	\$ 6,000,480
				Deposits and investments per Statement of Net Assets	<u>\$ 7,442,451</u>

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - COMPONENT UNIT  
Year Ended June 30, 2011**

Account Name	Type of Account	Balance Per Statement	Reconciled Balance Per Books
<b>Deposit Accounts</b>			
New Mexico Bank and Trust	Checking	\$ 120,531	129,008
American Heritage Bank	Certificate of Deposit	245,000	245,000
Bank of Clovis	Certificate of Deposit	245,000	245,000
Western Bank	Certificate of Deposit	245,000	245,000
Citizens Bank	Certificate of Deposit	915,000	915,000
	<b>Total</b>	<u>\$ 1,770,531</u>	<u>1,779,008</u>
Per Financial Statements			
Cash and cash equivalents			\$ 129,008
Restricted investments			<u>1,650,000</u>
			<u>\$ 1,779,008</u>

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2011**

Name of Depository	Description	Maturity	CUSIP Number	Fair Market Value	Name and Location of Safe Keeper
New Mexico Bank and Trust	Albuquerque, NM Municipal School District Building Series A	8/1/2021	013595QQ9	\$ 126,993	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	Federal National Mortgage Association Non-callable	7/25/2033	31394VT2	\$ 468,859	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	Federal Home Loan Mortgage Corporation	6/15/2024	31396GJ51	\$ 732,572	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	Federal Home Loan Mortgage Corporation	8/15/2018	31396GLT6	\$ 1,030,355	Commerce Bank St. Louis, MO
Total collateral pledged				<u>\$ 2,358,779</u>	

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2011**

**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

**MEMORANDUMS OF UNDERSTANDING**

The College entered into the following memorandums of understanding:

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	08/07/08 - 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

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	07/13/09 - 07/13/10
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

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2011**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,658	12,689	27,756	23,591
<b>Total assets</b>	<b>\$ 38,658</b>	<b>12,689</b>	<b>27,756</b>	<b>23,591</b>
<b>LIABILITIES</b>				
Accrued expenses	\$ -	20	-	20
Due to other taxing units	38,658	12,669	27,756	23,571
<b>Total liabilities</b>	<b>\$ 38,658</b>	<b>12,689</b>	<b>27,756</b>	<b>23,591</b>

**SINGLE AUDIT SECTION**

**Report of Independent Auditors on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed  
In Accordance With *Government Auditing Standards***

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

We have audited the basic financial statements of State of New Mexico Clovis Community College (College) its discretely presented component unit, the fiduciary fund, and the budget comparison presented as supplemental information as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness as item 2011-01.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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

*Mess Adams LLP*

Albuquerque, New Mexico  
November 14, 2011

**Report of Independent Auditors on Compliance With Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

**Compliance**

We have audited the Clovis Community College's (College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2011. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 2011-02 and 2011-03.

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

### **Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Mess Adams LLP*

Albuquerque, New Mexico  
November 14, 2011

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Subaward Number	Federal Expenditures
<b>United States Department of Education</b>			
Direct Programs:			
Student Financial Aid cluster of programs (1)			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 32,900
Federal Work-Study Program	84.033	N/A	48,439
Federal Pell Grant Program	84.063	N/A	4,880,937
Federal Direct Student Loans	84.268	N/A	1,445,873
Academic Competitiveness Grants	84.375	N/A	2,250
TRIO cluster of programs (1)			
Student Support Services	84.042	N/A	245,172
Upward Bound	84.047	N/A	274,053
Title V (1)	84.031	N/A	1,299,711
Gear Up (1)	84.334	N/A	400,372
Pass-through Programs:			
NM Higher Education Department			
Adult Basic Education	84.002	Award Letter	90,581
NM Department of Education			
Carl Perkins	84.048	002-04-03-01-855	90,618
State Fiscal Stabilization Fund ARRA (1)	84.394A	S394A090032A	323,300
Total United States Department of Education			<u>9,134,206</u>
<b>United States Department of Labor</b>			
Community Based Job Training Grant	17.269	N/A	<u>88,528</u>
<b>United States Small Business Administration</b>			
Direct Program:			
Small Business Development	59.037	N/A	<u>40,439</u>
<b>United States Department of Energy</b>			
ARRA Energy Grant	81.041	N/A	<u>119,104</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 9,382,277</u></u>

(1) audited as major program

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2011**

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

*Basis of Presentation.* The accompanying Schedule of Expenditures of Federal Awards includes all federal assistance to the College that had activity during 2011 or accrued revenue at June 30, 2011. This schedule has been prepared on the accrual basis of accounting. Revenues are recorded for financial reporting purposes when the College has met the qualifications for the respective program.

**NOTE 2. STUDENT FINANCIAL ASSISTANCE**

The College administers the Federal Direct Student Loan Program. During the fiscal year ended June 30, 2011, the College processed \$1,445,873 of new loans under the Federal Direct Student Loan Program. Loans processed during the year ended June 30, 2011 are included in the accompanying Schedule of Expenditures of Federal Awards.

**NOTE 3. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.

**NOTE 4. OTHER DISCLOSURES**

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

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

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**Section I - Summary of Auditors' Results**

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***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?      yes   X   no

***Federal Awards***

Internal control over major programs:

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

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

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

Identification of major programs:

**CFDA Numbers**

Various

Various

84.031

84.334

84.394

**Name of Federal Program or Cluster**

Student Financial Aid Cluster

TRIO Cluster

Title V – Hispanic Serving Institutions

GEAR-UP

State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?      yes   X   no

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

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**Section II - Financial Statement Findings**

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**2011-01 Financial Close and Reporting (Material Weakness)**

**CONDITION**

The College is currently without a CFO, and therefore does not currently have anyone on staff with sufficient skill set and knowledge to be able to prepare the year-end financial statements in accordance with generally accepted accounting principles. In addition, manual journal entries posted by the Business Office Director were not reviewed during the year under audit.

**CRITERIA**

In accordance with Statements on Auditing Standards (SAS) 115, paragraph 15, all entities that issue financial statements must have someone involved in the preparation of the financial statements that have the skills necessary to prepare those financial statements in accordance with generally accepted accounting principles.

**EFFECT**

A lack of segregation of duties has resulted in compromised financial close and reporting process.

**CAUSE**

No CFO position or its equivalent has been filled.

**RECOMMENDATION**

A CFO position should be filled by an interim or contract employee.



**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

**2011-01 Financial Close and Reporting (Material Weakness)(Continued)**

**MANAGEMENT RESPONSE**

Clovis Community Colleges' administration and Board of Trustees recognizes the importance of the CFO position and the role that the position has in the preparation of financial statements as well as the role it plays in regards to internal controls. The filling of that position has and continues to be a priority since the position became vacant in May 2011. The College has and continues to advertise on a local, state and national level. Best efforts have been made to ensure our policies and procedures have not been compromised including our internal controls while at the same time allowing the College to move forward in day to day operations.

While not every JE was reviewed and approved, the Business Office Director regularly conferred with a Vice President on any decisions or major transactions that were made. For every journal entry posted there was backup documentation to justify the journal entry. A new process will be implemented for the future that requires every JE and related documentation to be reviewed by VP Admin., until a new CFO is hired.

The administration of the College in concert with the Board of Trustees accepts the recommendation and will carefully consider all options available going forward.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

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

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**2011-02 Student Financial Aid – Enrollment Reporting (Significant Deficiency/Non-Compliance)**

*Federal program information:*

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

**CONDITION**

During testwork, it was noted that 10 out of 10 students tested were not properly reported to the National Student Loan Database System (NSLDS) when they either withdrew or graduated. Student status changes were not reported on the NSLDS web site for the Spring Semester, and the effective date of student status changes were reported incorrectly for the Fall Semester.

**CRITERIA**

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

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

**QUESTIONED COSTS**

None

**EFFECT**

By not reporting the students' enrollment change as required, the College is not in compliance with program requirements. In addition, there is an increased risk that the students could continue to receive funds after their withdrawal or graduation if NSLDS is not notified.

**CAUSE**

BANNER was not set up correctly to catch the changes in enrollment.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

**2011-02 Student Financial Aid - Enrollment Reporting (Significant Deficiency/Non-Compliance) (Continued)**

**RECOMMENDATION**

We recommend that the College develop and implement policies and procedures to ensure that all students with enrollment changes are reported to NSLDS as required and that a secondary review be used to ensure that all necessary students have been reported.

**MANAGEMENT RESPONSE**

We agree with the auditors' comments, and the following action will be taken to improve the situation. We will research BANNER and the Clearinghouse process to ensure that BANNER is set up correctly to catch all changes in enrollment. We will increase the number of times we are reporting to Clearinghouse from four times a semester to five times a semester. This will have us reporting every 30 days. We will develop a secondary review process to ensure that all necessary student information is being accurately reported.

**2011-03 GEAR-UP and Title V - Allowability (Significant Deficiency - Non Compliance)**

*Federal program information:*

Funding agency: U.S. Department of Education  
Title: GEAR-UP and Title V  
CFDA Number: 84.334A and 84.031

**CONDITION**

During our testing of payroll for single audit for the Title V program, we noted 5 of 25 employees tested had no certification of their level of effort.

**CRITERIA**

According to OMB Cost Circular A-21, "Salaries and wages charged to Federal awards are allowable to the extent that total compensation to the individual employee conforms to established policies of the institution, are consistently applied, and provided that the charges for work performed directly on sponsored awards have been determined in accordance with and supported by the provisions of A-21, section J.10 as follows: (1) Distribution of salaries and wages is based on payrolls documented in accordance with the generally accepted practices of the institution. (2) Apportionment of employees' salaries and wages which are chargeable to more than one sponsored agreement or other cost objective is accomplished by methods which--(a) Comply with A-21, sections A.2 and C, (b) Produce an equitable distribution of charges for employees' activities, and (c) Distinguish the employees' direct activities from their indirect activities. (3) The payroll distribution is based on an after-the-fact confirmation or determination that costs distributed represent actual costs. Confirmation should be by a responsible person with suitable means of verification that the work was performed. Confirmation by the employee is not required if other responsible persons make appropriate confirmations.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

**2011-03 GEAR-UP and Title V - Allowability (Significant Deficiency - Non Compliance)  
(Continued)**

**QUESTIONED COSTS**

Unknown

**EFFECT**

The program is not in compliance with grant requirements and employee's time, and, in turn, overall program costs, has the potential to be misstated.

**CAUSE**

The program director was unaware of the federal requirement for all employees to complete a summary of work time dedicated to the specific grant.

**RECOMMENDATION**

We recommend that the College develop and implement policies and procedures to ensure that time and effort reports are submitted and reviewed for all employees paid with federal funds.

**MANAGEMENT RESPONSE**

The GEAR UP program does have internal controls in place to verify time and effort through monthly reporting procedures. The incidents noted were employees who failed to follow the internal controls by submitting timely time and efforts that are in place, despite weekly reminders to do so. These employees are no longer employed with Clovis Community College. The current employees have all Time and Efforts on file in the GEAR UP office and the Business Office.

The Title V-Access Grant program also has internal controls in place to verify time and effort through monthly reporting procedures. However, when stipends were awarded for task-completion, and more specifically-the task of piloting a course, no time and effort documentation was required in lieu of a syllabus outlining the work to be completed each week. No documentation was collected at the end of the semester certifying that all activities on the syllabus were completed. Moving forward, an additional statement of completed tasks will be signed, verifying that the activities on the syllabus were followed and work was completed.

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2011**

Finding 2009-02	Procurement, Suspension, and Debarment	Resolved
Finding 2010-01	Disposition of Property	Resolved
Finding 2010-02	Board Approval for Disposition of Property	Resolved
Finding 2010-03	Depreciation	Resolved
Finding 2010-04	Internal Control Design	Resolved
Finding 2010-05	OMB Circular A-133 Compliance Supplement	Resolved
Finding 2010-06	Eligibility	Resolved
Finding 2010-07	Cash Management	Resolved
Finding 2010-08	Late Audit Report	Resolved

**STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
EXIT CONFERENCE  
June 30, 2011**

The contents of this report were discussed in an exit conference held on November 11, 2011, with the following in attendance:

**Representing Clovis Community College:**

Becky Rowley, President  
Robin Jones, Executive Vice President  
Tom Drake, Vice President for Administration  
Jayne Craig, Director of Business Affairs  
April Chavez, Director of Financial Aid  
Charles Guthals, Trustee

**Representing Clovis Community College Foundation:**

Jacob Moberly, Foundation Board President  
Natalie Daggett, Foundation Director

**Representing Moss Adams LLP:**

Scott Eliason, Partner  
Ashley Douglass, Manager

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