



**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

FINANCIAL STATEMENTS

JUNE 30, 2012

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE**

Directory of Officials

June 30, 2012

BOARD

Name	Title
Charles Guthals	Chair
Arnold Martinez	Member
Gayla Brumfield	Member
Terry Martin	Member
Russell Muffley	Member

OFFICIALS

Name	Title
Dr. Becky Rowley	President
Debbie Zurzolo	Chief Financial Officer
Jayne Craig	Director of Business Affairs

Report of Independent Auditors

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

We have audited the accompanying basic financial statements of the business-type activities and the discretely presented component unit of Clovis Community College (the College) as of and for the year ended June 30, 2012 as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of 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 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 and the discretely presented component unit of the Clovis Community College as of June 30, 2012 and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. In our opinion, the budget comparisons referred to above present fairly, in all material respects, the budgetary

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

comparison for the year ended June 30, 2012 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 9 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements and the budget comparisons. The accompanying *Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreements and Memorandums of Understanding, and Schedule of Changes in Fiduciary Net Assets – Agency Fund* as required by the New Mexico State Audit Rule and the *Schedule of Expenditures of Federal Awards* as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying *Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement and Memorandums of Understanding, Schedule of Changes in Fiduciary Net Assets – Agency Funds* and *Schedule of Expenditures of Federal Awards* are fairly stated in all material respects in relation to the financial statements as a whole.

Mess Adams LLP

Albuquerque, New Mexico
November 1, 2012

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

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, 2012. This discussion should be read along with the accompanying financial statements and footnotes included therein. Management has prepared the basic financial statements and related note disclosures along with 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 2011 and 2012.

Overview of Financial Statements

For financial reporting purposes, Clovis Community College is considered a special-purpose government engaged only in business-type activities. The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Included in the report is the Clovis Community College Foundation as a component unit for fiscal year 2012.

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 2012. 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, 2012**

Condensed Financial Information

**Condensed Summary of Net Assets
as of June 30:**

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets	\$ 7,272,839	\$ 8,104,483
Other non-current assets	1,050,000	1,235,000
Capital Assets, net	<u>25,808,218</u>	<u>22,974,872</u>
Total Assets	<u>34,131,057</u>	<u>32,314,355</u>
Liabilities		
Current Liabilities	1,579,966	1,663,893
Non-Current Liabilities	<u>1,215,000</u>	<u>1,360,000</u>
Total Liabilities	<u>2,794,966</u>	<u>3,023,893</u>
Net Assets	<u>\$ 31,336,091</u>	<u>\$ 29,290,462</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 24,518,218	21,509,872
Restricted	1,056,113	1,235,000
Unrestricted	<u>5,761,760</u>	<u>6,545,590</u>
Total Net Assets	<u>\$ 31,336,091</u>	<u>\$ 29,290,462</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, 2012 is the investment in the State General Fund Investment Pool of \$5,486,025.

Non-current assets are capital assets, net of accumulated depreciation, of \$25,808,218 and restricted investments of \$1,050,000.

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 \$1,215,000. Annual debt service for the bonds is \$75,000 to \$165,000 through the year 2021.

Net assets may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities by \$31,336,091 at the close of June 30, 2012, as compared to the \$29,290,462 as of June 30, 2011.

At June 30, 2012, the College's current ratio, the amount of current assets (\$7,272,839) available to cover current liabilities (\$1,579,966) was 4.60 to 1.

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

**Condensed Summary of Revenues and Expenses
For Fiscal Years Ended June 30:**

	<u>2012</u>	<u>2011</u>
Operating Revenues by Major Source		
Tuition and Fees	\$ 1,799,259	\$ 1,338,654
Grants and Contracts	8,410,351	10,575,038
Auxiliary Services	825,234	996,600
Other	174,171	299,982
Total Operating Revenues	<u>11,209,015</u>	<u>13,210,274</u>
Operating Expenses by Major Function		
Instruction	6,107,263	6,455,037
Academic Support	1,107,557	1,152,225
Student Services	1,272,718	1,471,421
Institutional Support	1,987,900	2,048,573
Internal Services	(85,720)	(41,162)
Student Social & Cultural	114,937	139,863
Operation and Maintenance of Plant	1,512,608	1,532,490
Depreciation	1,205,267	1,249,035
Public Service	1,783,533	2,411,059
Student Aid	4,085,035	4,901,812
Auxiliary Services	1,350,381	1,472,834
Other Operating Expenses	388,606	185,414
Total Operating Expenses	<u>20,830,085</u>	<u>22,978,601</u>
Non-Operating Revenues (Expenses)		
State Appropriation	10,723,400	10,365,742
Local Tax Levy	1,201,446	1,160,474
Investment (Loss) Income Net of Expense	(226,447)	2,010
Private Gifts	5,336	520,338
Loss on Disposal of Capital Assets	(4,639)	(35,977)
Interest on Capital Asset Related Debt	(32,397)	(75,430)
Total Non-Operating Revenues	<u>11,666,699</u>	<u>11,937,157</u>
Total Increase in Net Assets	<u>\$ 2,045,629</u>	<u>\$ 2,168,830</u>

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

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 2012, 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. The Change in Net Assets (budgetary basis) was (\$1,662,242).

Budgeted revenues were down from the previous year due primarily to the loss of two multi-year federal grants (Gear-Up and STEM which ended in September 2011). Budgeted expenditures reflected the loss of the above mentioned grants but overall increased because of the final capital outlay expense for the completion of the Allied Health Center in June 2012.

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 4.60 to 1. The actual increase in net assets, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Assets, is \$2,045,629. This amount of increase is due primarily to a conservative approach to Instruction and General Expenditures and a small increase in student fees.

The College is dependent upon ongoing financial and political support from state government. In FY 2012, state appropriations increased modestly.

Expenditures have been conservative due to continued projected State of New Mexico revenue shortfalls and the significant impact from the current economic state of the Nation's economy.

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

Factors Impacting Future Periods

Clovis Community College experienced a slight decrease in enrollment for FY 2012 and we are projecting flat enrollment for FY 2013.

Of major concern is the continued projected shortfall in the State of New Mexico revenues and the ability of the legislature to fund 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 is being 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.

Phase II of the Allied Health project was completed in June 2012. This project was funded by the 2008 State of New Mexico General Obligation Bond issue for \$4,000,000 and Private Funding of \$1,700,000. Phase II has provided 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 I 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 College has been awarded a three year federal grant that begins October 1, 2012. The Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program is to develop high-quality programs to meet rural New Mexico's growing health care industry. The College was the only institution in New Mexico to be awarded this grant. The College will receive \$2.5 million over a three year period. The College will use the funding for its Allied Health Expansion project to develop accredited Nursing and Physical Therapist Assistant programs.

Component Unit

Clovis Community College Foundation is included as a component unit and is discretely presented in the College's financial statements. CCC Foundation was established in 1997 to act primarily as a fund raising organization to supplement the resources that are available to the College.

Requests for Information

Questions concerning any of the financial information provided in this report or requests for additional information should be addressed to Debbie Zurzolo, Chief Financial Officer or 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, 2012**

	Primary Institution	Component Unit CCC Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,633,082	73,039
Investments	4,436,025	-
Receivables, net	859,860	8,390
Inventories	22,473	-
Prepaid expenses and deferred charges	321,399	-
Total current assets	<u>7,272,839</u>	<u>81,429</u>
Noncurrent Assets		
Restricted investments	1,050,000	1,950,000
Capital assets, net	25,808,218	68,835
Other assets	-	3,303
Total noncurrent assets	<u>26,858,218</u>	<u>2,022,138</u>
Total assets	<u>\$ 34,131,057</u>	<u>2,103,567</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 629,749	483
Deferred revenue	512,519	-
Compensated absences payable	362,698	-
Current portion of long-term obligations	75,000	-
Total current liabilities	<u>1,579,966</u>	<u>483</u>
Noncurrent Liabilities		
Non-current portion of long-term obligations	1,215,000	-
Total noncurrent liabilities	<u>1,215,000</u>	<u>-</u>
Total liabilities	<u>2,794,966</u>	<u>483</u>
NET ASSETS		
Invested in capital assets, net of related debt	24,518,218	68,835
Restricted		
Nonexpendable		
Scholarships	852,370	1,695,629
Expendable		
Scholarships	203,743	333,563
Unrestricted	5,761,760	5,057
Total net assets	<u>31,336,091</u>	<u>2,103,084</u>
Total liabilities and net assets	<u>\$ 34,131,057</u>	<u>2,103,567</u>

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, 2012**

	Primary Institution	Component Unit CCC Foundation
Operating Revenues		
Student tuition and fees (net of discounts and allowances of \$1,484,236)	\$ 1,799,259	-
Federal grants and contracts	7,300,124	-
State grants and contracts	903,739	-
Private grants and contracts	206,488	-
Sales and services (net of discounts and allowances of \$551,603)	825,234	-
Other operating revenues	174,171	-
Total operating revenues	<u>11,209,015</u>	<u>-</u>
Operating Expenses		
Education and general		
Instruction	6,021,543	-
Public service	1,783,533	-
Academic support	1,107,557	-
Student services	1,272,718	-
Institutional support	1,987,900	-
Student social and cultural	114,937	-
Operation and maintenance of plant	1,512,608	-
Depreciation and amortization	1,205,267	-
Student aid	4,085,035	-
Auxiliary enterprises	1,350,381	-
Other operating expenses	388,606	141,397
Total operating expenses	<u>20,830,085</u>	<u>141,397</u>
Operating loss	<u>(9,621,070)</u>	<u>(141,397)</u>
Nonoperating revenues (expenses)		
Local tax levy	1,201,446	-
State appropriations	10,723,400	-
Private gifts	5,336	364,882
Investment loss - net of expenses	(211,992)	16,772
Interest on capital asset related debt	(32,397)	-
Loss on disposal of capital assets	(4,639)	-
Loss on investment	(14,455)	-
Total non-operating revenues/(expenses)	<u>11,666,699</u>	<u>381,654</u>
Increase in net assets	2,045,629	240,257
Net assets, beginning of year	<u>29,290,462</u>	<u>1,862,827</u>
Net assets, end of year	<u>\$ 31,336,091</u>	<u>2,103,084</u>

See Notes to Financial Statements.

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

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 1,772,976
Grants and Contracts	8,407,501
Payments to suppliers, employees, and others	(11,011,229)
Payments for educational activities	(6,580,247)
Auxiliary enterprise charges	(365,431)
Net cash used by operating activities	<u>(7,776,430)</u>
Cash Flows From Noncapital Financing Activities	
Local tax levy revenues	1,201,446
State appropriations	10,723,400
Gifts and grants received for noncapital purposes	5,336
Net cash provided by noncapital financing activities	<u>11,930,182</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(4,043,252)
Payments on capital debt	(207,397)
Net cash used by capital and related financing activities	<u>(4,250,649)</u>
Cash Flows From Investing Activities	
Sale of investment	514,455
Investment loss, net of expenses	(211,992)
Investment loss in local government investment pool	(14,455)
Net cash provided by investing activities	<u>288,008</u>
Net increase in cash and cash equivalents	191,111
Cash and cash equivalents, beginning of year	<u>1,441,971</u>
Cash and cash equivalents, end of year	<u>\$ 1,633,082</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (9,621,070)
Adjustments to reconcile operating loss to net cash provided/used by operating activities	
Depreciation and amortization	1,205,267
Change in assets and liabilities	
Receivables	502,401
Inventories	296,996
Other assets	(106,097)
Accounts payable and deferred liabilities	(295,532)
Compensated absences	(33,071)
Deferred revenue	274,676
Net cash used by operating activities	<u>\$ (7,776,430)</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, 2012**

ASSETS

Cash and cash equivalents	\$	25,114
Total assets	\$	25,114

LIABILITIES

Accrued expenses	\$	-
Due to student organizations		25,114
Total liabilities	\$	25,114

See Notes to Financial Statements.

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

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, Executive Vice President, Vice President for Administration and Government Relations, and a Chief Financial Officer 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, 2012**

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 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, 2012**

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, 2012**

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 investment income for the College and the Foundation are \$2,526 and \$18,060, 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, 2012**

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.

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 12 for the discretely presented component unit: Clovis Community College Foundation.

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

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 \$452,768 in payroll and related tax liabilities and \$176,981 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, 2012.

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, 2012, \$1,744,008 of the College's bank balances of \$1,829,528 was exposed to custodial credit risk. \$1,744,008 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, 2012**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in 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. However, on October 14, 2008, the FDIC announced a new Transaction Account Guarantee (TAG) Program, that provide depositors' with unlimited coverage through December 31, 2010, for insured depository institutions (IDIs) currently participating in the TAG program, with the possibility of an additional extension of up to 12 months without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension. With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction accounts that has unlimited withdrawals and that cannot earn interest. Also included in this program, are low-interest NOW accounts that cannot earn more than 0.5% interest.

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 of Pledged Collateral.

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. However, on June 30, 2012 the component unit's bank balance of \$2,023,039 was collateralized and insured.

Investments. All investment decisions are approved by the Board. As of June 30, 2012, the College had an investment balance totaling \$5,486,025. Through the approval of the Board of Directors 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

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2012, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

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, 2012, is comprised of \$12,561 of interest and dividends.

Of the \$5,486,025 balance in the LGIP investment account, \$2,908 is in a reserve contingency fund created in late 2008 when the LGIP portfolio experienced a negative impact due to volatility of the stock market. The original balance in the reserve contingency fund was \$203,644. In June 2012, the College received notice from the LGIP that a pro-rata amount of the contingency balance was being written off. The balance in the reserve fund at the time of the write off was \$17,364. The amount of the write off was \$14,455 leaving a balance of \$2,908. The \$14,455 is considered a loss on investment.

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

NOTE 4. RECEIVABLES, NET

Receivables, net at June 30, 2012 for the College, consist of the following:

	Primary Institution
Tuition and fees	\$ 710,428
Contracts and grants	441,371
Inactive accounts	631,335
Accrued interest receivables	808
Property tax levy	25,557
Due from vendor	33,573
Due from the New Mexico Higher Education Department	<u>6,215</u>
	1,849,287
Less: allowance for doubtful accounts	<u>(989,427)</u>
Net total receivables	<u>\$ 859,860</u>

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

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is summarized as follows:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 286,400	-	-	-	286,400
Fine art	967,365	2,000	-	-	969,365
Construction in progress	1,773,193	32,797	-	(1,773,193)	32,797
Total capital assets not being depreciated	3,026,958	34,797	-	(1,773,193)	1,288,562
Capital assets being depreciated:					
Buildings and improvements	28,660,855	3,778,218	-	1,773,193	34,212,266
Equipment	7,142,823	196,257	(232,002)	-	7,107,078
Library books	1,926,252	21,755	(10,452)	-	1,937,555
Land improvements	2,197,633	12,225	-	-	2,209,858
Total other capital assets, at cost	39,927,563	4,008,455	(242,454)	1,773,193	45,466,757
Less accumulated depreciation:					
Buildings and improvements	(12,056,986)	(754,147)	-	-	(12,811,133)
Land improvements	(1,317,007)	(76,165)	-	-	(1,393,172)
Equipment	(4,876,752)	(330,513)	227,362	-	(4,979,903)
Library books	(1,728,904)	(44,442)	10,453	-	(1,762,893)
Total accumulated depreciation	(19,979,649)	(1,205,267)	237,815	-	(20,947,101)
Other capital assets, net	\$ 22,974,872	2,837,985	(4,639)	-	25,808,218
Capital asset summary					
Capital assets not being depreciated	\$ 3,026,958	34,797	-	(1,773,193)	1,288,562
Other capital assets, at cost	39,927,563	4,008,455	(242,454)	1,773,193	45,466,757
Total cost of capital assets	42,954,521	4,043,252	(242,454)	-	46,755,319
Less accumulated depreciation	(19,979,649)	(1,205,267)	237,815	-	(20,947,101)
Capital assets, net	\$ 62,934,170	2,837,985	(4,639)	-	25,808,218
Component unit - net capital assets	\$ 71,000	-	(2,165)	-	68,835

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 was \$1,465,000 with interest ranging from 4.0% to 4.75%. In July 2011, the College requested and received approval from the Board of Trustees and Higher Education Department for the issuance of System Refunding Revenue Bonds. The closing date

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

NOTE 6. BONDS PAYABLE (CONTINUED)

for the refinancing was July 8, 2011 with the purchaser being New Mexico Finance Authority. The bonds are payable solely 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. As of June 30, 2012, the principal and interest to be paid on the bonds total \$1,461,723. The net effective interest rate on the Bonds is 3.311%.

Clovis Community College had a cash balance of \$75,965 in the debt service fund as of June 30, 2012.

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
System Revenue Series 2001 Bond Refunding *before refinance	<u>\$1,465,000*</u>	<u>-</u>	<u>175,000</u>	<u>1,290,000</u>	<u>75,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 75,000	27,621	102,621
2014	145,000	27,066	172,066
2015	145,000	25,486	170,486
2016	145,000	23,384	168,384
2017-2021	<u>780,000</u>	<u>68,166</u>	<u>848,166</u>
	<u>\$ 1,290,000</u>	<u>171,723</u>	<u>1,461,723</u>

NOTE 7. DEFERRED REVENUE

Deferred revenue consists of summer and fall tuition revenue in the amount of \$512,519 at June 30, 2012.

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

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, 2011	Increase	(Decrease)	Balance June 30, 2012	Amount Due Within One Year
Compensated Absences Payable	\$ 395,769	323,158	(356,229)	362,698	362,698

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.

Funding Policy. Covered employees are required by New Mexico Statute to contribute 11.15 percent of their gross salary if annual wages are over \$20,000 and 7.90 percent of their gross salary if annual wages are under \$20,000. Clovis Community College is required by New Mexico Statute to contribute 9.15 percent if annual wages are over \$20,000 and 12.40 percent if annual wages are under \$20,000.

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

NOTE 9. PENSION PLAN - EDUCATION RETIREMENT BOARD (CONTINUED)

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, 2012, 2011 and 2010 were \$667,709, \$887,748 and \$966,237, respectively, which equal the amount of the required contributions for each fiscal year.

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, 2012, 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.

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

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, 2011, 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, 2012, \$237,606 has been paid to the insurance company.

Supplemental Information
for the article
published in the journal
of the American Chemical Society

Supplemental Information

The authors thank the following individuals for their assistance in the preparation of this manuscript: [Faint names and affiliations]

Supplemental Information

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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, 2012

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning fund balance	\$ 7,668,730	7,634,510	7,634,510	-
Revenues:				
State government appropriations	12,278,800	10,739,669	10,723,400	16,269
Federal revenue sources	10,274,408	10,916,010	7,290,705	3,625,305
Tuition and fees	2,708,988	2,728,088	3,008,168	(280,080)
Endowments and private gifts	150,000	300,000	208,024	91,976
Other	4,500,775	4,196,825	3,018,763	1,178,062
Total revenues	29,912,971	28,880,592	24,249,060	4,631,532
Expenditures:				
Instruction	6,227,628	6,466,876	5,933,879	532,997
Academic support	1,138,930	1,205,747	1,107,557	98,190
Student services	1,364,044	1,347,881	1,272,718	75,163
Institutional support	2,180,177	2,266,820	1,987,900	278,920
Operation and maintenance of plant	1,617,671	1,729,087	1,513,038	216,049
Total instruction and general	12,528,450	13,016,411	11,815,092	1,201,319
Student social and cultural activities	107,238	127,238	114,937	12,301
Public service	2,533,405	2,816,115	1,871,197	944,918
Student aid, grants and stipends	8,433,116	9,013,116	6,120,874	2,892,242
Auxiliary services	1,869,000	1,445,210	1,350,381	94,829
Capital outlay	4,490,000	4,556,035	4,179,166	376,869
Building renewal and replacement	302,434	502,434	193,055	309,379
Retirement of indebtedness and refunding expense	176,232	165,000	266,601	(101,601)
Total expenditures	30,439,875	31,641,559	25,911,302	5,730,256
Net transfers	-	-	-	-
Change in net assets (budgetary basis)	(526,904)	(2,760,967)	(1,662,242)	(1,098,724)
Ending fund balance	\$ 7,141,826	4,873,543	5,972,268	(1,098,724)

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, 2012

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net assets	\$ 647,246	1,294,326	1,922,582	(628,256)
Revenues:				
Tuition	2,684,863	2,703,963	2,989,908	(285,945)
State government appropriations	8,428,800	8,428,800	8,429,762	(962)
Local government appropriations	1,156,900	1,156,900	1,201,446	(44,546)
Federal government contracts and grants	6,100	6,100	12,271	(6,171)
Other	111,500	96,500	78,223	18,277
Total revenues	12,388,163	12,392,263	12,711,610	(319,347)
Expenditures:				
Instruction	5,772,078	5,902,186	5,545,506	356,680
Academic support	1,138,930	1,205,747	1,107,557	98,190
Student services	1,364,044	1,347,881	1,272,718	75,163
Institutional support	2,180,177	2,266,820	1,987,904	278,916
Operation and maintenance of plant	1,617,671	1,729,087	1,513,038	216,049
Total expenditures	12,072,900	12,451,721	11,426,723	1,024,998
Net transfers	(388,550)	(1,174,398)	(1,127,908)	46,490
Change in net assets - budgetary basis	(73,287)	(1,233,856)	156,979	(1,297,855)
Ending net assets	\$ 573,959	60,470	2,079,561	(1,926,111)

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, 2012

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net assets	\$ -	-	-	-
Revenues:				
Federal contracts and grants	393,596	409,674	352,588	57,086
State contracts and grants	132,000	252,176	223,221	28,955
Total revenues	525,596	661,850	575,809	86,041
Expenditures:				
Instruction	525,596	661,850	552,603	109,247
Total expenditures	525,596	661,850	552,603	109,247
Net transfers	-	-	-	-
Change in net assets - budgetary basis	-	-	23,206	(23,206)
Ending net assets	\$ -	-	23,206	(23,206)

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
RECONCILIATION OF CHANGES IN NET ASSETS
BUDGET BASIS TO GAAP BASIS
For the Year Ended June 30, 2012

	<u>Revenues</u>	<u>Expense</u>
Budget basis (revenues) expense	\$ (24,249,060)	25,911,302
Capital expenditures	-	(4,043,253)
Depreciation	-	1,205,267
Scholarship allowance	1,484,236	(1,484,236)
Loss on disposal of assets	-	4,644
Payment of principal on debt	-	(175,000)
Discounts and allowances on sales and services	551,603	(551,603)
Other	(699,529)	-
	<u>(699,529)</u>	<u>-</u>
GAAP basis (revenue) expense	<u>\$ (22,912,750)</u>	<u>20,867,121</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2012

College:

Account Name	Type of Account	NM Bank and Trust	Penn Security Bank	NM State Treasurer	Total
Deposits					
General account	Checking	\$ 6,603	-	-	6,603
Accounts payable	Checking	-	-	-	-
Payroll	Checking	-	-	-	-
Repurchase agreement	Repurchase agreement	1,744,008	-	-	1,744,008
Auxiliary	Checking	52,642	-	-	52,642
Bookstore credit card	Money market	-	26,275	-	26,275
Total amount of deposits in bank		1,803,253	26,275	-	1,829,528
Less: insured/non-public funds		-	-	-	-
Less: FDIC coverage		59,245	26,275	-	85,520
Total uninsured public funds		1,744,008	-	-	1,744,008
50% collateral requirements					
102% collateral requirements		1,778,888	-	-	1,778,888
Pledged securities		1,977,673	-	-	1,977,673
Over/(under) collateralized		198,785	-	-	198,785
Bank balance		1,803,253	26,275	-	1,829,528
Outstanding items		209,904	-	-	209,904
Deposits in transit		28,037	1,941	-	29,978
Book balance		\$ 1,621,386	28,216	-	1,649,602
Investments					
New MexiGrow	External investment pool	-	-	5,483,116	5,483,116
Reserve contingency fund	External investment pool	-	-	2,909	2,909
		\$ -	-	5,486,025	5,486,025
Petty Cash					8,500
Cashier Over/Short					94
Less: Agency Cash					(25,114)
Deposits and investments per schedule					\$ 7,119,107
Cash				\$	1,633,082
Investments and restricted investments					5,486,025
Deposits and investments per Statement of Net Assets				\$	7,119,107

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)
Year Ended June 30, 2012**

Foundation:

Account Name	Type of Account	Balance Per Statement	Reconciled Balance Per Books
Deposit Accounts			
New Mexico Bank and Trust	Checking	\$ 99,693	73,039
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	245,000	245,000
Citizens Bank-CDARS	Certificate of Deposit	425,000	425,000
Citizens Bank-CDARS	Certificate of Deposit	245,000	245,000
Citizens Bank-CDARS	Certificate of Deposit	300,000	300,000
	Total	<u>\$ 2,049,693</u>	<u>\$ 2,023,039</u>
Per Financial Statements			
Cash and cash equivalents			\$ 73,039
Restricted investments			<u>1,950,000</u>
			<u>\$ 2,023,039</u>

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

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	013595Q09	\$ 96,821	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	Federal National Mortgage Association Non-callable	7/25/2033	31394VT2	134,004	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	Federal Home Loan Mortgage Corporation	11/25/2035	31396WPE1	<u>1,746,848</u>	Commerce Bank St. Louis, MO
Total collateral pledged				<u>\$ 1,977,673</u>	

**CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING
 Year Ended June 30, 2012**

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 cooperative 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 Cannon Air Force Base
Party responsible for operations	Clovis Community College
Description	To establish ITV site on base
Beginning and ending dates	10/20/2010 to 10/20/2013
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 New Mexico University - Roswell
Party responsible for operations	Clovis Community College
Description	To provide curriculum for EMT course
Beginning and ending dates	08/22/2011 to 08/22/2012
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, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash and cash equivalents	\$ 23,591	9,158	(7,635)	25,114
Total assets	\$ 23,591	9,158	(7,635)	25,114
LIABILITIES				
Accrued expenses	\$ -	-	-	
Due to other taxing units	23,591	9,158	(7,635)	25,114
Total liabilities	\$ 23,591	9,158	(7,635)	25,114

1. The auditor should obtain an understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement due to error or fraud and to design the nature, timing, and extent of audit procedures.

2. The auditor should identify and assess the risks of material misstatement due to error or fraud, and design and perform audit procedures that are responsive to those risks.

3. The auditor should obtain sufficient appropriate audit evidence to support the audit opinion.

4. The auditor should evaluate the audit evidence obtained and form an audit opinion.

5. The auditor should communicate the results of the audit to the appropriate parties.

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

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

We have audited the basic financial statements of Clovis Community College (College) and its discretely presented component unit, and the budget comparison presented as supplemental information as of and for the year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic 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 audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a matter that is required to be reported under Section 12-6-5 NMSA 1978 and is described in the accompanying schedule of findings and questioned costs as item 2012-02.

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, management of the College, 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 1, 2012

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

To 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 the could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditors' 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.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2012-01.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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.

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

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 a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-02. 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 it.

This report is intended solely for the information and use of the Board of Trustees, management of the College, the New Mexico Higher Education Department, the New Mexico 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.

Mass Adams LLP

Albuquerque, New Mexico
November 1, 2012

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Subaward Number	Federal Expenditures
United States Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 42,996
Federal Work-Study Program	84.033	N/A	48,598
Federal Pell Grant Program	84.063	N/A	4,150,353
Federal Direct Student Loans	84.268	N/A	<u>1,359,006</u>
			5,600,953
TRIO Cluster			
Student Support Services	84.042	N/A	212,350
Upward Bound	84.047	N/A	<u>253,882</u>
			466,232
Higher Education Institutional Aid - Title V			
Gear Up	84.031	N/A	1,032,303
	84.334	N/A	34,082
Pass-through Programs:			
NM Higher Education Department			
Adult Basic Education	84.002	Award Letter	57,201
NM Department of Education			
Carl Perkins	84.048	002-04-03-01-855	<u>87,664</u>
Total United States Department of Education			<u>7,278,435</u>
United States Small Business Administration			
Direct Program:			
Small Business Development	59.037	N/A	<u>21,689</u>
Total Federal Expenditures			<u><u>\$ 7,300,124</u></u>

**STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2012**

NOTE 1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

The federal financial assistance of the College is included in the scope of the Single Audit, which was performed in accordance with the provisions of the Office of Management and Budget's Circular A-133, Compliance Supplement for Audits of Institutions of Higher Learning and Other Not-for-Profit Institutions (Compliance Supplement). Compliance testing of all specific requirements was performed, as described in the Compliance Supplement (March 2012).

NOTE 2. 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 2012 or accrued revenue at June 30, 2012. 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 3. STUDENT FINANCIAL ASSISTANCE

The College administers the Federal Direct Student Loan Program. During the fiscal year ended June 30, 2012, the College processed \$1,359,006 of new loans under the Federal Direct Student Loan Program.

NOTE 4. BASIS OF ACCOUNTING

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

NOTE 5. 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
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012**

Finding 2011-01	Financial Close and Reporting	Resolved
Finding 2011-02	Student Financial Aid - Enrollment Reporting	Repeated/Updated
Finding 2011-03	GEAR-UP and Title V - Allowability	Resolved

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ 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 Circular A-133? X yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various 84.031	Student Financial Aid Cluster Higher Education Institutional Aid - Title V

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, 2012**

Section II - Financial Statement Findings

None reported

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

Section III - Federal Award Findings and Questioned Costs

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: Only affects 84.268

CONDITION

During testwork, it was noted that 2 out of 10 students tested were not reported to the National Student Loan Database System (NSLDS) when they graduated.

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.

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

Section III - Federal Award Findings and Questioned Costs (Continued)

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

CAUSE

Internal controls are not in place to ensure timely reporting of student status changes.

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

Steps were taken during the 2011-2012 academic year to address the Enrollment Reporting finding in the 2010-2011 audit. While there was great improvement in the process, it was discovered there was a timing error between Admissions loading all of the graduates into the BANNER system and when Financial Aid ran the Clearinghouse process. As a new internal control method, we have developed a process for Admissions to notify Financial Aid when they have completed loading the graduates into the system. Financial Aid will not run the final Clearinghouse run for the semester until notified.

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

Section III - Federal Award Findings and Questioned Costs (Continued)

2012-01 Student Financial Aid Programs - Borrower Data Transmission and Reconciliation (non-compliance)

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

CONDITION

During testing, it was noted that 2 of 3 monthly reconciliations of the Direct Loan program payments had not been reconciled to the School Account Statement (SAS) data file provided by the Common Origination and Disbursement (COD).

CRITERIA

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

QUESTIONED COSTS

None

EFFECT

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

CAUSE

The Student Financial Aid Director was not aware of the requirement to reconcile to the SAS report specifically.

RECOMMENDATION

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

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

Section III - Federal Award Findings and Questioned Costs (Continued)

2012-01 Student Financial Aid Programs - Borrower Data Transmission and Reconciliation (non-compliance) (Continued)

MANAGEMENT RESPONSE

Administration has instructed the Financial Aid Director to review the structure of the financial aid office, job duties of personnel, and consider possible reconstruction of the department. The objective of the review will be to build additional review processes into the financial aid program by the more knowledgeable staff to ensure the College is in compliance thus improving internal control. The Financial Aid office will be participating in Department of Education and NASFAA webinars in the future and receive additional training when available.

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

Section IV – Other Matters

2012-02 Budgetary Comparisons

CONDITION

At June 30, 2012, we noted that the College overspent its approved budget in combined revenues and expenditures budget in the following categories:

Retirement of Indebtedness and Refunding Expenses	\$101,601
---	-----------

CRITERIA

Per statute 5.3.4.10 NMAC, total expenditures may not exceed amounts shown in the approved budgets. Adequate internal controls to minimize budget overspending should ensure that budgets are not exceeded by any amount. The point in the disbursement cycle in which the transaction should be cancelled if budget is not available is at the beginning with the purchase request.

EFFECT

The College has not complied with budgetary compliance requirements as set out in the New Mexico Administrative Code. This may impact future funding.

CAUSE

A payment was made during the year that was improperly booked and was not caught until the end of the year causing the expenses in this category to be over budget.

RECOMMENDATION

We recommend that College budget controls and processes be strengthened to ensure that budgeted amounts are not overspent.

MANAGEMENT RESPONSE

In July 2011, the College restructured the System Revenue Bonds. During the restructuring the College was required to make a bond payment prior to the restructuring. This payment was recorded as a payment to the bond payable account along with the restructuring entries for the new bond payable and was not recorded as an expenditure for budget purposes. The College will record all bond payments to the expenditure account until fiscal year end and final review of budget. At that time the entry will then be posted to bond payable.

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

The contents of this report were discussed in an exit conference held on October 25, 2012, with the following in attendance:

Representing Clovis Community College:

Becky Rowley, President
Tom Drake, Vice President for Administration
Debbie Zurzolo, Chief Financial Officer
Jayne Craig, Director of Business Affairs
Russell Muffley, Trustee
Charles Guthals, Trustee
Clay Bracken, Vice President - Foundation

Representing Moss Adams LLP:

Scott Eliason, Partner
Mandy Huggard, Manager

Management of Clovis Community College prepared these financial statements.