



Clovis Community College

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
JUNE 30, 2014

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CLOVIS COMMUNITY COLLEGE

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STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE

Directory of Officials

June 30, 2014

BOARD

Name	Title
Terry Martin	Chair
Arnold Martinez	Member
Russell Muffley	Member
Donald Sharer	Member
Nola Pawol	Member

OFFICIALS

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, discretely presented component unit and the aggregate remaining fund information of Clovis Community College (the "College") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons, presented as supplementary information, as defined by the Governmental Accounting Standards Board, for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and the aggregate remaining fund information of the College as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 for the year ended June 30, 2014 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 be presented to supplement the basic

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

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic 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 Assets and Liabilities – Agency Fund as required by Section 2.2.2. NMAC, 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 basic financial statements.

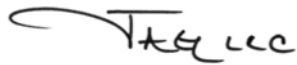
The Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreements and Memorandums of Understanding, Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Deposit and Investment Accounts, Schedule of Pledged

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

Collateral, Schedule of Joint Powers Agreements and Memorandums of Understanding, Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 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* in considering the College's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC
Albuquerque, New Mexico
October 31, 2014

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. 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 2013 and 2014.

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 2014.

Using the Basic Financial Statements

The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of fiscal year 2014. 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 position.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenue, Expenses, and Changes in Net Position. The purpose of this statement 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 by the Governmental Accounting Standards Board.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Condensed Financial Information

Condensed Summary of Net Position
as of June 30:

	2014	2013
Assets		
Current Assets	\$ 10,365,862	\$ 9,122,600
Other non-current assets	378,000	448,000
Capital Assets, net	24,807,394	24,858,264
Total Assets	<u>35,551,256</u>	<u>34,428,864</u>
Liabilities		
Current Liabilities	1,975,227	1,928,703
Non-Current Liabilities	925,000	1,070,000
Total Liabilities	<u>2,900,227</u>	<u>2,998,703</u>
Net Position		
Net Investment in Capital Assets	23,737,394	23,643,264
Restricted	397,286	453,826
Unrestricted	8,516,049	7,333,071
Total Net Position	<u>\$ 32,651,029</u>	<u>\$ 31,430,161</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, 2014 is the investment in the State General Fund Investment Pool of \$5,108,025.

Non-current assets are capital assets, net of accumulated depreciation, of \$24,807,394 and restricted investments of \$378,000.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued annual leave.

New Mexico Finance Authority loan payable is the largest non-current liability of the College, totaling \$925,000. Annual debt service for the loan is \$145,000 to \$165,000 through the year 2021.

Net position may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities by \$32,651,029 at the close of June 30, 2014, as compared to the \$31,430,161 as of June 30, 2013.

At June 30, 2014, the College's current ratio, the amount of current assets \$10,365,862 available to cover current liabilities \$1,975,227 was 5.25 to 1.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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

	<u>2014</u>	<u>2013</u>
Operating Revenues by Major Source		
Tuition and Fees	2,086,477	\$ 1,926,150
Grants and Contracts	7,408,771	8,565,156
Auxiliary Services	45,452	131,117
Other	287,255	217,596
Total Operating Revenues	<u>9,827,955</u>	<u>10,840,019</u>
Operating Expenses by Major Function		
Instruction	7,218,023	6,564,103
Academic Support	1,106,264	1,124,005
Student Services	1,436,803	1,355,953
Institutional Support	2,502,470	2,187,166
Internal Services	(122,506)	221,962
Student Social & Cultural	85,378	84,318
Operation and Maintenance of Plant	1,735,606	1,564,400
Depreciation	1,290,833	1,277,449
Public Service	961,540	1,082,138
Student Aid	3,762,316	4,669,042
Auxiliary Services	27,878	33,133
Other Operating Expenses	(103,154)	385,239
Total Operating Expenses	<u>19,901,451</u>	<u>20,548,909</u>
Non-Operating Revenues (Expenses)		
State Appropriation	9,703,678	8,772,122
Local Tax Levy	1,342,740	1,298,702
Investment (Loss) Income Net of Expense	(48,924)	(140,614)
Loss on Disposal of Capital Assets	(1,447)	(99,629)
Interest on Capital Asset Related Debt	(27,067)	(27,622)
Total Non-Operating Revenues	<u>10,968,980</u>	<u>9,802,960</u>
Other – State capital appropriations	<u>325,384</u>	<u>-</u>
Total Increase in Net Position	<u><u>1,220,868</u></u>	<u><u>\$ 94,070</u></u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 position (assets minus liabilities) are classified by the College's ability to use those assets to meet operating needs. Net position that is 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 position). Unrestricted net position may be used to meet all operating needs of the College.

General Budgetary Highlights

During Fiscal Year 2014, 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 Position (budgetary basis) was \$1,182,976.

The combined revenue variance increased from the previous year due to budgeting for growth in eligibility of the PELL Grant which did not materialize. The combined expenditure variance also increased due to the PELL Grant variance.

Analysis of Overall Financial Position

The overall financial position of the College is stable. The College's current ratio, the amount of current assets available to cover current liabilities, is 5.25 to 1. The actual increase in net position, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Position, is \$972,468. This amount of increase is due primarily to an increase to the state appropriation and a conservative approach to Instruction and General Expenditures.

The College is dependent upon ongoing financial and political support from state government. In FY 2014, The New Mexico Higher Education appropriation increased by \$950,595.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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

Factors Impacting Future Periods

Clovis Community College experienced a 3% decline in enrollment for FY 2014 and we are projecting flat enrollment for FY 2015.

Of major concern is the projected revenue in the State of New Mexico 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 constantly 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.

Phase II of the Allied Health project that was completed in June 2012 enabled the College to start an "inclusive" program for nursing students. This program admitted the first cohort of students in the fall of 2012 and second cohort in the fall of 2013. The benefit of the program directly impacts the STEM-H initiatives in the state of New Mexico.

The College's award of the three year TAACCCT federal grant (Trade Adjustment Assistance Community College and Career Training) in October 1, 2012 is being used to develop a high-quality program to meet rural New Mexico's growing health care industry. The scope of the grant is providing three program areas of development: Physical Therapy Assistant program development, Radiology Technology enhancement, including digital equipment and simulation expansion, and Nursing enhancement. The College will receive \$2.5 million over the three year period from the TAACCCT Grant.

Clovis Community College was placed on the first available cycle for submission of the Application for Candidacy with CAPTE which is December 1, 2014. Candidate for Accreditation is a pre-accreditation status, awarded prior to enrollment of students in the technical/professional phase of the program of entry-level physical therapist assistant education. The Commission on Accreditation in Physical Therapy Education (CAPTE) is the only accreditation agency recognized by the United States Department of Education (USDE) and the Council for Higher Education Accreditation (CHEA) to accredit entry-level physical therapist and physical therapist assistant education programs. Candidacy visit is estimated to be in January 2015 with a CAPTE decision projected in the Spring of 2015. The College currently has 30 students on a waiting list for the program.

The voter approval of the State of New Mexico General Obligation Bond in November 2012 contributed \$800,000 to remodel Phase VI to accommodate the proposed Physical Therapy Assistant program. The remodel will be completed by October 2014.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 POSITION
June 30, 2014

	Primary Institution	Component Unit CCC Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,667,874	1,210,330
Investments	5,108,025	1,033,707
Receivables, net	1,424,193	924
Inventories	26,309	-
Prepaid expenses and deferred charges	139,461	-
Total current assets	10,365,862	2,244,961
Noncurrent Assets		
Restricted investments	378,000	-
Capital assets, net	24,807,394	53,346
Other assets	-	4,002
Total noncurrent assets	25,185,394	57,348
Total assets	\$ 35,551,256	2,302,309
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 552,560	-
Unearned revenue	905,132	-
Compensated absences payable	372,535	-
Current portion of long-term obligations	145,000	-
Total current liabilities	1,975,227	-
Noncurrent Liabilities		
Non-current portion of long-term obligations	925,000	-
Total liabilities	2,900,227	-
NET POSITION		
Net investment in capital assets	23,737,394	53,346
Restricted		
Nonexpendable		
Scholarships	305,730	1,909,806
Expendable		
Scholarships	91,856	334,231
Unrestricted	8,516,049	4,926
Total net position	32,651,029	2,302,309
Total liabilities and net position	\$ 35,551,256	2,302,309

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2014

	Primary Institution	Component Unit CCC Foundation
Operating Revenues		
Student tuition and fees (net of discounts and allowances of \$1,489,572)	\$ 2,086,477	-
Federal grants and contracts	6,426,704	-
State grants and contracts	856,666	-
Private grants and contracts	125,401	-
Sales and services	130,475	-
Other operating revenues	202,232	-
Total operating revenues	<u>9,827,955</u>	<u>-</u>
Operating Expenses		
Education and general		
Instruction	7,095,517	-
Public service	961,540	-
Academic support	1,106,264	-
Student services	1,436,803	-
Institutional support	2,502,470	-
Student social and cultural	85,378	-
Operation and maintenance of plant	1,735,606	-
Depreciation and amortization	1,290,833	-
Student aid	3,762,316	-
Auxiliary enterprises	27,878	-
Other operating expenses	(103,154)	41,293
Total operating expenses	<u>19,901,451</u>	<u>41,293</u>
Operating loss	<u>(10,073,496)</u>	<u>(41,293)</u>
Nonoperating revenues (expenses)		
Local tax levy	1,342,740	-
State appropriations	9,703,678	-
Private gifts	-	83,289
Investment Income (loss) - net of expenses	(48,924)	71,498
Interest on capital asset related debt	(27,067)	-
Loss on disposal of capital assets	(1,447)	-
Total non-operating revenues/(expenses)	<u>10,968,980</u>	<u>154,787</u>
Other		
State capital appropriations	<u>325,384</u>	<u>-</u>
Increase in net position	1,220,868	113,495
Net position, beginning of year	31,430,161	2,188,814
Net position, end of year	<u>\$ 32,651,029</u>	<u>2,302,309</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 1,996,424
Grants and Contracts	7,707,158
Payments to suppliers, employees, and others	(14,735,956)
Payments for educational activities	(3,762,316)
Auxiliary enterprise charges	(27,878)
Net cash used by operating activities	<u>(8,822,568)</u>
Cash Flows From Noncapital Financing Activities	
Local tax levy revenues	1,344,212
State appropriations	9,703,678
Net cash provided by noncapital financing activities	<u>11,373,273</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(1,241,409)
Payments on capital debt	(172,067)
State capital appropriations	325,383
Net cash used by capital and related financing activities	<u>(1,413,476)</u>
Cash Flows From Investing Activities	
Investment loss, net of expenses	(48,924)
Net cash provided by investing activities	<u>(48,924)</u>
Net increase in cash and cash equivalents	1,088,305
Cash and cash equivalents, beginning of year	2,579,569
Cash and cash equivalents, end of year	<u>\$ 3,667,874</u>

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH
USED BY OPERATING ACTIVITIES

Operating loss	\$ (10,073,496)
Adjustments to reconcile operating loss to net cash provided/used by operating activities	
Depreciation and amortization	1,291,955
Loss on disposal of capital assets	1,447
Change in assets and liabilities	
Receivables	(177,926)
Inventories	(2,787)
Other assets	91,714
Accounts payable and deferred liabilities	(37,200)
Compensated absences	(1,100)
Unearned revenue	84,825
Net cash used by operating activities	<u>\$ (8,822,568)</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, 2014

ASSETS

Cash and cash equivalents	\$	<u>29,479</u>
Total assets	\$	<u><u>29,479</u></u>

LIABILITIES

Due to student organizations	\$	<u>29,479</u>
Total liabilities	\$	<u><u>29,479</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 Annotated, 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, Chief Financial Officer, and a Chief Information 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 provide accessible, affordable, accredited, high-quality educational opportunities by keeping the learners' needs at the center of decision making.

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 position, revenues, expenses and changes in net position 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, 2014

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 is 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.

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

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

consideration of appropriations by the state legislature. 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 per Section 12-6-10 NMSA 1978 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 Position. Net investment in capital assets, 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 net investment in capital assets

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Restricted net position 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 position are resources that the College is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted, non-expendable net position 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.

Unrestricted net position consist of those operating funds over which the governing board retains full control to use in achieving any of its authorized use. The Board of Trustees have designated \$1,250,000 of the June 30, 2014 unrestricted net position to be used for replenishing capital outlay funds for previous roofing projects and future minor projects campus wide.

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.

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CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Other:

Other revenues include capital appropriations from State of New Mexico General Obligation Bonds.

Student tuition and fee revenue are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. 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.

Unearned 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 non-operating expenses under the standards promulgated by the GASB.

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).

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

See Note 11 for the discretely presented component unit: Clovis Community College Foundation.

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 \$271,820 in payroll and related tax liabilities and \$280,740 in accounts payable to vendors.

NOTE 3. DEPOSITS AND INVESTMENTS

For the College, 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 – College and Foundation- Custodial credit risk is the risk that in the event of a bank failure, the College's or Foundation's deposits may not be returned to it.

The Bank pledges collateral against both the Foundation and the College and does not segregate the amounts between the two. As of June 30, 2014, \$4,995,034 of the College's and Foundation's bank balances of \$5,213,499 was exposed to custodial credit risk. \$4,995,034 of the bank balances were 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. The Foundation's bank balance is held under the College's name.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

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, as noted above, the Foundation's uninsured balances are collateralized by securities held by the pledging financial institution.

Investments - College. For the College, 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, 2014.

All investment decisions are approved by the Board. As of June 30, 2014, 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 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.IF, NMSA 1978, at the end of each month

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 - College. 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. As of June 30, 2014, the New Mexico LGIP AAAM Rated \$5,486,025 WAM (R) is 48.6 days and the WAM (F) is 116.2 days.

Credit Rate Risk - College. 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, 2014, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

Concentration Risk - College. 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.

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.

Investments – Foundation. Investments consist primarily of money market mutual funds, stock mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Custodial Credit Risk – Investments – Foundation. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The custodian of the investments of the Foundation is a member of Securities Investor Protection Corporation (SIPC) and the securities are protected up to \$500,000.

Concentration of Credit Risk – Investments – Foundation. Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation’s investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were five investments in a single issuer (equity-common stock) that represents 5% or more of the total investments in the Foundation at June 30, 2014 as follows: BB&T Corporation (10%), Bank of New York (9%), Citigroup Inc. (12%), JP Morgan Chase (8%) and Wells Fargo (9%).

Credit Risk –Investments-Foundation. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. At June 30, 2014, the Foundation’s money market mutual funds are subject to credit risk, however, they are unrated.

NOTE 4. RECEIVABLES, NET

Receivables, net at June 30, 2014 for the College, consist of the following:

	Primary Institution
Tuition and fees	\$ 1,242,174
Contracts and grants	334,020
Inactive tuition accounts	752,268
Accrued interest receivables	502
Property tax levy	29,596
Due from vendor	225
Due from the New Mexico Higher Education Department	<u>316,925</u>
	2,675,710
Allowance for doubtful accounts	<u>(1,251,517)</u>
Net total receivables	<u>\$ 1,424,193</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance	Year Ended June 30, 2014		Ending Balance
		Additions	Retirements	
Capital assets not being depreciated				
Land	\$ 300,330	-	-	300,330
Fine art	966,865	-	-	966,865
Construction in-progress	30,792	356,778	-	387,570
Total capital assets not being depreciated	\$ 1,297,987	356,778	-	1,654,765
Capital assets being depreciated				
Buildings and Improvements	\$ 34,286,838	571,057	-	34,857,895
Equipment	6,274,968	304,459	(72,339)	6,507,088
Library books	1,910,807	9,438	(5,431)	1,914,814
Land improvements	2,224,157	-	-	2,224,157
Total other capital assets at cost	44,696,770	884,954	(77,770)	45,503,954
Less: accumulated depreciation for				
Buildings and Improvements	(13,658,169)	(863,903)	-	(14,522,072)
Land improvements	(1,470,050)	(74,924)	-	(1,544,974)
Equipment	(4,244,655)	(316,780)	70,892	(4,490,544)
Library books	(1,763,619)	(35,548)	5,431	(1,793,736)
Total accumulated depreciation	(21,136,493)	(1,291,155)	76,323	(22,351,325)
Capital assets, net	\$ 24,858,264	(49,423)	(1,447)	24,807,394
Capital asset summary				
Capital assets not being depreciated	\$ 1,297,987	356,778	-	1,654,765
Other capital assets at cost	44,696,770	884,954	(77,770)	45,503,954
Total cost of capital assets	45,994,757	1,241,732	(77,770)	47,158,719
Accumulated depreciation	(21,136,493)	(1,291,155)	76,323	(22,351,325)
Capital assets, net	\$ 24,858,264	(49,423)	(1,447)	24,807,394
Component units - net capital assets	\$ 54,767	-	(1,421)	53,346

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6. NOTES 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.

On July 8, 2011, the College refinanced the System Refunding Revenue Bonds through a note agreement with the New Mexico Finance Authority. The note is 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, 2014, the principal and interest to be paid on the bonds total \$1,187,037. The net effective interest rate on the note is 3.311%.

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Note payable to					
New Mexico Finance Authority	\$1,215,000	-	145,000	1,070,000	145,000

The annual requirements to amortize the note payable outstanding as of June 30 including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2015	145,000	25,486	170,486
2016	145,000	23,384	168,384
2017	145,000	20,875	165,875
2018	155,000	17,874	172,874
2019	155,000	14,154	169,154
Thereafter	325,000	15,264	340,264
	<u>\$ 1,070,000</u>	<u>117,037</u>	<u>1,187,037</u>

NOTE 7. UNEARNED REVENUE

Unearned revenue consists of summer and fall tuition revenue in the amount of \$885,837 and advanced grant revenue of \$19,295 at June 30, 2014.

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

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, 2013	Increase	(Decrease)	Balance June 30, 2014	Amount Due Within One Year
Compensated Absences Payable	\$ 373,635	340,821	341,921	372,535	372,535

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.

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.10% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The College contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015, the College will contribute 13.9% of gross covered salary.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**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, 2014, 2013 and 2012 were \$896,154, \$756,843 and \$667,709, 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, 2014, 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 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. The Foundation does not issue separate 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 (IRC). 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 IRC.

NOTE 13. RELATED-PARTY TRANSACTIONS

The College has 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. For the year ended June 30, 2014, \$236,436 was paid to the insurance company.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 14. RISK MANAGEMENT

At June 30, 2014, the College has two workman's compensation claims outstanding. At June 30, 2014, there are no other litigation, claims or assessments against the College.

The College has property and liability insurance coverage with Zurich Insurance Group, LTD. and workers compensation insurance coverage with Mountain States Mutual. The College has not filed any claims wherein the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts.

The College believes that the outcome of the two workman's compensation claims will not have a material adverse effect on the financial position or operations of the College.

NOTE 15. RESTATEMENT OF BEGINNING BUDGET BALANCE

During the year ended June 30, 2014, management determined that the beginning budget (actual column) was incorrect as the result of an incorrect presentation of a prior year transfer as noted in the Schedule of Budgeted and Actual Revenues and Expenditures – Unrestricted – Instructional and General. The beginning balance, as originally reported, was reduced by \$1,506,477.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENT EFFECTIVE FOR THE
YEAR ENDED JUNE 30, 2015

The Governmental Accounting Standards Board (GASB) has issued a new accounting pronouncement (Statement No. 68 - *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*) effective for the year ended June 30, 2015. As a cost-share employer participating in the ERB Pension Plan (Plan) (see note 9), the College will be required to include in its June 30, 2015 financial statements, the pro rata share of the Plan's collective "Net Pension Liability". The Plan's "Net Pension Liability" represents the difference between Plan's Total Plan Liability and the Plan's Net Plan Position, reported at the market value of the investment assets.

The amount of the College's pro rata share of the Plan's collective "Net Pension Liability" is currently unknown. However, the amount of Net Pension Liability to be included in the College's June 30, 2015 financial statements, is expected to be material.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**NOTE 17. BEGINNING BALANCE – STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN NET POSITION**

The previously issued June 30, 2013 financial statements had a footing error in the statement of revenues, expenditures and changes in net position which caused the June 30, 2013 net position on that statement to be understated by \$19,039.

The June 30, 2013 net position was reported on the statement of revenues, expenditures and changes in net position as \$31,411,122, however, the balance should have been reported \$31,430,161. The June 30, 2013 statement of net position reported the correct net position amount.

These financial statements present the correct beginning balance amount of \$31,430,161 in the statement of revenues, expenditures and changes in net position.

SUPPLEMENTARY 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, 2014

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ 5,475,204	7,543,578	7,543,578	-
Revenues:				
State government appropriations	10,426,800	10,327,258	10,029,061	298,197
Federal revenue sources	11,389,315	11,174,611	6,417,801	4,756,810
Tuition and fees	3,524,367	3,253,865	3,447,542	(193,677)
Endowments and private gifts	253,460	253,460	124,053	129,407
Other	2,621,295	2,689,477	2,467,678	221,799
Total revenues	<u>28,215,237</u>	<u>27,698,671</u>	<u>22,486,135</u>	<u>5,212,536</u>
Expenditures:				
Instruction	9,099,811	9,058,543	7,095,517	1,963,026
Academic support	1,221,673	1,237,973	1,106,264	131,709
Student services	1,536,513	1,588,641	1,436,803	151,838
Institutional support	2,710,059	2,787,394	2,502,470	284,924
Operation and maintenance of plant	1,936,135	2,051,135	1,735,606	315,529
Total instruction and general	<u>16,504,191</u>	<u>16,723,686</u>	<u>13,876,660</u>	<u>2,847,026</u>
Student social and cultural activities	107,238	107,238	85,378	21,860
Public service	1,381,127	1,272,394	961,540	310,854
Student aid, grants and stipends	9,066,662	9,069,111	5,251,888	3,817,223
Auxiliary services	40,000	40,000	27,878	12,122
Capital outlay	1,633,500	1,387,358	463,328	924,030
Building renewal and replacement	302,434	1,002,434	674,928	327,506
Retirement of indebtedness and refunding expense	172,067	172,067	172,067	-
Total expenditures	<u>29,207,219</u>	<u>29,774,288</u>	<u>21,513,667</u>	<u>8,260,620</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(991,982)</u>	<u>(2,075,617)</u>	<u>972,468</u>	<u>(3,048,084)</u>
Ending net position	<u>\$ 4,483,222</u>	<u>5,467,961</u>	<u>8,516,046</u>	<u>(3,048,085)</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, 2014

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position, as originally reported	\$ 1,283,511	2,858,194	4,555,844	(1,697,650)
Restatement	-	-	(1,506,477)	1,506,477
Beginning net position, as restated	1,283,511	2,858,194	3,049,367	(191,173)
Revenues:				
Tuition	3,504,051	3,233,549	3,427,982	(194,433)
State government appropriations	9,701,800	9,701,800	9,703,678	(1,878)
Local government appropriations	1,258,195	1,258,195	1,342,740	(84,545)
Federal government contracts and grants	6,100	6,100	12,786	(6,686)
Other	144,000	144,000	195,758	(51,758)
Total revenues	14,614,146	14,343,644	14,682,944	(339,300)
Expenditures:				
Instruction	6,783,127	6,786,397	5,952,658	833,739
Academic support	1,218,173	1,234,473	1,100,160	134,313
Student services	1,540,013	1,592,141	1,442,908	149,233
Institutional support	2,710,059	2,787,394	2,502,470	284,924
Operation and maintenance of plant	1,936,135	2,051,135	1,735,606	315,529
Total expenditures	14,187,507	14,451,540	12,733,802	1,717,738
Net transfers	588,550	738,550	738,550	-
Change in net position (budgetary basis)	(161,911)	(846,446)	1,210,592	(2,057,038)
Ending net position	\$ 1,121,600	2,011,748	4,259,959	(2,248,211)

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, 2014

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ -	-	4,510	(4,510)
Revenues:				
Federal contracts and grants	2,076,142	1,962,532	1,093,929	868,603
State contracts and grants	135,460	201,792	170,929	30,863
Total revenues	<u>2,211,602</u>	<u>2,164,324</u>	<u>1,264,858</u>	<u>899,466</u>
Expenditures:				
Instruction	2,208,142	2,160,864	1,255,454	905,410
Academic Support	3,460	3,460	1,538	1,922
Total expenditures	<u>2,211,602</u>	<u>2,164,324</u>	<u>1,256,992</u>	<u>907,332</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	7,866	(7,866)
Ending net position	<u>\$ -</u>	<u>-</u>	<u>12,376</u>	<u>(12,376)</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
RECONCILIATION OF CHANGES IN NET POSITION
BUDGET BASIS TO GAAP BASIS
For the Year Ended June 30, 2014

	<u>Revenues</u>	<u>Expense</u>
Budget basis (revenues) expense	\$ 22,486,135	21,513,667
Capital expenditures	-	(1,241,732)
Depreciation	-	1,291,155
Scholarship allowance	(1,489,572)	(1,489,572)
Loss on disposal of assets	-	1,447
Payment of principal on debt	-	(145,000)
Other	154,269	-
	<hr/>	<hr/>
GAAP basis (revenue) expense	<u>\$ 21,150,832</u>	<u>19,929,965</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2014

Account Name	Type of Account	NM Bank and Trust	Penn Security Bank	Total
Deposits: College and Foundation				
General account	Checking	\$ 5,701	-	\$ 5,701
Accounts payable	Checking	-	-	-
Payroll	Checking	-	-	-
Repurchase agreement	Repurchase agreement	3,903,920	-	3,903,920
Auxiliary	Checking	83,907	-	83,907
Credit card account	Money market	-	8,465	8,465
Foundation	Checking	1,211,506	-	1,211,506
Total amount of deposits in bank		5,205,034	8,465	5,213,499
Less: FDIC coverage		(250,000)	(8,465)	(258,465)
Total uninsured public funds		4,955,034	-	4,955,034
50% collateral requirements		525,557	-	525,557
102% collateral requirements		3,981,998	-	3,981,998
Subtotal collateral requirements		4,507,555	-	4,507,555
Pledged securities		4,994,725	-	4,994,725
Over/(under) collateralized		\$ 487,170	-	487,170
Bank balance		5,205,034	8,465	5,213,499
Less: Outstanding items - College		316,418	-	316,418
Less: Outstanding items - Foundation		1,176	-	1,176
Add: Deposits in transit - College		1,634	1,644	3,278
Plus: Petty Cash		8,500	-	8,500
Less: Agency Fund		29,479	-	29,479
Book balance		\$ 4,868,095	10,109	4,878,204
College		\$ 3,657,765	10,109	3,667,874
Foundation		1,210,330	-	1,210,330
		\$ 4,868,095	10,109	4,878,204

Note 1: Collateral is pledged against both the College and Foundation in total.

Collateral is not segregated between the two entities.

Note 2: The checking accounts at New Mexico Bank and Trust are non-interest bearing accounts.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)
Year Ended June 30, 2014

	Type of Account	Balance Per Statement	Reconciled Balance Per Books
Investments - College			
New MexiGROW	External investment pool	5,483,116	5,483,116
Reserve contingency fund	External investment pool	2,909	2,909
		<u>5,486,025</u>	<u>5,486,025</u>
Investments - Foundation			
Charles Schwab	Money Market	290,968	290,968
Charles Schwab	Equity - Mutual Funds	248,494	248,494
Charles Schwab	Equity - Common Stock	494,245	494,245
	Total	<u>\$ 1,033,707</u>	<u>\$ 1,033,707</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2014

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	\$ 133,350	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	GNMA Pool 658185	6/15/2040	36294SF28	27,322	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FSA Guaranteed Loan		476658001	897,183	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FSA Guaranteed Loan		59343	32,338	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FNMA 12-M4 1A2	4/25/2022	3136A56W1	<u>3,904,532</u>	
Total collateral pledged				<u>\$ 4,994,725</u>	

CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING
 Year Ended June 30, 2014

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 Community College, 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 10/20/2014
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 University of New Mexico
Party responsible for operations	Clovis Community College
Description	To provide curriculum for EMT course
Beginning and ending dates	08/22/2013 to 08/21/2014
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

CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING
 Year Ended June 30, 2014

MEMORANDUMS OF UNDERSTANDING (CONTINUED)

Participants	Clovis Community College and Clovis Municipal Schools
Party responsible for operations	Clovis Community College
Description	Upward Bound program
Beginning and ending dates	06/03/2013 to 06/03/2014
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 Clovis Municipal Schools
Party responsible for operations	Clovis Community College
Description	Enlace Program
Beginning and ending dates	09/2013 to 05/2014
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 Skill Up Networks (SUN) Online
Party responsible for operations	Clovis Community College
Description	Distance learning instruction
Beginning and ending dates	07/01/2013 to 06/30/2014
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 Ramona Munsell & Associates Consulting, Inc.
Party responsible for operations	Clovis Community College
Description	Develop Title V application, TRIO Title IV
Beginning and ending dates	12/20/12 to 12/20/13 - 06/24/13 to 06/24/2014
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, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Cash and cash equivalents	\$ 28,668	19,481	(18,670)	\$ 29,479
Prepaid Expenses	50	-	(50)	-
Total assets	\$ 28,718	19,481	(18,720)	\$ 29,479
LIABILITIES				
Due to student organizations	\$ 28,718	19,481	(18,720)	\$ 29,479
Total liabilities	\$ 28,718	19,481	(18,720)	\$ 29,479

COMPLIANCE SECTION

REPORT OF 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

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Clovis Community College (the "College") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and the budgetary comparisons of the College, presented as supplementary information, and have issued our report thereon dated October 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the schedule of findings and questioned costs that we considered to be a significant deficiency, as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-002.

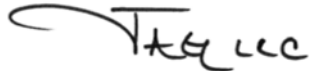
College's Responses to Findings

The College's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish at the beginning.

Jaramillo Accounting Group LLC
Albuquerque, New Mexico
October 31, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for the Major Federal Program

We have audited Clovis Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the of College's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. 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

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

direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Basis for Qualified Opinion on the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding CFDA 17.282 Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant, and associated finding number 2014-003 for Allowable Costs/Allowable Activities, Reporting, Procurement, Cash Management and Eligibility. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Qualified Opinion on the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

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

Other Matters

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs as item 2014-003. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

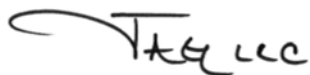
To the Board of Trustees
Clovis Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-003 to be a material weakness.

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 response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Jaramillo Accounting Group LLC
Albuquerque, New Mexico
October 31, 2014

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Subaward Number	Federal Expenditures
United States Department of Education			
Direct Programs:			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 41,806
Federal Work-Study Program	84.033	N/A	46,042
Federal Pell Grant Program	84.063	N/A	3,641,035
Federal Direct Student Loans	84.268	N/A	<u>991,110</u>
			4,719,993
TRIO Cluster			
Student Support Services	84.042	N/A	290,353
Upward Bound	84.047	N/A	<u>257,520</u>
			547,873
Higher Education Institutional Aid - Title V	84.031	N/A	246,989
Pass-through Programs:			
NM Higher Education Department			
Adult Basic Education	84.002	Award Letter	97,187
NM Department of Education			
Carl Perkins	84.048	048A130031-13A	92,062
Carl Perkins Redistribution	84.048	0048A110031A	<u>8,373</u>
Total United States Department of Education			<u>5,712,477</u>
United States Department of Labor			
Trade Adjustment Assistance Community College Career & Training			
	17.282	N/A	<u>692,538</u>
United States Small Business Administration			
Direct Program:			
Small Business Development	59.037	N/A	<u>21,689</u>
Total Federal Expenditures			<u><u>\$ 6,426,704</u></u>

See notes to Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the schedule) includes the federal grant activity of the College under programs of the Federal Government for the year ended June 30, 2014. The information in this schedule is presented in accordance with OMB circular A-133, *Audits of states, local governments, and non-profit organizations*. Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2014, the College processed \$991,110 of new loans under the Federal Direct Student Loan Program.

NOTE 4. OTHER DISCLOSURES

The College did not receive any non-cash assistance and there were no federal loan guarantees outstanding at year end.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2014

Finding [2013-01] Renumbered as 2013-001	Improve Controls over Information Technology	Resolved
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STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

Unmodified – Student Financial Assistance Cluster
 Unmodified – TRIO Cluster
 Qualified - Trade Adjustment Assistance Community College Career & Training

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

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various 84.042/84.047 17.282	Student Financial Assistance Cluster TRIO Cluster Trade Adjustment Assistance Community College Career & Training

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, 2014

Section II - Financial Statement Findings

2014-001 PAYROLL OVERPAYMENT
(SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL)

CONDITION

During our payroll testing over controls and compliance, we noted that the College overpaid employees for one day during 2014. Upon further research the following was determined:

- (a) This error occurred since the implementation of the accounting software (BANNER) in 2008. The overpayments to employees, totaling \$108,730 for 6 years, were: 2008: \$18,934; 2009: \$19,845; 2010: \$18,580; 2011: \$17,407; 2012: \$16,142; 2013 \$0; 2014: \$17,822.
- (b) Although the employees did not work these days compensated for, they did pay taxes on the wages and the College did include the extra day in their W2s.
- (c) The cumulative amount charged to federal and state grants over six years was \$16,054, and below the questioned costs threshold of \$10,000 per grant per year.

CRITERIA

This could violate the Anti-donation Clause of the New Mexico Constitution (Art. IX, Sec. 14) which states that the state may not directly or indirectly pledge its credit or *make any donation to or in aid of any person*, association or public or private corporation.

CAUSE

The overpayments were a result of an incorrect setting within the College's accounting system (BANNER).

EFFECT

Employees of the College were paid above their contracted salaries for work they did not perform.

RECOMMENDATION

Since the College has already corrected this system error in fiscal year 2015, we recommend the College monitor the calculations periodically and consult with legal counsel regarding the classification and communication of the overpayment to employees.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section II – Financial Statement Findings (Continued)

2014-001 PAYROLL OVERPAYMENT
 (SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL) (CONTINUED)

MANAGEMENT RESPONSE

Prior to the implementation of the Banner System, spreadsheets were completed annually utilizing the number of actual days worked in the fiscal year. A factor of 26.0, 26.1 or 26.2 was applied to both exempt and non-exempt positions to arrive at a bi-weekly calculation based on the annual salary.

Under the Banner system the pay period crossing a fiscal year is identified and the payment of each day is allocated to the correct year. Utilizing the method used prior to 2007 and entering the resulting spreadsheets into the Banner salary tables resulted in either the exempt or non-exempt salaries not reflecting the desired amounts. It was incorrectly determined that because there were only 26 pay periods in the Banner calendar the calculations were being handled by the software using the number of pay periods (26.0).

When we became aware of the incorrect payment for the fiscal year, research showed us that accurately entering the number of pay periods for a fiscal year on the appropriate Banner form will result in correct bi-weekly salary calculations for both exempt and non-exempt employees. In the future, when planning budgets for the new fiscal year, the Director of Human Resources (HR) will enter the correct data on all related Banner forms. The entries will be verified by other HR staff to ensure accuracy with regard to number of pay periods in the year, and total salary that will be paid to each employee. This review has been added to the Fiscal Year End checklist. Prior to the completion of the first payroll, manual calculations will occur on a sampling of all classifications of employees. The Director of HR will work closely with the CFO to ensure correct calculations have fed to the general ledger. This review and manual calculation will be repeated in early Spring to ensure payroll amounts are processing correctly, and again in May, to allow time to make any necessary adjustments prior to the close of the Fiscal year.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section II – Financial Statement Findings (Continued)

2014-002 LATE NOTIFICATION OF DISPOSAL OF CAPITAL ASSETS
(FINDING THAT DOES NOT RISE TO THE LEVEL OF A SIGNIFICANT
DEFICIENCY)

CONDITION

During our testing of capital assets disposals, we noted that the College disposed of their XMA radiographic system (the \$11,472 cost was fully depreciated) on August 14, 2013 without timely notification to the NM State Auditor's Office.

CRITERIA

Section 13-6-1, NMSA 1978 requires the agency to give notification at least thirty days prior to its action of making the deletion by sending a copy of its official finding, the proposed disposition of the property, and the appropriate approval authority to the state auditor, duly sworn and subscribed under oath by each member of the authority approving the action.

CAUSE

The College was replacing equipment in the X-ray room in their Allied Health Department. The new contractor advised the College that the old equipment was hazardous materials. Due to the timing of installation of the new equipment and the hazardous waste removal protocol the contractor had to take, it was not feasible to wait the 30 days.

EFFECT

The College violated state statute.

RECOMMENDATION

We recommend training staff to anticipate the required time-frame on future disposals.

MANAGEMENT RESPONSE

Obsolete radiographic equipment needed to be removed from the Allied Health Department when new equipment was purchased for our Radiology program. We were informed that the old X-ray machine was hazardous materials and required us to follow specific guidelines for hazardous waste removal protocol in order to dispose of it properly. The vendor that was delivering the new equipment was familiar with this protocol and was willing to remove the equipment from our campus. Recognizing the importance of the safety of Clovis Community staff and students, we needed to dispose of the item safely and without delay. On Aug 14, 2013, we contacted the Office of the State Auditor by phone and explained the situation and our

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section II – Financial Statement Findings (Continued)

2014-002 LATE NOTIFICATION OF DISPOSAL OF CAPITAL ASSETS
 (FINDING THAT DOES NOT RISE TO THE LEVEL OF A SIGNIFICANT
 DEFICIENCY)

MANAGEMENT RESPONSE (CONTINUED)

reluctance to wait the required thirty days. They indicated they understood. The CFO followed up with an email to confirm our intention to dispose of the equipment. The item was removed from our property and deleted from our inventory. The details of this situation were officially presented to the CCC Board of Trustees at the Sept 4, 2013 board meeting.

The decision to take action before the required 30-day notice was not a result of staff being unaware of state regulations, but to address the safety of CCC staff and students

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY (MATERIAL WEAKNESSS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE)

Direct award - US Department of Labor, Trade Adjustment Assistance Community College Career and Training, CFDA 17.282, Grant number TC-23749-12-60-A-35

Award Years 2013-2014

CONDITION

During the period of March 24-28, 2014, the US Department of Labor, Employment and Training Administration (ETA) conducted a program and financial review of the College's Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant # TC-23749-12-60-A-35; CFDA # 17.282. The purpose was to assess whether key policies, procedures and systems are in place for effective management of the grant. The ETA identified the following findings: During 2013-14, the College:

- was not providing Physical Therapist Assistant (PTA) training as stated in its Statement of Work (SOW)
- did not have an outreach policy that targets the population identified in its SOW did not have adequate policies and procedures for fiscal activities that ensure compliance with required standards for the administrative and fiscal management of grant funds
- purchased equipment without prior approval from a DOL/ETA Grant Officer did not receive prior approval from a DOL/ETA Grant Officer authorizing the alteration of facilities – the Radiologic Technology Technicians program room
- did not follow its Business Office policies and procedures for the procurement of the grant's external evaluator, only 1 quote was obtained instead of 3
- did not submit complete and accurate ETA-9130 Financial Quarterly Reports. The College is not reporting on an accrual basis nor reporting administrative costs correctly
- did not properly classify program and administrative costs
- did not have a policy for and was not providing priority of service to eligible veterans and spouses of certain veterans participating in grant-funded activities
- did not have outreach materials that include the required language identifying the percent of the project financed with federal funds and the dollar amount of the federal funds
- incident reporting policy did not meet Federal requirements outlined in the Training and Employment Guidance Letter (TEGL) 02-12.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY
(MATERIAL WEAKNESS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

The College responded with timely and vigorous corrective actions and is currently working with ETA on resolution of the findings. As of September 5, 2014, management has represented that all findings have been resolved except the first bullet, which will be resolved with accreditation and commencement of the program.

CRITERIA

29 Code of Federal Regulations (CFR) Part 95 which outlines the requirements for financial and property management, procurement, reporting and other administrative grant management requirements, 2 CFR 220 (OMB cost principle), Solicitation for Grant Application (SGA/DFAPY11-08), 20 CFR667.200 (Administrative / Program Costs) and guidance issued by ETA in Training and Employment Guidance Letters (TEGL).

29 CFR 95.21(b)(6) requires that grantees' financial management systems contain written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

Grant Agreement Part IV - Specials Conditions: Equipment - Awardees must receive prior approval from the DOL/ETA Grant Officer for the purchase and/or lease of any equipment with a per unit acquisition cost of \$5,000 or more, and a useful life of more than one year.

2 CFR 220, Appendix A, Section J.40 - Rearrangement and Alteration Costs: Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the sponsoring agency.

SGA/DFA PY 11-08, Section 1.E provides: After grant awards are made, applicants will be required to obtain specific Grant Officer Approval prior to proceeding with proposed alteration of facilities.

29 CFR Part 95.43 requires that all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY
(MATERIAL WEAKNESS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

CRITERIA (CONTINUED)

20 CFR §667.300(c)(3), financial reports, provides: Reported expenditures must be on the accrual basis of accounting and cumulative by fiscal year of appropriation. If the recipient's accounting records are not normally kept on the accrual basis of accounting, the recipient must develop accrual information through an analysis of the documentation on hand.

20 CFR §667.220 (a) states that administrative costs are those costs associated with administrative functions which are not related to direct provisions of workforce investment services regardless of whether they are charged directly or indirectly to the program.

Title 29 Code of Federal Regulations (29 CFR), Part 95.21(b)(1), provides that grantees' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with DOL's reporting requirements. Due to the 10 percent administrative cost limit for TAACCCT grants, it is imperative that the financial records related to administrative costs be accurate.

20 CFR 667.220 (a) provides that costs for activities which meets the specific functions identified in paragraph (b) should be classified and reported as administrative costs if they " ... are not related to the direct provision of workforce investment services, including services to participants and employers."

Title 29 Code of Federal Regulations (29 CFR), Part 95.21(b)(1), provides that grantees' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with DOL's reporting requirements. Due to the 10 percent administrative cost limit for TAACCCT grants, it is imperative that the financial records related to administrative costs be accurate.

Special condition #12 of the Grant Award Agreement requires TAACCCT grantees to implement veteran's priority provisions as described in the Jobs for Veterans Act (Pub. L. 107-288). Priority of service for the receipt of employment, training, and placement services in any job training program directly funded, in whole or in part, by the Department is provided to veterans and spouses of certain veterans. The regulations implementing this priority of service can be found in 20 CFR Part 1010. More information about implementing Priority of Service can

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY
(MATERIAL WEAKNESSS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

CRITERIA (CONTINUED)

be found in ETAs Training and Employment Guidance Letter (TEGL) No. 10-09, issued on November 10, 2009.

Special Condition #9 of the Grant Award Agreement states that, "When issuing statements, press releases, requests for proposals, and other documents describing projects or programs funded in whole or in part with Federal money, all awardees receiving Federal funds, shall clearly state (1) the percentage of the total cost of the program or project which will be financed with federal money, and (2) the dollar amount of federal funds for the project or program."

CAUSE

This grant is new to the College and there was turnover in program management.

EFFECT

The College was not in compliance with the federal requirements, which may have caused the federal funds to not be utilized as expected.

RECOMMENDATION

We recommend continuing to work with the federal liaison on corrective action, training staff on the grant and OMB Circular requirements, and monitoring future compliance closely.

MANAGEMENT RESPONSE

The TAACCCT Grant (TC 23749-12-60-A-35: CFDA 17.282) began October 1, 2012. A full-time grant director was not identified until March 2013. The full-time grant director remained in place until October 2013. At that time, a new full-time grant director was hired. The Department of Labor offered a series of grant training workshops throughout the first year of the grant, including but not limited to: quarterly and annual reporting standards and procedures, data collection requirements, external evaluation procedures, Office of Management and Budget

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY (MATERIAL WEAKNESSS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

MANAGEMENT RESPONSE (CONTINUED)

regulations, and TAACCCT legislation requirements. With the high level of turnover provided, no one director received the entire series of training opportunities.

Clovis Community College received a Department of Labor monitoring site visit in March 2014, resulting in nine findings. These findings have all since been addressed and institutional policies and procedures have been instituted to ensure there are no repeated lapses. These adjustments to policies and procedures include:

- 1) The TAACCCT Policies and Procedures Manual now contains explicit processes for outreach materials development to include funding language.
- 2) The TAACCCT Policies and Procedures Manual now contains explicit processes for targeting of TAA and other eligible populations. Procedures are also in place to ensure priority of service to eligible veterans and spouses participating in grant-funded activities.
- 3) All requisitions for equipment and facilities alteration must be accompanied by proof of prior approval from a DOL/ETA Grant Officer. This is outlined in the Business Office Policies and Procedures Manual and the TAACCCT Policies and Procedures Manual.
- 4) The Business Office has implemented policies and procedures for accrual-based accounting for the TAACCCT grant. This is reflected in the requisite Policies and Procedures Manuals.
- 5) The TAACCCT Policies and Procedures Manual now outlines explicit categorization for administrative versus programmatic costs. The TAACCCT Grant Director and Grants Accountant review all costs quarterly, prior to ETA 9130 report submission to ensure all costs are appropriately categorized. All previous expenditures have been re-categorized according to the DOL approved cost classification system.
- 6) Training was provided for the TAACCCT Grant Director regarding CCC's purchasing requirements for purchases exceeding \$5,000.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY (MATERIAL WEAKNESS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

MANAGEMENT'S RESPONSE (CONTINUED)

- 7) The TAACCCT Policies and Procedures Manual now contains the required language regarding the TEGL 02-12 incident reporting policy.

In addition to these steps to address the specific findings of the DOL/ETA site visit, the Federal Programs department has implemented several changes to federal grant compliance monitoring.

- 1) The Director of Federal Programs will conduct annual Policies and Procedures Manual reviews for all federally funded grant programs at Clovis Community College. These reviews will be program-specific to ensure all requisite regulations are addressed and all program-specific policies and procedures are included. To date, TRIO Student Support Services, TRIO Upward Bound, TAACCCT, and Perkins IV Policies and Procedures Manuals have been reviewed. Adult Basic Education and Small Business Development Center manual reviews will occur by the end of October 2014.
- 2) The Director of Federal Programs verifies three quotes and any necessary prior approvals are provided prior to approving requisitions for federal grant funded items.
- 3) The Director of Federal Programs will conduct periodic inventory verification of all federally purchased equipment to ensure items are being utilized according to appropriate regulatory requirements.

Clovis Community College is dedicated to ensuring appropriate regulatory training is provided to federal grants employees. As trainings and continuing education events are attended, summary information is provided by trainees to all institutional entities impacted. This includes updates to the respective policies and procedures manuals and practice alterations to ensure compliance with regulations. The following trainings have occurred or are scheduled:

- 1) National AHSIE Convention – Title V best practices conference including legislation and regulation continuing education for grant directors and other compliance individuals. – Director of Federal Programs attendance annually since March 2008. The next convention is March, 2015.
- 2) New Mexico Public Education Department, College and Career Readiness Bureau Annual Perkins IV Funding Meeting – This meeting includes a review of Perkins IV

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

2014-003 US DEPARTMENT OF LABOR MONITORING REPORT - ALLOWABLE COSTS & ACTIVITIES, REPORTING, PROCUREMENT, CASH MANAGEMENT, & ELIGIBILITY (MATERIAL WEAKNESSS IN INTERNAL CONTROL, MATERIAL NON-COMPLIANCE) (CONTINUED)

MANAGEMENT'S RESPONSE (CONTINUED)

performance, regulation and legislation professional development, and upcoming application requirements. – The Perkins Director attends annually; current Dir. Of Fed. Programs has attended since January 2012, and plans to attend in January, 2015.

- 3) Council for Opportunities in Education Workshops – These events are held throughout the year, and all prior and current TRIO SSS and UB Directors have attended at least one regulation continuing education workshop, in addition to the Director of Federal Programs attending in spring 2011.
- 4) Department of Labor TAACCCT Regulation and Legislation Training Workshop – This meeting was held in May 2014 in Dallas, TX. The TAACCCT Director, Director of Federal Programs, and Chief Financial Officer attended.
- 5) Department of Labor Round 2 and 3 Convention – This meeting is scheduled for November 3-5, 2014 in Washington, DC and will contain best practices and regulation and legislation training for grant directors. The TAACCCT Director and Director of Federal Programs are scheduled to attend.
- 6) COFAR Training – Uniform Guidance Implementation (2 CFR Part 200) training is provided through the Chief Financial Officers Council website. The Director of Federal Programs has reviewed many of these asynchronous materials and will continue to attend the live webinars as they become available.

In addition to the changes listed above, the Director of Federal Programs now reports directly to the Chief Financial Officer as a way of improving communication and oversight by the Finance Department.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
EXIT CONFERENCE
June 30, 2014

The contents of this report were discussed in an exit conference held on October 30, 2014, with the following in attendance:

Representing Clovis Community College:

Dr. Becky Rowley, President
Dr. Robin Jones, Executive Vice President
Tom Drake, Vice President of Administration and Government Affairs
Debbie Zurzolo, Chief Financial Officer
Norman Kia, Chief Information Officer
Jayne Craig, Director of Business Affairs
Rhonda Jesko, Director of Human Resources
Mindy Watson, Director of Federal Programs

Terry Martin, Chairman of Board of Trustees
Nola Pawol, Member of Board of Trustees

Representing Clovis Community College Foundation:

Debbie Zurzolo, Chief Financial Officer of the College
Dr. Becky Rowley, President of the College

Connie Connolly, Secretary/Treasurer, Clovis Community Foundation Board

Representing Jaramillo Accounting Group LLC (JAG)

Scott Eliason, Partner
Audrey Jaramillo, Partner

Management of Clovis Community College prepared these financial statements.