



# Clovis Community College

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

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CLOVIS COMMUNITY COLLEGE

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STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE

Directory of Officials

June 30, 2015

BOARD OF TRUSTEES

Name	Title
Russell Muffley	Chair
Terry Martin	Member
Arnold Martinez	Member
Raymond Mondragon	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. Tim Keller  
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, 2015, 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, 2015, 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. Tim Keller  
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, 2015 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, 2015 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.

## Emphasis of Matter

### *Adoption of New Accounting Pronouncement*

As discussed in Note 15 to the financial statements, effective July 1, 2014, the College adopted Governmental Accounting Standards Board Statement (GASB) No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

To the Board of Trustees  
Clovis Community College  
and  
Mr. Tim Keller  
New Mexico State Auditor

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 11 and the Schedule of the College's Proportionate Share of Net Pension Liability and the Schedule of College's Contributions on pages 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 budgetary 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 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

To the Board of Trustees  
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New Mexico State Auditor

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 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT) required by 2.2.2 NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 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.

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

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
November 9, 2015



STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

## 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, 2015. 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 2014 and 2015.

## 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.

## Using the Basic Financial Statements

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, liabilities net position of the College as of the end of fiscal year 2015. 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, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources 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 financial statements of the College and its component unit, the Clovis Community College 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.

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CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

Condensed Financial Information

Condensed Summary of Net Position as of June 30,

	2015	2014
<b>Assets</b>		
Current Assets	\$ 10,862,140	10,365,862
Other non-current assets	333,000	378,000
Capital Assets, net	24,501,647	24,807,394
Total Assets	<u>35,696,787</u>	<u>35,551,256</u>
Deferred Outflow of Resources	<u>1,015,832</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 36,712,619</u>	<u>35,551,256</u>
<b>Liabilities</b>		
Current Liabilities	1,952,602	1,975,227
Other Non-Current Liabilities	780,000	925,000
Net Pension Liability	14,343,057	-
Total Liabilities	<u>17,075,659</u>	<u>2,900,227</u>
Deferred Inflow of Resources	<u>1,578,067</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	23,576,647	23,737,394
Restricted	344,057	397,586
Unrestricted (deficit)	(5,861,811)	8,516,049
Total Net Position	<u>18,058,893</u>	<u>32,651,029</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 36,712,619</u>	<u>35,551,256</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, 2015 is the investment in the State General Fund Investment Pool of \$5,484,850.

Non-current assets are capital assets, net of accumulated depreciation, of \$24,501,647 and restricted investments of \$333,000.

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CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

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

At June 30, 2015, the College's current ratio, the amount of current assets \$10,862,140 available to cover current liabilities \$1,952,602 was 5.56 to 1.

New Mexico Finance Authority loan payable is the largest non-current liability of the College, totaling \$780,000. Annual debt service for the loan is \$145,000 to \$165,000 through the year 2021 with student fees being the funding source.

On July 1, 2014, the College implemented GASB 68. GASB 68 required the College to record the net unfunded pension liability of all of the College's participants in the State's educational retirement system on the College's financial statements (Statement of Net Position). Primarily as a result of implementing the pension liability, unrestricted net position at June 30, 2014 decreased from a positive \$8,516,049 to a deficit of (\$5,861,811) at June 30, 2015.

The table below presents the effect of recording the pension liability in the Statement of Net Position at June 30, 2015:

Pension liability	\$ (14,343,057)
Deferred inflows related to pension liability	(1,578,067)
Deferred outflows related to the pension liability	<u>1,015,832</u>
Total net position (deficit) related to pension	<u><u>\$ (14,905,292)</u></u>

GASB 68 does not allow for the components of the unrestricted net position to be presented separately in the financial statements, however, for the purposes of management's discussion and analysis, we present the following information for the readers of these financial statements:

Unrestricted (deficit) net position related to the pension obligation	\$ (14,905,292)
Unrestricted net position not related to the pension obligation	<u>9,043,481</u>
Total unrestricted (deficit) net position	<u><u>\$ (5,861,811)</u></u>

Additionally, for comparative analysis, if the effects of GASB 68 were not recorded in the College's financial statements, the College's unrestricted net position would have increased from \$8,516,049 at June 30, 2014 to \$9,043,481 at June 30, 2015.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

Condensed Summary of Revenues, Expenses and Changes in Net Position  
For Years Ended June 30:

	2015	2014
<b>Operating Revenues by Major Source</b>		
Tuition and Fees	\$ 1,965,714	2,086,477
Grants and Contracts	6,821,576	7,408,771
Auxiliary Services	42,298	45,452
Other	285,023	287,255
Total Operating Revenues	<u>9,114,611</u>	<u>9,827,955</u>
<b>Operating Expenses by Major Function</b>		
Instruction	7,681,041	7,218,023
Academic Support	1,114,306	1,106,264
Student Services	1,534,747	1,436,803
Institutional Support	2,563,731	2,502,470
Student Social & Cultural	78,461	85,378
Operation and Maintenance of Plant	1,816,688	1,735,606
Depreciation	1,314,788	1,290,833
Public Service	873,427	961,540
Student Aid	3,413,620	3,762,316
Auxiliary Services	27,308	27,878
Other Operating Expenses	267,640	(225,660)
Total Operating Expenses	<u>20,685,757</u>	<u>19,901,451</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriation	10,193,985	9,703,678
Local Tax Levy	1,368,102	1,342,740
Investment Loss, Net of Expense	(44,931)	(48,924)
Loss on Disposal of Capital Assets	(48,741)	(1,447)
Interest on Capital Asset Related Debt	(25,486)	(27,067)
Total Non-Operating Revenues	<u>11,442,929</u>	<u>10,968,980</u>
<b>Other – State Capital Appropriations</b>	<u>485,266</u>	<u>325,384</u>
<b>Total Change in Net Position</b>	357,049	1,220,868
Net position, beginning of year	32,651,029	31,430,161
Prior period restatement	(14,949,185)	-
Net position, beginning of year, as restated	<u>17,701,844</u>	<u>31,430,161</u>
Net Position, end of year	<u>\$ 18,058,893</u>	<u>\$ 32,651,029</u>

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-

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

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 minus deferred inflows) 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 2015, 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 \$473,901.

The combined revenue variance increased for the second 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 5.56 to 1. Excluding the impact of GASB 68, the overall increase in net position, was \$313,154. The 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 2015, the State Appropriation, as passed through the New Mexico Higher Education Department, increased by \$490,307.

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.

STATE OF NEW MEXICO  
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### Factors Impacting Future Periods

Clovis Community College experienced a 3% decline in enrollment for FY 2015 and we anticipate a flat or stable enrollment for FY 2016.

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.

The College's award of the three year TAACCCT federal grant (Trade Adjustment Assistance Community College and Career Training) in October 1, 2012 has been 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 Therapist 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 ending March 2016 from the TAACCCT Grant.

Clovis Community College was placed on the first available cycle for submission of the Application for Candidacy with CAPTE which was 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 was denied in April of 2015. The College requested expedited reconsideration of the application in May 2015; reconsideration was granted. CAPTE visited the campus in July 2015 and granted candidacy in August 2015. The first cohort of Physical Therapist Assistant program students will begin with second 8 week classes in October 2015.

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 Therapist Assistant program. The remodel was completed in October 2014.

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**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 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, 2015

	Primary Institution	Component Unit CCC Foundation
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 4,239,908	2,423,581
Investments	5,151,850	-
Receivables, net	1,123,158	-
Inventories	21,701	-
Prepaid expenses and deferred charges	325,523	-
<b>Total current assets</b>	<b>10,862,140</b>	<b>2,423,581</b>
Noncurrent Assets		
Restricted investments	333,000	-
Capital assets, net	24,501,647	37,000
<b>Total noncurrent assets</b>	<b>24,834,647</b>	<b>37,000</b>
<b>Total assets</b>	<b>35,696,787</b>	<b>2,460,581</b>
<b>Deferred Outflows of Resources</b>		
Pension liability:		
Contributions to pension subsequent to measurement date	1,015,832	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,712,619</b>	<b>2,460,581</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 575,104	219
Unearned revenue	839,054	-
Compensated absences payable	393,444	-
Current portion of long-term obligations	145,000	-
<b>Total current liabilities</b>	<b>1,952,602</b>	<b>219</b>
Noncurrent Liabilities		
Non-current portion of long-term obligations	780,000	-
Net pension liability	14,343,057	-
<b>Total noncurrent liabilities</b>	<b>15,123,057</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,075,659</b>	<b>219</b>
<b>Deferred Inflows of Resources</b>		
Pension liability:		
Difference between expected and actual actuarial experience	213,659	-
Difference between expected and actual investment earnings	1,303,832	-
Change in proportionate share of pension liability	60,576	-
<b>Total deferred inflows of resources</b>	<b>1,578,067</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	23,576,647	37,000
Restricted		
Nonexpendable - Scholarships	305,730	1,913,862
Expendable - Scholarships	38,327	415,061
Unrestricted (deficit)	(5,861,811)	94,439
<b>Total net position</b>	<b>18,058,893</b>	<b>2,460,362</b>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 36,712,619</b>	<b>2,460,581</b>

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, 2015

	Primary Institution	Component Unit CCC Foundation
Operating Revenues		
Student tuition and fees (net of discounts and allowances of \$1,305,802)	\$ 1,965,714	-
Federal grants and contracts	5,818,509	-
State grants and contracts	830,176	-
Private grants and contracts	172,891	-
Sales and services	119,910	-
Other operating revenues	207,411	-
Total operating revenues	9,114,611	-
Operating Expenses		
Education and general		
Instruction	7,681,041	-
Public service	873,427	-
Academic support	1,114,306	-
Student services	1,534,747	-
Institutional support	2,563,731	-
Student social and cultural	78,461	-
Operation and maintenance of plant	1,816,688	-
Depreciation and amortization	1,314,788	-
Student aid	3,413,620	-
Auxiliary enterprises	27,308	-
Other operating expenses	267,640	53,282
Total operating expenses	20,685,757	53,282
Operating loss	(11,571,146)	(53,282)
Nonoperating revenues (expenses)		
Local tax levy	1,368,102	-
State appropriations	10,193,985	-
Private gifts	-	26,283
Investment Income (loss) - net of expenses	(44,931)	185,052
Interest on capital asset related debt	(25,486)	-
Loss on disposal of capital assets	(48,741)	-
Total non-operating revenues (expenses)	11,442,929	211,335
Other		
Capital appropriations	485,266	-
Increase in net position	357,049	158,053
Net position, beginning of year	32,651,029	2,302,309
Prior period restatement	(14,949,185)	-
Net position, beginning of year, as restated	17,701,844	2,302,309
Net position, end of year	\$ 18,058,893	2,460,362

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2015

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 2,000,842
Grants and Contracts	6,701,723
Payments to suppliers, employees, and others	(15,465,649)
Payments for educational activities	(3,413,620)
Auxiliary enterprise charges	(27,308)
Net cash used by operating activities	<u>(10,204,012)</u>
Cash Flows From Noncapital Financing Activities	
Local tax levy revenues	1,369,994
State appropriations	10,193,985
Net cash provided by noncapital financing activities	<u>11,563,979</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(1,057,782)
Payments on capital debt	(170,486)
General Obligation Bond appropriation	485,266
Net cash used by capital and related financing activities	<u>(743,002)</u>
Cash Flows From Investing Activities	
Investment loss, net of expenses	<u>(44,931)</u>
Net increase in cash and cash equivalents	572,034
Cash and cash equivalents, beginning of year	3,667,874
Cash and cash equivalents, end of year	<u>\$ 4,239,908</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (11,571,146)
Adjustments to reconcile operating loss to net cash provided/used by operating activities	
Depreciation and amortization	1,314,788
Loss on disposal of assets	48,741
Additional pension adjustment resulting in reduction of expense under GASB 68	(43,893)
Change in assets and liabilities	
Receivables	301,035
Inventories	4,608
Prepaid expenses and deferred charges	(235,520)
Accounts payable and deferred liabilities	22,544
Compensated absences	20,909
Unearned revenue	(66,078)
Net cash used by operating activities	<u>\$ (10,204,012)</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, 2015

ASSETS

Cash and cash equivalents	<u>\$ 34,608</u>
Total assets	<u><u>\$ 34,608</u></u>

LIABILITIES

Due to student organizations	<u>\$ 34,608</u>
Total liabilities	<u><u>\$ 34,608</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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 NMSA, 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.

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

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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 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.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**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

**Deferred outflows of resources.** A consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

**Deferred inflows of resources.** An acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

**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.

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

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

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.

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.

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

**Scholarship Allowance.** 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.

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



STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**Unearned Revenue.** 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 Expense.** 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.** 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). 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 \$303,469 in payroll and related tax liabilities and \$271,636 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.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2015, \$4,525,009 of the College's and Foundation's bank balances of \$4,780,250 was exposed to custodial credit risk. \$4,652,198 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.

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.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

*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, 2015.

All investment decisions are approved by the Board. As of June 30, 2015, the College had an investment balance totaling \$5,484,850. Through the approval of the Board of Trustees for the College, the funds were invested in the New MexiGROW Local Government Investment Pool (LGIP), which is managed by the State Treasurer. These investments are valued at fair value based on quoted market prices as of the valuation date.

The State Treasurer New MexiGROW LGIP is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

*Interest Rate Risk - 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, 2015, the New Mexico LGIP AAAM Rated \$5,484,850 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, 2015, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

*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 \$5,484,850 balance in the LGIP investment account, no amount is left in a reserve contingency fund created in late 2008 when the LGIP portfolio experienced a negative impact due to volatility of the stock market. The original balance in the reserve contingency fund was \$203,644. In June 2012, the College received notice from the LGIP that a pro-rata amount of the contingency balance was being written off. The balance in the reserve fund at the time of the write off was \$17,364. The amount of the write off was \$14,455 leaving a balance of \$2,908. The College received notice from the LGIP that the remaining \$2,908 was written off in 2015.

*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.

*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, 2015, 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, 2015 for the College, consist of the following:

	Primary Institution
Tuition and fees	\$ 1,174,973
Contracts and grants	451,473
Inactive tuition accounts	827,301
Accrued interest receivables	594
Property tax levy	27,704
Due from the New Mexico Higher Education Department	<u>1,667</u>
	2,483,712
Allowance for doubtful accounts	<u>(1,360,554)</u>
Net total receivables	<u>\$ 1,123,158</u>

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is summarized as follows:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 300,330	-	-	-	300,330
Fine art	966,865	4,500	(1,511)	-	969,854
Construction in progress	387,570	237,514	-	(345,046)	280,038
Total capital assets not being depreciated	1,654,765	242,014	(1,511)	(345,046)	1,550,222
Capital assets being depreciated:					
Buildings and improvements	34,857,895	539,836	(46,219)	345,046	35,696,558
Equipment	6,507,088	261,685	(82,971)	-	6,685,802
Library books	1,914,814	14,247	(2,293)	-	1,926,768
Land improvements	2,224,157	-	-	-	2,224,157
Total other capital assets, at cost	45,503,954	815,768	(131,483)	345,046	46,533,285
Less accumulated depreciation:					
Buildings and improvements	(14,522,072)	(897,937)	10,141	-	(15,409,868)
Land improvements	(1,544,974)	(74,917)	-	-	(1,619,891)
Equipment	(4,490,544)	(311,596)	71,819	-	(4,730,321)
Library books	(1,793,735)	(30,338)	2,293	-	(1,821,780)
Total accumulated depreciation	(22,351,325)	(1,314,788)	84,253	-	(23,581,860)
Other capital assets, net	\$ 24,807,394	(257,006)	(48,741)	-	24,501,647
Capital asset summary					
Capital assets not being depreciated	\$ 1,654,765	242,014	(1,511)	(345,046)	1,550,222
Other capital assets, at cost	45,503,954	815,768	(131,483)	345,046	46,533,285
Total cost of capital assets	47,158,719	1,057,782	(132,994)	-	48,083,507
Less accumulated depreciation	(22,351,325)	(1,314,788)	84,253	-	(23,581,860)
Capital assets, net	\$ 24,807,394	(257,006)	(48,741)	-	24,501,647
Component unit – net capital assets	\$ 53,346	-	(16,346)	-	37,000

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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, 2015, the principal and interest to be paid on the bonds total \$1,016,550. The net effective interest rate on the note is 3.311%.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Note payable to					
New Mexico Finance Authority	\$1,070,000	-	145,000	925,000	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
2016	145,000	23,383	168,383
2017	145,000	20,875	165,875
2018	155,000	17,874	172,874
2019	155,000	14,154	169,154
2020	160,000	9,984	169,984
2021	165,000	5,280	170,280
	<u>\$ 925,000</u>	<u>91,550</u>	<u>1,016,550</u>

NOTE 7. UNEARNED REVENUE

Unearned revenue consists of summer and fall tuition revenue in the amount of \$832,913 and advanced grant revenue of \$6,141 at June 30, 2015.

STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

**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, 2014	Increase (Decrease)	Balance June 30, 2015	Amount Due Within One Year
Compensated Absences Payable	\$ 372,535	360,554	339,645	393,444

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

*Plan description.* ERB was created by the state’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

*Benefits provided.* A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.



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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

*Contributions.* The contribution requirements of defined benefit plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the College were \$1,015,832 for the year ended June 30, 2015.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the College reported a liability of \$14,343,059 for its proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

At June 30, 2014, the College's proportion was .25138 percent, which was a decrease of .0013 percent from its proportion measured as of June 30, 2013.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

For the year ended June 30, 2015, the College recognized total pension expense of \$971,939 in the Statement of Revenues, Expenses, and Changes in Net Position in the various functional expense categories.

Pension Expense Calculation	
Add: Net pension liability - end of the year	\$ 14,343,057
Deduct: Net pension liability - beginning of the year	(15,860,351)
Deduct: Deferred outflows of resources during the year	-
Add: First year of amortization of deferred outflows of resources	-
Add: Deferred inflows of resources during the year	1,578,067
Deduct: First year of amortization of deferred inflows of resources	-
Add: Layered amortization of prior year(s) deferred outflows of resources	-
Deduct: Layered amortization of prior year(s) deferred inflows of resources	-
Reductions to ending net pension liability due to 2014 contributions paid	911,166
Total Pension Expense	<u>\$ 971,939</u>

At June 30, 2015, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience change of assumptions	\$ -	\$ 213,659
Net difference between projected and actual earnings on pension plan investments	-	1,303,832
Changes in proportion and differences between College contributions and proportionate share of contributions	-	60,576
College contributions subsequent to the measurement date	1,015,832	-
Total	<u>\$ 1,015,832</u>	<u>\$ 1,578,067</u>

\$1,015,832 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (421,184)
2017	(421,184)
2018	(409,758)
2019	(325,941)
2020	-
Total	<u><u>\$ (1,578,067)</u></u>

*Actuarial assumptions.* As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll Remaining Period Amortized – closed 30 years from June 30, 2012 to June 30, 2042 Asset Valuation Method 5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD  
(CONTINUED)

*Discount rate.* A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

*Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate.* The following table presents the College’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1 % Decrease 6.75%	Current Discount Rate 7.75%	1 % Increase 8.75%
College's proportionate share of the net pension liability	<u>\$ 19,515,386</u>	<u>14,343,059</u>	<u>10,022,623</u>

Pension plan fiduciary net position. Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**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, 2015, 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, 2015, \$312,161 was paid to the insurance company.

**NOTE 14. RISK MANAGEMENT**

At June 30, 2015, the College has no workman's compensation claims outstanding. At June 30, 2015, 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

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts.

**NOTE 15. RESTATEMENT OF FINANCIAL STATEMENTS FOR NET PENSION LIABILITY**

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 68 - *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*) effective July 1, 2014.

As a cost-share employer participating in the ERB Pension Plan (Plan) (see note 10), the College has included 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.

With the adoption of the new accounting pronouncement, the College has reduced its unrestricted net position the beginning of the fiscal year in the amount of \$14,949,185.



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 New Mexico Educational Retirement Board (ERB) Pension Plan  
 For the Year Ended June 30, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
College's proportion of the net pension liability	0.25138%
College's proportionate share of the net pension liability	\$ 14,343,057
College's covered-employee payroll	\$ 7,746,356
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185%
ERB Plan fiduciary net position as a percentage of the total pension liability	66.54%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS  
 New Mexico Educational Retirement Board (ERB) Pension Plan  
 For the Year Ended June 30, 2015  
 Last 10 Fiscal Years\*

	2015
Contractually required contribution	\$ 1,015,832
Contributions in relation to the contractually required	\$ (1,015,832)
Contribution deficiency	\$ -
College's covered-employee payroll	\$ 7,746,356
Contribution as a percentage of covered-employee payroll	13.11%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

*Changes of benefit terms.* The COLA and retirement eligibility benefits changes in recent years are described in the benefits provided subsection of the financial statement note disclosure on the ERB Pension Plan (Note 9).

*Changes of assumptions.* The ERB conducts an actuarial experience study for the ERB Pension Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 4.25%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.75% to 0.50%
  
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%

See also the actuarial assumptions subsection of the financial statement note disclosure on the Pension Plan (Note 9).

## 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, 2015

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ 4,483,222	5,467,961	8,516,046	(3,048,085)
Revenues:				
State government appropriations	10,392,400	10,690,667	10,679,252	11,415
Federal revenue sources	10,919,606	9,449,160	5,818,509	3,630,651
Tuition and fees	3,356,359	3,355,985	3,271,516	84,469
Endowments and private gifts	257,460	259,564	172,891	86,673
Other	2,500,233	2,568,476	2,480,667	87,809
Total revenues	27,426,058	26,323,852	22,422,835	3,901,017
Expenditures:				
Instruction	9,275,276	9,312,897	7,724,933	1,587,964
Academic support	1,292,294	1,312,492	1,114,306	198,186
Student services	1,620,928	1,621,419	1,534,746	86,673
Institutional support	2,878,189	2,881,528	2,563,731	317,797
Operation and maintenance of plant	2,167,648	2,055,907	1,816,688	239,219
Total instruction and general	17,234,335	17,184,243	14,754,404	2,429,839
Student social and cultural activities	107,238	99,850	78,461	21,389
Public service	1,057,135	1,109,415	873,427	235,988
Student aid, grants and stipends	9,019,527	7,580,709	4,719,422	2,861,287
Auxiliary services	40,000	40,000	27,308	12,692
Capital outlay	801,436	1,854,678	1,058,234	796,444
Building renewal and replacement	302,434	441,377	267,190	174,187
Retirement of indebtedness and refunding expense	172,986	172,986	170,486	2,500
Total expenditures	28,735,091	28,483,258	21,948,932	6,534,325
Net transfers	-	-	-	-
Change in net position(budgetary basis)	(1,309,033)	(2,159,406)	473,903	(2,633,308)
Ending net position balance	\$ 3,174,189	3,308,555	8,989,949	(5,681,393)

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, 2015

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ 1,121,600	2,011,748	4,259,959	(2,248,211)
Revenues:				
Tuition	3,198,543	3,198,543	3,132,892	65,651
State government appropriations	10,192,400	10,192,400	10,193,985	(1,585)
Local government appropriations	1,298,072	1,298,072	1,368,102	(70,030)
Federal government contracts and grants	6,100	6,100	8,535	(2,435)
Other	144,000	144,000	211,624	(67,624)
Total revenues	<u>14,839,115</u>	<u>14,839,115</u>	<u>14,915,138</u>	<u>(76,023)</u>
Expenditures:				
Instruction	7,096,624	7,078,974	6,440,866	638,108
Academic support	1,292,294	1,312,492	1,114,306	198,186
Student services	1,620,928	1,621,419	1,534,747	86,672
Institutional support	2,878,189	2,881,528	2,563,731	317,797
Operation and maintenance of plant	2,167,648	2,055,907	1,816,688	239,219
Total expenditures	<u>15,055,683</u>	<u>14,950,320</u>	<u>13,470,338</u>	<u>1,479,982</u>
Net transfers	<u>588,550</u>	<u>2,033,550</u>	<u>2,033,550</u>	<u>-</u>
Change in net position - budgetary basis	<u>(805,118)</u>	<u>(2,144,755)</u>	<u>(588,750)</u>	<u>(1,556,005)</u>
Ending net position	<u>\$ 316,482</u>	<u>(133,007)</u>	<u>3,671,209</u>	<u>(3,804,216)</u>

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENDITURES -  
RESTRICTED - INSTRUCTIONAL AND GENERAL  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ -	-	12,376	(12,376)
Revenues:				
Federal contracts and grants	1,793,331	1,841,962	1,042,036	799,926
State contracts and grants	306,250	319,571	278,375	41,196
Total revenues	<u>2,099,581</u>	<u>2,161,533</u>	<u>1,320,411</u>	<u>841,122</u>
Expenditures:				
Instruction	2,096,121	2,158,081	1,320,419	837,662
Academic Support	3,460	3,460	-	3,460
Total expenditures	<u>2,099,581</u>	<u>2,161,541</u>	<u>1,320,419</u>	<u>841,122</u>
Net transfers	-	-	-	-
Change in net position - budgetary basis	-	-	(8)	-
Ending net position	<u>\$ -</u>	<u>-</u>	<u>12,368</u>	<u>(12,376)</u>



STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
RECONCILIATION OF CHANGES IN NET ASSETS  
BUDGET BASIS TO GAAP BASIS  
For the Year Ended June 30, 2015

	<u>Revenues</u>	<u>Expense</u>
Budget basis (revenues) expense	\$ 22,422,835	21,948,932
Additional (GASB 68) pension expense (reversal)	-	(43,893)
Capital expenditures	-	(1,057,782)
Depreciation	-	1,314,788
Scholarship allowance	(1,305,802)	(1,305,802)
Loss on disposal of assets	-	48,741
Payment of principal on debt	-	(145,000)
	<hr/>	<hr/>
GAAP basis (revenue) expense	\$ 21,117,033	20,759,984
	<hr/> <hr/>	<hr/> <hr/>

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS  
Year Ended June 30, 2015

<u>Account Name</u>	<u>Type of Account</u>	<u>NM Bank and Trust</u>	<u>Penn Security Bank</u>	<u>Total</u>
<b>Deposits</b>				
General account	Checking	\$ 14,563	-	14,563
Accounts payable	Checking	-	-	-
Payroll	Checking	-	-	-
Repurchase agreement	Repurchase agreement	4,489,743	-	4,489,743
Auxiliary	Checking	103,892	-	103,892
Credit card account	Money market	-	5,241	5,241
Foundation	Checking	166,811	-	166,811
Total amount of deposits in bank		4,775,009	5,241	4,780,250
Less: FDIC coverage		(250,000)	(5,241)	(255,241)
Total uninsured public funds		4,525,009	-	4,525,009
50% collateral requirements		17,633	-	17,633
102% collateral requirements		4,579,538	-	4,579,538
Subtotal collateral requirements		4,597,171	-	4,597,171
Pledged securities		4,652,198	-	4,652,198
Over/(under) collateralized		55,027	-	55,027
Bank balance		4,775,009	5,241	4,780,250
Outstanding items - College		376,496	-	376,496
Outstanding items - Foundation		5,549	-	5,549
Deposits in transit - College		26,107	2,966	29,073
Plus: petty cash		8,500	-	8,500
Less: agency funds		34,608	-	34,608
Book balance		\$ 4,392,963	\$ 8,207	4,401,170
College		\$ 4,231,701	\$ 8,207	\$ 4,239,908
Foundation		161,262	-	161,262
		\$ 4,392,963	\$ 8,207	\$ 4,401,170

Note 1: Total collateral is pledged against both the College and Foundation.

Collateral is not segregated between the two entities.

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

STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)  
 Year Ended June 30, 2015

Account Name	Type of Account	Balance Per Statement	Reconciled Balance Per Books
Investments - College New MexiGROW	External Investment Pool	\$ 5,484,850	5,484,850
Investments - Foundation*			
Charles Schwab	Money Market	798,428	798,428
Charles Schwab	Money Market	1,463,719	1,463,892
Outstanding items		-	-
Deposits in transit		173	-
	<b>Total</b>	<b>\$ 2,262,320</b>	<b>\$ 2,262,320</b>

\*Classified as Cash and Cash Equivalents at June 30, 2015

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2015

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	\$ 132,854	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	GNMA Pool 658185	6/15/2040	36294SF28	26,715	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FNR - 2014 - 59 - AD	9/25/2044	3136AKA37	<u>4,492,629</u>	Commerce Bank St. Louis, MO
Total collateral pledged				<u>\$ 4,652,198</u>	

CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING  
 Year Ended June 30, 2015

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	07/09/2014 to 07/08/2019
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	Upward Bound program
Beginning and ending dates	05/01/2014 to 05/01/2015
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  
 (CONTINUED)  
 Year Ended June 30, 2015

Participants	Clovis Community College and Clovis Municipal Schools
Party responsible for operations	Clovis Community College
Description	ENLACE Program
Beginning and ending dates	09/9/2014 to 04/02/2015
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	07/01/2014 to 06/30/2015
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	Funding cycles
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 CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
 Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,479	21,391	(16,262)	\$ 34,608
<b>Total assets</b>	<b>\$ 29,479</b>	<b>21,391</b>	<b>(16,262)</b>	<b>\$ 34,608</b>
<b>LIABILITIES</b>				
Due to student organizations	\$ 29,479	21,391	(16,262)	\$ 34,608
<b>Total liabilities</b>	<b>\$ 29,479</b>	<b>21,391</b>	<b>(16,262)</b>	<b>\$ 34,608</b>

**OTHER UNAUDITED INFORMATION**



STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
 Year Ended June 30, 2015

RFB# / RFP# / State-Wide Price Agreement#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that Responded	In-State/Out-of- State Vendor (Y or No) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or No)	Brief Description of the Scope of Work
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There were no contracts that meet the criteria required for this Schedule.

*See notes to Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)*

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000  
(EXCLUDING GRT)  
Year Ended June 30, 2015

**This Schedule includes:**

Competitive procurements in FY 2015 that result in one or more contracts with a maximum contract price of over \$60,000 or more, excluding gross receipts tax, regardless of whether expenditures under that contract were over \$60,000 in FY2015;

Sole-source procurements in FY 2015 that result in one or more contracts with a maximum contract price of over \$60,000 or more, excluding gross receipts tax, regardless of whether expenditures under that contract were over \$60,000 in FY2015; and

Emergency procurements in FY 2015 that result in one or more contracts with a maximum contract price of over \$60,000 or more, excluding gross receipts tax, regardless of whether expenditures under that contract were over \$60,000 in FY2015.

**This Schedule does not include:**

Information on a multi-year procurement that occurred in a prior year, even if it resulted in expenditures of \$60,000 or more in FY 2015, unless there was a contract amendment that occurred in the current fiscal year (i) of a contract with a maximum contract price of \$60,000 or more, or (ii) that increased the maximum contract price of an existing contract to equal or exceed \$60,000; and Procurements based on statewide pricing agreements in FY2015.

## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Clovis Community College  
and  
Mr. Tim Keller  
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, 2015, 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 November 9, 2015.

**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 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.

To the Board of Trustees  
Clovis Community College  
and  
Mr. Tim Keller  
New Mexico State Auditor

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. 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.

### Compliance and Other Matters

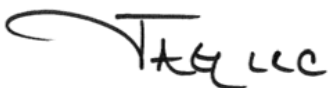
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2015-001.

### The College's Response to Finding

The College's response to the finding 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 the financial statements and, accordingly, we express no opinion on it.

### 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.



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
November 9, 2015

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. Tim Keller  
New Mexico State Auditor

**Report on Compliance for the Major Federal Programs**

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 each of the of College's major federal programs for the year ended June 30, 2015. 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 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.

To the Board of Trustees  
Clovis Community College  
and  
Mr. Tim Keller  
New Mexico State Auditor

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.

### *Opinion on Each 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 major federal programs for the year ended June 30, 2015.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance finding 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.

### **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.

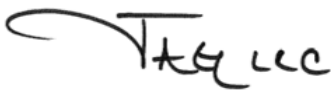
To the Board of Trustees  
Clovis Community College  
and  
Mr. Tim Keller  
New Mexico State Auditor

*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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding 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 (JAG)  
Albuquerque, New Mexico  
November 9, 2015



STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Subaward Number	Federal Expenditures
<b>United States Department of Education</b>			
Direct Programs:			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 41,383
Federal Work-Study Program	84.033	N/A	48,975
Federal Pell Grant Program	84.063	N/A	3,280,843
Federal Direct Student Loans	84.268	N/A	792,422
Total Student Financial Assistance Cluster			<u>4,163,623</u>
TRIO Cluster			
Student Support Services	84.042	042A100106	245,322
Upward Bound	84.047	047A121771	233,905
Total TRIO Cluster			<u>479,227</u>
Higher Education Institutional Aid - Title V	84.031	031S090081	<u>161,909</u>
Pass-through Programs:			
NM Higher Education Department			
Adult Basic Education	84.002	Award Letter	<u>88,523</u>
NM Department of Education			
Carl Perkins	84.048	048A130031-13A	124,645
Carl Perkins Redistribution	84.048	0048A110031A	10,148
Total NM Department of Education			<u>134,793</u>
Total United States Department of Education			<u>5,028,075</u>
<b>United States Department of Labor</b>			
Trade Adjustment and Assistance Community College Career & Training	17.282	TC-23749-12-60-A-35	<u>769,745</u>
<b>United States Small Business Administration</b>			
Direct Program:			
Small Business Development	59.037	10-603001-Z0032-22	<u>20,689</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 5,818,509</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, 2015

**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, 2015. 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, 2015, the College processed \$792,422 of new loans under the Federal Direct Student Loan Program.

**NOTE 4. OTHER DISCLOSURES**

The College did not receive any non-cash assistance during the year ended June 30, 2015 and there were no federal loan guarantees outstanding at June 30, 2015.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2015

2014-001	PAYROLL OVERPAYMENT	RESOLVED
2014-002	LATE NOTIFICATION DISPOSAL OF CAPITAL ASSETS	RESOLVED
2014-003	US DEPARTMENT OF LABOR MONITORING REPORT	RESOLVED

STATE OF NEW MEXICO  
 CLOVIS COMMUNITY COLLEGE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2015

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**Section I - Summary of Auditor's Results**

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*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? \_\_\_\_\_yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major 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, 2015

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Section II - Financial Statement Findings

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2015-001      POLICIES & PROCEDURES OVER CAPITAL ASSET DONATIONS TO  
OTHER ENTITIES (FINDING THAT DOES NOT RISE TO THE LEVEL OF  
A SIGNIFICANT DEFICIENCY)

CONDITION

During our testing of controls and compliance over capital asset dispositions, we noted that three items the College donated to a qualifying organization did not have documentation of the organization receiving the assets, thus completing the disposal process. Subsequent e-mail correspondence during the audit between the College and the qualifying organization did support the disposal was valid and received. The asset disposal notification letters to the New Mexico State Auditor's Office were submitted as required.

Additionally, we noted the time lapse between when the dispositions were approved and the disposal in the accounting software (BANNER) was eight months for all three items.

CRITERIA

NMSA 13-6-1 Disposition of obsolete, worn-out, or unusable tangible personal property sections D and F state that the governing authority may dispose of personal property by donation to other governments or 501(c)(3) organizations.

NMAC 1.13.4.7 General Government Administration Public Records defines adequate documentation as "a record of the conduct of government business that is complete and accurate to the extent required to document functions, policies, decisions, procedures and business transactions designed to furnish the information necessary to protect the legal and financial rights of state government and of persons directly affected by an agency's activities."

As well, good accounting practices require strong internal controls over the capital asset disposals process and clear documentation to substantiate donations to qualifying organizations.

CAUSE

The College did not have a formal process in place for donating unneeded assets to other qualified organizations.

EFFECT

Capital asset donations may not be received by the appropriate party and BANNER could be incorrect until someone remembers to delete the donated items.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2015

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Section II - Financial Statement Findings

---

2015-001      POLICIES & PROCEDURES OVER CAPITAL ASSET DONATIONS TO  
OTHER ENTITIES (FINDING THAT DOES NOT RISE TO THE LEVEL OF  
A SIGNIFICANT DEFICIENCY) (CONTINUED)

RECOMMENDATION

We recommend the College revise its current policy over disposals of assets to include requiring a signature confirmation on donated items, and monitor that the newly documented process is operating as designed throughout the year. The Board should approve the revised policy.

MANAGEMENT RESPONSE

The CFO has drafted a donation documentation policy and will review this process. The Board of Trustees will approve policies and procedures over capital asset disposals before current fiscal year-end.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2015

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Section III - Federal Award Findings and Questioned Costs

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2015-002      TAACCCT POLICIES & PROCEDURES NOT FOLLOWED  
(SIGNIFICANT DEFICIENCY OVER CONTROLS AND 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 2013-2015

CONDITION

During our testing of this grant, we noted that the College did not, in all instances, completely follow its internally generated policies and procedures over the grant in the following areas:

- The policies and procedures state that Time & Effort Certifications will be submitted to the Program Director by the 5<sup>th</sup> of each month. We tested June of 2015 and noted that 5 out of 9 tested were submitted on June 8<sup>th</sup>, 2015.
- In our testing of consultants' fees, we noted 1 invoice of 7 tested that included 1 day (6/9/15) that was paid \$700 instead of the \$585 daily limit for consultants under the special conditions of the grant award.
- Assets were tagged over the \$1,000 limit in accordance with the College's overall threshold for capital assets instead of the \$500 stated in the grant policies and procedures. Additionally, as we tested additions to equipment, we noted that 3 tags were missing and added during our walkthrough.
- The President did approve new hires, but the Human Resources Department did not include these in a personnel report to the Board of Trustees as the grant policies and procedures require.
- There was not an annual report to the Board of Trustees documented in the minutes as required by the grant policies and procedures.
- The agreed upon outreach material, newsletters, or program website was not distributed, as the College has been waiting for the accreditation of the Physical Therapist Assistant program.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2015

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Section III - Federal Award Findings and Questioned Costs

---

2015-002 TAACCCT POLICIES & PROCEDURES NOT FOLLOWED  
(SIGNIFICANT DEFICIENCY OVER CONTROLS AND COMPLIANCE)  
(CONTINUED)

CRITERIA

Part IV of the OMB Circular A-133 Compliance Supplement states, “The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.” and “Control Activities are the policies and procedures that help ensure that management’s directives are carried out.” Control activities include “Operating policies and procedures clearly written and communicated.”

Part IV of the Grant Agreement, Special Clauses and Conditions, states, “Consultant fees paid under this grant/agreement shall be limited to \$585 per day without additional DOL Grant Officer approval.”

CAUSE

This grant is new to the College and there was turnover in program management in the previous year. Management’s focus has been on obtaining the accreditation for the program to continue.

EFFECT

The College was not in compliance with certain federal requirements or its internal policies and procedures (internal controls) over the grant, which could prevent the federal funds to be utilized as expected.

RECOMMENDATION

We recommend continuing to work with the staff on implementing the grant and policy and procedures (internal control) requirements or update them as deemed necessary.



STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2015

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Section III - Federal Award Findings and Questioned Costs

---

2015-002      TAACCCT POLICIES & PROCEDURES NOT FOLLOWED  
(SIGNIFICANT DEFICIENCY OVER CONTROLS AND COMPLIANCE)  
(CONTINUED)

MANAGEMENT RESPONSE

The TAACCCT Grant Policies and Procedures Manual is currently undergoing significant review and update. Time and Effort reporting will be more closely followed for submission by the indicated deadline. The TAACCCT Director will send email reminders to all program employees to submit documentation by the stated deadline. Previously, and still moving forward, Time and Effort reports are to be submitted by the assigned deadline. At that time, the supervisor and TAACCCT Director must still review the reports for accuracy prior to approval. If changes are noted to be required, this will result in a delay in submission of the final, approved document. The deadline for submission to the supervisor and/or TAACCCT Director has been adjusted to be the 5th working day of the month. If an employee is not on-campus at any point during those initial days, five working days shall still be allotted. For the month tested, May 2015, employee Time and Effort reports were submitted to the employee's supervisor by the 5th working day in 7 of the 9 cases. For three of those found to not be approved by the 5th of June, the employee's supervisor and TAACCCT Grant Director were not on-campus to approve the document on the 5th but the document was approved on the first day the supervisor and Director returned to work (June 8th); and for one of the tested cases, the employee was off-site at a conference and completed her T&E documentation on the first day of her return. This update to the Policies and Procedures Manual will create a more reasonable timeline in cases such as this as well as provide a more accurate representation of current procedure.

The TAACCCT policies and procedures manual draft revisions include a procedure for the grant director to verify the current daily limit for consultants prior to awarding a contract. Any consultant contract that may exceed that limit will be submitted to the Federal Program Office for approval prior to the contract being awarded. Clarification regarding which contracts are considered to fall under this consultant rule are being pursued with the Federal TAACCCT Program Office and this clarification will be added to the Policies and Procedures documentation.

The TAACCCT policies and procedures manual draft revisions include an update to reflect the institution's policy of tagging all items over \$1,000 and items with hard drives. This practice has been reviewed with all grant personnel. The TAACCCT Director will now personally oversee tagging grant-purchased equipment items in lieu of assigning the task to the product end-user. For equipment items that have surfaces that are not conducive to retaining their adhesive tags, a permanent marker will be used to write the inventory number and grant designation. For the three items noted, one had a grant tag that had fallen off due to a non-adhesive conducive

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2015

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Section III - Federal Award Findings and Questioned Costs

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2015-002      TAACCCT POLICIES & PROCEDURES NOT FOLLOWED  
(SIGNIFICANT DEFICIENCY OVER CONTROLS AND COMPLIANCE)  
(CONTINUED)

MANAGEMENT RESPONSE (CONTINUED)

surface and two were newly acquired items that had not yet made it through the inventory acquisition process to have the tags placed. The TAACCCT policies and procedures manual draft revisions include an update to reflect Human Resource policies that the President shall approve faculty and full-time professional hires but not part-time hires. Also consistent with institutional policy, no grant personnel hires shall be submitted to the Board of Trustees for approval.

The President has briefed the Board of Trustees on individual TAACCCT activities at significant points along the life of the grant. The Director of Federal Programs has advised all grant directors to schedule annual reports to the Board of Trustees and/or other entities, consistent with their grant documented reporting schedules.

Institutional and TAACCCT Grant policies and procedures have been followed for all outreach materials that have been produced utilizing TAACCCT grant funds. The TAACCCT Grant Director is working with the Marketing department to develop a schedule to routinize TAACCCT grant updates to be featured in regular institutional newsletters.

The above corrective action has been taken during October 2015 by the various employee positions noted.

STATE OF NEW MEXICO  
CLOVIS COMMUNITY COLLEGE  
EXIT CONFERENCE  
June 30, 2015

The contents of this report were discussed in an exit conference held on November 2, 2015, with the following in attendance:

**Representing Clovis Community College:**

Dr. Becky Rowley, President  
Tom Drake, Vice President of Administration and Government Affairs  
Norman Kia, Chief Information Officer  
Jayne Craig, Director of Business Affairs, Interim CFO

Raymond Mondragon, Chairman of Board of Trustees

**Representing Clovis Community College Foundation:**

Dr. Becky Rowley, President of the College  
Bill Kinyon, Secretary/Treasurer, Clovis Community College Foundation Board

**Representing Jaramillo Accounting Group LLC (JAG)**

Scott Eliason, Partner  
Audrey J. Jaramillo, Partner

*Management of Clovis Community College prepared these financial statements.*