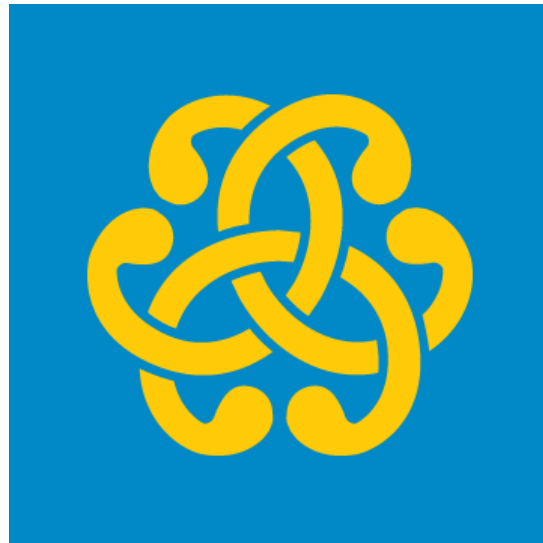


Clarity from Complexity



Clovis Community College

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2016

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CLOVIS COMMUNITY COLLEGE

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CLOVIS COMMUNITY COLLEGE

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STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE

Directory of Officials

June 30, 2016

BOARD OF TRUSTEES

Raymond Mondragon	President
Arnold Martinez	Secretary
Russell Muffley	Member
Terry Martin	Member
Laura Leal	Member

COLLEGE OFFICIALS

Dr. Becky Rowley	President
Dr. Robin Jones	Executive Vice President
Tom Drake	Vice President for Administration and Government Relations
John Rush	Chief Financial Officer
Norman Kia	Chief Information 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, 2016, 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, 2016, 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.

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

To the Board of Trustees
Clovis Community College
and
Mr. Tim Keller
New Mexico State 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, 2016 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, 2016, in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 35 and 36 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

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

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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not a required part of the basic financial and are not a required part of the basic financial statements.

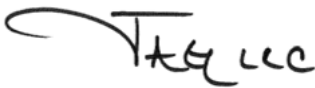
The Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreements and Memorandums of Understanding, Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund, and the Schedule of Expenditures of Federal Awards are the responsibility of management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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016 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". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 11, 2016

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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, 2016. 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 2015 and 2016.

Overview of Financial Statements

For financial reporting purposes, Clovis Community College is considered a special-purpose government engaged only in business-type activities. The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Included in the report is the Clovis Community College Foundation as a component unit for fiscal year 2016.

Using the Basic Financial Statements

The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of fiscal year 2016. It is a point-in-time financial statement, the purpose of which is to give the readers a fiscal snapshot of the financial condition of CCC. The statement presents end-of-year data concerning current and non-current assets, current and non-current liabilities, and net position.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenue, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenue received by the College as well as expenses, gains, and losses received or incurred by the College.

The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, capital, financing, and investing activities. The statement is prepared using the direct method of cash flows, presenting gross amounts for the year's activities.

Reporting Entity

This financial report presents the basic financial statements of the College and its component unit, the Clovis Community College Foundation (the Foundation). The College acts as the fiscal agent for the Foundation and is therefore considered financially accountable based on criteria set forth by the Governmental Accounting Standards Board.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Condensed Financial Information – Summary of Net Position as of June 30:

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets	\$ 10,588,393	\$ 10,862,140
Other Non-Current Assets	333,000	333,000
Capital Assets, net	<u>25,111,411</u>	<u>24,501,647</u>
Total Assets	<u>36,032,804</u>	<u>35,696,787</u>
Deferred Outflow of Resources	<u>1,862,690</u>	<u>1,015,832</u>
Liabilities		
Current Liabilities	1,800,355	1,952,602
Other Non-Current Liabilities	635,000	780,000
Net Pension Liability	<u>16,658,881</u>	<u>14,343,057</u>
Total Liabilities	<u>19,094,236</u>	<u>17,075,659</u>
Deferred Inflow of Resources	<u>423,369</u>	<u>1,578,067</u>
Net Position		
Net Investment in Capital Assets	24,331,411	23,576,647
Restricted	341,032	344,057
Unrestricted (deficit)	<u>(6,294,554)</u>	<u>(5,861,811)</u>
Total Net Position	<u>\$ 18,377,889</u>	<u>\$ 18,058,893</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 as of June 30, 2016 is the investment in the Local Government Investment Pool of \$5,151,850. Non-current assets include capital assets, net of accumulated depreciation, of \$25,111,411 and restricted investments in the Local Government Investment Pool of \$333,000.

Current liabilities are generally defined as amounts due within one year, and include accounts payable, payroll accruals, and accrued annual leave. The New Mexico Finance Authority loan payable is the largest non-current liability of the College, totaling \$635,000. Annual debt service for the loan is \$145,000 to \$165,000 through the year 2021.

Net position may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities (not including the effect of the pension liability) by \$33,597,448 at the close of June 30, 2016, as compared to the \$32,964,184 as of June 30, 2015.

At June 30, 2016, the College's current ratio, the amount of current assets \$10,588,393 available to cover current liabilities \$1,800,356 was 5.88 to 1.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Condensed Financial Information – Summary of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30:

	<u>2016</u>	<u>2015</u>
Operating Revenues by Major Source		
Grants and Contracts	\$ 6,649,828	\$ 6,821,576
Tuition and Fees	1,918,503	1,965,714
Other	298,689	285,023
Auxiliary Services	<u>38,561</u>	<u>42,298</u>
Total Operating Revenues	<u>8,905,581</u>	<u>9,114,611</u>
Operating Expenses by Major Function		
Instruction	8,144,665	7,681,041
Student Aid	3,238,838	3,413,620
Institutional Support	2,534,508	2,563,731
Operation and Maintenance of Plant	1,787,659	1,816,688
Student Services	1,570,035	1,534,747
Depreciation	1,307,220	1,314,788
Academic Support	1,128,490	1,114,306
Public Service	926,548	873,427
Student Social & Cultural	88,015	78,461
Auxiliary Services	20,045	27,308
Other Operating Expenses	<u>(35,902)</u>	<u>267,640</u>
Total Operating Expenses	<u>20,710,121</u>	<u>20,685,757</u>
Non-Operating Revenues (Expenses)		
State Appropriation	10,181,915	10,193,985
Local Tax Levy	1,456,317	1,368,102
Investment Income (Loss), Net of Expense	12,733	(44,931)
Loss on Disposal of Capital Assets	(4,045)	(48,741)
Interest on Capital Asset Related Debt	<u>(23,384)</u>	<u>(25,486)</u>
Total Non-Operating Revenues	<u>11,623,536</u>	<u>11,442,929</u>
Other – State Capital Appropriations	<u>500,000</u>	<u>485,266</u>
Total Change in Net Position	318,996	357,049
Net position, beginning of year	18,058,893	32,651,029
Prior period restatement	<u>-</u>	<u>(14,949,185)</u>
Net position, beginning of year, as restated	<u>18,058,893</u>	<u>17,701,844</u>
Net Position, end of year	<u>\$ 18,377,889</u>	<u>\$ 18,058,893</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Revenues in the reporting model are shown by source of funding. Operating revenues are generally defined as exchange transactions that are produced in the primary business functions of the College, including instruction, public service, and auxiliary services. Non-operating revenues are generally defined as non-exchange transactions and include state appropriations, local tax levy, gifts, and interest income. While classified as non-operating revenue, state appropriations account for a vast majority of the College's revenues and provide much-needed support for the operation of the College.

Operating expenses for the College are presented in a functional format showing the major functions of the College, with expenditures for instruction and for the support of instruction representing a majority of operating expenses.

Total net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) is 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 2016, 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 \$613,014.

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 5.88 to 1. The actual increase in net position, as stated in the Statement of Revenues, Expenses and Changes in Fund Net Position, is \$318,996. This amount of increase is due exclusively to a conservative approach to Instruction and General Expenditures.

The College is dependent upon ongoing financial and political support from state government. For FY 2016, the New Mexico Higher Education appropriations decreased. Clovis Community College's portion of this decrease was \$61,300.

Expenditures have been conservative due to unknown State of New Mexico revenue. New Mexico revenue is largely influenced by the price of crude oil and natural gas. Other factors include, but may not be limited to the overall New Mexico economy and the significant impact from the current economic state of the Nation's economy.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Factors Impacting Future Periods

Clovis Community College experienced a 3% increase in enrollment for FY 2016. It is anticipated growth will be flat from FY 2016 to FY 2017. Most New Mexico Higher Education institutions have experienced significant decreases during this same time period.

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 Therapy Assistant program development, Radiology Technology enhancement, including digital equipment and simulation expansion, and Nursing enhancement. The College received \$2.5 million over the three year period ending March 2016 from the TAACCCT Grant. With the end of the Grant, the campus has new and excellent Allied Health teaching tools and facilities, but it left the campus with an ongoing annual expense of \$400,000 in expenses for new employees and benefits.

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 Therapy Assistant program students began with second 8 week classes in October 2015. This first cohort will graduate / certificate in December, 2016.

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.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Requests for Information

Questions concerning any of the financial information provided in this report or requests for additional information should be addressed to John Rush, Chief Financial Officer / Vice President of Finance, or Tom Drake, Vice President of Administration and Government Relations, Clovis Community College.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
June 30, 2016

	Primary Institution	Component Unit CCC Foundation
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,475,017	\$ 162,056
Investments	5,151,850	2,330,406
Receivables, net	1,389,032	-
Inventories	23,992	-
Prepaid expenses and deferred charges	548,502	-
Total current assets	<u>10,588,393</u>	<u>2,492,462</u>
Noncurrent Assets		
Restricted investments	333,000	-
Capital assets, net	25,111,411	37,000
Total noncurrent assets	<u>25,444,411</u>	<u>37,000</u>
Total assets	<u>36,032,804</u>	<u>2,529,462</u>
Deferred Outflows of Resources		
Pension liability:		
Change in assumptions	572,988	-
Change in proportion - reallocation of inactive employers	267,325	-
Contributions to pension subsequent to measurement date	1,022,377	-
Total deferred outflows of resources	<u>1,862,690</u>	<u>-</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	453,405	-
Unearned revenue	825,281	-
Compensated absences payable	376,669	-
Current portion of long-term obligations	145,000	-
Total current liabilities	<u>1,800,355</u>	<u>-</u>
Noncurrent Liabilities		
Non-current portion of long-term obligations	635,000	-
Net pension liability	16,658,881	-
Total noncurrent liabilities	<u>17,293,881</u>	<u>-</u>
Total liabilities	<u>19,094,236</u>	<u>-</u>
Deferred Inflows of Resources		
Pension liability:		
Change in proportion	39,543	-
Difference between expected and actual actuarial experience	308,840	-
Difference between expected and actual investment earnings	74,986	-
Total deferred inflows of resources	<u>423,369</u>	<u>-</u>
Net Position		
Net investment in capital assets	24,331,411	37,000
Restricted		
Nonexpendable - Scholarships	301,019	1,942,018
Expendable - Scholarships	40,013	473,565
Unrestricted (deficit)	(6,294,554)	76,879
Total net position	<u>\$ 18,377,889</u>	<u>\$ 2,529,462</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2016

	Primary Institution	Component Unit CCC Foundation
Operating Revenues		
Student tuition and fees (net of discounts and allowances of \$1,364,003)	\$ 1,918,503	\$ -
Federal grants and contracts	5,732,329	-
State grants and contracts	752,167	-
Private grants and contracts	165,333	-
Sales and services	108,560	-
Other operating revenues	228,689	-
Total operating revenues	<u>8,905,581</u>	<u>-</u>
Operating Expenses		
Education and general		
Instruction	8,144,665	-
Institutional support	2,534,508	-
Student services	1,570,035	-
Academic support	1,128,490	-
Public service	926,548	-
Student social and cultural	88,015	-
Student aid (discounted)	3,238,838	-
Operation and maintenance of plant	1,787,659	-
Depreciation and amortization	1,307,220	-
Auxiliary enterprises	20,045	-
Other operating expenses	(35,902)	65,682
Total operating expenses	<u>20,710,121</u>	<u>65,682</u>
Operating loss	<u>(11,804,540)</u>	<u>(65,682)</u>
Nonoperating revenues (expenses)		
State appropriations	10,181,915	-
Local tax levy	1,456,317	-
Investment Income - net of expenses	12,733	68,091
Private gifts	-	66,691
Interest on capital asset related debt	(23,384)	-
Loss on disposal of capital assets	(4,045)	-
Total non-operating revenues (expenses)	<u>11,623,536</u>	<u>134,782</u>
Other		
Capital appropriations	<u>500,000</u>	<u>-</u>
Increase in net position	318,996	69,100
Net position, beginning of year	18,058,893	2,460,362
Net position, end of year	<u>\$ 18,377,889</u>	<u>\$ 2,529,462</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 1,899,600
Grants and Contracts	6,862,840
Payments to suppliers, employees, and others	(16,327,232)
Payments for educational activities	(3,238,838)
Auxiliary enterprise charges	(20,045)
Net cash used by operating activities	<u>(10,823,675)</u>
Cash Flows From Noncapital Financing Activities	
Local tax levy revenues	1,453,549
State appropriations	10,181,915
Net cash provided by noncapital financing activities	<u>11,635,464</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(1,921,028)
Payments on capital debt	(168,384)
General Obligation Bond appropriation	500,000
Net cash used by capital and related financing activities	<u>(1,589,412)</u>
Cash Flows From Investing Activities	
Investment income, net of expenses	<u>12,732</u>
Net decrease in cash and cash equivalents	(764,891)
Cash and cash equivalents, beginning of year	<u>4,239,908</u>
Cash and cash equivalents, end of year	<u>\$ 3,475,017</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (11,804,540)
Adjustments to reconcile operating loss to net cash provided/used by operating activities	
Depreciation and amortization	1,307,220
Loss on disposal of assets	4,045
Additional pension adjustment resulting in increase in expense under GASB 68	314,270
Change in assets and liabilities	
Receivables	(263,106)
Inventories	(2,292)
Other assets	(227,027)
Accounts payable and deferred liabilities	(121,699)
Compensated absences	(16,774)
Unearned revenue	(13,772)
Net cash used by operating activities	<u>\$ (10,823,675)</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, 2016

ASSETS

Cash and cash equivalents	\$	30,424
Total assets	\$	30,424

LIABILITIES

Due to student organizations	\$	30,424
Total liabilities	\$	30,424

See Notes to Financial Statements.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 mill 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 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.

Basis of Presentation. The College and its component unit present their financial statements in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The statement presentation required by GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, provides a comprehensive entity-wide perspective of the College's assets, liabilities, and net position, revenues, expenses and changes in net position, and cash flows.

STATE OF NEW MEXICO
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June 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The College has also adopted GASB Statement 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34*. GASB Statement 39 provides additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as discretely presented component units based on the nature and significance of their relationship with the College. GASB Statement 61 modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for blending component units within the primary government in certain circumstances. As required by GASB Statements 14, 39, and 61, these basic financial statements present the College and its component unit. The College has only one component unit, the Clovis Community College Foundation.

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

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.

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

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position. The College's net position is classified according to the following criteria:

Net investment in capital assets. 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 a component of net investment in capital assets.

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

Restricted nonexpendable net position. Restricted nonexpendable net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.

Unrestricted net position. Unrestricted net position, which may contain multiple year contractual commitments, consists of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes.

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.

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.

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 \$364,883 in payroll and related tax liabilities and \$88,522 in accounts payable to vendors.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 New Mexico 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.

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.

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

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.

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CLOVIS COMMUNITY COLLEGE
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June 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS

For the College, deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the College. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

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

The Bank pledges collateral against both the Foundation and the College and does not segregate the amounts between the two. As of June 30, 2016, \$3,776,471 of the College's and Foundation's bank balances of \$4,034,241 were exposed to custodial credit risk. \$3,904,294 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.

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CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016.

All investment decisions are approved by the Board. As of June 30, 2016, the College had an investment balance totaling \$5,484,850. Through the approval of the Board of Directors for the College, the funds were invested in the New MexiGROW Local Government Investment Pool (LGIP), which is managed by the State Treasurer. These investments are valued at fair value based on quoted market prices as of the valuation date.

The State Treasurer New MexiGROW LGIP is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month 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, 2016, the New Mexico LGIP AAAM Rated \$5,484,850 WAM (R) was 44 days and the WAM (F) is 77 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, 2016, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

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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.

Investments – Foundation. During fiscal year 2015, the Foundation Board modified the Foundation's investment strategy and arranged to outsource the management of its investments to the New Mexico State Investment Council (SIC). Prior to the change in investment strategy, all investments were managed by the Board and held by Charles Schwab Corporation (Schwab). Investments with Schwab consisted of money market mutual funds, stock mutual funds and marketable securities. In June 2015, all Schwab investment funds were internally transferred to a cash fund and a money market fund. In November 2015, the cash fund and money market fund were liquidated and moved to the SIC.

In addition to fulfilling its primary role of managing the investments of the State's Land Grant and Permanent Funds, the SIC also manages investments for approximately 20 third-party such as the Clovis Community College Foundation. At June 30, 2016, the Foundation was invested in both a large cap stock index pool and a bond index pool as described below:

US Large Cap Index Pool. This pool of stocks seeks to generate returns similar to the Russell 1000 index. 69.46% of total Foundation funds with the SIC were invested in this pool at June 30, 2016.

Core Plus Bonds Pool. This pool of bonds seeks to exceed returns of the Barclay's US Aggregate Bond Index through active external management using complementary core-plus strategies. 30.54% of total Foundation funds with the SIC were invested in this pool at June 30, 2016.

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Foundation has the following recurring fair value measurements, valued at quoted market prices, as of June 30, 2016:

	<u>Level 1</u>	<u>Percent</u>
Investment in US Large Cap Index Pool	\$ 1,618,640	69.46%
Investment in Core Plus Bonds Pool	<u>711,766</u>	<u>30.54%</u>
	<u>\$ 2,330,406</u>	<u>100.00%</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 State of New Mexico department (New Mexico State Investment Council) created by legislation in 1958. All investments are backed by marketable securities.

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, 2016, the Foundation’s SIC investments are subject to credit risk, however, they are at the same risk as all investments held for the state of New Mexico.

NOTE 4. RECEIVABLES, NET

	<u>Primary Institution</u>
Tuition and fees	\$ 1,136,556
Inactive tuition accounts	<u>947,534</u>
Subtotal tuition and fees	2,084,090
Allowance for doubtful accounts	<u>(1,437,239)</u>
Tuition and fees, net of allowance	646,851
Contracts and grants	270,494
Accrued interest receivable	1,761
Property tax levy	30,472
Due from a third party	1,500
Due from the New Mexico Higher Education Department	<u>437,954</u>
Total receivables	<u>\$ 1,389,032</u>

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CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is summarized as follows:

	Balance June 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2016</u>
Capital assets not being depreciated:				
Land	\$ 300,330	\$ -	\$ -	\$ 300,330
Fine art	969,854	-	-	969,854
Construction in progress	<u>280,038</u>	<u>773,578</u>	<u>-</u>	<u>1,053,616</u>
Total capital assets not being depreciated	<u>1,550,222</u>	<u>773,578</u>	<u>-</u>	<u>2,323,800</u>
Capital assets being depreciated:				
Buildings and improvements	35,696,558	-	-	35,696,558
Equipment	6,685,802	367,799	(64,300)	6,989,301
Library books	1,926,768	7,226	(7,488)	1,926,506
Land improvements	<u>2,224,157</u>	<u>772,426</u>	<u>-</u>	<u>2,996,583</u>
Total other capital assets, at cost	<u>46,533,285</u>	<u>1,147,451</u>	<u>(71,788)</u>	<u>47,608,948</u>
Less accumulated depreciation:				
Buildings and improvements	(15,409,868)	(897,846)	-	(16,307,714)
Land improvements	(1,619,891)	(105,722)	-	(1,725,613)
Equipment	(4,730,321)	(278,213)	60,804	(4,947,730)
Library books	<u>(1,821,780)</u>	<u>(25,439)</u>	<u>6,939</u>	<u>(1,840,280)</u>
Total accumulated depreciation	<u>(23,581,860)</u>	<u>(1,307,220)</u>	<u>67,743</u>	<u>(24,821,337)</u>
Other capital assets, net	<u>\$ 24,501,647</u>	<u>\$ 613,809</u>	<u>\$ (4,045)</u>	<u>\$ 25,111,411</u>
Capital asset summary				
Capital assets not being depreciated	1,550,222	773,578	-	2,323,800
Other capital assets, at cost	<u>46,533,285</u>	<u>1,147,451</u>	<u>(71,788)</u>	<u>47,608,948</u>
Total cost of capital assets	48,083,507	1,921,029	(71,788)	49,932,748
Less accumulated depreciation	<u>(23,581,860)</u>	<u>(1,307,220)</u>	<u>67,743</u>	<u>(24,821,337)</u>
Capital assets, net	<u>\$ 24,501,647</u>	<u>\$ 613,809</u>	<u>\$ (4,045)</u>	<u>\$ 25,111,411</u>
Component unit – net capital assets	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,000</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. NOTE 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, 2016, the principal and interest to be paid on the bonds total \$848,167. The net effective interest rate on the note is 3.311%. The detail of the note payable to the New Mexico Finance Authority is as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
New Mexico Finance Authority	<u>\$ 925,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 780,000</u>	<u>\$ 145,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	<u>165,000</u>	<u>5,280</u>	<u>170,280</u>
	<u>\$ 780,000</u>	<u>\$ 68,167</u>	<u>\$ 848,167</u>

NOTE 7. UNEARNED REVENUE

Unearned revenue consists of summer and fall tuition revenue in the amount of \$818,345 and advanced grant revenue of \$6,936 at June 30, 2016.

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.

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
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NOTE 8. ACCRUED COMPENSATED ABSENCES (CONTINUED)

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:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 393,444	\$ 343,576	\$ (360,351)	\$ 376,669	\$ 376,669

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.

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 of 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.

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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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June 30, 2016

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 fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary.

The contribution requirements of plan members and the College are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The College's contributions to ERB for the years ending June 30, 2016, 2015 and 2014 were \$1,022,377, \$1,015,832, and \$896,154, respectively.

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, 2015.

At June 30, 2016, the College reported a liability of \$16,658,881 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, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

At June 30, 2015, the College's proportion was .25719 percent, which was an increase of .00581 percent from its proportion measured as of June 30, 2014.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

For the year ended June 30, 2016, under GASB 68, the College recognized total pension expense of \$1,337,047 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	\$ 16,658,881
Deduct: Net pension liability - beginning of the year	(14,343,057)
Deduct: Deferred outflows of resources during the year	(1,765,817)
Add: Deferred inflows of resources during the year	201,238
Add: Layered amortization of prior year(s) deferred outflows of resources	-
Deduct: Layered amortization of prior year(s) deferred inflows of resources	(430,030)
Reductions to ending net pension liability due to 2015 contributions paid	1,015,832
Total Pension Expense	<u>\$ 1,337,047</u>

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual actuarial experience	\$ -	\$ 308,840
Net difference between projected and actual earnings on pension plan investments	-	74,986
Changes in assumptions	572,988	-
Changes in proportion and differences between College contributions and proportionate share of contributions after reallocation of inactive employers	267,325	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	39,543
College contributions subsequent to the measurement date	<u>1,022,377</u>	<u>-</u>
Total	<u>\$ 1,862,690</u>	<u>\$ 423,369</u>

\$1,022,377 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, 2016

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 <u>June 30,</u>	
2017	\$ 31,816
2018	43,448
2019	110,282
2020	231,399
2021	<u> </u>
Total	<u>\$ 416,945</u>

Actuarial assumptions. The total ERB pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013 and new assumptions adopted by the ERB Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and 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 NMERB attains a 100% funded status,
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014, and
5. For 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 contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

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)

Rate of Return. 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.).

The detail of pension plan investments, as reported in ERB’s annual financial statements, can be found at www.nmerb.org.

Discount rate. A discount rate of 7.75% was used to measure the total pension liability as of June 30, 2015. This discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

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 <u>6.75%</u>	Current Discount Rate <u>7.75%</u>	1 % Increase <u>8.75%</u>
College's proportionate share of the net pension liability	<u>\$ 11,822,607</u>	<u>\$ 16,658,881</u>	<u>\$ 22,415,638</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, 2015 and 2014 which are publicly available at www.nmerb.org

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, 2016, 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.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016, \$298,778 was paid to the insurance company.

NOTE 14. RISK MANAGEMENT

At June 30, 2016, the College had no workman's compensation claims outstanding. At June 30, 2016, there are no other litigation, claims or assessments against the College.

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

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 Years Ended June 30, 2016 and 2015
Last 10 Fiscal Years*

	2016	2015
College's proportion of the net pension liability	0.25719%	0.25138%
College's proportionate share of the net pension liability	\$ 16,658,881	\$ 14,343,057
College's covered-employee payroll	\$ 7,022,111	\$ 7,313,991
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	237.23%	196.10%
ERB Plan fiduciary net position as a percentage of the total pension liability	63.97%	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 Years Ended June 30, 2016 and 2015
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,016,251	\$ 1,015,832
Contributions in relation to the contractually required	<u>(1,016,251)</u>	<u>(1,015,832)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 7,022,111	\$ 7,313,991
Contribution as a percentage of covered-employee payroll	14.47%	13.89%

* 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, 2016

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 Pension Plan (Note 9).

Changes of assumptions. ERB conducts an actuarial experience study for the Plan on a biennial basis. The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- Lower wage inflation from 4.25% to 3.75%
- Update the mortality tables to incorporate generational improvements
- Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- Maintain in current 3.00% inflation assumption
- Retain net 4.75% real return assumption
- Retain 7.75% nominal return assumption
- No change to COLA assumption of 2.00% per year
- Maintain current payroll growth assumption of 3.50%
- Maintain experience-based rates for members who joined NMERB by June 30, 2010
- Remove population growth assumption for projections
- Lower population growth from .50% to zero (no impact on valuation results)

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, 2016

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ 6,335,641	\$ 9,023,984	8,989,949	\$ 34,035
Revenues:				
State government appropriations	10,255,600	11,124,283	10,681,915	442,368
Federal revenue sources	8,823,337	9,284,890	5,732,329	3,552,561
Tuition and fees	3,036,330	3,054,229	3,282,506	(228,277)
Endowments and private gifts	257,460	257,823	165,333	92,490
Other	2,592,814	2,642,291	2,558,466	83,825
Total revenues	<u>24,965,541</u>	<u>26,363,516</u>	<u>22,420,549</u>	<u>3,942,967</u>
Expenditures:				
Instruction	8,796,759	9,448,381	7,830,395	1,617,986
Academic support	1,307,394	1,320,946	1,128,490	192,456
Student services	1,646,758	1,683,699	1,570,034	113,665
Institutional support	2,861,521	2,912,751	2,534,508	378,243
Operation and maintenance of plant	2,137,043	2,161,228	1,788,207	373,021
Total instruction and general	16,749,475	17,527,005	14,851,634	2,675,371
Student social and cultural activities	94,800	109,850	88,015	21,835
Public service	979,598	1,473,396	926,548	546,848
Student aid, grants and stipends	7,578,527	7,582,380	4,602,841	2,979,539
Auxiliary services	40,000	40,000	20,045	19,955
Capital outlay	433,000	2,080,905	1,080,286	1,000,619
Building renewal and replacement	1,221,377	1,221,377	804,293	417,084
Retirement of indebtedness and refunding ex	172,986	172,986	168,384	4,602
Total expenditures	<u>27,269,763</u>	<u>30,207,899</u>	<u>22,542,046</u>	<u>7,665,852</u>
Net transfers	-	-	-	-
Change in net position(budgetary basis)	<u>(2,304,222)</u>	<u>(3,844,383)</u>	<u>(121,497)</u>	<u>(3,722,885)</u>
Ending net position balance	<u>\$ 4,031,419</u>	<u>\$ 5,179,601</u>	<u>8,868,452</u>	<u>\$ (3,688,850)</u>

Under Title 5 of the New Mexico Administrative Code, Chapter 3, Part 4, Paragraph 10 - Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as items of budgetary control. Total expenditures or transfers in each of the following items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures. B. Instruction and general. C. Each budget function in current funds other than instruction and general. D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. E. Each individual item of transfer between funds and/or functions.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENDITURES -
UNRESTRICTED - INSTRUCTIONAL AND GENERAL
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ 2,115,204	\$ 3,671,209	3,671,209	\$ -
Revenues:				
Tuition	2,907,240	2,925,139	3,142,568	(217,429)
State government appropriations	10,242,600	10,181,300	10,181,915	(615)
Local government appropriations	1,350,000	1,350,000	1,456,317	(106,317)
Federal government contracts and grants	2,000	2,000	10,716	(8,716)
Other	137,503	137,503	200,925	(63,422)
Total revenues	<u>14,639,343</u>	<u>14,595,942</u>	<u>14,992,441</u>	<u>(396,499)</u>
Expenditures:				
Instruction	7,117,935	7,707,714	6,664,638	1,043,076
Academic support	1,307,394	1,320,946	1,128,490	192,456
Student services	1,646,758	1,683,699	1,570,034	113,665
Institutional support	2,861,521	2,912,751	2,534,508	378,243
Operation and maintenance of plant	2,137,043	2,161,228	1,788,207	373,021
Total expenditures	<u>15,070,651</u>	<u>15,786,338</u>	<u>13,685,877</u>	<u>2,100,461</u>
Net transfers	<u>518,550</u>	<u>693,550</u>	<u>693,550</u>	<u>-</u>
Change in net position - budgetary basis	<u>(949,858)</u>	<u>(1,883,946)</u>	<u>613,014</u>	<u>(2,496,960)</u>
Ending net position	<u>\$ 1,165,346</u>	<u>1,787,263</u>	<u>4,284,223</u>	<u>(2,496,960)</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, 2016

	Original Budget	Final Budget	Actual	Actual (Over) Under Budget
Beginning net position	\$ -	\$ -	12,368	\$ (12,368)
Revenues:				
Federal contracts and grants	1,333,237	1,302,055	959,048	343,007
State contracts and grants	<u>320,460</u>	<u>362,385</u>	<u>286,257</u>	<u>76,128</u>
Total revenues	<u>1,653,697</u>	<u>1,664,440</u>	<u>1,245,305</u>	<u>419,135</u>
Expenditures:				
Instruction	1,650,237	1,660,980	1,236,043	424,937
Academic Support	<u>3,460</u>	<u>3,460</u>	-	<u>3,460</u>
Total expenditures	<u>1,653,697</u>	<u>1,664,440</u>	<u>1,236,043</u>	<u>428,397</u>
Net transfers	-	-	-	-
Change in net position - budgetary basis	-	-	<u>9,262</u>	<u>(9,262)</u>
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>21,630</u>	<u>\$ (21,630)</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2016

Account Name	Type of Account	NM Bank and Trust	People's Security Bank	Total
Deposits				
General account	Checking	\$ 12	\$ -	\$ 12
Accounts payable	Checking	-	-	-
Payroll	Checking	-	-	-
Repurchase agreement	Repurchase agreement	3,737,112	-	3,737,112
Auxiliary	Checking	120,092	-	120,092
Credit card account	Money market	-	7,770	7,770
Foundation	Checking	<u>169,255</u>	<u>-</u>	<u>169,255</u>
Total amount of deposits in bank		4,026,471	7,770	4,034,241
Less: FDIC coverage		<u>(250,000)</u>	<u>(7,770)</u>	<u>(257,770)</u>
Total uninsured public funds		<u>3,776,471</u>	<u>-</u>	<u>3,776,471</u>
50% collateral requirements		19,680	-	19,680
102% collateral requirements		<u>3,811,854</u>	<u>-</u>	<u>3,811,854</u>
Subtotal collateral requirements		<u>3,831,534</u>	<u>-</u>	<u>3,831,534</u>
Pledged securities		<u>3,904,294</u>	<u>-</u>	<u>3,904,294</u>
Over/(under) collateralized		<u>\$ 72,760</u>	<u>\$ -</u>	<u>\$ 72,760</u>
Bank balance		\$ 4,026,471	\$ 7,770	\$ 4,034,241
Outstanding items - College		381,497	-	381,497
Outstanding items - Foundation		7,200	-	7,200
Deposits in transit - College		12,120	1,358	13,478
Plus: petty cash		8,500	-	8,500
Less: agency funds		<u>30,449</u>	<u>-</u>	<u>30,449</u>
Book balance		<u>\$ 3,627,945</u>	<u>\$ 9,128</u>	<u>\$ 3,637,073</u>
College		\$ 3,465,889	\$ 9,128	\$ 3,475,017
Foundation		<u>162,056</u>	<u>-</u>	<u>162,056</u>
		<u>\$ 3,627,945</u>	<u>\$ 9,128</u>	<u>\$ 3,637,073</u>

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, 2016

<u>Account Name</u>	<u>Type of Account</u>	<u>Balance Per Statement</u>	<u>Reconciled Balance Per Books</u>
Investments - College New MexiGROW	External Investment Pool	\$ <u>5,484,850</u>	\$ <u>5,484,850</u>
Investments - Foundation State Investment Council	External Investment Pool	\$ <u>2,330,406</u>	\$ <u>2,330,406</u>

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

<u>Name of Depository</u>	<u>Description</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value</u>	<u>Name and Location of Safe Keeper</u>
New Mexico Bank and Trust	Albuquerque, NM Municipal School District 12 Series A	8/1/2021	013595QQ9	\$ 135,219	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	GNMA Pool 658185	6/15/2040	36294SF28	26,522	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FNR- 2014-74 SW	2/25/2040	3136ALXS5	1,765,773	Commerce Bank St. Louis, MO
New Mexico Bank and Trust	FNR- 2015-93 MA	1/25/2046	3136AQU73	<u>1,976,780</u>	Commerce Bank St. Louis, MO
Total collateral pledged				<u>\$ 3,904,294</u>	

CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF JOINT POWERS AGREEMENT AND MEMORANDUMS OF UNDERSTANDING
 Year Ended June 30, 2016

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	05/01/2015 to 05/01/2016
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, 2016

Participants	Clovis Community College and Clovis Municipal Schools
Party responsible for operations	Clovis Community College
Description	ENLACE Program
Beginning and ending dates	09/9/2015 to 04/02/2016
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	07/01/2015 to 06/30/2016
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, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 34,608	\$ 22,743	\$ (26,927)	\$ 30,424
LIABILITIES				
Due to student organizations	\$ 34,608	\$ 22,743	\$ (26,927)	\$ 30,424

OTHER UNAUDITED INFORMATION

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (UNAUDITED)(EXCLUDING GRT)
 Year Ended June 30, 2016

RFB#/RFP# (If applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical Address of Vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
RFP #16-01	RFP	Clovis Insurance Center/Western States Insurance Group	Yes	\$ 291,650	\$ -	Clovis, New Mexico	Yes	No	General insurance coverage including property, liability and workers comp	N/A
RFB #16-01	RFB	Advanced Technologies Consultants	Yes	\$ 76,905	\$ -	Northville, Michigan	No	No	Wind Turbine Nacelle Training System & Curriculum	N/A

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, 2016

This Schedule includes:

Competitive procurements in FY 2016 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 FY2016;

Sole-source procurements in FY 2016 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 FY2016; and

Emergency procurements in FY 2016 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 FY2016.

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 2016, 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 or other pricing agreements in FY2016, unless your agency entered into the pricing agreement on behalf of other agencies.

Purchases from federal agencies or other state agencies.

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, 2016, 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 11, 2016.

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

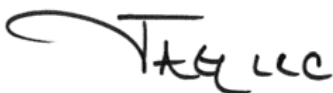
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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 11, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2016. The College's major federal program is 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 the Audit Requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Program

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 the major federal program for the year ended June 30, 2016.

Report on Internal Control over Compliance

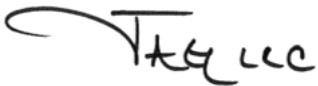
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types 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 the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 11, 2016

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Grantor or Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
United States Department of Education				
Direct Programs:				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 42,269
Federal Work-Study Program	84.033	N/A	-	42,782
Federal Pell Grant Program	84.063	N/A	-	3,216,048
Federal Direct Student Loans	84.268	N/A	-	798,869
Total Student Financial Assistance Cluster			-	<u>4,099,968</u>
TRIO Cluster				
Student Support Services	84.042A	A100106-14 / A150300	-	243,796
Upward Bound	84.047A	A121771-14 / A121771-15	-	248,842
Total TRIO Cluster			-	<u>492,638</u>
Higher Education Institutional Aid - Title V	84.031S	31S150241 / S150047	-	<u>235,313</u>
Pass-through Programs:				
NM Higher Education Department				
Adult Basic Education	84.002	2A150032	-	<u>98,826</u>
NM Department of Education				
Carl Perkins	84.048	2A150032	-	115,203
Carl Perkins Redistribution	84.048	A140031	-	34,426
Total NM Department of Education			-	<u>149,629</u>
Total United States Department of Education			-	<u>5,076,374</u>
United States Department of Labor				
Trade Adjustment and Assistance Community College				
Career & Training	17.282	TC-23749-12-60-A-35	-	<u>635,266</u>
United States Small Business Administration				
Direct Program:				
Small Business Development	59.037	SBAHQ-15-B-0044	-	<u>20,689</u>
Total Federal Expenditures			\$ -	<u>\$ 5,732,329</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, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clovis Community College (College) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 or changes in financial position of the College.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. STUDENT FINANCIAL ASSISTANCE

The College administers the Federal Direct Student Loan Program. During the fiscal year ended June 30, 2016, the College processed \$798,869 of new loans under the Federal Direct Student Loan Program.

NOTE 4. INDIRECT COST RATE

The College maintains a negotiated indirect cost rate through the U.S. Department of Health and Human Services. The current negotiated rate is 55% and is under review for renewal. The only two federal programs currently utilizing indirect cost reimbursement are the TRIO-Student Support Services and TRIO-Upward Bound programs which are limited to an 8% indirect cost reimbursement.

NOTE 5. SUBRECIPIENTS

The College did not pass through federal funds to any subrecipients during the year ended June 30, 2016.

NOTE 6. OTHER DISCLOSURES

The College did not receive any non-cash assistance during the year ended June 30, 2016 and there were no federal loan guarantees outstanding at June 30, 2016.

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

2015-001	POLICIES & PROCEDURES OVER CAPITAL ASSET DONATIONS	RESOLVED
2015-002	TAACCCT POLICIES & PROCEDURES NOT FOLLOWED ASSETS	RESOLVED

STATE OF NEW MEXICO
 CLOVIS COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**
 Internal control over financial reporting:

- Material weakness (es) identified? _____ yes X no
- Significant deficiency (ies) identified? _____ 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? _____ yes X 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 2 CFR section 200.516(a)? _____ yes X no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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, 2016

Section II - Financial Statement Findings

NONE

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2016

Section III - Federal Award Findings and Questioned Costs

NONE

STATE OF NEW MEXICO
CLOVIS COMMUNITY COLLEGE
EXIT CONFERENCE
June 30, 2016

The contents of this report were discussed in an exit conference held on November 7, 2016, with the following in attendance:

Representing Clovis Community College:

Raymond Mondragon, Chairman of Board of Trustees
Dr. Becky Rowley, President
John Rush, CFO
Jayne Craig, Director of Business Affairs

Representing Clovis Community College Foundation:

Richard Hadley, Secretary/Treasurer, Foundation Board
Dr. Becky Rowley, President of the College
Natalie Daggett, Foundation Executive Director

Representing Jaramillo Accounting Group LLC (JAG):

Audrey J. Jaramillo, CPA, CFE, Partner

Clovis Community College prepared these financial statements.