Report on the

Chattahoochee Valley Community College

Phenix City, Alabama

October 1, 2008 through September 30, 2009

Filed: June 25, 2010

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

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Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the ***Code of Alabama 1975***, Section 41-5-21, we submit this report on the results of the audit of Chattahoochee Valley Community College, Phenix City, Alabama, for the period October 1, 2008 through September 30, 2009.

Respectfully submitted,

Annette G. Williams
Examiner of Public Accounts

Lynette Long
Examiner of Public Accounts

Sworn to and subscribed before me this the 16th day of June, 2010.

Melinda Boarts
Notary Public

Sworn to and subscribed before me this the 16th day of June, 2010.

Melinda Boarts
Notary Public

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Department of
Examiners of Public Accounts

SUMMARY

Chattahoochee Valley Community College
October 1, 2008 through September 30, 2009

Chattahoochee Valley Community College (the "College") provides general education at the freshman and sophomore levels leading to the Associate in Arts and Associate in Science degrees, that is designated to facilitate transfer to a senior college or university. Chattahoochee Valley Community College also provides the following vocational and career education programs that prepare students for employment in an occupational field and leads to certificates and/or Associate in Applied Science degrees: Accounting; Banking and Finance; Management and Supervision and Small Business Management Options; Business and Office Technology - Administrative Technology, Legal Administrative Technology and Medical Administrative Technology Options; Computer Information Systems - CISCO Networking and Information Technology Development Options; Fire Science; Homeland Security; Emergency Medical Services; Medical Assisting - Medical Office Transcription and Phlebotomy; Nursing; Practical Nursing; Nursing Assistant; Visual Communications - Multimedia and Print Media Options; Child Care and Development - Administrator, Paraprofessional/Teacher Aide and Advanced Paraprofessional/Teacher Aide; and Criminal Justice.

Chattahoochee Valley Community College is a publicly supported institution in the Alabama Community College System. The College is under the direction and control of the Alabama State Board of Education through the Department of Postsecondary Education.

This report presents the results of an audit, the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the College complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted 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, as well as, the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5-14.

An unqualified opinion was issued on the basic financial statements, which means the College's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2009.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state laws and regulations.

The following officials/employees were invited to an exit conference to discuss the results of the audit: Dr. Laurel Blackwell, President; Dr. David Hodge, Dean of Student and Administrative Services; Ms. Brenda Kelley, Business Manager; Dr. Freida Hill, Chancellor of the Department of Postsecondary Education; and Ms. Betty Peters, District II Board Member. The following individuals attended the exit conference: Dr. Laurel Blackwell, President; Dr. David Hodge, Dean of Student and Administrative Services; Ms. Brenda Kelley, Business Manager and Ms. Betty Peters, District II Board Member. Representing the Department of Examiners of Public Accounts were Annette G. Williams, Audit Manager and Lynette Long, Examiner.

COMMENTS

Chattahoochee Valley Community College
October 1, 2008 through September 30, 2009

In 1973, the Legislature appropriated $500,000 to operate the College for a two-year period and $900,000 for the actual construction of the College. In order to reflect and represent the entire valley area, the College was named Chattahoochee Valley State Community College. In 1980, the name was changed to Chattahoochee Valley Community College.

In January 1974, the College opened temporary administrative offices on the third floor of the Phenix City Utilities building, using the second floor of the building for classrooms. There were classrooms located over the whole area with classes being held in City Hall, the Westside Baptist Church, Central High School and the Phenix City Boys Club. A need for a permanent location became a necessity. In October 1974, Cason Callaway, Woodrow "Skeet" Wilson, John T. Wilson and Willie Wilson donated 103 acres located next to Highway 431 for the College to build a permanent home. The College moved to its present location in 1976.

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Independent Auditor’s Report

Independent Auditor's Report

We have audited the accompanying basic financial statements of Chattahoochee Valley Community College, as of and for the year ended September 30, 2009, as listed in the table of contents as Exhibits 1 through 3. These basic financial statements are the responsibility of Chattahoochee Valley Community College's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chattahoochee Valley Community College, as of September 30, 2009, and its changes in financial position, including cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated June 3, 2010 on our consideration of Chattahoochee Valley Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Chattahoochee Valley Community College, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 4) is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

June 3, 2010

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Management's Discussion and Analysis (Required Supplementary Information)

CHATTAHOOCHEE VALLEY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR 2008-2009

Overview of the Financial Statements and Financial Analysis

Chattahoochee Valley Community College (CVCC) is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in the East Alabama service area. By offering a broad spectrum of programs, the College provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical and workforce development programs equip students to master and practice certain skills as they enter the job market. The College offers a quality education, outstanding faculty, and an affordable way for its citizens to pursue college studies in their own home town.

CVCC presents its financial statements for fiscal year 2008-2009. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: A) the Statement of Net Assets; B) the Statement of Revenues, Expenses, and Changes in Net Assets; and, 3) the Statement of Cash Flows. This report of the College's financial statements provides an overview of its financial activities for the year and comparative amounts for the prior year.

A) *Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The Statement of Net Assets is a point in time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of CVCC. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities). The difference between current and non-current assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and leading institutions. Finally, the Statement of Net Assets provides a picture of the Net Assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant, and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, expendable and nonexpendable. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net assets which are available to the institution for any appropriate purpose of the institution.

Statement of Net Assets

	2008-2009	***2007-2008***
Assets:		
Current Assets	$18,996,633.25	$11,312,994.02
Capital Assets	8,410,384.28	6,889,171.44
Non-Current Assets	266,576.16	37,796.30
Total Assets	***27,673,593.69***	***18,239,961.76***
Liabilities		
Current Liabilities	1,570,167.95	1,295,761.54
Non-Current Liabilities	9,011,703.88	1,233,426.14
Total Liabilities	***10,581,871.83***	***2,529,187.68***
Net Assets		
Investment in Capital Assets, net of debt	8,096,269.01	5,875,747.36
Restricted – expendable	19,697.01	1,099,015.47
Restricted – non-expendable	30,000.00	30,000.00
Unrestricted	8,945,755.84	8,706,011.25
Total Net Assets	***17,091,721.86***	***$15,710,774.08***

Total assets of the institution overall increased by $9,433,631.93, while total liabilities for the year increased by $8,052,684.15. CVCC's total net assets for the year increased $1,380,947.78.

A summary of the campus activity that resulted in the significant net asset changes are detailed below:

1) On January 5, 2009, CVCC paid in full its Revenue Bond Series 1999 totaling $1,083,199.94. Then on July 29, 2009, CVCC issued a new Revenue Bond Series 2009 totaling $9,000,000. The sale of the new 2009 bonds resulted in the primary reason for the increase in current assets of $7,683,639.23 and $7,778,277.74 in non-current liabilities.

   The 2009 revenue bonds were sold to finance the construction of a three-story instructional center. As a result of the sale of these new bonds, CVCC will have an annual debt service of approximately $615,000 for 25 years. The first scheduled debt payment is for the College is 12/1/09.

2) Non-current assets and capital assets increased $228,779.86 and $1,521,212.84, respectively and investment in capital assets increased $2,220,521.65. A summary of the significant campus capital additions for fiscal year 2008-09 are:

a) On May 11, 2009 the CVCC broke ground on the construction of a new $12 million academic classroom building. This critical building need adds additional classroom space for the College to grow and add new career/technical programs and enhance existing academic and career/technical disciplines and programs. The College's ten-year master plan shows that CVCC has the opportunity to respond to the local and regional needs of employers as well as to better prepare its students for higher levels of educational attainment. The College's goals require the new state-of-the-art instructional classrooms and modern offices for the faculty. The College has not had a new classroom constructed in twenty-eight years, and existing instructional space has been maximized. The new building is projected to be completed by the 2011 spring semester. For the fiscal year 2008-09 construction in progress expenditures for the new academic building totaled $1,521,595.57.

b) On July 9, 2009, CVCC received emergency approval to proceed with the roof replacement for the Learning Resource Center. The roof decking was sliding and created an unsafe environment for students, faculty, and staff. A contract was let totaling $433,000 for the project. As of 9/30/09, total project expenditures were $51,197.32.

c) The purchase of a new campus student activities bus for $146,303. CVCC had depreciated vans that needed to be retired. The new bus allows the College to transport students and athletic teams safely.

d) CVCC purchased $79,409.25 in new instructional technology: (1) three smart classrooms for a total of $ $26,631; and (2) a baby simulation mannequin totaling $52,778.25 to support the nursing program.

3) Total restricted net assets decreased $1,079,318.46 primarily because of early payment of outstanding bond debt. Total unrestricted net assets increased $239,744.59. In summary, the college's net assets, less investment in capital assets, resulted in a net decrease for the year of $839,573.87.

B) *Statement of Revenues, Expenses, and Changes in Net Assets*

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

Generally speaking operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses, and Changes in Net Assets

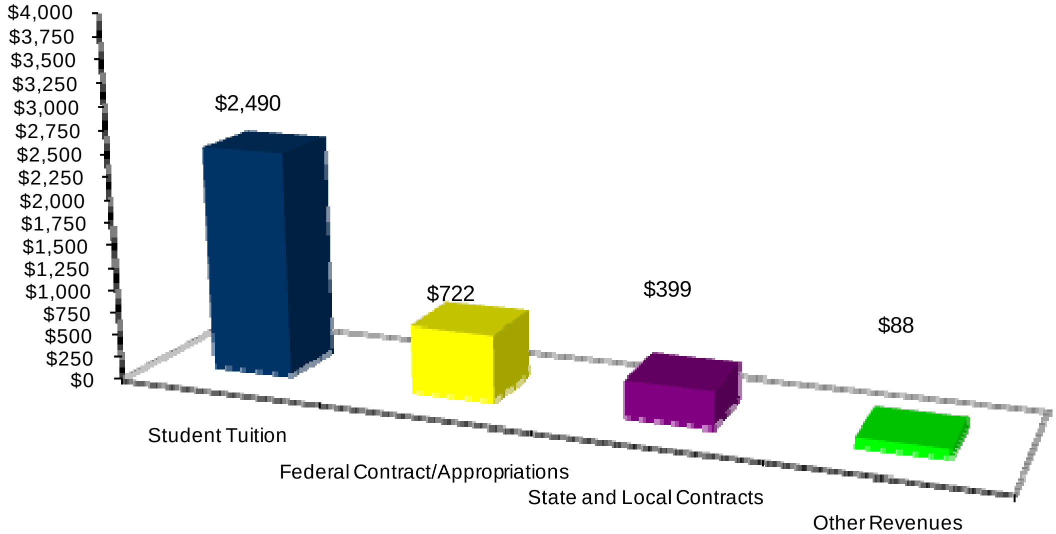
	2008-2009	***2007-2008***
Operating Revenues	$3,699,094.52	$3,918,664.47
Operating Expenses	13,034,533.02	12,493,880.06
Operating Loss	(9,335,438.50)	(8,575,215.59)
Non-operating Revenues and Expenses	9,660,816.44	10,345,840.92
Increase (Loss) Before Other Revenues, Expenses, Gains or Losses	325,377.94	
Other Revenues, Expenses, Gains, Losses	1,055,569.84	
Increase in Net Assets	1,380,947.78	1,770,625.33
Net Assets, Beginning of Year	***15,710,774.08***	***13,940,148.75***
Net Assets, End of Year	***$17,091,721.86***	***$ 15,710,774.08***

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a positive year with an increase in net assets of $1,380,947.76 at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are the following:

OPERATING REVENUE (IN THOUSANDS)

	2008-2009	***%***	***2007-2008***	***%***	***Net $***
Student Tuition	$2,490	67%	$ 2,376	61%	$114
Federal Contract/Appro	722	19%	856	22%	(141)
State and Local Contracts	399	11%	593	15%	(186)
Other Revenue	88	3%	94	2%	(7)
Total Oper. Rev.	$3,699		$3,919		$(220)

Operating Revenue (In Thousands)



The above chart displayed in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees represent 67% of operating revenue; followed by federal grants with 19%. All other types of revenue types represent only 14% of the total operating revenue.

CVCC's tuition rate for fiscal year 2008-09 was $90 per credit hour for the Fall 2008 through Summer 2009 semesters. Effective Fall 2009, the campus implemented a new $8 per credit hour building fee which is restricted and to be used to help pay CVCC's new annual debt payment associated with the newly constructed academic building. CVCC's tuition and fee rates are in line with the Department of Postsecondary Education tuition and fee State Board Policy guidelines; the amount per credit hour is the maximum that can be charged. Student tuition net increase for the year was $114,039.13 due to an increase in credit hour enrollment of $97,380.64 and Fall 2009 collections for the new building fee of $16,659.49. A tuition summary (net of scholarship allowances) is shown below:

	Net Student Tuition	***Net Change***
Fiscal Year 2008-09	$2,490,341.71	$114,039.13 a)
Fiscal Year 2007-08	$2,376,302.58	($105,949.84)
Fiscal Year 2006-07	$2,482,252.42	($196,264.00)
Fiscal Year 2005-06	$2,678,516.42	($146,284.51)
Fiscal Year 2004-05	$2,824,800.93	

a) Academic year 2008-09 total credit hour enrollment was 46,251; an increase of 9.83 percent from 2007-08.

Title IV grant programs such as SEOG, the College work study program, and the academic achievement grants, PELL administrative amounts represent $159,962 of the $722,101 in Federal grants and contracts received. The remaining Federal grant and contract amount is comprised of: (1) $105,030 to strengthen the College's occupational and vocational instructional programs, (2) $150,267 in a BRAC workforce development training grant, (3) $228,445 in various adult education program grants; (4) $7,565 in FEMA reimbursement for Hurricane Gustav shelter operations; and (5) $70,832 in final year funding from a five-year individual development grant totaling $1.75 million funded under the Department of Education's Strengthening Institutions Title III program.

CVCC received total state and local contracts of $399,110 of which $163,473 is from the Troy University, Phenix City campus. Other $235,637 state grants are from the Alabama Student Assistance Program, Adult Education, Public School and College Authority, and Workforce Development/Ready to Work Incentive grants. CVCC has contracts with Troy for library and bookstore services.

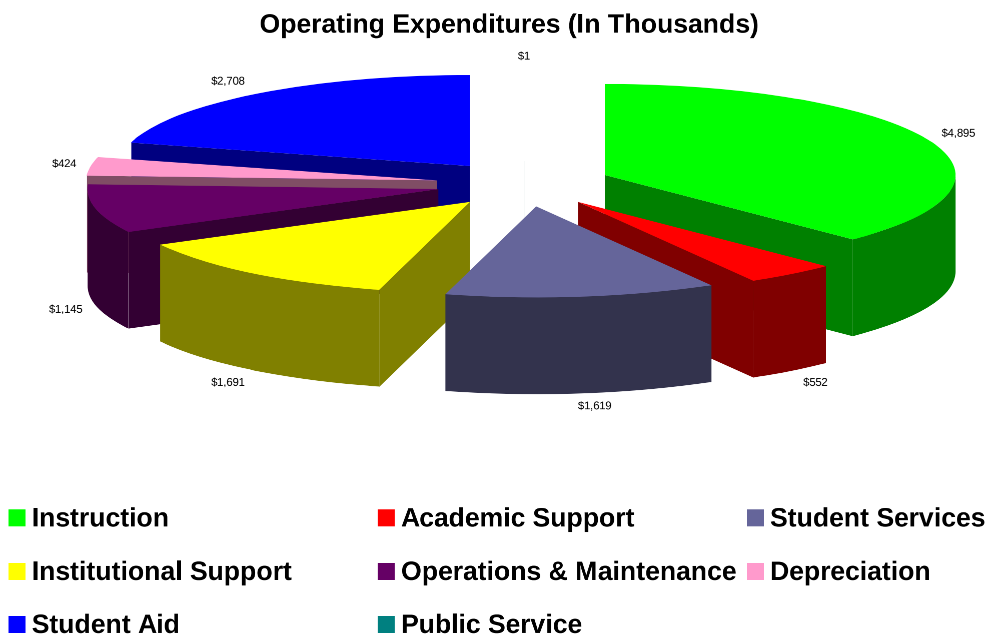
Other operating revenue of $87,542 consists of indirect cost revenue, campus ticket, vending, and copying card sales, and GED fee revenue.

Net non-operating revenue totaled $10,716,386 which consisted of $5,863,698 from state appropriations, $3,710,342 from Title IV Pell grants, $257,501 from private gifts, $820,968 from Public School and Authority bond proceeds, $140,169 from net investing activities, ($24,031) interest on debt, ($52,126) in other miscellaneous non-operating expenses, and a ($135) refund to a state grantor.

The operating expenses by function stated in thousands are displayed in the following exhibit:

OPERATING EXPENDITURES BY FUNCTION
(IN THOUSANDS)

	2008-2009	***%***	***2007-2008***	***%***	***Net $ Change***
Instruction	$4,895	37%	$4,353	35%	$542
Public Service	1	1%	238	2%	(237)
Academic Support	552	4%	958	8%	(406)
Student Services	1,619	12%	1,729	14%	(110)
Institutional Support	1,691	13%	1,775	14%	(84)
Operations & Maintenance	1,145	9%	996	8%	149
Depreciation	424	3%	377	3%	47
Student Aid	2,708	21%	2,068	16%	640
Total Oper. Exp	$13,035		$12,494		$ 541



Total operating expenditures increased $541,000 in fiscal year 2008-09. Several changes in expenses from prior years are worth noting. Salaries and wages college-wide increased $144,626 due to the hiring of one new full-time staff and other part-time ready-to-work instructors to support the workforce development function of the college. Employee benefit costs decreased ($48,298) due to a reduction in the employer matching rate for health insurance from $9,300 per employee per year to $9,024 in fiscal year 2008-09. Payments to vendors and suppliers decreased ($37,317), while depreciation expense increased $47,000. Financial aid increased $640,000 due to Title IV grant increases.

Forty-five percent of the College's $13,035 million operating expenses is expended for salaries and wages. When benefits are combined with salaries and wages, the total is 59 percent of the College's total operating expense. The second highest amount expended is Student aid of $2.70 million at 21 percent. The third highest operating expense of 17 percent is what the College pays to its vendors to acquire supplies, goods and services. Depreciation comprised only 3 percent of the operating expense.

C) *Statement of Cash Flows*

The final statement presented is the Statement of Cash Flows which presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Statement of Cash Flows for the Year

	2009	2008
Cash Provided (Used) by:		
Operating Activities	$(8,930,388.61)	$(8,201,969.03)
Non-Capital Financing Activities	9,592,036.96	9,890,366.39
Investing Activities	4,139,064.59	(457,346.13)
Capital and Related Financing Activities	(1,597,731.28)	(1,223,912.10)
Net Change in Cash	3,202,981.66	7,139.13
Cash, Beginning of Year	3,145,987.26	3,138,848.13
Cash, End of Year	$6,348,968.92	$3,145,987.26

The primary cash receipts from operating activities consist of tuition and fees, grants, deposits refundable, and contracts. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships.

State appropriations and federal Title IV pell grant payments are the primary sources of noncapital financing. This source of revenue is categorized as noncapital even though the College's budget depends on this to continue the current level of operations.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement as investing activities include both short-term and long-term investments.

Capital and related financing activities include the purchases and construction of capital assets during the year, proceeds from the sale of bonds, and the College's annual bond payment consisting of principal and interest paid, along with deposits with trustees at year end.

Economic Outlook

Chattahoochee Valley Community College's overall financial position is sound. Enrollment is projected to grow in the next two fiscal years. The State of Alabama is anticipating economic growth in the Russell/Lee and surrounding counties due to the recent KIA plant opening in the Fall of 2009 and the expected population increase due to the BRAC realignment at Ft. Benning, Georgia, in the Summer of 2010. To support these economic needs in our area, CVCC is currently working to implement new workforce development instructional programs in 2009-10 such as medical assisting, industrial and automotive maintenance technology, a simulation and modeling technician program, and a customer service academy.

However, the College does anticipate the future to present fiscal challenges that will be very different from previous years. Due to the current recession, the Alabama State Finance Department reported tax collections for the Alabama Trust Fund (the fund that provides appropriations for the College) was down in 2009. Proration of 11% was declared by the Governor of Alabama in fiscal year 2008-09. In addition, tax collections continued to be down at the end of the 2008-09 fiscal year; thus, an additional 7.5% proration was declared October 1, 2009 for the new 2009-10 fiscal year. CVCC currently faces reduced operations and maintenance revenue of $1,597,335 from 2007-08 fiscal year funding. Due to these state fiscal challenges, the State Board of Education on October 22, 2009 voted to raise tuition $14 per credit hour for fiscal year 2009-10 to help offset the loss of O&M revenue. Due to this October 2009 tuition increase, CVCC anticipates to collect an additional $486,389 for the 2009-10 fiscal year to offset the loss in state funding.

The College does have approximately $1 million in unrestricted liquid assets that is being applied toward the appropriation shortfalls created by the Governor's declaration of proration for two years of back-to-back proration. These known facts and conditions are expected to impact the financial position of the College during the 2009-10 fiscal year. However, the financial stability of the College will not be impaired and CVCC will be able to carry out the College's mission of providing training for academic transfer, adult education and workforce development. We believe the College is positioned to withstand these fiscal challenges that we face because of our conservative fiscal approach.

Basic Financial Statements

Statement of Net Assets
September 30, 2009

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 6,348,968.92
Deposit with Bond Trustee	8,382,529.67
Short-Term Investments	3,645,866.23
Accounts Receivable, Net	602,309.09
Inventories	5,851.99
Bond Issuance Costs	11,107.35
Total Current Assets	18,996,633.25
Noncurrent Assets	
Bond Issuance Costs	266,576.16
Capital Assets:	
Land	306,000.00
Buildings	7,325,954.20
Improvements Other Than Buildings	1,533,290.02
Equipment and Furniture	1,882,356.47
Library Holdings	889,124.33
Construction in Progress	2,089,129.90
Less: Accumulated Depreciation	(5,615,470.64)
Total Capital Assets, Net of Depreciation	8,410,384.28
Total Noncurrent Assets	8,676,960.44
Total Assets	$ 27,673,593.69

The accompanying Notes to the Financial Statements are an integral part of this statement.

LIABILITIES	
Current Liabilities	
Accounts Payable	$ 312,860.94
Accrued Interest Payable	30,048.47
Deposits Refundable	50,598.50
Deferred Revenue	914,489.37
Bonds Payable	240,000.00
Compensated Absences	22,170.67
Total Current Liabilities	1,570,167.95
Noncurrent Liabilities	
Bonds Payable	8,760,000.00
Compensated Absences	251,703.88
Total Noncurrent Liabilities	9,011,703.88
Total Liabilities	10,581,871.83
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	8,096,269.01
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	30,000.00
Expendable:	
Scholarships and Fellowships	19,697.01
Unrestricted	8,945,755.84
Total Net Assets	$ 17,091,721.86

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Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2009

OPERATING REVENUES	
Student Tuition and Fees (Net of Scholarship Allowances of $1,844,544.18)	$ 2,490,341.71
Federal Grants and Contracts	722,100.77
State and Local Grants and Contracts	399,110.27
Other Operating Revenues	87,541.77
Total Operating Revenues	3,699,094.52
OPERATING EXPENSES	
Instruction	4,894,558.16
Public Service	497.75
Academic Support	551,883.18
Student Services	1,619,889.18
Institutional Support	1,690,787.98
Operation and Maintenance	1,145,686.96
Scholarships	2,707,768.00
Depreciation	423,461.81
Total Operating Expenses	13,034,533.02
Operating Income (Loss)	(9,335,438.50)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	5,863,698.00
Federal Grants	3,710,341.60
Gifts	22,899.39
Investment Income	140,169.10
Interest on Capital Asset Related Debt	(24,030.73)
Other Nonoperating Expenses	(52,260.92)
Net Nonoperating Revenues (Expenses)	9,660,816.44
Income Before Other Revenues, Expenses, Gains, or Losses	325,377.94
Capital Grants	820,968.05
Capital Gifts	234,601.79
Changes in Net Assets	1,380,947.78
Total Net Assets - Beginning of Year	15,710,774.08
Total Net Assets - End of Year	$ 17,091,721.86

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
For the Year Ended September 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 2,557,981.52
Grants and Contracts	1,021,363.70
Payments to Suppliers	(2,187,271.42)
Payments to Employees	(5,860,294.46)
Payments for Benefits	(1,841,941.72)
Payments for Scholarships	(2,707,768.00)
Other Receipts (Payments)	87,541.77
Net Cash Provided (Used) by Operating Activities	(8,930,388.61)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	5,863,698.00
Federal Grants	3,710,341.60
Gifts for Other Than Capital Purposes	17,997.36
Net Cash Provided (Used) by Noncapital Financing Activities	9,592,036.96
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	8,752,364.96
Capital Grants and Gifts	1,055,569.84
Purchases of Capital Assets	(1,939,772.62)
Principal Paid on Capital Debt and Leases	(1,055,000.00)
Interest Paid on Capital Debt and Leases	(24,030.73)
Deposit with Trustee	(8,376,177.73)
Other	(10,685.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,597,731.28)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	7,599,999.99
Interest on Investments	184,930.83
Purchase of Investments	(3,645,866.23)
Net Cash Provided (Used) by Investing Activities	4,139,064.59
Net Increase (Decrease) in Cash and Cash Equivalents	3,202,981.66
Cash and Cash Equivalents - Beginning of Year	3,145,987.26
Cash and Cash Equivalents - End of Year	$ 6,348,968.92

The accompanying Notes to the Financial Statements are an integral part of this statement.

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$	(9,335,438.50)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		423,461.81
Changes in Assets and Liabilities:		
(Increase)/Decrease in Receivables, Net		(95,173.49)
(Increase)/Decrease in Inventories		(874.11)
Increase/(Decrease) in Accounts Payable		20,654.59
Increase/(Decrease) in Deferred Revenue		76,226.30
Increase/(Decrease) in Compensated Absences		(5,850.07)
Increase/(Decrease) in Deposits Held for Others		(13,395.14)
Net Cash Provided (Used) by Operating Activities	$	(8,930,388.61)

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Note 1 – Summary of Significant Accounting Policies

The financial statements of Chattahoochee Valley Community College are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the College are described below.

A. Reporting Entity

For financial reporting purposes, Chattahoochee Valley Community College is part of the primary government of the State of Alabama. The State of Alabama, through the State Board of Education, governs the Department of Postsecondary Education. The Department of Postsecondary Education, through its Chancellor, has the authority and responsibility for the operation, management, supervision and regulation of Chattahoochee Valley Community College.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Chattahoochee Valley Community College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Chattahoochee Valley Community College follows all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

It is the policy of the College to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net assets are available.

The Statement of Revenues, Expenses, and Changes in Net Assets distinguishes between operating and nonoperating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the College's principal activities, such as investment income and from all nonexchange transactions, such as state appropriations.

C. Assets, Liabilities, and Net Assets

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the College to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

2. Receivables

Accounts receivable relate to amounts due from federal grants, third party tuition, and receivables from financial institutions.

3. Capital Assets

Capital assets with a unit cost of over $5,000 and an estimated useful life in excess of one year, and all library books, are recorded at historical cost or estimated historical cost if purchased or constructed. In addition, works of art and historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land and Construction in Progress are the only capital assets that are not depreciated. Depreciation is not allocated to a functional expense category. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon the sale or retirement of fixed assets being depreciated using the straight-line method, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operation.

The method of depreciation and useful lives of the capital assets are as follows:

Assets	Depreciation Method	Useful Lives
Buildings and Improvements	Straight-Line	50 years
Improvements other than Buildings	Composite	25 years
Equipment	Composite	5 – 10 years
Library Materials	Composite	20 years

4. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

5. Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the College earn 12 days of sick leave each year with unlimited accumulation. Payment is not made to employees for unpaid sick leave at termination or retirement.

All non-instructional employees earn annual leave at a rate which varies from 12 to 24 days per year depending on duration of employment, with accumulation limited to 60 days. Instructional employees do not earn annual leave. Payment is made to employees for unused leave at termination or retirement.

6. Deferred Tuition and Fee Revenue

Tuition and fee revenues received but related to the period after September 30, 2009, have been deferred.

7. Net Assets

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

- ***Invested in Capital Assets, Net of Related Debt*** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.

- ***Restricted:***

  - ✓ ***Nonexpendable*** **–** Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.

  - ✓ ***Expendable*** – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

- ***Unrestricted*** **–** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the State Board of Education.

8. Federal Financial Assistance Programs

The College participates in various federal programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Revised Circular A-133, ***Audits of States, Local Governments and Non-Profit Organizations***, and the Office of Management and Budget (OMB) Compliance Supplement.

9. Scholarship Allowances and Student Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student and/or third parties making payments on behalf of the student. The College uses the case-by-case method to determine the amount of scholarship allowances and discounts.

Note 2 – Deposits and Investments

A. Deposits

The College's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Assets classification "cash and cash equivalents" includes all readily available cash such as petty cash, demand deposits, and certificates of deposits with maturities of three months or less.

B. Investments

The College may invest its funds in securities and investments authorized by the ***Code of Alabama 1975***, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the College may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies, and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof of the United States of America that meet specified criteria. The College's investment policy permits investments in the following: 1) U. S. Treasury bills, notes, bonds, and stripped Treasuries 2) U. S. Agency notes, bonds, debentures, discount notes and certificates, 3) certificates of deposit (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the SAFE Program; 4) mortgage backed securities (MBSs), 5) mortgage-related securities including collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMIC) securities, 6) repurchase agreements, and 7) stocks and bonds which have been donated to the institution.

Short-term investments as shown on the Statement of Net Assets consist primarily of non-negotiable certificates of deposit in the amount of $3,645,866.23 which are not subject to risk categorization as they are considered deposits for the purpose of this note.

The Statement of Net Assets Deposit with Bond Trustee classification consists of accounts administered by a bond trustee. As of September 30, 2009, the College had $8,382,529.67 in accounts administered by its bond trustee. In accordance with the College's revenue bonds, the trustee is permitted to invest these funds in direct general obligations of the United States or securities, the payment of which is unconditionally guaranteed by the United States.

Interest Rate Risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits its investment maturities as follows:

Investment	Maximum Maturity
U. S. Treasury Bills, Notes, Bonds and Stripped Treasuries	10 yrs.
U. S. Agencies	10 yrs.
Certificates of Deposit	5 yrs.
Mortgage Backed Securities and Mortgage-Related Securities	7 yrs. (aggregate average life) 10 yrs. (average life maturity of any one security)

Note 3 – Receivables

Receivables are reported net of uncollectible amounts and are summarized as follows:

Accounts Receivable	
Federal	$265,908.50
State	8,469.26
Interest	1,871.15
Total Accounts Receivable	276,248.91
Student Receivables	370,455.20
Less: Allowance for Doubtful Accounts	(44,395.02)
Total Student Receivables, Net	326,060.18
Total Receivables	$602,309.09

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Deductions	Reclassification	Ending Balance
Land	$ 306,000.00	$	$	$	$ 306,000.00
Buildings	7,306,381.63	19,572.57			7,325,954.20
Improvements Other Than Buildings	1,188,943.22	23,380.25		320,966.55	1,533,290.02
Equipment	1,569,636.22	312,720.25			1,882,356.47
Construction in Progress	837,303.56	1,572,792.89		(320,966.55)	2,089,129.90
Library Holdings	881,900.82	16,208.69	8,985.18		889,124.33
Total	10,923,093.54	1,944,674.65	8,985.18		14,025,854.92
Less: Accumulated Depreciation					
Buildings	3,025,742.52	146,127.63			3,171,870.15
Improvements Other Than Buildings	642,182.34	43,847.80			686,030.14
Equipment	933,549.50	189,030.16			1,122,579.66
Library Holdings	599,519.65	44,456.22	8,985.18		634,990.69
Total Accumulated Depreciation	5,200,994.01	423,461.81	8,985.18		5,615,470.64
Total Capital Assets, Net	$ 6,889,171.44	$1,521,212.84	$	$	$ 8,410,384.28

Note 5 – Defined Benefit Pension Plan

A. Plan Description

The College contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the College are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of Chattahoochee Valley Community College. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the ***Code of Alabama 1975***, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. As of January 1, 2001, full-time law enforcement officers (as defined by Act Number 2000-669, Acts of Alabama, page 1335) are required by statute to contribute 6 percent of their salary to the Teachers' Retirement System. Chattahoochee Valley Community College is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill.

The percentages of the contributions and the amount of contributions made by Chattahoochee Valley Community College and its employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2009	2008	2007
Total Percentage of Covered Payroll	17.07%	16.75%	14.36%
Contributions:			
Percentage Contributed by College	12.07%	11.75%	9.36%
Percentage Contributed by Employees	5.00%	5.00%	5.00%
Contributed by College	$595,322.33	$589,315.39	$427,365.03
Contributed by Employees	246,612.75	250,774.78	228,294.00
Total Contributions	$841,935.08	$840,090.17	$655,659.03

Note 6 – Other Postemployment Benefits (OPEB)

A. Plan Description

The College contributes to the Alabama Retired Education Employees' Health Care Trust (the "Trust"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees and was established in 2007 under the provisions of Act Number 2007-16 as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees' Health Insurance Board (PEEHIB) members. The ***Code of Alabama 1975***, Section 16-25A-4, provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years. The Trust issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Public Educations Employees' Health Insurance Plan website, http://www.rsa-al.gov/PEEHIP/peehip.html under the Trust Fund Financials tab. The provisions of GASB Statement Number 45, ***Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*** were implemented prospectively.

B. Funding Policy

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 255 to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the PEEHIB. Any Trust fund assets used in paying administrative costs and retiree benefits are transferred to and paid from the PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and if excess funds are determined to be available, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust. Retirees are required to contribute monthly as follows:

	Fiscal Year 2009
Individual Coverage – Non-Medicare Eligible	$ 97.54
Individual Coverage – Medicare Eligible	$ 1.14
Family Coverage – Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	$284.94
Family Coverage – Non-Medicare Eligible Retired Member and Dependent Medicare Eligible	$188.54
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	$188.54
Family Coverage – Medicare Eligible Retired Member and Dependent Medicare Eligible	$ 92.14
Surviving Spouse – Non-Medicare Eligible	$585.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	$717.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	$676.00
Surviving Spouse – Medicare Eligible	$290.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	$422.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	$381.00

For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.

The College is required to contribute at a rate specified by the State for each active employee. The College's share of premiums for retired employees health insurance is included as part of the premium for active employees. The following shows the required contributions in dollars and the percentage of that amount contributed for retirees:

Fiscal Year Ended September 30,	Active Health Insurance Premiums Paid by College	Amount of Premium Attributable to Retirees	Percentage of Active Employee Premiums Attributable to Retirees	Total Amount Paid Attributable to Retirees	Percentage of Required Amount Contributed
2009	$752.00	$205.45	27.32%	$211,939.82	100%
2008	$775.00	$212.35	27.40%	$220,920.70	100%
2007	$717.00	$217.25	30.30%	$225,308.61	100%

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method.

Note 7 – Construction and Other Significant Commitments

The College began construction of a new instructional center in fiscal year 2009. The total amount remaining to complete this project was approximately $9,600,000.00.

As of September 30, 2009, Chattahoochee Valley Community College had been awarded approximately $775,194.53 in contracts and grants on which performance had not been accomplished and funds had not been received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

Note 8 – Accounts Payable

Accounts payable and accrued liabilities represent amounts due at September 30, 2009, for goods and services received prior to the end of the fiscal year.

Salaries and Wages	$245,697.44
Benefits	46,488.68
Supplies	20,540.02
Refund to Grantor	134.80
Total	$312,860.94

Note 9 – Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Revenue Bonds	$1,055,000.00	$9,000,000.00	$1,055,000.00	$9,000,000.00	$240,000.00
Total Bonds Payable	1,055,000.00	9,000,000.00	1,055,000.00	9,000,000.00	240,000.00
Other Liabilities:					
Compensated Absences	279,724.62		5,850.07	273,874.55	22,170.67
Total Other Liabilities	279,724.62		5,850.07	273,874.55	22,170.67
Total Long-Term Liabilities	$1,334,724.62	$9,000,000.00	$1,060,850.07	$9,273,874.55	$262,170.67

During the fiscal year, the College repaid the 1999 bonds in the amount of $1,055,000 using accumulated reserves.

Chattahoochee Valley Community College Revenue Bonds, Series 2009, were issued July 1, 2009. The proceeds of the bonds were used to finance the construction of a new instructional center.

A trustee holds sinking fund deposits, including earnings on investments of these deposits. Revenue from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds. Principal and interest maturity requirements on bond debt are as follows:

	Revenue Bonds		
Fiscal Year	Principal	Interest	Totals
2009-2010	$ 240,000.00	$ 354,142.71	$ 594,142.71
2010-2011	230,000.00	381,537.50	611,537.50
2011-2012	240,000.00	374,637.50	614,637.50
2012-2013	245,000.00	367,437.50	612,437.50
2013-2014	255,000.00	360,087.50	615,087.50
2014-2015	260,000.00	352,437.50	612,437.50
2015-2016	270,000.00	344,637.50	614,637.50
2016-2017	280,000.00	336,537.50	616,537.50
2017-2018	285,000.00	327,437.50	612,437.50
2018-2019	295,000.00	317,462.50	612,462.50
2019-2020	305,000.00	306,400.00	611,400.00
2020-2021	320,000.00	294,200.00	614,200.00
2021-2022	335,000.00	281,400.00	616,400.00
2022-2023	345,000.00	267,162.50	612,162.50
2023-2024	360,000.00	252,500.00	612,500.00
2024-2025	375,000.00	236,750.00	611,750.00
2025-2026	395,000.00	218,000.00	613,000.00
2026-2027	415,000.00	198,250.00	613,250.00
2027-2028	435,000.00	177,500.00	612,500.00
2028-2029	460,000.00	155,750.00	615,750.00
2029-2030	480,000.00	132,750.00	612,750.00
2030-2031	505,000.00	108,750.00	613,750.00
2031-2032	530,000.00	83,500.00	613,500.00
2032-2033	555,000.00	57,000.00	612,000.00
2033-2034	585,000.00	29,250.00	614,250.00
Totals	$9,000,000.00	$6,315,517.71	$15,315,517.71

Bond Issuance Costs

The College has bond issuance costs in connection with the issuance of its 2009 Series Revenue Bonds. The issuance costs are being amortized using the straight-line method over the life of the bonds.

	Issuance Costs
Total Issuance Costs	$ 75,592.40
Amortized Prior Years	34,016.48
Bond Issuance Costs Added	277,683.51
Balance Issuance Costs	319,259.43
Current Amount Amortized	41,575.92
Balance Issuance Costs	$277,683.51

Pledged Revenues

The College has pledged student tuition and fee revenue to repay the $9,000,000 Revenue Bond Series 2009 issued in July 2009. Future revenues in the approximate amount of $15,315,517.71 are pledged to repay the principal and interest on the bonds. During the 2009 fiscal year, pledged tuition and fee revenue in the amount of $4,907,426.72, excluding technology fees, were received. No payments were made on these bonds during fiscal year 2009. The first payment will be made December 2009. These bonds are scheduled to mature in fiscal year 2034.

Note 10 – Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The College pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $2 million per occurrence and is self-insured up to a maximum of $6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed $6 million. The College purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the College has fidelity bonds on the College's President, Business Manager and Student Financial Aid Director as well as on all other college personnel who handle funds.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The College contributes a specified amount monthly to the PEEHIF for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the College's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the College.

Note 11 – Endowments

The College has endowments established by donors for the purpose of awarding scholarships to needy and worthy students. These scholarships were endowed by contributions totaling $30,000.00, which is to be continuously invested in certificates of deposit at local financial institutions with the understanding that only the interest earned may be used for scholarship purposes.

Note 12 – Related Parties

Chattahoochee Valley Community College Foundation, Inc.

Chattahoochee Valley Community College Foundation, Inc., was incorporated as a non-profit corporation to promote scientific, literary, and educational purposes, the advancement of Chattahoochee Valley Community College, and for the encouragement and support of its student and faculty. This report contains no financial statements of Chattahoochee Valley Community College Foundation, Inc.

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Student Financial Assistance Cluster		
U. S. Department of Education		
Direct Programs		
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program Administrative Allowance	84.063	
Federal Pell Grant Program Administrative Allowance	84.063	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Work-Study Program	84.033	
Academic Competitiveness Grants	84.375	
Total Student Financial Assistance Cluster (M)		
WIA Cluster		
U. S. Department of Labor		
Passed Through Columbus Technical College		
WIA Dislocated Workers	17.260	N/A
Other Federal Awards		
U. S. Department of Education		
Direct Program		
Higher Education-Institutional Aid	84.031	
Passed Through Alabama Department of Postsecondary Education		
Adult Education - Basic Grants to States	84.002	V002A080001
Adult Education - Basic Grants to States	84.002	V002A080001
Adult Education - Basic Grants to States	84.002	V002A080001
Total Adult Education - Basic Grants to States		
Passed Through Alabama Department of Education		
Career and Technical Education - Basic Grants to States	84.048	V048A080001
Tech-Prep Education	84.243	V243A080001
Total Federal Awards		

(M) = Major Program
N/A = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
07/01/2009-06/30/2010	$ 2,101,258.00	$ 2,101,258.00	$ 1,847,116.47	$ 1,847,116.47
07/01/2008-06/30/2009	3,314,430.74	3,314,430.74	2,082,324.70	2,082,324.70
07/01/2008-06/30/2009	5,845.00	5,845.00	5,845.00	5,845.00
07/01/2007-06/30/2008	30.00	30.00	30.00	30.00
07/01/2009-06/30/2010	37,625.00	37,625.00	15,041.00	15,041.00
07/01/2008-06/30/2009	36,304.00	36,304.00	17,719.00	17,719.00
07/01/2009-06/30/2010	70,608.00	70,608.00	6,470.22	6,470.22
07/01/2008-06/30/2009	70,608.00	70,608.00	59,553.22	59,553.22
07/01/2008-06/30/2009	55,304.00	55,304.00	55,304.00	55,304.00
			4,089,403.61	4,089,403.61
04/01/2008-06/30/2010	584,283.00	584,283.00	150,266.78	150,266.78
10/01/2007-9/30/2008	350,000.00	350,000.00	70,831.33	70,831.33
07/01/2008-09/30/2009	274,420.00	213,263.25	213,263.25	213,263.25
07/01/2007-06/30/2008	231,445.32	1,174.45	1,174.45	1,174.45
10/01/2008-09/30/2009	16,125.00	14,008.06	14,008.06	14,008.06
			228,445.76	228,445.76
10/01/2008-09/30/2009	94,725.96	94,725.96	94,725.96	94,725.96
10/01/2008-09/30/2009	$ 10,303.56	$ 10,303.56	10,303.56	10,303.56
			$ 4,643,977.00	$ 4,643,977.00

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Chattahoochee Valley Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 – Federal Loans

The College participates in the Federal Family Education Loans Program. Expenditures totaling $1,615,953.23 for fiscal year 2008-2009 are not included in this schedule.

Note 3 – Other

A. A 100% waiver of Federal Work-Study and Federal Supplemental Educational Opportunity Grant institutional matching was on file for award year July 1, 2008 through June 30, 2009.

B. $2,267.00 2008-2009 Federal Work-Study funds were carried back to 2007-2008 Federal Work-Study.

C. $5,454 of 2008-2009 Federal Work-Study funds were carried forward to 2009-2010 Federal Work-Study.

D. $3,630 of 2008-2009 Federal Supplemental Educational Opportunity Grants funds were carried forward to 2009-2010 Federal Supplemental Educational Opportunity Grants.

Additional Information

College Officials
October 1, 2008 through September 30, 2009

Officials	**Position**	**Address**
Dr. Laurel M. Blackwell	President	2602 College Drive Phenix City, Alabama 36869
Dr. David N. Hodge	Dean of Student and Administrative Services	2602 College Drive Phenix City, Alabama 36869
Brenda Kelley	Business Manager	2602 College Drive Phenix City, Alabama 36869

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

We have audited the basic financial statements of Chattahoochee Valley Community College as of and for the year ended September 30, 2009, and have issued our report thereon dated June 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, President of the College, Chancellor of the Department of Postsecondary Education, others within the entity, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

June 3, 2010

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Chattahoochee Valley Community College with the types of compliance requirements described in the ***U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*** that are applicable to each of its major federal programs for the year ended September 30, 2009. Chattahoochee Valley Community College's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chattahoochee Valley Community College's management. Our responsibility is to express an opinion on Chattahoochee Valley Community College's compliance based on our audit.

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

In our opinion, Chattahoochee Valley Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

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

A control deficiency in a entity's internal control over compliance exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, President of the College, Chancellor of the Department of Postsecondary Education, others within the entity, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

June 3, 2010

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	______ 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 that are not considered to be material weakness(es)?	______ Yes	__X__ None reported
Type of opinion issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.375	Academic Competitiveness Grants
84.032	Federal Family Education Loans

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000.00	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		The audit did not disclose any findings or questioned costs required to be reported.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			The audit did not disclose any findings or questioned costs required to be reported.	