



Financial Statements

For the Fiscal Years Ended June 30, 2014 and 2013

(With Independent Auditor's Reports Thereon)

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

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**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

**Official Roster
Governing Board**

Name	Title
Michael DeWitte	Chair
Mark Armijo	Vice Chair
Deborah Moore	Secretary
Pauline J. Garcia	Member
Penelope S. Holbrook	Member
Blair L. Kaufman	Member
Robert P. Matteucci, Jr.	Member

Administrative Officials

Katharine Winograd	President
Katherine Ulibarri	Vice President of Finance & Operations
Loretta Montoya	Comptroller

FINANCIAL SECTION



Independent Auditor's Report

The Governing Board
Central New Mexico Community College
and
Mr. Hector H. Balderas, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the State of New Mexico Central New Mexico Community College (the College), as of and for the years ended June 30, 2014 and 2013, 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 also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 considers internal control relevant to the entity'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 entity'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 units of the College, as of June 30, 2014 and 2013, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the budgetary comparisons for the year ended June 30, 2014 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, as more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4 through 14 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate 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 Expenditures of federal awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the College's internal control over financial reporting and compliance.

Weiner, Cherro & Company, P.C.

Albuquerque, New Mexico
November 6, 2014

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Management's Discussion and Analysis

June 30, 2014 and 2013

Overview of the Financial Statements and Financial Analysis

This report consists of Management's Discussion and Analysis (MD&A), the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements provide both long-term and short-term financial information on the Central New Mexico Community College (the College) as a whole and its component units, the Central New Mexico Community College Foundation (the Foundation) and CNM Ingenuity, Incorporated (Ingenuity). This MD&A focuses on the College and not the component units. Separately issued financial statements for the Foundation may be obtained from their respective administrative office.

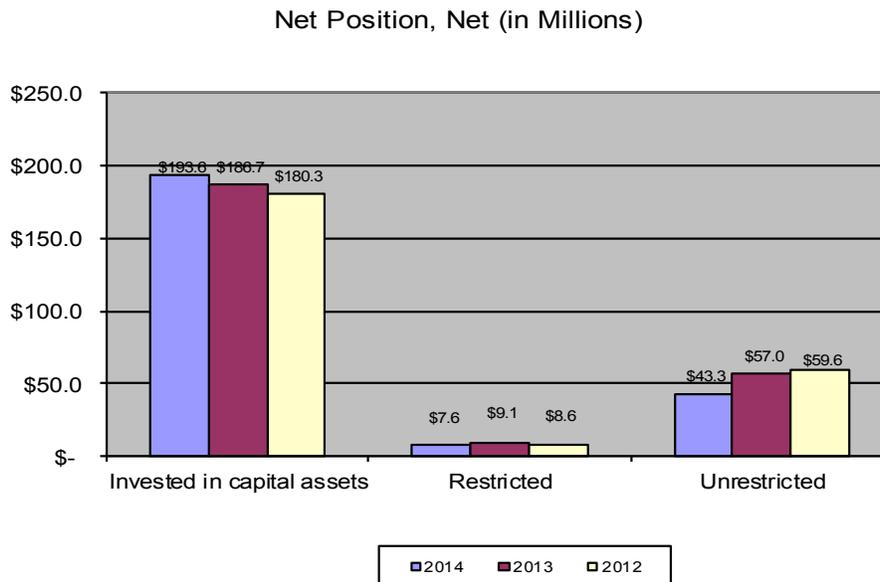
The discussion and analysis of the College's financial statements provides an overview of its financial activities for the years ended June 30, 2014 and 2013. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Financial Highlights

Net position decreased nearly \$8.3 million (-3.3%) during 2014. The change resulted from the combination of a decrease in unrestricted net position of approximately \$13.7 million (-24.1%), an increase in invested in capital assets of \$6.9 million (3.7%), and a decrease in restricted net position of \$1.5 million (-16.3%).

Net position increased approximately \$4.3 million (1.7%) during 2013. The change resulted from the combination of a decrease in unrestricted net position of \$2.6 million (-4.3%), an increase in invested in capital assets of \$6.3 million (3.5%), and an increase in restricted net position of over \$.5 million (6.7%).

The following graph illustrates the comparative change in net position by category fiscal years 2014, 2013, and 2012.



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Management's Discussion and Analysis

June 30, 2014 and 2013

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

The statement of net position and statement of revenues, expenses, and changes in net position reports the College's net position and how it has changed. Net position - the difference between assets and liabilities - is one way to measure the College's financial health. Over time, increases or decreases in the College's net position is an indicator of whether its financial health is improving or declining. Nonfinancial factors are also important to consider, including student enrollment and the condition of campus buildings.

These statements include all assets, liabilities and deferrals using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes the College's assets, liabilities, and net position as of June 30:

Net Position, End of Year (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current assets	\$ 108,107	87,525	108,191
Capital assets, net	239,777	238,926	227,422
Other noncurrent assets	4,275	4,330	3,655
Total assets	<u>352,159</u>	<u>330,781</u>	<u>339,268</u>
Deferred outflow of resources:			
Bond refunding	269	—	—
Total deferred outflows	<u>269</u>	<u>—</u>	<u>—</u>
Liabilities:			
Current liabilities	25,765	23,300	28,549
Noncurrent liabilities	82,140	54,681	62,212
Total liabilities	<u>107,905</u>	<u>77,981</u>	<u>90,761</u>
Net position:			
Net investment in capital assets	193,562	186,638	180,330
Restricted	7,637	9,121	8,552
Unrestricted	43,324	57,041	59,625
Total net position	<u>\$ 244,523</u>	<u>252,800</u>	<u>248,507</u>

Total assets increased \$12.9 million (3.8%) over a two-year period driven by a \$12.4 million increase in capital assets. This was primarily due to the renovation of the SSC Building remodel for Connect, Jeanette Stromberg remodel, and the Westside Phase III, as well as the Main Bookstore-Culinary building. Net position decreased \$4.0 million (-1.6%) over the same period, driven by a near \$13.2 million (7.3%) increase in invested in capital assets, net of related debts and a \$16.3 million (-27.3%) decrease in unrestricted net position.

During 2014, total liabilities increased by \$29.9 million (38.4%), primarily due to an increase in bonds payable of \$27.8 million. During 2013, total liabilities decreased by \$12.8 million due to a reduction in bonds payable of \$6.7 million and accounts payable of \$4.5 million.

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June 30, 2014 and 2013

The following table summarizes the College's revenues, expenses, and changes in net position for the years ended June 30:

Revenues, Expenses, and Changes in Net Position (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 29,330	32,235	32,826
Operating expenses	<u>(176,557)</u>	<u>(167,712)</u>	<u>(163,026)</u>
Operating loss	(147,227)	(135,477)	(130,200)
Nonoperating revenues and expenses	<u>137,764</u>	<u>139,640</u>	<u>135,071</u>
Income before other revenues, expenses, gains, or losses	(9,463)	4,163	4,871
Capital grants and appropriations	<u>1,186</u>	<u>130</u>	<u>10,840</u>
Increase/(decrease) in net position	<u>\$ (8,277)</u>	<u>4,293</u>	<u>15,711</u>

Operating Revenues

In 2014, operating revenues of \$29.3 million decreased by \$2.9 million (-9.0%) when compared to 2013 and were \$3.5 million (-10.7%) less when compared to 2012. The following table summarizes the College's operating revenues for the years ended June 30:

Operating Revenues (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tuition and fees, net	\$ 12,260	14,330	14,575
Federal grants and contracts	3,682	4,399	3,639
State and local grants and contracts	6,995	7,142	8,324
Sales and services of educational departments	2,977	3,058	2,904
Auxiliary enterprises	<u>3,416</u>	<u>3,306</u>	<u>3,384</u>
Total operating revenues	<u>\$ 29,330</u>	<u>32,235</u>	<u>32,826</u>

Over the two-year period, tuition and fees decreased \$2.3 million (-15.9%) primarily due to an increase in scholarship allowance of \$2.5 million. State grant revenue decreased \$1.3 million (-16.0%) from 2012 to 2014. From 2013 to 2014 federal grant revenue decreased \$0.7 million (-16.3%).

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Management's Discussion and Analysis

June 30, 2014 and 2013

Operating Expenses

Operating expenses increased \$8.8 million (5.3%) in 2014 when compared to the prior year. In 2014, instructional expenses increased \$2.6 million (4.3%), academic support expenses increased \$3.5 million (29.3%), student service expenses increased \$3.1 million (17.4%), depreciation increased \$1.3 million (12.2%), and student aid decreased \$4.9 million (-14.9%). Instruction and general expense increases are attributed to the college's investment in human capital and academic programs including updating instructional equipment and technology systems. Over a two year period, expenses for student services increased \$3.4 million (19.2%), institutional support expenses increased \$4.2 million (27.0%) and operations and maintenance of plant expenses increased \$1.1 million (7.9%). Additionally, within the two-year period, student aid decreased \$7.0 million (-20.2%). From 2012 through 2014, operating expenses increased \$13.5 million overall, an 8.3% increase. The following table summarizes the College's operating expenses for the years ended June 30:

Operating Expenses (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 62,317	59,736	57,520
Public service	739	1,299	964
Academic support	15,299	11,832	11,194
Student services	21,065	17,942	17,670
Institutional support	19,563	17,327	15,403
Operation and maintenance of plant	15,403	13,650	14,275
Depreciation	11,935	10,633	8,628
Student aid	27,846	32,711	34,882
Auxiliary enterprises	2,294	2,484	2,409
Other	96	98	81
Total operating expenses	<u>\$ 176,557</u>	<u>167,712</u>	<u>163,026</u>

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses decreased \$1.9 million (-1.3%) in 2014 when compared to the prior year. Primarily, this decrease is attributed to a nonoperating expense of \$4.0 million in 2014. Over a two-year period, state appropriations have increased by \$8.9 million (20.6%). Local appropriations for operations increased \$2.5 million (5.5%) over a two-year-period. Over the same period, Pell grant revenue has decreased \$4.7 million or -12.5%, due to leveling of student enrollment and a Pell program eligibility cap effected in 2013. Other nonoperating expenses totaled \$4.0 million in 2014, provided to Ingenuity as startup funding.

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Overall, nonoperating revenue and expenses increased \$2.7 million (2.0%) over a two year period. The following table summarizes the College's nonoperating revenue and expenses for the years ended June 30:

Nonoperating Revenues and Expenses (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
State appropriations	\$ 51,972	47,750	43,086
Local appropriations – operating	48,508	48,252	45,976
Local appropriations – debt service	9,254	9,320	9,104
Federal Pell grant	32,815	35,037	37,494
Investment income	81	114	203
Interest on capital asset related debt	(1,909)	(1,723)	(1,657)
Other	(2,957)	890	865
	<u> </u>	<u> </u>	<u> </u>
Total nonoperating revenues and expenses	\$ <u>137,764</u>	<u>139,640</u>	<u>135,071</u>

Capital Grants and Appropriations

Capital appropriations increased \$.8 million in 2014, primarily due to funding for the L building renovation. There were no other significant or unexpected changes in capital grants and appropriations. The following table summarizes the College's other revenues, expenses, gains, or losses for the years ended June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital appropriations	\$ 978	130	10,818
Capital grants and gifts	208	—	22
	<u> </u>	<u> </u>	<u> </u>
Total other revenues, expenses, gains, or losses	\$ <u>1,186</u>	<u>130</u>	<u>10,840</u>

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the College had approximately \$239.8 million invested in capital assets, net of accumulated depreciation of \$95.3 million. Depreciation charges for the current year totaled \$11.9 million compared to \$10.6 million in 2013 and \$8.6 million in 2012.

The following table summarizes the College's capital assets, net of accumulated depreciation, as of June 30:

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Capital Assets, Net (in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 33,675	34,064	34,479
Buildings	185,432	187,010	132,582
Infrastructure	2,471	2,767	3,062
Furniture, fixtures, and equipment	13,096	12,002	12,602
Library materials	1,319	1,408	1,521
Art	519	517	513
Construction in progress	3,265	1,158	42,663
Capital assets, end of year	<u>\$ 239,777</u>	<u>238,926</u>	<u>227,422</u>

Major capital expenditures during fiscal year 2014 include:

SSC CNM Connect Renovation	2,333,014	LSA 1st Floor Renovation	140,794
L Building Renovation	1,057,108	Coal Place/Buena Vista Property	272,480
ATC New Roof	750,500	A Building Courtyard	441,941
Renewable Energy Project	587,846	SSC Building Enhancement	215,077
Theater Black Box	441,283	Main Campus Technology Loop	157,269

Major capital expenditures during fiscal year 2013 include:

Jeanette Stromberg Remodel	2,891,488	LSA 1st Floor Renovation	255,779
Westside Phase III	7,508,975	Tom Wiley Renovation	533,756
Main Bookstore-Culinary Bldg.	8,712,380	Enterprise Application Performance	230,808
WS Stone Replacement Project	356,343	A Building Restrooms	178,258
Network Replacement	287,880	2101 Oxford Property	163,101

Additional information about the College's capital assets and construction commitments are presented in note 4 and 10 to the basic financial statements.

Bonds Payable

As of June 30, 2014, the College has \$90.0 million in outstanding bonds, an increase of \$27.8 million when compared to 2013 and an increase of \$21.1 million when compared to 2012. In 2014, the increase was caused by the issuance of GOB series 2014A, a \$33.2 million construction issue, GOB series 2014B, a \$13.4 million advance

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Management's Discussion and Analysis

June 30, 2014 and 2013

refunding issue, and scheduled debt service payments for outstanding bonds. The decrease in 2013 of \$6.7 million is due to scheduled debt service payments on the outstanding bond issues. The following table summarizes outstanding long-term liabilities by series as of June 30:

Bonds Payable (in Thousands)			
	2014	2013	2012
Series 2006	\$ 1,875	18,325	20,075
Series 2009	11,100	12,300	13,500
Series 2011	25,400	29,760	33,360
Series 2014A	33,200	—	—
Series 2014B	13,360	—	—
Total bond principal	84,935	60,385	66,935
Bond premium	5,111	1,828	1,963
Total debt outstanding	\$ 90,046	62,213	68,898

In February 2014, Standard & Poor's reviewed their rating of Central New Mexico Community College general obligation bonds and affirmed the "AA+Stable" rating. Moody's assigned an Aa1 rating to CNM's 2014 A and B general obligation bond series. Additional information related to the College's long-term liabilities is presented in note 7 to the basic financial statements.

The Schedule of Budgetary Comparisons – Budgetary Basis, Unrestricted and Restricted – All Operations

Revenues (Budgetary Basis)

The schedule of budgetary comparisons – budgetary basis reports the College's actual versus budgeted revenues, expenditures and transfers and their variance. The annual budget of the College is adopted on a basis consistent with the reporting requirements of the New Mexico Higher Education Department, which are based on the fund accounting principles applicable prior to GASB Statements No. 34, 35, 37, and 38 (budgetary basis). By contrast, the College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP Basis).

The following table summarizes the Colleges original budget, final budget, actual, and variance for revenues:

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Management's Discussion and Analysis

June 30, 2014 and 2013

Budgeted Revenue (in Thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Variance favorable (unfavorable)</u>
Revenues:				
Tuition	\$ 20,895	19,384	19,057	(327)
Miscellaneous fees	3,642	3,542	3,550	8
State government appropriations	51,972	51,972	51,972	—
Local government appropriations	47,486	48,180	48,603	423
Federal government contracts/grants	50,593	49,511	36,612	(12,899)
State government contracts/grants	7,461	6,741	6,916	175
Local government contracts/grants	—	—	8	8
Private contracts/grants	2,233	1,987	957	(1,030)
Endowments	30	30	21	(9)
Sales and services	5,065	4,711	4,522	(189)
Other	2,873	2,770	2,384	(386)
Capital outlay	40,725	22,120	3,387	(18,733)
Building renewal and replacement	2,383	2,306	2,175	(131)
Retirement of indebtedness	9,550	9,550	9,285	(265)
Total revenues	<u>\$ 244,908</u>	<u>222,804</u>	<u>189,449</u>	<u>(33,355)</u>

The final budget as compared to the original budget decreased revenue by \$22.1 million (-9.0%). The most significant decrease of \$18.6 million (-45.7%) was in Capital outlay. The Tuition revenue budget decreased by \$1.5 million (-7.2%). Federal contracts and grants budget decreased by \$1.1 million (-2.1%).

Actual revenues were \$33.4 million (-15.0%) less than the final budget. The largest variance was in Capital outlay revenue, a gap of \$18.7 million (-84.7%), reflective of timing of capital project construction. Federal government grants and contracts revenue was \$12.9 million (-26.1%) less than budget due to decreased Pell grant awards. Actual Private contracts/grants revenues were \$1.0 million (-51.8%) less than the final budget.

Expenditures (Budgetary Basis)

The final budget decreased expenditures by approximately \$10.0 million (-4.0%) versus the original budget. The budget for Capital outlay decreased by \$16.5 million (-41.6%), to accommodate for major multi-year capital projects budget needs. The budget for Operation and maintenance of plant increased by \$2.7 million (18.7%), and the Academic support budget increased by \$1.7 million (12.1%).

The schedule below summarizes the Colleges original budget, final budget, actuals, and variance for expenditures:

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Management's Discussion and Analysis

June 30, 2014 and 2013

Budgeted Expenditures (in Thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:				
Instruction	\$ 63,895	63,498	63,033	465
Academic support	14,020	15,722	15,357	365
Student services	20,403	21,615	20,661	954
Institutional support	20,253	20,856	19,687	1,169
Operation and maintenance of plant	14,436	17,141	16,927	214
Student social and cultural activities	203	203	96	107
Public services	1,790	1,082	749	333
Internal services	318	128	75	53
Student aid grants and stipends	52,804	52,922	40,317	12,605
Auxiliary enterprise	3,358	3,339	2,285	1,054
Capital outlay	39,700	23,200	5,427	17,773
Building renewal and replacement	9,636	9,636	9,221	415
Retirement of indebtedness	10,302	11,800	10,769	1,031
Total expenditures	<u>\$ 251,118</u>	<u>241,142</u>	<u>204,604</u>	<u>36,538</u>

Actual expenditures were \$36.5 million (-15.2%) less than the final budget. Capital outlay was under budget by \$17.8 million (-76.6%), due to the timing of capital projects. Institutional support was \$1.2 million (-5.6%) under budget due to the timing of contract services. Student support expenses were \$1.0 million (-4.4%) less than the final budget, and Student aid was \$12.6 million (-23.8%) under final budget.

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Management's Discussion and Analysis

June 30, 2014 and 2013

Change in Net Position (budgetary basis)

The following schedule summarizes the change in net position for the College:

	Budgeted Categories (in Thousands)		Actuals (budgetary basis)	Variance favorable (unfavorable)
	Original budget	Final budget		
Beginning balance budgeted	\$ 39,786	62,547	62,547	—
Revenues	244,908	222,804	189,448	(33,356)
Expenditures	251,118	241,142	204,604	36,538
Change in net position (budgetary basis)	<u>(6,210)</u>	<u>(18,338)</u>	<u>(15,156)</u>	<u>\$ 3,182</u>
Net position (budgetary basis)	<u>\$ 33,576</u>	<u>44,209</u>	<u>47,391</u>	

The actual change in net position on a budgetary basis was a \$15.2 million reduction, \$3.2 million less than forecast in the final budget.

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Management's Discussion and Analysis

June 30, 2014 and 2013

Economic Outlook

The College's economic outlook is closely related to its role as the state's largest community college. The College is dependent upon ongoing financial and political support from state government. In FY 2013, state appropriations increased \$4.7 million or 10.8%. Continuing the positive trend, state appropriations increased by \$4.2 million or 8.8% for FY 2014. Under a performance based funding formula since FY12, the College has generated state appropriation revenue, in addition to base funding, for student completion outcomes. In aggregate, state appropriation revenue has recovered to near the FY 2009 level.

Another significant factor in the College's economic position relates to its ability to recruit and retain students. As compared to final student enrollment of 28,685 in Fall 2013, current census date data for Fall 2014 reports 26,894 students in college credit programs. This represents a decrease of 1,791 students (-6.2%), and a decrease of 5.9% in student credit hour production from 234,392 in Fall 2013 to 220,501 in Fall 2014. Based on the current performance formula model, enrollment decreases may impact future state appropriation revenue.

As such, the College has embarked in efforts to increase non-traditional revenues. The formation of Ingenuity, Inc., pursuant to the University Research Park and Economic Development Act, enables the College to expand innovative program offerings and attract new students, business partners and community connections. These efforts will serve to generate additional revenue sources, while supporting growth in the local, state and regional economy.

Component Unit Financial Statements

Central New Mexico Community College Foundation and CNM Ingenuity, Incorporated are component units of the College. The Foundation separately issues their financial statements under Governmental Accounting Standards Board format. The Foundation's financial statements can be obtained from their administrative office at the College at 525 Buena Vista SE, Albuquerque New Mexico 87106.

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Statements of Net Position

June 30, 2014 and 2013

	<u>Primary Institution</u>		<u>Component Units</u>		
	<u>2014</u>	<u>2013</u>	<u>Foundation</u>	<u>2013</u>	<u>Ingenuity</u>
			<u>2014</u>		<u>2014</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 318,225	105,293	—	11,158	3,970,638
Cash and cash equivalents – restricted	—	73,886	1,091,057	963,712	—
Investments - unrestricted	51,778,103	64,936,506	—	—	—
Investments - restricted	48,572,403	15,954,440	—	—	—
Endowment investments – restricted	51,280	67,608	—	—	—
Accounts receivable students, net	1,021,293	906,964	—	—	—
Grants and contracts receivable	2,398,408	2,001,811	—	—	—
Mill levy receivable	2,862,222	2,924,876	—	—	—
Pledges receivable	—	—	236,745	264,575	—
Other receivable	139,190	7,683	6,982	5,995	—
Inventories	22,855	64,502	—	—	—
Other assets	943,222	480,951	—	—	13,507
Total current assets	<u>108,107,201</u>	<u>87,524,520</u>	<u>1,334,784</u>	<u>1,245,440</u>	<u>3,984,145</u>
Noncurrent assets:					
Endowment investments – restricted	1,580,000	1,580,000	6,425,473	4,758,353	—
Mill levy receivable	2,429,335	2,471,203	—	—	—
Pledges receivable	—	—	405,045	509,382	—
Notes receivable	126,335	132,229	—	—	—
Other assets	138,667	146,667	—	—	—
Capital assets, net	239,777,057	238,926,314	—	—	—
Total noncurrent assets	<u>244,051,394</u>	<u>243,256,413</u>	<u>6,830,518</u>	<u>5,267,735</u>	<u>—</u>
Total assets	<u>352,158,595</u>	<u>330,780,933</u>	<u>8,165,302</u>	<u>6,513,175</u>	<u>3,984,145</u>
Deferred outflow of resources:					
Bond refunding	269,206	—	—	—	—
Liabilities:					
Current liabilities:					
Cash overdraft - unrestricted	—	—	42,714	—	—
Cash overdraft - restricted	115,752	—	—	—	—
Accounts payable to suppliers	4,190,978	3,684,369	73,887	83,024	144,236
Accounts payable - loans	106,697	105,722	—	—	—
Accrued compensated absences	2,226,281	2,036,350	—	—	—
Accrued payroll and payroll taxes	7,275,044	6,286,948	—	—	—
Accounts payable – other	152,575	149,753	—	—	—
Accrued interest payable	1,021,254	796,697	—	—	—
Unearned revenue	2,770,247	2,708,242	25,480	71,400	—
Bonds payable – current portion	7,905,898	7,532,331	—	—	—
Total current liabilities	<u>25,764,726</u>	<u>23,300,412</u>	<u>142,081</u>	<u>154,424</u>	<u>144,236</u>
Noncurrent liabilities – bonds payable	<u>82,139,976</u>	<u>54,680,434</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>107,904,702</u>	<u>77,980,846</u>	<u>142,081</u>	<u>154,424</u>	<u>144,236</u>
Net position:					
Net investment in capital assets	193,562,068	186,637,647	—	—	—
Restricted:					
Nonexpendable:					
Scholarships	—	—	5,087,724	3,703,803	—
Department programs	1,580,000	1,580,000	207,275	209,013	—
Expendable:					
Scholarships	—	—	1,621,448	1,382,935	—
Department programs	82,880	83,578	1,149,825	1,053,414	—
Debt service	5,973,924	7,458,108	—	—	—
Unrestricted	43,324,227	57,040,754	(43,051)	9,586	3,839,909
Total net position	<u>\$ 244,523,099</u>	<u>252,800,087</u>	<u>8,023,221</u>	<u>6,358,751</u>	<u>3,839,909</u>

See accompanying notes to basic financial statements.

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2014 and 2013

	<u>Primary Institution</u>		<u>Component Units</u>		
	<u>2014</u>	<u>2013</u>	<u>Foundation</u>		<u>Ingenuity 2014</u>
			<u>2014</u>	<u>2013</u>	
Operating revenues:					
Tuition and fees (net of scholarship allowances of \$12,470,425 for 2014 and \$9,576,936 for 2013)	\$ 12,259,718	14,329,475	—	—	—
Federal grants and contracts	3,681,905	4,399,395	—	—	—
State and local grants and contracts	6,995,348	7,142,462	293,336	476,316	—
Sales and services of educational departments	2,977,195	3,058,006	—	—	—
Gifts and pledges	—	—	906,992	1,320,452	—
Auxiliary enterprise	3,416,154	3,305,919	—	—	—
Total operating revenues	<u>29,330,320</u>	<u>32,235,257</u>	<u>1,200,328</u>	<u>1,796,768</u>	<u>—</u>
Operating expenses:					
Instruction and general:					
Instruction	62,317,110	59,736,448	—	—	—
Public service	739,490	1,299,375	—	—	—
Academic support	15,298,519	11,831,538	—	—	—
Student services	21,064,633	17,942,000	—	—	—
Institutional support	19,563,133	17,326,495	—	—	—
Operation and maintenance of plant	15,403,453	13,649,793	—	—	—
Depreciation	11,934,824	10,633,124	—	—	—
Student aid	27,846,000	32,711,027	—	—	—
Auxiliary enterprises	2,294,094	2,484,246	—	—	—
Other expenses	96,293	97,998	1,469,532	1,414,155	160,154
Total operating expenses	<u>176,557,549</u>	<u>167,712,044</u>	<u>1,469,532</u>	<u>1,414,155</u>	<u>160,154</u>
Operating loss	<u>(147,227,229)</u>	<u>(135,476,787)</u>	<u>(269,204)</u>	<u>382,613</u>	<u>(160,154)</u>
Nonoperating revenues (expenses):					
State appropriations	51,971,700	47,750,400	—	—	—
Local appropriations – operating	48,507,984	48,251,535	—	—	—
Local appropriations – debt service	9,254,550	9,320,368	—	—	—
Federal pell grant	32,814,882	35,037,002	—	—	—
Gifts	644,178	702,661	—	—	—
Investment income (loss)	80,550	113,576	745,544	390,757	63
Interest on capital asset related debt	(1,908,701)	(1,723,048)	—	—	—
Gain (Loss) on disposition of assets	(2,988)	(118,573)	—	—	—
Other nonoperating revenues	402,049	306,023	—	—	4,000,000
Other nonoperating expenses	(4,000,000)	—	—	—	—
Net nonoperating revenues (expenses)	<u>137,764,204</u>	<u>139,639,944</u>	<u>745,544</u>	<u>390,757</u>	<u>4,000,063</u>
Income (loss) before capital grants and appropriations	<u>(9,463,025)</u>	<u>4,163,157</u>	<u>476,340</u>	<u>773,370</u>	<u>3,839,909</u>
Capital appropriations	977,615	129,715	—	—	—
Capital grants and gifts	208,422	—	—	—	—
Additions to permanent endowments	—	—	1,188,130	138,342	—
Total other changes	<u>1,186,037</u>	<u>129,715</u>	<u>1,188,130</u>	<u>138,342</u>	<u>—</u>
Increase (decrease) in net position	<u>(8,276,988)</u>	<u>4,292,872</u>	<u>1,664,470</u>	<u>911,712</u>	<u>3,839,909</u>
Net position, beginning of year	<u>252,800,087</u>	<u>248,507,215</u>	<u>6,358,751</u>	<u>5,447,039</u>	<u>—</u>
Net position, end of year	<u>\$ 244,523,099</u>	<u>252,800,087</u>	<u>8,023,221</u>	<u>6,358,751</u>	<u>3,839,909</u>

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Tuition and fees	\$ 12,198,472	14,017,465
Federal grants and contracts	4,344,239	4,351,510
State and local grants and contracts	6,901,276	7,109,597
Payments to suppliers	(27,440,806)	(24,585,650)
Payments for utilities	(5,103,493)	(5,025,959)
Payments to employees	(78,292,800)	(72,260,779)
Payments for benefits	(25,735,419)	(21,198,469)
Payments for scholarships	(27,707,188)	(33,077,440)
Loans issued to students	(17,000)	(27,472)
Collection of loans to students	22,894	12,297
Auxiliary enterprise charges	3,264,171	3,303,485
Sales and services of educational activities	3,126,621	3,017,535
Net cash used by operating activities	(134,439,033)	(124,363,880)
Cash flows from noncapital financing activities:		
State appropriations	51,971,700	47,750,400
District mill levies—operating	48,589,116	47,592,214
District mill levies—debt service	9,277,940	9,322,298
Federal Pell Grant	32,675,143	35,519,571
Education Loan receipts	20,706,904	42,776,669
Education Loan disbursements	(20,716,286)	(42,583,686)
Gifts and Appropriations received	644,177	702,661
Cash overdraft due to bank	—	(2,589,856)
Cash provided by bank overdraft	115,752	—
Student organization agency transactions	(5,752)	(17,448)
Other expenses	(4,000,000)	—
Other receipts	422,566	306,023
Net cash provided by noncapital financing activities	139,681,260	138,778,846
Cash flows from capital financing activities:		
Proceeds from capital debt	36,829,567	—
Refunding bonds	13,360,000	—
Capital appropriations	124,088	751,500
Proceeds from sale of capital assets	46,478	75,393
Purchases of capital assets	(11,769,452)	(26,196,989)
Payment to refunded bond escrow agent	(14,925,013)	—
Principal paid on capital debt and leases	(7,385,000)	(6,550,000)
Interest paid on capital debt and leases	(2,018,525)	(2,219,525)
Net cash provided (used) by capital financing activities	14,262,143	(34,139,621)
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	125,393,034	117,925,273
Interest on investments	77,909	113,576
Purchase of investments	(144,836,267)	(100,312,380)
Net cash (used) provided by investing activities	(19,365,324)	17,726,469
Net increase (decrease) in cash and cash equivalents	139,046	(1,998,186)
Cash and cash equivalents, beginning of year	179,179	2,177,365
Cash and cash equivalents, end of year	\$ 318,225	179,179

See accompanying notes to basic financial statements.

(continued)

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	2014	2013
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (147,227,229)	(135,476,787)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	11,934,824	10,633,124
Changes in assets and liabilities:		
Receivables, net	395,031	(274,442)
Inventories	41,647	7,501
Prepaid expenses	(454,271)	(24,957)
Accounts payable and accrued expenses	662,558	608,816
Unearned revenue	18,476	(168,617)
Compensated absences	189,931	331,482
Net cash used by operating activities	\$ (134,439,033)	(124,363,880)
Noncash transactions:		
Capital grants and gifts	\$ 208,422	—

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2014 and 2013

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The College was created under Sections 21-16-1 through 21-16-24, State of New Mexico Statutes Annotated (NMSA), 1978 Compilation, to provide post-secondary vocational and technical education. The College is governed by an elected seven-member board (Governing Board) and reports to the New Mexico Higher Education Department (NMHED). The mission of the College is to promote and provide higher education, skill development, and workforce training relevant to contemporary needs within the Central New Mexico Community College district and The State of New Mexico. The overall goal of the College is to provide dynamic education for the community.

(b) Component Units

In evaluating how to define the College for financial reporting purposes, the College's management has considered potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. In accordance with Governmental Accounting Standards Board (GASB) guidance, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. Generally, GASB requires reporting, as a discretely presented component unit, a legally separate organization that raises and holds significant economic resources for the direct benefit of a governmental unit. Based upon the criteria established by GASB, these financial statements present the College and its component units, Central New Mexico Community College Foundation (Foundation) and CNM Ingenuity, Incorporated (Ingenuity).

The following is a discretely presented component unit:

The Foundation was organized in 1986 pursuant to Section 53-8-30, NMSA 1978 Compilation as a nonmember, not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation was incorporated for the purpose of providing support to the College and is authorized through its articles of incorporation to receive and hold any property, real or personal, given, devised, bequeathed, given in trust, or in any other way for the use or benefit of the College, or any student or instructor therein, or for the carrying on at the College in any line of work, teaching or investigation, which the donor, grantor, or testator may designate.

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended on April 10, 2012. This agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose for the Foundation as soliciting, managing, and distributing gifts, grants, and donations given for the benefit of the College, or any student or instructor. The Foundation also serves as custodian and manager of any endowments received from private donors. The College provides support services at no cost to the Foundation. The Foundation is discretely presented in a separate column in the financial statements. Complete financial statements of the Foundation can be obtained from its administrative office at the College at 525 Buena Vista SE, Albuquerque, New Mexico 87106.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2014 and 2013

The following is a discretely presented component unit:

CNM Ingenuity, Incorporated, was organized March 17, 2014 pursuant to the provisions of the Nonprofit Corporation Act 53-83-1 to 53-8-99 NMSA 1978 Compilation as a nonmember, not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code. Ingenuity was organized and at all times hereafter shall be operated exclusively for the benefit and support of, to perform the function of, or to carry out the purposes of the Central New Mexico Community College. The corporation shall be operated, supervised, or controlled by CNM. Ingenuity and CNM entered into a Memorandum of Agreement (“MOA”) dated March 2014 that defines their relationship. The MOA provides that CNM will provide critical resources, financial and administrative, until Ingenuity becomes self-supporting. It also provides that Ingenuity’s activities will be conducted for the benefit of CNM and must be consistent with CNM’s long range plans.

Pursuant to the University Research Park and Economic Development Act Sections 21-28-1 through 21-28-25, New Mexico Statutes annotated, 1978 Compilation, as amended, (the “Research Park Act”), this Corporation is formed for all lawful purposes under the Research Park Act. Ingenuity is discretely presented in a separate column in the financial statements.

(c) *Financial Statement Presentation*

The College, the Foundation and Ingenuity 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.

(d) *Basis of Accounting*

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. The College’s financial statements, including financial information of the Foundation and Ingenuity, have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2014 and 2013

(e) *Management's Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

(f) *Income Taxes*

As a state post-secondary vocational and technical College, the College's income is exempt from federal and state income taxes under Section 115(1) to the extent the income is derived from essential governmental functions.

The Foundation and Ingenuity (pending approval of IRS Form 1023) are tax-exempt organizations under Section 501(c) (3) of the Internal Revenue Code. The Foundation and Ingenuity had no material unrelated business income for the years ended June 30, 2014 and 2013; therefore, no provision for income taxes is included in the financial statements.

(g) *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's bank. Cash resources not used are swept nightly and invested overnight.

Restricted cash, cash equivalents and restricted investments represent amounts that are externally restricted to make debt service payments, bond funds restricted for capital purposes, and cash for loans.

Ingenuity's cash and cash equivalents consists of a checking account and money market account. Money market funds are carried at amortized cost, which approximates fair value.

The State of New Mexico appropriated funds to the College for the Legislative Nursing Endowment. The College's endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to an amount determined prudent of the asset value of the endowment fund. At the beginning of each fiscal year, the College's management determines the potential distribution amount for the endowment fund for the ensuing fiscal year. The College has approximately \$51,280 available for use. The amount is recorded in the statement of net position as restricted-expendable.

(h) *Investments*

Cash resources not needed to meet immediate needs are invested with the New Mexico State Treasurer's Office short-term investment pool, LGIP. Amounts invested with the State Treasurer are readily available to the College when needed and are recorded at cost, which approximates fair value. The College considers cash deposited at the State Treasurer's Office to be investments.

The Foundation's investments consist primarily of money market mutual funds, federal agency obligations, corporate obligations, and marketable securities. Marketable securities are carried at fair value

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Notes to Basic Financial Statements

June 30, 2014 and 2013

based on quoted market prices. Money market funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in investment income in the statements of revenues, expenses, and changes in net position.

(i) Receivables

Receivables consist primarily of amounts due from federal and state governmental entities for grants and contracts, local government entities for unremitted district mill levy collections, and student and third-party payers for student tuition and fees. The allowance for doubtful accounts is maintained at a level, which, in the administration's judgment, is sufficient to provide for possible losses in the collection of these accounts.

(j) Private Gifts, Revenue, and Pledges

The Foundation records pledges receivable as assets and revenue if the pledges are evidenced by unconditional promises to give those items in the future and when all applicable eligibility requirements are met. The Foundation considers an executed charitable gift or endowment agreement or a letter thanking the donor for the pledge as evidence of an unconditional promise. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

Annual contributions are generally available for unrestricted use in the year donated unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as restricted, if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their estimated fair values in the period received.

(k) Inventories

Inventories, which consist of supplies and specialty items held primarily for sale to departments, are stated at the lower of cost (first-in, first-out method) or market.

(l) Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more per Section 12-6-10 NMSA 1978 and an estimated useful life of greater than one year.

Renovations to buildings, infrastructure, and land improvements costing \$100,000 or more and that significantly increase the value or extend the useful life of the structure are capitalized. Software purchased for internal use with a unit cost of \$5,000 or more, is capitalized and depreciated. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, generally 40 years for buildings, 20 years for infrastructure and land improvements, 10 years for library books, and 5 to 12 years for equipment.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2014 and 2013

(m) *Noncurrent Cash and Cash Equivalents*

Cash and cash equivalents that are externally restricted to make debt service payments, are not needed in the next year, and funds to be invested in perpetuity are classified as noncurrent assets in the statement of net position.

(n) *Compensated Absences*

Accumulated annual leave is reported as a liability. Annual leave is provided to full and part-time, noninstructional employees. Up to 30 days annual leave may be accumulated and carried over to a subsequent fiscal year.

(o) *Unearned Revenue*

For government-mandated and voluntary nonexchange transactions, the College, the Foundation and Ingenuity recognize receivables and revenues when all applicable requirements, including time requirements are met. Resources received before the eligibility requirements are met are reported as unearned revenues. Resources received in advance where all eligibility requirements have been met are recorded as revenues when received.

Unearned revenue at June 30, 2014 and 2013 for CNM consists primarily of deferred summer term tuition in the amounts of \$2,466,660 and \$2,577,673 respectively, and \$303,587 and \$130,569, respectively, from grants and contract sponsors that have not yet been earned.

Unearned revenue at June 30, 2014 and 2013 for the CNM Foundation are \$25,480 and \$71,400, respectively.

(p) *Noncurrent Liabilities*

Noncurrent liabilities include principal amounts of bonds payable that will not be paid within the next fiscal year.

(q) *Classification of Net Position*

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of outstanding debt obligations 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 invested in capital assets, net of related debt. At June 30, 2014 and 2013, approximately \$39,615,203 and \$7,432,040 of bond proceeds remain unexpended, respectively.

Restricted net position – expendable – Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. At year-end, the College had \$31,600 in assets allocated by the NM Higher Education Department restricted to use for the Nursing program.

Restricted net position – nonexpendable – Nonexpendable restricted net position consist of endowment funds in which the donors have stipulated, as a condition of the gift instrument, that the principal is to be

STATE OF NEW MEXICO
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Notes to Basic Financial Statements

June 30, 2014 and 2013

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 represent resources derived from student tuition and fees, state appropriations, district mill levies, investment income, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the Governing Board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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.

(r) State Appropriations

For government-mandated and voluntary nonexchange transactions, the College recognizes revenues when all applicable requirements including time requirements are met.

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, pursuant to the General Appropriation Act of 2013.

(s) District Mill Levies

District mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1 and are due in equal semiannual installments on November 10 and April 10 of the next year. Taxes become delinquent 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County treasurers and is remitted to the College. Revenue from the operational mill levy is recorded in the period for which the lien is levied. A separate mill levy for the retirement of debt on the General Obligation 2006 Bond Series, 2009 Bond Series, 2011 Bond Series, 2014A Bond Series and 2014B Bond Series (note 7) is collected and remitted to the College. Following the symmetrical recognition concept of GASB Statement 33 and 36, the College recorded an estimated receivable of \$5,291,557 and \$5,396,079 as of June 30, 2014 and 2013, respectively, based on levied tax information received from the respective county Treasurer's office. Based on historical collections, no allowance for uncollectible accounts has been recorded.

(t) Classification of Revenues

The College has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises; (3) most federal, state, and local grants and contracts; and (4) sale of educational services.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as

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nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, mill levies, and Pell grant and investment income.

Student tuition and fee revenues, and certain other revenues from students, 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 governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, other student charges and expenses, the College has recorded a scholarship allowance.

Contract and grant revenues are recognized when all of the eligibility requirements have been met.

(u) *Classification of Expenses*

Expenses are classified as operating or nonoperating according to the following criteria:

Operating expenses – Operating expenses include activities that have the characteristics of an exchange transaction, such as (1) employee salaries, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expenses related to the College's capital assets.

Nonoperating expenses – Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset-related debt and bond expenses that are defined as nonoperating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

(v) *Impact of Recently Issued Accounting Principles*

Recently Issued and Adopted Accounting Pronouncements

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Statement 65 is effective for periods beginning after December 15, 2012, and earlier application is encouraged. The adoption of GASB 65 resulted in the presentation of the deferred loss on bond refunding to be reported as a deferred outflow of resources for the year ended June 30, 2014.

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GASB Statement 68 – *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The College provides substantially all of its employees with pension benefits through the state’s multiple-employer cost-sharing defined-benefit retirement plan administered by the Educational Retirement Board (ERB). GASB Statement 68 requires cost-sharing employers participating in the ERB program, such as the College, to record their proportionate share, as defined in GASB Statement 68, of ERB’s unfunded pension liability. The College has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by ERB. The requirement of GASB Statement 68 to record a portion of ERB’s unfunded liability will negatively impact the College’s future unrestricted net position. GASB Statement 68 is effective for periods beginning after June 15, 2014, and earlier application is encouraged. At this time, management is unable to estimate the magnitude of this impact. Information regarding ERB’s current funding status can be found in their financial report.

GASB Statement 69 – *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. The College was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the College’s financial statements.

GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will also enhance the information disclosed about a government’s obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. GASB Statement 70 is effective for periods beginning after June 15, 2013, and earlier application is encouraged. At June 30, 2014 there is no impact on amounts reported on the College’s statement of net position and statement of revenues, expenses, and changes in net position as a result of the adoption of GASB Statement 70.

(w) *Reclassifications*

Certain prior year amounts have been reclassified in order to be consistent with current year presentation.

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(2) Deposits and Investments

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and United States Government obligations. Management of the College is not aware of any investments that did not properly follow State investment requirements as of June 30, 2014.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The following is a summary of deposits and investments as of June 30,

College

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 11,525	11,275
Deposits with financial institutions	190,948	167,904
Investments with New Mexico State Treasurer	<u>101,981,786</u>	<u>82,538,554</u>
Total cash and investments	<u>\$ 102,184,259</u>	<u>82,717,733</u>

Ingenuity

	<u>2014</u>	<u>2013</u>
Deposits with financial institutions	\$ 1,220,575	—
Money market with Morgan Stanley	<u>2,750,063</u>	<u>—</u>
Total cash and investments	<u>\$ 3,970,638</u>	<u>—</u>

Foundation

	<u>2014</u>	<u>2013</u>
Deposits with financial institutions	\$ 410,929	517,392
Money market accounts with Merrill Lynch	637,414	457,478
Federal agency obligations	1,045,130	796,174
Corporate obligations	45,302	41,174
Certificates of deposit	—	448,414
Corporate stock	3,622,079	2,907,233
Mutual funds	<u>1,712,962</u>	<u>565,358</u>
Total cash and investments	<u>\$ 7,473,816</u>	<u>5,733,223</u>

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(a) Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a depository institution failure, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

All deposits and investments in commercial banks and savings and loan associations are collateralized as required by Section 6–10–16 to Section 6–10–17 NMSA 1978. All deposits of the College are either insured or collateralized by using the Dedicated Method. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the College’s agent in the College’s name.

At June 30, 2014 and 2013, the College’s deposits had a carrying amount of \$190,948 and \$167,904, respectively, and a bank balance of \$1,281,490 and \$2,337,839, respectively. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2014 and 2013, \$1,031,489 and \$2,087,839, respectively, was collateralized with securities held by the College’s financial institution’s trust department in the College’s name under the Dedicated Method. None of these balances were uninsured and/or uncollateralized at June 30, 2014 and 2013.

At June 30, 2014 and 2013, the Foundation’s deposits had a carrying balance of \$453,643 and \$517,392 respectively and a bank balance of \$421,151 and \$526,183, respectively. Amounts above \$265,000 in the checking account are invested in overnight sweep accounts which are collateralized at 102% of the invested balance. Of the remaining bank balance, \$250,000 was covered by federal depository insurance. Therefore, \$16,736 and \$94,637 was uninsured and uncollateralized at June 30, 2014 and 2013. As of June 30, 2013 the Foundation had deposits of \$448,414 in certificates of deposit all of which was covered by federal depository insurance.

At June 30, 2014, Ingenuity’s bank balance was \$2,220,297 in a checking account, of which \$1,000,000 was a deposit in error by the bank and corrected on July 2, 2014. The checking account is covered by federal depository (FDIC) insurance up to \$250,000. Therefore, \$970,297 of the checking account was uninsured and uncollateralized at June 30, 2014.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the College and/or its component units will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Mutual funds and external investment pools are not exposed to custodial credit risk. The College is not exposed to credit risk and therefore has no policy regarding credit risk.

(b) Investments

The College’s investment policy is set forth by the Governing Board pursuant to Resolution 1998-51. The policy provides investment standards for long-term, short-term, and other types of investments, and collateral requirements in accordance with 6-10-30 NMSA 1978.

The Foundation’s Finance and Investment Committee revised the investment policy in April 2014. The fundamental goal of the policy is to produce the maximum return possible while preserving the

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Foundation's assets. Investments are divided into three main portfolios or pools: (1) Temporarily Restricted, (2) Endowments (Restricted), and (3) Eloy Reyes Title V Memorial Endowment for La Comunidad.

Temporarily Restricted Portfolio investments will consist of money market or other conservative investments with an average maturity of less than three years meeting the following criteria: (1) Certificates of deposit are authorized to the extent of FDIC insurance coverage; (2) portfolio can contain U.S. Treasury bills and notes and U.S. agency securities; (3) the average credit quality of the fixed income portfolio shall be AA or higher as defined by Moody's with an effective maturity of less than 3 years; and (4) no single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations.

Endowment Portfolio investments consist of equity securities, certificates of deposit (to the extent of FDIC insurance coverage), U.S. Treasury bills and notes and U.S. agency securities. Investment managers may purchase fixed income securities issued by U.S. corporations that carry a credit rating characterized as below investment grade Moody's (lower than Baa3) at the time of purchase. The fixed income portion of the portfolio is limited to a 15% allocation to high yield bonds. Investment managers may also purchase fixed income securities issued by non-U.S. sovereign governments or corporations. The fixed income portion of the portfolio is limited to a 10% allocation to non U.S bonds. Up to twenty-five percent of the Portfolio can be invested in foreign issues of debt or equity. No single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. On June 30, 2014, the portfolio consisted of 14.8% of U.S. government obligations.

Ingenuity's financial policy delineates that it utilizes only federally insured local banking institutions. Accounts should be maintained at the same fiscal agent institution that is utilized by CNM. The amount on deposit with any one institution may not in the usual course of business exceed the FDIC insurance limit without Board of Director approval. Funds in excess of the FDIC insurance limit should be maintained in a Board of Director authorized money market account(s).

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information is commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's, and provides a current depiction of potential variable cash flows and credit risk.

The following table provides information on Standard & Poor's credit rating associated with the College's investment securities at June 30, 2014:

	Rating	Fair value
<i>New Mexico</i> LGIP	AAAm	\$ 101,981,786
Total rated securities		\$ 101,981,786

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The following table provides information on the credit ratings associated with the Foundation's investment in debt securities at June 30, 2014:

	<u>Rating</u>	<u>Fair value</u>
Federal obligations		
US Treasury Notes	AAA	\$ 574,008
US Treasury Bonds	AAA	150,782
Federal Home Loan Mtg Corp	AAA	89,752
Federal National Mortgage Association	AAA	230,588
		<u>1,045,130</u>
Corporate obligations		
Corporate bonds	AA+ & AA-	4,452
Corporate bonds	AA	6,371
Corporate bonds	A+	2,262
Corporate bonds	A & A-	23,669
Corporate bonds	BBB+	4,306
Corporate bonds	BBB	4,242
		<u>45,302</u>
 Total rated securities		 \$ <u><u>1,090,432</u></u>

The following table provides information on Standard & Poor's credit rating associated with the College's investment securities at June 30, 2013:

	<u>Rating</u>	<u>Fair value</u>
<i>New Mexico</i> LGIP	AAAm	\$ <u>82,538,554</u>
Total rated securities		\$ <u><u>82,538,554</u></u>

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The following table provides information on the credit ratings associated with the Foundation's investment in debt securities at June 30, 2013:

	<u>Rating</u>	<u>Fair value</u>
Federal obligations		
US Treasury Notes	AAA	\$ 389,351
US Treasury Bonds	AAA	75,824
Federal Home Loan Mtg Corp	AAA	51,695
Federal National Mortgage Association	AAA	279,304
		<u>796,174</u>
Corporate obligations		
Corporate bonds	AA+	2,202
Corporate bonds	AA	4,353
Corporate bonds	A+	4,328
Corporate bonds	A & A-	21,431
Corporate bonds	BBB+	4,265
Corporate bonds	BBB	4,595
		<u>41,174</u>
Total rated securities		<u>\$ 837,348</u>

The College has invested \$101,981,786 at June 30, 2014 and \$82,538,554 at June 30, 2013 in the New Mexico 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 Mexico 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 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The College, the Foundation and Ingenuity do not have formal investment policies that limit investment maturities as a means of managing its exposure to changing interest rates.

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A summary of the investments and respective maturities at June 30, 2014 and 2013 and the exposure to interest rate risk is as follows:

<u>Entity</u>	<u>Investment type</u>	<u>Fair value</u>	<u>2014 - Investment maturities</u>		
			<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>5 years +</u>
College	<i>New Mexico</i> (LGIP)	\$ 101,981,786	101,981,786	—	—
Foundation	Federal agency obligations	1,045,130	2,002	200,882	842,246
Foundation	Corporate obligations	45,302	4,108	22,078	19,116

<u>Entity</u>	<u>Investment type</u>	<u>Fair value</u>	<u>2013 - Investment maturities</u>		
			<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>5 years +</u>
College	<i>New Mexico</i> (LGIP)	\$ 82,538,554	82,538,554	—	—
Foundation	Federal agency obligations	796,174	—	106,018	690,156
Foundation	Corporate obligations	41,174	—	17,126	24,048

The State Treasurer manages its exposure for the *New Mexico* Local Government Investment Pool (LGIP) for declines in fair values by calculation of the weighted average maturity (WAM) of its investment portfolio. At June 30, 2014, the WAM (R) was 48.6 days and WAM (F) was 116.2 days and at June 30, 2013, the WAM (R) was 59 days and WAM (F) was 90 days.

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College, the Foundation's or Ingenuity's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to the concentrated risk. Investments issued by the U.S. government and investments in mutual funds are excluded from this requirement. The Foundation had 14.8% of the portfolio on June 30, 2014 and 15.3% of the investment portfolio on June 30, 2013 in U.S. government obligations, which exceeds the 5% limitation in any single type of security per the Foundation's investment policy statement (IPS). However, under section J of the IPS, U.S. government obligations are excepted from the 5% limit.

(f) Foreign Currency Risk

Foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2014 and 2013, the College, the Foundation and Ingenuity held no investments denominated in foreign currencies, and therefore had no foreign currency risk.

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(3) Receivables

The College's receivables represent revenues earned from student tuitions and fees, loans, advances to students, local tax levy, federal government grants and contracts. All amounts, except for student receivables, are expected to be collected within sixty days after year-end. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables. Also, there is an allowance set up for other miscellaneous receivables that are deemed uncollectible. A schedule of receivables and allowance for uncollectible accounts is as follows at June 30,

	<u>2014</u>	<u>2013</u>
Current asset:		
Accounts receivable students	\$ 6,734,428	5,985,410
Contract and grant receivables	2,691,813	2,013,634
Other receivables	51,083	7,683
Mill levy	2,862,222	2,924,876
Due from Ingenuity	88,107	—
Due from Foundation	66,584	69,239
	<u>12,494,237</u>	<u>11,000,842</u>
Allowance for doubtful accounts	<u>(6,073,124)</u>	<u>(5,159,508)</u>
Net receivables – current	<u>\$ 6,421,113</u>	<u>5,841,334</u>
Mill levy	2,429,335	2,471,203
Notes receivable	126,335	132,229
Noncurrent receivables	<u>\$ 2,555,670</u>	<u>2,603,432</u>

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(4) Capital Assets

Capital assets consist of the following:

	Year ended June 30, 2014			Balance, June 30, 2014
	Balance, June 30, 2013	Additions and transfers	Dispositions and transfers	
Capital assets not being depreciated:				
Land	\$ 27,519,494	—	—	27,519,494
Art	517,026	2,500	215	519,311
Construction in process	1,158,416	7,154,629	5,048,124	3,264,921
Depreciable capital assets:				
Land improvements	11,748,001	219,587	—	11,967,588
Buildings	245,209,601	5,879,250	56,148	251,032,703
Infrastructure	3,927,522	—	—	3,927,522
Furniture, fixtures, and equipment	33,075,629	4,411,165	3,884,626	33,602,168
Library materials	3,271,481	216,027	237,600	3,249,908
	<u>326,427,170</u>	<u>17,883,158</u>	<u>9,226,713</u>	<u>335,083,615</u>
Less accumulated depreciation:				
Land improvements	5,203,459	608,036	—	5,811,495
Buildings	58,199,223	7,451,278	49,358	65,601,143
Infrastructure	1,160,899	295,574	—	1,456,473
Furniture, fixtures, and equipment	21,073,563	3,275,000	3,842,165	20,506,398
Library materials	1,863,712	304,936	237,599	1,931,049
	<u>87,500,856</u>	<u>11,934,824</u>	<u>4,129,122</u>	<u>95,306,558</u>
Net carrying amount	<u>\$ 238,926,314</u>	<u>5,948,334</u>	<u>5,097,591</u>	<u>239,777,057</u>

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	Year ended June 30, 2013			Balance, June 30, 2013
	Balance, June 30, 2012	Additions and transfers	Dispositions and transfers	
Capital assets not being depreciated:				
Land	\$ 27,330,554	188,940	—	27,519,494
Art	513,311	3,715	—	517,026
Construction in process	42,663,198	19,158,966	60,663,748	1,158,416
Depreciable capital assets:				
Land improvements	11,748,001	—	—	11,748,001
Buildings	184,392,417	61,006,124	188,940	245,209,601
Infrastructure	3,927,522	—	—	3,927,522
Furniture, fixtures, and equipment	33,142,553	2,637,010	2,703,934	33,075,629
Library materials	3,250,576	193,159	172,254	3,271,481
	<u>306,968,132</u>	<u>83,187,914</u>	<u>63,728,876</u>	<u>326,427,170</u>
Less accumulated depreciation:				
Land improvements	4,599,084	604,375	—	5,203,459
Buildings	51,810,764	6,388,459	—	58,199,223
Infrastructure	865,325	295,574	—	1,160,899
Furniture, fixtures, and equipment	20,540,926	3,039,105	2,506,468	21,073,563
Library materials	1,730,354	305,611	172,253	1,863,712
	<u>79,546,453</u>	<u>10,633,124</u>	<u>2,678,721</u>	<u>87,500,856</u>
Net carrying amount	<u>\$ 227,421,679</u>	<u>72,554,790</u>	<u>61,050,155</u>	<u>238,926,314</u>

The College capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the years ended June 30, 2014 and 2013, the College capitalized interest expense of approximately \$18,731 and \$290,417 respectively.

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(5) 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 New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability, and life insurance coverage (benefits coverage), and property, casualty, and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the state of New Mexico. The College is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The College pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2014.

(6) Accrued Compensated Absences

The following is a summary of accrued compensated absences for the College for the years ended June 30, 2014 and 2013:

Year ended June 30, 2014					
	Balance, June 30, 2013	Additions	Deductions	Balance, June 30, 2014	Current portion
Accrued compensated absences	\$ 2,036,350	2,342,278	2,152,347	2,226,281	2,226,281

Year ended June 30, 2013					
	Balance, June 30, 2012	Additions	Deductions	Balance, June 30, 2013	Current portion
Accrued compensated absences	\$ 1,704,868	2,341,284	2,009,802	2,036,350	2,036,350

The liability for compensated absences is all current as the balance at year end is less than additions for the year.

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(7) Bonds Payable

The following is a summary of bonds payable transactions for the College for the years ended June 30, 2014 and 2013:

	Year ended June 30, 2014				
	Balance, June 30, 2013	Additions	Deductions	Balance, June 30, 2014	Current portion
Series 2006	\$ 18,325,000	—	16,450,000	1,875,000	1,875,000
Series 2009	12,300,000	—	1,200,000	11,100,000	1,100,000
Series 2011	29,760,000	—	4,360,000	25,400,000	1,000,000
Series 2014A	—	33,200,000	—	33,200,000	3,150,000
Series 2014B	—	13,360,000	—	13,360,000	—
Total bond principal	60,385,000	46,560,000	22,010,000	84,935,000	7,125,000
Bond premium	1,827,765	3,629,567	346,458	5,110,874	780,898
	<u>\$ 62,212,765</u>	<u>50,189,567</u>	<u>22,356,458</u>	<u>90,045,874</u>	<u>7,905,898</u>

	Year ended June 30, 2013				
	Balance, June 30, 2012	Additions	Deductions	Balance, June 30, 2013	Current portion
Series 2006	\$ 20,075,000	—	1,750,000	18,325,000	1,825,000
Series 2009	13,500,000	—	1,200,000	12,300,000	1,200,000
Series 2011	33,360,000	—	3,600,000	29,760,000	4,360,000
Total bond principal	66,935,000	—	6,550,000	60,385,000	7,385,000
Bond premium	1,962,575	—	134,810	1,827,765	147,331
	<u>\$ 68,897,575</u>	<u>—</u>	<u>6,684,810</u>	<u>62,212,765</u>	<u>7,532,331</u>

On September 12, 2006, the College issued \$30,000,000 of General Obligation (Limited Tax Bonds) – Series 2006 (2006 Bonds). The bonds were issued for erecting and furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 7, 2006. The bond funds were used to fund four major capital outlay projects: an instructional facility on the northwest side of the district; a Main Campus Classroom and Technology Building; the Montoya Campus Bookstore and drainage improvements; and Southwest Mesa Land acquisition and Infrastructure development. The Bonds were also used to fund various renewal and replacement projects. The 2006 Bonds bear interest at 5.00% and are payable from revenues generated by a separate district mill levy approved by the College’s district voters on February 7, 2006. The 2006 Bonds mature through August 15, 2021. Bonds maturing on or after August 15, 2015 are

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subject to redemption prior to their maturity at the option of the College after August 15, 2014. On March 17, 2014 the College advance refunded \$14,625,000 of the 2006 bond series leaving a balance of \$1,875,000 which will mature on August 15, 2014. At year-end, the College had spent all of the 2006 Bonds proceeds.

On August 19, 2009, the College issued \$30,000,000 of General Obligation (Limited Tax Bonds) – Series 2009 (2009 Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 7, 2006. The bond funds were used to fund two major capital outlay projects: to build the Rio Rancho Campus and renovate the Jeanette Stromberg Building. The Bonds were also used to fund various renewal and replacement projects. The 2009 Bonds bear interest at rates ranging from 2.50% to 4.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 7, 2006. The 2009 Bonds mature through August 15, 2024. Bonds maturing on or after August 15, 2020 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2019. At year-end, the College had spent all of the 2009 Bonds proceeds.

On October 24, 2011, the College issued \$33,360,000 of General Obligation (Limited Tax Bonds) – Series 2011 (2011 Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 1, 2011. The bond funds are being used to fund three major capital outlay projects: the Jeanette Stromberg Renovation project, L Building Renovation and the construction of the Westside Phase III instructional facility. The Bonds are also being used to fund various other projects. The 2011 Bonds bear interest at rates ranging from 2.50% to 4.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2011 Bonds mature through August 15, 2024. Bonds maturing on or after August 15, 2021 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2022. As of June 30, 2014, the College had spent \$30,064,998 of the 2011 Bond proceeds. The bonds are under the requirements of the federal arbitrage regulations.

On March 17, 2014, the College issued \$33,200,000 of General Obligation (Limited Tax) Bonds – Series 2014A (2014A Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds. The Bonds were authorized at an election held February 1, 2011. The bond funds are being used to fund four major capital outlay projects: Site and Safety Improvements, J Building Renovation, A Building Renovation and the Smith Brasher Hall Renovation. The Bonds are also being used to fund various other projects. The 2014A Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2014A Bonds mature through August 15, 2028. Bonds maturing on or after August 15, 2023 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2022. As of June 30, 2014, the College had spent \$342,244 of the 2014A Bond proceeds. The bonds are under the requirements of the federal arbitrage regulations.

On March 17, 2014, the College issued \$13,360,000 of General Obligation (Limited Tax) Refunding Bonds, Series 2014B (2014B Bonds). The bonds were issued for advance refunding of the College's outstanding General Obligation Bonds, Series 2006. The bond funds are being used to advance refund \$14,625,000 of General Obligation Bond series 2006. The 2014B Bonds bear interest at rates ranging from 3.00% to 5.00%

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and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2014B Bonds mature through August 15, 2021. Bonds maturing on or after August 15, 2021 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2020. As of June 30, 2014, the College had deposited in escrow \$14,925,013 of the 2014B Bond proceeds. The escrow will be used to pay principal and interest on the Series 2006 Bonds on August 15, 2014. Below is the cash flow differential and the deferred loss on the 2014B Bond Series:

Cash Flow Differential

Prior Debt Service 2006 bond series	Advance Refunding Debt 2014B bond series	Cash Flow Savings on refunding
\$ 17,501,600	\$ 16,026,848	\$ 1,474,752

Deferred Gain / (Loss)

2006 Debt service net carrying amount	\$ 14,644,417
Principal amount of 2014B bonds	13,360,000
Original issue premium less issue costs (\$70,585)	<u>1,565,013</u>
Reacquisition price	14,925,013
Deferred (Loss)	<u><u>\$ (280,596)</u></u>

A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The unamortized deferred loss on refunding at June 30, 2014 was \$269,206.

The maximum General Obligating (Limited Tax) debt of the College may not exceed 3% of the assessed valuation of the District or approximately \$496,700,000. The College is currently less than one percent (1%) of assessed valuation.

The annual debt service requirements to maturity, including principal and interest at June 30, 2014 is as follows:

Fiscal year ending June 30	General Obligation Bond Series 2006		
	Principal	Interest	Total debt service
2015	\$ <u>1,875,000</u>	<u>46,875</u>	<u>1,921,875</u>
	<u><u>\$ 1,875,000</u></u>	<u><u>46,875</u></u>	<u><u>1,921,875</u></u>

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<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2009</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2015	\$ 1,100,000	351,125	1,451,125
2016	1,150,000	321,563	1,471,563
2017	1,150,000	288,500	1,438,500
2018	1,150,000	254,000	1,404,000
2019	1,150,000	218,063	1,368,063
2020-2024	4,400,000	637,812	5,037,812
2025-2029	1,000,000	20,000	1,020,000
	<u>\$ 11,100,000</u>	<u>2,091,063</u>	<u>13,191,063</u>

<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2011</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2015	\$ 1,000,000	835,200	1,835,200
2016	1,000,000	810,200	1,810,200
2017	1,000,000	785,200	1,785,200
2018	1,200,000	757,700	1,957,700
2019	1,210,000	727,575	1,937,575
2020-2024	11,720,000	2,824,000	14,544,000
2025-2029	8,270,000	347,875	8,617,875
	<u>\$ 25,400,000</u>	<u>7,087,750</u>	<u>32,487,750</u>

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General Obligation Bond Series 2014A			
Fiscal year ending June 30	Principal	Interest	Total debt service
2015	\$ 3,150,000	1,088,678	4,238,678
2016	3,150,000	1,105,000	4,255,000
2017	3,600,000	985,750	4,585,750
2018	1,450,000	877,500	2,327,500
2019	1,450,000	805,000	2,255,000
2020-2024	7,250,000	2,944,750	10,194,750
2025-2029	13,150,000	1,167,000	14,317,000
	<u>\$ 33,200,000</u>	<u>8,973,678</u>	<u>42,173,678</u>

General Obligation Bond Series 2014B			
Fiscal year ending June 30	Principal	Interest	Total debt service
2015	\$ —	518,923	518,923
2016	1,730,000	543,600	2,273,600
2017	1,715,000	483,350	2,198,350
2018	1,700,000	406,550	2,106,550
2019	1,760,000	320,050	2,080,050
2020-2024	6,455,000	394,375	6,849,375
	<u>\$ 13,360,000</u>	<u>2,666,848</u>	<u>16,026,848</u>

(8) Pension Plan – Educational Retirement Board

Plan Description

Substantially all of the College's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, other employees of state public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

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Funding Policy

Member Contributions

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

Employer Contributions

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

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 fiscal years ending June 30, 2014, 2013, and 2012, were \$9,656,298, \$7,413,614, and \$6,313,392, respectively, which equal the amount of the required contributions for each fiscal year.

403(b)

In addition to the ERA plan, the College sponsored a 403(b) defined savings contribution plan for its employees. The College froze the plan on December 31, 2008. The College did not contribute or match any funds in the 403(b) savings program.

457(b)

In March 2002, the Central New Mexico Community College Governing Board adopted the State of New Mexico's Deferred Compensation Plan. The 457 Deferred Compensation plan was implemented in Fall 2003 and provides a voluntary retirement savings option for all employees with the exception of work-study student employees. Under the plan in calendar year 2014, employees may voluntarily contribute up to a maximum of \$17,500 if under age 50, and up to a maximum of \$23,000 if the employee is 50 or older. The College does not contribute or match any funds in the 457(b) savings program. The total amount of employee contributions for the fiscal years 2014 and 2013 was approximately \$536,623 and \$495,106, respectively.

(9) Post-Employment Benefits – State Retiree Health Care Plan

Plan Description

The College contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

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The College's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$1,463,900, \$1,349,720 and \$1,210,856, respectively, which equal the required contributions for each year.

(10) Commitments and Contingencies

The various federal and state grants and programs included in the current restricted fund are subject to audit by various governmental agencies. These audits may result in disallowance of claimed reimbursable expenditures under rules and regulations of the various grants and programs. Management believes disallowances, if any, will not be material to the financial statements.

The College is party to various legal proceedings in the normal course of business. In management's opinion, after consultation with outside legal counsel, the disposition of these matters will not materially affect the financial position of the College.

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, management of the College, Foundation and Ingenuity deem the contingency remote, since by accepting the gifts and the terms, it has accommodated the objectives of the organization to the provisions of the gift.

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At June 30, 2014, the College has \$16,240,057 of outstanding capital commitments to contractors and architects related to the following projects:

A Building Courtyard	\$ 841,284
A Building MCO Lobby Renovations	2,088
ATC Roof	15,427
E Building Collaborative Workspace	22,243
Emergency Broadcast & Display	7,613
eXtender/Image project	23,440
H Building Renovation	9,939
JS Building Renovation	99,172
KC Faculty Office Renovation	1,040,659
L Building Renovation	12,035,699
Main Bookstore in APS Data center	49,309
Main Campus Technology Loop	207,559
Mobile Communications Plan	231,367
Nine Building Fire Alarm Upgrades	565,372
Parking System	1,558
Pharmacy Tech WSII Sterile Prep Room	56,960
S Building Renovation	47,457
Site & Safety Improvments	325,722
SSC Building Renovation	77,879
SSC Food Court Enclosure	17,820
Theater Black Box	156,197
TC138 HVAC Upgrade	5,992
Wireless Network Upgrade	26,168
WS Phase III	73,005
WS Stone Replacement Project	93,591
WS Temp Traffic Solution	206,537
	<u>\$ 16,240,057</u>

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(11) Leases

In fiscal year 2010, the College purchased the Alameda property; a private company leases a majority of one building, which is recorded at \$5.6 million with accumulated depreciation of approximately \$636,155 at June 30, 2014. The term of the original lease was from January 2010 to September 30, 2014. The lease was amended with a term of May 2012 through April 2020. The future minimum receipts, assuming a 1.5% CPI, are as follows:

2015		\$ 690,461
2016		700,818
2017		711,331
2018		722,001
2019		732,831
2020		<u>618,307</u>
		<u>\$ 4,175,749</u>

(12) Endowments (Foundation)

On July 1, 2009 the Uniform Prudent Management of Institutional Funds Act became effective in New Mexico. If a donor has not provided specific instructions, state law permits the Board of Directors to authorize for expenditure the interest, dividends and net appreciation (realized and unrealized) of the investments of endowment funds.

The endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 5% of the average of the last five fiscal years' asset value of the endowment fund. The asset value is defined as principal and all accumulated income, whether realized or unrealized. At the beginning of each fiscal year, the Foundation's Board of Directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. At June 30, 2014 the net appreciation of \$1,099,503 was available to be spent. The total amount is restricted to specific purposes.

As of June 30, 2014, the value of the Foundation's endowment portfolio was \$6,341,217, and the permanent endowment contributions were \$5,294,999.

(13) Related Party Transactions

CNM Ingenuity Inc.

On March 17, 2014 CNM Ingenuity, Incorporated was created as a separate corporate entity established in accordance with the University Research Park and Economic Development Act for the purposes set forth in that act in relation to the College, supporting the education, research and service mission of the College. In order for Ingenuity to become self-supporting the College provided critical resources both financial and administrative uses. In fiscal year 2014, CNM contributed \$4 million in startup funding for CNM Ingenuity. This is reported in the statement of revenues, expenses, and changes in net position as other nonoperating expenses in the College's financial statements.

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The Foundation, Inc.

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended on April 10, 2012. The agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose for the Foundation as soliciting, managing, and distributing private gifts and donations given for the benefit of the College. The Foundation also agreed to be the custodian and manager of any endowments received from private donors or other affiliated organizations. The College agreed to provide staff support, office and meeting space, related physical support services, and other services at no cost to the Foundation. The estimated value of these services is not recorded in the accompanying financial statements.

(14) Budgets and Budgetary Accounting

Operating budgets for the College are submitted for approval to the Board of Directors, the New Mexico Higher Education Department (HED) and the State Budget Division of the Department of Finance and Administration (DFA). Similarly, separate legislative budget requests are submitted to the Board of Directors, HED and DFA for inclusion in the State of New Mexico Executive Budget for consideration of appropriations by the state legislature. The budgets are prepared on the fund accounting principles which were applicable prior to GASB Statements No. 34, 35, 37 and 38 (Budgetary Basis). By contrast, the College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP Basis).

Budget revision requests, other than transfers among line items within a category, are subject to joint approval by the HED and DFA.

Procedures for Approval of Operating Budgets:

1. Each institution will submit a governing board approved operating budget to the HED staff by May 1st.
2. The HED meets about the middle of June and acts on the proposed fiscal year operating budgets submitted for review and recommendation.
3. The budgets as approved by the HED are transmitted to the Budget Division of DFA for official and final approval prior to July.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
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Schedule of Budgetary Comparisons - Budgetary Basis
Unrestricted and Restricted – All Operations
Year ended June 30, 2014

	Original budget	Final budget	Actuals (budgetary basis)	Final Budget vs Actuals favorable (unfavorable)
Unrestricted and Restricted Beginning				
Net Position	\$ 39,786,431	62,546,712	62,546,712	
Unrestricted and restricted revenues:				
Tuition	20,895,340	19,384,340	19,057,428	(326,912)
Miscellaneous fees	3,642,000	3,542,329	3,549,805	7,476
State government appropriations	51,971,700	51,971,700	51,971,700	—
Local government appropriations	47,486,112	48,179,828	48,602,581	422,753
Federal government contracts/grants	50,592,879	49,511,205	36,612,359	(12,898,846)
State government contracts/grants	7,460,790	6,741,307	6,915,868	174,561
Local government contracts/grants	—	—	8,000	8,000
Private contracts/grants	2,232,963	1,986,766	957,465	(1,029,301)
Endowments	30,000	30,000	20,705	(9,295)
Sales and services	5,065,347	4,710,656	4,522,279	(188,377)
Other	2,872,382	2,769,979	2,384,251	(385,728)
Capital outlay	40,725,000	22,120,000	3,386,505	(18,733,495)
Building renewal and replacement	2,383,188	2,305,828	2,174,768	(131,060)
Retirement of indebtedness	9,550,000	9,550,000	9,284,872	(265,128)
Total unrestricted and restricted revenues	<u>244,907,701</u>	<u>222,803,938</u>	<u>189,448,586</u>	<u>(33,355,352)</u>
Unrestricted and restricted expenditures:				
Instruction	63,895,000	63,497,630	63,033,433	464,197
Academic support	14,019,825	15,721,667	15,356,973	364,694
Student services	20,402,847	21,615,477	20,661,368	954,109
Institutional support	20,252,819	20,855,791	19,687,232	1,168,559
Operation and maintenance of plant	14,436,137	17,141,026	16,926,785	214,241
Student social and cultural activities	203,352	203,352	96,293	107,059
Public services	1,789,519	1,081,775	748,706	333,069
Internal services	317,560	128,419	75,109	53,310
Student aid grants and stipends	52,804,395	52,921,695	40,316,426	12,605,269
Auxiliary enterprise	3,358,182	3,339,107	2,284,816	1,054,291
Capital outlay	39,700,000	23,200,000	5,427,091	17,772,909
Building renewal and replacement	9,636,304	9,636,304	9,220,812	415,492
Retirement of indebtedness	10,302,000	11,800,000	10,769,055	1,030,945
Total unrestricted and restricted expenditures	<u>251,117,940</u>	<u>241,142,243</u>	<u>204,604,099</u>	<u>36,538,144</u>
Transfers to (from):				
Instruction and general	(5,257,860)	(5,043,796)	(5,043,796)	—
Student social and cultural	(3,600)	(3,600)	(3,600)	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	2,517,671	2,353,607	2,353,607	—
Auxiliary enterprise	(732,095)	(782,095)	(782,095)	—
Capital outlay	671,101	671,101	671,101	—
Building renewal and replacement	2,804,783	2,804,783	2,804,783	—
Net transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position (budgetary basis)	<u>(6,210,239)</u>	<u>(18,338,305)</u>	<u>(15,155,513)</u>	<u>\$ 3,182,792</u>
Ending net position	<u>\$ 33,576,192</u>	<u>44,208,407</u>	<u>47,391,199</u>	

See accompanying independent auditor's report

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Schedule of Budgetary Comparisons - Budgetary Basis

Unrestricted – Non Instruction & General

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Final Budget vs Actuals favorable (unfavorable)</u>
Beginning balance budgeted	\$ 23,691,259	38,502,205	38,502,205	
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	185,000	150,000	132,618	(17,382)
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	—	—	—	—
State government contracts/grants	—	—	—	—
Local government contracts/grants	—	—	—	—
Private contracts/grants	26,660	10,000	7,500	(2,500)
Endowments	—	—	—	—
Sales and services	3,722,000	3,630,500	3,436,951	(193,549)
Other	100,000	90,000	94,881	4,881
Capital outlay	40,725,000	22,120,000	3,386,505	(18,733,495)
Building renewal and replacement	2,383,188	2,305,828	2,174,768	(131,060)
Retirement of indebtedness	9,550,000	9,550,000	9,284,872	(265,128)
Total revenues	<u>56,691,848</u>	<u>37,856,328</u>	<u>18,518,095</u>	<u>(19,338,233)</u>
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	203,352	203,352	96,293	107,059
Public services	110,000	130,000	76,981	53,019
Internal services	200,000	50,000	20,797	29,203
Student aid grants and stipends	2,544,331	2,569,709	2,442,725	126,984
Auxiliary enterprise	3,301,095	3,295,368	2,254,424	1,040,944
Capital outlay	39,700,000	23,200,000	5,427,091	17,772,909
Building renewal and replacement	9,636,304	9,636,304	9,220,812	415,492
Retirement of indebtedness	10,302,000	11,800,000	10,769,055	1,030,945
Total expenditures	<u>65,997,082</u>	<u>50,884,733</u>	<u>30,308,178</u>	<u>20,576,555</u>
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	(3,600)	(3,600)	(3,600)	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	2,517,671	2,353,607	2,353,607	—
Auxiliary enterprise	(732,095)	(782,095)	(782,095)	—
Capital outlay	671,101	671,101	671,101	—
Building renewal and replacement	2,804,783	2,804,783	2,804,783	—
Total transfers	<u>5,257,860</u>	<u>5,043,796</u>	<u>5,043,796</u>	<u>—</u>
Change in net position (budgetary basis)	(4,047,374)	(7,984,609)	(6,746,287)	\$ <u>1,238,322</u>
Net position (budgetary basis)	\$ <u>19,643,885</u>	<u>30,517,596</u>	<u>31,755,918</u>	

See accompanying independent auditor's report

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Budgetary Comparisons - Budgetary Basis

Restricted – Non Instruction & General

Year ended June 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Final Budget vs Actuals favorable (unfavorable)</u>
Beginning balance budgeted	\$ —	—	—	—
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	—	—	—	—
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	46,513,087	45,786,328	33,527,178	(12,259,150)
State government contracts/grants	4,737,664	4,789,427	4,669,412	(120,015)
Local government contracts/grants	—	—	—	—
Private contracts/grants	321,550	457,479	411,994	(45,485)
Endowments	—	—	—	—
Sales and services	72,847	63,656	15,124	(48,532)
Other	469,082	329,029	6,422	(322,607)
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	<u>52,114,230</u>	<u>51,425,919</u>	<u>38,630,130</u>	<u>(12,795,789)</u>
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	—	—	—	—
Public services	1,679,519	951,775	671,725	280,050
Internal services	117,560	78,419	54,312	24,107
Student aid grants and stipends	50,260,064	50,351,986	37,873,701	12,478,285
Auxiliary enterprise	57,087	43,739	30,392	13,347
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total expenditures	<u>52,114,230</u>	<u>51,425,919</u>	<u>38,630,130</u>	<u>12,795,789</u>
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position (budgetary basis)	—	—	—	\$ <u>—</u>
Net position (budgetary basis)	\$ <u>—</u>	<u>—</u>	<u>—</u>	

See accompanying independent auditor's report

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Schedule of Budgetary Comparisons - Budgetary Basis
Reconciliation of Budgetary Basis to Financial Statement Basis
Year ended June 30, 2014

Total unrestricted and restricted revenues:	
Budgetary basis	<u>\$ 189,448,556</u>
Reconciling items:	
Scholarship allowance (not in budgetary basis)	(12,470,425)
Bond proceeds (amount not in financial)	(2,576,321)
Other	<u>(209,560)</u>
Total reconciling items	<u>(15,256,306)</u>
Total reconciled unrestricted and unrestricted revenues per Budgetary Basis	<u><u>\$ 174,192,250</u></u>
Basic Financial Statements	
Operating revenues	\$ 29,330,320
Nonoperating revenues	144,861,930
Total unrestricted and restricted revenues per financial statement	<u><u>\$ 174,192,250</u></u>
Difference	<u><u>\$ -</u></u>
Total unrestricted and restricted expenditures	
Budgetary basis	<u>\$ 204,604,099</u>
Reconciling items:	
Bond principal payments (not in financial statements)	(8,650,000)
Scholarship allowance (not in budgetary basis)	(12,470,425)
Capitalized expenditures (amount not in financial statement)	(12,607,880)
Depreciation expense (not in budgetary basis)	11,934,824
Other	<u>(341,380)</u>
total reconciling items	<u>(22,134,861)</u>
Total reconciled unrestricted and unrestricted expenditures per Budgetary Basis	<u><u>\$ 182,469,238</u></u>
Basic Financial Statements	
Operating expenses	\$ 176,557,549
Nonoperating expenses	5,911,689
Total unrestricted and restricted expenditures per financial statement	<u><u>\$ 182,469,238</u></u>
Difference	<u><u>\$ -</u></u>

See accompanying independent auditor's report

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Notes to Schedule of Budgetary Comparisons -Budgetary Basis
Year ended June 30, 2014

Note to Budgetary Comparisons

The purpose of the Budget Comparison is to reconcile the change in net position as reported on a budgetary basis to the change in net position as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

Annual budgets are adopted for the current funds, unexpended plant fund, renewals and replacement plant fund, and retirement of indebtedness plant fund. The budget is prepared by management and approved by the Governing Board. The budget is then submitted to and approved by the NMHED and the State Budget Division of the Department of Finance and Administration. All annual appropriations lapse at year-end. Changes from one functional level to another require the approval of the NMHED. Amendments are adopted in a legally prescribed manner.

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 the items of budgetary control. 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. 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.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Pledged Collateral

June 30, 2014

THE COLLEGE:

Wells Fargo Bank checking accounts	\$	1,281,290	
FDIC Insurance		(250,000)	
Uninsured public funds		\$ 1,031,290	
50% collateral requirement of	\$	70,371	\$ 35,186
102% sweep collateral requirement of	\$	960,919	980,137
Total collateral requirements			\$ 1,015,322

	CUSIP	Rate	Maturity	
Collateral (at fair value):				
FN AR8590	3138W6RL2	3.50%	6/1/2043	279,933
FN MA1688	31418A2W7	3.50%	12/1/2033	864,849
GN-I1 MA1448	36179NTD0	3.50%	11/1/2043	980,138
Total collateral				2,124,920
Over collateral requirement				\$ 1,109,598

Wells Fargo Banks has pledged the above collateral which is being held in safekeeping by The Bank of New York Mellon (BNYM).

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Individual Deposit and Investment Accounts
June 30, 2014

The College:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Cash on Hand	Petty cash fund	Cash	\$ -	11,525	11,525
Wells Fargo Bank	Student federal fund	Checking	187,880	(183,564)	4,316
	Operational account	Checking	967,849	(730,252)	237,597
	Stafford loans	Checking	95,164	(106,636)	(11,472)
	Perkins Loans	Checking	30,397	80	30,477
	Payroll	Checking	-	(47,257)	(47,257)
	Student refund	Checking	-	(22,713)	(22,713)
Bank of America	Direct Deposit	Checking	200	(200)	-
Total cash			1,281,490	(1,079,017)	202,473
State of New Mexico Office of the Treasurer	Current fund	Investment	25,013,711	-	25,013,711
	Renewal and replacement	Investment	13,351,661	-	13,351,661
	Retirement of indebtedness	Investment	8,415,904	-	8,415,904
	Plant	Investment	53,569,230	-	53,569,230
	Endowment	Investment	1,631,280	-	1,631,280
Total investments			101,981,786	-	101,981,786
Total deposits and investments - College			\$ 103,263,276	(1,079,017)	102,184,259

The Foundation:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Wells Fargo	Operational account	Checking	\$ 266,075	144,193	410,268
	Operational account	Savings	661	-	661
Merrill Lynch	Temp restricted	Money Market	419,966	-	419,966
	Endow core portfolio	Money Market	209,115	-	209,115
	Eloy Reyes	Money Market	8,333	-	8,333
Total cash			904,150	144,193	1,048,343
Merrill Lynch	Endow core portfolio	U.S.Gov't Obligations	991,111	-	991,111
	Endow core portfolio	Corporate Stock	3,386,633	-	3,386,633
	Endow core portfolio	Mutual funds	1,712,962	-	1,712,962
	Eloy Reyes	U.S.Gov't Obligations	54,019	-	54,019
	Eloy Reyes	Corporate obligations	45,302	-	45,302
	Eloy Reyes	Mutual funds	235,446	-	235,446
Total investments			6,425,473	-	6,425,473
Total deposits and investments - Foundation			\$ 7,329,623	\$ 144,193	\$ 7,473,816

Ingenuity:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Wells Fargo	Operational account	Checking	\$ 2,220,297	(999,722)	1,220,575
Morgan Stanley		Money Market	2,750,063	-	2,750,063
Total cash - Ingenuity			\$ 4,970,360	\$ (999,722)	\$ 3,970,638

See accompanying independent auditor's report.

SINGLE AUDIT AND OTHER INFORMATION



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*

Independent Auditor's Report

The Governing Board
Central New Mexico Community College
and
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units, of the State of New Mexico Central New Mexico Community College (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 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*.

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weiner, Cherre & Company, P.C.

Albuquerque, New Mexico
November 6, 2014



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

The Governing Board
Central New Mexico Community College
and
Mr. Hector H. Balderas, New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Central New Mexico Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal 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 each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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.

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

Weiner, Cherro & Company, P.C.

Albuquerque, New Mexico
November 6, 2014

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Expenditures of Federal Awards

For the Period July 1, 2013 through June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures
U.S. Department of Education:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grant 2013-2014	84.007	P007A132635	\$ 493,378
Federal Supplemental Educational Opportunity Grant 2012-2013	84.007	P007A122635	(4,238)
Federal Work Study	84.033	P033A132635	449,586
Federal Pell Grant 2013-2014	84.063	P063P132545	32,899,128
Federal Pell Grant 2012-2013	84.063	P033A122635	(84,246)
			33,753,608
U.S. Department of Education:			
TRIO Student Support Services Grant	84.042A	P042A101121-13	232,581
U.S. Department of Education Pass-through from New Mexico Department of Education:			
Perkins-Vocational Expansion 2013-2014	84.048	V048A130031-12A	877,672
Perkins-Vocational Expansion 2013 Redistribution	84.048	V048A110031A	99,576
			977,248
Adult Basic Education	84.002	019888	377,550
U.S. Department of Education Pass-through from Office of Special Education and Rehabilitative Services			
Division of Vocational Rehabilitation DELTA	84.126	1888	5,110
U.S. Department of Education Pass-through from The University of New Mexico			
HSI STEM Cooperative: STEM Up	84.031C	P031C110106	448,061
U.S. Department of Education Pass-through from New Mexico Higher Education Department			
College Access Challenge Grant Program	84.378A	P378A120052	219,122
National Science Foundation Pass-through University of New Mexico			
Southwest Center for Microsystems Education	47.076	DUE-1205138	19,864
Small Business Administration Pass-through from New Mexico Small Business Development Center			
Small Business Development Center-SV	59.037	9-7620-0032-11	21,689
Small Business Development Center-Yale	59.037	6-7620-0032-11	21,689
			43,378
Corporation for National and Community Service			
AmeriCorps	94.013	44-0103-0-1-506	129,500
U.S. Department of Health and Human Services			
Cancer Early Detection	93.283	09-BCC-0200-0526	1,064
U.S. Department of Health and Human Services Pass-through University of New Mexico			
Academic Science Education & Research Training	93.859	5K12GM088021-05	9,573

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Expenditures of Federal Awards

For the Period July 1, 2013 through June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures
U.S. Department of Agriculture			
N.M. Energy, Minerals and Natural Resources Department	10.664	13-DG-11031600-070	11,680
Fit for Life	10.223	2009-38422-19871	88,839
			<u>100,519</u>
U.S. Department of Labor Pass Through from Santa Fe Community College			
Trade Adj. Asst. Community College & Career Training	17.282	TC-22550-11-60-A-35	137,952
U.S. Department of Energy Pass Through from Houston Community College			
Solar Instructor Training Network Grant	81.087	DE-EE0005680	2,537
National Institute Standards Board Pass Through from NM Manufacturing Extension Partnership			
NM Manufacturing Extension Partnership	11.611	70NANB10H205	13,800
National Endowment for the Humanities Pass Through from American Library Association			
Muslim Journeys	45.154	MU-50003-12	2,735
National Security Agency			
STARTALK	12.900	H98230-13-1-0018	22,585
Total federal expenditures			\$ <u><u>36,496,787</u></u>

Note A:

During the year through 6/30/14, various lenders made loans to students under the Guaranteed Student Loan Program (which includes Stafford, Direct and Perkins Loans):

	<u>CFDA Number</u>	<u>Disbursements</u>
Federal Direct Loan Program	84.268	\$ <u><u>20,078,616</u></u>
Federal Family Education Loan Program (Stafford)	84.032	\$ <u><u>(12,698)</u></u>
Perkins Loan Program	84.038	\$ <u><u>17,000</u></u>

Note B:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Institute and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Note C:

Of the federal expenditures in the Schedule of Expenditures of Federal Awards, the College did not provide any federal award to sub recipients.

Note D:

The Schedule of Expenditures of Federal Awards includes negative expenditures. These amounts represent funds returned for program years outside of the current program year.

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Findings and Questioned Costs

Section A - Summary of Auditor's Results

Financial Statements

<u>Type of auditors' report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal</u>
84.007, 84.033, 84.063, 84.268, 84.038 84.378A	Student Financial Assistance - Cluster College Access Challenge Grant Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Schedule of Findings and Questioned Costs

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Other Matters as required by New Mexico State Statute 12-6-5, NMSA 1978

None.

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Status of Prior Year Audit Findings

Status of Prior Year Audit Findings		Current Status
13-1	(Other) Financial Aid Overaward	Resolved
12-2	Human Resources (HR)	Resolved

**STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Exit Conference

An exit conference was held in a closed session on November 6, 2014, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing the Governing Board of Central New Mexico Community College

Blair Kaufman	Audit Committee Chair
Debbi Moore (telephonically)	Governing Board Member
Bob Matteucci, Jr.	Governing Board Member

Representing Central New Mexico Community College

Katherine Ulibarri	Vice President of Finance and Operations / Acting President
Sydney Gunthorpe	Vice President of Academic Affairs
Phillip Bustos	Vice President of Student Services
Loretta Montoya	Comptroller
Wencui Yang	Senior Accounting Director
Allen Leatherwood	Director of Internal Audit
Mark Lovato	Senior Staff Auditor

Representing Central New Mexico Community College Foundation

Katherine Ulibarri	Foundation Board Treasurer
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Representing CNM Ingenuity, Inc.

Katherine Ulibarri	CNM Ingenuity, Inc. Board Member
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Representing Weiner, Cherne & Company, P.C.

Amy C. Cherne	Principal
Jeremy S. Hamlin	Manager