

**NEW MEXICO JUNIOR COLLEGE**

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FINANCIAL STATEMENTS  
With  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
Year Ended June 30, 2010

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**NEW MEXICO JUNIOR COLLEGE**  
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**OFFICIAL ROSTER**

**JUNE 30, 2010**

**BOARD MEMBERS**

| <b>Name</b>        | <b>Title</b> |
|--------------------|--------------|
| Larry Hanna        | Chairman     |
| Patricia Chappelle | Secretary    |
| Ron Black          | Member       |
| Mary Lou Vinson    | Member       |
| Phillip Jones      | Member       |
| Yvonne Williams    | Member       |
| Guy Kesner         | Member       |

**PRINCIPAL ADMINISTRATIVE OFFICIALS**

|                    |  |
|--------------------|--|
| Dr. Steve McCleery | President                                |
| Dan Hardin         | Vice-President for Finance               |
| Dr. John Gratton   | Vice-President for Instruction           |
| Dr. Regina Organ   | Vice-President for Student Services      |
| Robert Rhodes      | Vice-President for Training and Outreach |

## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
Board of Directors  
New Mexico Junior College  
Hobbs, New Mexico

We have audited the accompanying basic financial statements of New Mexico Junior College (the College) and its discretely presented component unit, as of and for the year ended June 30, 2010, as listed in the table of contents. We have also audited the budget comparison schedules presented as supplemental information for the year ended June 30, 2010. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College and its discretely presented component unit as of June 30, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparison schedules referred to above present fairly, in all material respects, the respective budgetary comparison for the College as of June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2010 on our consideration of the New Mexico Junior 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the College and its discretely presented component unit. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The supplemental data presented in schedules I through schedule III is presented for additional purposes and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

As discussed in Note 17 to the financial statements, the 2010 financial statements have been restated to reflect reclassifications in the budgetary comparisons. The previously issued auditor's report issued on November 9, 2010 cannot be relied upon due to the restatement, and is replaced by this report.

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Carlsbad, New Mexico

November 9, 2010 (except for Note 17 and Statements A-1 to A-5, which are dated February 10, 2011)

**Overview of the Financial Statements and Financial Analysis**

For financial reporting purposes, New Mexico Junior College (College) is considered a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the College's financial statements 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.

This report consists of Management's Discussion and Analysis (this part), the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements provide both long-term and short-term financial information for the College. Included in the reports and discussion is the New Mexico Junior College Foundation as a component unit for fiscal year 2010.

The discussion and analysis of the College's financial statements provides an overview of its financial activities as of and for the year ended June 30, 2010. This discussion gives a comparative analysis of business-type activity from fiscal year 2009 to fiscal year 2010.

**Financial Highlights**

- The College's assets exceeded its liabilities at the close of the June 30, 2010 fiscal year by \$73,613,487. Of this amount, \$17,835,171 is unrestricted and may be used for the College's ongoing operations.
- The College's financial position improved in 2009/2010 as compared to prior years. Net assets increased during the year by \$9,939,274 over the previous year. The increase resulted primarily from unbudgeted revenue from local mill levy, and completion of a major construction project.
- The College's investments reflect \$9,589,592 at June 30, 2010, all of which are with the Local Government Investment Pool.

**The Statement of Net Assets and Statement of Revenue, Expenses, and Changes in Net Assets**

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets report the College's net assets and how they have changed. Net Assets—the difference between assets and liabilities—is one way to measure the College's financial health, or position. Over time, increases or decreases in the College's net assets are an indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment and the condition of campus facilities. These statements include all assets and liabilities 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 assets as of June 30, 2010, and includes the comparison to the prior year.

**NEW MEXICO JUNIOR COLLEGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Net Assets**

|   | <u>June 30, 2009</u> | <u>June 30, 2010</u> | <u>June 30, 2010<br/>Component Unit</u> |
|---|----------------------|----------------------|---|
| <b>Assets:</b>  |                      |                      |   |
| Current assets  | \$ 19,829,715        | \$ 20,281,204        | \$ 539,836                              |
| Capital assets  | 50,020,839           | 59,366,390           | -                                       |
| <b>Noncurrent assets-</b>                             |                      |                      |   |
| Investments   | -                    | -                    | 4,129,815                               |
| Restricted cash                                       | 485,471              | 501,425              | -                                       |
| <b>Total assets</b>                                   | <u>\$ 70,336,025</u> | <u>\$ 80,149,019</u> | <u>\$ 4,669,651</u>                     |
| <b>Liabilities:</b>                                   |                      |                      |   |
| Current liabilities                                   | \$ 2,499,328         | \$ 2,926,356         | \$ 1,329                                |
| Non-current liabilities                               | 4,162,484            | 3,609,176            | -                                       |
| <b>Total liabilities</b>                              | <u>6,661,812</u>     | <u>6,535,532</u>     | <u>1,329</u>                            |
| <b>Net Assets:</b>                                    |                      |                      |   |
| Invested in capital assets,<br>net of related of debt | 45,900,920           | 55,778,316           | -                                       |
| <b>Restricted:</b>                                    |                      |                      |   |
| Nonexpendable endowments                              | -                    | -                    | 4,131,972                               |
| Expendable grants,<br>bequests and contributions      | -                    | -                    | 460,948                                 |
| Unrestricted net assets                               | 17,773,293           | 17,835,171           | 75,402                                  |
| <b>Total net assets</b>                               | <u>\$ 63,674,213</u> | <u>\$ 73,613,487</u> | <u>\$ 4,668,322</u>                     |

**Analysis of Net Assets**

As noted earlier, net assets may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities by \$63,674,213 at the close of June 30, 2009, as compared to the \$73,613,487 as of June 30, 2010. As of June 30, 2010 the Net Assets consists of 76% Capital Assets (e.g. land, buildings, and equipment), net of related debt of \$55,778,316. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Capital Assets increased in the 2010 fiscal year by \$9,345,551, net of depreciation expense of \$1,338,557. Net Assets also consist of 24% unrestricted Net Assets, or \$17,835,171, which is available to be used for the College's ongoing operation. The Statement of Net Assets indicates a large growth in capital assets. Increases are due to the completion of a large construction project and another project in process as well as renewal and replacement projects.



**NEW MEXICO JUNIOR COLLEGE****MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table summarizes the College's revenues, expenses, and changes in net assets for the year ending June 30, 2010 and includes a comparison to the year ended June 30, 2009.

**Revenues, Expenses and Changes in Net Assets**

|                                     | <u>June 30, 2009</u> | <u>June 30, 2010</u> | <u>June 30, 2010<br/>Component Unit</u> |
|-------------------------------------|----------------------|----------------------|---|
| Operating revenues                  | \$ 12,600,680        | \$ 14,018,474        | \$ 273,640                              |
| Operating expenses                  | <u>31,374,215</u>    | <u>32,942,492</u>    | <u>91,693</u>                           |
| Operating (loss) income             | (18,773,535)         | (18,924,018)         | 181,947                                 |
| <br>                                |                      |                      |   |
| Non-operating revenues and expenses | <u>24,283,345</u>    | <u>23,825,488</u>    | <u>297,398</u>                          |
| Income before other expenses        | 5,509,810            | 4,901,470            | 479,345                                 |
| <br>                                |                      |                      |   |
| Capital appropriations              | <u>230,824</u>       | <u>5,037,804</u>     | -                                       |
| Increase in net assets              | <u>\$ 5,740,634</u>  | <u>\$ 9,939,274</u>  | <u>\$ 479,345</u>                       |

**Analysis of Changes in Net Assets**

The College's net assets increased by \$9,939,274 during the 2010 fiscal year as compared to an increase of \$5,740,634 for the 2009 fiscal year. Operating revenues were \$14,018,474 in 2010, which is an increase of \$1,417,794 from fiscal year 2009. Operating expenses were \$32,942,492 in fiscal year 2010, which is an increase of \$1,568,277 from fiscal year 2009.

**Operating Revenues**

The following table summarizes the College's operating revenues of \$14,018,474 for the fiscal year ended June 30, 2010, as compared to the operating revenues of \$12,600,680 in 2009. There was some decrease in gross tuition and fees. There is an increase in Federal grants mainly in Title V as that grant is coming to an end, but there is a decrease in State Grants and Private Grants. Auxiliary enterprises and other revenue experienced a small decrease.

**NEW MEXICO JUNIOR COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Operating Revenues**

|                                      | <u>June 30, 2009</u>        | <u>June 30, 2010</u>        | <u>June 30, 2010<br/>Component Unit</u> |
|--------------------------------------|-----------------------------|-----------------------------|---|
| Student tuition and fees, net        | \$ 3,261,437                | \$ 3,057,337                | \$ -                                    |
| Federal grants and contracts         | 4,636,053                   | 7,022,351                   | -                                       |
| State and other grants and contracts | 423,496                     | 294,395                     | -                                       |
| Auxiliary enterprises                | 4,279,694                   | 3,644,391                   | -                                       |
| Gifts, bequests and endowments       | -                           | -                           | 209,876                                 |
| Royalties                            | -                           | -                           | 63,764                                  |
|                                      | <u>                    </u> | <u>                    </u> | <u>                    </u>             |
| Total operating revenues             | <u>\$ 12,600,680</u>        | <u>\$ 14,018,474</u>        | <u>\$ 273,640</u>                       |

**Operating Expenses**

The following table summarizes the College's operating expenses of \$32,942,492 for the fiscal year ended June 30, 2010, as compared to the operating expenses of \$31,374,215 in 2009. The increase in operating expenses is attributed to the increase in student enrollment and facility operation costs. Component Unit expenses for the year were \$91,693.

**Operating Expenses**

|                            | <u>June 30, 2009</u>        | <u>June 30, 2010</u>        | <u>June 30, 2010<br/>Component Unit</u> |
|----------------------------|-----------------------------|-----------------------------|---|
| Instruction                | \$ 9,146,051                | \$ 8,874,123                | \$ -                                    |
| Academic support           | 2,462,060                   | 2,486,537                   | -                                       |
| Student services           | 2,365,763                   | 2,813,932                   | -                                       |
| Institutional support      | 2,700,381                   | 3,060,267                   | 91,693                                  |
| Operations and maintenance | 3,223,547                   | 2,930,904                   | -                                       |
| Depreciation               | 2,649,937                   | 1,338,557                   | -                                       |
| Capital outlay             | 360,284                     | 1,523,229                   | -                                       |
| Student aid                | 4,180,111                   | 6,466,932                   | -                                       |
| Student activities         | 429,146                     | 211,533                     | -                                       |
| Intercollegiate athletics  | 1,139,742                   | 1,110,059                   | -                                       |
| Auxiliary enterprises      | 2,717,193                   | 2,126,419                   | -                                       |
|                            | <u>                    </u> | <u>                    </u> | <u>                    </u>             |
| Total operating expenses   | <u>\$ 31,374,215</u>        | <u>\$ 32,942,492</u>        | <u>\$ 91,693</u>                        |

**Non-operating Revenues (Expenses)**

The following table summarizes the College's non-operating revenues (expenses) of \$23,825,488 for the fiscal year ended June 30, 2010. Local appropriations continue to remain strong, but there was a decrease in State support. Local appropriations were significantly higher than the budget level approved by the governing board. There were no significant or unexpected changes in the other areas of non-operating revenues and expenses.



**NEW MEXICO JUNIOR COLLEGE****MANAGEMENT'S DISCUSSION AND ANALYSIS****Capital Asset and Debt Administration**

At June 30, 2009, the College had \$50,020,839 invested in capital assets as compared to \$59,366,390 at June 30, 2010.

**Capital Assets, Net**

|                          | <u>June 30, 2009</u> | <u>June 30, 2010</u> | <u>June 30, 2010</u><br><u>Component Unit</u> |
|--------------------------|----------------------|----------------------|---|
| Land Improvements        | \$ 2,301,144         | \$ 2,530,753         | \$ -  |
| Buildings                | 36,657,102           | 37,935,253           | -   |
| Infrastructure           | 3,112,287            | 3,184,087            | -   |
| Software                 | 475,880              | 389,684              | -   |
| Library books            | 494,859              | 680,588              | -   |
| Furniture and equipment  | 2,423,540            | 3,866,160            | -   |
| Automobiles              | 238,704              | 173,137              | -   |
| Construction in progress | 4,109,060            | 10,398,465           | -   |
| Land                     | 208,263              | 208,263              | -   |
|                          | <u>\$ 50,020,839</u> | <u>\$ 59,366,390</u> | <u>\$ -</u>                                   |

Major capital expenditures during the 2010 fiscal year include Central Plant remodel and expansion, the Pannell Library remodel, the remodel of the area in Caster Activity Center that was previously occupied by the Lea County Cowboy Hall of Fame, and various remodel projects.

**Budget Comparison**

The significant variation between the original budget and the final budget is in the area of State Funding for capital projects. The original budget included all of the available funding from the State for capital projects. The final budget reflects the anticipated draws on the available State funding through the end of the fiscal year. The capital outlay was increased from the original budget to the final budget to reflect the Board approved designation of funds for capital projects. The other significant increase in the original budget to the final budget was in Local Government Appropriations. The Board and Management are very conservative in the original budgeting of Local Government Appropriations of oil and gas mill levy revenue. The increase in the final budget reflects only what is received over the budget with three months remaining in the fiscal year.

The impact of the variances in State Funding and Local Government Appropriations on future services or liquidity is positive. The State Funding for capital projects is available for use in future fiscal years for new and ongoing projects. The capital outlay will also be available for use in future years for new and ongoing projects to maintain and improve facilities and services for students. The conservative approach to the Local Government Appropriations by the Board and Management will have a positive effect on future services and liquidity. The conservative approach minimizes a negative affect on the budget by a drop in revenue from oil and gas, and provides means to maintain and upgrade the campus facilities and infrastructure when oil and gas revenue is high.

**Economic Outlook**

The College's economic outlook is closely tied to its role as a community college hub for the communities in southeastern New Mexico and portions of West Texas. The College is largely dependent on the local mill levy support in Lea County and the ongoing financial and political support from state government. As reported by the Legislative Finance Committee, the economic outlook for the State continues to remain uncertain. After the 2010 fiscal year began, the State decreased funding to New Mexico Junior College by 4.2%. The overall State economic outlook did not improve during the 2010 fiscal year and remains bleak for the coming 2011 and 2012 fiscal years. Local economy in Lea County appears to be steady, but property assessment appears to have leveled off. Although oil pricing is holding steady, production is declining. Natural Gas pricing is still low and the forecast does not have any indications of a rebound in Natural Gas prices in the near future.

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**NEW MEXICO JUNIOR COLLEGE**

**STATEMENTS OF NET ASSETS**

June 30, 2010

| <b>ASSETS</b>                                   | <b>Primary<br/>Government</b> | <b>Component<br/>Unit</b> |
|---|-------------------------------|---------------------------|
| <b>Current assets:</b>                          |                               |                           |
| Cash and cash equivalents                       | \$ 6,313,321                  | \$ 526,669                |
| Short-term investments                          | 9,589,592                     | -                         |
| Accounts receivable, net                        | 3,232,008                     | 13,167                    |
| Inventories                                     | 394,064                       | -                         |
| Prepaid expenses                                | 250,012                       | -                         |
| Deferred expenditures                           | 502,207                       | -                         |
| <b>Total current assets</b>                     | <b>20,281,204</b>             | <b>539,836</b>            |
| <b>Non-current assets:</b>                      |                               |                           |
| Restricted cash and cash equivalents            | 501,425                       | -                         |
| Investments                                     | -                             | 4,129,815                 |
| Property, plant and equipment, net              | 59,366,390                    | -                         |
| <b>Total non-current assets</b>                 | <b>59,867,815</b>             | <b>4,129,815</b>          |
| <b>Total assets</b>                             | <b>\$ 80,149,019</b>          | <b>\$ 4,669,651</b>       |
| <b>LIABILITIES AND NET ASSETS</b>               |                               |                           |
| <b>Current liabilities:</b>                     |                               |                           |
| Accounts payable                                | \$ 1,000,906                  | \$ 1,329                  |
| Accrued expenses                                | 611,446                       | -                         |
| Compensated absences                            | 5,800                         | -                         |
| Deferred revenue                                | 1,110,923                     | -                         |
| Current maturity of bonds payable               | 197,281                       | -                         |
| <b>Total current liabilities</b>                | <b>2,926,356</b>              | <b>1,329</b>              |
| <b>Non-current liabilities:</b>                 |                               |                           |
| Compensated absences                            | 218,383                       | -                         |
| Bonds payable                                   | 3,390,793                     | -                         |
| <b>Total non-current liabilities</b>            | <b>3,609,176</b>              | <b>-</b>                  |
| <b>Total liabilities</b>                        | <b>6,535,532</b>              | <b>1,329</b>              |
| <b>Net assets:</b>                              |                               |                           |
| Invested in capital assets, net of related debt | 55,778,316                    | -                         |
| Restricted for:                                 |                               |                           |
| Nonexpendable endowments                        | -                             | 4,131,972                 |
| Expendable grants and contributions             | -                             | 460,948                   |
| Unrestricted                                    | 17,835,171                    | 75,402                    |
| <b>Total net assets</b>                         | <b>73,613,487</b>             | <b>4,668,322</b>          |
|   | <b>\$ 80,149,019</b>          | <b>\$ 4,669,651</b>       |

The accompanying notes are an integral part of these financial statements

**NEW MEXICO JUNIOR COLLEGE**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

June 30, 2010

|  | <u>Primary<br/>Government</u> | <u>Component<br/>Unit</u> |
|--|-------------------------------|---------------------------|
| <b>Operating revenues:</b>   |                               |                           |
| Student tuition and fees, net of scholarship allowances of \$1,478,280 | \$ 3,057,337                  | \$ -                      |
| Federal grants and contracts   | 7,022,351                     | -                         |
| State and other grants and contracts                                   | 294,395                       | -                         |
| Auxiliary enterprises  | 3,644,391                     | -                         |
| Gifts, bequests and endowments   | -                             | 209,876                   |
| Royalties  | -                             | 63,764                    |
| <b>Total operating revenues</b>  | <u>14,018,474</u>             | <u>273,640</u>            |
| <b>Operating expenses:</b>   |                               |                           |
| Instruction  | 8,874,123                     | -                         |
| Academic support   | 2,486,537                     | -                         |
| Student services   | 2,813,932                     | -                         |
| Institutional support  | 3,060,267                     | 91,693                    |
| Operations and maintenance   | 2,930,904                     | -                         |
| Depreciation   | 1,338,557                     | -                         |
| Capital outlay   | 1,523,229                     | -                         |
| Student aid  | 6,466,932                     | -                         |
| Student activities   | 211,533                       | -                         |
| Intercollegiate athletics  | 1,110,059                     | -                         |
| Auxiliary enterprise expenses  | 2,126,419                     | -                         |
| <b>Total operating expenses</b>  | <u>32,942,492</u>             | <u>91,693</u>             |
| <b>Operating income (loss)</b>   | <u>(18,924,018)</u>           | <u>181,947</u>            |
| <b>Non-operating revenues (expenses):</b>                              |                               |                           |
| Property taxes   | 5,451,846                     | -                         |
| Oil and gas taxes  | 10,074,698                    | -                         |
| State appropriations, non-capital                                      | 8,364,533                     | -                         |
| Investment income (loss)   | 32,491                        | 297,398                   |
| Interest on capital related debt                                       | (98,080)                      | -                         |
| <b>Net non-operating revenues (expenses)</b>                           | <u>23,825,488</u>             | <u>297,398</u>            |
| <b>Income (loss) before capital appropriations</b>                     | 4,901,470                     | 479,345                   |
| <b>State appropriations, capital</b>                                   | <u>5,037,804</u>              | <u>-</u>                  |
| <b>Change in net assets</b>  | 9,939,274                     | 479,345                   |
| <b>Net assets beginning of year</b>                                    | <u>63,674,213</u>             | <u>4,188,977</u>          |
| <b>Net assets, end of year</b>   | <u>\$ 73,613,487</u>          | <u>\$ 4,668,322</u>       |

The accompanying notes are an integral part of these financial statements



**NEW MEXICO JUNIOR COLLEGE****STATEMENT OF CASH FLOWS**

June 30, 2010

|   | <b>Primary<br/>Government</b> |
|---|-------------------------------|
| Cash flows from operating activities:   |                               |
| Tuition and fees  | \$ 3,376,497                  |
| Federal and state grants and contracts  | 7,071,768                     |
| Auxiliary enterprise charges  | 3,644,391                     |
| Payments to employees and for employee benefits                                 | (17,579,234)                  |
| Disbursement of net aid to students   | (6,466,932)                   |
| Payments to suppliers   | (7,298,175)                   |
| <b>Net cash (used) for operating activities</b>                                 | <b>(17,251,685)</b>           |
| Cash flows from noncapital financing activities:                                |                               |
| State appropriations  | 8,364,533                     |
| Property taxes  | 5,451,846                     |
| Oil and gas taxes   | 10,074,698                    |
| <b>Net cash provided by noncapital financing activities</b>                     | <b>23,891,077</b>             |
| Cash flows from capital financing activities:                                   |                               |
| Principal payments on long term debt  | (531,845)                     |
| Interest paid   | (98,080)                      |
| Capital appropriations  | 5,037,804                     |
| Sale of capital assets  | -                             |
| Purchase of capital assets  | (10,684,108)                  |
| <b>Net cash (used) for capital financing activities</b>                         | <b>(6,276,229)</b>            |
| Cash flows from investing activities:   |                               |
| Interest income   | 32,491                        |
| <b>Net cash provided by investing activities</b>                                | <b>32,491</b>                 |
| <b>Net increase in cash and cash equivalents</b>                                | <b>395,654</b>                |
| <b>Cash and cash equivalents - beginning of year, as restated</b>               | <b>16,008,684</b>             |
| <b>Cash and cash equivalents - end of year</b>                                  | <b>\$ 16,404,338</b>          |
| Reconciliation of net operating loss to net cash used for operating activities: |                               |
| Depreciation expense  | \$ (18,924,018)               |
| Changes in assets and liabilities:  |                               |
| Accrued expenses  | (66,503)                      |
| Deferred expenses   | (311,589)                     |
| Inventory   | (47,260)                      |
| Deferred revenues   | 66,611                        |
| Prepaid expenses  | (32,100)                      |
| Compensated absences  | (15,484)                      |
| Accounts payable  | 420,941                       |
| Accounts receivable, net  | 319,160                       |
| <b>Net cash (used) for operating activities</b>                                 | <b>\$ (17,251,685)</b>        |

The accompanying notes are an integral part of these financial statements

**NEW MEXICO JUNIOR COLLEGE**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

June 30, 2010

|                           | <u>Agency<br/>Fund</u>          |
|---------------------------|---------------------------------|
| <b>ASSETS</b>             |                                 |
| Cash and cash equivalents | \$ 215,182                      |
| Accounts receivable       | <u>10,000</u>                   |
| <b>Total assets</b>       | <b><u><u>\$ 225,182</u></u></b> |
| <b>LIABILITIES</b>        |                                 |
| Accounts payable          | \$ 2,540                        |
| Held in trust for others  | <u>222,642</u>                  |
| <b>Total liabilities</b>  | <b><u><u>\$ 225,182</u></u></b> |

The accompanying notes are an integral part of these financial statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*1. Organization*

New Mexico Junior College (the College) was established in 1965, in accordance with laws of the State of New Mexico to serve the needs of the residents of Lea County, New Mexico. The College has grown into a comprehensive community college. New Mexico Junior College (NMJC) offers a variety of educational opportunities and services to meet needs in the lifelong process of personal and professional development. NMJC offers programs for students to develop basic academic skills for successful post-secondary study; courses and programs that prepare individuals for employment, career updating, and job advancement; the first two years of study for those seeking transfer to a four-year college or university; public service activities, including workshops, seminars, forums, and cultural arts programs; comprehensive student development services which provide student support and assistance; and courses for personal growth and cultural enrichment. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

In 1970, the New Mexico Junior College Foundation (the Foundation) was established to advance educational excellence at the College. The Foundation is a component unit of the College discretely presented and reported upon as a part of the basic financial statements of the College. The Foundation engages in fund raising to support the College's academic programs, scholarships, building funds and faculty/staff development. The Foundation coordinates all private capital fund raising for the College, including fund solicitations, gift acceptance, acknowledgements and asset management.

*2. Financial Statement Presentation*

The accounting and reporting policies of the College reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements, and has opted not to incorporate Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989.

As a public institution, the College is considered a special purpose government under the provisions of GASB Statement No. 35. The College records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the College to be reported in a single column in each of the financial statements, accompanied by the financial information for the Foundation. The effect of internal activity between funds or groups has been eliminated from these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3. *Reporting Entity*

In accordance with Governmental Accounting Standards Board (GASB) Statements 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, the accompanying financial statements present the statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows of the New Mexico Junior College and its discretely presented component unit.

In evaluating how to define the government for financial reporting purposes, the College has considered all 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. Organizations that are legally separate tax-exempt entities that meet *all* of the criteria should be discretely presented as component units.

- A. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- B. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- C. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The New Mexico Junior College Foundation (the Foundation) is presented in the financial statements of the College due to the nature and significance of its relationship with the College. The Foundation is discretely presented to allow the financial statement users to distinguish between the College and the Foundation.

4. *Basis of Accounting*

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The Fiduciary Funds are used to account for assets held by the College in a capacity as an agent for various student organizations and outside parties. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

*5. 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 and liabilities 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. The more significant estimates included in the financial statements include allowances for doubtful accounts and the estimated useful lives of capital assets.

*6. Cash and Cash Equivalents and Statement of Cash Flows*

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. Cash resources not needed to meet immediate needs are invested with the New Mexico State Treasurer's Office short-term investment pool. Amounts invested with the State Treasurer's LGIP are readily available to the College when needed and are recorded at cost which approximates fair value. Amounts in the State Treasurer's Reserve Contingency Fund are not currently available to the College and are recorded at their cost value less the estimated loss as provided by the State Treasurer's office. Further disclosure regarding the Reserve Contingency Fund is discussed in Note 2 to the Financial Statements.

Cash and cash equivalents include cash on hand, cash in banks, securities subject to overnight sweep repurchase agreements, and certificates of deposit with various financial institutions. At June 30, 2010, the amount of cash and cash equivalents reported on the financial statements differs from the amount on deposit with the various financial institutions because of transactions in transit and outstanding checks.

*7. 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.

*8. Deferred Revenue and Expenditures*

Deferred revenue relates to student tuition, fees, and bookstore sales received during the current physical period for classes to be held in the following period. Similarly, deferred expenditures represent scholarship funds expended in the current period relating to the following period.

*9. Inventories*

Inventories consist of items held for resale or exchange within the College. The bookstore inventory within the current unrestricted fund is valued at cost, which is lower than market, based on average cost method. The cost method is applied on a basis consistent with prior year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

10. *Capital Assets*

Capital assets are recorded at cost at the date of acquisition, or fair market 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, 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. 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 life of the asset, generally 40 years for buildings, 20 years for infrastructure and land improvements, 5 years for library books, 5 years for automobiles, 5 to 7 years for equipment and 5 to 10 years for externally purchased software. Information technology equipment including software is being capitalized in accordance with 2.20.1.9(C)(5) NMAC [9-30-99, recompiled 10/01/01].

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest of \$219,757 was included as part of the cost of capital assets under construction.

11. *Compensated Absences*

Accumulated unpaid vacation is accrued when incurred in the current unrestricted fund. Employees entitled to earn vacation may accrue five, ten, or fifteen days vacation each year. According to College policy, conversion of sick leave accrual to cash is not permitted and in accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick leave.

12. *Restricted Assets*

Restricted assets are assets which have third-party limitations on their use.

13. *Revenue*

*Operating revenue* includes activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances; b) sales and services; and c) contracts and grants.

*Non-operating revenue* includes activities that have the characteristics of non-exchange transactions, such as a) appropriations, b) taxes, c) gifts, and d) investment income. These revenue streams are recognized under GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met and the resources are available.

14. *Net Assets*

The College's net assets are classified into the following three net asset categories:

*Invested in capital assets, net of related debt:* Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

14. *Net Assets, continued*

*Restricted:*

*Nonexpendable:* Net assets subject to externally imposed conditions that the College retain them in perpetuity. Net assets in this category consist of endowments held by the Foundation.

*Expendable:* Net assets subject to externally imposed conditions that can be fulfilled by the actions of the College or the passage of time.

*Unrestricted:* All other categories of net assets. In addition, unrestricted net assets may be designated for use by management of the College. This requirement limits the area of operations for which expenditures of net assets may be made, and require that unrestricted net assets be designated to support future operations in these areas. College housing programs are a primary example of operations that have unrestricted net assets with designated uses.

The College has adopted a policy of utilizing restricted – expendable funds, when available, prior to unrestricted funds.

15. *Revenue Recognition for Derived Tax Revenues*

It is the policy of the College to recognize nonexchange revenue for which there are time requirements in the period in which those time requirements are met, regardless of whether the revenues are due or whether an enforceable legal claim exists. If no time requirements are specified in enabling legislation, revenues are recognized when the College has an enforceable legal claim to the assets or when they are received, whatever occurs first.

16. *Budgetary Process*

The Administration prepares an annual budget for the current unrestricted and restricted funds, and the unexpended plant funds. The budget is approved by the Board, the State of New Mexico Commission on Higher Education, and the State Budget Division of the Department of Finance and Administration.

The total expenditures in each of the following budgetary functions will be used as the items of budgetary control: (1) unrestricted expenditures and restricted expenditures, (2) instruction and general, (3) each budget function in current funds other than instruction and general, (4) within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewal and replacement, and debt service, and (5) each individual item of transfer between funds and/or functions.

To amend the budget, the College requires the following order of approval: (1) College President, (2) College Board Members, (3) Commission on Higher Education, and (4) State Department of Finance and Administration.

Budgets are adopted on a basis of accounting that is not in accordance with accounting principles generally accepted in the United States of America. The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets 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 accounting.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

*17. Interfund borrowing*

Interfund borrowing is recorded in each fund as due to/due from other funds. Such borrowing is temporary in nature and is authorized in advance by the board or administrative action. The borrowing provides needed working capital. No interest is charged on interfund loans.

*18. Income Tax Status*

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the year ended June 30, 2010.

*19. Reclassifications*

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

*20. Property Tax Calendar*

Property Taxes are levied on November 1 based on the assessed value of property listed on the previous January 1 and are due in two payments by November 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after May 10<sup>th</sup> are considered delinquent. The taxes attach as an enforceable lien on property as of January 1<sup>st</sup>.

**NOTE 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, 2010.

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

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

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



**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – DEPOSITS AND INVESTMENTS, (continued)**

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit’s demand deposits at that same institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College’s deposits may not be returned to it. As of June 30, 2010, \$4,009,987 of the College’s bank balances of \$4,541,893 was exposed to custodial credit risk because they were collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the College’s name.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law.

|   | <u>Wells<br/>Fargo<br/>Bank</u> | <u>Western<br/>Commerce<br/>Bank</u> | <u>Lea County<br/>State Bank</u> | <u>Bank of<br/>America</u> | <u>Total</u>        |
|---|---------------------------------|--------------------------------------|----------------------------------|----------------------------|---------------------|
| Total amount of deposits  | \$ 2,004,970                    | \$ 25,047                            | \$ 32,382                        | \$ 2,479,494               | \$ 4,541,893        |
| FDIC coverage   | 250,000                         | 25,047                               | 32,382                           | 250,000                    | 557,429             |
| Less FDIC coverage<br>allocated to Foundation   | <u>(25,523)</u>                 | -                                    | -                                | -                          | <u>(25,523)</u>     |
| Total uninsured public funds  | 1,780,493                       | -                                    | -                                | 2,229,494                  | 4,009,987           |
| Collateralized by securities<br>held by the pledging<br>institution or by its trust<br>department or agent in<br>other than the College’s<br>name | <u>1,780,493</u>                | -                                    | -                                | <u>2,229,494</u>           | <u>4,009,987</u>    |
|   | <u>\$ -</u>                     | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ -</u>                | <u>\$ -</u>         |
| Collateral requirement (50%<br>of uninsured public funds)   | \$ 890,247                      | \$ -                                 | \$ -                             | \$ 1,114,747               | \$ 2,004,994        |
| Pledged security  | <u>2,086,822</u>                | -                                    | -                                | <u>2,104,233</u>           | <u>4,191,055</u>    |
| Over collateralization  | <u>\$ 1,196,575</u>             | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ 989,486</u>          | <u>\$ 2,186,061</u> |

The collateral pledged is listed on Schedule III of this report.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – DEPOSITS AND INVESTMENTS, (continued)**

Investments

State statute authorizes the College to invest in direct obligations of the United States or securities that are backed by the full faith and credit of the United States Government or agencies guaranteed by the U.S. Government. State statute also authorizes the College to invest in bonds or negotiable securities of the U.S., the State of New Mexico, or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding.

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The College has no investment policy that would further limit its investment choices.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Section 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1(F), 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 LGIP is voluntary.

As of June 30, 2010, the Entity's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

The College's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Investments

|   | <u>Wells Fargo Bank</u> |
|---|-------------------------|
| US Government securities underlying an overnight repurchase agreement   | \$ <u>2,991,801</u>     |
| Total uninsured public funds  | 2,991,801               |
| Collateralized by securities held by the pledging institution or its trust department or agent in other than the College's name | <u>2,991,801</u>        |
|   | \$ <u><u>-</u></u>      |
| Collateral requirement – 102% of uninsured public funds   | \$ 3,051,637            |
| Pledged security  | <u>3,051,637</u>        |
| Over (under) collateralization  | \$ <u><u>-</u></u>      |

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – DEPOSITS AND INVESTMENTS, (continued)**

Credit Quality and Interest Rate Risk

|                                | Rating    | Fair Value   | Weighted Average<br>Maturity |
|--------------------------------|-----------|--------------|------------------------------|
| <i>New MexiGROW</i> LGIP       | AAAm      | \$ 9,578,259 | 50 days                      |
| Reserve Contingency Fund       | Unrated   | 46,741       | Does not earn interest       |
| New Mexico Finance Authority   | Not rated | 359,991      | Less than 90 days            |
| State Treasurer’s Debt Service | Not rated | 141,434      | Less than 90 days            |

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The New Mexico Junior College does not have a policy to manage the credit risk of its investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College’s or the Foundation’s investment in a single type of security. The College and the Foundation do not have a formal policy to address concentration of credit risk. The College did not have any investments at June 30, 2010, other than investments in the State Treasurer’s *New MexiGROW* LGIP. Therefore, they are not subject to any concentration of credit risk. The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2010:

| Investment                   | Market Value        | Percent of<br>Foundation's<br>Investment |
|------------------------------|---------------------|--|
| Government securities        | \$ 968,006          | 23.4%                                    |
| Corporate bonds              | 39,514              | 1.0%                                     |
| Equities                     | 2,373,969           | 57.5%                                    |
| Mutual funds                 | 728,743             | 17.6%                                    |
| Royalty interest             | 19,583              | 0.5%                                     |
| Total Foundation investments | <u>\$ 4,129,815</u> | <u>100.0%</u>                            |

Beginning Cash and Cash Equivalents – Statement of Cash Flows

The College considers all instruments with an original maturity of 90 days or less to be cash equivalents for the purpose of presenting the statement of cash flows. Accordingly, beginning cash and cash equivalents as presented on the statement of cash flows has been adjusted to reflect the \$9,625,000 invested with the *New MexiGROW* LGIP as cash equivalents.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – DEPOSITS AND INVESTMENTS, (continued)**

*Reconciliation of Deposits and Investments to the Statement of Net Assets and Statement of Fiduciary Assets and Liabilities*

|  |    |                    |
|--|----|--------------------|
| Deposits   | \$ | 4,541,893          |
| US Government securities underlying<br>an overnight repurchase agreement |    | 2,991,801          |
| <i>New MexiGROW</i> LGIP   |    | 9,578,259          |
| Reserve Contingency Fund   |    | 46,741             |
| New Mexico Finance Authority   |    | 359,991            |
| State Treasurer's Debt Service   |    | <u>141,434</u>     |
| Total deposits and investments   |    | 17,660,119         |
| Petty cash   |    | 4,776              |
| Subtract reconciling items   |    | <u>(1,045,375)</u> |
| Net deposits and investments   | \$ | <u>16,619,520</u>  |
| Statement of Net Assets:   |    |                    |
| Cash and cash equivalents  | \$ | 6,313,321          |
| Short-term investments   |    | 9,589,592          |
| Restricted cash and cash equivalents                                     |    | <u>501,425</u>     |
| Cash and cash equivalents, end of year per statement<br>of cash flows    |    | 16,404,338         |
| Statement of Fiduciary Assets and Liabilities:                           |    |                    |
| Cash and cash equivalents  |    | <u>215,182</u>     |
| Net deposits and investments   | \$ | <u>16,619,520</u>  |

Restricted cash and cash equivalents represent amounts held by the trustee for the System Revenue Bonds Series July 1, 2005 for the bond project and debt service reserve funds.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 3 – ACCOUNTS RECEIVABLE AND ACCRUED EXPENSES**

The College's accounts receivable at June 30, 2010 represent revenues earned from student tuition and fees, loans, advances to students, local tax levy, federal government grants and contracts, and State of New Mexico agencies that include pass through federal and state grants. With the exception of the loan funds receivable, all amounts are expected to be collected within sixty days after year-end. A schedule of receivables and allowance for doubtful accounts is as follows:

|                                   |    |                         |
|-----------------------------------|----|-------------------------|
| Property and oil and gas taxes    | \$ | 304,626                 |
| General receivables               |    | 1,998,870               |
| Students                          |    | 760,822                 |
| Grants receivable                 |    | <u>240,515</u>          |
|                                   |    | 3,304,833               |
| Less allowance for uncollectibles |    | <u>72,825</u>           |
| Net total accounts receivable     | \$ | <u><u>3,232,008</u></u> |

The College's accrued expenses at June 30, 2010 are as follows:

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| Payroll                               | \$ | 48,403                |
| Payroll taxes and related liabilities |    | <u>563,043</u>        |
| Total accrued expenses                | \$ | <u><u>611,446</u></u> |

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS**

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2010:

|                                | June 30, 2009        | Additions            | Deletions           | Adjustments         | June 30, 2010        |
|--------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| Assets not being depreciated:  |                      |                      |                     |                     |                      |
| Construction in progress       | \$ 4,109,060         | \$ 8,831,824         | \$ 2,542,419        | \$ -                | \$ 10,398,465        |
| Land                           | 208,263              | -                    | -                   | -                   | 208,263              |
|                                | <u>4,317,323</u>     | <u>8,831,824</u>     | <u>2,542,419</u>    | <u>-</u>            | <u>10,606,728</u>    |
| Land improvements              | 4,234,266            | 449,706              | -                   | -                   | 4,683,972            |
| Buildings                      | 51,631,923           | 1,590,137            | -                   | -                   | 53,222,060           |
| Infrastructure                 | 4,113,492            | 67,122               | -                   | -                   | 4,180,614            |
| Software                       | 932,406              | -                    | -                   | -                   | 932,406              |
| Library books                  | 2,512,154            | 192,636              | -                   | -                   | 2,704,790            |
| Furniture and equipment        | 9,058,445            | 2,086,702            | 396,430             | (22,458)            | 10,726,259           |
| Automobiles                    | 1,355,571            | 8,400                | 209,743             | 20                  | 1,154,248            |
|                                | <u>73,838,257</u>    | <u>4,394,703</u>     | <u>606,173</u>      | <u>(22,438)</u>     | <u>77,604,349</u>    |
| Totals                         | <u>78,155,580</u>    | <u>13,226,527</u>    | <u>3,148,592</u>    | <u>(22,438)</u>     | <u>88,211,077</u>    |
| Less accumulated depreciation: |                      |                      |                     |                     |                      |
| Land improvements              | 1,933,122            | 238,752              | -                   | (18,655)            | 2,153,219            |
| Buildings                      | 14,974,821           | 1,016,666            | -                   | (704,680)           | 15,286,807           |
| Infrastructure                 | 1,001,205            | 157,917              | -                   | (162,595)           | 996,527              |
| Software                       | 456,526              | 93,134               | -                   | (6,938)             | 542,722              |
| Library books                  | 2,017,295            | 162,074              | -                   | (155,167)           | 2,024,202            |
| Furniture and equipment        | 6,634,905            | 951,700              | 396,430             | (330,076)           | 6,860,099            |
| Automobiles                    | 1,116,867            | 89,678               | 209,743             | (15,691)            | 981,111              |
|                                | <u>28,134,741</u>    | <u>2,709,921</u>     | <u>606,173</u>      | <u>(1,393,802)</u>  | <u>28,844,687</u>    |
| Net capital assets             | <u>\$ 50,020,839</u> | <u>\$ 10,516,606</u> | <u>\$ 2,542,419</u> | <u>\$ 1,371,364</u> | <u>\$ 59,366,390</u> |

During the year ended June 30, 2010, the College made changes in lives and salvage values of capital assets, as well as changes in start date methodology used in the calculation of depreciation. As a result, a change of estimate adjustment has been recorded to adjust capital asset balances. The effect of the entry was an increase in net capital assets by \$1,371,364.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – POST EMPLOYMENT BENEFITS**

*Plan Description.* New Mexico Junior 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 spouse 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.

Eligible retirees are 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during the period of time made contributions as a participant in the RHCA plan on the person’s behalf unless the person retires before the employers’ 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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Employee Contribution Rate</u> |
|--------------------|-----------------------------------|-----------------------------------|
| FY11               | 1.666%                            | .833%                             |
| FY12               | 1.834%                            | .917%                             |
| FY13               | 2.000%                            | 1.000%                            |

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5 – POST EMPLOYMENT BENEFITS** (continued)

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The New Mexico Junior College's contribution to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$167,670, \$153,111, and \$143,696 respectively, which equal the required contribution for each year.

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM**

*Plan Description.* Substantially all of New Mexico Junior College's full-time employees participate in a public 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, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The New Mexico Junior College was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the New Mexico Junior College are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The New Mexico Junior College's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$1,311,119, \$1,319,778, and \$1,148,706, respectively, which equal the amount of the required contributions for each fiscal year.



**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7– GROUP INSURANCE PROGRAM**

The College participates in the State of New Mexico Public Schools Insurance Authority group health insurance plan. The Authority's two primary insurance underwriters are Blue Cross/Blue Shield of New Mexico and Lovelace HMO. The plan covers all full-time employees of the College who choose to participate in the plan. The College pays premiums under the plan and employees contribute based on percentage splits established by NMSA 10-7-4 for public employees.

**NOTE 8– OPERATING LEASES**

The College has entered into various operating leases for equipment. The terms of all leases are one year or less. The College expects that in the normal course of business, such leases will continue to be required.

**NOTE 9 – RISK MANAGEMENT**

The College is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; injuries to employees, and natural disaster. The College has property and liability insurance coverage with Coregis Insurance Company and workers compensation insurance coverage with Mountain States Mutual.

**NOTE 10 – JOINT POWERS AGREEMENTS**

The College has established a joint powers agreement with Lea County, Hobbs Municipal School District, City of Hobbs, City of Lovington, Eunice Municipal School District, Tatum Municipal School District and Jal Municipal School District for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction or tangible personal property. The agreement became effective November 17, 2003, and any party to the agreement can terminate participation by providing thirty days written notice. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency.

The College revised a joint powers agreement on February 19, 2004 to include Eastern New Mexico University-Portales as a member of the Lea County Distance Education Consortium, Inc. (Consortium). The group consists of every public school system in Lea County, New Mexico, together with New Mexico Junior College and Eastern New Mexico University-Portales. The purpose of the Consortium is to purchase a two-way interactive television network to provide educational services between each of the members. This agreement shall continue as mutually agreeable by all parties.

The College has entered in a joint powers agreement on April 20, 2009 with a group consisting of Santa Fe Community College, Northern New Mexico College and New Mexico Institute of Mining and Technology for the operation of the New Mexico Education Services Center (Center). The purpose of the Center to provide operation of a facility where equipment and administrative software is supported for the benefit of the members, and for improvement of education experiences of students, working conditions of employees and services offered by members.

**NOTE 11 – NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT)**

*Nature of Operations*

The New Mexico Junior College Foundation (the Foundation) is a nonprofit corporation, organized to solicit, receive, hold, invest and transfer funds for the benefit of the College.

*Basis of Accounting*

The Foundation's financial statements have been prepared on the accrual basis of accounting. The Foundation follows Financial Accounting Standards Board (FASB) pronouncements. Revenues and expenses are classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net assets categories follows:

Unrestricted net assets – include the revenues and expenses associated with the general and administrative functions of the Foundation. It also includes losses on the investments of donor-restricted endowment funds where market value of endowments are less than their historical costs.

Temporarily restricted net assets – presented in the Statement of Net Assets as restricted – expendable include contributions and gifts for which donor imposed restrictions have not been met and the ultimate use of the proceeds is not permanently restricted.

Permanently restricted net assets – presented in the Statement of Net Assets as restricted – nonexpendable include contributions, gifts and trusts which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11 – NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT), (continued)**

*Cash and Cash Equivalents*

The Foundation maintains cash balances in a local bank and an investment company. These cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each location or by the Securities Investor Protection Corporation (SIPC) up to \$500,000 for each location. As of June 30, 2010, the balances in excess of insurance are \$202,437.

|  | Merrill<br>Lynch | Wells Fargo<br>Bank | Total             |
|--|------------------|---------------------|-------------------|
| Total amount of deposits   | \$ 298,679       | \$ 227,960          | \$ 526,639        |
| FDIC coverage  | 250,000          | 25,523              | 275,523           |
| SIPC coverage  | <u>48,679</u>    | <u>-</u>            | <u>48,679</u>     |
| Total uninsured public funds   | -                | 202,437             | 202,437           |
| Collateralized by securities held by the pledging institution or its trust department or agent in other than the Foundation's name | <u>-</u>         | <u>202,437</u>      | <u>202,437</u>    |
|  | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ -</u>       |
| Collateral requirement (50% of uninsured public funds)   | \$ -             | \$ 101,218          | \$ 101,218        |
| Pledged security   | <u>-</u>         | <u>237,266</u>      | <u>237,266</u>    |
| Over collateralization   | <u>\$ -</u>      | <u>\$ 136,048</u>   | <u>\$ 136,048</u> |

*Credit Quality and Interest Rate Risk*

|                                  | Rating    | Fair Value | Weighted Average<br>Maturity |
|----------------------------------|-----------|------------|------------------------------|
| Merrill Lynch Institutional Fund | Not Rated | \$ 29,910  | Less than 90 days            |

*Receivables*

The Foundation considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts. The receivable at June 30, 2010 consists of the following:

|  |                  |
|--|------------------|
| Accrued interest receivable                    | \$ 5,224         |
| Golf tournament fundraising pledges receivable | 7,150            |
| NM State withholdings refund receivable        | <u>793</u>       |
| Total receivables                              | <u>\$ 13,167</u> |

**NEW MEXICO JUNIOR COLLEGE****NOTES TO THE FINANCIAL STATEMENTS****NOTE 11 – NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT), (continued)***Functional expenses*

The Foundation had the following functional expenses during the year ended June 30, 2010:

|                                 |    |               |
|---------------------------------|----|---------------|
| Management and general expenses | \$ | 20,033        |
| Program expenses                |    | 68,513        |
| Fundraising expenses            |    | <u>3,147</u>  |
| Total functional expenses       | \$ | <u>91,693</u> |

*Institutional support*

The Foundation provided the following institutional support to the College during the year ended June 30, 2010:

|                             |    |               |
|-----------------------------|----|---------------|
| Scholarships                | \$ | 52,013        |
| Program Assistance          |    | 12,500        |
| Awards                      |    | <u>4,000</u>  |
| Total institutional support | \$ | <u>68,513</u> |

*Related party*

On July 7, 2003, the Foundation formed Lea County Student Housing, LLC (the LLC). The Foundation is the 100% member of the LLC which was formed for the purpose of building and renting dorm space to the College's students. The LLC has not had any activity since its formation.

**NOTE 12 – CONSTRUCTION COMMITMENTS**

The College has various construction projects as of June 30, 2010. The commitments related to these projects are approximately \$2.47 million as of June 30, 2010.

**NOTE 13 – COMPENSATED ABSENCES**

The College had a liability for accrued vacation as of June 30, 2010 as follows:

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Accrued vacation – beginning of year | \$ | 239,667          |
| Additions                            |    | 320,776          |
| Deletions                            |    | <u>(336,260)</u> |
| Accrued vacation – end of year       | \$ | <u>224,183</u>   |

The College estimates that \$5,800 will be due within one year. The general fund is used to liquidate compensated absences.

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 – BONDS PAYABLE**

The College issued revenue bonds to provide funds for the construction of student housing on the New Mexico Junior College campus. Bonds outstanding at June 30, 2010 consist of the following issues:

System Revenue Bonds  
 Series: July 15, 2005  
 Original Issue: \$4,589,369  
 Principal: May 1  
 Interest: May 1 and November 1  
 Rates: 2.34% to 4.26%

The Series 2005 Bonds are special limited obligations of the College and the principal and interest on the Series 2005 Bonds are payable solely from the revenues and other moneys pledged to secure the payments. The bond agreement requires the creation and maintenance of a debt service reserve account and a capitalized interest account. The College is in compliance with all significant requirements of the bond agreement.

The Series 2005 Bonds do not constitute a debt or pledge of the faith and credit of the College or the State, and the New Mexico Finance Authority, as the owner of the Series 2005 Bonds, has no right to have taxes levied for the payment of debt service.

Long-term liability for the year ended June 30, 2010 was as follows:

|   | <u>July 1, 2009</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2010</u> | <u>Due within<br/>One Year</u> |
|---|---------------------|------------------|-------------------|----------------------|--------------------------------|
| System Revenue<br>Bonds Series<br>July 15, 2005 | \$ 4,119,919        | \$ -             | \$ 531,845        | \$ 3,588,074         | \$ 197,281                     |
|   | <u>\$ 4,119,919</u> | <u>\$ -</u>      | <u>\$ 531,845</u> | <u>\$ 3,588,074</u>  | <u>\$ 197,281</u>              |

The annual debt service requirements to maturity, including principal and interest for System Revenue Bonds Series 2005 long-term debt as of June 30, 2010 are as follows:

| Year Ending June 30, | <u>Principal</u>    | <u>Interest</u>     | <u>Total<br/>Debt Service</u> |
|----------------------|---------------------|---------------------|-------------------------------|
| 2011                 | \$ 197,281          | \$ 137,605          | \$ 334,886                    |
| 2012                 | 204,175             | 131,220             | 335,395                       |
| 2013                 | 211,624             | 124,300             | 335,924                       |
| 2014                 | 219,588             | 116,885             | 336,473                       |
| 2015                 | 228,061             | 108,980             | 337,041                       |
| 2016-2020            | 1,286,064           | 408,522             | 1,694,586                     |
| 2021-2025            | <u>1,241,281</u>    | <u>130,559</u>      | <u>1,371,840</u>              |
| Totals               | <u>\$ 3,588,074</u> | <u>\$ 1,158,071</u> | <u>\$ 4,746,145</u>           |

**NEW MEXICO JUNIOR COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

A. Deficit fund balance of individual funds

None

B. Excess of expenditures over appropriations by fund.

None

C. Designated cash appropriation in excess of available balances.

None

**NOTE 16 – SUBSEQUENT EVENT**

The New Mexico State Treasurer's Office invested a portion of the LGIP in The Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010. Including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There is \$108 million still remaining with the Reserve at this time and the State Treasurer's Office has no information about timing nor amounts of potential future distributions. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date.

**NOTE 17 – REISSUANCE OF REPORT**

The originally issued financial statement contained errors in the budgeted fund balances reflected on Statements A-1 to A-5. To correct these errors a prior period restatement has been made to the beginning budget fund balances. Also, beginning actual fund balances have been restated on Statements A-2 to A-5, however total actual fund balance on Statement A-1 has not changed. The effect on prior year net changes in fund balance and beginning fund balance are as follows:

|  |                  |
|--|------------------|
| Unrestricted – Non Instruction and General | \$ 29,888,333    |
| Restricted – Non Instruction and General   | 125,040          |
| Unrestricted – Instruction and General     | (29,321,144)     |
| Restricted – Instruction and General       | <u>(692,229)</u> |
| Net change in beginning fund balance       | <u>\$ -</u>      |

## NEW MEXICO JUNIOR COLLEGE

**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2010**

|   | Budgeted Amounts |                | Actual<br>(Non-GAAP<br>Basis) | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|----------------|-------------------------------|--|
|   | Original         | Final          |                               | Final to Actual                        |
| <i>Beginning fund balance</i>   | \$ (761,612)     | \$ (9,498,827) | \$ 13,164,607                 | \$ 22,663,434                          |
| Prior period restatement  | 7,081,961        | 22,148,389     | -                             | (22,148,389)                           |
| <i>Beginning fund balance, as restated</i>  | 6,320,349        | 12,649,562     | 13,164,607                    | 515,045                                |
| <i>Unrestricted and restricted revenues:</i>  |                  |                |                               |  |
| State general fund appropriations   | 11,531,353       | 12,869,952     | 14,458,968                    | 1,589,016                              |
| Federal revenue sources   | 1,346,106        | 1,921,125      | 1,554,411                     | (366,714)                              |
| Tuition and fees  | 3,337,000        | 3,437,978      | 3,089,170                     | (348,808)                              |
| Other   | 3,893,200        | 8,866,237      | 8,293,253                     | (572,984)                              |
| Local funding   | 8,704,278        | 13,814,638     | 15,398,734                    | 1,584,096                              |
| <i>Total unrestricted and restricted revenues</i>   | 28,811,937       | 40,909,930     | 42,794,536                    | 1,884,606                              |
| <i>Unrestricted and restricted expenditures:</i>  |                  |                |                               |  |
| Instruction   | 8,193,761        | 9,902,917      | 8,874,123                     | 1,028,794                              |
| Academic support  | 3,314,805        | 2,669,203      | 2,486,537                     | 182,666                                |
| Student services  | 2,400,324        | 3,230,917      | 2,813,932                     | 416,985                                |
| Institutional support   | 3,360,703        | 3,240,815      | 3,060,267                     | 180,548                                |
| Operation and maintenance of plant  | 3,053,038        | 3,078,954      | 2,930,904                     | 148,050                                |
| Student social and cultural activities  | 206,719          | 216,024        | 211,533                       | 4,491                                  |
| Auxiliary services  | 1,696,741        | 1,797,861      | 1,980,899                     | (183,038)                              |
| Intercollegiate athletics   | 1,003,644        | 1,085,759      | 1,110,059                     | (24,300)                               |
| Internal service  | 204,800          | 299,265        | 145,520                       | 153,745                                |
| Capital outlay  | 3,356,700        | 12,694,127     | 11,894,000                    | 800,127                                |
| Building renewal and replacement  | 807,401          | 807,401        | 283,873                       | 523,528                                |
| Retirement of indebtedness  | 359,014          | 359,014        | 9,874                         | 349,140                                |
| Student aid, grants and stipends  | 4,015,410        | 5,837,959      | 6,466,932                     | (628,973)                              |
| <i>Total unrestricted and restricted expenditures</i>                                     | 31,973,060       | 45,220,216     | 42,268,453                    | 2,951,763                              |
| <i>Change in fund balance (budgetary basis)</i>   | (3,161,123)      | (4,310,286)    | 526,083                       | 4,836,369                              |
| <i>Ending fund balance</i>  | \$ 3,159,226     | \$ 8,339,276   | \$ 13,690,690                 | \$ 5,351,414                           |
| <i>Change in net assets per statement of revenues, expenses and changes in net assets</i> |                  |                | \$ 9,939,274                  |  |
| Capital outlay  |                  |                | (10,684,108)                  |  |
| Depreciation expense  |                  |                | 1,338,557                     |  |
| Other   |                  |                | 3                             |  |
| Deferred property taxes   |                  |                | (67,643)                      |  |
| <i>Financial statements change in net assets reconciled to budgetary basis</i>            |                  |                | \$ 526,083                    |  |

The accompanying notes are an integral part of these financial statements

## NEW MEXICO JUNIOR COLLEGE

**UNRESTRICTED - NON INSTRUCTION AND GENERAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2010**

|   | Budgeted Amounts    |                     | Actual               | Variance                                      |
|---|---------------------|---------------------|----------------------|---|
|   | Original            | Final               | (Non-GAAP Basis)     | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Beginning fund balance</i>                   | \$ (13,880,605)     | \$ (28,730,706)     | \$ (11,256,951)      | \$ 17,473,755                                 |
| Prior period restatement                        | 16,144,012          | 19,915,473          | 29,888,333           | 9,972,860                                     |
| <i>Beginning fund balance, as restated</i>      | <u>2,263,407</u>    | <u>(8,815,233)</u>  | <u>18,631,382</u>    | <u>27,446,615</u>                             |
| <i>Unrestricted revenues:</i>                   |                     |                     |                      |   |
| Internal service dept                           | 24,000              | 24,000              | 31,833               | 7,833   |
| Sales and services                              | 2,298,000           | 2,322,925           | 2,353,068            | 30,143  |
| GOB Drawdowns                                   | 788,700             | 5,755,855           | 5,037,804            | (718,051)                                     |
| Athletics                                       | 310,400             | 290,300             | 292,656              | 2,356   |
| <i>Total unrestricted revenues</i>              | <u>3,421,100</u>    | <u>8,393,080</u>    | <u>7,715,361</u>     | <u>(677,719)</u>                              |
| <i>Unrestricted expenditures:</i>               |                     |                     |                      |   |
| Student social and cultural activities          | -                   | -                   | -                    | -   |
| Internal services                               | 204,800             | 299,265             | 145,520              | 153,745                                       |
| Student aid, grants and stipends                | 473,713             | 593,348             | 754,854              | (161,506)                                     |
| Auxiliary services                              | 1,696,741           | 1,797,861           | 1,980,899            | (183,038)                                     |
| Intercollegiate athletics                       | 1,003,644           | 1,085,759           | 1,110,059            | (24,300)                                      |
| Capital outlay                                  | 3,356,700           | 12,694,127          | 11,894,000           | 800,127                                       |
| Building renewal and replacement                | 807,401             | 807,401             | 283,873              | 523,528                                       |
| Retirement of indebtedness                      | 359,014             | 359,014             | 9,874                | 349,140                                       |
| <i>Total unrestricted expenditures</i>          | <u>7,902,013</u>    | <u>17,636,775</u>   | <u>16,179,079</u>    | <u>1,457,696</u>                              |
| <i>Net transfers</i>                            | <u>4,557,803</u>    | <u>20,286,084</u>   | <u>-</u>             | <u>(20,286,084)</u>                           |
| <i>Change in fund balance (budgetary basis)</i> | <u>76,890</u>       | <u>11,042,389</u>   | <u>(8,463,718)</u>   | <u>(19,506,107)</u>                           |
| <i>Ending fund balance</i>                      | <u>\$ 2,340,297</u> | <u>\$ 2,227,156</u> | <u>\$ 10,167,664</u> | <u>\$ 7,940,508</u>                           |

The accompanying notes are an integral part of these financial statements



## NEW MEXICO JUNIOR COLLEGE

**RESTRICTED - NON INSTRUCTION AND GENERAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2010**

|   | Budgeted Amounts |                  | Actual            | Variance                                      |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            | (Non-GAAP Basis)  | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Beginning fund balance</i>                   | \$ -             | \$ (65,161)      | \$ 18,235         | \$ 83,396                                     |
| Prior period restatement                        | -                | 65,161           | 125,040           | 59,879  |
| <i>Beginning fund balance, as restated</i>      | -                | -                | 143,275           | 143,275                                       |
| <i>Restricted revenues:</i>                     |                  |                  |                   |   |
| Federal government contracts/grants             | 206,719          | 216,024          | 332,100           | 116,076                                       |
| State government contracts/grants               | 3,541,697        | 5,244,611        | 5,800,040         | 555,429                                       |
| <i>Total restricted revenues</i>                | <u>3,748,416</u> | <u>5,460,635</u> | <u>6,132,140</u>  | <u>671,505</u>                                |
| <i>Restricted expenditures:</i>                 |                  |                  |                   |   |
| Student social and cultural activities          | 206,719          | 216,024          | 211,533           | 4,491   |
| Student aid, grants and stipends                | 3,541,697        | 5,244,611        | 5,712,078         | (467,467)                                     |
| <i>Total restricted expenditures</i>            | <u>3,748,416</u> | <u>5,460,635</u> | <u>5,923,611</u>  | <u>(462,976)</u>                              |
| <i>Change in fund balance (budgetary basis)</i> | -                | -                | 208,529           | 208,529                                       |
| <i>Ending fund balance</i>                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 351,804</u> | <u>\$ 351,804</u>                             |

The accompanying notes are an integral part of these financial statements

## NEW MEXICO JUNIOR COLLEGE

## UNRESTRICTED - INSTRUCTION AND GENERAL

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

## BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2010

|   | Budgeted Amounts   |                     | Actual              | Variance                                   |
|---|--------------------|---------------------|---------------------|--|
|   | Original           | Final               | (Non-GAAP Basis)    | Favorable (Unfavorable)<br>Final to Actual |
| <i>Beginning fund balance</i>                   | \$ 13,118,993      | \$ 19,297,040       | \$ 23,906,513       | \$ 4,609,473                               |
| Prior period restatement                        | (9,062,051)        | 2,167,755           | (29,321,144)        | (31,488,899)                               |
| <i>Beginning fund balance, as restated</i>      | <u>4,056,942</u>   | <u>21,464,795</u>   | <u>(5,414,631)</u>  | <u>(26,879,426)</u>                        |
| <i>Unrestricted revenues:</i>                   |                    |                     |                     |  |
| Tuition and fees                                | 3,313,000          | 3,413,978           | 3,057,337           | (356,641)                                  |
| State government appropriations                 | 7,676,400          | 7,322,200           | 8,364,533           | 1,042,333                                  |
| Local government appropriations                 | 8,704,278          | 13,788,579          | 15,341,234          | 1,552,655                                  |
| Federal grants and contracts                    | 62,000             | 62,000              | 69,580              | 7,580                                      |
| Other   | 496,100            | 497,157             | 609,725             | 112,568                                    |
| <i>Total unrestricted revenues</i>              | <u>20,251,778</u>  | <u>25,083,914</u>   | <u>27,442,409</u>   | <u>2,358,495</u>                           |
| <i>Unrestricted expenditures:</i>               |                    |                     |                     |  |
| Instruction                                     | 7,820,784          | 9,512,733           | 8,600,422           | 912,311                                    |
| Academic support                                | 3,285,463          | 2,542,431           | 2,486,537           | 55,894                                     |
| Student services                                | 1,430,105          | 1,793,677           | 1,778,426           | 15,251                                     |
| Institutional support                           | 3,344,861          | 3,224,973           | 3,060,267           | 164,706                                    |
| Operation and maintenance of plant              | 3,050,775          | 3,076,691           | 2,930,904           | 145,787                                    |
| <i>Total unrestricted expenditures</i>          | <u>18,931,988</u>  | <u>20,150,505</u>   | <u>18,856,556</u>   | <u>1,293,949</u>                           |
| <i>Net transfers</i>                            | <u>(4,557,803)</u> | <u>(20,286,084)</u> | -                   | 20,286,084                                 |
| <i>Change in fund balance (budgetary basis)</i> | <u>(3,238,013)</u> | <u>(15,352,675)</u> | <u>8,585,853</u>    | <u>23,938,528</u>                          |
| <i>Ending fund balance</i>                      | <u>\$ 818,929</u>  | <u>\$ 6,112,120</u> | <u>\$ 3,171,222</u> | <u>\$ (2,940,898)</u>                      |

The accompanying notes are an integral part of these financial statements

## NEW MEXICO JUNIOR COLLEGE

## RESTRICTED - INSTRUCTION AND GENERAL

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

## BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2010

|   | Budgeted Amounts |                  | Actual              | Variance                                      |
|---|------------------|------------------|---------------------|---|
|   | Original         | Final            | (Non-GAAP<br>Basis) | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Beginning fund balance</i>                   | \$ -             | \$ -             | \$ 496,810          | \$ 496,810                                    |
| Prior period restatement                        | -                | -                | (692,229)           | (692,229)                                     |
| <i>Beginning fund balance, as restated</i>      | -                | -                | (195,419)           | (195,419)                                     |
| <i>Restricted revenues:</i>                     |                  |                  |                     |   |
| Federal government contracts/grants             | 1,077,387        | 1,643,101        | 1,152,731           | (490,370)                                     |
| State government contracts/grants               | 313,256          | 303,141          | 294,395             | (8,746)                                       |
| Private grants                                  | -                | 26,059           | 57,500              | 31,441  |
| <i>Total restricted revenues</i>                | <u>1,390,643</u> | <u>1,972,301</u> | <u>1,504,626</u>    | <u>(467,675)</u>                              |
| <i>Restricted expenditures:</i>                 |                  |                  |                     |   |
| Instruction                                     | 372,977          | 390,184          | 273,701             | 116,483                                       |
| Academic support                                | 29,342           | 126,772          | -                   | 126,772                                       |
| Student services                                | 970,219          | 1,437,240        | 1,035,506           | 401,734                                       |
| Institutional support                           | 15,842           | 15,842           | -                   | 15,842  |
| Operations and maintenance of plant             | 2,263            | 2,263            | -                   | 2,263   |
| <i>Total restricted expenditures</i>            | <u>1,390,643</u> | <u>1,972,301</u> | <u>1,309,207</u>    | <u>663,094</u>                                |
| <i>Change in fund balance (budgetary basis)</i> | -                | -                | 195,419             | 195,419                                       |
| <i>Ending fund balance</i>                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements

**NEW MEXICO JUNIOR COLLEGE**

**AGENCY FUNDS  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES  
Year ended June 30, 2010**

|  | June 30, 2009 | Receipts | Disbursements | June 30, 2010 |
|--|---------------|----------|---------------|---------------|
| ACTA Student Activity                  | \$ 30         | \$ -     | \$ 30         | \$ -          |
| AMP Club                               | 179           | -        | -             | 179           |
| ASSET Student Recognition              | 582           | 2,872    | -             | 3,454         |
| Automotive Competition                 | 276           | 550      | 100           | 726           |
| Auto Youth Ed Services                 | 9             | -        | 9             | -             |
| B&T Invitational Competition           | 2,541         | -        | 2,541         | -             |
| Backpacking and Camping                | 200           | 200      | 329           | 71            |
| Baseball Booster Club                  | 167           | 600      | 600           | 167           |
| Burke Poetry Contest                   | 444           | -        | -             | 444           |
| CADD/College                           | 420           | -        | 420           | -             |
| CADD-High School                       | 1,631         | -        | 1,631         | -             |
| Campus Ambassadors                     | 484           | 1,296    | 277           | 1,503         |
| Cheerleaders                           | 65            | -        | -             | 65            |
| CIA Club                               | 463           | -        | 463           | -             |
| Circle K                               | -             | 200      | 200           | -             |
| College Democrats                      | 202           | 200      | -             | 402           |
| College Republicans                    | 304           | 200      | -             | 504           |
| Cosmetology Students                   | 20,150        | 31,279   | 21,812        | 29,617        |
| Cultural Activities                    | 193           | -        | 193           | -             |
| Drama Club                             | 5,027         | 4,744    | 4,258         | 5,513         |
| Employee Reimbursement Plan            | 892           | -        | 892           | -             |
| Emergency Services Law Camp            | -             | 8,075    | 3,419         | 4,656         |
| Fellowship of Christian Athletes       | 231           | 400      | 110           | 521           |
| FFA                                    | 3,406         | -        | -             | 3,406         |
| Geology Club                           | 605           | -        | -             | 605           |
| Golf                                   | 12,146        | 17,810   | 20,107        | 9,849         |
| Healthy Active Lifestyle Challenge     | -             | 156      | 78            | 78            |
| Job Fair (Career Connections)          | 299           | -        | -             | 299           |
| Law Enforcement Guest Speakers         | -             | 10,000   | -             | 10,000        |
| Literacy Volunteers of Lea County      | 1,743         | -        | 1,743         | -             |
| Men's Basketball                       | 240           | 1,607    | -             | 1,847         |
| Men's CRS Country                      | 624           | -        | 624           | -             |
| Moran Lecture Series                   | 2,449         | 15,466   | 15,199        | 2,716         |
| MU Alpha Theta                         | 112           | 943      | 914           | 141           |
| Music Educators National Conference    | 141           | -        | 141           | -             |
| National Conference Rodeo              | 1             | -        | 1             | -             |
| Nature Trail Sculptures                | -             | 4,800    | 4,800         | -             |
| NJCAA Div 1 Golf Coaches Association   | 43            | -        | -             | 43            |
| NM College/High School Rodeo Challenge | -             | 128,363  | 128,363       | -             |
| NM Education Service Center            | -             | 126,020  | 101,038       | 24,982        |
| NM Placement Council                   | 6,176         | 5,784    | 11,960        | -             |
| NMJC Band Club                         | 1,628         | 3,310    | 1,300         | 3,638         |
| NMJC Chorale Club                      | 129           | -        | 129           | -             |

(continued)

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|                                       | <u>June 30, 2009</u> | <u>Receipts</u>   | <u>Disbursements</u> | <u>June 30, 2010</u> |
|---------------------------------------|----------------------|-------------------|----------------------|----------------------|
| NMJC Journalism Club                  | \$ 366               | \$ -              | \$ 366               | \$ -                 |
| NMJC Sensations                       | 4,494                | 129               | -                    | 4,623                |
| NMJC Skills USA                       | 224                  | 8,311             | 3,816                | 4,719                |
| NMJC Social Committee                 | 1,310                | 6,099             | 3,427                | 3,982                |
| Non-Traditional Students Association  | 28                   | -                 | 28                   | -                    |
| Pam Bickerton Family Scholarship      | -                    | 3,878             | -                    | 3,878                |
| Pathway Program                       | 850                  | -                 | 850                  | -                    |
| Phi Beta Lambda - State               | 24                   | -                 | 24                   | -                    |
| Phi Beta Lambda-NMJC                  | 649                  | 224               | 563                  | 310                  |
| Phi Theta Kappa                       | 51                   | 3,008             | 2,296                | 763                  |
| Physical Education Majors Club        | 250                  | -                 | 250                  | -                    |
| Prepaid Tuition Agreements            | 16,355               | 3,578             | 2,135                | 17,798               |
| Public Safety Account                 | 47                   | 355               | 375                  | 27                   |
| Rodeo Club                            | 3,220                | 40                | 3,260                | -                    |
| Rope Climbing and Rappelling Club     | 480                  | 251               | 69                   | 662                  |
| SBDC Program Services                 | 10,745               | 1,559             | 860                  | 11,444               |
| Sigma Kappa Delta                     | 23                   | -                 | 23                   | -                    |
| Southwestern American Literature      | 14                   | -                 | 14                   | -                    |
| Student CIS Fund                      | 154                  | -                 | 154                  | -                    |
| Student Nurses Association            | 80                   | -                 | -                    | 80                   |
| Student Senate                        | 355                  | 110               | 250                  | 215                  |
| Student Senate Fundraiser             | 111                  | -                 | 111                  | -                    |
| Student Services Support              | 5,819                | 369               | 1,351                | 4,837                |
| Student Support Services              | 369                  | -                 | 369                  | -                    |
| Support/Maintenance Council           | 2,771                | 3,629             | 1,622                | 4,778                |
| Upward Bound                          | 3,471                | 18,921            | 18,485               | 3,907                |
| VICA - AVHS - Automotive              | 11                   | 92                | 103                  | -                    |
| VICA - AVHS - HOE/CADD                | 208                  | -                 | 208                  | -                    |
| VICA - Postsec - Automotive           | 74                   | -                 | -                    | 74                   |
| VICA - Postsec - Cosmetology          | -                    | 340               | 340                  | -                    |
| Welding Students                      | 1,158                | -                 | 1,158                | -                    |
| Western Heritage Archaeological       | 698                  | 8,565             | 8,116                | 1,147                |
| Western Heritage Community Assistance | 9,041                | 50,261            | 13,090               | 46,212               |
| Western Heritage Museum Memorial      | -                    | 1,575             | 1,500                | 75                   |
| Western Heritage Museum Membership    | 3,576                | 6,648             | 6,091                | 4,133                |
| WHM Special Events                    | 10,309               | 23,361            | 31,187               | 2,483                |
| Women's Basketball                    | 1,069                | -                 | -                    | 1,069                |
|                                       | <u>142,636</u>       | <u>506,178</u>    | <u>426,172</u>       | <u>222,642</u>       |
| Accounts Payable                      | 897                  | 2,540             | 897                  | 2,540                |
| Accounts Receivable                   | -                    | 10,000            | -                    | 10,000               |
| Total agency fund cash                | <u>\$ 143,533</u>    | <u>\$ 498,718</u> | <u>\$ 427,069</u>    | <u>\$ 215,182</u>    |

**NEW MEXICO JUNIOR COLLEGE**

**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**

June 30, 2010

| Account Name              | Type                  | Western<br>Commerce<br>Bank | New Mexico<br>State<br>Treasurer | New<br>MexiGROW<br>LGIP | New Mexico<br>Finance<br>Authority |
|---------------------------|-----------------------|-----------------------------|----------------------------------|-------------------------|------------------------------------|
| NMJC                      | Checking              | \$ 25,047                   | \$ -                             | \$ -                    | \$ -                               |
| Instructional and general | Overnight Repurchase  | -                           | -                                | -                       | -                                  |
| Bond debt service         | State treasurer       | -                           | -                                | -                       | -                                  |
| Debt service reserve      | Mutual fund           | -                           | -                                | -                       | 141,434                            |
| NMJC money market         | Mutual fund           | -                           | -                                | -                       | 359,991                            |
| Grant account             | Checking              | -                           | -                                | -                       | -                                  |
| Student loan fund         | Checking              | -                           | -                                | -                       | -                                  |
| Pell federal account      | Checking              | -                           | -                                | -                       | -                                  |
| Payroll dep account       | Checking              | -                           | -                                | -                       | -                                  |
| Agency account            | Checking              | -                           | -                                | -                       | -                                  |
| NMJC                      | Short-term investment | -                           | -                                | 9,625,000               | -                                  |
| NMJC                      | Valuation Allowance   | -                           | -                                | (35,408)                | -                                  |
| NMJC Foundation           | Petty Cash            | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Cash Fund             | -                           | -                                | -                       | -                                  |
| NMJC Foundation           | Checking              | -                           | -                                | -                       | -                                  |
| Amounts on deposit        |                       | 25,047                      | -                                | 9,589,592               | 501,425                            |
| Outstanding items         |                       | -                           | -                                | -                       | -                                  |
|                           |                       | \$ 25,047                   | \$ -                             | \$ 9,589,592            | \$ 501,425                         |

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| Lea County<br>State<br>Bank   | Bank of<br>America  | Wells<br>Fargo<br>Bank | Total                                | Component Unit       |                     |                   |
|---|---------------------|------------------------|--------------------------------------|----------------------|---------------------|-------------------|
|   |                     |                        |                                      | Merrill<br>Lynch     | Wells Fargo<br>Bank | Total             |
| \$ 32,382   | \$ -                | 2,004,970              | \$ 2,062,399                         | \$ -                 | \$ -                | \$ -              |
| -   | -                   | 2,991,801              | 2,991,801                            | -                    | -                   | -                 |
| -   | -                   | -                      | -                                    | -                    | -                   | -                 |
| -   | -                   | -                      | 141,434                              | -                    | -                   | -                 |
| -   | -                   | -                      | 359,991                              | -                    | -                   | -                 |
| -   | 10,000              | -                      | 10,000                               | -                    | -                   | -                 |
| -   | 25,652              | -                      | 25,652                               | -                    | -                   | -                 |
| -   | 2,182,328           | -                      | 2,182,328                            | -                    | -                   | -                 |
| -   | 55,431              | -                      | 55,431                               | -                    | -                   | -                 |
| -   | 206,083             | -                      | 206,083                              | -                    | -                   | -                 |
| -   | -                   | -                      | 9,625,000                            | -                    | -                   | -                 |
| -   | -                   | -                      | (35,408)                             | -                    | -                   | -                 |
| -   | -                   | -                      | -                                    | -                    | -                   | -                 |
| -   | -                   | -                      | -                                    | 75,112               | -                   | 75,112            |
| -   | -                   | -                      | -                                    | 84,238               | -                   | 84,238            |
| -   | -                   | -                      | -                                    | 44,011               | -                   | 44,011            |
| -   | -                   | -                      | -                                    | 26,154               | -                   | 26,154            |
| -   | -                   | -                      | -                                    | 69,164               | -                   | 69,164            |
| -   | -                   | -                      | -                                    | -                    | -                   | -                 |
| -   | -                   | -                      | -                                    | -                    | 227,960             | 227,960           |
| 32,382  | 2,479,494           | 4,996,771              | 17,624,711                           | 298,679              | 227,960             | 526,639           |
| -   | (96,238)            | (913,729)              | (1,009,967)                          | -                    | -                   | -                 |
| <u>\$ 32,382</u>  | <u>\$ 2,383,256</u> | <u>\$ 4,083,042</u>    | <u>16,614,744</u>                    | <u>\$ 298,679</u>    | <u>\$ 227,960</u>   | <u>526,639</u>    |
|   |                     | Petty cash             | <u>4,776</u>                         |                      |                     | <u>30</u>         |
|   |                     |                        | <u>\$ 16,619,520</u>                 |                      |                     | <u>\$ 526,669</u> |
| Reconciliation to the Statement of Net Assets:                          |                     |                        |                                      |                      |                     |                   |
|   |                     |                        | Cash and cash equivalents            | \$ 6,313,321         |                     | \$ 526,669        |
|   |                     |                        | Restricted cash and cash equivalents | 501,425              |                     | -                 |
|   |                     |                        | Short-term investment                | 9,589,592            |                     | -                 |
|   |                     |                        |                                      | 16,404,338           |                     | 526,669           |
| Reconciliation to the Statement of Fiduciary<br>Assets and Liabilities: |                     |                        |                                      |                      |                     |                   |
|   |                     |                        | Cash and cash equivalents            | <u>215,182</u>       |                     | <u>-</u>          |
|   |                     |                        | Total deposits and investments       | <u>\$ 16,619,520</u> |                     | <u>\$ 526,669</u> |

**NEW MEXICO JUNIOR COLLEGE**

**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**June 30, 2010**

Schedule III

| <u>Depository</u>  | <u>CUSIP#</u> | <u>Type</u> | <u>Description of Pledged Collateral</u> | <u>Fair Market Value June 30, 2010</u> | <u>Name and Location of Safekeeper</u> |
|--|---------------|-------------|--|--|--|
| Wells Fargo Bank   | 31407H3T1     | Bond        | FNCL 831610<br>Due 6/1/36                | \$ 1,634,742                           | Wells Fargo Bank<br>Minneapolis, MN    |
| Wells Fargo Bank   | 31413QDW5     | Bond        | FNCL 952017<br>Due 12/1/37               | 329,029                                | Wells Fargo Bank<br>Minneapolis, MN    |
| Wells Fargo Bank   | 31415RGM0     | Bond        | FNCL 986804<br>Due 7/1/38                | 280,747                                | Wells Fargo Bank<br>Minneapolis, MN    |
| Wells Fargo Bank   | 36202DVN8     | Bond        | G2F3321<br>Due 12/20/32                  | 67,291                                 | Wells Fargo Bank<br>Minneapolis, MN    |
| Wells Fargo Bank   | 36225BMH8     | Bond        | GVSF 781260<br>Due 3/15/31               | <u>12,279</u>                          | Wells Fargo Bank<br>Minneapolis, MN    |
| Total collateral on cash deposits at Wells Fargo Bank                        |               |             |  | 2,324,088                              |  |
| Less collateral allocated to the Foundation                                  |               |             |  | <u>(237,266)</u>                       |  |
| Total collateral at Wells Fargo Bank applicable to New Mexico Junior College |               |             |  | <u>2,086,822</u>                       |  |
| Wells Fargo Bank   | 31407HTY2     | Bond        | FNCL 831367<br>Due 1/1/36                | <u>3,051,637</u>                       | Wells Fargo Bank<br>Minneapolis, MN    |
| Total collateral on repurchase agreement deposits at Wells Fargo Bank        |               |             |  | <u>3,051,637</u>                       |  |
| Bank of America  | 31385XAZ0     | Bond        | FNMA Pool 555424<br>Due 5/1/33           | <u>2,104,233</u>                       | Federal Reserve Bank<br>Richmond, VA   |
|  |               |             |  | <u>\$ 7,479,958</u>                    |  |

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**NEW MEXICO JUNIOR COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Schedule IV

Year ended June 30, 2010

|   | <u>Federal CFDA<br/>Number</u> | <u>Program or<br/>Grantor Number</u> | <u>Federal<br/>Expenditures</u> |
|---|--------------------------------|--------------------------------------|---------------------------------|
| <b>US Department of Education</b>           |                                |                                      |                                 |
| Direct programs:                            |                                |                                      |                                 |
| Student financial assistance cluster: (1)   |                                |                                      |                                 |
| Federal pell grant program                  | 84.063                         | 42310                                | \$ 3,140,679                    |
| Federal FEELP loan program                  | 84.032                         | 42320                                | 2,025,807                       |
| Federal SEOG program                        | 84.007                         | 42325                                | 30,826                          |
| Federal work study program                  | 84.033                         | 42511                                | 46,841                          |
| TRIO cluster: (1)                           |                                |                                      |                                 |
| Student support services                    | 84.042A                        | 41131                                | 282,354                         |
| Talent search                               | 84.044A                        | 41132                                | 225,815                         |
| Upward bound                                | 84.047A                        | 41133                                | 248,991                         |
| Higher Education Reconciliation Act         |                                |                                      |                                 |
| Federal academic competitive grant          | 84.375                         | 42330                                | 19,595                          |
| Federal academic competitive grant 2nd year | 84.375                         | 42331                                | 1,300                           |
| Passed through New Mexico                   |                                |                                      |                                 |
| Public Education Department                 |                                |                                      |                                 |
| Carl Perkins vocational support services    | 84.048                         | 41312                                | 91,295                          |
| Carl Perkins vocational technical education | 84.048A                        | 41314                                | 13,944                          |
| Special programs for the aging cluster:     |                                |                                      |                                 |
| Adult Basic Education State                 | 84.002                         | 41211                                | 175,255                         |
| Adult Basic Education Textbooks             |                                | 41212                                | 7,379                           |
| Adult Basic Education ESL/Civics            |                                | 41216                                | 11,315                          |
| Adult Basic Education                       |                                | 41310                                | 79,751                          |
| <b>US Nuclear Regulatory Commission</b>     |                                |                                      |                                 |
| Direct program:                             |                                |                                      |                                 |
| Nuclear Education Grant                     | 77.006                         | 41141                                | 129,243                         |
| US NRC Scholarship                          | 77.008                         | 41142                                | 43,864                          |
| <b>US Small Business Administration</b>     |                                |                                      |                                 |
| Passed through New Mexico                   |                                |                                      |                                 |
| Public Education Department                 |                                |                                      |                                 |
| Small Business Development Center           | 59.037                         | 41220                                | <u>211,532</u>                  |
| <b>Total expenditures of federal awards</b> |                                |                                      | <u><u>\$ 6,785,786</u></u>      |

(1) Tested as major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

See Independent Auditor's Report

**NEW MEXICO JUNIOR COLLEGE**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2010**

- NOTE 1** Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.
- NOTE 2** The period of availability for federal funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provision in Section H-Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
- NOTE 3** This schedule was prepared on the accrual basis of accounting.
- NOTE 4** New Mexico Junior College is not a direct participant in federally funded student loan programs where it enables them to track outstanding balances of the loans.

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

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
Board of Directors  
New Mexico Junior College  
Hobbs, New Mexico

We have audited the basic financial statements of New Mexico Junior College (the College) and its discretely presented component unit as of and for the year ended June 30, 2010, and have issued our report thereon dated November 9, 2010. We have also audited the budget comparison schedules presented as supplemental information for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2007-2, 2009-5, 2010-2, and 2010-3 that we consider to be significant deficiencies in internal control over financial reporting. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Mexico Junior 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

New Mexico Junior College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the organization, the Office of the State Auditor, the New Mexico State Legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Carlsbad, New Mexico  
November 9, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
Board of Directors  
New Mexico Junior College  
Hobbs, New Mexico

Compliance

We have audited New Mexico Junior 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, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, New Mexico State Auditor, the New Mexico State Legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Carlsbad, New Mexico  
November 9, 2010

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   x   No

Significant deficiency(ies) identified that are not considered to be material weakness(es):   x   Yes        No

Noncompliance material to financial statements noted?        Yes   x   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?        Yes   x   No

Significant deficiency(ies) identified that are not considered to be material weakness(es):        Yes   x   No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?        Yes   x   No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.063                | Federal PELL Grant Program                |
| 84.032                | Federal FEELP Loan Program                |
| 84.007                | Federal SEOG Program                      |
| 84.033                | Federal Work Study Program                |
| 84.042A               | Student Support Services                  |
| 84.044A               | Talent Search                             |
| 84.047A               | Upward Bound                              |

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   x   Yes        No

**B. FINDINGS—FINANCIAL STATEMENT AUDIT**2007-2: Preparation of Financial Statements (College)***Condition***

The Body charged with governance does not exercise effective oversight, as defined by Statement on Auditing Standards No. 115, of the internal control and financial reporting processing. The financial statements and related disclosures are not being prepared by the New Mexico Junior College's management.

***Criteria***

According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 115, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures. The body charged with governance must provide effective oversight of the controls over the financial reporting process.

***Effect***

When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

***Cause***

The Body charged with governance was unaware of the requirements of Statement on Auditing Standards No. 115 to provide effective oversight of control over the financial reporting processing. College personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

***Recommendation***

New Mexico Junior College's personnel are knowledgeable in the preparation of financial statements and related footnotes, however, due to the significant number of new accounting pronouncements that have to be considered each year, we recommend that New Mexico Junior College's management and personnel receive additional training on elements of external financial reporting, particularly those relevant to the New Mexico Junior College's reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
  - Governmental Accounting Standards Board (GASB)
  - Generally Accepted Accounting Principles (specifically as applied to governmental units)
  - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
  - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor



**B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)**2007-2: Preparation of Financial Statements (College), (continued)

In addition, we recommend that New Mexico Junior College management should periodically present a reporting package to the body charged with governance for review. The governing board's review of the reporting package should be documented in the minutes. New Mexico Junior College presents a monthly package which includes budget variances and analyses. In addition, they should include a review of internal control processes over a significant transaction class like payroll or cash receipts, and other reports or processes that management uses for the internal control and financial reporting processes. The Body charged with governance should gain an understanding of internal control processes and the financial reporting process.

***Agency Response***

Management agrees that knowledge of financial statement preparation is very important to the accurate reporting of the financial status of the College. In response to this finding the College will continue to contract outside consultants to address training of Business Office personnel. Also, Business Office personnel will continue to attend professional training classes in governmental accounting and audit updates.

2009-5: Incomplete Reconciliations (College)***Condition***

Not all accounts receivable general ledger accounts are being reconciled with the subsidiary detail.

***Criteria***

The *Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that management is responsible for adopting sound accounting practices, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

***Effect***

New Mexico Junior College books or records are at risk of containing material misstatements, as errors or intentional misstatements may occur and not be detected in a timely manner.

***Cause***

New Mexico Junior College's staff has been diligently working to ensure all balance sheet accounts are in agreement with their subsidiary details. Accounts receivable were in reconciliation process, however, not all differences had been located and corrected by the time of the audit.

***Recommendation***

We recommend that the New Mexico Junior College continue to work on the reconciliation process and to have the reconciliations reviewed on a regular basis.

***Agency Response***

Management agrees the timely reconciliation is important to the financial stability of the College. Accounting Staff will continue to make regular reconciliation of Balance Sheet accounts. Also, outside consultants have been contracted for FY 11 to assist accounting staff in addressing outstanding Accounts Receivable reconciling items.

**B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)**2010-1: Incomplete Time Sheets (College)**Condition**

During our testwork of payroll, we noted the following:

- 1 of 5 timesheets examined had not been signed by the employee.
- 2 of 5 timesheets had not been signed as approved by a supervisor.

**Criteria**

Good internal controls over payroll should require that all wages be properly authorized and approved.

**Effect**

New Mexico Junior College personnel are not approving all timesheets prior to issuing paychecks. This creates the potential for fraud or errors related to payroll.

**Cause**

For the fiscal year New Mexico Junior College had a lack of documented oversight related to processing of payroll.

**Recommendation**

We recommend that the New Mexico Junior College's payroll department not issue payroll disbursements without proper signature and approval of time sheets.

**Agency Response**

Management agrees that the signing of timesheets by the employee and supervisor is a good practice. Policy will be established to address timesheets that have not been signed by the employee and/or the supervisor.

2010-2: Lack of Segregation of Duties (College)**Condition**

During our testwork of the cash disbursing and payroll processing we noted the following instances of a lack of appropriate segregation of duties.

- Account Payable vendors can be setup by the same person processing the accounts payable checks
- Payroll personnel routinely enters new employee data and pay rate, makes changes to pay rates, enters time, and prints payroll checks
- Undeliverable payroll checks are being returned to the payroll department

**Criteria**

Appropriate segregation of duties in cash disbursing and payroll processing is required to maintain proper and sufficient internal controls and properly report all expenditures as required by Section 6-6-3, NMSA 1978.

**Effect**

Without adequate segregation of duties in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

**Cause**

The College is unaware of the weaknesses and risks related to these functions.

**B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)**2010-2: Lack of Segregation of Duties (College) (continued)***Recommendation***

We recommend that the New Mexico Junior College instruct the individual the opens the mail to distribute returned payroll checks to a designated person outside of the payroll department. The accounts payable clerk should not be able to set up new vendors. Setting up employees or changing pay rates should be done by someone not entering time or printing payroll checks. These processes should be written and implemented to ensure proper internal controls are present, including segregation of duties.

***Agency Response***

Management agrees segregation of duties is good policy. Procedures have been put in place to provide for segregation of duties for establishing new Accounts Payable vendors and for establishing new employees in the Payroll module. Also, changes have been made to have any undeliverable payroll checks returned to the Business Office, instead of the Payroll Department.

2010-3: Journal Entries (College)***Condition***

During our testwork of journal entries, it was noted that 3 of the 9 journal entries tested, involved cash receipts and cash disbursements that occurred in July 2010, but were backdated to June 30, 2010.

***Criteria***

Systems of internal control with the most favorable designs include procedures to prevent or detect errors due to misclassification of transactions in the accounting records. (AU 325.21 appdx.) Section 12-6-5, NMSA 1978 requires the audit report to set out in detail any violation of good accounting practices found by the audit.

***Effect***

Backdating transactions that affect cash accounts rather than adjusting accounts payable or accounts receivable may allow an error or material misstatement to occur in the College's financial statements that would not be detected.

***Cause***

The College was unaware of the proper procedures to record cash transactions occurring subsequent to year end.

***Recommendation***

We recommend that the College be diligent in recording cash transactions in the correct accounting period.

***Agency Response***

Management agrees that the College must be diligent in recording cash transactions, revenues, and expenses in the correct accounting period. New procedures have been established to ensure proper accounting of cash transactions.

**C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None.

**D. PRIOR YEAR FINDINGS**

2007-2 Preparation of Financial Statements (College)  
Revised and repeated as 2007-2.

2009-1 Overspent Purchase Orders (College)  
Resolved and not repeated.

2009-2 Lack of Documentation for Purchase Orders (College)  
Resolved and not repeated.

2008-3 Stale Dated Checks (College)  
Resolved and not repeated.

2009-4 Lack of Segregation of Duties (Foundation)  
Resolved and not repeated.

2009-5 Incomplete Reconciliations (College)  
Revised and repeated as 2009-5.

**NEW MEXICO JUNIOR COLLEGE**

**OTHER DISCLOSURES**

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**FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared from the original books and records and with the assistance of the management of New Mexico Junior College as of June 30, 2010 by Accounting and Consulting Group, LLP.

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component unit were discussed on November 9, 2010. The following persons were in attendance:

Foundation Officials

Dan Hardin, Foundation Treasurer  
Tina Kunko, Accountant

Auditor

Cindy Bryan, Partner

College Officials

Patricia Chappelle, Board Secretary  
Dr. Steve McCleery, President  
Dan Hardin, Vice-President for Finance  
Josh Morgan, Accountant/Comptroller