STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Basic Financial Statements and Schedules

June 30, 2009 and 2008

(With Independent Auditors' Reports Thereon)

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

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STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Official Roster

Governing Board

Name	Title
Robert P. Matteucci	Chair
Penelope S. Holbrook	Vice Chair
John Mondragon	Secretary
Deborah Moore	Member
Blair L. Kaufman	Member
Carmie Lynn Toulouse	Member
Michael DeWitte	Member

Administrative Officials

Kathie Winograd	President
Bob Brown	Vice President of Administration
Martin Serna	Comptroller

FINANCIAL SECTION

KARDAS · ABEYTA · WEINER P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Governing Board
Central New Mexico Community College
Albuquerque, New Mexico

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the State of New Mexico Central New Mexico Community College (the "College") as of and for the years ended June 30, 2008 and 2007, which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budget comparisons presented as supplemental information as of June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion 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 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 respective financial position of the business-type activities and discretely presented component unit of the College as of June 30, 2008 and 2007, and their respective changes in financial position and cash flows and the respective budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Members American Institute of Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2009, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12, 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 financial statements that collectively comprise the College's basic financial statements and budgetary comparisons presented as supplementary information. The accompanying Schedule of Expenditures Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the schedule of individual deposit and investment accounts and the schedule of pledged collateral, collateral pledged by depository for public funds are presented for purposes of additional analysis, and are not a required part of the College's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kardas, Abeyta & Weiner, P.C.

November 2, 2009

Overview of the Financial Statements and Financial Analysis

This report consists of Management's Discussion and Analysis (MD&A) (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 on the Central New Mexico Community College (the College) as a whole and its component unit, the Central New Mexico Community College Foundation (the Foundation). This MD&A focuses on the College and not the Foundation. Separately issued financial statements for the Foundation can be obtained from the College's administrative offices.

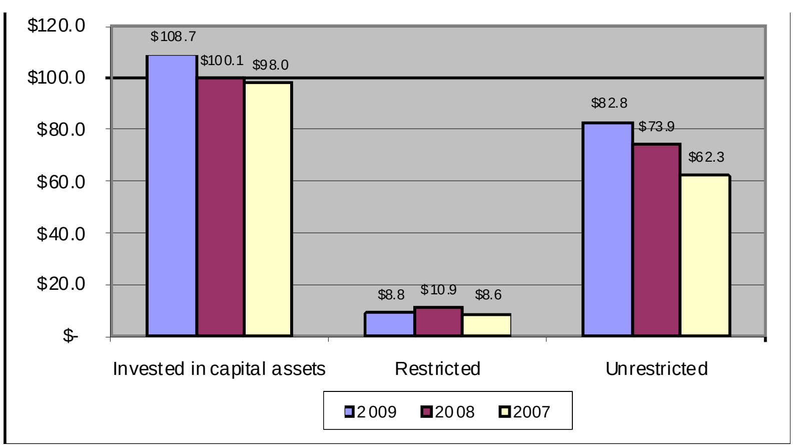
The discussion and analysis of the College's financial statements provides an overview of its financial activities for the years ended June 30, 2009, and 2008. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Financial Highlights

Net assets increased approximately $15.5 million (8.4%) during 2009. The change resulted primarily from an increase in unrestricted net assets of $8.9 million (12.1%), an increase in invested in capital assets of $8.7 million (8.7%), and a decrease in net assets reserved for debt service of $2.7 million (36.8%).

Net assets increased approximately $16.0 million (9.5%) during 2008. The change resulted primarily from an increase in unrestricted net assets of $11.6 million (18.5%), an increase in invested in capital assets of $2.1 million (2.2%), an increase in net assets reserved for capital projects of $1.1 million, and an increase in net assets reserved for debt service of $1.2 million (19.5%).

The following graph illustrates the comparative change in net assets by category for fiscal years 2009, 2008, and 2007.



The Statement of Net Assets and Statement of Revenues, 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. Nonfinancial factors are also important to consider, including student enrollment and the condition of campus buildings.

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:

Net Assets, End of Year (in Thousands)

	2009	2008	2007
Assets:			
Current assets	$ 104,413	116,416	107,527
Capital assets, net	129,124	110,864	109,823
Other noncurrent assets	2,996	3,421	1,580
Total assets	236,533	230,701	218,930
Liabilities:			
Current liabilities	13,336	16,731	15,670
Noncurrent liabilities	22,857	29,101	34,399
Total liabilities	36,193	45,832	50,069
Net assets:			
Invested in capital assets, net of related debts	108,747	100,075	97,959
Restricted	8,774	10,900	8,560
Unrestricted	82,819	73,894	62,342
Total net assets	$ 200,340	184,869	168,861

Total liabilities decreased 13.9 million, or 27.7%, over a two-year period. This was due primarily to a $15.9 million decrease in bonds payable, a result of scheduled bond payments and retirement of all outstanding 2001 bonds.

During 2009, total assets increased by $5.8 million due primarily to an $18.3 million increase in net capital assets. Restricted investments decreased by $23.4 million, and unrestricted investments increased $11.0 million or 14.7%.

(Continued)

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

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

		2009	2008	2007
Operating revenues	$	25,232	23,983	22,669
Operating expenses		(135,770)	(129,007)	(118,734)
Operating loss		(110,538)	(105,024)	(96,065)
Nonoperating revenues and expenses		124,954	120,282	109,362
Income before other revenues, expenses, gains, or losses		14,416	15,258	13,297
Capital grants and appropriations		1,055	750	7,137
Increase in net assets	$	15,471	16,008	20,434

Operating Revenues

Operating revenues of $25.2 million increased $1.2 million (5.2%) when compared to 2008, and were $2.6 million (11.3%) greater when compared to 2007. The following table summarizes the College's operating revenues for the years ended June 30.

Operating Revenues (in Thousands)

		2009	2008	2007
Tuition and fees, net	$	10,339	9,642	8,657
Federal grants and contracts		3,839	3,967	3,728
State and local grants and contracts		6,556	6,628	6,257
Sales and services of educational activities		1,703	1,354	1,666
Auxiliary enterprises		2,795	2,392	2,361
Total operating revenues	$	25,232	23,983	22,669

Tuition and fees increased $0.7 million in 2009 due primarily to an increase in enrollment. From 2007 to 2009, tuition and fees increased $1.7 million, a 19.4% increase in two years. Auxiliary revenue increased $0.4 million in 2009 a 16.9% increase.

Operating Expenses

Operating expenses increased $6.8 million (5.2%) in 2009 when compared to the prior year. Instructional expenses increased $1.1 million (2.1%). Institutional Support expenses decreased $0.6 million (3.8%). Student aid increased $4.4 million caused primarily by an increase in Pell grants. Over the two-year period from 2007 through 2009, operating expenses increased $17.0 million, a 14.4% increase. The following table summarizes the College's operating expenses for the years ended June 30.

		2009	2008	2007
Instruction	$	55,365	54,228	51,555
Public service		1,959	1,683	1,130
Academic support		10,001	10,171	9,486
Student services		13,844	13,160	12,201
Institutional support		16,118	16,758	14,810
Operation and maintenance of plant		10,875	9,825	8,796
Depreciation		6,048	6,004	5,971
Student aid		19,692	15,335	12,988
Auxiliary enterprises		1,787	1,708	1,687
Other expenses		81	135	109
Total operating expenses	$	135,770	129,007	118,733

Nonoperating Revenues and Expenses

Nonoperating revenues/expenses increased $4.7 million (3.9%) in 2009 when compared to the prior year. State appropriations decreased $3.0 million in 2009. Over a two-year period, state appropriations have remained level increasing $0.5 million, an increase of 0.9%. Local appropriations for operations increased $5.2 million (13.8%) in 2009 and $9.2 million (27.4%) over a two-year-period. Federal Pell grants revenue increased $4.8 million in 2009 a 35.1% increase.

Investment income decreased by $3.2 million (79.5%) in 2009 due to a collapse in financial markets. Over a two-year-period investment income decreased $3.5 million (80.9%). Overall, nonoperating revenue/expenses increased $15.6 million (14.3%) over two years. The following table summarizes the College's nonoperating revenue and expenses for the years ended June 30.

Nonoperating Revenues and Expenses (in Thousands)

		2009	2008	2007
State appropriations	$	53,768	56,829	53,315
Local appropriation – operating		42,514	37,352	33,360
Local appropriation – debt service		9,105	7,980	6,933
Federal pell grant		18,363	13,596	12,067
Investment income		834	4,069	4,364
Interest on capital asset related debt		(994)	(1,337)	(1,248)
Other		1,364	1,793	571
Total nonoperating revenues and expenses	$	124,954	120,282	109,362

Capital Grants and Appropriations

Other revenues, expenses, gains, or losses increased $0.3 million (40.1%) in 2009 when compared to 2008 due to a receipt of a $0.5 million addition to endowments. There were no other significant or unexpected changes in capital grants and appropriations. The following table summarizes the College's other revenues, expenses, gains, or losses for the years ended June 30.

		2009	2008	2007
Capital appropriations	$	346	709	7,095
Capital grants and gifts		209	41	42
Additions to permenant endowments		500	—	—
Total other revenues, expenses, gains, or losses	$	1,055	750	7,137

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the College had approximately $129.1 million invested in capital assets, net of accumulated depreciation of $63.1 million. Depreciation charges for the current year totaled $6.0 million compared to $6.0 million in 2008 and $6.0 million in 2007. The following table summarizes the College's capital assets, net of accumulated depreciation, as of June 30.

Capital Assets, Net (in Thousands)

		2009	2008	2007
Land and improvements	$	31,734	24,312	21,903
Buildings		70,618	73,156	63,248
Infrastructure		1,990	392	503
Furniture, fixtures, and equipment		7,099	7,714	8,666
Library materials		1,655	1,495	1,408
Art		420	416	406
Construction in progress		15,608	3,379	13,689
Capital assets, end of year	$	129,124	110,864	109,823

Major capital expenditures during fiscal year 2009 include:

University median phase I	1,049,033	West side 20 acre land purchase	1,266,607
JMMC Bookstore	5,466,530	MS 4th floor renovation	177,612
Student Services Center	5,471,943	Trades Mechanical upgrade	1,360,311
CNM West parking lot phase II	1,930,689	BRR small projects	2,038,725
Rio Rancho instructional facility	4,511,557	Data processing projects	1,349,115

Major capital expenditures during fiscal year 2008 include the Campus wireless deployment ($0.4 million), the University Medium project ($0.43 million), the Main Campus Instructional Facility ($0.9 million), the Westside Phase II ($1.9 million), purchase of the Heights Community Baseball field ($0.81 million), the Trades Mechanical Upgrade ($0.14 million), the Parking lot Phase II ($0.16 million), and the Rio Rancho Facility/land purchase ($0.17 million).

Additional information about the College's capital assets is presented in note 4 to the basic financial statements.

Bonds Payable

As of June 30, 2009, the College has $23.9 million in outstanding bonds, a decrease of $10.5 million (30.6%) when compared to 2008 and a decrease of $15.9 million (40.1%) when compared to 2007. The decrease in 2009 is due to scheduled debt service payment on bonds of $5.3 million and a $5.2 million retirement of the balance of outstanding 2001 bonds. The following table summarizes outstanding long-term liabilities by series as of June 30.

		2009	2008	2007
Bond Series 2001	$	—	7,700	9,700
Bond Series 2006		23,825	26,600	30,000
Total principal		23,825	34,300	39,700
Premium		32	76	99
Total debt outstanding	$	23,857	34,376	39,799

In July 2009, Standard & Poor's reviewed their rating of Central New Mexico Community College general obligation bonds and affirmed the "AA+" rating. In July, 2009 Moody's assigned an Aa2 rating to CNM's upcoming $30 million GOB Series 2009. Additional information related to the College's long-term liabilities is presented in note 7 to the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual Unrestricted and Restricted – All Operations

Revenues (Budgetary Basis)

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

(Continued)

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

Budgeted Revenue (in Thousands)

		Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Revenues:					
Tuition	$	8,717	9,844	9,991	147
Miscellaneous fees		3,765	4,171	4,466	295
State government appropriations		55,089	54,102	53,769	(333)
Local government appropriations		36,930	39,930	41,587	1,657
Federal government contracts/grants		20,605	22,587	22,332	(255)
State government contracts/grants		7,208	6,801	6,739	(62)
Local government contracts/grants		33	20	—	(20)
Private contracts/grants		1,472	2,184	1,144	(1,040)
Endowments		93	73	73	—
Sales and services		4,087	4,087	4,461	374
Other		1,705	1,036	763	(273)
Capital outlay		14,984	14,984	454	(14,530)
Building renewal and replacement		450	450	221	(229)
Retirement of indebtedness		8,060	8,060	8,961	901
Total revenues	$	163,198	168,329	154,961	(13,368)

The final budget added $5.1 million (3.1%) in revenue versus the original budget. The primary increases were in local government appropriations, $3.0 million additional mill levy for operations; a $2.0 million increase in federal grants and contracts; and a $1.5 million increase for additional student tuition and fees. State appropriations were reduced by $1.0 million.

Actual revenues were $13.4 million (7.9%) less than the final budget. The largest variance was in capital outlay $14.5 million caused by the need to spend CNM bond funds first in order to avoid arbitrage. This caused a decrease in use of capital appropriations for construction. Private contracts/grants revenues were under budget by $1.0 million, 47.6%. Local government appropriations were $1.7 million over budget as mill levy collections were strong.

Expenditures (Budgetary Basis)

The final budget increased expenditures by approximately $5.6 million. The budget for student services was increased by $1.2 million 8.5% for anticipated additional expense. The budget for operation and maintenance was increased by $0.6 million. The student aid grants and stipends budget was increased a total of $2.3 million due to an increase in the award of Pell grants. The schedule below summarizes the Colleges original budget, final budget, actuals, and variance for expenditures:

		Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Expenditures:					
Instruction	$	56,044	56,217	55,909	308
Academic support		11,390	11,414	10,531	883
Student services		14,288	15,509	13,938	1,571
Institutional support		19,515	19,634	16,198	3,436
Operation and maintenance of plant		9,521	10,130	8,669	1,461
Student social and cultural activities		115	179	81	98
Public services		1,970	2,426	1,978	448
Internal services		(337)	(333)	(290)	(43)
Student aid grants and stipends		21,277	23,541	23,514	27
Auxiliary enterprise		1,529	2,154	1,940	214
Capital outlay		30,409	30,409	222	30,187
Building renewal and replacement		5,000	5,000	5,207	(207)
Retirement of indebtedness		6,608	6,608	11,666	(5,058)
Total expenditures	$	177,329	182,888	149,563	33,325

Actual expenditures were $33.3 million (18.2%) less than the final budget. Capital outlay expenditures were $30.1 million under budget due primarily to the timing of capital projects and the use of CNM bond funds first. Retirement of indebtedness was $5.1 million over budget due to the redemption of the outstanding 2001 bonds. Institutional support was $3.4 million (17.5%) under budget.

Change in Net Assets (budgetary basis)

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

Budgeted Categories (in Thousands)

		Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$	50,560	82,697	82,697	—
Revenues		163,198	168,329	154,961	(13,368)
Expenditures		177,329	182,888	149,562	33,326
Change in Net Assets (budgetary basis)		(14,131)	(14,559)	5,399	19,958
Net Assets (budgetary basis)	$	36,429	68,138	88,096	

The actual change in net assets on a budgetary basis was $5.4 million 3.6% of actual expenditures.

Economic Outlook

The College's economic outlook is closely related to its role as the state's largest community college. The College is dependent upon ongoing financial and political support from state government, which is expected to decline 3 to 5 percent for FY 2010 with little overall growth over the long term. In fiscal year 2009, general fund appropriations for CNM decreased by $3.0 million, a 5.4% decrease.

Another significant factor in the College's economic position relates to its ability to recruit and retain students. As compared to the student enrollment in Fall 2008, census date data for Fall 2009 reports 27,934 students in college credit programs. This represents an increase of 3,064 students, 12.3%, and an increase of 15.0% in student credit hour production. The College has experienced an increase in enrollment after a period of leveling and at times, even decreasing enrollment over the past few years.

Contact Information

The reader is encouraged to contact the College with any questions or comments:

Central New Mexico Community College
Business Office
525 Buena Vista SE
Albuquerque, NM 87116
Phone: (505) 224-4436

Component Unit Financial Statements

Central New Mexico Community College Foundation is a component unit of the College. The Foundation separately issues their financials statements under Governmental Accounting Standards Board format. The Foundation's financial statements can be obtained from its administrative office at the College at 525 Buena Vista SE, Albuquerque New Mexico 87106.

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STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Net Assets

June 30, 2009 and 2008

	Primary Institution		Component Unit	
	2009	**2008**	**2009**	**2008**
Assets:				
Current assets:				
Cash and cash equivalents	$ 522,307	27,448	—	—
Cash and cash equivalents – restricted	433,842	1,536,263	95,384	442,225
Investments - unrestricted	85,791,314	74,807,443	—	—
Investments - restricted	12,033,655	32,900,316		
Endowment investments – restricted	175,153	386,046	—	—
Accounts receivable students, net	453,527	238,569	—	—
Grants and contracts receivable	1,629,593	4,175,665	10,237	—
Mill levy receivable	3,191,818	2,146,369	—	—
Pledges receivable	—	—	287,096	18,958
Other receivable	—	—	18,298	213,507
Inventories	22,279	32,071	—	—
Other assets	160,245	165,417	—	—
Total current assets	104,413,733	116,415,607	411,015	674,690
Noncurrent assets:				
Cash and cash equivalents – restricted	—	—	287,841	195,692
Investments - restricted	—	1,263,650		
Endowment investments – restricted	1,450,000	800,000	3,221,665	3,984,188
Mill levy receivable	961,724	651,710	—	—
Pledges receivable	—	—	2,430	2,430
Notes receivable	167,253	182,245	—	—
Other assets	415,688	523,688	—	—
Capital assets, net	129,124,113	110,863,943	—	—
Total noncurrent assets	132,118,778	114,285,236	3,511,936	4,182,310
Total assets	236,532,511	230,700,843	3,922,951	4,857,000
Liabilities:				
Current liabilities:				
Accounts payable to suppliers	3,475,739	2,563,826	87,415	491,011
Accounts payable - stafford loans	862,214	1,524,347		
Accrued compensated absences	1,829,103	1,670,125	—	—
Accrued payroll and payroll taxes	3,832,185	3,358,981	—	—
Accounts payable – other	214,968	210,123	—	—
Accrued interest payable	373,294	540,459	—	—
Deferred revenue	1,748,366	1,588,584	—	—
Bonds payable – current portion	1,000,000	5,275,000	—	—
Total current liabilities	13,335,869	16,731,445	87,415	491,011
Noncurrent liabilities – bonds payable	22,857,138	29,100,562	—	—
Total liabilities	36,193,007	45,832,007	87,415	491,011
Net assets:				
Invested in capital assets, net of related debt	108,747,075	100,074,857	—	—
Restricted:				
Nonexpendable:				
Scholarships	—	—	2,185,400	2,222,947
Department programs	1,450,000	800,000	157,421	157,791
Expendable:				
Scholarships	44,401	21,169	1,083,027	1,085,951
Department programs	175,153	384,938	948,986	692,463
Capital projects	2,451,511	2,335,142	—	—
Debt service	4,652,737	7,358,262	—	—
Unrestricted	82,818,627	73,894,468	(539,298)	206,837
Total net assets	$ 200,339,504	184,868,836	3,835,536	4,365,989

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2009 and 2008

	Primary Institution		Component Unit	
	2009	**2008**	**2009**	**2008**
Operating revenues:				
Tuition and fees (net of scholarship allowances of $3,822,102 for 2009 and $3,191,261 for 2008)	$ 10,338,749	9,641,772	—	—
Federal grants and contracts	3,838,931	3,967,674	—	—
State and local grants and contracts	6,556,344	6,628,007	18,222	20,000
Sales and services of educational departments	1,703,144	1,354,129	—	—
Gifts and pledges	—	—	1,890,087	1,488,895
Auxiliary enterprise	2,794,867	2,391,650	—	—
Total operating revenues	25,232,035	23,983,232	1,908,309	1,508,895
Operating expenses:				
Instruction and general:				
Instruction	55,364,829	54,228,360	—	—
Public service	1,958,892	1,682,694	—	—
Academic support	10,000,755	10,171,089	—	—
Student services	13,844,284	13,159,505	—	—
Institutional support	16,117,717	16,758,530	—	—
Operation and maintenance of plant	10,875,360	9,824,893	—	—
Depreciation	6,048,205	6,004,196	—	—
Student aid	19,692,116	15,335,155	—	—
Auxiliary enterprises	1,787,459	1,708,059	—	—
Other expenses	80,654	135,027	1,679,038	1,488,641
Total operating expenses	135,770,271	129,007,508	1,679,038	1,488,641
Operating loss	(110,538,236)	(105,024,276)	229,271	20,254
Nonoperating revenues (expenses):				
State appropriations	53,768,514	56,828,697	—	—
Local appropriations – operating	42,514,401	37,351,923	—	—
Local appropriations – debt service	9,104,618	7,980,414	—	—
Federal pell grant	18,362,799	13,595,706		
Gifts	1,141,052	986,254	—	—
Investment income (loss)	834,125	4,068,930	(775,497)	(167,064)
Interest on capital asset related debt	(993,928)	(1,337,428)	—	—
Gain (Loss) on disposition of assets	(64,975)	528,848	—	—
Other nonoperating revenues	287,526	278,381	—	—
Net nonoperating revenues (expenses)	124,954,132	120,281,725	(775,497)	(167,064)
Income (loss) before capital grants and appropriations	14,415,896	15,257,449	(546,226)	(146,810)
Capital appropriations	346,362	708,753	—	—
Capital grants and gifts	208,410	41,516	—	—
Additions to permanent endowments	500,000	—	15,773	28,080
Total other changes	1,054,772	750,269	15,773	28,080
Increase (decrease) in net assets	15,470,668	16,007,718	(530,453)	(118,730)
Net assets, beginning of year	184,868,836	168,861,118	4,365,989	4,484,719
Net assets, end of year	$ 200,339,504	184,868,836	3,835,536	4,365,989

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Cash Flows

Years ended June 30, 2009 and 2008

		2009	2008
Cash flows from operating activities:			
Tuition and fees	$	10,256,238	9,759,326
Federal grants and contracts		4,134,919	3,549,516
State and local grants and contracts		8,512,239	5,521,137
Payments to suppliers		(20,251,627)	(20,368,475)
Payments for utilities		(2,948,810)	(3,156,035)
Payments to employees		(67,105,910)	(65,293,043)
Payments for benefits		(19,764,297)	(18,810,351)
Payments for scholarships		(19,710,410)	(15,303,770)
Loans issued to students		—	(24,000)
Collection of loans to students		14,993	9,329
Auxiliary enterprise charges		2,790,050	2,326,880
Sales and services of educational activities		1,686,247	1,754,009
Net cash used by operating activities		(102,386,368)	(100,035,477)
Cash flows from noncapital financing activities:			
State appropriations		53,768,514	56,828,697
District mill levies–operating		41,197,832	36,980,519
District mill levies–debt service		9,065,722	7,976,006
Federal Pell Grant		18,343,834	13,595,706
Federal Family Education Loan receipts		31,941,969	24,827,151
Federal Family Education Loan disbursements		(32,607,879)	(23,349,551)
Gifts and Appropriations received for permanent endowments		1,641,052	986,254
Student organization agency transactions		(3,847)	7,221
Other receipts		287,526	263,612
Net cash provided by noncapital financing activities		123,634,723	118,115,615
Cash flows from capital financing activities:			
Proceeds from capital debt		—	—
Capital appropriations		707,153	1,138,917
Proceeds from sale of capital assets		48,175	72,951
Purchases of capital assets		(22,277,366)	(7,591,213)
Principal paid on capital debt and leases		(10,475,000)	(5,400,000)
Interest paid on capital debt and leases		(1,400,337)	(1,553,475)
Net cash provided (used) by capital financing activities		(33,397,375)	(13,332,820)
Cash flows from investing activities:			
Proceeds from sale and maturity of investments		126,137,549	105,068,957
Interest on investments		834,126	4,068,930
Purchase of investments		(115,430,217)	(112,555,179)
Net cash provided by investing activities		11,541,458	(3,417,292)
Net increase (decrease) in cash and cash equivalents		(607,562)	1,330,026
Cash and cash equivalents, beginning of year		1,563,711	233,685
Cash and cash equivalents, end of year	$	956,149	1,563,711
Reconciliation of net operating loss to net cash used by operating activities:			
Operating loss	$	(110,538,236)	(105,024,276)
Adjustments to reconcile net operating loss to net cash used by operating activities:			
Depreciation expense		6,048,205	6,004,196
Changes in assets and liabilities:			
Receivables, net		2,004,281	(1,330,428)
Inventories		9,792	9,921
Prepaid expenses		113,173	(647,622)
Accounts payable and accrued expenses		(342,344)	586,632
Deferred revenue		159,783	241,533
Compensated absences		158,978	124,567
Net cash used by operating activities:	$	(102,386,368)	(100,035,477)
Noncash transactions:			
Capital grants and gifts	$	208,410	41,516

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The State of New Mexico Albuquerque Technical Vocational Institute changed its legal name to Central New Mexico Community College on June 2, 2006. The College was created under Sections 21-16-1 through 21-16-24, State of New Mexico Statutes Annotated (NMSA), 1978 Compilation, to provide post-secondary vocational and technical education. The College is governed by an elected seven-member board (Governing Board) and reports to the New Mexico Higher Education Department (NMHED). The mission of the College is to promote and provide higher education, skill development, and workforce training relevant to contemporary needs within the Central New Mexico Community College district and the state of New Mexico. The overall goal of the College is to provide dynamic education for the community.

In evaluating how to define the College for financial reporting purposes, the College's management has considered potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. In accordance with Governmental Accounting Standards Board (GASB) guidance, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. Generally, GASB requires reporting, as a discretely presented component unit, a legally separate organization that raises and holds significant economic resources for the direct benefit of a governmental unit. Based upon the criteria established by GASB, these financial statements present the College and its component unit, Central New Mexico Community College Foundation (formerly Albuquerque Technical Vocational College Foundation, Inc.). The Foundation was organized in 1986 pursuant to Section 53-8-30, NMSA 1978 Compilation as a nonmember, not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation was incorporated for the purpose of providing support to the College and is authorized through its articles of incorporation to receive and hold any property, real or personal, given, devised, bequeathed, given in trust, or in any other way for the use or benefit of the College, or any student or instructor therein, or for the carrying on at the College of any line of work, teaching or investigation, which the donor, grantor, or testator may designate.

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended March 22, 2007. This agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose for the Foundation as soliciting, managing, and distributing gifts, grants, and donations given for the benefit of the College, or any student or instructor. The Foundation also serves as custodian and manager of any endowments received from private donors. The College provides support services at no cost to the Foundation. The Foundation is discretely presented in a separate column in the financial statements. Complete financial statements of the Foundation can be obtained from its administrative office at the College at 525 Buena Vista SE, Albuquerque, New Mexico 87106.

(b) Financial Statement Presentation

The College and the Foundation follow GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments;* Statement No. 35 *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities;* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's assets, liabilities and net assets, revenues, expenses, changes in net assets, and cash flows.

(c) Basis of Accounting

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

The College and the Foundation have the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College and the Foundation have elected not to apply FASB pronouncements issued after the applicable date.

(d) 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.

(e) Tax Status

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

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no material unrelated business income for the years ended June 30, 2009 and June 30, 2008, therefore, no provision for income taxes is included in the financial statements.

(f) Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, the College considers all highly liquid investments such as the overnight sweep account 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 are readily available to the College when needed and are recorded at cost, which approximates fair value. The College's participation in the pool is voluntary. 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. Restricted cash and cash equivalents and restricted investments represent amounts that are externally restricted to make debt service payments, bond funds restricted for capital purposes, and cash for Stafford loans.

The State Treasurer Office invested a portion of the LGIP in the 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. Since September 2008, The Reserve Primary Fund has returned approximately $0.92 per share to shareholders. On February 26, 2009, The Reserve Primary Fund announced that it was withholding $3.5 billion of the Fund's assets for anticipated and pending litigation against it, which amount could increase or decrease as the Fund evaluates information related to such litigation. 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. The total remaining Reserve Primary Fund position as of June 30, 2009, is $39.5 million. The LGIP's remaining position in The Reserve Primary Fund is a non-performing asset. The College believes that a loss has occurred. The College recorded an estimated loss of $380,270 for their portion as of June 30, 2009.

The Foundation's investments consist primarily of money market funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. The Foundation's money market funds are carried at amortized cost, which approximates fair value.

The State of New Mexico donated to the College for the Legislative Nursing Endowment this past year. The College's endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 7% of the asset value of the endowment fund. The asset value is defined as the average of the most recent twelve quarter-ending asset values for the endowment fund. At the beginning of each fiscal year, the College's management will determine the potential distribution amount for the endowment fund for the ensuing fiscal year.

The Foundation's endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 5% of the asset value of the endowment fund. The asset value is defined as the average of the most recent four quarter-ending asset values for each endowment fund. At the beginning of each fiscal year, the Foundation's board of directors and the College's management will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. On July 1, 2009 the Uniform Prudent Management of Institutional Funds Act, introduced as HB 454 became effective, accumulation of annual net income; reserve; appropriation of appreciation and the

Foundation's ability to spend net appreciation on investments of donor–restricted endowments will change

For the fiscal year ended June 30, 2005, the College implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement establishes and modifies disclosure requirements related to investment risks: credit risk, interest rate risk, and foreign currency risk. This statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk.

(g) 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, and student and third-party payors 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.

(h) Private Gifts, Revenue, and Pledges

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

Grants and other contributions of cash and other assets are reported as restricted if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their estimated fair values in the period received.

(i) Inventories

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

(j) Compensated Absences

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

(k) State Appropriations

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

Unexpended state appropriations do not revert to the state of New Mexico at the end of the fiscal year and are available to the College in subsequent years, pursuant to the General Appropriations Act of 2008. The College also received special appropriations for a nursing program, Institution compensation and for Utilities. The College all funds during the year.

(l) District Mill Levies

District mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1 and are due in equal semiannual installments on November 10 and April 10 of the next year. Taxes become delinquent 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County treasurers and is remitted to the College. Revenue from the operational mill levy is recorded in the period for which the lien is levied. A separate mill levy for the retirement of debt on the General Obligation 2001 Bond Series and 2006 Bond Series (note 7) is collected and remitted to the College. Following the symmetrical recognition concept of GASB Statement 33 and 36, the College recorded an estimated receivable of $4,153,542 and $2,798,079 as of June 30, 2009 and 2008, respectively, based on levied tax information received from the respective county Treasurer's office. Based on historical collections, no allowance for uncollectible accounts has been recorded.

(m) Noncurrent Cash and Cash Equivalents

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

(n) Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. The College reviewed GASB 42, *Accounting and Financial Reporting for impairment of Capital Assets and for Insurance Recoveries* and determined that impairment for assets did not need to be recognized.

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. In compliance with AICPA SOP 98-1, software purchased for internal use with a unit cost of $5,000 or more, is capitalized and depreciated. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, generally 40 years for buildings, 20 years for infrastructure and land improvements, ten years for library books, and four to 12 years for equipment.

(o) Deferred Revenue

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

Resources received before the eligibility requirements are met are reported as deferred revenues. Resources received in advance where all eligibility requirements have been met are recorded as revenues when received.

Deferred revenue at June 30, 2009 and 2008 consists primarily of $1,567,831 and $1,337,645 amounts received from deferred summer term tuition, and $180,535 and $250,939, respectively, from grants and contract sponsors that have not yet been earned.

(p) Noncurrent Liabilities

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

(q) Classification of Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. At June 30, 2009 and 2008, approximately $5,899,473 and $25,846,056 of bond proceeds remain unexpended, respectively.

Restricted net assets – expendable – Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets – nonexpendable – Nonexpendable restricted net assets consist of endowment funds in which the donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

(r) Classification of Revenues

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

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

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, mill levies, Pell grants and investment income.

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, other student charges and expenses, the College has recorded a scholarship allowance.

(s) Classification of Expenses

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

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

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

(t) Reclassifications

The College made a reclassification from cash and equivalents of $107,707,759 for June 30, 2008 as per the State Auditor determination that all holdings within the State Treasurer are to be recorded as investments.

(2) Cash and Investments

A summary of cash and investments as of June 30 is as follows:

		2009	2008
Cash on hand	$	11,375	11,725
Deposits with NM State Land Office		—	217,800
Deposits with financial institutions		944,774	1,334,186
Investments with New Mexico State Treasurer		99,450,122	110,157,455
Total cash and investments	$	100,406,271	111,721,166

Foundation

		2009	2008
Cash, including money market accounts	$	383,225	637,917
Federal agency obligations		771,784	768,588
Corporate obligations		297,782	259,134
International obligations		40,138	36,815
Marketable securities		2,111,962	2,919,651
Total cash and investments	$	3,604,891	4,622,105

(a) Investment Policy

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

The College invests with the New Mexico State Treasurer Local Government Investment Pool (LGIP) which consists of an array of highly rated securities such as U. S. government securities, direct issue corporate paper, repurchase agreements, CDs, and other highly rated money market funds. The LGIP's investments are carried at fair value based upon quoted market prices as of the valuation date. The State Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short term investment funds, with advice and consent of the State Board of Finance , in accordance with Sections 6-10-10(I) through 6-10-10(O) and 6-10-10(1)A and E NMSA 1978.

The pool does not have unit shares. Per Sections 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 amounts were invested. Participation in the fund is voluntary.

The Foundation's Finance and Investment Committee has established an investment policy to provide for the prudent management of invested funds. The fundamental goal of the policy is to produce the maximum return possible while preserving the Foundation's assets. Qualified investments under the investment policy include investments in equity securities listed on the American Stock Exchange, New York Stock Exchange, or NASDAQ with a Standard Poor's (S & P) rating of B+ or better; corporate bonds with an S & P rating of BBB/Baa or better; U.S. Treasury bills and notes and U.S. agency securities; investment in foreign debt and equity, limited to twenty percent of the total portfolio; and certificates of deposit, provided such amounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). All investments will be diversified to minimize risk. No single issuer of debt or equity is allowed to comprise more than five percent of the total portfolio.

The CNM Foundation Investment Policy Statement (IPS) allows for the investment in U.S. Treasuries and U.S. Government backed securities. On 6/30/2009, the portfolio consisted of 14.32% of U.S. Treasuries. The IPS also provides that no single issuer of debt or equity should comprise more than 5% of the total portfolio. Given the current credit crisis and the state of the markets, money managers have communicated to the Foundation that holding such an amount was deemed prudent at that time. As such, the money managers have been instructed that under section *G. Temporary Infraction Exception* of the IPS, that such allocation should be adjusted when it is determined to be financially prudent upon easing of the credit crisis and stability returning to the capital markets.

The following table sets out the asset allocation guidelines for the Foundation's portfolio:

Asset class	Minimum	Maximum
Equities	20%	70
Value stocks	35	65
Growth stocks	35	65
Bonds	20	70
Cash and equivalents	2	40

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the College or the Foundation.

The following table provides information on Standard & Poor's credit rating associated with the College's investment securities at June 30, 2009.

	Rating	Fair value
NewMexiGROW LGIP	AAAm	99,450,122
Total rated securities		$ 99,450,122

The following table provides information on the credit ratings associated with the Foundation's investment in debt securities at June 30, 2009.

	Rating		Fair value
Federal obligations			
US Treasury Notes	AAA	$	505,998
Federal Home Loan Mtg Corp	AAA		173,110
Federal National Mortgage Association	AAA		92,676
			771,784
Corporate obligations			
Corporate bonds	AAA		44,318
Corporate bonds	AA		44,098
Corporate bonds	A		209,366
			297,782
International obligations			
International obligations	AA		40,138
			40,138
Total rated securities		$	1,109,704

The College has invested $99,450,122 at June 30, 2009 and $110,157,455 at June 30, 2008 in investment pools managed by the State Treasurer. These investments are rated AAAm by Standard & Poor. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. The College has no policy regarding credit risk.

(c) Interest Rate Risk

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

				Investment maturities		
Entity	**Investment type**		**Fair value**	**Less than 1 year**	**1 - 5 years**	**5 years +**
College	*New MexiGROW* (LGIP)	$	99,450,122	99,450,122	—	—
Foundation	Federal agency obligations		771,784	152,877	464,076	154,831
Foundation	Corporate obligations		297,782	—	167,343	130,439
Foundation	International obligations		40,138	—	40,138	—

The State Treasurer manages its exposure for the *New MexiGROW* Local Government Investment Pool (LGIP) for declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio to 60 days or less. The WAM for the LGIP at June 30, 2009 was 43 days.

(d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College or the Foundation's investment in a single type of security. On June 30, 2009 the Foundation had 14.32% of the portfolio in U.S. Treasuries which exceeds the 5% limitation of the Investment Policy but is allowed under Section G. *Temporary Infraction Exception*. The fund managers will have 90 days after notification by the CNM Foundation Finance and Investment Committee to adjust the holdings to meet the 5% limitation.

(e) Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a depository institution failure, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

All deposits and investments in commercial banks and savings and loan associations are collateralized as required by Section 6–10–16 to Section 6–10–17 NMSA 1978. All deposits of the College are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the College's agent in the College's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the College, these deposits are considered to be held by the College in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the College or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the College under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of New Mexico enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The College has no policy regarding custodial credit risk for deposits.

At June 30, 2009 and June 30, 2008 respectively, the College's deposits had a carrying amount of $944,774 and $1,334,186 and a bank balance of $3,020,910 and $2,501,366. Of the bank balance, $250,000 was covered by federal depository insurance in 2009 and $100,000 in 2008. At June 30, 2009 and June 30, 2008, $2,770,910 and $2,401,366 was collateralized with securities held by the College's financial institution's trust department in the College's name under the Dedicated Method, and at June 30, 2009 and June 30, 2008, $99,450,122 and $110,157,455 was covered by collateral held under the Pooling Method.

Of the investments in federal agency and corporate obligations and marketable securities, the Foundation had custodial risk exposure at June 30, 2009 and 2008, because the related securities are held by the Foundation's brokerage firm, which is also the counterparty for these securities.

The Foundation's investment portfolio is covered by the Securities Investor Protection Corporation (SIPC), up to $500,000 of protection, of which 100,000 may be cash for each protected account. Additionally, the brokerage firm provides supplemental protection on eligible assets over $500,000 through underwriters, subject to aggregate loss limit of $600 million. A per client limit for cash is $1,900,000. Note that SIPC does not protect against losses in the portfolio value due to market fluctuations.

At June 30, 2009, the Foundation's bank balance including money market accounts and certificates of deposit was $528,123. Of this amount, $465,185 was covered by federal depository insurance and $62,938 was exposed to custodial risk as uninsured and uncollateralized.

At June 30, 2008, the Foundation's bank balance including money market accounts and certificates of deposit was $648,086. Of this amount, $289,252 was covered by federal depository insurance and $358,834 was exposed to custodial risk as uninsured and uncollateralized.

(f) Foreign Currency Risk

Foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2009, the Foundation held bonds in Astrazeneca Plc Global, a British company. However, these bonds are traded in the United States using US currency; therefore the Foundation does not have foreign currency risk exposure. The portfolio investment in international corporate bonds were rated AA- by Standard and Poor's.

Investments	Currency	Maturity	Fair value
Astrazeneca Plc Global Sr Notes	US dollars	9/15/2012	$40,138

(3) Receivables

Receivables are shown net of allowances for doubtful accounts in the accompanying statement of net assets. At June 30, receivables consisted of the following:

		2009	2008
Current asset:			
Receivables	$	6,429,079	7,397,325
Allowance for doubtful accounts		(1,154,141)	(836,722)
Net receivables – current	$	5,274,938	6,560,603
Noncurrent receivables	$	1,128,977	833,955

Included in the 2009 amounts above is a $4,153,542 mill levy receivable due from Bernalillo and Sandoval Counties, $1,629,593 of contract and grant receivables, and $453,527 in student receivables. Included in the 2008 amounts above is a $2,798,079 mill levy receivable due from Bernalillo and Sandoval Counties, $4,175,665 of contract and grant receivables, and $238,569 in student receivables.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2009 and 2008

(4) Capital Assets

Capital assets consist of the following:

		Year ended June 30, 2009			
		Balance, July 1, 2008	Additions and transfers	Dispositions and transfers	Balance, June 30, 2009
Capital assets not being depreciated:					
Land	$	20,329,503	4,877,773	—	25,207,276
Art		416,376	4,200	—	420,576
Construction in process		3,379,461	21,943,684	9,714,905	15,608,240
Depreciable capital assets:					
Land improvements		6,575,331	2,875,614	—	9,450,945
Buildings		109,005,406	504,864	—	109,510,270
Infrastructure		592,990	1,688,629	—	2,281,619
Furniture, fixtures, and equipment		28,059,147	1,814,990	3,112,703	26,761,434
Library books		2,716,293	426,676	184,117	2,958,852
		171,074,507	34,136,430	13,011,725	192,199,212
Less accumulated depreciation:					
Land improvements		2,593,355	330,667	—	2,924,022
Buildings		35,849,260	3,043,308	—	38,892,568
Infrastructure		200,869	91,002	—	291,871
Furniture, fixtures, and equipment		20,345,547	2,316,570	2,999,553	19,662,564
Library books		1,221,533	266,658	184,117	1,304,074
		60,210,564	6,048,205	3,183,670	63,075,099
Net carrying amount	$	110,863,943	28,088,225	9,828,055	129,124,113

The College capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the year ended June 30, 2008 and 2007, the College capitalized interest expense of approximately $195,819 and $108,808, respectively.

	Year ended June 30, 2008			
	Balance, July 1, 2007	Additions and transfers	Dispositions and transfers	Balance, June 30, 2008
Capital assets not being depreciated:				
Land	$ 18,837,388	1,516,134	24,019	20,329,503
Art	406,461	10,815	900	416,376
Construction in process	13,689,481	5,200,435	15,510,455	3,379,461
Depreciable capital assets:				
Land improvements	5,313,856	1,261,475	—	6,575,331
Buildings	96,111,812	12,893,594	—	109,005,406
Infrastructure	669,032	—	76,042	592,990
Furniture, fixtures, and equipment	28,650,609	1,642,496	2,233,958	28,059,147
Library books	2,954,174	332,868	570,749	2,716,293
	166,632,813	22,857,817	18,416,123	171,074,507
Less accumulated depreciation:				
Land improvements	2,248,144	345,211	—	2,593,355
Buildings	32,864,239	2,985,021	—	35,849,260
Infrastructure	166,279	34,590	—	200,869
Furniture, fixtures, and equipment	19,984,665	2,393,594	2,032,712	20,345,547
Library books	1,546,503	245,780	570,750	1,221,533
	56,809,830	6,004,196	2,603,462	60,210,564
Net carrying amount	$ 109,822,983	16,853,621	15,812,661	110,863,943

(5) Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability, and life insurance coverage (benefits coverage), and property, casualty, and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the state of New Mexico. The College is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The College pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2009. .

NMPSIA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to NMPSIA, 410-Old Taos Highway, Santa Fe, New Mexico 87501.

(6) Accrued Compensated Absences

The following is a summary of accrued compensated absences for the College for the years ended June 30, 2009 and 2008:

	Year ended June 30, 2009				
	Balance, July 1, 2008	Additions	Deductions	Balance, June 30, 2009	Current portion
Accrued compensated absences	$ 1,670,125	2,087,874	1,928,896	1,829,103	1,829,103

	Year ended June 30, 2008				
	Balance, July 1, 2007	Additions	Deductions	Balance, June 30, 2008	Current portion
Accrued compensated absences	$ 1,545,558	1,936,825	1,812,258	1,670,125	1,670,125

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

(7) Bonds Payable

The following is a summary of bonds payable transactions for the College for the years ended June 30, 2009 and 2008:

	Year ended June 30, 2009				
	Balance, July 1, 2008	Additions	Deductions	Balance, June 30, 2009	Current portion
Series 2001	$ 7,700,000	—	7,700,000	—	—
Series 2006	26,600,000	—	2,775,000	23,825,000	1,000,000
Total bond principal	34,300,000	—	10,475,000	23,825,000	1,000,000
Bond premium	75,562	—	43,424	32,138	—
	$ 34,375,562	—	10,518,424	23,857,138	1,000,000

	Year ended June 30, 2008				
	Balance, July 1, 2007	**Additions**	**Deductions**	**Balance, June 30, 2008**	**Current portion**
Series 2001	$ 9,700,000	—	2,000,000	7,700,000	2,500,000
Series 2006	30,000,000	—	3,400,000	26,600,000	2,775,000
Total bond principal	39,700,000	—	5,400,000	34,300,000	5,275,000
Bond premium	98,613	—	23,051	75,562	—
	$ 39,798,613	—	5,423,051	34,375,562	5,275,000

On July 17, 2001, the College issued $35,000,000 of General Obligation (Limited Tax Bonds) – Series 2001 (2001 Bonds). The bonds were issued for erecting and furnishing, constructing, purchasing, remodeling, and equipping buildings and utility facilities and making other real property improvements or purchasing grounds. The bond funds are being used to fund four major capital outlay projects: a permanent instructional facility on the northwest side of the district; a fourth-phase of construction at the South Valley Campus; purchase and development of land for use as a Main Campus parking lot; and construction of an instructional facility at the Joseph M. Montoya Campus in the Northeast heights. On June 15, 2009 the College redeemed the remaining outstanding bond balance of $5.2 million plus accrued interest. At year-end, the College had spent all of the 2001 Bonds proceeds.

On September 12, 2006, the College issued $30,000,000 of General Obligation (Limited Tax Bonds) – Series 2006 (2006 Bonds). The bonds were issued for erecting and furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 7, 2006. The bond funds are being used to fund four major capital outlay projects: an instructional facility on the northwest side of the district; a Main Campus Classroom and Technology Building; the Montoya Campus Bookstore and drainage improvements; and Southwest Mesa Land acquisition and Infrastructure development. The Bonds will also be used to fund various renewal and replacement projects. The 2006 Bonds bear interest at rates ranging from 4.00% to 5.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 7, 2006. The 2006 Bonds mature through August 15, 2021. Bonds maturing on or after August 15, 2015 are subject to redemption prior to their maturity at the option of the College after August 15, 2014. At year-end, the College had spent $26,662,563 of the 2006 Bonds proceeds. The bonds are under the requirements of the federal arbitrage regulations.

Debt service requirements at June 30, 2009 are as follows:

	General Obligation Bond Series 2006		
Fiscal year ending June 30	**Principal**	**Interest**	**Total debt service**
2010	1,000,000	974,200	1,974,200
2011	1,000,000	932,950	1,932,950
2012	1,750,000	877,950	2,627,950
2013	1,750,000	807,950	2,557,950
2014-2018	9,400,000	2,859,000	12,259,000
2019-2022	8,925,000	800,925	9,725,925
	$ 23,825,000	7,252,975	31,077,975

The maximum debt of the College may not exceed 3% of the assessed valuation of the District or approximately $490,443,360.

(8) Retirement Plan

Substantially all of the 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 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, New Mexico 87502. The report is also available on ERA's website at www.erb.org.

Funding Policy

Plan members are required to contribute 7.9% of their gross salary. The College is required to contribute 11.65% of the gross covered salary. Effective July 1, 2009, plan members are required to contribute 9.4% of their gross salary. The employer contribution decreases to 10.9%, as part of the States cost cutting strategy. The contribution requirements of plan members and the College are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The College's contribution to ERB for the fiscal years ending June 30, 2009, 2008, and 2007 were $7,294,023, $6,632,999, and $5,872,012, respectively, equal to the amount of the required contributions for each year.

403(b)

In addition to the ERA plan, the College sponsored a 403(b) defined savings contribution plan for its employees. Under the plan in calendar year 2008, employees may voluntarily contribute up to a maximum of $15,500 if under age 50, and up to a maximum of $20,500 if the employee is 50 or older. Employees become eligible to participate on the first day of employment. The College does not contribute or match any funds in the 403(b) savings program. The total amount of employee contributions for the fiscal years 2009 and 2008 was approximately $241,532 and $530,557, respectively. The College froze the plan on December 31, 2008.

457(b)

In March 2002, the Central New Mexico Community College Governing Board adopted the state of New Mexico's Deferred Compensation Plan. The 457 Deferred Compensation plan was implemented in Fall 2003 and provides an additional voluntary retirement savings option for all employees with the exception of work-study student employees. Under the plan in calendar year 2009, employees may voluntarily contribute up to a maximum of $16,500 if under age 50, and up to a maximum of $22,000 if the employee is 50 or older. The College does not contribute or match any funds in the 457(b) savings program. The total amount of employee contributions for the fiscal years 2009 and 2008 was approximately $616,574 and $509,680, respectively.

(9) Post Retirement Benefits – State Retiree Health Care Plan

Plan Description

The College contributes to the New Mexico Retiree Health Care Fund, a cost sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico governmental agencies, their spouses, dependents and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (the Act or NMRHCA) (10-7C-1 to 10-7C-16, 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 that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period 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. The report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle Blvd NE, Suite 104, Albuquerque, New Mexico 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 to the employer's RHCA effective date or is a former legislator or a former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer makes contributions to the fund of 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

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 College contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were $812,939, $790,942 and $751,861 in employer contributions, respectively, and $406,467, $395,472 and $375,930 in employee contributions, respectively, which equal the required contributions for each year.

(10) Commitments and Contingencies

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

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

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

At June 30, 2009, the College has $49,642,268 of outstanding capital commitments to contractors and architects related to the following projects:

Building Renewal & Replacement Small Projects	$	898,574
JS Fire Alarm Upgrade		24,062
Cable Plant Upgrade		38,242
Westside Phase II		9,444
University Median Phase I		34,791
Main Campus Instructional Facility		25,104,396
Trades Mechanical Upgrade		3,653,465
Rio Rancho Instructional Facility		18,714,970
Max Salazar 4th Floor Renovation		3,617
eXtender /Image Software Project		144,140
CNM West Parking Lot Phase II		35,861
Master Schedule Project -CIT		84,536
MS elevator replacement		32,868
G Bldg Re-roof		1,187
APS Security Bldg renovation		13,035
WS Data Center Upgrade		46,012
Campus Wireless Phase II		79,813
JMMC Bookstore		710,595
JMMC Building		12,660
	$	49,642,268

(11) Subsequent Event

On August 19, 2009, the College issued $30,000,000 of General Obligation (Limited Tax Bonds) – Series 2009 (2009 Bonds). The bonds were issued for erecting and furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 7, 2006. The bond funds are being used to fund three major capital outlay projects: a third instructional facility on the northwest side of the district; the Jeanette Stromberg Hall renovation; and purchase of the Alameda Business Center. The Bonds may also be used to fund various renewal and replacement projects. The 2009 Bonds bear interest at rates ranging from 2.50% to 4.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 7, 2006. The 2009 Bonds mature through August 15, 2024. Bonds maturing on or after August 15, 2020, are subject to redemption prior to their maturity at the option of the College, in whole or in part, at any time on or after August 15, 2019, at a redemption price of 100% of principal plus accrued interest to the date of the redemption.

SUPPLEMENTARY INFORMATION SECTION

Schedule 1

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual
Unrestricted and Restricted – All Operations

Year ended June 30, 2009

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$ 50,560,381	82,696,808	82,696,808	
Revenues:				
Tuition	8,716,689	9,844,438	9,991,352	146,914
Miscellaneous fees	3,765,000	4,170,562	4,465,780	295,218
State government appropriations	55,088,900	54,101,914	53,768,514	(333,400)
Local government appropriations	36,929,525	39,929,525	41,587,128	1,657,603
Federal government contracts/grants	20,605,185	22,586,817	22,332,341	(254,476)
State government contracts/grants	7,208,433	6,800,863	6,738,882	(61,981)
Local government contracts/grants	32,600	—	—	—
Private contracts/grants	1,471,949	2,204,156	1,144,492	(1,059,664)
Endowments	93,000	73,445	73,445	—
Sales and services	4,087,333	4,087,333	4,460,808	373,475
Other	1,704,860	1,035,700	763,085	(272,615)
Capital outlay	14,984,300	14,984,300	454,178	(14,530,122)
Building renewal and replacement	450,000	450,000	220,642	(229,358)
Retirement of indebtedness	8,060,000	8,060,000	8,960,428	900,428
Total revenues	163,197,774	168,329,053	154,961,075	(13,367,978)
Expenditures:				
Instruction	56,044,316	56,216,537	55,908,529	308,008
Academic support	11,390,257	11,414,357	10,531,390	882,967
Student services	14,288,005	15,508,769	13,938,469	1,570,300
Institutional support	19,515,235	19,633,975	16,198,414	3,435,561
Operation and maintenance of plant	9,520,668	10,130,255	8,668,866	1,461,389
Student social and cultural activities	115,000	179,000	80,653	98,347
Public services	1,969,774	2,426,285	1,977,963	448,322
Internal services	(336,628)	(333,303)	(290,322)	(42,981)
Student aid grants and stipends	21,276,801	23,541,309	23,514,219	27,090
Auxiliary enterprise	1,528,771	2,153,619	1,939,695	213,924
Capital outlay	30,409,302	30,409,302	221,618	30,187,684
Building renewal and replacement	5,000,000	5,000,000	5,206,904	(206,904)
Retirement of indebtedness	6,607,538	6,607,538	11,665,952	(5,058,414)
Total expenditures	177,329,039	182,887,643	149,562,350	33,325,293
Transfers to (from):				
Instruction and general	(3,528,889)	(14,654,688)	(14,654,688)	—
Student social and cultural	—	—	—	—
Public service	253,070	(88,930)	(88,930)	—
Internal service	(550,000)	(550,000)	(550,000)	—
Student aid and grants	1,006,858	1,056,858	1,056,858	—
Auxiliary enterprise	(50,000)	(100,000)	(100,000)	—
Capital outlay	—	7,000,000	7,000,000	—
Building renewal and replacement	2,868,961	7,336,760	7,336,760	—
Total transfers	—	—	—	—
Change in net assets (budgetary basis)	(14,131,265)	(14,558,590)	5,398,725	$ 19,957,315
Net assets (budgetary basis)	$ 36,429,116	68,138,218	88,095,533	

Schedule 1

STATE OF NEW MEXICO
ALBUQUERQUE TECHNICAL VOCATIONAL INSTITUTE

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual

Year ended June 30, 2009

Reconciliation of change in net assets (budgetary basis) to change in net assets (GAAP basis):		
Change in net assets (budgetary basis)	$	5,398,725
Adjustments to reconcile budgetary basis to GAAP basis:		
Net change in funds not included in budgetary basis which are included in GAAP basis:		
Endowment fund		440,216
Investment in plant fund		14,720,423
Depreciation expense not included in budgetary basis		(6,048,205)
Increase (decrease) revenue due to conversion to full accrual accounting for GAAP basis:		
Summer school tuition		(230,186)
GASB 33 revenue		60,611
Mill levy revenue		1,129,084
Primary institution increase in net assets	$	15,470,668

Note A:

The annual budget for the College is adopted on a basis consistent with the reporting requirements of the New Mexico Higher Education Department (NMHED), which are based on the fund accounting principles which were applicable prior to GASB Statements No. 34, 35, 37, and 38 (Budgetary Basis). By contrast, the College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP Basis).

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

Total expenditures or transfers in each of these items of budgetary control may not exceed the amount shown in the approved budget - A. Unrestricted expenditures and restricted expenditures; B. Instruction and general; C. each budget function in current funds other than instruction and general; D. Within the plan funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service; and E. Each individual item of transfer between funds and/or functions.

See accompanying independent auditors' report.

Schedule 2

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual
Unrestricted – Non Instruction & General

Year ended June 30, 2009

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$ 40,560,381	60,315,418	60,315,419	
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	115,000	115,000	131,038	16,038
State government appropriations	—	333,400	333,400	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	—	—	—	—
State government contracts/grants	—	—	98,000	98,000
Local government contracts/grants	—	—	—	—
Private contracts/grants	—	—	500	500
Endowments	—	—	—	—
Sales and services	2,421,333	2,421,333	2,962,100	540,767
Other	400,000	400,000	293,716	(106,284)
Capital outlay	14,984,300	14,984,300	454,178	(14,530,122)
Building renewal and replacement	450,000	450,000	220,642	(229,358)
Retirement of indebtedness	8,060,000	8,060,000	8,960,428	900,428
Total revenues	26,430,633	26,764,033	13,454,002	(13,310,031)
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	115,000	179,000	80,653	98,347
Public services	648,732	698,732	652,546	46,186
Internal services	(414,000)	(450,000)	(379,357)	(70,643)
Student aid grants and stipends	1,022,858	1,022,858	1,048,044	(25,186)
Auxiliary enterprise	1,498,491	2,128,491	1,917,236	211,255
Capital outlay	30,409,302	30,409,302	221,618	30,187,684
Building renewal and replacement	5,000,000	5,000,000	5,206,904	(206,904)
Retirement of indebtedness	6,607,538	6,607,538	11,665,952	(5,058,414)
Total expenditures	44,887,921	45,595,921	20,413,596	25,182,325
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	(253,070)	88,930	88,930	—
Internal service	550,000	550,000	550,000	—
Student aid and grants	(1,006,858)	(1,056,858)	(1,056,858)	—
Auxiliary enterprise	50,000	100,000	100,000	—
Capital outlay	—	(7,000,000)	(7,000,000)	—
Building renewal and replacement	(2,868,961)	(7,336,760)	(7,336,760)	—
Total transfers	(3,528,889)	(14,654,688)	(14,654,688)	—
Change in net assets (budgetary basis)	(14,928,399)	(4,177,200)	7,695,094	$ 11,872,294
Net assets (budgetary basis)	$ 25,631,982	56,138,218	68,010,513	

See accompanying independent auditors' report.

Schedule 3

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual
Restricted – Non Instruction & General

Year ended June 30, 2009

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$ —	—	—	—
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	—	—	—	—
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	17,063,105	19,555,803	19,490,821	(64,982)
State government contracts/grants	4,032,066	4,163,014	3,994,990	(168,024)
Local government contracts/grants	32,600	—	—	—
Private contracts/grants	275,000	600,312	410,658	(189,654)
Endowments	—	—	—	—
Sales and services	66,000	66,000	3,917	(62,083)
Other	211,860	2,700	2,700	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	21,680,631	24,387,829	23,903,086	(484,743)
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	—	—	—	—
Public services	1,321,042	1,727,553	1,325,417	402,136
Internal services	77,372	116,697	89,035	27,662
Student aid grants and stipends	20,253,943	22,518,451	22,466,175	52,276
Auxiliary enterprise	30,280	25,128	22,459	2,669
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total expenditures	21,682,637	24,387,829	23,903,086	484,743
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	—	—	—	—
Change in net assets (budgetary basis)	(2,006)	—	—	$ —
Net assets (budgetary basis)	$ (2,006)	—	—	

See accompanying independent auditors' report.

Schedule 4

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual
Unrestricted Instruction and General

Year ended June 30, 2009

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$ 10,000,000	22,381,390	22,381,389	
Revenues:				
Tuition	8,716,689	9,844,438	9,991,352	146,914
Miscellaneous fees	3,650,000	4,055,562	4,334,742	279,180
State government appropriations	55,088,900	53,768,514	53,435,114	(333,400)
Local government appropriations	36,929,525	39,929,525	41,587,128	1,657,603
Federal government contracts/grants	140,000	140,000	130,611	(9,389)
State government contracts/grants	225,000	225,000	356,694	131,694
Local government contracts/grants	—	—	—	—
Private contracts/grants	20,000	20,000	6,297	(13,703)
Endowments	—	—	—	—
Sales and services	1,600,000	1,600,000	1,494,791	(105,209)
Other	1,093,000	633,000	466,669	(166,331)
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	107,463,114	110,216,039	111,803,398	1,587,359
Expenditures:				
Instruction	52,091,339	52,367,731	52,646,382	(278,651)
Academic support	9,680,941	10,085,537	9,304,621	780,916
Student services	13,442,276	14,163,218	12,959,339	1,203,879
Institutional support	19,206,000	19,206,000	15,865,871	3,340,129
Operation and maintenance of plant	9,513,668	10,120,255	8,668,866	1,451,389
Student social and cultural activities	—	—	—	—
Public services	—	—	—	—
Internal services	—	—	—	—
Student aid grants and stipends	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total expenditures	103,934,224	105,942,741	99,445,079	6,497,662
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	253,070	(88,930)	(88,930)	—
Internal service	—	—	—	—
Student aid and grants	956,858	956,858	956,858	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	7,000,000	7,000,000	—
Building renewal and replacement	2,318,961	6,786,760	6,786,760	—
Total transfers	3,528,889	14,654,688	14,654,688	—
Change in net assets (budgetary basis)	1	(10,381,390)	(2,296,369)	$ 8,085,021
Net assets (budgetary basis)	$ 10,000,001	12,000,000	20,085,020	

See accompanying independent auditors' report.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget and Actual
Restricted Instruction and General

Year ended June 30, 2009

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	$ —	—	—	
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	—	—	—	—
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	3,402,080	2,891,014	2,710,909	(180,105)
State government contracts/grants	2,951,367	2,412,849	2,289,198	(123,651)
Local government contracts/grants	—	—	—	—
Private contracts/grants	1,176,949	1,583,844	727,037	(856,807)
Endowments	93,000	73,445	73,445	—
Sales and services	—	—	—	—
Other	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	7,623,396	6,961,152	5,800,589	(1,160,563)
Expenditures:				
Instruction	3,952,977	3,848,806	3,262,147	586,659
Academic support	1,709,316	1,328,820	1,226,769	102,051
Student services	845,729	1,345,551	979,130	366,421
Institutional support	309,235	427,975	332,543	95,432
Operation and maintenance of plant	7,000	10,000	—	10,000
Student social and cultural activities	—	—	—	—
Public services	—	—	—	—
Internal services	—	—	—	—
Student aid grants and stipends	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total expenditures	6,824,257	6,961,152	5,800,589	1,160,563
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	—	—	—	—
Change in net assets (budgetary basis)	799,139	—	—	$ —
Net assets (budgetary basis)	$ 799,139	—	—	

See accompanying independent auditors' report.

Schedule 6

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Pledged Collateral

June 30, 2009

THE INSTITUTE:

Wells Fargo Bank checking accounts	$	3,020,910
FDIC Insurance		(250,000)
Uninsured public funds	$	2,770,910
50% collateral requirement $1,128,011	$	564,006
102% sweep collateral requirement $1,642,899		1,675,757
Total collateral requirements	$	2,239,763

	CUSIP	**Rate**	**Maturity**	
Collateral (at fair value):				
Wells Fargo municipal bonds	31410SDG9	6.00%	6/1/2036	5,846,069
GNSF	362258L30	6.00%	2/15/2031	751,724
GNSF	362258G85	7.00%	12/15/2029	924,033
Total collateral				7,521,826
Over collateral requirement				$ 5,282,063

Wells Fargo Banks has pledged the above collateral which is being held in safekeeping by Wells Fargo Bank California

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Individual Deposit and Investment Accounts
June 30, 2009

The College:

Name of depository	Account name	Type of account	Bank balance	Book balance
Cash on Hand	Petty cash and change fund	Cash	$ -	11,375
Wells Fargo Bank	Student federal fund	Checking	68,266	(30,965)
	Operational account	Checking	1,649,097	228,650
	Stafford loans	Checking	1,259,125	852,665
	Perkins Loans	Checking	43,378	43,375
	Payroll	Checking	-	(127,306)
	Student refund	Checking	-	(22,689)
Bank of America	Direct Deposit	Checking	1,044	1,044
Total cash			3,020,910	956,149
Office of the State Treasure	Current fund	Investment	35,768,410	35,768,410
	Renewal and replacement	Investment	12,545,357	12,545,357
	Retirement of indebtedness	Investment	4,911,178	4,911,178
	Plant	Investment	44,600,024	44,600,024
	Endowment	Investment	1,625,153	1,625,153
Total investments			99,450,122	99,450,122
Total cash and investments			$102,471,032	$100,406,271

The Foundation:

Name of depository	Account name	Type of account	Bank balance	Book balance
Wells Fargo	Operational account	Money Market	$ 50,727	$ -
Bank of Albuquerque	Operational account	Money Market	164,458	70,287
Smith Barney		Money Market	287,841	287,841
Smith Barney		Certificate of deposit	25,097	25,097
Total cash			528,123	383,225
Smith Barney				
Federal Agency Obligations				
	Federal National Mtg Assn	Investment	92,676	92,676
	Federal Home Loan Mtg Corp	Investment	173,110	173,110
	US Treasury Notes	Investment	505,998	505,998
			771,784	771,784
Corporate obligations		Investment	297,782	297,782
International obligations		Investment	40,138	40,138
Mutual Funds		Investment	298,862	298,862
Stocks		Investment	1,813,100	1,813,100
Total investments			3,221,666	3,221,666
Total cash and investments			$ 3,749,789	$ 3,604,891

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Period July 1, 2008 through June 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number		Federal Expenditures
U.S. Department of Education:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grant 2008-09	84.007	P007A072635	$	404,085
Academic Competitive Grant	84.375	P375A072545		64,287
Federal Work Study	84.033	P033A072635		382,630
Federal Pell Grant 2008-09	84.063	P063P082545		18,392,490
Federal Pell Grant 2007-08	84.063	P063P072545		(29,904)
Federal Pell Grant 2002-03	84.063	P063P022545		213
				19,213,801
U.S. Department of Education Pass-through from Santa Fe Community College				
El Colegio	84.031S	P031S040038		291,588
TRIO Student Support Services Grant	84.042A	P042A050610		263,397
				554,985
U.S. Department of Education Pass-through from New Mexico Department of Education:				
Perkins-Vocational Expansion 2008-09	84.048	001.3.2.1.855		1,157,325
Perkins-Vocational Expansion 2007-08	84.048	001.1.1.1.855		4,311
				1,161,636
Adult Basic Education	84.002	19888		285,676
SSIG - Federal Portion	84.069A &B	P069A030033		62,116
Total U.S. Department of Education				21,278,214
National Science Foundation:				
SCME	47.076	DUE-0402651		269,528
Geographic Information	47.076	DUE-0801893		866
				270,394
National Science Foundation Pass-through from New Mexico State University				
RASEM2	47.076	Q00693		16,103
Small Business Administration Pass-through from New Mexico Small Business Development Center Network				
Small Business Development Center-SV	59.037	9-7620-0032-11		17,729
Small Business Development Center-Yale	59.037	6-7620-0032-11		17,729
				35,458
Corporation for National and Community Service				
Civic Engagement	94.005	06LHHNM001		202,668
U.S. Department of Health				
Bioterrorism Preparedness	93.003	04/664.4200.00568		1,471
Cancer Early Detection	93.283	09/BCC/0200/0526		868
				2,339
AmeriCorps	94.013	44-0103-0-1-506		90,380

(Continued)

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Period July 1, 2008 through June 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number		Federal Expenditures
U.S. Department of Agriculture Pass-through from New Mexico State University	10.223	2006-38422-17071		5,127
U.S. Department of Labor				
NM Wired	17.268	WR-16-380-07-60-A-35		144,352
U.S. Internal Revenue Service				
Volunteer Income Tax Assistance (VITA)	21.003	V90036		143,695
National Institute Standards Board Pass-through from NM Manufacturing Extension Partnership	11.611	70NANB8H0058		13,000
Total federal expenditures			$	22,201,730

Note A:

The College distributed the following amounts for the year ended June 30, 2009 for student loans through the US Department of Education (DoED) federal direct lending program. These distributions are not included as revenues and expenses in the accompanying financial statements. The Statement of Net Assets includes a payable of $862,214 at June 30, 2009 respectively for DoED funding received in advance of distribution.

	CFDA Number		Disbursements
Federal Family Education Loan Program	84.032	$	33,183,398
Perkins Loan Program	84.038		-

Note B:

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

Note C:

Of the federal expenditures in the Schedule of Expenditures of Federal Awards, the College provided federal awards to sub recipients as follows:

Program Title	Federal CFDA number		Amount provided to sub recipient
University of New Mexico	47.076	$	269,528
Santa Fe Community College	94.005		29,205
New Mexico State University	94.005		40,970
New Mexico State University-Grants Branch	94.005		43,291

SINGLE AUDIT AND OTHER INFORMATION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Central New Mexico Community College
Albuquerque, New Mexico

We have audited the basic financial statements of the business-type activities and discretely presented component unit of the State of New Mexico Central New Mexico Community College (the "College") and the College's budget comparisons as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 2009. 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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 08-1.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standard January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as findings 09-5 through 09-7

The 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 audit committee, management, others within the College, New Mexico State Auditor, the New Mexico State Legislature and applicable federal grantors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kardas, Abeyta & Weiner, P.C.

November 2, 2009

KARDAS · ABEYTA · WEINER P.C.
Certified Public Accountants

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

Compliance

We have audited the compliance of Central New Mexico Community College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 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 type of compliance requirements that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which were required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-04.

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Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirement 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might me 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 below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control. We consider the deficency on onternal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The 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 audit committee, management, New Mexico State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these

Kardas, Abeyta & Weiner, P.C.

November 2, 2009

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs

Section A - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting: Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' 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 Circular A-133?	Yes

Identification of major programs:

CFDA Number	Program or Cluster
84.007, 84.063, 84.375 & 84.033	Student Financial Assistance Programs
84.002	Adult Basic Education

Dollar threshold used to distinguish between type A and type B programs:	$666,052
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

08-1 General IT Controls

Condition

The internal audit department completed a walkthrough of all of the College's campuses computer equipment rooms and noted the following:

Installation of a gas based fire suppression system or appropriate system.
Improvement of circulation between the server room and the telecommunications room.

Eliminating possible water damage from overhead roof drain pipes.

Investigate the effectiveness of data center smoke, fire, water and temperature sensors.

Install some event monitoring system (PDA's, cells) to monitor the sensors.
Establish a list of on call HVAC vendors.

Contract with a roofing contractor for a quarterly evaluation of the condition of the roof.
Investigate other roofing alternatives to protect the equipment.
Install security cameras for 24/7 monitoring.
Replace the portable air conditioners to permanent HVAC Units.
The water sprinkler system should be converted to a pre-action sprinkler system.

In addition, the College's HVAC system was not operating effectively during a day in July 2008 on the main campus computer room. The college's servers overheated, which resulted in many of the computers services (e-mail, internet service, access to server) being shut down for the entire day.

Internal audit also reviewed the IT department for business continuity plan and noted the following:

All mission critical processes within this college should be determined, and analyzed to determine their risk and probability of disruption.
CNM's network configuration should be designed to allow system redundancy.
Each of CNM's Vice Presidents should ensure that all their mission critical functions are capable of operating with minimally acceptable service without regard to external or internal circumstances
All points of failure should be indentified and if possible redundancies installed to provide fault tolerance.

Section II - Financial Statement Findings

08-1 General IT Controls (continued)

The Westside campus data center should be upgraded to a "**Warm Site**", "**Hot Site**" facility which provides an environment and infrastructure to enable CNM to reinstate its systems and network before their absence becomes crucial to our mission critical functions.

Criteria
Physical access, security and cooling of the computer room, file/communication servers, off-line data storage, and other sensitive storage equipment are critical requirements to ensure that systems do not experience significant interruptions. A IT Business continuity plan is a proactive process whereby the College ensures the maintenance of critical operations when confronted with an adverse event. The business continuity plan identifies weak links in the flow of information and builds systems and procedures to mitigate downtime. If an interruption were to occur, the College needs to have a business continuity plan.

Cause
The IT department has been planning a new computer area for a few years, but the building has not been built and appears to be at minimum, a year from away from completion. The IT department has not completed a business continuity plan at this time.

Effect
The lack of a effective cooling, access to computer rooms by unauthorized personnel, regular review of roofing and drainage pipes and the IT departments' not developing a business continuity plan can put the College in danger of business interruptions. The business interruptions have occurred twice since June 30, 2008, virtually shutting down the College.

Recommendation
The IT department needs to implement physical security, cooling, maintenance review of building conditions processes to mitigate the risk of business interruptions with the understanding that their facilities will be moved in the future.

Section II - Financial Statement Findings

08-1 General IT Controls (continued)

Response
CNM agrees that adequate physical security, cooling, and maintenance review processes designed to mitigate the risk of IT related business interruptions is critical. As has been noted, this is why CNM has placed a priority on data center construction in its facilities master plan. Construction is currently underway to upgrade the Westside data center so that CNM is able to quickly reinstate its systems and network should a failure at the Main campus data center occur. This project is expected to be completed by the Fall 2009 term. Additionally, design of the new Main campus primary data center replacement facility is complete, and CNM anticipates breaking ground on that building in March 2009.

In the mean time, CNM must seek ways to protect our current investment in IT systems and infrastructure while remaining respectful of how we are using tax payer dollars given that new data centers are being constructed. Several cost efficient improvements have already been made to the A Building and E Building data centers. For example, overhead drain pipes have been modified to eliminate the possibility of water damage. CNM has established a contract with an HVAC vendor that can provide on-call services. The roof has been thoroughly tested by an external roofing contractor, and all irregularities have been corrected.

Other temporary improvements designed to better maintain existing data centers pending the completion of the new data centers have also been put into place. For example, rather than investing in an expensive gas fire suppression system in a building that will no longer be used as a data center in the near future, CNM is currently in the process of obtaining quotes for a fire suppression system that will significantly reduce risk while also serving as an appropriate system once that space is re-purposed. Likewise, temporary air conditioning units have been put into place rather than installing HVAC systems that will exceed requirements for the space once IT moves to the new data centers.

Section II - Financial Statement Findings

09-1 Cash Disbursements - Foundation

Condition
During our test work of internal controls over cash disbursements, we noted the following instances of non-compliance from our sample of 26 disbursements.

- One check for $27,563.81 had only one authorizing signature
- Expenditure reimbursement form/packet could not be located for one disbursement totaling $25,000.

Criteria
The Foundation has established policies and procedures that require two signatures on checks over $5,000 and proper approval and accounting for disbursements as evidenced by support

Cause
Noncompliance with internal control policy. The internal control policy over disbursements indicates that all checks over $5,000 require two authorizing signatures and that all disbursements

Effect
There is a potential that unauthorized disbursements could be made.

Recommendation
The Foundation should ensure that cash disbursement internal control policies are being followed and disbursement documentation is properly maintained.

Response
Under new management, the Foundation has been working on reviewing and documenting processes. Implementation of new processes and realigned staff positions will assist to ensure that stronger internal controls are adhered to.

Section II - Financial Statement Findings

09-2 Finance and Investment Committee Minutes - Foundation

Condition
Our audit included tracing items from the Finance and Investment Committee Meeting Minutes to the accounting records. We noted the following:

- One investment decision for $50,000 that was approved by the Finance and Investment Committee could not be traced to the Smith Barney statements.

Criteria
The Foundation's management has the responsibility to monitor the approved purchases and sales of the Foundation's investments based upon the Finance Committee's decisions.

Cause
The Foundation did not follow up on investment decisions made and approved by the Finance and Investment Committee.

Effect
As the market was declining, the investment decision was made and approved by the Finance and Investment Committee. Because that decision was not executed, it improved the finances of the Foundation as $50,000 remained in cash.

Recommendation
The Foundation should ensure that decisions made and approved by the Finance and Investment Committee, as documented in the minutes, are executed or have proper documentation approving deviations from those decisions.

Response
In addition to having minutes reviewed by management and financial advisors prior to submission for review by the Finance & Investment Committee, Foundation staff will make note of 'action items' at the end of each draft of the minutes for easy review of item execution by all parties. Staff will follow up to ensure all action items have been processed.

Section II - Financial Statement Findings

09-3 Pledge Receivables - Foundation

Condition
Our audit included a reconciliation of the pledge receivables between the Raiser's Edge Software and the general ledger. We noted one instance where a pledge receivable for $15,000 per Raiser's edge was not on the general ledger. Further review and inquiry indicated a negative balance in the temporarily restricted net asset account for this fund.

Criteria
The Foundation does have procedures to reconcile Raiser's Edge to the general ledger, but needs to include pledge receivables as well.

Cause
The Foundation did not reconcile the pledges to the general ledger and the previous management spent funds that had not been received.

Effect
There was a negative balance in a temporarily restricted fund account as a result of scholarship funds disbursed prior to receipt of pledge. The pledge was deemed uncollectible and the balance transferred to unrestricted.

Recommendation
The Foundation should ensure that expenditures are not incurred on pledge receivables and the Foundation develop procedures to reconcile pledge receivables to the general ledger on a regular

Response
The Foundation will ensure that expenditures are not incurred on pledge receivables and will develop additional processes to ensure that the pledges recorded in Razor's Edge are reconciled to the general ledger.

Section III - Federal Award Findings and Questioned Costs

Department of Education
CFDA #: 84.002
FY 2008-2009
Pass Through Entity - New Mexico Department of Education

09-04 - Adult Basic Education

Condition

During our compliance test work of the Adult Basic Education program, we noted the following instances of non-compliance:

- Of 642 students tested, three student intake forms could not be located
- Of 642 students tested, six student intake forms were not complete
- Of 642 students tested, 313 student intake forms were signed in pencil
- Of 20 faculty tested, one teacher was paid the full course amount at the beginning of the semester.
- Of 20 faculty tested, one teacher didn't turn in any attendance reports throughout the semester.
- Of 80 attendance reports tested, two were not signed by the teacher.
- Of 80 attendance reports tested, five were not turned in.

Criteria

Under grant agreement "Agreement for the Operation of an approved Adult Basic Education program", The College has established criteria for administering the ABE program.

Cause

Due to volume, numerous sites handling paperwork, and clerical errors, all of the proper forms were not properly filed, completed, and authorizations were not affixed.

Effect

The College was not in compliance with the ABE procedures and regulations set by the College and the U.S. Department of Education.

The instances in which student intake forms were not complete or missing could lead to a situation of ficticious students being reported for the program in effort to get more federal funds.

Section III - Federal Award Findings and Questioned Costs

Department of Education
CFDA #: 84.002
FY 2008-2009
Pass Through Entity - New Mexico Department of Education
Program: Adult Basic Education

09-04 - Adult Basic Education (continued)

If we extrapolate our findings to the faculty population applicable for the ABE Federal program, it is probable that 2 faculty members were paid the full course amount in one payment at the beginning of the semester, 2 faculty members did not turn in any attendance reports for the semester.

If we extrapolate our findings to the overall population, it is probable that 194 employees will have an incomplete I9 on file, 97 employees will not have a I9 on file, and 32 employees will not have a W-4 on file.

Recommendation
Personnel responsible for the Adult Basic Education program should monitor policies and procedures to ensure compliance with the criteria set by the College and the U.S. Department of Education.

Response
State data audits will continue to be conducted quarterly to monitor the policies and procedures to ensure compliance with the criteria set by CNM and the U.S. Department of Education.

Attendance reports will monitored on a monthly basis and faculty will be reminded to turn them in and sign them. If faculty do not respond appriopriately, discplinary action will be taken.

Student intake forms with missing data include information that is no longer required and or the requirement to sign in ink. To address the issue, new intake forms have been developed for Spring 2010 registration. The three missing intake forms are located in Records Retention but were not able to be pulled for the auditors because indexing had not been finished.

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

Department of Education
CFDA: 84.033
Program: Federal Work Study
FY 2008-2009
Pass Through Entity - N/A

09-5 Human Resource/ Payroll Files

Condition
During our test work of internal controls over Federal workstudy compliance, we noted the following instances of non-compliance from our sample of thirty two:

- One Federal workstudy did not have a W-4 on file
- One Federal workstudy did not have a completely filled out I9

Criteria
The College must follow established policies and procedures by the United States Department of Immigration Immigration Reform and Control Act of 1986, Pub. L. 99-603 and Internal Revenue Service (IRS) Section 3402(f)(2) and 6109 regarding payroll regulations.

Cause
Due to clerical errors, all of the proper forms were not properly filed and completed.

Effect
The College was not in compliance with their payroll policies and procedures and the government could assess penalties for errors or incomplete information.
If we extrapolate our findings to the overall population, it is probable that 5 Federal workstudy students will not have a W-4 on file and 5 Federal workstudy students will have an incomplete I9 on file.

Recommendation
Personnel responsible for the employee files should review relevant documentation to ensure that all forms are properly completed and filed.

Response
Payroll received the federal student employee new hire packet; after the student employee was set up the W-4 was misplaced. The W-4 has been replaced and filed in the student employee's personnel file.

The I-9 has been replaced and filed. The Human Resourse department is double checking all I-9's to ensure this does not happen in the future.

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

09-06 - Payroll/Human Resources

Condition

During our test work of internal controls over payroll disbursements, we noted the following instances of non-compliance from our sample of sixty five:

- Six employees have I9's not completely filled out
- Three employees did not have a I9 in file and could not be located
- One employee did not have a W-4 in file and could not be located
- One employee received a voluntary deduction when a signed form was not on file.

Criteria

The College must follow established policies and procedures within the College and by the United States Department of Immigration Immigration Reform and Control Act of 1986, Pub. L. 99-603 and Internal Revenue Service (IRS) Section 3402(f)(2) and 6109 regarding payroll regulations.

Cause

Due to clerical errors, all of the proper forms were not properly filed, completed, and authorizations were not included in the file.

Effect

The College was not in compliance with their payroll policies and procedures and the government could assess penalties for errors or incomplete information.

If we extrapolate the error rate of our findings to the overall population, it is probable that 194 employees will have an incomplete I9 on file, 97 employees will not have a I9 on file, and 32 employees will not have a W-4 on file.

If we extrapolate the error rate of our findings to the employee population applicable for voluntary deductions, it is probable that 30 employees will not have a signed voluntary deduction on file for the amounts being deducted from their paycheck.

Recommendation

Personnel responsible for the employee files should review relevant documentation to ensure that all forms are properly completed and filed.

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

09-06 - Payroll/Human Resources (continued)

Response

Payroll conducted an audit of W-4 files during FY09; this employee's file was included in the W-4 audit. However, following the audit the W-4 form for this employee could not be located. A current W-4 form could not be obtained because the employee is no longer employed with CNM.

This employee's deduction form for union dues was from 1999. We have received a signed copy of the union dues form from the union representative and have included in the employees personnel file.

The three missing I-9's were from the 1990's. The individuals are still employed with CNM and they were able to complete an I-9 with the current date noted. Similiarly, the missing information on the six I-9's were filled out with the current date noted. This was done on the recommendation of the external auditors.

We do not expect this to be an issue in the future as the Human Resource representatives check the work of the Human Resource technicians to insure an I-9 ahs been filled out for all new hires and that the information is complete. As a refresher, the HR staff was reminded of the importance of obtaining the I-9 information at an all staff meeting in October 2009

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

09-07 - Budget

Condition
We noted that the College overspent its approved budget in the following areas:

Internal services	25,186
Building renewal and replacements	206,904
Retirement of indebtedness	5,058,414

Criteria
Adequate internal controls to prevent budget overspending are required for the College to comply with Budge regulations under 6-3-1 to 6-3-25, NMSA 1978. The controls provide a point in the disbursement cycle in which the transaction should be cancelled if budget is not available is at the beginning with the purchase request.

Cause
Expenditures were approved for payment when budgeted funds were not available. Budget adjustment requests were not completed to cover the increase in expenditures.

Effect
Overspending of the budget could result in a shortfall of cash funds.

Recommendation
The College's budget controls and processes should be reviewed to ensure that budgeted amounts are never overspent by any amount and budget adjustment requests are completed.

Response
Management will develop more stringent processes for review of budget to actual expenditures, as well as for budget estimations.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs

Status of Prior Year Audit Findings		Current Status
08-1	General IT Controls	Repeated &Modified
08-2	Payroll	Repeated as 09-6
08-3	Budget	Repeated as 09-7

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Exit Conference

A closing conference was held on November 2, 2009, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing the Governing Board of Central New Mexico Community College

Robert Matteucci	Governing Board Chair
Penny Holbrook	Audit Committee Chair
John B. Mondragon	Governing Board Secretary

Representing Central New Mexico Community College

Katherine Bercaw	Vice President for Planning and Budget
Robert Brown	Vice President of Administrative Services
Philip Bustos	Vice President of Student Services
Beth Pitonzo	Vice President of Academic Affairs
Gian Joe Gieri	Executive Director ITS
Martin Serna	Comptroller
Loretta Montoya	Director of Accounting
Allen Leatherwood	Director of Internal Audit
Mark Lovato	Senior Staff Auditor
Lisa Archuleta	Staff Auditor

Representing Central New Mexico Community College Foundation

Glenn Wertheim	Foundation Board President
Michael Ragsdale	Finance and Investment Committee - Member
Lisa McCulloch	Executive Director
Brenda Martinez	Administrative Coordinator

Representing Kardas, Abeyta & Weiner P.C.

Scott Peck	Principal
Amy Cherne	Manager