



Financial Statements

For the Fiscal Years Ended June 30, 2015 and 2014

(With Independent Auditor's Reports Thereon)

INTRODUCTORY SECTION

**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
Deborah L. Moore	Chair
Mark Armijo	Vice Chair
Pauline J. Garcia	Secretary
Michael D. DeWitte	Member
Blair L. Kaufman	Member
Robert P. Matteucci, Jr.	Member
Virginia M. Trujillo	Member

Administrative Officials

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Central New Mexico Community College
and
Mr. Tim Keller, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the State of New Mexico Central New Mexico Community College (the "College"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We have also audited the budget comparisons presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. The accompanying financial statements of the College as of June 30, 2014 were audited by other auditors whose report thereon dated November 6, 2015 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the College, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the budgetary comparisons for the years ended June 30, 2015 and 2014 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, as more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in note 1(W) to the financial statements, effective July 1, 2014 the College adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the College's Proportionate Share of the Net Pension Liability, and Schedule of the College's Contributions on pages 4-15, 56, and 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The *Schedule of Expenditures of Federal Awards and other schedules required by Section 2.2.2.NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *Schedule of Expenditures of Federal Awards and other schedules required by Section 2.2.2.NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
November 2, 2015

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

Management's Discussion and Analysis

June 30, 2015 and 2014

Overview of the Financial Statements and Financial Analysis

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

The discussion and analysis of the College's financial statements provides an overview of its financial activities for the years ended June 30, 2015 and 2014. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Financial Highlights

General Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, effective for fiscal years starting after 6/15/14, significantly revamps accounting and financial reporting for government employers that provide pension benefits through a qualifying trust. Cost-sharing employers (those in plans where assets are pooled and can be used to pay benefits of any employer in the pool), such as the College, are required to report a net pension liability and pension expense equal to their proportionate share of the cost-sharing plan for the fiscal year ended on June 30, 2015. As a result of the implementation of this statement, the net position of the College is reduced significantly, as explained in the expanded footnote disclosures.

Net position decreased nearly \$147.2 million (-60.2%) during 2015, resulting from \$159.3 million of net pension liability and related deferred outflows and inflows due to GASB 68 implementation effective fiscal year 2015. The related impact to unrestricted net position is a decrease from 2014 of \$43.3 million to 2015 of -\$113.1 million. Without recognition of GASB 68, the college's net position increased \$1.5 million (0.6%). This change resulted from the combination of a decrease in unrestricted net position of approximately \$7.7 million, an increase in invested in capital assets of \$9.5 million, and a decrease in restricted net position of \$0.3 million.

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

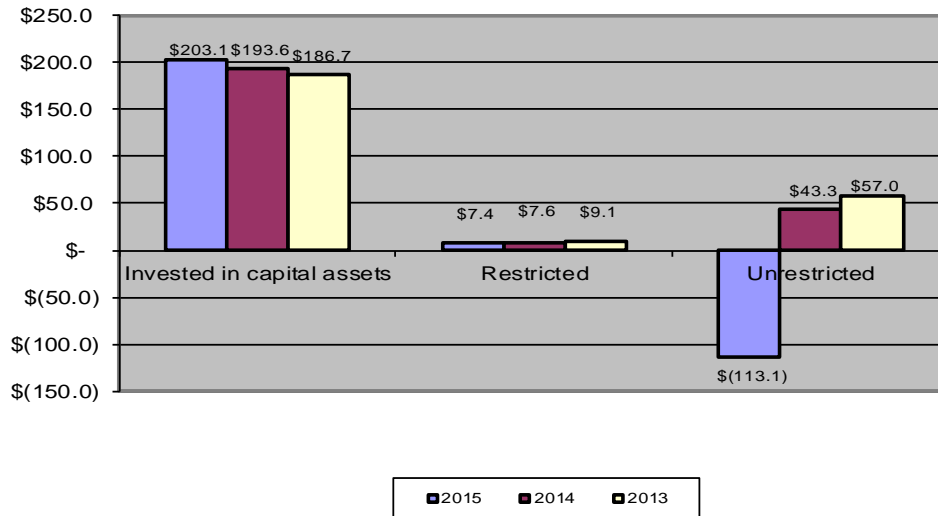
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Management's Discussion and Analysis

June 30, 2015 and 2014

assets of \$6.9 million (3.7%), and a decrease in restricted net position of \$1.5 million (-16.3%). The following graph illustrates the comparative change in net position by category fiscal years 2015, 2014, and 2013.

Net Position, Net (in Millions)



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

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

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

Net Position, End of Year (in Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current assets	\$ 99,189	108,107	87,525
Capital assets, net	251,058	239,777	238,926
Other noncurrent assets	4,187	4,275	4,330
Total assets	<u>354,434</u>	<u>352,159</u>	<u>330,781</u>
Deferred outflows of resources:			
Bond refunding	232	269	—
Pension related	19,356	—	—
Total deferred outflows	<u>19,588</u>	<u>269</u>	<u>—</u>
Liabilities:			
Current liabilities	34,267	25,765	23,300
Noncurrent liabilities			
Bonds payable	74,342	82,140	54,681
Net pension liability	151,964	—	—
Total liabilities	<u>260,573</u>	<u>107,905</u>	<u>77,981</u>
Deferred inflows of resources			
Pension related	16,078	—	—
Total deferred inflows	<u>16,078</u>	<u>—</u>	<u>—</u>
Net position:			
Net investment in capital assets	203,119	193,562	186,638
Restricted	7,355	7,637	9,121
Unrestricted	(113,104)	43,324	57,041
Total net position	<u>\$ 97,370</u>	<u>244,523</u>	<u>252,800</u>

Total assets increased \$23.7 million (7.2%) over a two-year period driven by \$11.7 million increase in current assets and \$12.1 million increase in capital assets. The current assets increase resulted from an increase in investments due to the 2014 bond sale. The increase to capital assets was primarily due to the renovation of the SSC Building remodel for Connect, Ken Chappy Faculty Office and the Westside Stone Replacement project.

During 2015, total liabilities increased by \$152.7 million (141.5%), primarily due to an increase in net pension liability of \$152.0 million. During 2014, total liabilities increased by \$29.9 million (38.4%), primarily due to an increase in bonds payable of \$27.8 million.

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 29,899	29,330	32,235
Operating expenses	<u>(179,543)</u>	<u>(176,557)</u>	<u>(167,712)</u>
Operating loss	(149,644)	(147,227)	(135,477)
Nonoperating revenues and expenses	<u>141,364</u>	<u>137,764</u>	<u>139,640</u>
Income before other revenues, expenses, gains, or losses	(8,280)	(9,463)	4,163
Capital grants and appropriations	<u>6,813</u>	<u>1,186</u>	<u>130</u>
Increase/(decrease) in net position	<u>\$ (1,467)</u>	<u>(8,277)</u>	<u>4,293</u>

Operating Revenues

In 2015, operating revenues of \$29.9 million increased \$0.6 million (1.9%) when compared to 2014 and decreased by \$2.3 million (-7.3%) when compared to 2013. The 2-year change is primarily due to a decrease in tuition and fees. The following table summarizes the College's operating revenues for the years ended June 30:

Operating Revenues (in Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tuition and fees, net	\$ 11,957	12,260	14,330
Federal grants and contracts	3,873	3,682	4,399
State and local grants and contracts	7,408	6,995	7,142
Sales and services of educational departments	3,511	2,977	3,058
Auxiliary enterprises	<u>3,150</u>	<u>3,416</u>	<u>3,306</u>
Total operating revenues	<u>\$ 29,899</u>	<u>29,330</u>	<u>32,235</u>

Operating Expenses

Operating expenses increased \$3.0 million (1.7%) in 2015 as compared to the prior year. This increase in operating expenses is significantly impacted by the GASB 68 implementation, requiring the recognition of \$13.6 million of New Mexico Educational Retirement Board (NMERB) pension plan proportionate expense netted by the Fiscal Year 2015 NMERB employer contribution of \$10.6 million as deferred outflow of resources. In 2015, instructional expenses increased \$1.7 million (2.7%), academic support expenses increased \$1.5 million (9.5%), student service expenses increased \$1.5 million (7.2%), institutional support increased by \$1.4 million (7.0%), and student aid

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decreased \$4.3 million (-15.5%). Instruction and general expense increases are attributed to the college's investment in human capital and academic programs including updating instructional equipment and technology systems. Over a two year period, expenses for instruction increased \$4.3 million (7.2%), academic support increased by \$4.9 million (41.6%), student services increased \$4.6 million (25.8%), institutional support expenses increased \$3.6 million (20.8%) and operations and maintenance of plant expenses increased \$2.8 million (20.4%). Additionally, within the two-year period, student aid decreased \$9.2 million (-28.0%). From 2013 through 2015, operating expenses increased \$11.8 million overall, a 7.1% increase.

The following table summarizes the College's operating expenses for the years ended June 30:

Operating Expenses (in Thousands)			
	2015	2014	2013
	<u> </u>	<u> </u>	<u> </u>
Instruction	\$ 64,016	62,317	59,736
Public service	599	739	1,299
Academic support	16,753	15,299	11,832
Student services	22,576	21,065	17,942
Institutional support	20,933	19,563	17,327
Operation and maintenance of plant	16,430	15,403	13,650
Depreciation	12,511	11,935	10,633
Student aid	23,541	27,846	32,711
Auxiliary enterprises	2,050	2,294	2,484
Other	134	96	98
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	\$ <u>179,543</u>	<u>176,557</u>	<u>167,712</u>

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses increased by \$3.6 million (2.6%) in 2015 when compared to the prior year. Primarily, this increase is attributed to a state appropriation revenue increasing by \$3.7 million in 2015. Over a two-year period, state appropriations have increased by \$7.9 million (16.5%). Over the same period, Pell grant revenue has decreased \$7.0 million or (-20.1%), due to leveling of student enrollment and a Pell program eligibility cap effected in 2013.

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The following table summarizes the College's nonoperating revenue and expenses for the years ended June 30:

Nonoperating Revenues and Expenses (in Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
State appropriations	\$ 55,644	51,972	47,750
Local appropriations – operating	49,166	48,508	48,252
Local appropriations – debt service	9,421	9,254	9,320
Federal Pell grant	27,990	32,815	35,037
Investment income	123	81	114
Interest on capital asset related debt	(2,031)	(1,909)	(1,723)
Other	1,051	(2,957)	890
	<u>141,364</u>	<u>137,764</u>	<u>139,640</u>
Total nonoperating revenues and expenses	\$ <u>141,364</u>	<u>137,764</u>	<u>139,640</u>

Capital Grants and Appropriations

Capital appropriations increased \$5.8 million in 2015, primarily due to funding for the L building renovation. There were no other significant or unexpected changes in capital grants and appropriations. The following table summarizes the College's other revenues, expenses, gains, or losses for the years ended June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Capital appropriations	\$ 6,813	978	130
Capital grants and gifts	—	208	—
	<u>6,813</u>	<u>1,186</u>	<u>130</u>
Total other revenues, expenses, gains, or losses	\$ <u>6,813</u>	<u>1,186</u>	<u>130</u>

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the College had approximately \$251.1 million invested in capital assets, net of accumulated depreciation of \$105.6 million. Depreciation expense for the current year totaled \$12.5 million compared to \$11.9 million in 2014 and \$10.6 million in 2013.

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Management's Discussion and Analysis

June 30, 2015 and 2014

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

Capital Assets, Net (in Thousands)

	<u>2,015</u>	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 34,297	33,675	34,064
Buildings	184,546	185,432	187,010
Infrastructure	2,426	2,471	2,767
Furniture, fixtures, and equipment	11,766	13,096	12,002
Library materials	1,227	1,319	1,408
Art	511	519	517
Construction in progress	16,285	3,265	1,158
Capital assets, end of year	<u>\$ 251,058</u>	<u>239,777</u>	<u>238,926</u>

Major capital expenditures during fiscal year 2015 include:

L Building Remodel	10,619,415	Site & Safety Improvements	1,190,720
A Building Courtyard	838,060	Access Control	946,742
Eight Building Fire Alarm	779,092	A Building Renovation	475,931
WS Stone Replacement Project	3,107,270	Ken Chappy Renovation	1,097,714
WTC Technology Advancement	754,956	Smith Brasher Renovation	437,398

Major capital expenditures during fiscal year 2014 include:

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

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

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Management's Discussion and Analysis

June 30, 2015 and 2014

Bonds Payable

As of June 30, 2015, the College has \$82.1 million in outstanding bonds, a decrease of \$7.9 million when compared to 2014 and an increase of \$19.9 million when compared to 2013. In 2015, the decrease results from scheduled debt service payments for outstanding bonds. The following table summarizes outstanding long-term liabilities by series as of June 30:

Bonds Payable (in Thousands)			
	2,015	2014	2013
Series 2006	\$ —	1,875	18,325
Series 2009	10,000	11,100	12,300
Series 2011	24,400	25,400	29,760
Series 2014A	30,050	33,200	—
Series 2014B	13,360	13,360	—
Total bond principal	77,810	84,935	60,385
Bond premium	4,330	5,111	1,828
Total debt outstanding	\$ 82,140	90,046	62,213

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

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

Revenues (Budgetary Basis)

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

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Management's Discussion and Analysis

June 30, 2015 and 2014

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

	Budgeted Revenue (in Thousands)		Actuals	Variance
	Original budget	Final budget	(budgetary basis)	favorable (unfavorable)
Revenues:				
Tuition	\$ 22,053	20,541	18,967	(1,574)
Miscellaneous fees	3,863	4,218	3,776	(442)
State government appropriations	55,644	55,644	55,644	—
Local government appropriations	48,987	49,926	49,258	(668)
Federal government contracts/grants	49,676	39,994	31,935	(8,059)
State government contracts/grants	6,677	6,399	6,886	487
Local government contracts/grants	—	10	10	—
Private contracts/grants	1,981	2,524	1,315	(1,209)
Endowments	31	15	15	—
Sales and services	4,620	5,345	4,547	(798)
Other	2,760	2,791	2,792	1
Capital outlay	39,620	24,250	15,634	(8,616)
Building renewal and replacement	2,306	2,170	2,011	(159)
Retirement of indebtedness	9,550	9,550	9,446	(104)
Total revenues	\$ 247,768	223,377	202,236	(21,141)

The final budget as compared to the original budget decreased revenue by \$24.4 million (-9.8%). The most significant decrease of \$15.4 million (-38.8%) was in Capital outlay. The Tuition revenue budget decreased by \$1.5 million (-6.9%). Federal contracts and grants budget decreased by \$9.7 million (-19.5%).

Actual revenues were \$21.1 million (-9.5%) less than the final budget. The largest variance was in Capital outlay revenue, a gap of \$8.6 million (-35.5%), reflective of timing of capital project construction. Federal government grants and contracts revenue was \$8.1 million (-20.2%) less than budget due to decreased Pell grant awards. Actual tuition revenue was \$1.6 million less than the final budget, a -7.7% variance. Private contracts/grants revenues were \$1.2 million (-47.9%) less than the final budget.

Expenditures (Budgetary Basis)

The final budget decreased expenditures by approximately \$19.1 million (-7.4%) versus the original budget. The budget for Capital outlay decreased by \$16.5 million (-38.6%), to accommodate for major multi-year capital projects budget needs. The budget for Operation and maintenance of plant increased by \$2.3 million (15.9%), and the Academic support budget increased by \$1.7 million (11.3%). The Student aid grants and stipends final budget was decreased \$10.4 million (-19.7%) as compared to the original budget.

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Management's Discussion and Analysis

June 30, 2015 and 2014

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

Budgeted Expenditures (in Thousands)				
	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Variance favorable (unfavorable)</u>
Expenditures:				
Instruction	\$ 63,739	63,793	61,441	2,352
Academic support	15,431	17,179	16,441	738
Student services	21,413	23,027	21,797	1,230
Institutional support	21,520	21,688	20,447	1,241
Operation and maintenance of plant	14,491	16,800	15,965	835
Student social and cultural activities	203	194	135	59
Public services	1,049	939	599	340
Internal services	129	98	91	7
Student aid grants and stipends	52,962	42,540	35,819	6,721
Auxiliary enterprise	3,331	2,532	2,065	467
Capital outlay	42,700	26,200	17,457	8,743
Building renewal and replacement	8,666	11,563	7,832	3,731
Retirement of indebtedness	11,004	11,004	9,690	1,314
Total expenditures	<u>\$ 256,638</u>	<u>237,557</u>	<u>209,779</u>	<u>27,778</u>

Actual expenditures were \$27.8 million (-11.7%) less than the final budget. Actual expenditures for Instruction were \$2.4 million (-3.7%) less than budget due to reduction in part-time faculty salary expense related to declining enrollment. Student support expenses were \$1.2 million (-5.3%) less than the final budget, Institutional support was \$1.2 million (-5.7%) under budget, and Student aid was \$6.7 million (-15.8%) under final budget. Capital outlay was under budget by \$8.7 million (-33.4%), due to the timing of capital projects.

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

Management's Discussion and Analysis

June 30, 2015 and 2014

Change in Net Position (budgetary basis)

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

	Budgeted Categories (in Thousands)		Actuals (budgetary basis)	Variance favorable (unfavorable)
	<u>Original budget</u>	<u>Final budget</u>		<u>(unfavorable)</u>
Beginning balance budgeted	\$ 44,208	47,391	47,391	—
Revenues	247,768	223,377	202,237	(21,140)
Expenditures	256,638	237,557	209,779	27,778
Change in net position (budgetary basis)	<u>(8,870)</u>	<u>(14,180)</u>	<u>(7,542)</u>	<u>\$ 6,638</u>
Net position (budgetary basis)	<u>\$ 35,338</u>	<u>33,211</u>	<u>39,849</u>	

The actual change in net position was an increase of \$6.6 million as compared to the final budget. The actual net position of \$39.8 million increased \$4.5 million when compared to the Original budgeted net position of \$35.3 million.

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

Management's Discussion and Analysis

June 30, 2015 and 2014

Economic Outlook

The College's economic outlook is closely related to its role as the state's largest community college. The College is dependent upon ongoing financial and political support from state government. In FY 2014, state appropriations increased \$4.2 million or 8.8%. Continuing the positive trend, state appropriations increased by \$3.7 million or 7.1% for FY 2015. Under a performance based funding formula since FY12, the College has generated state appropriation revenue, in addition to base funding, for student completion outcomes. In aggregate, state appropriation revenue has exceeded the FY 2009 funding level.

Another significant factor in the College's economic position relates to its ability to recruit and retain students. As compared to final student enrollment of 28,685 in Fall 2013 and 26,771 in Fall 2014, current census date data for Fall 2015 reports 25,888 students in college credit programs. This represents a decrease of 1,914 students (-6.7%) from Fall 2013 to Fall 2014 and a decrease of 883 students (-3.3%) from Fall 2014 to current student enrollment data in Fall 2015. Similarly, student credit hour production decreased 7.3% from 234,392 in Fall 2013 to 217,379 in Fall 2014 and 4.0% from Fall 2014 to current Fall 2015 data of 208,638 student credit hours. Based on the current performance formula model, enrollment fluctuations may impact future state appropriation revenue.

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

Component Unit Financial Statements

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

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
 Statements of Net Position
 June 30, 2015 and 2014

	Primary Institution		Component Units			
	2015	2014	Foundation		Ingenuity	
			2015	2014	2015	2014
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,323,534	318,225	43,075	—	1,465,258	3,970,638
Cash and cash equivalents – restricted	—	—	1,734,260	1,091,057	—	—
Investments - unrestricted	44,194,455	51,778,103	—	—	—	—
Investments - restricted	40,498,081	48,572,403	—	—	—	—
Endowment investments – restricted	38,908	51,280	—	—	—	—
Accounts receivable students, net	5,027,030	1,021,293	—	—	—	—
Grants and contracts receivable	3,907,230	2,398,408	—	—	—	—
Mill levy receivable	2,911,903	2,862,222	—	—	—	—
Pledges receivable	—	—	229,475	236,745	—	—
Other receivable	230,560	139,190	10,894	6,982	182,193	—
Inventories	43,510	22,855	—	—	—	—
Other assets	1,014,253	943,222	—	—	82,281	13,507
Total current assets	99,189,464	108,107,201	2,017,704	1,334,784	1,729,732	3,984,145
Noncurrent assets:						
Endowment investments – restricted	1,580,000	1,580,000	6,744,709	6,425,473	—	—
Mill levy receivable	2,336,876	2,429,335	—	—	—	—
Pledges receivable	—	—	228,545	405,045	—	—
Notes receivable	139,228	126,335	—	—	—	—
Other assets	130,667	138,667	—	—	—	—
Capital assets, net	251,057,862	239,777,057	—	—	1,544,465	—
Total noncurrent assets	255,244,633	244,051,394	6,973,254	6,830,518	1,544,465	—
Total assets	354,434,097	352,158,595	8,990,958	8,165,302	3,274,197	3,984,145
Deferred outflows of resources:						
Bond refunding	232,074	269,206	—	—	—	—
Pension related	19,355,569	—	—	—	—	—
Total deferred outflow of resources	19,587,643	269,206	—	—	—	—
Liabilities:						
Current liabilities:						
Cash overdraft - unrestricted	—	—	—	42,714	—	—
Cash overdraft - restricted	876,347	115,752	—	—	—	—
Accounts payable to suppliers	5,664,230	4,190,978	99,338	73,887	200,247	144,236
Accounts payable - loans	106,697	106,697	—	—	—	—
Accrued compensated absences	2,349,800	2,226,281	—	—	—	—
Accrued payroll and payroll taxes	7,928,429	7,275,044	—	—	—	—
Accounts payable – other	158,778	152,575	—	—	—	—
Accrued interest payable	1,080,703	1,021,254	—	—	—	—
Unearned revenue	8,304,338	2,770,247	428,105	25,480	136,437	—
Bonds payable – current portion	7,798,156	7,905,898	—	—	—	—
Total current liabilities	34,267,478	25,764,726	527,443	142,081	336,684	144,236
Noncurrent liabilities						
Bonds payable	74,341,820	82,139,976	—	—	—	—
Net pension liability	151,964,150	—	—	—	—	—
Total noncurrent liabilities	226,305,970	82,139,976	—	—	—	—
Total liabilities	260,573,448	107,904,702	527,443	142,081	336,684	144,236
Deferred inflows of resources:						
Pension related	16,077,976	—	—	—	—	—
Total deferred inflow of resources	16,077,976	—	—	—	—	—
Net position:						
Net investment in capital assets	203,119,536	193,562,068	—	—	—	—
Restricted:						
Nonexpendable:						
Scholarships	—	—	5,740,031	5,087,724	—	—
Department programs	1,580,000	1,580,000	207,906	207,275	—	—
Expendable:						
Scholarships	—	—	1,555,209	1,621,448	—	—
Department programs	44,808	82,880	919,452	1,149,825	—	—
Debt service	5,730,031	5,973,924	—	—	—	—
Unrestricted	(113,104,059)	43,324,227	40,917	(43,051)	2,937,513	3,839,909
Total net position	\$ 97,370,316	244,523,099	8,463,515	8,023,221	2,937,513	3,839,909

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2015 and 2014

	Primary Institution		Component Units			
	2015	2014	Foundation		Ingenuity	
			2015	2014	2015	2014
Operating revenues:						
Tuition and fees (net of scholarship allowances of \$12,278,413 for 2015 and \$12,470,425 for 2014) \$	11,956,812	12,259,718	—	—	432,530	—
Federal grants and contracts	3,872,635	3,681,905	—	—	—	—
State and local grants and contracts	7,408,201	6,995,348	404,784	293,336	111,967	—
Sales and services of educational departments	3,511,356	2,977,195	—	—	—	—
Gifts and pledges	—	—	672,865	906,992	251,000	—
Auxiliary enterprise	3,149,744	3,416,154	—	—	—	—
Total operating revenues	<u>29,898,748</u>	<u>29,330,320</u>	<u>1,077,649</u>	<u>1,200,328</u>	<u>795,497</u>	<u>—</u>
Operating expenses:						
Instruction and general:						
Instruction	64,015,612	62,317,110	—	—	—	—
Public service	598,785	739,490	—	—	—	—
Academic support	16,753,114	15,298,519	—	—	—	—
Student services	22,576,294	21,064,633	—	—	—	—
Institutional support	20,933,042	19,563,133	—	—	—	—
Operation and maintenance of plant	16,430,247	15,403,453	—	—	—	—
Depreciation	12,510,477	11,934,824	—	—	52,434	—
Student aid	23,540,699	27,846,000	—	—	—	—
Auxiliary enterprises	2,050,313	2,294,094	—	—	—	—
Other expenses	134,441	96,293	1,309,034	1,469,532	1,646,328	160,154
Total operating expenses	<u>179,543,024</u>	<u>176,557,549</u>	<u>1,309,034</u>	<u>1,469,532</u>	<u>1,698,762</u>	<u>160,154</u>
Operating loss	<u>(149,644,276)</u>	<u>(147,227,229)</u>	<u>(231,385)</u>	<u>(269,204)</u>	<u>(903,265)</u>	<u>(160,154)</u>
Nonoperating revenues (expenses):						
State appropriations	55,644,425	51,971,700	—	—	—	—
Local appropriations – operating	49,165,886	48,507,984	—	—	—	—
Local appropriations – debt service	9,420,882	9,254,550	—	—	—	—
Federal pell grant	27,989,753	32,814,882	—	—	—	—
Gifts	672,975	644,178	—	—	—	—
Investment income (loss)	122,881	80,550	170,531	745,544	869	63
Interest on capital asset related debt	(2,031,153)	(1,908,701)	—	—	—	—
Gain (Loss) on disposition of assets	(84,536)	(2,988)	—	—	—	—
Other nonoperating revenues	462,742	402,049	—	—	—	4,000,000
Other nonoperating expenses	—	(4,000,000)	—	—	—	—
Net nonoperating revenues (expenses)	<u>141,363,855</u>	<u>137,764,204</u>	<u>170,531</u>	<u>745,544</u>	<u>869</u>	<u>4,000,063</u>
Income (loss) before capital grants and appropriations	<u>(8,280,421)</u>	<u>(9,463,025)</u>	<u>(60,854)</u>	<u>476,340</u>	<u>(902,396)</u>	<u>3,839,909</u>
Capital appropriations	6,812,869	977,615	—	—	—	—
Capital grants and gifts	—	208,422	—	—	—	—
Additions to permanent endowments	—	—	501,148	1,188,130	—	—
Total other changes	<u>6,812,869</u>	<u>1,186,037</u>	<u>501,148</u>	<u>1,188,130</u>	<u>—</u>	<u>—</u>
Increase (decrease) in net position	<u>(1,467,552)</u>	<u>(8,276,988)</u>	<u>440,294</u>	<u>1,664,470</u>	<u>(902,396)</u>	<u>3,839,909</u>
Net position, beginning of year	<u>244,523,099</u>	<u>252,800,087</u>	<u>8,023,221</u>	<u>6,358,751</u>	<u>3,839,909</u>	<u>—</u>
Beginning net position recognized by GASB 68	<u>(145,685,231)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net position, end of year	<u>\$ 97,370,316</u>	<u>244,523,099</u>	<u>8,463,515</u>	<u>8,023,221</u>	<u>2,937,513</u>	<u>3,839,909</u>

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Tuition and fees	\$ 13,315,820	12,198,472
Federal grants and contracts	3,715,712	4,344,239
State and local grants and contracts	7,714,194	6,901,276
Payments to suppliers	(26,404,490)	(27,440,806)
Payments for utilities	(5,035,878)	(5,103,493)
Payments to employees	(80,717,686)	(78,292,800)
Payments for benefits	(27,681,099)	(25,735,419)
Payments for scholarships	(23,504,937)	(27,707,188)
Loans issued to students	(38,102)	(17,000)
Collection of loans to students	25,209	22,894
Auxiliary enterprise charges	3,230,186	3,264,171
Sales and services of educational activities	3,344,991	3,126,621
Net cash used by operating activities	(132,036,080)	(134,439,033)
Cash flows from noncapital financing activities:		
State appropriations	55,644,425	51,971,700
District mill levies—operating	49,200,702	48,589,116
District mill levies—debt service	9,428,844	9,277,940
Federal Pell Grant	27,976,080	32,675,143
Education Loan receipts	14,277,796	20,706,904
Education Loan disbursements	(14,292,661)	(20,716,286)
Gifts and Appropriations received	672,975	644,177
Cash overdraft due to bank	(115,752)	-
Cash provided by bank overdraft	876,347	115,752
Student organization agency transactions	13,730	(5,752)
Other expenses	-	(4,000,000)
Other receipts	310,913	422,566
Net cash provided by noncapital financing activities	143,993,399	139,681,260
Cash flows from capital financing activities:		
Proceeds from capital debt	-	36,829,567
Refunding bonds	-	13,360,000
Capital appropriations	5,382,556	124,088
Proceeds from sale of capital assets	46,202	46,478
Purchases of capital assets	(22,208,256)	(11,769,452)
Payment to refunded bond escrow agent	-	(14,925,013)
Principal paid on capital debt and leases	(7,125,000)	(7,385,000)
Interest paid on capital debt and leases	(2,840,801)	(2,018,525)
Net cash provided (used) by capital financing activities	(26,745,299)	14,262,143
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	122,640,643	125,393,034
Interest on investments	122,947	77,909
Purchase of investments	(106,970,301)	(144,836,267)
Net cash (used) provided by investing activities	15,793,289	(19,365,324)
Net increase (decrease) in cash and cash equivalents	1,005,309	139,046
Cash and cash equivalents, beginning of year	318,225	179,179
Cash and cash equivalents, end of year	\$ 1,323,534	318,225

See accompanying notes to basic financial statements.

(continued)

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (149,644,276)	(147,227,229)
Adjustments to reconcile net operating loss to net cash used		
by operating activities:		
Depreciation expense	12,510,477	11,934,824
ERB Pension plan expense proportion	13,571,225	-
Changes in assets and liabilities:		
Receivables, net	(3,958,410)	395,031
Inventories	(20,654)	41,647
Prepaid expenses	(63,031)	(454,271)
FY 15 CNM ERB contribution	(10,569,899)	-
Accounts payable and accrued expenses	523,945	662,558
Unearned revenue	5,491,023	18,476
Compensated absences	123,520	189,931
Net cash used by operating activities	\$ (132,036,080)	(134,439,033)
Noncash transactions:		
Capital grants and gifts	\$ -	208,422

See accompanying notes to basic financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

(b) Component Units

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

The following is a discretely presented component unit:

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

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

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

The following is a discretely presented component unit:

CNM Ingenuity, Incorporated, was organized March 17, 2014 pursuant to the provisions of the Nonprofit Corporation Act 53-83-1 to 53-8-99 NMSA 1978 Compilation as a nonmember, not-for-profit New Mexico corporation under Section 501(c)(3) of the Internal Revenue Code, further classified as a Type I supporting organization under Section 509(a)(3). A Type I supporting organization is operated, supervised, or controlled by one or more publicly supported organizations. Ingenuity was organized and at all times hereafter shall be operated exclusively for the benefit and support of, to perform the function of, or to carry out the purposes of the Central New Mexico Community College. The corporation shall be operated, supervised, or controlled by CNM. Ingenuity and CNM entered into a Memorandum of Agreement (“MOA”) dated March 2014 that defines their relationship. The MOA provides that CNM will provide critical resources, financial and administrative, until Ingenuity becomes self-supporting. It also provides that Ingenuity’s activities will be conducted for the benefit of CNM and must be consistent with CNM’s long range plans.

Pursuant to the University Research Park and Economic Development Act Sections 21-28-1 through 21-28-25, New Mexico Statutes annotated, 1978 Compilation, as amended, (the “Research Park Act”), this Corporation is formed for all lawful purposes under the Research Park Act. Complete financial statements for Ingenuity can be obtained from its administrative office at the College at 525 Buena Vista SE, Albuquerque, New Mexico 87106.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(c) Financial Statement Presentation

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

(d) Basis of Accounting

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

(e) Management’s Estimates and Assumptions

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

(f) Income Taxes

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

The Foundation and Ingenuity are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Foundation and Ingenuity had no material unrelated business income for the years ended June 30, 2015 and 2014; therefore, no provision for income taxes is included in the financial statements.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(g) Cash and Cash Equivalents

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

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

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

The State of New Mexico appropriated funds to the College for the Legislative Nursing Endowment. The College's endowment spending is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to an amount determined prudent of the asset value of the endowment fund. At the beginning of each fiscal year, the College's management determines the potential distribution amount for the endowment fund for the ensuing fiscal year. The College has approximately \$38,908 available for use. The amount is recorded in the statement of net position as restricted-expendable.

(h) Investments

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

The Foundation's investments consist primarily of money market mutual funds, federal agency obligations, corporate obligations, and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in investment income in the statements of revenues, expenses, and changes in net position.

(i) Receivables

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

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(j) Private Gifts, Revenue, and Pledges

The Foundation records pledges receivable as assets and revenue if the pledges are evidenced by unconditional promises to give those items in the future and when all applicable eligibility requirements are met. The Foundation considers an executed charitable gift or endowment agreement or a letter thanking the donor for the pledge as evidence of an unconditional promise. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. In fiscal year 2015, Ingenuity does not have any pledge receivable.

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

(k) Inventories

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

(l) Capital Assets

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

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

(m) Noncurrent Cash and Cash Equivalents

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

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(n) *Compensated Absences*

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

(o) *Unearned Revenue*

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

Unearned revenue at June 30, 2015 and 2014 for CNM consists primarily of deferred summer term tuition in the amounts of \$2,779,129 and \$2,466,660 respectively, and \$407,146 and \$303,587 respectively, from grants and contract sponsors that have not yet been earned.

Unearned revenue at June 30, 2015 and 2014 for the CNM Foundation are \$428,105 and 25,480, respectively.

Unearned revenue at June 30, 2015 and 2014 for Ingenuity are \$136,437 and \$0, respectively.

(p) *Noncurrent Liabilities*

Noncurrent liabilities include principal amounts of bonds payable that will not be paid within the next fiscal year. Beginning Fiscal Year 2015, net pension liability is reflected in noncurrent liabilities.

(q) *Classification of Net Position*

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. At June 30, 2015 and 2014, approximately \$31,611,759 and \$39,615,203 of bond proceeds remain unexpended, respectively.

Restricted net position – expendable – Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. At year-end, the College had \$5,901 in assets allocated by the NM Higher Education Department restricted to use for the Nursing program.

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

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(q) Classification of Net Position (Continued)

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

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

(r) State Appropriations

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

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year and are available to the College in subsequent years, pursuant to the General Appropriation Act of 2014.

(s) District Mill Levies

District mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1 and are due in equal semiannual installments on November 10 and April 10 of the next year. Taxes become delinquent 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County treasurers and is remitted to the College. Revenue from the operational mill levy is recorded in the period for which the lien is levied. A separate mill levy for the retirement of debt on the General Obligation 2009 Bond Series, 2011 Bond Series, 2014A Bond Series and 2014B Bond Series (note 7) is collected and remitted to the College. Following the symmetrical recognition concept of GASB Statement 33 and 36, the College recorded an estimated receivable of \$5,248,779 and \$5,291,557 as of June 30, 2015 and 2014, respectively, based on levied tax information received from the respective county Treasurer's office. Based on historical collections, no allowance for uncollectible accounts has been recorded.

(t) Classification of Revenues

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

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

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June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(t) Classification of Revenues (Continued)

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 Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, mill levies, and Pell grant and investment income.

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

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

(u) Classification of Expenses

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

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

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

(v) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
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Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(w) *Impact of Recently Issued Accounting Principles*

Recently Issued and Adopted Accounting Pronouncements

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

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

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

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies (Continued)

(w) Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements

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

(x) Reclassifications

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

(2) Deposits and Investments

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and United States Government obligations. Management of the College is not aware of any investments that did not properly follow State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the College. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

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

College

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 11,225	11,525
Deposits with financial institutions	435,962	190,948
Investments with New Mexico State Treasurer	<u>86,311,444</u>	<u>101,981,786</u>
Total cash and investments	<u>\$ 86,758,631</u>	<u>102,184,259</u>

Ingenuity

	<u>2015</u>	<u>2014</u>
Deposits with financial institutions	\$ 124,326	1,220,575
Money market with Morgan Stanley	<u>1,340,932</u>	<u>2,750,063</u>
Total cash and investments	<u>\$ 1,465,258</u>	<u>3,970,638</u>

Foundation

	<u>2015</u>	<u>2014</u>
Deposits with financial institutions	\$ 557,089	410,929
Money market accounts with Merrill Lynch	1,220,246	637,414
Federal agency obligations	714,656	1,045,130
Corporate obligations	430,721	45,302
Certificates of deposit	—	—
Corporate stock	3,827,359	3,622,079
Mutual funds	<u>1,771,973</u>	<u>1,712,962</u>
Total cash and investments	<u>\$ 8,522,044</u>	<u>7,473,816</u>

(a) Custodial Credit Risk

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

STATE OF NEW MEXICO
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Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

(a) Custodial Credit Risk (Continued)

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

At June 30, 2015 and 2014, the College’s deposits had a carrying amount of \$435,962 and \$190,948, respectively, and a bank balance of \$1,298,194 and \$1,281,490, respectively. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2015 and 2014, \$1,049,273 and \$1,031,489, respectively, was collateralized with securities held by the College’s financial institution’s trust department in the College’s name under the Dedicated Method. None of these balances were uninsured and/or uncollateralized at June 30, 2015 and 2014.

At June 30, 2015 and 2014, the Foundation’s deposits had a carrying balance of \$557,089 and \$453,643, respectively and a bank balance of \$576,808 and \$421,151, respectively. Amounts above \$265,000 in the checking account are invested in overnight sweep accounts which are collateralized at 102% of the invested balance. Of the remaining bank balance, \$250,000 was covered by federal depository insurance. Therefore, \$47,669 and \$16,736 were uninsured and uncollateralized at June 30, 2015 and 2014.

At June 30, 2015, Ingenuity’s deposits had a carrying balance of \$124,326 and a bank balance of \$185,731 in a checking account. As of June 30, 2014, Ingenuity’s bank balance of \$2,220,297 reflected a bank deposit in error of \$1,000,000 which was corrected on July 2, 2014. The checking account is covered by federal depository (FDIC) insurance up to \$250,000.

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

(b) Investments

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

The Foundation’s Finance and Investment Committee revised the investment policy in April 2014. The fundamental goal of the policy is to produce the maximum return possible while preserving the Foundation’s assets. Investments are divided into three main portfolios or pools: (1) Temporarily Restricted, (2) Endowments (Restricted), and (3) Eloy Reyes Title V Memorial Endowment for La Comunidad.

**STATE OF NEW MEXICO
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Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

(b) Investments (Continued)

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

Endowment Portfolio investments consist of equity securities, certificates of deposit (to the extent of FDIC insurance coverage), U.S. Treasury bills and notes and U.S. agency securities. Investment managers may purchase fixed income securities issued by U.S. corporations that carry a credit rating characterized as below investment grade Moody's (lower than Baa3) at the time of purchase. The fixed income portion of the portfolio is limited to a 15% allocation to high yield bonds. Investment managers may also purchase fixed income securities issued by non-U.S. sovereign governments or corporations. The fixed income portion of the portfolio is limited to a 10% allocation to non U.S bonds. Up to twenty-five percent of the Portfolio can be invested in foreign issues of debt or equity. No single issuer of debt or equity should make up more than 5% of the Portfolio except for U.S. government obligations. On June 30, 2015, the portfolio consisted of 10.6% of U.S. government obligations.

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

(c) Credit Risk

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

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

		2015		2014
	Rating	Fair value		Fair value
<i>New Mexico</i> LGIP	AAAm	\$ 86,311,444	\$	101,981,786
Total rated securities		\$ 86,311,444	\$	101,981,786

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CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

(c) Credit Risk (Continued)

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

	Rating	2015 Fair Value	2014 Fair Value
Federal agency obligations:			
Federal home loan mortgage corporation	AAA	\$ 299,626	\$ 89,752
Federal national mortgage association	AAA	303,469	230,588
US treasury notes	AAA	30,111	485,794
US treasury bonds	AAA	58,613	1,400
US treasury inflation notes	AAA	-	88,214
US treasury inflation bonds	AAA	22,837	149,382
		<u>714,656</u>	<u>1,045,130</u>
Corporate obligations:			
Corporate bonds	AAA	1,803	-
Corporate bonds	AA+	77,494	2,426
Corporate bonds	AA	4,012	6,371
Corporate bonds	AA -	2,030	2,026
Corporate bonds	A+	23,743	2,262
Corporate bonds	A	54,040	17,302
Corporate bonds	A-	154,772	6,367
Corporate bonds	BBB+	110,856	4,306
Corporate bonds	BBB	-	4,242
Corporate bonds	BBB-	1,972	-
		<u>430,721</u>	<u>45,302</u>
Total rated securities		<u><u>\$ 1,145,377</u></u>	<u><u>\$ 1,090,432</u></u>

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

(c) Credit Risk (Continued)

The College has invested \$86,311,444 at June 30, 2015 and \$101,981,786 at June 30, 2014 in the New Mexico Local Government Investment Pool (LGIP), which is managed by the State Treasurer. These investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer New Mexico LGIP is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

(d) Interest Rate Risk

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

A summary of the investments and respective maturities at June 30, 2015 and 2014 and the exposure to interest rate risk is as follows:

<u>Entity</u>	<u>Investment type</u>	<u>Fair value</u>	<u>2015 - Investment maturities</u>		
			<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>5 years +</u>
College	<i>New Mexico</i> (LGIP)	\$ 86,311,444	86,311,444	—	—
Foundation	Federal agency obligations	714,656	—	163,072	551,584
Foundation	Corporate obligations	430,721	—	104,191	326,531

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CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Notes to Basic Financial Statements

June 30, 2015 and 2014

(2) Deposits and Investments (Continued)

(d) Interest Rate Risk (Continued)

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

The State Treasurer manages its exposure for the *New Mexico* Local Government Investment Pool (LGIP) for declines in fair values by calculation of the weighted average maturity (WAM) of its investment portfolio. At June 30, 2015, the WAM (R) was 54.6 days and WAM (F) was 77.7 days, and at June 30, 2014, the WAM (R) was 48.6 days and WAM (F) was 116.2 days.

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College, the Foundation's or Ingenuity's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to the concentrated risk. Investments issued by the U.S. government and investments in mutual funds are excluded from this requirement. The Foundation had 10.6% of the portfolio on June 30, 2015 and 15.3% of the investment portfolio on June 30, 2014 in U.S. government obligations, which exceeds the 5% limitation in any single type of security per the Foundation's investment policy statement (IPS). However, under section J of the IPS, U.S. government obligations are excepted from the 5% limit.

(f) Foreign Currency Risk

Foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2015 and 2014, the College, the Foundation and Ingenuity held no investments denominated in foreign currencies, and therefore had no foreign currency risk.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(3) Receivables

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

	<u>2015</u>	<u>2014</u>
Accounts Receivables		
Accounts receivable students, net	\$ 5,027,030	6,734,428
Contract and grant receivables, net	3,840,013	2,691,813
Other receivables	65,073	51,083
Mill levy	2,911,903	2,862,222
Due from Ingenuity	165,487	88,107
Due from Foundation	67,217	66,584
Total current receivables	<u>\$ 12,076,723</u>	<u>12,494,237</u>
Allowance for doubtful accounts	<u>\$ (6,899,250)</u>	<u>(6,073,124)</u>
Mill levy	2,336,876	2,429,335
Notes receivable	139,228	126,335
Total noncurrent receivables	<u>\$ 2,476,104</u>	<u>2,555,670</u>

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(4) Capital Assets

Capital assets consist of the following:

	Year ended June 30, 2015			
	Balance, June 30, 2014	Additions and transfers	Dispositions and transfers	
Capital assets not being depreciated:				
Land	\$ 27,519,494	—	—	27,519,494
Art	519,311	—	7,822	511,489
Construction in process	3,264,921	20,549,314	7,529,521	16,284,714
Depreciable capital assets:				
Land improvements	11,967,588	1,291,180	—	13,258,768
Buildings	251,032,703	6,849,770	—	257,882,473
Infrastructure	3,927,522	254,588	—	4,182,110
Furniture, fixtures, and equipment	33,602,168	2,306,807	2,181,207	33,727,768
Library materials	3,249,908	199,881	185,039	3,264,750
	<u>335,083,615</u>	<u>31,451,540</u>	<u>9,903,589</u>	<u>356,631,566</u>
Less accumulated depreciation:				
Land improvements	5,811,495	669,373	—	6,480,868
Buildings	65,601,143	7,734,991	—	73,336,134
Infrastructure	1,456,473	300,129	—	1,756,602
Furniture, fixtures, and equipment	20,506,398	3,513,873	2,058,291	21,961,980
Library materials	1,931,049	292,110	185,039	2,038,120
	<u>95,306,558</u>	<u>12,510,476</u>	<u>2,243,330</u>	<u>105,573,704</u>
Net carrying amount	<u>\$ 239,777,057</u>	<u>18,941,064</u>	<u>7,660,259</u>	<u>251,057,862</u>

**STATE OF NEW MEXICO
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Notes to Basic Financial Statements

June 30, 2015 and 2014

(4) Capital Assets (Continued)

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

The College capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the years ended June 30, 2015 and 2014, the College capitalized interest expense of approximately \$125,331 and \$18,731, respectively.

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(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 215 members that participate in NMPSIA. Participation in NMPSIA is mandatory for public school districts and Charter Schools. Participation is voluntary for other educational entities. 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, 2015.

(6) Accrued Compensated Absences

The following is a summary of accrued compensated absences for the College for the years ended June 30, 2015 and 2014:

		Year ended June 30, 2015				
		Balance, June 30, 2014	Additions	Deductions	Balance, June 30, 2015	Current portion
Accrued compensated absences	\$	2,226,281	2,602,099	2,478,580	2,349,800	2,349,800
		Year ended June 30, 2014				
		Balance, June 30, 2013	Additions	Deductions	Balance, June 30, 2014	Current portion
Accrued compensated absences	\$	2,036,350	2,342,278	2,152,347	2,226,281	2,226,281

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

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Notes to Basic Financial Statements

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(7) Bonds Payable

The following is a summary of bonds payable transactions for the College for the years ended June 30, 2015 and 2014:

	Year ended June 30, 2015				
	Balance, June 30, 2014	Additions	Deductions	Balance, June 30, 2015	Current portion
Series 2006	\$ 1,875,000	—	1,875,000	—	—
Series 2009	11,100,000	—	1,100,000	10,000,000	1,150,000
Series 2011	25,400,000	—	1,000,000	24,400,000	1,000,000
Series 2014A	33,200,000	—	3,150,000	30,050,000	3,150,000
Series 2014B	13,360,000	—	—	13,360,000	1,730,000
Total bond principal	84,935,000	—	7,125,000	77,810,000	7,030,000
Bond premium	5,110,874	—	780,898	4,329,976	768,156
	\$ 90,045,874	—	7,905,898	82,139,976	7,798,156

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

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.

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(7) Bonds Payable (Continued)

The bond funds were used to fund four major capital outlay projects: an instructional facility on the northwest side of the district; a Main Campus Classroom and Technology Building; the Montoya Campus Bookstore and drainage improvements; and Southwest Mesa Land acquisition and Infrastructure development. The Bonds were also used to fund various renewal and replacement projects. The 2006 Bonds bear interest at 5.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 7, 2006. The 2006 Bonds mature through August 15, 2021. Bonds maturing on or after August 15, 2015 are subject to redemption prior to their maturity at the option of the College after August 15, 2014. On March 17, 2014 the College advance refunded \$14,625,000 of the 2006 bond series leaving a balance of \$1,875,000 which will mature on August 15, 2014. At year-end, the College had spent all of the 2006 Bonds proceeds.

On August 19, 2009, the College issued \$30,000,000 of General Obligation (Limited Tax Bonds) – Series 2009 (2009 Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 7, 2006. The bond funds were used to fund two major capital outlay projects: to build the Rio Rancho Campus and renovate the Jeanette Stromberg Building. The Bonds were also used to fund various renewal and replacement projects. The 2009 Bonds bear interest at rates ranging from 2.50% to 4.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 7, 2006. The 2009 Bonds mature through August 15, 2024. Bonds maturing on or after August 15, 2020 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2019. By June 30, 2014, the College had spent all of the 2009 Bonds proceeds.

On October 24, 2011, the College issued \$33,360,000 of General Obligation (Limited Tax Bonds) – Series 2011 (2011 Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds throughout the district. The Bonds were authorized at an election held February 1, 2011. The bond funds are being used to fund three major capital outlay projects: the Jeanette Stromberg Renovation project, L Building Renovation and the construction of the Westside Phase III instructional facility. The Bonds are also being used to fund various other projects. The 2011 Bonds bear interest at rates ranging from 2.50% to 4.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2011 Bonds mature through August 15, 2024. Bonds maturing on or after August 15, 2021 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2022. The bonds are under the requirements of the federal arbitrage regulations. By June 30, 2015, the College had spent all of the 2011 Bonds proceeds.

On March 17, 2014, the College issued \$33,200,000 of General Obligation (Limited Tax) Bonds – Series 2014A (2014A Bonds). The bonds were issued for erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or purchasing grounds. The Bonds were authorized at an election held February 1, 2011. The bond funds are being used to fund four major capital outlay projects: Site and Safety Improvements, J Building Renovation, A Building Renovation and the Smith Brasher Hall Renovation. The Bonds are also being used to fund various other projects.

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(7) Bonds Payable (Continued)

The 2014A Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2014A Bonds mature through August 15, 2028. Bonds maturing on or after August 15, 2023 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2022. As of June 30, 2015, the College had spent \$3,445,125 of the 2014A Bond proceeds. The bonds are under the requirements of the federal arbitrage regulations.

On March 17, 2014, the College issued \$13,360,000 of General Obligation (Limited Tax) Refunding Bonds, Series 2014B (2014B Bonds). The bonds were issued for advance refunding of the College's outstanding General Obligation Bonds, Series 2006. The bond funds are being used to advance refund \$14,625,000 of General Obligation Bond series 2006. The 2014B Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable from revenues generated by a separate district mill levy approved by the College's district voters on February 1, 2011. The 2014B Bonds mature through August 15, 2021. Bonds maturing on or after August 15, 2021 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2020. As of June 30, 2014, the College had deposited in escrow \$14,925,013 of the 2014B Bond proceeds. The escrow was used to pay principal and interest on the Series 2006 Bonds on August 15, 2014.

A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The unamortized deferred loss on refunding at June 30, 2015 was \$232,074.

The maximum General Obligating (Limited Tax) debt of the College may not exceed 3% of the assessed valuation of the District or approximately \$517,938,518. With outstanding bond payable of 77,810,000 at June 30, 2015, the College is currently 15.02% bonded to capacity.

The annual debt service requirements to maturity, including principal and interest at June 30, 2015 is as follows:

<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2009</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2016	1,150,000	321,563	1,471,563
2017	1,150,000	288,500	1,438,500
2018	1,150,000	254,000	1,404,000
2019	1,150,000	218,063	1,368,063
2020	750,000	186,250	936,250
2021-2025	4,650,000	471,562	5,121,562
2026-2030	—	—	—
	<u>\$ 10,000,000</u>	<u>1,739,938</u>	<u>11,739,938</u>

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

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June 30, 2015 and 2014

(7) Bonds Payable (Continued)

<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2011</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2016	1,000,000	810,200	1,810,200
2017	1,000,000	785,200	1,785,200
2018	1,200,000	757,700	1,957,700
2019	1,210,000	727,575	1,937,575
2020	1,620,000	692,200	2,312,200
2021-2025	13,600,000	2,359,750	15,959,750
2026-2030	4,770,000	119,925	4,889,925
	<u>\$ 24,400,000</u>	<u>6,252,550</u>	<u>30,652,550</u>

<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2014A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2016	3,150,000	1,105,000	4,255,000
2017	3,600,000	985,750	4,585,750
2018	1,450,000	877,500	2,327,500
2019	1,450,000	805,000	2,255,000
2020	1,450,000	732,500	2,182,500
2021-2025	7,250,000	2,604,000	9,854,000
2026-2030	11,700,000	775,250	12,475,250
	<u>\$ 30,050,000</u>	<u>7,885,000</u>	<u>37,935,000</u>

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(7) Bonds Payable (Continued)

<u>Fiscal year ending June 30</u>	<u>General Obligation Bond Series 2014B</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2016	1,730,000	543,600	2,273,600
2017	1,715,000	483,350	2,198,350
2018	1,700,000	406,550	2,106,550
2019	1,760,000	320,050	2,080,050
2020	1,795,000	231,175	2,026,175
2021-2025	4,660,000	163,200	4,823,200
	<u>\$ 13,360,000</u>	<u>2,147,925</u>	<u>15,507,925</u>

(8) Pension Plan – Educational Retirement Board (ERB)

Plan Description

ERB was created by the State’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided

A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions is as follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

Benefits Provided (Continued)

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

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CENTRAL NEW MEXICO COMMUNITY COLLEGE**

Notes to Basic Financial Statements

June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

Contributions

The contribution requirements of defined benefit plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

Employee Contributions

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

Employer Contributions

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

The contribution requirements of plan members and the College are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The College's contributions to ERB for the fiscal years ending June 30, 2015, 2014, and 2013, were \$10,569,899, \$9,656,298, and \$7,413,614, respectively, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the College reported a liability of \$151,964,150 for its proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the College's proportion was 2.7% percent.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

For the year ended June 30, 2015, the College recognized pension expense of \$13,571,225. At the June 30, 2015, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,263,735
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	13,814,241
Changes in proportion and differences between the College's contributions and proportionate share of contributions	8,785,670	-
The College's contributions subsequent to the measurement date	<u>10,569,899</u>	<u>-</u>
Total	<u>\$ 19,355,569</u>	<u>16,077,976</u>

Deferred outflows of resources of \$10,569,899, related to pensions resulting from the College's contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	1,189,001
2017	1,189,001
2018	1,460,748
2019	3,453,556
2020	-
Thereafter	-

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CENTRAL NEW MEXICO COMMUNITY COLLEGE**

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June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55, and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

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Notes to Basic Financial Statements

June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30- year return assumptions are summarized in the following table:

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%

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Notes to Basic Financial Statements

June 30, 2015 and 2014

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(8) Pension Plan – Educational Retirement Board (ERB) (Continued)

Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The College’s proportionate share of the net pension liability	\$ 206,764,745	151,964,145	106,190,759

Pension plan fiduciary net position

Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013, which are publicly available at www.nmerb.org.

403(b) Plan

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

457(b) Plan

In March 2002, the Central New Mexico Community College Governing Board adopted the State of New Mexico’s Deferred Compensation Plan. The 457 Deferred Compensation plan was implemented in Fall 2003 and provides a voluntary retirement savings option for all employees with the exception of work-study student employees. Under the plan in calendar year 2015, employees may voluntarily contribute up to a maximum of \$18,000 if under age 50, and up to a maximum of \$24,000 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 2015 and 2014 was approximately \$595,076 and \$536,623, respectively.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

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

Plan Description

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

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

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

Funding Policy

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

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

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The College's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$1,514,109.19, \$1,463,900, and \$1,349,720, respectively, which equal the required contributions for each year.

(10) Commitments and Contingencies

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

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

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

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(10) Commitments and Contingencies (Continued)

At June 30, 2015, the College has \$36,525,956 of outstanding capital commitments to contractors and architects related to the following projects:

2101 Oxford Renovation	3,359
A Building Renovation	6,389,661
Access Control Project	391,067
AT TC Faculty & Staff Relocation	231,890
Banner Assessment and Renewal	229,801
E Building Collaborative Workspace	64,409
Emergency Broadcast & Display	3,179
Energy Service & Control Installation	568
H & K Building Restroom Renovation	32,289
L Building Renovation	2,474,588
Main Bookstore in APS Data Center	64,306
Main Campus Food Court Remodel	156,191
Main Campus Technology Loop	2,856,805
Mobile Communications Plan	12,503
Motorpool	1,106
Max Salazar Restroom Renovation	50,943
Network Replacement	39,510
Nine Building Fire Alarm Upgrades	49,601
Parking System	1,558
Server Replacement	1,113
Site & Safety Improvements	2,345,203
Smith Brasher Renovation	17,624,803
SV Galvanized Waterline Re-Pipe	28,146
SV Phase IV Renovation	2,916,831
Wireless Network Upgrade	67,733
WS Phase III	7,975
WTC Technology Advancement	480,818
	<hr/> <u>36,525,956</u>

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Notes to Basic Financial Statements

June 30, 2015 and 2014

(11) Leases

In fiscal year 2010, the College purchased the Alameda property; a private company leases a majority of one building, which is recorded at \$5.6 million with accumulated depreciation of approximately \$777,523 at June 30, 2015. The term of the original lease was from January 2010 to September 30, 2014. The lease was amended with a term of May 2012 through April 2020. The future minimum receipts, assuming a 0.8% CPI, are as follows:

2016	\$ 695,175
2017	700,737
2018	706,343
2019	711,993
2020	597,278
	<hr/> <u>\$ 3,411,526</u>

(12) Endowments (Foundation)

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

The endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 5% of the average of the last five fiscal years' asset value of the endowment fund. The asset value is defined as principal and all accumulated income, whether realized or unrealized. At the beginning of each fiscal year, the Foundation's Board of Directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. At June 30, 2015 the net appreciation of \$1,062,253 was available to be spent. The total amount is restricted to specific purposes.

As of June 30, 2015, the value of the Foundation's endowment portfolio was \$6,799,442, and the permanent endowment contributions were \$5,947,937.

(13) Related Party Transactions

CNM Ingenuity Inc.

On March 17, 2014 CNM Ingenuity, Incorporated was created as a separate corporate entity established in accordance with the University Research Park and Economic Development Act for the purposes set forth in that act in relation to the College, supporting the education, research and service mission of the College. In order for Ingenuity to become self-supporting the College provided critical resources both financial and administrative uses. In fiscal year 2014, CNM contributed \$4 million in startup funding for CNM Ingenuity, and in fiscal year 2015, no additional funds were contributed. This is reported in the statement of revenues, expenses, and changes in net position as other nonoperating expenses in the College's financial statements.

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

Notes to Basic Financial Statements

June 30, 2015 and 2014

(13) Related Party Transactions (Continued)

The Foundation, Inc.

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

(14) Budgets and Budgetary Accounting

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

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

Procedures for Approval of Operating Budgets:

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

(15) Prior Period Restatement

Net position at June 30, 2015 was restated in the amount of \$145,685,231. This restatement was due to the implementation of GASB 68.

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015

New Mexico Educational Retirement Board Pension Plan
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
College's Proportion of the Net Pension Liability (Asset)	2.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
College's Proportionate Share of Net Pension Liability (Asset)	\$ 151,964	-	-	-	-	-	-	-	-	-
College's Covered-Employee Payroll	\$ 73,918	-	-	-	-	-	-	-	-	-
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	205.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30, 2014

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
SCHEDULE OF COLLEGE CONTRIBUTIONS
June 30, 2015

New Mexico Educational Retirement Board Pension Plan
Schedule of Ten Year Tracking Data
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 9,654	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	9,654	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
College's Covered-Employee Payroll	\$ 73,918	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-	13.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount		Amortization									
	Deferred	Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 7,292	5		\$ 1,458	1,458	1,458	1,459	1,459				
2015	-	5										
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	\$ 7,292			\$ 1,458	1,458	1,458	1,459	1,459	-	-	-	-

NOTES TO RSI

Changes of Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatement/366_Public_Employees_Retirement_Association_214.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. More detail about the actuarial assumptions used can be seen within these financial statements at note 8.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Budgetary Comparisons - Budgetary Basis

Unrestricted and Restricted – All Operations

Year ended June 30, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Final Budget vs Actuals favorable (unfavorable)</u>
Unrestricted and Restricted Beginning				
Net Position	\$ 44,208,408	47,391,199	47,391,199	
Unrestricted and restricted revenues:				
Tuition	22,053,394	20,540,334	18,967,544	(1,572,790)
Miscellaneous fees	3,863,382	4,217,750	3,775,866	(441,884)
State government appropriations	55,644,400	55,644,400	55,644,425	25
Local government appropriations	48,986,756	49,925,747	49,257,788	(667,959)
Federal government contracts/grants	49,675,754	39,993,793	31,934,805	(8,058,988)
State government contracts/grants	6,677,329	6,399,066	6,885,688	486,622
Local government contracts/grants	—	10,000	9,734	(266)
Private contracts/grants	1,980,741	2,524,377	1,314,657	(1,209,720)
Endowments	30,745	15,000	14,789	(211)
Sales and services	4,619,906	5,345,199	4,547,048	(798,151)
Other	2,759,531	2,791,199	2,792,568	1,369
Capital outlay	39,620,000	24,250,000	15,633,907	(8,616,093)
Building renewal and replacement	2,305,828	2,170,000	2,011,317	(158,683)
Retirement of indebtedness	9,550,000	9,550,000	9,446,294	(103,706)
Total unrestricted and restricted revenues	<u>247,767,766</u>	<u>223,376,865</u>	<u>202,236,430</u>	<u>(21,140,435)</u>
Unrestricted and restricted expenditures:				
Instruction	63,738,919	63,793,402	61,440,687	2,352,715
Academic support	15,430,724	17,179,204	16,440,566	738,638
Student services	21,413,337	23,026,529	21,797,279	1,229,250
Institutional support	21,520,084	21,687,780	20,447,054	1,240,726
Operation and maintenance of plant	14,490,892	16,800,621	15,964,997	835,624
Student social and cultural activities	203,352	193,830	134,441	59,389
Public services	1,048,857	938,809	599,123	339,686
Internal services	128,419	97,799	91,247	6,552
Student aid grants and stipends	52,961,750	42,540,046	35,819,112	6,720,934
Auxiliary enterprise	3,331,027	2,532,049	2,064,815	467,234
Capital outlay	42,700,000	26,200,000	17,456,875	8,743,125
Building renewal and replacement	8,666,308	11,563,128	7,832,391	3,730,737
Retirement of indebtedness	11,004,000	11,004,000	9,690,187	1,313,813
Total unrestricted and restricted expenditures	<u>256,637,669</u>	<u>237,557,197</u>	<u>209,778,774</u>	<u>27,778,423</u>
Transfers to (from):				
Instruction and general	(4,080,140)	(3,098,277)	(3,998,277)	900,000
Student social and cultural	(3,600)	(3,600)	(3,600)	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	2,543,051	2,461,188	2,461,188	—
Auxiliary enterprise	(801,200)	(1,050,000)	(150,000)	(900,000)
Capital outlay	671,101	671,101	671,101	—
Building renewal and replacement	1,670,788	1,019,588	1,019,588	—
Net transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position (budgetary basis)	<u>(8,869,903)</u>	<u>(14,180,332)</u>	<u>(7,542,344)</u>	<u>6,637,988</u>
Ending net position	\$ <u>35,338,505</u>	<u>33,210,867</u>	<u>39,848,855</u>	

See accompanying independent auditor's report

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Budgetary Comparisons - Budgetary Basis

Unrestricted – Non Instruction & General

Year ended June 30, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	Final Budget vs Actuals favorable (unfavorable)
Beginning balance budgeted	\$ 30,517,597	31,755,918	31,755,918	
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	150,000	140,000	123,286	(16,714)
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	—	—	—	—
State government contracts/grants	—	—	—	—
Local government contracts/grants	—	—	—	—
Private contracts/grants	10,000	20,000	7,500	(12,500)
Endowments	—	—	—	—
Sales and services	3,539,750	3,945,500	3,167,789	(777,711)
Other	100,000	100,000	86,007	(13,993)
Capital outlay	39,620,000	24,250,000	15,633,907	(8,616,093)
Building renewal and replacement	2,305,828	2,170,000	2,011,317	(158,683)
Retirement of indebtedness	9,550,000	9,550,000	9,446,294	(103,706)
Total revenues	<u>55,275,578</u>	<u>40,175,500</u>	<u>30,476,100</u>	<u>(9,699,400)</u>
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	203,352	189,830	134,441	55,389
Public services	125,000	130,000	107,252	22,748
Internal services	50,000	25,000	18,045	6,955
Student aid grants and stipends	2,553,051	2,605,672	2,424,542	181,130
Auxiliary enterprise	3,286,118	2,486,867	2,033,515	453,352
Capital outlay	42,700,000	26,200,000	17,456,875	8,743,125
Building renewal and replacement	8,666,308	11,563,128	7,832,391	3,730,737
Retirement of indebtedness	11,004,000	11,004,000	9,690,187	1,313,813
Total expenditures	<u>68,587,829</u>	<u>54,204,497</u>	<u>39,697,248</u>	<u>14,507,249</u>
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	(3,600)	(3,600)	(3,600)	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	2,543,051	2,461,188	2,461,188	—
Auxiliary enterprise	(801,200)	(1,050,000)	(150,000)	(900,000)
Capital outlay	671,101	671,101	671,101	—
Building renewal and replacement	1,670,788	1,019,588	1,019,588	—
Total transfers	<u>4,080,140</u>	<u>3,098,277</u>	<u>3,998,277</u>	<u>(900,000)</u>
Change in net position (budgetary basis)	<u>(9,232,111)</u>	<u>(10,930,720)</u>	<u>(5,222,871)</u>	<u>3,907,849</u>
Net position (budgetary basis)	\$ <u>21,285,486</u>	<u>20,825,198</u>	<u>26,533,047</u>	

See accompanying independent auditor's report

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

Schedule of Budgetary Comparisons - Budgetary Basis

Restricted – Non Instruction & General

Year ended June 30, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Final Budget vs Actuals favorable (unfavorable)</u>
Beginning balance budgeted	\$ —	—	—	—
Revenues:				
Tuition	—	—	—	—
Miscellaneous fees	—	—	—	—
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	45,839,121	35,826,086	28,737,195	(7,088,891)
State government contracts/grants	4,789,427	4,402,518	4,786,409	383,891
Local government contracts/grants	—	—	—	—
Private contracts/grants	457,479	385,251	456,717	71,466
Endowments	—	—	—	—
Sales and services	63,656	48,699	8,223	(40,476)
Other	306,201	202,610	2,399	(200,211)
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	<u>51,455,884</u>	<u>40,865,164</u>	<u>33,990,943</u>	<u>(6,874,221)</u>
Expenditures:				
Instruction	—	—	—	—
Academic support	—	—	—	—
Student services	—	—	—	—
Institutional support	—	—	—	—
Operation and maintenance of plant	—	—	—	—
Student social and cultural activities	—	4,000	—	4,000
Public services	923,857	808,809	491,871	316,938
Internal services	78,419	72,799	73,202	(403)
Student aid grants and stipends	50,408,699	39,934,374	33,394,570	6,539,804
Auxiliary enterprise	44,909	45,182	31,300	13,882
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total expenditures	<u>51,455,884</u>	<u>40,865,164</u>	<u>33,990,943</u>	<u>6,874,221</u>
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position (budgetary basis)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net position (budgetary basis)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditor's report

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

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

Year ended June 30, 2015

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable (unfavorable)
Beginning balance budgeted	\$ 13,690,811	15,635,281	15,635,281	
Revenues:				
Tuition	22,004,704	20,500,334	18,959,087	(1,541,247)
Miscellaneous fees	3,713,382	4,077,750	3,652,580	(425,170)
State government appropriations	55,644,400	55,644,400	55,644,425	25
Local government appropriations	48,986,756	49,925,747	49,257,788	(667,959)
Federal government contracts/grants	260,000	260,000	72,418	(187,582)
State government contracts/grants	115,038	141,426	121,426	(20,000)
Local government contracts/grants	—	—	—	—
Private contracts/grants	66,000	63,500	22,500	(41,000)
Endowments	—	—	—	—
Sales and services	1,016,500	1,351,000	1,371,036	20,036
Other	2,353,330	2,488,589	2,704,162	215,573
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	<u>134,160,110</u>	<u>134,452,746</u>	<u>131,805,422</u>	<u>(2,647,324)</u>
Expenditures:				
Instruction	60,349,034	59,968,034	58,290,998	1,677,036
Academic support	14,386,347	16,172,451	15,840,378	332,073
Student services	19,538,577	20,881,324	20,164,542	716,782
Institutional support	20,993,855	20,806,358	19,880,068	926,290
Operation and maintenance of plant	14,449,949	16,775,914	15,950,632	825,282
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	<u>129,717,762</u>	<u>134,604,081</u>	<u>130,126,618</u>	<u>4,477,463</u>
Transfers to (from):				
Instruction and general	(4,080,140)	(3,098,277)	(3,998,277)	900,000
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	<u>(4,080,140)</u>	<u>(3,098,277)</u>	<u>(3,998,277)</u>	<u>900,000</u>
Change in net position (budgetary basis)	<u>362,208</u>	<u>(3,249,612)</u>	<u>(2,319,473)</u>	<u>2,730,139</u>
Net position (budgetary basis)	<u>\$ 14,053,019</u>	<u>12,385,669</u>	<u>13,315,808</u>	

See accompanying independent auditors' report.

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

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

Year ended June 30, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actuals (budgetary basis)</u>	<u>Variance favorable (unfavorable)</u>
Beginning balance budgeted	\$ —	—	—	
Revenues:				
Tuition	48,690	40,000	8,457	(31,543)
Miscellaneous fees	—	—	—	—
State government appropriations	—	—	—	—
Local government appropriations	—	—	—	—
Federal government contracts/grants	3,576,633	3,907,707	3,125,192	(782,515)
State government contracts/grants	1,772,864	1,855,122	1,977,853	122,731
Local government contracts/grants	—	10,000	9,734	(266)
Private contracts/grants	1,447,262	2,055,626	827,940	(1,227,686)
Endowments	30,745	15,000	14,789	(211)
Sales and services	—	—	—	—
Other	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Retirement of indebtedness	—	—	—	—
Total revenues	<u>6,876,194</u>	<u>7,883,455</u>	<u>5,963,965</u>	<u>(1,919,490)</u>
Expenditures:				
Instruction	3,389,885	3,825,368	3,149,689	675,679
Academic support	1,044,377	1,006,753	600,188	406,565
Student services	1,874,760	2,145,205	1,632,737	512,468
Institutional support	526,229	881,422	566,986	314,436
Operation and maintenance of plant	40,943	24,707	14,365	10,342
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	<u>6,876,194</u>	<u>7,883,455</u>	<u>5,963,965</u>	<u>1,919,490</u>
Transfers to (from):				
Instruction and general	—	—	—	—
Student social and cultural	—	—	—	—
Public service	—	—	—	—
Internal service	—	—	—	—
Student aid and grants	—	—	—	—
Auxiliary enterprise	—	—	—	—
Capital outlay	—	—	—	—
Building renewal and replacement	—	—	—	—
Total transfers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position (budgetary basis)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net position (budgetary basis)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

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

Schedule of Budgetary Comparisons - Budgetary Basis
Reconciliation of Budgetary Basis to Financial Statement Basis

Year ended June 30, 2015

Total unrestricted and restricted revenues:

Budgetary basis	\$ 202,236,430
Reconciling items:	
Scholarship allowance (not in budgetary basis)	(12,278,413)
Bond proceeds (amount not in financial)	(8,848,337)
Other	(918,519)
Total reconciling items	(22,045,269)
Total reconciled unrestricted and unrestricted revenues per Budgetary Basis	\$ 180,191,161

Basic Financial Statements

Operating revenues	\$ 29,898,748
Nonoperating revenues	150,292,413
Total unrestricted and restricted revenues per financial statement	\$ 180,191,161

Difference	\$ -
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Total unrestricted and restricted expenditures

Budgetary basis	\$ 209,778,774
Reconciling items:	
Bond principal payments (not in financial statements)	(7,125,000)
Scholarship allowance (not in budgetary basis)	(12,278,413)
Capitalized expenditures (amount not in financial statement)	(23,796,689)
Depreciation expense (not in budgetary basis)	12,510,477
ERB plan expense proportion (not in budgetary basis)	13,571,225
FY15 CNM ERB Contribution (not in budgetary basis)	(10,569,898)
Other	(431,763)
total reconciling items	(28,120,061)
Total reconciled unrestricted and unrestricted expenditures per Budgetary Basis	\$ 181,658,713

Basic Financial Statements

Operating expenses	\$ 179,543,024
Nonoperating expenses	2,115,689
Total unrestricted and restricted expenditures per financial statement	\$ 181,658,713

Difference	\$ -
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See accompanying independent auditor's report

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Notes to Schedule of Budgetary Comparisons -Budgetary Basis
Year ended June 30, 2015

Note to Budgetary Comparisons

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

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

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

See accompanying independent auditor's report

SUPPORTING SCHEDULES

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

Schedule of Pledged Collateral

June 30, 2015

THE COLLEGE:

Wells Fargo Bank checking accounts	\$	1,298,194	
FDIC Insurance		(250,000)	
Uninsured public funds		\$ 1,048,194	
50% collateral requirement of	\$	199,228	\$ 99,614
102% sweep collateral requirement of	\$	848,966	865,946
Total collateral requirements			\$ 965,559

	CUSIP	Rate	Maturity	
Collateral (at fair value):				
FN AK3435	3138E7Y99	3.50%	2/1/2042	155,718
FN AL0093	3138EGC77	3.00%	4/1/2026	27,609
GN-II MA1448	36179NTD0	3.50%	11/1/2043	865,946
Total collateral				1,049,273
Over collateral requirement				\$ 83,714

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

See accompanying independent auditor's report

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

Schedule of Individual Deposit and Investment Accounts
June 30, 2015

The College:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Cash on Hand	Petty cash fund	Cash	\$ -	11,225	11,225
Wells Fargo Bank	Student federal fund	Checking	241,791	(178,557)	63,234
	Operational account	Checking	931,630	(562,996)	368,634
	Stafford loans	Checking	99,722	(64,506)	35,216
	Perkins Loans	Checking	25,051	-	25,051
	Payroll	Checking	-	(33,284)	(33,284)
	Student refund	Checking	-	(22,889)	(22,889)
Bank of America	Direct Deposit	Checking	-	-	-
Total cash			1,298,194	(851,007)	447,187
State of New Mexico Office of the Treasurer	Current fund	Investment	25,975,980	-	25,975,980
	Renewal and replacement	Investment	7,498,980	-	7,498,980
	Retirement of indebtedness	Investment	7,883,681	-	7,883,681
	Plant	Investment	43,333,895	-	43,333,895
	Endowment	Investment	1,618,908	-	1,618,908
Total investments			86,311,444	-	86,311,444
Total deposits and investments - College			\$ 87,609,638	(851,007)	86,758,631

The Foundation:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Wells Fargo	Operational account	Checking	\$ 566,127	(19,719)	546,408
	Operational account	Savings	10,681	-	10,681
Merrill Lynch	Temp restricted	Money Market	1,072,012	-	1,072,012
	Portfolio	Money Market	135,785	-	135,785
	Eloy Reyes	Money Market	12,449	-	12,449
Total cash			1,797,054	(19,719)	1,777,335
Merrill Lynch	Endow core portfolio	Federal agency obligations	649,332	-	649,332
	Endow core portfolio	Corporate obligations	399,139	-	399,139
	Endow core portfolio	Corporate Stock	3,584,178	-	3,584,178
	Endow core portfolio	Mutual funds	1,771,973	-	1,771,973
	Eloy Reyes	Federal agency obligations	65,324	-	65,324
	Eloy Reyes	Corporate obligations	31,582	-	31,582
	Eloy Reyes	Corporate Stock	243,181	-	243,181
Total investments			6,744,709	-	6,744,709
Total deposits and investments - Foundation			\$ 8,541,763	\$ (19,719)	\$ 8,522,044

Ingenuity:

Name of depository	Account name	Account Type	Bank balance	Reconciling Items	Book balance
Wells Fargo	Operational account	Checking	\$ 185,731	(61,405)	124,326
Morgan Stanley		Money Market	1,340,932	-	1,340,932
Total cash - Ingenuity			\$ 1,526,663	\$ (61,405)	\$ 1,465,258

See accompanying independent auditor's report.

Central New Mexico Community College
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by Agency Staff Name: Wanda Helms Title: Director of Purchasing, Date: 11/4/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
T-2928	RFB	Touchnet Information Systems, Inc.	891,352.00	N/A	Touchnet Information Systems, Inc. 15520 College Blvd, Lenexa, KS 66219	Out	No	TouchNet payment processing services - hosting, maintenance and subscription fees for an eight year term.
P-376	RFP	Bradbury Stamm Constuction, Inc.	16,769,857.00	N/A	Bradbury Stamm Construction, Inc. 7110 2nd St NW, Albuquerque, NM 87107	In	No	The project will include, renovation of the existing 5200sf auditorium, renovation of the existing 61,400sf building including replacement of the existing mechanical system with a new ground source heat pump, upgrade of the existing electrical service and replacement of electrical distribution throughout the building, replacement of the existing IT/special systems distribution, reconfiguration of the floor layouts to create functional classrooms, computer labs and offices, replacement of all A/V systems throughout the building, new roof, new windows and perimeter wall assemblies and an approximately 12,000sf addition creating a new building entrance and housing additional program space. Parking lots to the South and West of the building will be reconfigured to improve traffic flow, support the ground source heat pump work and address drainage issues. The project will be LEED Silver minimum.
					Flintco, LLC 6020 Indian School Rd NE, Albuquerque, NM 87110	In	No	
					Jaynes Corporation 2906 Broadway Blvd NE, Albuquerque, NM 87107	In	No	
P-375	RFP	Axiom Certified Public Accountants and Business Advisors LLC	80,300.00	N/A	Axiom Certified Public Accountants and Business Advisors LLC 316 Osuna Rd NE #401, Albuquerque, NM 87107	In	No	Multi-year term shall be awarded to vendors to provide Compliance and Financial Audit starting with fiscal year ending June 30, 2015.
					Accounting & Consulting Group, LLP 2700 San Pedro Dr NE, Albuquerque, NM 87110	In	No	
					MP Group, Inc. 8500 Menaul NE Suite A220, Albuquerque, NM 87112	In	No	
					Moss Adams LLP 6565 Americas Pkwy #600, Albuquerque, NM 87110	In	No	
					REDW LLC 7425 Jefferson St NE, Albuquerque, NM 87109	In	No	

Central New Mexico Community College
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by Agency Staff Name: Wanda Helms Title: Director of Purchasing, Date: 11/4/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
P-370	RFP	HB Construction of Albuquerque, Inc.	3,025,000.00	N/A	HB Construction of Albuquerque, Inc. 5301 Beverly Hills Ave NE, Albuquerque, NM 87113	In	No	The project will be to update all the classrooms to include: mechanical, fire alarm telecommunications, data, architectural, and lighting systems, as well as the design and development of all classrooms into state of the art technology learning environments that support the needs of CNM. The project will also look at Existing labs on campus and to correct HVAC and exhaust issues at the campus. The existing building will be renovated to meet the current needs of instruction and applicable codes. The program will also look at construction methodologies that will allow the building to operate and have classes while under construction. The project shall be designed and constructed to meet LEED Silver Certification, at a minimum.
					Brycon Corporation 134 Rio Rancho Blvd NE, Rio Rancho, NM 87124	In	Yes	
					Jaynes Corporation 2906 Broadway Blvd NE, Albuquerque, NM 87107	In	No	
P-369	RFP	Bradbury Stamm Construction, Inc.	6,516,000.00	N/A	Bradbury Stamm Construction, Inc. 7110 2nd St NW, Albuquerque, NM 87107	In	No	The technology loop system will consist of a duct bank system and a fiber optic loop. The duct bank system will consist of primary and lateral duct systems. The primary ducts will be configured in a loop configuration and the laterals duct system will intercept the primary duct system at maintenance holes and will run convey cables to each building on the campus. The wellness path has the potential for benefiting all members of the CNM community by providing easy, convenient access to a safe, attractive path that is designed to be used for recreation, fitness and wellness, as well as for improved campus connectivity and to an opportunity for active learning where the path design might be worked into STEM related classes along with campus fitness and recreation offerings.
P-367	RFP	Ellucian Company L.P.	380,000.00	N/A	Ellucian Company L.P. 4375 Fair Lakes Ct., FairFax, VA 22033	Out	No	Establish an indefinite quantity price agreement for a Commercial-Off-the-Shelf (COTS) Talent Management System. The intent of this system is to automate and manage the employee life-cycle from recruitment to separation. An employee's life cycle starts with recruitment, followed by on-boarding, professional development, potential transitions in positions (promotions, demotions, transfers, and reclassifications), performance evaluation, succession planning, and ending with retirement, resignation, or other separation.
P-366	RFP	Jaynes Corporation	5,700,000.00	N/A	Jaynes Corporation 2906 Broadway Blvd NE, Albuquerque, NM 87107	In	No	Renovation of the Main Campus Building "A" to meet the needs of the administrative departments to help support CNM. This project will include the upgrades to all building systems, building envelope and elevator replacements. The project will include upgrading the building envelope to provide better energy efficiencies and include upgrading the mechanical systems to improve energy use. The project will also include the development of the entryways around the building to note entry into various departments. The project will also include the development of the "A" Building patio area to enhance outdoor seating areas of the campus. The project shall be designed and constructed to meet LEED Silver Certification, at a minimum.

SINGLE AUDIT AND OTHER INFORMATION

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

To the Governing Board
Central New Mexico Community College
and
Mr. Tim Keller, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of the State of New Mexico Central New Mexico Community College (the “College”) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Axiom CPAs and Business Advisors, LLC.
Albuquerque, New Mexico
November 2, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Governing Board
Central New Mexico Community College
and

Mr. Tim Keller, New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Central New Mexico Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors
Albuquerque, New Mexico
November 2, 2015

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Period July 1, 2014 through June 30, 2015

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 2014-2015	84.007	P007A142635	\$ 549,358
Federal Supplemental Educational Opportunity Grant 2013-2014	84.007	P007A132635	13,797
Federal Work Study	84.033	P033A142635	518,024
Federal Pell Grant 2014-2015	84.063	P063P142545	27,849,524
Federal Pell Grant 2013-2014	84.063	P063P132545	140,229
			29,070,932
U.S. Department of Education:			
TRIO Student Support Services Grant	84.042A	P042A101121-13	246,345
			246,345
U.S. Department of Education Pass-through from New Mexico Department of Education:			
Perkins-Career and Technical Education FY 2014-2015	84.048A	V048A140031	896,378
Perkins-Career and Technical Education FY 2013-2014 Redistribution	84.048	V048A120031A-12A	120,122
Perkins-Career and Technical Education GY 2013-2014 Redistribution	84.048	V048A130031	3,611
			1,020,111
Adult Basic Education	84.004	V002A140032	368,839
U.S. Department of Education Pass-through from The University of New Mexico			
HSI STEM Cooperative: STEM Up	84.031C	P031C110106	500,607
U.S. Department of Education Pass-through from New Mexico Higher Education Department			
College Access Challenge Grant Program	84.378A	P378A120052	180,878
National Science Foundation Pass-through University of New Mexico			
Southwest Center for Microsystems Education	47.076	DUE-1205138	12,630
National Science Foundation Pass-through New Mexico State University			
New Mexico Alliance for Minority Participation	47.076	HRD-1305011	477
National Science Foundation Pass-through University of Central Florida			
OP-TEC: The National Center for Optics and Photonics Education	47.076	DUE-1303732	1,073
Small Business Administration Pass-through from New Mexico Small Business Development Center			
Small Business Development Center-SV	59.037	SBAHQ-14-B-0049	20,689
Small Business Development Center-CNM	59.037	6-7620-0032-11	20,689
			41,378
Corporation for National and Community Service			
AmeriCorps	94.013	44-0103-0-1-506	98,059

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Period July 1, 2014 through June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures
Corporation for National and Community Service Pass-through from			
American Association of Retired Persons Foundation			
Women's Economic Stability Initiative	94.019	14SIHDC001	3,450
U.S. Department of Health and Human Services			
Cancer Early Detection	93.283	09-BCC-0200-0526	182
U.S. Department of Health and Human Services Pass-through			
University of New Mexico			
Academic Science Education & Research Training	93.859	2K12GM088021-06	1,739
U.S. Department of Agriculture			
N.M. Energy, Minerals and Natural Resources Department	10.664	13-DG-11031600-070	10,243
Fit for Life	10.223	2009-38422-19871	12,105
			22,348
U.S. Department of Labor Pass Through from			
Santa Fe Community College			
Trade Adj. Asst. Community College & Career Training	17.282	TC-22550-11-60-A-35	56,625
Trade Adj. Asst. Community College & Career Training-SUN PATH	17.282	TC-26486-14-60-A-35	222,150
			278,775
National Institute Standards Board Pass Through from			
NM Manufacturing Extension Partnership			
	11.611	70NANB10H205	13,800
National Endowment for the Humanities Pass Through from			
American Library Association			
Muslim Journeys	45.154	MU-50003-12	765
Total federal expenditures			\$ 31,862,388

Note A:

During the year through 6/30/15, various lenders made loans to students under the Guaranteed Student Loan Program (which includes Stafford, Direct and Perkins Loans):

	<u>CFDA Number</u>	<u>Disbursements</u>
Federal Direct Loan Program	84.268	\$ 13,799,242
Federal Family Education Loan Program (Stafford)	84.032	\$ -
Perkins Loan Program	84.038	\$ 38,102

Note B:

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

Note C:

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

Note D:

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

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

Schedule of Findings and Questioned Costs

Section A – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	
Student Financial Assistance Cluster – Various CFDA numbers	
Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

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

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

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

None.

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

Status of Prior Year Audit Findings

Status of Prior Year Audit Findings

Current Status

None

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

Exit Conference

An exit conference was held in a closed session on November 2, 2015, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing the Governing Board of Central New Mexico Community College

Blair Kauffman	Audit Committee Chair
Deborah Moore	Governing Board Member
Mark Armijo	Governing Board Member

Representing Central New Mexico Community College

Katherine Ulibarri	Vice President Finance & Operations
Katharine Winograd	President
Sydney Gunthorpe	Vice President of Academic Affairs
Phillip Bustos	Vice President Student Services
Diana Chavez	Governing Board Executive Assistant
Allen Leatherwood	Director of Internal Auditors
Mark Lovato	Senior Internal Auditor
Loretta Montoya	Comptroller
Wencui Yang	Senior Accounting Director

Representing Central New Mexico Community College Foundation

Katherine Ulibarri	Foundation Board Treasurer
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Representing CNM Ingenuity, Inc.

Katherine Ulibarri	CNM Ingenuity, Inc. Board Member
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Representing Axiom CPAs and Business Advisors, LLC.

Chris Garner	Partner
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