

Central New Mexico Community College
Albuquerque, New Mexico



CNM >

Comprehensive Annual Financial Report

For Fiscal Years Ended
June 30, 2017 and 2016



Central New Mexico Community College

Albuquerque, New Mexico

2017 Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017

(With Independent Auditor's Report Thereon)



Prepared by:

CNM Business Office



**Central New Mexico Community College
Comprehensive Annual Financial Report
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Introductory Section (Unaudited)



Letter of Transmittal

November 1, 2017

To the Citizens of the Central New Mexico Community College (CNM) District and the State of New Mexico,

We are pleased to submit the following comprehensive annual financial report (CAFR) for Central New Mexico Community College for the fiscal year ended June 30, 2017. The CAFR has been prepared in compliance with all applicable financial reporting standards.

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. In addition to meeting the requirements set forth in state statute, the audit also was designed to meet the compliance requirements described in the Office of Management and Budget (OMB) Uniform Guidance. The auditor's report related specifically to the single audit is included in the Single Audit Section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon the comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Axiom CPAs and Business Advisors, LLC, have issued an unmodified ("clean") opinion on the Central New Mexico Community College's financial statements for the year ended June 30, 2017. The Independent Auditors' report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the Independent Auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the College

Central New Mexico Community College has come a long way since opening as Albuquerque Technical Vocational Institute (TVI) in 1965, when 150 students took advantage of the school's vocational classes. Half a century later, more than 25,000 students are attending CNM, making it the largest community college in the state and the second largest higher education institution in the state. Enrollment reached an all-time high of 30,000 students in fall 2010.



CNM became a full-fledged community college in 1986, when the state Legislature authorized then-TVI to begin granting associate degrees, leading to a wide array of arts and sciences classes and programs that are transferable to state universities. While arts and sciences programs have grown through the years, CNM has remained committed to its technical vocational roots. In 2006, the school's name was changed to Central New Mexico Community College to better reflect the breadth of offerings and its service area.

In 1992, the CNM Foundation was incorporated to leverage private funding resources and opportunities to support CNM. This has resulted in more than \$30 million in program support and the distribution of more than 32,000 scholarship awards to support students.

While much has changed at CNM over the past five decades, the core purpose of the institution has remained the same – providing affordable higher education to the community while responding to the workforce needs of the region's economy with high-quality educational programs. CNM is accredited by the Higher Learning Commission.

CNM's service area consists of Bernalillo County, which includes Albuquerque, and part of Sandoval County, including Rio Rancho and Corrales. CNM offers college-credit and non-credit, workforce training courses at nine locations, which includes four multi-service campuses conveniently located in each quadrant of Albuquerque, as well as the Rio Rancho Campus. CNM also offers programs at the Advanced Technology Center and Workforce Training Center in north Albuquerque, the STEMulus Center in Downtown Albuquerque and the AMREP site in Rio Rancho.



CNM offers the most comprehensive community college selection of academic programs in the state, which includes college-credit programs in more than 90 fields of study that lead to associate degrees or certificates. Most of CNM's arts and sciences courses are transferable to the state's four-year public colleges and universities, providing students with the opportunity to complete two years of bachelor's degree coursework at CNM before transferring to a university, saving thousands of dollars. CNM's tuition is about one-fifth the cost of state universities.



Many classes are offered in the evenings and weekends, and in a variety of formats. CNM offers more online course sections than any college in the state. The College also has the largest number of high school students taking dual-credit classes, which count for both high school and college credit.

College-credit programs and courses are grouped among six academic schools at CNM:

- The School of Applied Technologies offers programs in fields ranging from the traditional trades to Film Technician to Rapid Prototyping.
- The School of Business & Information Technology offers programs such as Accounting, Business, Computer Science, Culinary Arts and Office Technology.
- The School of Communication, Humanities & Social Sciences offers a variety of Liberal Arts programs, such as Anthropology, English, History, Psychology, Pre-Law and Teacher Education.

- The School of Health, Wellness & Public Safety offers programs such as Dental Assisting, Electronic Health Informatics, EMS, Fire Science, Nursing and Radiologic Technology.
- The School of Math, Science & Engineering offers programs such as Biotechnology, Chemistry, Engineering, Mathematics and Physics.
- The School of Adult & General Education offers both non-credit and college-credit classes that help students get ready for college-level studies, which includes remedial classes, GED-preparation classes and English as a Second Language classes.

In 2014, CNM launched a 501(c)3, CNM Ingenuity, Inc. Under CNM Ingenuity, CNM operates a highly successful, 10-week computer coding program and a business accelerator in Downtown Albuquerque’s Innovation District. CNM is a strong partner with the City of Albuquerque and the University of New Mexico in coordinated efforts to revitalize economic development and spur entrepreneurial activities in the area.

Mission, Vision and Values

Mission

Be a leader in education and training.

Vision

Changing Lives, Building Community

Core Values

Be Caring. Be Ethical. Be Inspiring. Be Courageous. Be Connected. Be Exceptional.



Local Economy

CNM is geographically situated in the center of the State of New Mexico. The boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos de Albuquerque, Corrales and the City of Rio Rancho. The college district covers 1,325 square miles and has an estimated population of 731,000.

The area within the CNM District is part of the Albuquerque Metropolitan Statistical Area (MSA), including the counties of Bernalillo, Sandoval and Valencia. The Albuquerque MSA represents the largest commercial and industrial center in the State of New Mexico.

CNM has been an integral part of the central New Mexico area for over 50 years, contributing significantly to the economic and social well-being of businesses and citizens. Historically, defense-related industries have contributed significantly to the surrounding economy, however, economic diversification has increased in recent years. In the private sector, Albuquerque has experienced a period of employment growth from industries such as ClientLogic, T-Mobile, Verizon Wireless, Sitel, and Sandia and Route 66 Casinos. In addition, Albuquerque has the third-highest concentration of high-tech activity after Boulder, CO and San Jose, CA. Unemployment rates in Albuquerque Metropolitan Statistical Area have been below the national average for the past five years.

CNM continues to sustain impressive outcomes despite state budget cuts, a sluggish economy and trends showing declining enrollments for higher education in New Mexico and nationwide. Community members continue to view CNM as the most affordable and effective way to improve their job prospects.

Budget and Financial Planning

CNM operates on an annual budget with a fiscal year beginning on July 1. However, the budget and resource allocation process is a multi-year activity which assures that funding from all sources is continuously consistent with long-range policies, programmatic goals and specific campus roles and objectives of the College. The budget process is based on criteria established by the New Mexico Higher Education Department (HED) for the purpose of ensuring consistency in the development and reporting of budget information among State institutions of higher education.

CNM's major sources of operating revenue are state appropriations (43%), local mill levy (39%) and tuition and fees (18%). Effective Fiscal Year 2013, the HED implemented a performance-based funding formula model which now serves to distribute state appropriations to institutions of higher education in New Mexico.

Due to declining state revenues, the New Mexico higher education system has experienced an overall decrease in state appropriations of -2.40% for Fiscal Year 2017. However, due to CNM's overall strong performance under the outcomes-based state funding formula, CNM was able to limit its state appropriations funding decrease to only -1.86%.

CNM's Strategic Direction, focusing primarily on student success and student completion, has had a positive impact on the growth of college general fund appropriations. Increases in student performance are reflected in increased state funding until FY17, where strong student performance mitigated against statewide reductions for public colleges and universities.

The college budget is developed with input from the college and is guided by financial policies approved by the CNM Governing Board. The budget plan incorporates modest increases to tuition and fees, continued expectation of declining state appropriations and leveled property values generating a flat local mill levy revenue stream.

Additionally, CNM has strategically sought diversified revenue streams and reduced administrative costs. Due to college-wide cost reduction efforts, CNM's Fiscal Year 2017 current net position increased by \$5.2 million or 5%.

CNM is in sound financial health. Indicators such as recent (October 2016) bond ratings "Aa1" from Moody's Investors Services, Inc., and "AA+" from Standards and Poor's Corporation, well-managed cash balances and strong budgetary management contribute to and are indicators of a positive financial direction and strong, stable management. In Fiscal Years 2014, 2015, and 2016, CNM had no external audit findings.

Awards and Recognitions

Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central New Mexico Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Every year, Community College Week reviews U.S. Department of Education data to compile its national list of Top 100 Associate Degree producers. In its recently released 2016 Top 100 (which reviews the most current figures available from the 2014-15 academic year), CNM ranks No. 1 among all community colleges and associate degree-granting universities in the country for the number of associate degrees earned by Native Americans and Hispanics, and No. 2 among all community colleges (No. 5 when associate degree-granting universities are included) for associate degrees earned by Hispanics. CNM awarded 333 associate degrees to Native Americans in 2014-15 (an 87 percent increase from 2013-14) and 2,172 to Hispanics (68 percent increase).

Central New Mexico Community College ranked No. 1 among 1,100-plus community colleges nationwide in the number of graduation awards (associate degrees and certificates) earned by both Hispanics and Native Americans for the 2014-15 academic year, according to the most recent U.S. Department of Education statistics available. Hispanic students earned 3,617 associate degrees and certificates in 2014-15. Native American students earned 600 associate degrees and certificates. CNM also ranked No. 2 in the country in the total number of associate degrees and certificates awarded (8,299) to all students. From 2004-05 to 2014-15, the number of students graduating from CNM increased 230.6 percent.

CNM's graduation numbers continued to rise in the recently concluded 2016-17 academic year. CNM awarded 13,778 graduation awards (associate degrees and certificates) to 9,075 students in 2016-17, both of which are all-time records for CNM. CNM has instituted several initiatives in recent years to help increase student success, such as more efficient class scheduling, establishing a one-stop hub for student support, "right-sizing" credit-hour requirements for associate degrees, offering more associate degrees that are transferrable to universities, and monitoring student records to notify students when they've earned graduation status or are close to graduation status.



Gains in graduation numbers and the success of the college's innovative student support model led to CNM winning the national Student Success Award from the American Association of Community Colleges in 2013. The AACC represents more than 1,100 two-year colleges.

In Closing

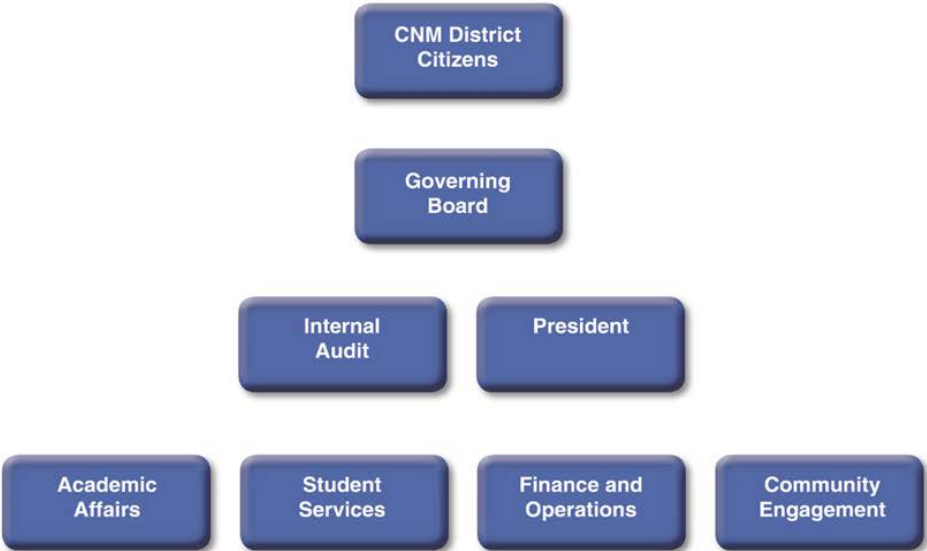
The timely preparation of this CAFR would not have been possible without the dedicated efforts of the Business Office, Office of Planning and Institutional Research, Marketing and Communications Office and other CNM administrators, faculty and staff. We also thank the members of the CNM Governing Board for their support and guidance in conducting the CNM financial operations in a highly responsible manner.

Respectfully,

A handwritten signature in cursive script, reading "Katherine S. Ulibarri".

Katherine Ulibarri
Central New Mexico Community College
Vice President for Finance and Operations

CNM Organizational Chart



List of Elected and Administrative Officials

ELECTED OFFICIALS

Member	Position	District	Term Expires
Pauline J. Garcia	Chair	District 1	2021
Thomas E. Swisstack	Vice Chair	District 3	2021
Robert P. Mattuecci	Secretary	District 2	2019
Annette Chavez y De La Cruz	Member	District 4	2017
Nancy Baca	Member	District 5	2021
Virginia M. Trujillo	Member	District 6	2019
Michael J. Glennon	Member	District 7	2021

ADMINISTRATIVE OFFICIALS

Dr. Katharine Winograd	President
Dr. Sydney Gunthorpe	Vice President for Academic Affairs
Phillip Bustos	Vice President for Student Services
Katherine Ulibarri	Vice President for Finance and Operations
Samantha Sengel	Chief Advancement Officer
Wanda Helms, CPA, CGMA	Comptroller
Wencui Yang	Senior Accounting Advisor/Audit Coordinator
Allen Leatherwood, CPA	Director of Internal Auditors

Vision, Mission, Values, Goals, and Strategies

Vision

Be a Leader in Education and Training

Mission

Changing Lives, Building Community

Values

Be Caring | Be Ethical | Be Inspiring | Be Courageous | Be Connected | Be Exceptional | **Be CNM**

Goals

Student Success | Community Success | Organizational Excellence and Innovation

2016-2020	Student Success	Community Success	Organizational Excellence and Innovation
Develop Student Work Experience Program	x	x	x
Create Comprehensive Online College	x	x	
Expand Fast-Track Degree Offerings	x	x	
Increase Percentage Of First-Time, Full-Time, Degree-Seeking Students	x		
Implement Competency-Based Education Options	x	x	
Expand Credit For Prior Learning	x		
Grow Intersession	x		
Expand College & Career High School	x	x	
Develop Global Learning Initiative	x	x	x
Transition From College-Owned Technology To Student-Owned Technology	x		x
Expand Non-Credit Offerings Through Boot camps, Academies	x	x	
Develop Early Childhood Connect Center Of Excellence	x		
Create A Student-Centered Course Schedule	x		
Expand Dual Credit	x		
Incorporate Sustainability Initiatives Into Course Offerings	x		
All First-Time, Full-Time, Degree-Seeking Students Have An Academic Plan	x		
Expand Business Support Through Business Accelerator and SBDCs		x	
Develop and Implement Comprehensive Makerspace		x	
Create Business Incubator Spaces		x	
Implement Values-Based Employee Initiatives			x
Transform Customer Service Experience			x
Articulate And Implement Space Efficiency Initiatives			x
Enhance Intellectual Property Initiatives			x
Streamline And Document All Processes And Procedures			x

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Central New Mexico Community College
and
Mr. Wayne Johnson, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Central New Mexico Community College (the "College"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 aggregate discretely presented component units of the College, as of June 30, 2017 and 2016, 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.

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 12-22, 53 and 54, 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. The accompanying *Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, the budgetary comparison schedules 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, the budgetary comparison schedules 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, the budgetary comparison schedules 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 introductory and statistical sections have 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 October 31, 2017 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.



Albuquerque, New Mexico
October 31, 2017

STATE OF NEW MEXICO

CENTRAL NEW MEXICO COMMUNITY COLLEGE

Management's Discussion and Analysis

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, 2017 and 2016. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis.

Financial Highlights

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, effective for fiscal years starting after June 15, 2014, 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 starting from 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.

Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, effective for fiscal years starting after December 15, 2016. The College didn't enter into any tax abatement agreements in fiscal year 2017. However, this statement requires the College to disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period

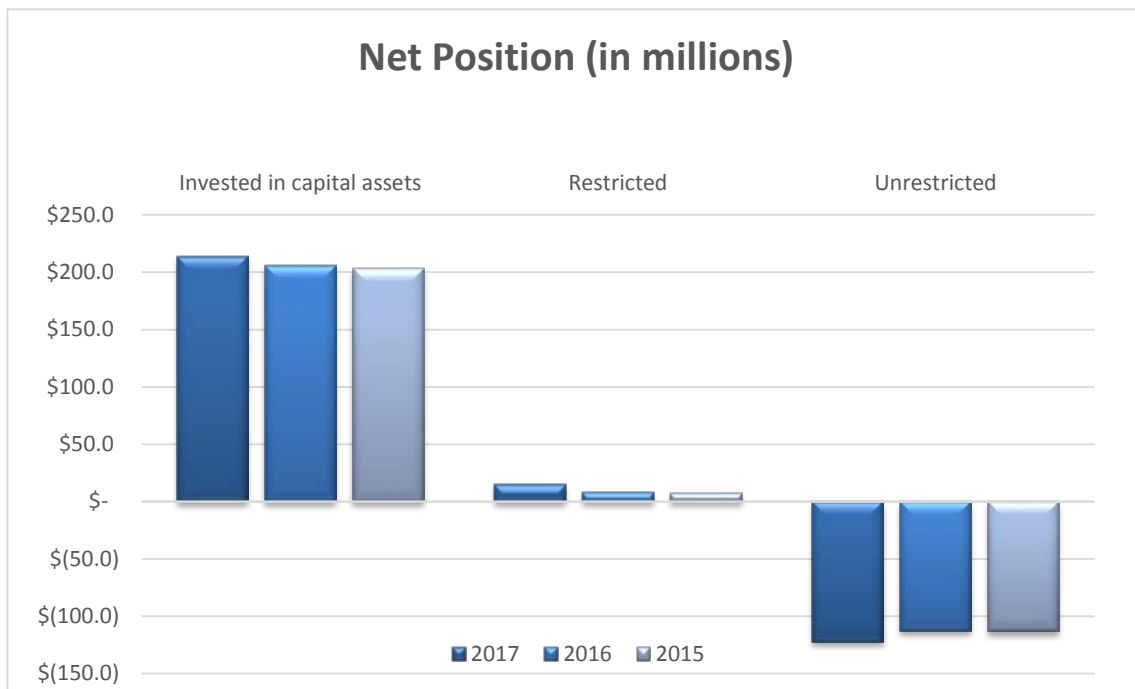
The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. Management has prepared related footnote disclosures along with this discussion and analysis.

STATE OF NEW MEXICO CENTRAL NEW MEXICO COMMUNITY COLLEGE

The College's net position increased \$5.2 million (5.1%) during 2017, resulting from the combination of an decrease in unrestricted net position of approximately \$9.5 million, an increase in invested in capital assets of \$7.9 million, and an increase in restricted net position of \$6.8 million. Pension related deferred outflows of resources increased \$6.4 million (28.1%), net pension liability increased \$16.3 million (9.4%), and pension related deferred inflows of resources decreased \$0.2 million (-6.0%) from 2016. Without recognition of GASB 68, the college's net position in 2017 is \$271.2 million, an increase of \$14.8 million (5.8%) from 2016 of \$256.4 million, and an increase of \$25.1 million (10.2%) from 2015 of \$246.1 million.

Net position increased \$4.3 million (4.5%) during 2016, resulting from the combination of an increase in unrestricted net position of approximately \$0.7 million, an increase in invested in capital assets of \$2.7 million, and an increase in restricted net position of \$0.9 million. Pension related deferred outflows of resources increased \$3.4 million (17.4%), net pension liability increased \$21.4 million (14.1%), and pension related deferred inflows of resources decreased \$12.1 million (-75.1%) from 2015. Without recognition of GASB 68, the college's net position in 2016 is \$256.4 million, an increase of \$10.3 million (4.2%) from 2015 of \$246.1 million.

The following graph illustrates the comparative change in net position by category fiscal years 2017, 2016, and 2015.



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.

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

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.

Net Position, End of Year (in Thousands)

	2017	2016	2015
Assets:			
Current assets	\$ 130,424	92,064	99,189
Capital assets, net	279,041	260,521	251,058
Other noncurrent assets	4,137	3,981	4,187
Total assets	<u>413,602</u>	<u>356,566</u>	<u>354,434</u>
Deferred outflows of resources:			
Bond refunding	158	195	232
Pension related	29,099	22,723	19,356
Total deferred outflows	<u>29,257</u>	<u>22,918</u>	<u>19,588</u>
Liabilities:			
Current liabilities	47,464	34,213	34,267
Noncurrent liabilities			
Bonds payable	95,098	66,172	74,342
Net pension liability	189,649	173,381	151,964
Total Liabilities	<u>332,211</u>	<u>273,766</u>	<u>260,573</u>
Deferred inflow of resources:			
Pension related	3,754	3,995	16,078
Total deferred inflows	<u>3,754</u>	<u>3,995</u>	<u>16,078</u>
Net position:			
Net investment in capital assets	213,703	205,823	203,119
Restricted	15,051	8,272	7,355
Unrestricted (deficit)	(121,860)	(112,372)	(113,104)
Total net position	<u>\$ 106,894</u>	<u>101,723</u>	<u>97,370</u>

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE

Total assets increased \$59.2 million (16.7%) over a two-year period driven by \$31.2 million increase in current assets and \$28.0 million increase in capital assets. The current assets increase resulted from a increase in investments due to unspent CNM 2016 bonds proceeds. The increase to capital assets was primarily due to the completion of the Ted Martinez Building renovation, Max Salazar phase I renovation , and South Valley phase IV renovation.

During 2017, total liabilities increased by \$58.4 million (21.3%), primarily due to an increase in current liabilities of \$13.2 million (38.7%), long term bonds payable \$28.9 million (43.7%), and net pension liability of \$16.3 million (9.4%). During 2016, total liabilities increased by \$13.2 million (5.1%), primarily due to an increase in net pension liability of \$21.4 million (14.1%) and a decrease in bonds payable of \$8.2 million (11.0%).

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

	2017	2016	2015
Operating revenues	\$ 28,935	29,118	29,899
Operating expenses	(167,135)	(169,782)	(179,543)
Operating gain/(loss)	(138,200)	(140,664)	(149,644)
Nonoperating revenues and expenses	131,743	140,565	141,364
Income before other revenues, expenses, gains, or losses	(6,457)	(99)	(8,280)
Capital grants and appropriations	11,628	4,451	6,813
Increase/(decrease) in net positions	<u>\$ 5,171</u>	<u>4,352</u>	<u>(1,467)</u>
Net position, beginning of year	101,723	97,370	244,523
Beginning net position recognized by GASB 68	-	-	(145,685)
Net position, end of year	<u>\$ 106,894</u>	<u>101,723</u>	<u>97,370</u>

Operating Revenues

In 2017, operating revenues of \$28.9 million decreased \$0.2 million (-0.6%) when compared to 2016 and decreased by \$1.0 million (-3.2%) when compared to 2015. In fiscal year 2016, CNM restructured auxiliary enterprises by eliminating the food services and health center operations. The following table summarizes the College's operating revenues for the years ended June 30:

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

Operating Revenues (in Thousands)

	2017	2016	2015
Tuition and fees, net	\$ 14,697	14,273	11,957
Federal grants and contracts	4,181	4,652	3,873
State and local grants and contracts	7,398	7,187	7,408
Sales & services of educational departments	893	818	3,511
Auxiliary enterprises	1,766	2,188	3,150
Total	<u>\$ 28,935</u>	<u>29,118</u>	<u>29,899</u>

Operating Expenses

Operating expenses decreased \$2.6 million (-1.6%) in FY2017 as compared to FY16 mainly due to Student aid decreased \$2.3 million (-12.0%) because of lower student enrollment. Overall, expenses were reduced even as the College recognized an expense of \$19.7 million for the New Mexico Educational Retirement Board (ERB) pension plan proportionate expense netted by the Fiscal Year 2017 ERB employer contribution of \$10.0 million as deferred outflow of resources.

Over a two-year period, expenses for instruction decreased \$2.4 million (-3.7%), for academic support increased \$1.6 million (9.8%), for depreciation increased \$1.3 million (10.6%), and for student aid decreased \$6.4 million (-27.2%). From 2015 through 2017, operating expenses decreased \$12.4 million overall, a 6.9% decrease.

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

Operating Expenses (in Thousands)

	2017	2016	2015
Instruction	\$ 61,641	62,021	64,016
Public service	503	559	599
Academic support	15,113	15,221	16,753
Student services	21,700	22,171	22,576
Institutional support	20,967	21,305	20,933
Operation and maintenance of plant	15,226	14,995	16,430
Depreciation	13,887	13,142	12,551
Student aid	17,135	19,480	23,541
Auxiliary enterprises	812	764	2,050
Other	151	123	134
Total	<u>\$ 167,135</u>	<u>169,781</u>	<u>179,583</u>

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Non-operating Revenues and Expenses

Non-operating revenues and expenses decreased by \$8.8 million (-6.3%) in 2017 when compared to the prior year. Primarily, this decrease is attributed to the net of Pell grant and state appropriation decreasing, local debt service appropriation revenue and other nonoperating expenses increasing in 2017. In 2016 property tax year, the College's debt service property tax levy rate increased from \$0.55 to \$1.00 per \$1,000 of net taxable value. Also, in fiscal year 2017, The College funded its component unit CNM Ingenuity Inc. a total of \$11.8 million which increased other nonoperating expenses. Over a two-year period, state appropriations have decreased by \$2.4 million (-4.3%). Over the same period, Pell grant revenue has decreased \$6.0 million (-21.4%), due to the decline of student enrollment and a Pell program eligibility cap effected in 2013.

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

Non-operating Revenue and Expenses (in Thousands)

	2017	2016	2015
State appropriations	\$ 53,276	56,801	55,644
Local appropriations - operating	50,859	50,137	49,166
Local appropriations - debt service	18,032	9,599	9,451
Federal Pell grant	21,988	24,308	27,990
Investment income	466	110	123
Interest on capital asset related debt	(2,049)	(1,765)	(2,031)
Other	(10,829)	1,375	1,051
Total	<u>\$ 131,743</u>	<u>140,565</u>	<u>141,394</u>

Capital Grants and Appropriations

Capital appropriations increased \$7.4 million in 2017, primarily due to the state funding of Smith Brasher Hall renovations. 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:

Capital Grants and Appropriations (in Thousands)

	2017	2016	2015
Capital appropriations	\$ 11,608	4,209	6,813
Capital grants and gifts	20	17	-
Additions to permanent endowments	-	225	-
Total	<u>\$ 11,628</u>	<u>4,451</u>	<u>6,813</u>

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CENTRAL NEW MEXICO COMMUNITY COLLEGE

Capital Asset and Debt Administration

Capital Assets

At June 30, 2017, the College had approximately \$279.0 million invested in capital assets, net of accumulated depreciation of \$129.2 million. Depreciation expense for the current year totaled \$13.9 million compared to \$13.1 million in 2016 and \$12.5 million in 2015.

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

Capital Assets, Net (in Thousands)

	2017	2016	2015
Land and land improvements	\$ 36,543	37,370	34,297
Buildings	200,082	190,130	184,546
Infrastructure	4,802	5,146	2,426
Furniture, fixtures, and equipment	8,916	10,232	11,766
Library materials	1,190	1,186	1,227
Art	720	511	511
Construction in progress	26,788	15,946	16,285
Capital assets, end of year	<u>\$ 279,041</u>	<u>260,521</u>	<u>251,058</u>

Major capital expenditures during fiscal year 2017 include:

Smith Brasher Renovation	\$ 16,453,301
J Building Renovation	4,725,717
Max Salazar refresh/HAVC	4,577,932
Max Salazar Restroom Renovation	986,215

Major capital expenditures during fiscal year 2016 include:

L Building Remodel	\$ 1,586,235
SV Phase IV Renovation	3,176,320
Main Campus Tech Loop	2,594,085
Smith Brasher Renovation	1,698,853
Site & Safety Improvements Main	2,462,318
Access Control	922,880
A Building Renovation	7,104,024

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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Bonds Payable

As of June 30, 2017, the College has \$101.8 million in outstanding bonds, an increase of \$31.1 million when compared to 2016 and an increase of \$24.0 million when compared to 2015. In November 2016, the College issued \$38.5 million General Obligation bonds with \$ 3.6 million premium which netted with the scheduled debt service payments results in the increase of outstanding bonds.

The following table summarizes outstanding long term liabilities by series as of June 30:

Bonds Payable (in Thousands)

Bond Series:	2017	2016	2015
Series 2009	\$ 7,700	8,850	10,000
Series 2011	22,400	23,400	24,400
Series 2014A	23,300	26,900	30,050
Series 2014B	9,915	11,630	13,360
Series 2016	38,525	-	-
Total bond principal	101,840	70,780	77,810
Bond premium	6,024	3,562	4,330
Total debt outstanding	<u>\$ 107,864</u>	<u>74,342</u>	<u>82,140</u>

In October 2016, Standard & Poor’s reviewed their rating of Central New Mexico Community College general obligation bonds and affirmed "AA+/Stable" rating. Moody’s assigned an "Aa1" rating to the College’s 2016 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, transfers, and their variance. The annual budget of the College is adopted on a basis consistent with the reporting requirements of the New Mexico Higher Education Department, which are based on the fund accounting principles applicable prior to GASB Statements No. 34, 35, 37, and 38 (budgetary basis). By contrast, the College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP Basis).

The final revenue budget compared to the original budget decreased by \$3.9 million (-1.7%). The most significant decreases were \$2.8 million (-5.0%) in state government appropriations, \$2.1 million (-9.8%) in tuition revenues, and \$1.2 million (-36.1%) in sales and services.

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Actual revenues were \$4.4 million (-2.0%) less than the final budget. The variance in capital outlay revenue, a difference of \$2.1 million (-6.6%) was due to timing of spending on capital project construction. Federal government grants and contracts revenue was \$7.7 million (-22.7%) less than budget partially due to decreased Pell grant awards. Revenue in retirement of indebtedness was \$7.3 million (69.4%) more than the final budget due to the College's debt service property tax levy rate increased from \$0.55 to \$1.00 per \$1,000 of net taxable value in 2016 property tax year.

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

Budgeted Revenue (In Thousands)

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable/ (unfavorable)
Tuition	\$ 21,400	19,297	19,966	669
Miscellaneous fees	3,748	3,964	4,384	420
State government appropriations	56,080	53,276	53,276	0
Local government appropriations	51,182	51,182	50,988	(194)
Federal gmt contracts/grants	33,388	33,952	26,224	(7,728)
State gmt contracts/grants	6,333	6,863	6,232	(631)
Local gmt contracts/grants	2	124	69	(55)
Private contracts/grants	2,677	3,179	1,939	(1,240)
Endowments	13	13	12	(1)
Sales and services	3,301	2,107	1,806	(301)
Other	2,642	1,953	1,845	(108)
Capital outlay	31,920	31,920	29,827	(2,093)
Building renewal & replacement	3,050	3,050	2,630	(420)
Retirement of indebtedness	9,530	10,535	17,847	7,312
Total revenues	\$ 225,266	221,415	217,045	(4,370)

Expenditures (Budgetary Basis)

The final expenditure budget increased by approximately \$4.0 million (1.8%) versus the original budget. The final budget for Capital outlay increased by \$5 million (18.5%), and the final budget for Building renewal and replacement decreased by 1.3 million (-28.2%) to accommodate for major multi-year capital projects need. The final budget for Operation and maintenance of plant decreased by \$0.7 million (-4.3%), and the retirement of indebtedness increased by \$1.7 million (19.6%) as compared to the original budget.

Actual expenditures were \$13.1 million (-5.8%) less than the final budget. Actual expenditures for instruction were \$2.2 million (-3.4%) less than budget due to reduction in part-time faculty salary expense related to declining enrollment. Student aid was \$6.6 million (-18.5%) under final budget. Capital outlay was under budget by \$1.2 million (-3.6%) and building renewal and replacement was under budget by 1.1 million (-33.3%) due to the timing of capital projects.

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

Budgeted Expenditures (In Thousands)

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable/ (unfavorable)
Instruction	\$ 64,423	63,763	61,542	2,221
Academic support	15,756	16,208	15,815	393
Student services	22,893	22,265	21,858	407
Institutional support	22,667	22,941	22,427	514
Operation & maintenance - plant	15,233	14,577	14,353	224
Student social & cultural activities	135	185	151	34
Public services	945	712	503	209
Internal services	66	74	61	13
Student aid grants and stipends	35,723	35,688	29,080	6,608
Auxiliary enterprise	1,031	1,030	749	281
Capital outlay	27,000	32,000	30,822	1,178
Building renewal & replacement	4,600	3,300	2,200	1,100
Retirement of indebtedness	8,806	10,535	10,636	(101)
Total expenditures	\$ 219,278	223,278	210,197	13,081

Change in Net Position (budgetary basis)

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

Budgeted Categories (In Thousands)

	Original budget	Final budget	Actuals (budgetary basis)	Variance favorable/ (unfavorable)
Beginning balance budgeted	\$ 51,438	47,226	47,226	-
Revenues	225,266	221,415	217,045	(4,370)
Expenditures	219,278	223,278	210,197	13,081
Change in net position	5,988	(1,863)	6,848	8,711
Net position (budgetary basis)	\$ 57,426	45,363	54,075	

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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. Between FY2008 and FY2017, state appropriations fell as a percent of the College's current operating revenue from 52 percent to 42 percent, respectively. To offset this drop, local government support and tuition and revenues have increased over this same period. Since FY2015, the College has invested in strategic efforts to develop other revenue streams. Increasing international career and technical training offerings and expanding online and fast-tracked programs are beginning to generate additional revenues.

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 25,760 in Fall 2015 and 24,781 in Fall 2016, current census date snapshot data for Fall 2017 reports 24,565 students in college credit programs. This represents a decrease of 979 students (-3.8%) from Fall 2015 to Fall 2016 and a decrease of 216 students (-0.8%) from Fall 2016 to current student enrollment data in Fall 2017. Similarly, student credit hour production decreased 5.6% from 205,258 in Fall 2015 to 193,694 in Fall 2016 and 1.6% from Fall 2016 to current Fall 2017 data of 190,518 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, 2017 and 2016

	Primary Institution		Component Units			
	2017	2016	Foundation		Ingenuity	
			2017	2016	2017	2016
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,401,713	1,917,044	35,419	52,827	1,889,271	1,170,504
Cash and cash equivalents – restricted	-	-	829,474	1,169,766	-	-
Investments - unrestricted	59,435,048	51,214,114	-	-	-	-
Investments - restricted	56,091,860	26,732,433	-	-	-	-
Endowment investments – restricted	27,742	29,015	-	-	-	-
Accounts receivable students, net	6,123,725	5,523,518	-	-	-	-
Grants and contracts receivable	3,180,314	1,895,809	-	-	-	-
Mill levy receivable	2,856,018	2,910,061	-	-	-	-
Pledges receivable	-	-	761,823	252,042	49,039	-
Other receivable	218,059	539,831	17,339	10,653	10,783,305	186,046
Inventories	53,963	57,054	-	-	24,000	-
Other assets	1,035,579	1,244,839	-	-	74,848	2,213
Total current assets	130,424,021	92,063,718	1,644,055	1,485,288	12,820,463	1,358,763
Noncurrent assets:						
Endowment investments – restricted	1,805,000	1,805,000	8,788,040	7,126,270	-	-
Mill levy receivable	2,063,866	1,908,418	-	-	-	-
Pledges receivable	-	-	181,517	316,365	186,908	-
Notes receivable	153,172	144,774	-	-	-	-
Other assets	114,667	122,668	-	-	113,278	66,007
Capital assets, net	279,040,900	260,521,077	-	-	3,032,770	1,799,972
Total noncurrent assets	283,177,605	264,501,937	8,969,557	7,442,635	3,332,956	1,865,979
Total assets	413,601,626	356,565,655	10,613,612	8,927,923	16,153,419	3,224,742
Deferred outflows of resources:						
Bond refunding	157,810	194,942	-	-	-	-
Pension related	29,098,980	22,723,449	-	-	-	-
Total deferred outflow of resources	29,256,790	22,918,391	-	-	-	-
Liabilities:						
Current liabilities:						
Cash overdraft - restricted	1,015,187	531,263	-	-	-	-
Accounts payable to suppliers	4,497,887	4,273,759	99,161	133,213	345,314	288,690
Accounts payable - loans	109,702	111,798	-	-	-	-
Accrued compensated absences	2,349,792	2,435,191	-	-	-	-
Accrued payroll and payroll taxes	5,406,140	8,709,919	-	-	-	-
Accounts payable – other	10,658,406	156,681	-	-	-	-
Accrued interest payable	1,516,650	1,004,569	-	-	-	-
Unearned revenue	9,144,439	8,820,616	151,551	80,185	1,426,472	562,346
Bonds payable – current portion	12,765,614	8,169,551	-	-	-	-
Total current liabilities	47,463,817	34,213,347	250,712	213,398	1,771,786	851,036
Noncurrent liabilities						
Bonds payable	95,098,175	66,172,269	-	-	-	-
Net pension liability	189,649,053	173,380,873	-	-	-	-
Total noncurrent liabilities	284,747,228	239,553,142	-	-	-	-
Total liabilities	332,211,045	273,766,489	250,712	213,398	1,771,786	851,036
Deferred inflows of resources:						
Pension related	3,753,603	3,994,752	-	-	-	-
Total deferred inflow of resources	3,753,603	3,994,752	-	-	-	-
Net position:						
Net investment in capital assets	213,703,178	205,822,809	-	-	3,032,770	1,799,972
Restricted:						
Nonexpendable:						
Scholarships	-	-	6,251,223	5,751,726	-	-
Department programs	1,805,000	1,805,000	607,753	405,783	-	-
Expendable:						
Scholarships	-	-	2,767,883	1,673,015	-	-
Department programs	27,743	34,916	340,153	522,170	235,946	-
Debt service	13,217,984	6,432,479	-	-	-	-
Unrestricted	(121,860,137)	(112,372,399)	395,888	361,831	11,112,917	573,734
Total net position	\$ 106,893,768	101,722,805	10,362,900	8,714,525	14,381,633	2,373,706

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, 2017 and 2016

	Primary Institution		Component Units			
	2017	2016	Foundation		Ingenuity	
			2017	2016	2017	2016
Operating revenues:						
Tuition and fees*	\$ 14,697,430	14,273,309	-	-	2,660,768	2,040,009
Federal grants and contracts	4,180,878	4,651,729	-	-	-	-
State and local grants and contracts	7,398,310	7,186,786	230,208	467,020	474,853	296,067
Sales & services of educational depts.	892,643	817,962	-	-	-	-
Gifts and pledges	-	-	1,498,501	1,113,935	242,159	10,886
Auxiliary enterprise	1,765,825	2,187,831	-	-	-	-
Total operating revenues	28,935,086	29,117,617	1,728,709	1,580,955	3,377,780	2,346,962
Operating expenses:						
Instruction and general:						
Instruction	61,640,777	62,020,989	-	-	-	-
Public service	503,180	558,605	-	-	-	-
Academic support	15,113,006	15,221,398	-	-	-	-
Student services	21,699,986	22,170,751	-	-	-	-
Institutional support	20,967,030	21,305,127	-	-	-	-
Operation and maintenance of plant	15,225,610	14,995,345	-	-	-	-
Depreciation	13,887,457	13,142,017	-	-	87,000	113,408
Student aid	17,135,408	19,479,869	-	-	-	-
Auxiliary enterprises	811,800	764,384	-	-	-	-
Other expenses	151,145	122,924	1,453,072	1,853,494	3,116,222	2,798,535
Total operating expenses	167,135,399	169,781,409	1,453,072	1,853,494	3,203,222	2,911,943
Operating income (loss)	(138,200,313)	(140,663,792)	275,637	(272,539)	174,558	(564,981)
Nonoperating revenues (expenses):						
State appropriations	53,276,400	56,801,075	-	-	-	-
Local appropriations – operating	50,859,376	50,137,402	-	-	-	-
Local appropriations – debt service	18,032,423	9,599,267	-	-	-	-
Federal pell grant	21,987,687	24,307,690	-	-	-	-
Gifts	697,864	834,397	-	-	-	-
Investment income (loss)	465,685	110,094	691,315	252,671	3,869	1,173
Interest on capital asset related debt	(2,049,095)	(1,765,052)	-	-	-	-
Gain (Loss) on disposition of assets	(108,885)	33,427	-	-	15,500	-
Other nonoperating revenues	395,496	506,991	-	-	11,814,000	-
Other nonoperating expenses	(11,814,000)	-	-	-	-	-
Net nonoperating revenues (expenses)	131,742,951	140,565,291	691,315	252,671	11,833,369	1,173
Income (loss) before capital grants and appropriations	(6,457,362)	(98,501)	966,952	(19,868)	12,007,927	(563,808)
Capital appropriations	11,608,316	4,209,121	-	-	-	-
Capital grants and gifts	20,009	16,869	-	-	-	-
Additions to permanent endowments	-	225,000	681,423	270,879	-	-
Total other changes	11,628,325	4,450,990	681,423	270,879	-	-
Increase (decrease) in net position	5,170,963	4,352,489	1,648,375	251,010	12,007,927	(563,808)
Net position, beginning of year	101,722,805	97,370,316	8,714,525	8,463,515	2,373,706	2,937,514
Net position, end of year	\$ 106,893,768	101,722,805	10,362,900	8,714,525	14,381,633	2,373,706

* Net of scholarship allowances of \$11,944,184 for 2017 and \$12,045,042 for 2016

See accompanying notes to basic financial statements.

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

**Statements of Cash Flows
Years ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Tuition and fees	\$ 14,509,844	14,017,716
Federal grants and contracts	4,527,601	4,455,325
State and local grants and contracts	7,391,362	7,638,253
Payments to suppliers	(19,753,774)	(18,420,494)
Payments for utilities	(3,935,698)	(4,309,260)
Payments to employees	(80,644,962)	(80,409,704)
Payments for benefits	(25,648,955)	(27,403,835)
Payments for scholarships	(17,154,324)	(19,560,182)
Loans issued to students	(20,476)	(20,578)
Collection of loans to students	12,078	15,032
Auxiliary enterprise charges	1,740,485	2,245,611
Sales and services of educational activities	899,643	982,320
Other expenses	(1,314,000)	-
Other receipts	158,267	380,714
Net cash used by operating activities	<u>(119,232,909)</u>	<u>(120,389,082)</u>
Cash flows from noncapital financing activities:		
State appropriations	53,276,400	56,801,075
District mill levies—operating	51,064,591	50,490,638
District mill levies—debt service	17,725,803	9,676,330
Federal Pell grant	21,997,986	24,400,882
Education Loan receipts	8,080,385	10,527,376
Education Loan disbursements	(8,077,800)	(10,490,599)
Gifts and contribution for permanent endowment	697,864	1,059,397
Cash overdraft due to bank	(531,263)	(876,347)
Cash provided by bank overdraft	1,015,187	531,263
Student organization agency transactions	22,337	9,138
Net cash provided by noncapital financing activities	<u>145,271,490</u>	<u>142,129,153</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	42,156,936	-
Refunding bonds	-	-
Capital appropriations	10,330,520	5,954,385
Proceeds from sale of capital assets	29,129	34,862
Purchases of capital assets	(31,548,979)	(24,024,061)
Payment to refunded bond escrow agent	-	-
Principal paid on capital debt and leases	(7,465,000)	(7,030,000)
Interest paid on capital debt and leases	(2,943,114)	(2,780,363)
Net cash provided (used) by capital financing activities	<u>10,559,492</u>	<u>(27,845,176)</u>
Cash flows from investing activities:		
Proceeds from sale and maturity of investments	69,459,710	87,065,381
Interest on investments	465,685	167,733
Purchase of investments	(107,038,799)	(80,534,499)
Net cash (used) provided by investing activities	<u>(37,113,404)</u>	<u>6,698,615</u>
Net increase (decrease) in cash and cash equivalents	(515,331)	593,510
Cash and cash equivalents, beginning of year	1,917,044	1,323,534
Cash and cash equivalents, end of year	<u>\$ 1,401,713</u>	<u>1,917,044</u>

See accompanying notes to basic financial statements.

(continued)

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

**Statements of Cash Flows (continued)
Years ended June 30, 2017 and 2016**

	2017	2016
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (138,200,313)	(140,663,792)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Other expenses - nonoperational	(1,314,000)	-
Other receipts - nonoperational	158,267	380,714
Depreciation expense	13,887,457	13,142,017
ERB Pension plan expense recognized	9,651,500	5,972,380
Changes in assets and liabilities:		
Receivables, net	(51,773)	(622,557)
Inventories	3,092	(13,545)
Prepaid expenses	217,260	(222,586)
FY15 CNM ERB contribution booked and actual difference	-	(6,761)
Accounts payable and accrued expenses	(3,805,029)	1,024,298
Unearned revenue	306,029	535,359
Compensated absences	(85,399)	85,391
Net cash used by operating activities	<u>\$ (119,232,909)</u>	<u>(120,389,082)</u>
Noncash transactions:		
Capital gifts	20,009	16,869

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**Notes to Basic Financial Statements
June 30, 2017 and 2016**

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 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 26, 2017. 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.

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The following is a discretely presented component unit:

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

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

c) Financial Statement Presentation

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

d) Basis of Accounting

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

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 estimates.

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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, 2017 and 2016; therefore, no provision for income taxes is included in the financial statements.

g) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's fiscal agent.

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.

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 \$27,742 available for use. The amount is recorded in the statement of net position as restricted-expendable.

The Foundation's cash and cash equivalents consists of a checking account and money market accounts held with a local investment firm. Money market funds are carried at amortized costs, which approximates fair value.

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.

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 Federal agency obligations, corporate obligations, and marketable securities. Marketable securities are carried at fair value based on quoted market prices. The change in fair value is reported in investment income in the statements of revenues, expenses, and changes in net position.

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i) Receivables

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

j) Private Gifts, Revenue, and Pledges

The Foundation records pledges receivable as assets and revenue if the pledges are evidenced by unconditional promises to give and when all applicable eligibility requirements are met. 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 2017, 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 primarily consist of office supplies held 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 acquisition 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 5 to 40 years for building and building improvements, 5 to 40 years for infrastructure and land improvements, 10 years for library books, and 5 to 12 years for equipment.

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m) Noncurrent Cash and Cash Equivalents

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

n) Compensated Absences

Accumulated annual leave is reported as a liability. Annual leave is provided to full and part-time, non-instructional 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 non-exchange 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, 2017 and 2016 for CNM consists primarily of unearned summer term tuition in the amounts of \$2,297,194 and \$2,299,268 respectively; unearned fall tuition and fees in the amount of \$6,042,807 and \$5,863,555 respectively; and \$804,438 and \$657,793 respectively from grants and contract sponsors that have not yet been earned. Total unearned revenue at June 30, 2017 and 2016 are \$9,144,439 and \$8,820,616 respectively.

Unearned revenue at June 30, 2017 and 2016 for the CNM Foundation are \$151,551 and \$80,185, respectively.

Unearned revenue at June 30, 2017 and 2016 for Ingenuity are \$1,426,472 and \$562,346 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, 2017 and 2016, approximately \$39,897,879 and \$17,035,515 of bond proceeds remain unexpended, respectively.

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Restricted net position – expendable – Restricted expendable net position includes 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 \$27,743 endowment earnings available for use.

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

Unrestricted net position – Unrestricted net position represents 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 non-exchange 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 2017.

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, 2014B bond series and 2016 bond series (note 7) is collected and remitted to the College. Following the symmetrical recognition concept of GASB Statement 33 and 36, the College recorded an estimated receivable of \$4,919,884 and \$4,818,479 as of June 30, 2017 and 2016, 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.

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t) Classification of Revenues

The College has classified its revenues as either operating or non-operating 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.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating 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 non-operating 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 non-operating 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.

Non-operating expenses – Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital asset related debt and bond expenses that are defined as non-operating 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.

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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.

w) Subsequent Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Post employment Benefits Other than Pensions*. Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No 83, *Certain Asset Retirement Obligations*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018

GASB Statement No. 85 *Omnibus 2017*. Effective Date: The provisions of this Statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issue*. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87. *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.

Original pronouncements can be found at the GASB's Website www.gasb.org

x) Reclassifications

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

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2) Deposits and Investments

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. Management of the College is not aware of any investments that did not properly follow State investment requirements as of June 30, 2017.

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

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

College	2017	2016
Cash on hand	\$ 8,225	8,445
Deposits with financial institutions	378,301	1,377,337
Investments with NM State Treasurer	117,359,650	79,780,561
Total cash and investments	\$ 117,746,176	81,166,343

Foundation	2017	2016
Deposits with financial institutions	\$ 361,691	424,555
Money market with Merrill Lynch	503,202	798,038
Federal agency obligations	1,046,720	850,999
Corporate obligations	600,786	519,282
Corporate stock	5,210,912	4,309,479
Mutual funds	1,681,792	1,446,510
Certificates of Deposit	247,831	-
Total cash and investments	\$ 9,652,934	8,348,863

Ingenuity	2017	2016
Deposits with financial institutions	\$ 228,359	493,398
Money market with Wells Fargo	1,660,912	677,105
Total cash and investments	\$ 1,889,271	1,170,503

a) Custodial Credit Risk

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

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

At June 30, 2017 and 2016, the College’s deposits had a carrying amount of \$378,301 and \$1,377,337 respectively, and a bank balance of \$680,279 and \$1,931,920 respectively. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2017 and 2016, \$2,983,848 and \$1,630,698 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, 2017 and 2016.

At June 30, 2017 and 2016, the Foundation’s deposits had a carrying balance of \$361,691 and \$424,555 respectively and a bank balance of \$364,058 and \$424,805 respectively. For the bank balance, \$270,006 was covered by federal depository insurance. Therefore, \$40,345 and \$94,052 were uninsured and uncollateralized at June 30, 2017 and 2016.

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At June 30, 2017 and 2016, Ingenuity's deposits had a carrying balance of \$228,359 and \$493,398 respectively and a bank balance of \$226,081 and \$494,840 in a checking account. Of the bank balance, \$250,000 is covered by federal depository (FDIC) insurance. Therefore, \$0 and \$244,840 is uninsured and uncollateralized at June 30, 2017 and 2016.

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.

A summary of the College's insured and collateralized accounts at June 30, 2017 and 2016 is as follows:

				2017
Wells Fargo Bank checking account				\$ 680,279
FDIC Insurance				(250,000)
Public funds in excess of FDIC Insurance				<u>430,279</u>
50% collateral requirement of		\$ 430,279		215,140
Total collateral requirements				<u>\$ 215,140</u>
Collateral (at fair value):	CUSIP	Rate	Maturity	
FNMA-FNMS	3140EU5W5	2.50%	4/1/2031	2,983,848
Total collateral				<u>2,983,848</u>
Over collateral requirement				<u>\$ 2,768,708</u>
				2016
Wells Fargo Bank checking accounts				\$ 1,931,920
FDIC Insurance				(250,000)
Public funds in excess of FDIC Insurance				<u>\$ 1,681,920</u>
50% collateral requirement of		\$ 204,474		102,237
102% sweep collateral requirement of		1,477,446		1,506,995
Total collateral requirements				<u>\$ 1,609,232</u>
Collateral (at fair value):	CUSIP	Rate	Maturity	
FNMA-PT	3138ALMK0	2.73%	9/1/2041	123,703
GN-II MA1448	36179NTD0	3.50%	11/1/2043	1,506,995
Total collateral				<u>\$ 1,630,698</u>
Over collateral requirement				<u>\$ 21,466</u>

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

b) Investments

The College's investment policy is set forth by the Governing Board pursuant to Governing Board Handbook sections 8.06 and 8.07. In November 2016, The College's Governing Board revised its investment policy and investment policy for endowment fund. They provides investment standards for long-term, short-term, and other types of investments, and collateral requirements in accordance with 6-10-30 NMSA 1978.

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The Foundation’s Finance and Investment Committee revised the investment policy in July 2015. 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: (1) Temporarily Restricted, (2) Endowments , and (3) Eloy Reyes Title V Memorial Endowment for La Comunidad.

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

Endowment Portfolio investments consist of equity securities, certificates of deposit, 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, 2017, the portfolio consisted of 11.9% 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.

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:

	Rating	2017 Fair Value (Level 1)	2016 Fair Value (Level 1)
New Mexico LGIP	AAAm	\$ 117,359,650	79,780,561
Total rated securities		\$ 117,359,650	79,780,561

The College has invested \$117,359,650 at June 30, 2017 and \$79,780,561 at June 30, 2016 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.

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

	Rating	2017 Fair Value	2016 Fair Value
Corporate Stock (Level 1):	Unrated	\$ 5,210,912	\$ 4,309,479
Mutual Funds (Level 1)	Unrated	1,681,792	1,446,510
Total unrated securities		\$ 6,892,704	\$ 5,755,989
Federal agency obligations (Level 1):			
Federal home loan mortgage corp.	AA+	\$ 446,999	\$ 269,351
Federal national mortgage assoc.	AA+	332,435	272,522
US treasury notes	AAA	72,082	120,292
US treasury bills	AAA	998	-
US treasury bonds	AAA	129,063	130,331
US treasury inflation bonds	AAA	65,143	58,504
		1,046,720	851,000
Corporate obligations (Level 2):			
Corporate bonds	AAA	1,988	2,032
Corporate bonds	AA+	2,030	43,279
Corporate bonds	AA	1,013	-
Corporate bonds	AA -	48,888	-
Corporate bonds	A+	5,202	4,351
Corporate bonds	A	33,143	29,885
Corporate bonds	A-	250,259	162,473
Corporate bonds	BBB+	256,246	219,047
Corporate bonds	BBB	1,029	58,216
Corporate bonds	BBB-	988	-
		600,786	519,283
Total rated securities		\$ 1,647,506	\$ 1,370,283
Total securities		\$ 8,540,210	\$ 7,126,272

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, 2017 and 2016 and the exposure to interest rate risk is as follows:

	2017 - Investment Maturities			
	Fair Value	Less than 1 year	1 - 5 years	5 years +
CNM - NM LGIP (Level 1)	\$ 117,359,650	117,359,650	-	-
Foundation Federal (Level 1)	1,046,720	2,993	251,963	791,764
Foundation Corporate (Level 2)	600,786	3,042	224,960	372,784
	2016 - Investment Maturities			
	Fair Value	Less than 1 year	1 - 5 years	5 years +
CNM - NM LGIP (Level 1)	\$ 79,780,561	79,780,561	-	-
Foundation Federal (Level 1)	851,000	2,006	188,836	660,158
Foundation Corporate (Level 2)	519,281	-	166,790	352,491

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The State Treasurer manages its exposure for the New Mexico LGIP for declines in fair values by calculation of the weighted average maturity (WAM) of its investment portfolio. The gains/losses are not allocated to participating entities. At June 30, 2017, the WAM (R) was 58 days and WAM (F) was 106 days, and at June 30, 2016, the WAM (R) was 44 days and WAM (F) was 77 days. For additional GASB 40 disclosure information regarding funds held by the State Treasurer, please refer to the separate audit report issued by the state Treasurer's Office as of and for the year ended June 30, 2017.

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 12.3% of the portfolio on June 30, 2017 and 11.6% of the investment portfolio on June 30, 2016 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 exempt 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, 2017 and 2016, the College, the Foundation and Ingenuity held no investments denominated in foreign currencies, and therefore had no foreign currency risk.

3) Receivables

The College's receivables represent revenues earned from student tuitions and fees, loans, advances to students, local tax levy, and federal government grants and contracts. All amounts, except for student receivables and partially local tax levy, 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,

	2017	2016
Accounts Receivable		
Accounts receivable students, (net)	\$ 6,123,725	5,523,518
Contract and Grant receivables (net)	3,122,227	1,765,542
Contract and Grant receivable - due from Foundation	58,087	130,267
Other receivables	6,047	318,427
Other receivables - due from Ingenuity	212,012	221,404
Mill Levy	2,856,017	2,910,061
	<u>\$ 12,378,115</u>	<u>10,869,219</u>
Allowance for doubtful accounts	<u>\$ 8,162,925</u>	<u>7,533,567</u>
Mill Levy	\$ 2,063,866	1,908,418
Notes Receivable	153,172	144,774
Total noncurrent receivables	<u>\$ 2,217,038</u>	<u>2,053,192</u>

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4) Capital Assets

Capital assets consist of the following:

	Balance June 30, 2016	Additions and transfers	Dispositions and transfers	Balance June 30, 2017
Year ended June 30, 2017				
Capital assets (non depreciated):				
Land	\$ 27,519,494	-	-	27,519,494
Art	511,312	211,249	2,260	720,301
Construction in process	15,945,528	30,050,007	19,207,048	26,788,487
Depreciable capital assets:				
Land improvements	17,100,113	-	-	17,100,113
Buildings	272,039,266	19,207,048	392,733	290,853,581
Infrastructure	7,167,905	103,486	-	7,271,391
Furniture, fixtures, and equip	34,737,629	1,914,156	1,533,945	35,117,840
Library materials	3,007,210	266,394	373,505	2,900,099
	<u>378,028,457</u>	<u>51,752,340</u>	<u>21,509,491</u>	<u>408,271,306</u>
Less accumulated depreciation:				
Land improvements	7,249,826	827,215	-	8,077,041
Buildings	81,909,354	9,254,974	392,733	90,771,595
Infrastructure	2,021,592	448,030	-	2,469,622
Furniture, fixtures, and equip	24,505,360	3,094,962	1,398,192	26,202,130
Library materials	1,821,248	262,276	373,505	1,710,018
	<u>117,507,380</u>	<u>13,887,457</u>	<u>2,164,430</u>	<u>129,230,406</u>
Net carrying amount	<u>\$ 260,521,077</u>	<u>37,864,883</u>	<u>19,345,061</u>	<u>279,040,900</u>
	Balance June 30, 2015	Additions and transfers	Dispositions and transfers	Balance June 30, 2016
Year ended June 30, 2016				
Capital assets (non depreciated):				
Land	\$ 27,519,494	-	-	27,519,494
Art	511,489	-	177	511,312
Construction in process	16,284,714	20,506,301	20,845,487	15,945,528
Depreciable capital assets:				
Land improvements	13,258,768	3,841,345	-	17,100,113
Buildings	257,882,473	14,156,793	-	272,039,266
Infrastructure	4,182,110	2,985,795	-	7,167,905
Furniture, fixtures, and equip	33,727,768	1,732,036	722,175	34,737,629
Library materials	3,264,750	229,884	487,424	3,007,210
	<u>356,631,566</u>	<u>43,452,154</u>	<u>22,055,263</u>	<u>378,028,457</u>
Less accumulated depreciation:				
Land improvements	6,480,868	768,958	-	7,249,826
Buildings	73,336,134	8,573,220	-	81,909,354
Infrastructure	1,756,602	264,990	-	2,021,592
Furniture, fixtures, and equip	21,961,980	3,264,297	720,917	24,505,360
Library materials	2,038,120	270,552	487,424	1,821,248
	<u>105,573,704</u>	<u>13,142,017</u>	<u>1,208,341</u>	<u>117,507,380</u>
Net carrying amount	<u>\$ 251,057,862</u>	<u>30,310,137</u>	<u>20,846,922</u>	<u>260,521,077</u>

The College capitalizes interest expense incurred during the period to the asset being prepared for its intended use. For the years ended June 30, 2017 and 2016, the College capitalized interest expense of approximately \$273,265 and \$208,153 respectively.

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5) Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability, and life insurance coverage (benefits coverage), and property, casualty, and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the state of New Mexico. The College is one of 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, 2017.

6) Accrued Compensated Absences

The following is a summary of accrued compensated absences for the College for the years ending June 30, 2017 and 2016:

Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Current Portion
\$ 2,435,191	2,010,267	2,095,666	2,349,792	2,349,792
Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Current Portion
\$ 2,349,800	2,714,358	2,628,967	2,435,191	2,435,191

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

7) 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 \$1,060,259 at June 30, 2017. 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 2.1% CPI, are as follows:

Year	Amount
2018	\$ 758,742
2019	774,676
2020	658,821
	<u>\$ 2,192,239</u>

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8) 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, 2017 and 2016 the net appreciation of \$1,561,462 and \$1,088,821 was available to be spent. The total amount is restricted to specific purposes.

As of June 30, 2017 and 2016, the value of the Foundation's endowment portfolio was \$8,420,439 and \$7,246,331 respectively and the permanent endowment contributions were \$6,858,976 and \$6,157,509.

9) Bonds Payable

The following is a summary of bonds payable transactions for the College for the years ended June 30, 2017 and 2016:

Year ended June 30, 2017					
	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Current portion
Series 2009	\$ 8,850,000	-	1,150,000	7,700,000	1,150,000
Series 2011	23,400,000	-	1,000,000	22,400,000	1,200,000
Series 2014A	26,900,000	-	3,600,000	23,300,000	1,450,000
Series 2014B	11,630,000	-	1,715,000	9,915,000	1,700,000
Series 2016	-	38,525,000	-	38,525,000	6,000,000
Total bond principal	<u>70,780,000</u>	<u>38,525,000</u>	<u>7,465,000</u>	<u>101,840,000</u>	<u>11,500,000</u>
Bond premium	3,561,820	3,631,936	1,169,967	6,023,789	1,265,614
	<u>\$ 74,341,820</u>	<u>42,156,936</u>	<u>8,634,967</u>	<u>107,863,789</u>	<u>12,765,614</u>

Year ended June 30, 2016					
	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Current portion
Series 2009	\$ 10,000,000	-	1,150,000	8,850,000	1,150,000
Series 2011	24,400,000	-	1,000,000	23,400,000	1,000,000
Series 2014A	30,050,000	-	3,150,000	26,900,000	3,600,000
Series 2014B	13,360,000	-	1,730,000	11,630,000	1,715,000
Total bond principal	<u>77,810,000</u>	<u>-</u>	<u>7,030,000</u>	<u>70,780,000</u>	<u>7,465,000</u>
Bond premium	4,329,976	-	768,156	3,561,820	704,551
	<u>\$ 82,139,976</u>	<u>-</u>	<u>7,798,156</u>	<u>74,341,820</u>	<u>8,169,551</u>

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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.

The 2014A Bonds bear interest at rates ranging from 3.00% to 5.00% and are payable 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, 2016, the College had spent \$18,084,282 of the 2014A Bond proceeds. As of June 30, 2017, the unspent 2014A Bond proceeds is about \$202,688. The bonds are under the requirements of the federal arbitrage regulations.

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 June 30, 2017 unamortized deferred loss on refunding was \$157,810.

On March 17, 2014, the College issued \$13,360,000 of General Obligation (Limited Tax) Refunding Bonds, Series 2014B (2014B Bonds). 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.

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On November 17, 2016, the College issued \$38,525,000 of General Obligation (Limited Tax Bonds) – Series 2016 (2016 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 2, 2016. The bond funds are being used to fund three major capital outlay projects: The Montoya Campus J Building Renovation project, Max Salazar Building Renovation and the construction of a Joint Use Instructional facility partially funded by Albuquerque Public Schools. The Bonds are also being used to fund various other projects.

The 2016 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, 2016. The 2016 Bonds mature through August 15, 2031. Bonds maturing on or after August 15, 2025 are subject to redemption prior to their maturity at the option of the College at any time on or after August 15, 2024. As of June 30, 2017, the College has spent \$2,479,621 of the 2016 Bond proceeds. The bonds are under the requirements of the federal arbitrage regulations.

The maximum General Obligating (Limited Tax) debt of the College may not exceed 3% of the assessed valuation of the District or approximately \$562,509,000. With outstanding bond payable of 101,840,000 at June 30, 2017, the College is currently 18.1% bonded to capacity.

The annual debt service requirements to maturity, including principal and interest at June 30, 2017, is as follows:

General Obligation Bond Series 2009

Fiscal year ending June 30,	Principal	Interest	Total debt service
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	750,000	160,000	910,000
2022	750,000	133,750	883,750
2023-2027	3,150,000	177,813	3,327,813
2028-2032	-	-	-
	\$ 7,700,000	1,129,876	8,829,876

General Obligation Bond Series 2011

Fiscal year ending June 30,	Principal	Interest	Total debt service
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	1,500,000	649,450	2,149,450
2022	1,500,000	604,450	2,104,450
2023-2027	15,370,000	1,225,775	16,595,775
2028-2032	-	-	-
	\$ 22,400,000	4,657,150	27,057,150

General Obligation Bond Series 2014A

Fiscal year ending June 30,	Principal	Interest	Total debt service
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	1,450,000	660,000	2,110,000
2022	1,450,000	587,500	2,037,500
2023-2027	9,800,000	1,929,750	11,729,750
2028-2032	6,250,000	202,000	6,452,000
	\$ 23,300,000	5,794,250	29,094,250

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General Obligation Bond Series 2014B

Fiscal year ending June 30,	Principal	Interest	Total debt service
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	2,325,000	128,175	2,453,175
2022	2,335,000	35,025	2,370,025
2023-2027	-	-	-
2028-2032	-	-	-
	\$ 9,915,000	1,120,975	11,035,975

General Obligation Bond Series 2016

Fiscal year ending June 30,	Principal	Interest	Total debt service
2018	\$ 6,000,000	1,517,650	7,517,650
2019	8,000,000	1,197,650	9,197,650
2020	1,865,000	951,025	2,816,025
2021	1,865,000	857,775	2,722,775
2022	1,865,000	764,525	2,629,525
2023-2027	9,405,000	2,457,975	11,862,975
2028-2032	9,525,000	714,375	10,239,375
	\$ 38,525,000	8,460,975	46,985,975

10) 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.

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Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then became re-employed after July 1, 2010 is 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.

An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's FAS multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

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: 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The College contributed 13.8% of gross covered salary in fiscal year 2016. In fiscal year 2017, the College contributed 13.7% 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, 2017, 2016, and 2015, were \$9,996,630, \$10,445,080, and \$10,576,660, respectively.

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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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the College reported a liability of \$189,649,053 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, 2016. The contribution amounts were defined by Section 22-11- 21, NMSA 1978. At June 30, 2016, the College's proportion was 2.64% percent.

For the year ended June 30, 2017, the College's allocated ERB plan pension expense is \$19,714,970.

At the June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to ERB pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows Resources
Difference between expected and actual experience	\$ 822,768	1,803,802
Difference between actual and projected earnings on investments	11,320,469	-
Changes in assumptions	3,860,494	-
Difference between employer contributions and Proportionated Share of Contributions	3,098,618	1,949,801
The College's contributions subsequent to the measurement date (FY2017 contribution)	9,996,630	-
Total June 30, 2017	<u>\$ 29,098,979</u>	<u>3,753,603</u>

Deferred outflows of resources of \$9,996,630, related to pensions resulting from the College's contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 4,950,785
2019	2,819,222
2020	4,818,131
2021	2,760,608
2022	-
Thereafter	-

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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 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, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

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1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and 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. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

Actuarial Cost Method:	Entry Age Normal
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 0.75% 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
Average of Expected Remaining Service Lives	3.77 years
Mortality:	Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements with Scale BB Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012

Discount rate : A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This discount rate was based on an 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 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.

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 2016. In particular, the table presents the College's (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 net pension liability	\$ 251,185,766	189,649,053	138,590,966

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, 2016 and 2015, which are publicly available at www.nmerb.org.

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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 2017, 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 2017 and 2016 was approximately \$810,084 and \$842,106, respectively.

11) 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 post-employment 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.

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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. During the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.0% of each participating employee’s annual salary; and 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.

The College’s contributions to the RHCA for the years ended June 30, 2017 and 2016 were \$1,475,649, and \$1,494,949 respectively, which equal the required contributions for each year.

12) 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.

At June 30, 2017, the College has \$40,330,620 of outstanding capital commitments to contractors and architects related

Project	Amount
A Building Renovation	\$ 7,495
Access Control Project	20,448
CNM/APS/NACA Facility	27,745,952
CTS Fire Alarm System Upgrade	6,368
CTS HVAC & Roof Project	72,725
Enterprise Storage	3,224
Erosion Project Basehart	7,995
Erosion Project Coal	334,769
I & G Equipment over \$10K	79,428
J Building Renovation	8,910,624
L Building Renovation	4,292
MS Building Renovation Phase II	1,094,431
MS HAVC and Flooring	540,503
Max Salazar Restroom Renovation	11,674
Site & Safety Improvements JMMC	450,851
Site & Safety Improvements RR & WS	197,026
Smith Brasher Renovation	794,463
SV Phase IV Renovation	48,352
	<u>\$ 40,330,620</u>

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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 provides critical resources both financial and administrative. In Fiscal Year 2017, \$11,814,000 was contributed. This was reported in the statement of revenues, expenses, and changes in net position as other non- operating expenses in the College's financial statements.

CNM Foundation Inc.

An agreement between the Foundation and the College was entered into on December 2, 1991, and most recently amended on April 26, 2017. 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.

14) Tax Abatement

Agreements that are entered into by other governments and that reduce the College's tax revenues:

Year ended June 30, 2017

Government name	Taxes being abated	Gross dollar amount
Bernalillo County, New Mexico	Property tax	\$ 227,695
City of Albuquerque, New Mexico	Property tax	205,240
City of Rio Rancho, New Mexico	Property tax	38,010
Sandoval County, New Mexico	Property tax	1,353,551
Total gross dollar amount		\$ <u><u>1,824,496</u></u>

15) 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.

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Procedures for Approval of Operating Budgets:

1. Each institution will submit a governing board approved operating budget to the NM Higher Education Department 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.

16) Subsequent Events

date at which the financial statements were available to be issued, and determine there are no items to disclose.

CNM Ingenuity Inc.

On July 7, 2017, Ingenuity purchased 5,000 units in Mendology LLC, a New Mexico limited liability company for \$125,000. Mendology was formed on February 14, 2017, by the developer of massage therapy protocols and inventor of multiple patent pending devices to support the training of licensed massage therapists by providing feedback to the therapist and their patient. Mendology protocols transform subjective massage protocols into objective and evidence based programs increasing the credibility and viability of the massage therapy profession as a medical alternative to medication. Ingenuity will assist in developing a curriculum and licensing program to proliferate this training and the use of the devices as elements of training massage therapists. Ingenuity's units represent a non-controlling 5% ownership in the LLC that has three other members including the developer.

Ingenuity's investment in Mendology will be reported in subsequent financial statement according to the GAAP Equity Method of accounting in subsequent years as required for limited liability companies regardless of control. The Equity Method of accounting requires recording the investment at initial cost and increasing or decreasing the investment by the member's share of net income.

On October 9, 2017, Ingenuity purchased 100,000 shares in OptiPulse, Inc. a New Mexico Corporation for \$100,000. OptiPulse has invented a new technology that enables long distance, 10 gigabit data transmission at a fraction of the cost of fiber. Their patented Light Grid technology opens new frontiers in high speed communications for business, consumer, and military markets. Ingenuity and OptiPulse will work together to develop training programs for manufacturing of the OptiPulse products and to develop a distributor training program to train the installation and use of the OptiPulse products. OptiPulse has agreed to partner with CNM and CNM Ingenuity to identify students to help intern, apprentice and work for OptiPulse in manufacturing and business office tasks.

Separate from the investment, OptiPulse has entered a 2 year lease with CNM Ingenuity at CNM Ingenuity's 1008 Coal facility to establish it R&D and first manufacturing production line.

Ingenuity's investment in OptiPlus, Inc. will be reported in subsequent financial statement according to the GAAP Equity Method of accounting in subsequent years as required. The Equity Method of accounting requires recording the investment at initial cost and increasing or decreasing the investment by the member's share of net income.

Required Supplemental Information

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**Schedule of the College's Proportionate Share of the Net Pension Liability
June 30, 2017**

New Mexico Education Retirement Board Pension Plan
Schedule of Ten Year Tracking Data

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion - net pension liability (asset)	2.66%	2.66%	2.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proportionate share - net pension Liability	151,964,150	173,380,873	189,649,053	-	-	-	-	-	-	-
Employer covered - employee payroll	76,672,619	75,949,774	72,824,015	-	-	-	-	-	-	-
Employer proportionate share as a percentage of covered payroll	198.20%	228.28%	260.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	66.54%	63.97%	61.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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**Schedule of the College's Proportionate Share of the Net Pension Liability
June 30, 2017**

New Mexico Education Retirement Board Pension Plan
Schedule of Ten Year Tracking Data

Schedule of Fiscal Year Contributions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required employer contributions	\$ 10,576,660	10,445,080	9,996,630	-	-	-	-	-	-	-
Contributions in relation to requirement	10,576,660	10,445,080	9,996,630	-	-	-	-	-	-	-
Annual contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
College's covered-employee payroll	\$ 76,672,619	75,949,774	72,824,015	-	-	-	-	-	-	-
Contributions as a percentage of covered employee payroll	13.8%	13.8%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Increase (decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2016	\$ 15,348,746	5		4,950,785	2,819,222	4,818,131	2,760,608	-				
2017	-	5			-	-	-	-				
2018	-	5			-	-	-	-				
2019	-	5			-	-	-	-				
2020	-	5			-	-	-	-				
2021	-	5			-	-	-	-				
2022	-	5			-	-	-	-				
2023	-	5			-	-	-	-				
2024	-	5			-	-	-	-				
2025	-	5			-	-	-	-				
2026	-	5			-	-	-	-				
			-	4,950,785	2,819,222	4,818,131	2,760,608	-	-	-	-	-

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Notes to Required Supplementary Information

1. Changes to Benefit Terms

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan - Education Retirement Board (ERB).

2. Changes in Assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the ERB Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2015 and 2014.

1. Fiscal year 2015 and 2014 valuations assumptions that changed based on this study:

- a. Lower wage inflation from 4.25% to 3.75%.
- b. Update the mortality tables to incorporate generational improvements.
- c. Remove population growth assumptions for projections.
- d. Population growth per year from 0.50% to zero.

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%.
- b. Inflation will remain at 3.00%.
- c. COLA assumption of 2.00% per year.
- d. Payroll growth will remain at 3.50%.

See also the Actuarial Assumptions subsection of the financial statements note disclosure Pension Plan - Education Retirement Board (ERB)

Supplemental Information

**STATE OF NEW MEXICO
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**Schedule of Budgetary Comparisons - Budgetary Basis
Schedule 1: Unrestricted and Restricted – All Operations
Year ended June 30, 2017**

	Original budget	Final budget	Actuals (budgetary basis)	Actuals vs Final Budget favorable (unfavorable)
Unrestricted and Restricted Beginning				
Net Position	\$ 51,438,366	47,226,032	47,226,032	-
Unrestricted and restricted revenues:				
Tuition	21,399,834	19,296,779	19,965,572	668,793
Miscellaneous fees	3,747,632	3,963,554	4,384,269	420,715
State government appropriations	56,080,400	53,276,400	53,276,400	-
Local government appropriations	51,182,133	51,182,133	50,987,947	(194,186)
Federal government contracts/grants	33,387,620	33,951,771	26,223,948	(7,727,823)
State government contracts/grants	6,333,235	6,862,888	6,232,214	(630,674)
Local government contracts/grants	1,998	124,095	68,517	(55,578)
Private contracts/grants	2,676,891	3,178,917	1,939,296	(1,239,621)
Endowments	12,500	12,500	11,992	(508)
Sales and services	3,301,066	2,107,347	1,805,806	(301,541)
Other	2,641,852	1,953,144	1,845,154	(107,990)
Capital outlay	31,920,000	31,920,000	29,826,551	(2,093,449)
Building renewal and replacement	3,050,153	3,050,153	2,630,325	(419,828)
Retirement of indebtedness	9,530,000	10,535,000	17,847,416	7,312,416
Total unrestricted and restricted revenues	<u>225,265,314</u>	<u>221,414,681</u>	<u>217,045,407</u>	<u>(4,369,274)</u>
Unrestricted and restricted expenditures:				
Instruction	64,422,746	63,762,825	61,541,541	2,221,284
Academic support	15,755,654	16,208,030	15,814,678	393,352
Student services	22,893,030	22,265,480	21,857,557	407,923
Institutional support	22,667,039	22,940,676	22,427,420	513,256
Operation and maintenance of plant	15,232,913	14,577,119	14,352,640	224,479
Student social and cultural activities	135,157	185,157	151,145	34,012
Public services	944,818	711,620	503,181	208,439
Internal services	66,005	74,450	60,844	13,606
Student aid grants and stipends	35,722,548	35,687,736	29,079,592	6,608,144
Auxiliary enterprise	1,031,098	1,029,640	749,363	280,277
Capital outlay	27,000,000	32,000,000	30,821,796	1,178,204
Building renewal and replacement	4,600,000	3,300,000	2,199,708	1,100,292
Retirement of indebtedness	8,806,425	10,535,000	10,636,098	(101,098)
Total unrestricted and restricted expenditures	<u>219,277,433</u>	<u>223,277,733</u>	<u>210,195,560</u>	<u>13,082,170</u>
Transfers to (from):				
Instruction and general	(3,961,251)	(3,035,439)	(3,035,439)	-
Student social and cultural	(3,600)	(10,800)	(10,800)	-
Public service	-	-	-	-
Internal service	-	-	-	-
Student aid and grants	2,424,162	2,431,362	2,431,362	-
Auxiliary enterprise	(1,301,200)	(1,301,200)	(1,301,200)	-
Capital outlay	671,101	671,101	671,101	-
Building renewal and replacement	1,670,788	1,670,788	1,670,788	-
Retirement of indebtedness	500,000	(425,812)	(425,812)	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position (budgetary basis)	<u>5,987,881</u>	<u>(1,863,052)</u>	<u>6,849,847</u>	<u>8,712,896</u>
Ending net position	<u>\$ 57,426,247</u>	<u>45,362,980</u>	<u>54,075,879</u>	

See accompanying independent auditor's report

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

Schedule of Budgetary Comparisons - Budgetary Basis

Schedule 2: Unrestricted – Non Instruction & General

Year ended June 30, 2017

	Original budget	Final budget	Actuals (budgetary basis)	Actuals vs Final Budget favorable (unfavorable)
Beginning balance budgeted	\$ 36,676,647	27,410,030	27,410,030	
Revenues:				
Tuition	-	-	-	-
Miscellaneous fees	140,000	115,000	110,512	(4,488)
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Private contracts/grants	20,000	5,000	-	(5,000)
Endowments	-	-	-	-
Sales and services	2,246,000	1,719,831	1,767,514	47,683
Other	100,000	60,000	62,252	2,252
Capital outlay	31,920,000	31,920,000	29,826,551	(2,093,449)
Building renewal and replacement	3,050,153	3,050,153	2,630,325	(419,828)
Retirement of indebtedness	9,530,000	10,535,000	17,847,416	7,312,416
Total revenues	<u>47,006,153</u>	<u>47,404,984</u>	<u>52,244,570</u>	<u>4,839,586</u>
Expenditures:				
Instruction	-	-	-	-
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student social and cultural activities	131,157	181,157	151,145	30,012
Public services	140,000	60,000	57,687	2,313
Internal services	6,000	3,000	1,689	1,311
Student aid grants and stipends	2,444,162	2,436,382	2,290,210	146,172
Auxiliary enterprise	995,090	1,025,640	749,363	276,277
Capital outlay	27,000,000	32,000,000	30,821,796	1,178,204
Building renewal and replacement	4,600,000	3,300,000	2,199,708	1,100,292
Retirement of indebtedness	8,806,425	10,535,000	10,636,098	(101,098)
Total expenditures	<u>44,122,834</u>	<u>49,541,179</u>	<u>46,907,696</u>	<u>2,633,483</u>
Transfers to (from):				
Instruction and general	-	-	-	-
Student social and cultural	(3,600)	(10,800)	(10,800)	-
Public service	-	-	-	-
Internal service	-	-	-	-
Student aid and grants	2,424,162	2,431,362	2,431,362	-
Auxiliary enterprise	(1,301,200)	(1,301,200)	(1,301,200)	-
Capital outlay	671,101	671,101	671,101	-
Building renewal and replacement	1,670,788	1,670,788	1,670,788	-
Retirement of indebtedness	500,000	(425,812)	(425,812)	-
Total transfers	<u>3,961,251</u>	<u>3,035,439</u>	<u>3,035,439</u>	<u>-</u>
Change in net position (budgetary basis)	<u>6,844,570</u>	<u>899,244</u>	<u>8,372,313</u>	<u>7,473,069</u>
Net position (budgetary basis)	<u>\$ 43,521,217</u>	<u>28,309,274</u>	<u>35,782,343</u>	

See accompanying independent auditor's report

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

Schedule of Budgetary Comparisons - Budgetary Basis

Schedule 3: Restricted – Non Instruction & General

Year ended June 30, 2017

	Original budget	Final budget	Actuals (budgetary basis)	Actuals vs Final Budget favorable (unfavorable)
Beginning balance budgeted	\$ -	-	-	-
Revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	28,914,916	28,793,454	22,712,848	(6,080,606)
State government contracts/grants	4,516,750	4,533,608	4,121,731	(411,877)
Local government contracts/grants	-	-	-	-
Private contracts/grants	509,346	517,846	447,896	(69,950)
Endowments	-	-	-	-
Sales and services	42,205	87,516	11,554	(75,962)
Other	200,000	50,000	-	(50,000)
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total revenues	<u>34,183,217</u>	<u>33,982,424</u>	<u>27,294,031</u>	<u>(6,688,395)</u>
Expenditures:				
Instruction	-	-	-	-
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student social and cultural activities	4,000	4,000	-	4,000
Public services	804,818	651,620	445,494	206,126
Internal services	60,005	71,450	59,155	12,295
Student aid grants and stipends	33,278,386	33,251,354	26,789,382	6,461,972
Auxiliary enterprise	36,008	4,000	-	4,000
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total expenditures	<u>34,183,217</u>	<u>33,982,424</u>	<u>27,294,031</u>	<u>6,688,395</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	-	-	-	-
Retirement of indebtedness	-	-	-	-
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
Schedule 4: Unrestricted Instruction and General**

Year ended June 30, 2017

	Original budget	Final budget	Actuals (budgetary basis)	Actuals vs Final Budget favorable (unfavorable)
Beginning balance budgeted	\$ 14,761,719	19,816,002	19,816,002	
Revenues:				
Tuition	21,399,834	19,296,779	19,965,572	668,793
Miscellaneous fees	3,496,089	3,795,054	4,248,671	453,617
State government appropriations	56,080,400	53,276,400	53,276,400	-
Local government appropriations	51,182,133	51,182,133	50,987,947	(194,186)
Federal government contracts/grants	300,000	300,000	55,383	(244,617)
State government contracts/grants	15,000	15,000	-	(15,000)
Local government contracts/grants	-	-	-	-
Private contracts/grants	300,000	20,000	20,435	435
Endowments	-	-	-	-
Sales and services	1,012,861	300,000	26,738	(273,262)
Other	2,341,852	1,843,144	1,782,902	(60,242)
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total revenues	136,128,169	130,028,510	130,364,048	335,538
Expenditures:				
Instruction	60,013,062	58,253,344	57,914,750	338,594
Academic support	14,661,281	14,798,920	14,762,701	36,219
Student services	21,300,953	20,372,380	20,349,966	22,414
Institutional support	21,840,898	21,763,187	21,480,747	282,440
Operation and maintenance of plant	15,207,413	14,567,536	14,342,912	224,624
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 Total expenditures	133,023,607	129,755,367	128,851,075	904,291
Transfers to (from):				
Instruction and general	(3,961,251)	(3,035,439)	(3,035,439)	-
Student social and cultural	-	-	-	-
Public service	-	-	-	-
Internal service	-	-	-	-
Student aid and grants	-	-	-	-
Auxiliary enterprise	-	-	-	-
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total transfers	(3,961,251)	(3,035,439)	(3,035,439)	-
Change in net position (budgetary basis)	(856,689)	(2,762,296)	(1,522,466)	1,239,829
Net position (budgetary basis)	\$ 13,905,030	17,053,706	18,293,536	

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
Schedule 5: Restricted Instruction and General**

Year ended June 30, 2017

	Original budget	Final budget	Actuals (budgetary basis)	Actuals vs Final Budget favorable (unfavorable)
Beginning balance budgeted	\$ -	-	-	
Revenues:				
Tuition				
Miscellaneous fees	111,543	53,500	25,086	(28,414)
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	4,172,704	4,858,317	3,455,717	(1,402,600)
State government contracts/grants	1,801,485	2,314,280	2,110,483	(203,797)
Local government contracts/grants	1,998	124,095	68,517	(55,578)
Private contracts/grants	1,847,545	2,636,071	1,470,965	(1,165,106)
Endowments	12,500	12,500	11,992	(508)
Sales and services	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total revenues	<u>7,947,775</u>	<u>9,998,763</u>	<u>7,142,760</u>	<u>(2,856,003)</u>
Expenditures:				
Instruction	4,409,684	5,509,481	3,626,791	1,882,690
Academic support	1,094,373	1,409,110	1,051,977	357,133
Student services	1,592,077	1,893,100	1,507,591	385,509
Institutional support	826,141	1,177,489	946,673	230,816
Operation and maintenance of plant	25,500	9,583	9,728	(145)
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>7,947,775</u>	<u>9,998,763</u>	<u>7,142,760</u>	<u>2,856,003</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	-	-	-	-
Retirement of indebtedness	-	-	-	-
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>	

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, 2017**

Total unrestricted and restricted revenues:

Budgetary basis		\$ <u>217,045,407</u>
Reconciling items:		
Scholarship allowance (not in budgetary basis)		(11,944,184)
Bond proceeds (amount not in financial)		(18,104,453)
Other		<u>(827,313)</u>
Total reconciling items		<u>(30,875,950)</u>
Total reconciled unrestricted and unrestricted revenues per Budgetary Basis		\$ <u><u>186,169,457</u></u>
Basic Financial Statements		
Operating revenues		28,935,086
Nonoperating revenues		<u>157,234,371</u>
Total unrestricted and restricted revenues per financial statement		\$ <u><u>186,169,457</u></u>
Difference		\$ <u><u>-</u></u>

Total unrestricted and restricted expenditures

Budgetary basis		<u>210,195,560</u>
Reconciling items:		
Bond principal payments (not in financial statements)		(7,465,000)
Scholarship allowance (not in budgetary basis)		(11,944,184)
Capitalized expenditures (amount not in financial statement)		(32,252,019)
Depreciation expense (not in budgetary basis)		13,887,457
ERB plan expense proportion (not in budgetary basis)		9,651,500
Other		<u>(965,935)</u>
total reconciling items		<u>(29,088,181)</u>
Total reconciled unrestricted and unrestricted expenditures per Budgetary Basis		\$ <u><u>181,107,379</u></u>
Basic Financial Statements		
Operating expenses		167,135,399
Nonoperating expenses		<u>13,971,980</u>
Total unrestricted and restricted expenditures per financial statement		\$ <u><u>181,107,379</u></u>
Difference		\$ <u><u>-</u></u>

See accompanying independent auditor's report

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

Notes to the 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.

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

**Schedule 6: Schedule of Individual Deposit and Investment Accounts
June 30, 2017**

The College:			Bank	Reconciling	Book
Name of depository	Account name	Account Type	balance	Items	balance
Cash on Hand	Petty cash fund	Cash	\$ -	8,225	8,225
Wells Fargo Bank	Student federal fund	Checking	357,696	(74,802)	282,894
	Operational account	Checking	234,173	(139,730)	94,443
	Stafford loans	Checking	59,868	(19,415)	40,453
	Perkins Loans	Checking	28,542	1,530	30,072
	Payroll	Checking	-	(53,726)	(53,726)
	Student refund	Checking	-	(15,836)	(15,836)
Bank of America	Direct Deposit	Checking	-	-	-
Total cash			<u>680,279</u>	<u>(293,754)</u>	<u>386,526</u>
State of New Mexico					
Office of the Treasurer	Current fund	Investment	40,880,858	-	40,880,858
	Renewal and replacement	Investment	11,266,373	-	11,266,373
	Retirement of indebtedness	Investment	15,111,969	-	15,111,969
	Plant	Investment	48,267,708	-	48,267,708
	Endowment	Investment	1,832,742	-	1,832,742
Total investments			<u>117,359,650</u>	<u>-</u>	<u>117,359,650</u>
Total deposits and investments - College			<u>\$ 118,039,929</u>	<u>(293,754)</u>	<u>117,746,176</u>

The Foundation:			Bank	Reconciling	Book
Name of depository	Account name	Account Type	balance	Items	balance
Wells Fargo	Operational account	Checking	\$ 344,052	(2,367)	341,685
Nusenda	Temp restricted	Checking	20,006	-	20,006
Merrill Lynch	Temp restricted	Money Market	336,007		336,007
	Portfolio	Money Market	160,672		160,672
	Eloy Reyes	Money Market	6,523		6,523
Total cash			<u>867,260</u>	<u>(2,367)</u>	<u>864,893</u>
Merrill Lynch	Temp Restricted	CD Maturing > 90 days	247,830	-	247,830
	Endow core portfolio	Federal agency obligations	963,223	-	963,223
	Endow core portfolio	Corporate obligations	560,112	-	560,112
	Endow core portfolio	Corporate Stock	4,936,946	-	4,936,946
	Endow core portfolio	Mutual funds	1,681,792	-	1,681,792
	Eloy Reyes	Federal agency obligations	83,497	-	83,497
	Eloy Reyes	Corporate obligations	40,674	-	40,674
	Eloy Reyes	Corporate Stock	273,966	-	273,966
Total investments			<u>8,788,040</u>	<u>-</u>	<u>8,788,040</u>
Total deposits and investments - Foundation			<u>\$ 9,655,300</u>	<u>(2,367)</u>	<u>9,652,933</u>

Ingenuity:			Bank	Reconciling	Book
Name of depository	Account name	Account Type	balance	Items	balance
Wells Fargo	Operational account	Checking	\$ 226,081	2,278	228,359
Wells Fargo		Money Market	1,660,912		1,660,912
Total cash - Ingenuity			<u>\$ 1,886,993</u>	<u>2,278</u>	<u>1,889,271</u>

See accompanying independent auditor's report.

Statistical Section

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

Narrative to the Statistical Section

This part of the Central New Mexico Community College comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information provides about the College's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant local revenue sources – tuition and fees, state appropriations, and ad valorem taxes.

- Academic Year Tuition and Fees
- Assessed Valuation and Estimated Actual Value of Taxable Property
- Principal Property Taxpayers
- Property Tax Levies and Collections
- CNM District Tax Rates
- Tax Rates – Bernalillo County
- Tax Rates – Sandoval County

Debt Capacity

These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

- Bond Debt Capacity
- Long-term Bonds Outstanding

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place.

- Demographic and Economic Data
- Principal Employers
- Labor Force

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

- Faculty and Staff
- Capital Assets: Facilities by Location
- Student Profile
- Student Enrollment

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

**Net Position by Component (Dollars in Thousands)
Last ten fiscal years**

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Investment in Capital Assets	213,703	205,823	203,120	193,562	186,638	180,330	156,860	149,419	108,747	100,075
Restricted, Non-expendable	1,805	1,805	1,580	1,580	1,580	1,580	1,580	1,580	1,450	800
Restricted, Expendable	13,246	6,467	5,775	6,057	7,542	6,972	8,413	3,701	7,324	10,100
Unrestricted (2)	(121,860)	(112,372)	(113,104)	43,324	57,041	59,625	65,942	69,468	82,819	73,894
Total Net Position (1)	106,894	101,723	97,371	244,523	252,801	248,507	232,795	224,168	200,340	184,869
Expressed as a percent of total	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	199.9	202.3	208.6	79.2	73.8	72.6	67.4	66.7	54.3	54.1
Restricted, Non-expendable	1.7	1.8	1.6	0.6	0.6	0.6	0.7	0.7	0.7	0.4
Restricted, Expendable	12.4	6.4	5.9	2.5	3.0	2.8	3.6	1.7	3.7	5.5
Unrestricted	(114.0)	(110.5)	(116.2)	17.7	22.6	24.0	28.3	31.0	41.3	40.0
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage increase/(decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	3.8	1.3	4.9	3.7	3.5	15.0	5.0	37.4	8.7	2.2
Restricted, Non-expendable	-	14.2	-	-	-	-	-	9.0	81.3	-
Restricted, Expendable	104.8	12.0	(4.7)	(19.7)	8.2	(17.1)	127.3	(49.5)	(27.5)	30.2
Unrestricted	8.4	(0.6)	(361.1)	(24.0)	(4.3)	(9.6)	(5.1)	(16.1)	12.1	18.5
Total Net Position	5.1	4.5	(60.2)	(3.3)	1.7	6.7	3.8	11.9	8.4	9.5

(1) In Fiscal Year 2013, GASB Statement No. 63 required a change from net assets to net position.

(2) GASB 68 implemented in Fiscal Year 2015, resulting in restatement of beginning net position by -\$145.7 million.

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

**Changes in Net Position (Dollars in Thousands)
Last ten fiscal years**

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
<i>Operating Revenues</i>										
Student Tuition and Fees	26,642	26,318	24,235	24,730	23,906	24,508	22,194	17,919	14,161	12,833
Less: Scholarship Allowances	(11,944)	(12,045)	(12,278)	(12,470)	(9,577)	(9,933)	(8,319)	(6,795)	(3,822)	(3,191)
Federal Grants and Contracts	4,181	4,652	3,873	3,682	4,399	3,639	5,896	3,963	3,839	3,968
State/Private Grants and Contracts	7,398	7,187	7,408	6,995	7,142	8,324	7,221	6,570	6,556	6,628
Sales and Service	893	818	3,511	2,977	3,058	2,903	3,273	2,366	1,703	1,354
Auxiliary Enterprises	1,766	2,188	3,150	3,416	3,306	3,384	3,388	2,996	2,795	2,392
Total Operating Revenues	28,935	29,118	29,899	29,330	32,234	32,825	33,653	27,019	25,232	23,984
Expenses										
<i>Operating Expenses</i>										
Education and General										
Instruction	61,641	62,021	64,016	62,317	59,736	57,520	59,497	56,497	55,365	54,228
Public Service	503	559	599	739	1,299	964	1,092	1,359	1,959	1,683
Academic Support	15,113	15,221	16,753	15,299	11,832	11,195	11,090	9,360	10,001	10,171
Student Services	21,700	22,171	22,576	21,065	17,942	17,670	16,975	14,453	13,844	13,160
Institutional Support	20,967	21,305	20,933	19,563	17,326	15,403	16,143	15,919	16,118	16,759
Operations and Maintenance of Plant	15,226	14,995	16,430	15,403	13,650	14,275	14,768	11,797	10,875	9,825
Depreciation Expense	13,887	13,142	12,510	11,935	10,633	8,628	8,604	6,078	6,048	6,004
Student Aid	17,135	19,480	23,541	27,846	32,711	34,882	35,567	29,034	19,692	15,335
Auxiliary Enterprises	812	764	2,050	2,294	2,484	2,409	2,200	1,929	1,787	1,708
Other Operating Expenses	151	123	134	96	98	81	118	91	81	135
Total Operating Expenses	167,135	169,782	179,542	176,557	167,711	163,027	166,054	146,517	135,770	129,008
Operating Income (Loss)	(138,200)	(140,664)	(149,643)	(147,227)	(135,477)	(130,202)	(132,401)	(119,498)	(110,538)	(105,024)
Expenses										
<i>Non-operating Expenses</i>										
State Appropriations	53,276	56,801	55,644	51,972	47,750	43,086	47,851	47,104	53,769	56,829
Local Appropriations	68,892	59,737	58,587	57,763	57,572	55,080	54,396	54,279	51,619	45,332
Federal Student Aid	21,988	24,308	27,990	32,815	35,037	37,494	37,243	30,535	18,363	13,596
Investment Income (Loss)	466	110	123	81	114	203	287	171	834	4,069
Interest on Capital Asset-related Debt	(2,049)	(1,765)	(2,031)	(1,909)	(1,723)	(1,657)	(1,386)	(990)	(994)	(1,337)
Gain (Loss) on Disposal of Capital Assets	(109)	33	(85)	(3)	(119)	(70)	(29)	18	(65)	529
Other Non-Operating Revenues/Expenses	(10,721)	1,341	1,136	(2,954)	1,009	935	1,376	1,008	1,429	1,265
Total Non-operating Revenues/Expenses	131,743	140,565	141,364	137,765	139,640	135,071	139,738	132,125	124,955	120,283
Income (Loss) before Other Revenue (Expenses)	(6,457)	(99)	(8,279)	(9,462)	4,163	4,869	7,337	12,627	14,417	15,259
Capital Appropriations	11,608	4,209	6,813	978	130	10,818	1,293	11,064	346	709
Capital Contributions	20	242	-	208	-	22	-	137	708	42
Additions to permanent endowments	-	225	-	-	-	-	-	-	-	-
Increase/(Decrease) in Fund Net Position	5,171	4,352	(1,466)	(8,276)	4,293	15,709	8,630	23,828	15,471	16,010
Total Revenues	174,355	175,899	180,192	173,147	173,846	180,463	176,099	171,317	152,300	145,826
Total Expenses	169,184	171,547	181,658	181,423	169,553	164,754	167,469	147,489	136,829	129,816
Increase (Decrease) in Fund Net Position	5,171	4,352	(1,467)	(8,276)	4,293	15,709	8,630	23,828	15,471	16,010

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

**Financial Trends
Revenue Capacity
Academic Year Tuition and Required Fees**

Last ten academic years

Year	Resident Career Technical Education Tuition	Resident Academic / Transfer Tuition	Non-Resident Tuition	Registration Fee	Technology Fee
2017-18	480.00	648.00	3,444.00	45.00	8.00
2016-17	384.00	624.00	3,312.00	40.00	8.00
2015-16	306.00	612.00	3,240.00	40.00	8.00
2014-15	216.00	600.00	3,240.00	40.00	6.00
2013-14	168.00	594.00	3,240.00	40.00	6.00
2012-13	126.00	579.00	3,156.00	40.00	3.00
2011-12	120.00	579.00	3,008.00	40.00	3.00
2010-11	60.00	528.00	2,616.00	40.00	3.00
2009-10	-	492.00	2,400.00	40.00	3.00
2008-09	-	492.00	2,400.00	40.00	-

Tuition is based on 12 to 18 credit hours. Technology fee is assessed per credit hour. In addition to the above, pass-through fees may be required depending on the courses taken.

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

Assessed Value and Estimated Actual Value of Taxable Property

**Assessed Valuation of Taxable Property
Bernalillo and Sandoval Counties
Last ten tax years**

Tax Year	Residential	Percent of Total AV	Year over Year % Growth	Non-Residential	Percent of Total AV	Year over Year % Growth	Centrally Assessed	Percent of Total AV	Year over Year % Growth	Central New Mexico Community College	Year over Year % Growth
2016	13,672,673,810	75.93%	3.76%	3,756,124,705	20.86%	0.21%	578,725,953	3.21%	4.23%	18,007,524,468	3.02%
2015	13,176,671,365	75.38%	2.48%	3,748,117,273	21.44%	-0.70%	555,254,334	3.18%	1.35%	17,480,042,972	1.75%
2014	12,857,739,256	74.84%	3.46%	3,774,449,235	21.97%	4.64%	547,853,036	3.19%	4.69%	17,180,041,527	3.76%
2013	12,427,468,679	75.05%	1.70%	3,607,129,356	21.78%	-2.61%	523,293,887	3.16%	-5.92%	16,557,891,922	0.47%
2012	12,219,893,918	74.15%	0.29%	3,703,861,661	22.47%	-0.16%	556,205,288	3.38%	0.65%	16,479,960,867	0.21%
2011	12,183,978,327	74.08%	0.32%	3,709,653,790	22.56%	-13.76%	552,605,829	3.36%	32.39%	16,446,237,946	-2.48%
2010	12,145,322,572	72.02%	-2.25%	4,301,523,400	25.51%	-5.55%	417,413,475	2.48%	-15.22%	16,864,259,447	-3.48%
2009	12,425,441,052	71.12%	4.86%	4,554,045,336	26.07%	11.84%	492,360,473	2.82%	-7.06%	17,471,846,861	6.20%
2008	11,850,036,647	72.03%	31.57%	4,072,104,901	24.75%	-30.49%	529,783,095	3.22%	1.90%	16,451,924,643	6.94%
2007	9,006,843,994	58.54%	3.99%	5,858,067,885	38.08%	39.92%	519,923,463	3.38%	7.28%	15,384,835,342	15.39%

Source: Bernalillo and Sandoval County Assessor's Office

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

Principal Property Taxpayers

Current Year and Ten Years Ago

Rank	Taxpayer	2016 Assessed Valuation		2007 Assessed Valuation	
		2016 Assessed Valuation	% of Total Taxable Assessed	2007 Assessed Valuation	% of Total Taxable Assessed
1	Public Service Co. of New Mexico	\$ 265,889,169	1.52%	Public Service Co. of New Mexico (Electric)	\$ 124,835,950 0.81%
2	Gas Company of New Mexico	50,935,148	0.29%	QWest Communications	112,969,012 0.73%
3	QWest Communications	46,606,908	0.27%	Public Service Co. of New Mexico (Gas)	31,196,903 0.20%
4	Comcast	29,511,523	0.17%	Southwest Airlines	20,191,079 0.13%
5	Verizon	20,869,351	0.12%	Simon Property Group	15,960,737 0.10%
6	Intel Corporation	20,268,650	0.12%	Voicestream	14,017,882 0.09%
7	AMREP Southwest Inc.	19,570,644	0.11%	Verizon	13,984,809 0.09%
8	Southwest Airlines	18,504,192	0.11%	Delta Person LTD	11,890,266 0.09%
9	Mall at Cottonwood	15,802,710	0.09%	Time Warner	7,354,756 0.05%
10	AT&T	14,554,372	0.08%	AT&T	6,623,936 0.04%
Top Ten Centrally and Locally Assessed Val		502,512,667	2.87%	Top Ten Centrally and Locally Assessed Val	359,025,330 2.33%
Total Assessed Valuation		\$ 17,480,042,972	100.00%	Total Assessed Valuation	\$15,384,835,342 100.00%

Source: Bernalillo County Assessor's Office and NM Taxation & Revenue Department.

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

**Property Tax Collections
Last ten tax years**

Bernalillo County							CNM	
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections (1)	Current Collections as a % of Net Levied	Current / Delinquent Tax Collections (2)	Current / Delinquent Collections as a % of Net Levied	Operational	Debt Service
2016	16/17	\$663,107,919	642,661,947	96.92%	642,661,947	96.92%	\$43,815,687	\$15,464,599
2015	15/16	641,680,120	621,125,053	96.80%	633,251,043	98.69%	43,474,474	8,331,221
2014	14/15	626,867,177	606,258,064	96.71%	624,119,708	99.56%	42,266,534	8,097,122
2013	13/14	614,299,642	593,530,750	96.62%	611,943,863	99.62%	41,585,722	7,937,680
2012	12/13	601,844,884	580,736,950	96.49%	600,251,665	99.74%	40,733,810	7,869,380
2011	11/12	592,768,182	570,354,626	96.22%	591,279,464	99.75%	39,170,090	7,774,978
2010	10/11	585,432,230	559,806,155	95.62%	582,624,638	99.52%	38,059,535	7,700,043
2009	09/10	594,170,426	561,435,327	94.49%	591,437,664	99.54%	37,437,999	7,813,930
2008	08/09	565,045,755	541,204,499	95.78%	563,150,783	99.66%	35,433,395	7,516,273
2007	07/08	533,488,014	513,363,469	96.23%	531,800,791	99.68%	33,819,238	7,183,451

Source: Bernalillo County Treasurer's Office

Sandoval County							CNM	
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections	Current Collections as a % of Net Levied	Current / Delinquent Tax Collections	Current / Delinquent Collections as a % of Net Levied	Operational	Debt Service
2016	16/17	\$124,318,657	120,420,512	96.86%	120,420,512	96.86%	\$7,043,689	\$2,567,824
2015	15/16	119,015,424	115,023,384	96.65%	117,327,161	98.58%	7,037,701	1,350,582
2014	14/15	115,903,449	111,651,378	96.33%	115,072,298	99.28%	6,991,254	1,342,799
2013	13/14	115,729,254	110,756,348	95.70%	115,050,978	99.41%	7,016,859	1,341,529
2012	12/13	114,396,660	109,098,898	95.37%	113,883,746	99.55%	6,968,990	1,349,030
2011	11/12	111,937,913	107,182,149	95.75%	111,611,493	99.71%	7,009,023	1,394,375
2010	10/11	115,121,965	107,439,020	93.33%	113,377,890	98.49%	7,064,288	1,439,120
2009	09/10	112,053,132	104,094,225	92.90%	110,205,865	98.35%	6,917,293	1,454,187
2008	08/09	87,888,881	80,674,413	91.79%	87,792,685	99.89%	6,153,733	1,386,533
2007	07/08	75,476,377	70,795,219	93.80%	75,365,527	99.85%	3,236,006	726,078

Source: Sandoval County Treasurer's Office

(1) As of June 30 of each year

(2) As of June 2017

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

District Tax Rates
Last ten tax years

Tax Year	Operational		Debt Service	Total Tax Rate	
	Residential	Non-Residential	Debt Service	Residential	Non-Residential
2017	2.789	3.000	1.000	3.789	4.000
2016	2.776	3.000	1.000	3.776	4.000
2015	2.831	3.000	0.550	3.381	3.550
2014	2.827	3.000	0.550	3.377	3.550
2013	2.842	3.000	0.550	3.392	3.550
2012	2.794	3.000	0.550	3.344	3.550
2011	2.687	3.000	0.550	3.237	3.550
2010	2.608	3.000	0.550	3.158	3.550
2009	2.496	3.000	0.550	3.046	3.550
2008	2.440	3.000	0.550	2.990	3.550

Source: NM Department of Finance & Administration.

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

**Tax Rates - Bernalillo County
Last ten tax years**

Within 20 Mill Limit for General Purposes										
Total Levy	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State of New Mexico	\$0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Bernalillo County	7.090	7.245	7.254	7.320	7.208	6.866	6.665	6.340	6.184	6.183
City of Albuquerque	6.339	6.493	6.494	6.544	6.544	6.544	6.389	6.072	3.971	2.970
AMAFCA	0.173	0.177	0.177	0.179	0.176	0.170	0.165	0.165	0.165	0.167
Albuquerque MSD # 12	0.270	0.275	0.276	0.278	0.274	0.264	0.256	0.244	0.238	0.238
Total	\$13.872	14.190	14.201	14.321	14.202	13.844	13.475	12.821	10.558	9.558
Over 20 Mill Limit - Interest, Principal, Judgement, etc.										
State of New Mexico	\$1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150	1.250	1.221
Bernalillo County	1.265	1.476	1.277	1.259	0.910	1.010	1.051	0.994	0.995	1.004
City of Albuquerque	4.976	4.976	4.976	4.976	4.976	4.976	4.976	4.976	6.976	7.976
AMAFCA	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.217	10.256	10.255	10.187	10.189	10.188	10.191	10.190	10.115	10.121
UNM Hospital	6.198	6.334	6.342	6.400	6.400	6.400	6.400	6.400	6.401	6.400
CNM Community College (Operating)	2.776	2.831	2.827	2.842	2.794	2.687	2.608	2.496		
CNM Community College (Debt Service)	1.000	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
Total	\$28.467	28.458	28.262	28.249	27.854	27.848	27.981	27.431	26.962	27.947
TOTAL LEVY										
City of Albuquerque	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State of New Mexico	\$1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150	1.250	1.221
Bernalillo County	8.355	8.721	8.531	8.579	8.118	7.876	7.716	7.334	7.179	7.187
City of Albuquerque	11.315	11.469	11.470	11.520	11.520	11.520	11.365	11.048	10.947	10.946
AMAFCA	0.848	0.852	0.852	0.854	0.851	0.845	0.840	0.840	0.840	0.842
Albuquerque MSD #12	10.487	10.531	10.531	10.465	10.463	10.452	10.447	10.434	10.353	10.359
UNM Hospital	6.198	6.334	6.342	6.400	6.400	6.400	6.400	6.400	6.401	6.400
CNM Community College	3.776	3.381	3.377	3.392	3.344	3.237	3.158	3.046	0.550	0.550
Total Residential in Albuquerque	\$42.339	42.648	42.463	42.570	42.056	41.692	41.456	40.252	37.520	37.505
Total Non-Residential in Albuquerque	\$46.788	46.336	46.132	45.995	45.648	45.651	45.862	46.264	45.613	45.692

Source: New Mexico Department of Finance and Administration

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

Tax Rates - Sandoval County
Last ten tax years

Within 20 Mill Limit for General Purposes										
Total Levy	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State of New Mexico	\$0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.354	6.339	6.240	6.137	5.964	5.621	6.665	6.340	6.184	6.183
SSCAFCA	0.828	0.828	0.828	0.828	0.828	0.844	6.389	6.072	3.971	2.970
City of Rio Rancho	7.650	7.426	7.307	7.181	6.990	6.518				
Rio Rancho Schools	0.458	0.262	0.258	0.254	0.247	0.230	0.256	0.244	0.238	0.238
Total	\$15.290	14.855	14.633	14.400	14.029	13.213	13.310	12.656	10.393	9.391
Over 20 Mill Limit - Interest, Principal, Judgement, etc.										
State of New Mexico	\$1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150	1.250	1.221
Sandoval County	1.047	0.852	0.539	1.030	1.031	1.038	1.051	0.994	0.995	1.004
SSCAFCA	1.249	1.249	1.248	1.248	1.247	1.023	4.976	4.976	6.976	7.976
City of Rio Rancho	2.016	1.848	1.881	1.789	1.617	1.645	0.675	0.675	0.675	0.675
Rio Rancho Schools	10.540	10.540	10.524	10.537	10.538	10.542				
UNM Hospital	4.250	4.250	4.250	4.250	4.250	4.250	6.400	6.400	6.401	6.400
CNM Community College (Operating)	2.381	2.831	2.827	2.842	2.794	2.687	2.608	2.496		
CNM Community College (Debt Service)	1.000	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
Total	\$23.843	23.480	23.179	23.606	23.387	23.097	17.790	17.241	16.847	17.826
TOTAL LEVY										
City of Rio Rancho	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State of New Mexico	\$1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150	1.250	1.221
Sandoval County	7.401	7.191	6.779	7.167	6.995	6.659	7.716	7.334	7.179	7.187
SSCAFCA	2.077	2.077	2.076	2.076	2.075	1.867	11.365	11.048	10.947	10.946
City of Rio Rancho	9.666	9.274	9.188	8.970	8.607	8.163	0.675	0.675	0.675	0.675
Rio Rancho Schools	10.998	10.802	10.782	10.791	10.785	10.772	0.256	0.244	0.238	0.238
UNM Hospital	4.250	4.250	4.250	4.250	4.250	4.250	6.400	6.400	6.401	6.400
CNM Community College	3.381	3.381	3.377	3.392	3.344	3.237	3.158	3.046	0.550	0.550
Total Residential in Rio Rancho	\$39.133	38.335	37.812	38.006	37.416	36.310	31.100	29.897	27.240	27.217
Total Non-Residential in Rio Rancho	\$41.671	40.354	39.256	41.003	37.840	35.633	45.862	46.264	45.613	45.692

Source: New Mexico Department of Finance and Administration

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

**Bond Debt Capacity (Dollars in thousands)
Last ten fiscal years**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Valuation (1) ⁽³⁾	18,750,310	17,805,808	17,480,043	17,180,042	16,557,892	16,479,961	16,446,238	18,864,259	17,471,847	16,451,925
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	562,509	534,174	524,401	515,401	496,737	494,399	493,387	565,928	524,155	493,558
Outstanding Bond Debt (2)	101,840	70,780	77,810	84,935	60,385	66,935	42,075	44,825	23,825	34,300
Available Bond Debt Capacity	460,669	463,394	446,591	430,466	436,352	427,464	451,312	521,103	500,330	459,258
% Bonded to Capacity	18.1%	13.3%	14.8%	16.5%	12.2%	13.5%	8.5%	7.9%	4.5%	6.9%

- (1) From assessed property valuation table in the revenue capacity portion of this statistical data section
(2) From long-term bonds table in the debt capacity portion of this statistical data section
(3) 2017 Assessed Valuation is Preliminary

**Long-term Bonds (Dollars in thousands)
Last ten fiscal years**

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bonds Payable	101,840	70,780	77,810	84,935	60,385	66,935	42,075	44,825	23,825	34,300
Unamortized Premium	6,024	3,562	4,330	5,111	1,828	1,963	419	451	32	76
Deferred Amount on refunding Unamortized Discount	158	195	232	269	-	-	-	-	-	-
Unamortized Discount	-	-	-	-	-	-	-	-	-	-
Net Long-term Bonds	107,706	74,342	82,140	90,046	62,213	68,898	42,494	45,276	23,857	34,376
District Population ⁽⁴⁾	909,906	908,252	906,209	905,213	901,932	902,794	899,149	892,014	846,390	833,506
Bond Debt per Capita	118	82	91	99	69	76	47	51	28	41

- (4) 2017 population is preliminary.

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

Demographics and Economic Data
Last ten fiscal years

		Population	Personal Income (Thousands)	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2007	1	819,576	19,316,488	24,195	35.5	228,945	5.5%
2008	2	833,506	20,636,011	25,319	35.7	230,309	5.5%
2009	3	846,390	20,468,675	25,058	35.4	228,362	7.5%
2010	4	892,014	21,442,976	25,415	36.9	238,004	8.6%
2011	5	899,149	22,168,840	25,902	36.7	242,816	11.4%
2012	6	902,794	22,480,514	26,068	36.5	245,447	9.0%
2013	7	901,932	22,545,252	26,068	36.7	247,359	8.1%
2014	8	905,213	22,697,191	26,144	36.9	248,427	8.9%
2015	9	906,209	22,589,699	26,347	37.5	237,162	6.9%
2016	10	908,252	24,614,458	28,560	38.0	234,520	6.1%

All data obtained through the US Census American Community Survey.

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

**Principal Employers in the Albuquerque Area (2,000 or more)
Current and last ten fiscal years**

2017			2007		
Employer	Business	# of Employees	Employer	Business	# of Employees
Albuquerque Public Schools	Education	14,810	Kirtland AFB (Civilian)	Defense	16,360
Sandia National Labs	Research Development	10,652	University of New Mexico	Education	14,050
Kirtland AFB (Civilian)	Defense	10,125	Albuquerque Public School	Education	11,700
Presbyterian	Healthcare	7,310	Sandia National Labs	Research Development	7,720
City of Albuquerque	Government	6,940	Presbyterian	Healthcare	6,900
UNM Hospital	Healthcare	6,021	City of Albuquerque	Government	6,680
State of New Mexico	Government	4,950	State of New Mexico	Government	5,660
University of New Mexico	Education	4,210	Intel Corporation	Semiconductor Manufacturer	5,500
Lovelace Health Systems	Healthcare	4,000	Lovelace	Healthcare	5,200
Bernalillo County	Government	2,648	Kirtland AFB (Military)	Air Force Material Command	5,090
Rio Rancho Public Schools	Education	2,000	UNM Hospital	Healthcare	4,450
Sandia Resort & Casino	Resort & Casino	2,000	US Post Office	Government	2,200
Central NM Community College	Education	1,840	Albuquerque TVI	Education	1,910
T-Mobile	Telecommunications	1,750	New Mexico Veterans Affairs]	Healthcare	1,810
PNM Electric Services	Utilities	1,500	Bernalillo County	Government	1,790

Source: Albuquerque Economic Development, 2017 and 2007

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

Labor Force
Last ten fiscal years

Year ⁽¹⁾	Albuquerque MSA		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2017 ⁽²⁾	424,992	5.90%	933,827	6.70%	4.50%
2016	422,320	6.10%	926,666	6.70%	4.90%
2015	413,906	6.20%	919,889	6.60%	5.30%
2014	414,571	6.60%	918,206	6.50%	6.20%
2013	415,874	6.80%	922,960	6.90%	7.40%
2012	418,195	7.10%	928,050	7.10%	8.10%
2011	421,377	7.50%	929,862	7.60%	8.90%
2010	424,972	8.00%	936,088	8.10%	9.60%
2009	404,223	7.80%	940,352	7.50%	9.30%
2008	407,340	4.60%	944,548	4.50%	5.80%
2007	404,249	3.70%	934,027	3.80%	4.60%

(1) Numbers are annual averages.

(2) Data for the month of July 2017 are preliminary.

Source: U.S. Bureau of Labor Statistics, August 2016.

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

Faculty and Staff Full-time Equivalency (Fall Employment)
Last ten fiscal years

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty											
	Full time	332	358	357	335	350	329	338	327	331	335
	Part-time	654	726	758	779	747	717	907	771	666	669
	Total	986	1084	1115	1114	1097	1046	1245	1098	997	1004
Percent											
	Full time	34%	33%	32%	30%	32%	31%	27%	30%	33%	33%
	Part-time	66%	67%	68%	70%	68%	69%	73%	70%	67%	67%
Staff and Administration											
	Full-time	819	912	886	868	824	795	781	738	794	767
	Part-time	98	117	125	149	118	109	115	110	109	111
	Total	917	1029	1011	1017	942	904	896	848	903	878
Percent											
	Full time	89%	89%	88%	85%	87%	88%	87%	87%	88%	87%
	Part-time	11%	11%	12%	15%	13%	12%	13%	13%	12%	13%

Source: CNM Office of Planning and Institutional Effectiveness, IPEDS data

* Fall 2006 was an optional reporting year to IPEDS and CNM did not report; we are unable to go back and re-create this data

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

Capital Assets, Number of Facilities
Last ten fiscal years

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic / Support Facilities										
Main Campus	19	19	19	19	19	19	19	18	18	18
Montoya Campus	7	7	7	7	7	7	7	7	6	6
South Valley Campus	3	3	3	3	3	3	3	3	3	3
Workforce Training Center	1	1	1	1	1	1	1	1	1	1
Westside Campus	3	3	3	3	3	2	2	2	2	2
Advanced Technology Center	2	2	2	2	2	2	2	2	—	—
Rio Rancho Campus	1	1	1	1	1	1	1	—	—	—
Total	36	36	36	36	36	35	35	33	30	30

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

**Student Profile (Fall Enrollment/Headcount)
*Last ten academic years***

Gender	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%	2007	%
Male	10,598	43%	11,236	44%	11,690	44%	12,737	44%	12,325	44%	12,929	44%	13,242	44%	12,430	44%	10,604	43%	9,692	43%
Female	14,183	57%	14,524	56%	15,081	56%	15,948	56%	15,938	56%	16,251	56%	16,706	56%	15,569	56%	14,266	57%	13,067	57%
Total	24,781	100%	25,760	100%	26,771	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	27,999	100%	24,870	100%	22,759	100%
Ethnicity																				
Asian	506	2%	501	2%	565	2%	511	2%	504	2%	517	2%	589	2%	624	2%	599	2%	533	2%
Black, non-Hispanic	618	2%	681	3%	797	3%	980	3%	961	3%	1,037	4%	1,114	4%	959	3%	841	3%	732	3%
Hispanic	12,485	50%	12,594	49%	12,734	48%	13,249	46%	12,654	45%	12,213	42%	12,774	43%	11,222	40%	10,143	41%	9,308	41%
Native American	1,586	6%	1,761	7%	1,848	7%	2,040	7%	1,925	7%	2,046	7%	2,103	7%	2,092	7%	1,841	7%	1,652	7%
Native Hawaiian	56	0%	53	0%	71	0%	88	0%	86	0%	102	0%	90	0%	0%	0%	0%	0%	0%	0%
Non-Resident Alien	15	0%	18	0%	976	4%	877	3%	834	3%	610	2%	585	2%	418	1%	313	1%	201	1%
Other	1,686	7%	1,799	7%	890	3%	1,057	4%	1,084	4%	1,386	5%	1,038	3%	2,768	10%	2,340	9%	2,021	9%
Two or More Races	570	2%	574	2%	611	2%	614	2%	641	2%	637	2%	530	2%	0%	0%	0%	0%	0%	0%
White, non-Hispanic	7,259	29%	7,779	30%	8,309	31%	9,269	32%	9,574	34%	10,632	36%	11,125	37%	9,916	35%	8,793	35%	8,292	36%
Total	24,781	100%	25,760	100%	26,801	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	27,999	100%	24,870	100%	22,739	100%
Age																				
18 and Under	5,472	22%	5,173	20%	5,003	19%	4,839	17%	4,356	15%	3,886	13%	3,712	12%	3,369	12%	3,339	13%	2,989	13%
19-25	9,816	40%	10,267	40%	10,584	40%	11,274	39%	11,287	40%	11,371	39%	11,748	39%	11,308	40%	10,174	41%	9,275	41%
26-30	3,160	13%	3,412	13%	3,591	13%	4,032	14%	4,127	15%	4,572	16%	4,834	16%	4,494	16%	3,708	15%	3,362	15%
31-40	3,512	14%	3,785	15%	4,117	15%	4,522	16%	4,512	16%	5,030	17%	5,144	17%	4,562	16%	3,820	15%	3,593	16%
41-50	1,653	7%	1,845	7%	2,139	8%	2,444	9%	2,513	9%	2,732	9%	2,832	9%	2,723	10%	2,427	10%	2,415	11%
Over 50	1,167	5%	1,277	5%	1,335	5%	1,570	5%	1,466	5%	1,584	5%	1,666	6%	1,533	5%	1,393	6%	1,211	5%
Unknown	1	0%	1	0%	2	0%	4	0%	2	0%	5	0%	12	0%	10	0%	9	0%	5	0%
Total	24,781	100%	25,760	100%	26,771	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	27,999	100%	24,870	100%	22,850	100%

Student information based on fall enrollment of the fiscal year.

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

**Student Enrollment (Fall Enrollment/Headcount)
Last ten academic years**

	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
Student Classification	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%	2007	%
Dual Credit	3,462	14%	3,064	12%	2,755	10%	2,302	8%	1,753	6%	1,388	5%	1,262	4%	926	3%	974	4%	660	3%
Freshman	9,531	38%	9,988	39%	10,924	41%	12,489	44%	12,759	45%	13,849	47%	14,815	49%	14,223	49%	11,856	48%	10,509	46%
Sophomore	10,729	43%	11,425	44%	11,854	44%	12,599	44%	12,484	44%	12,328	42%	11,630	39%	11,031	38%	8,839	36%	8,239	36%
Undergrad non-degree	1,059	4%	1,283	5%	1,238	5%	1,295	5%	1,267	4%	1,615	6%	2,241	7%	2,819	10%	3,201	13%	3,321	15%
Total	24,781	100%	25,760	100%	26,771	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	28,999	100%	24,870	100%	22,729	100%
Semester Hour Load																				
Less than 3	564	2%	522	2%	481	2%	579	2%	618	2%	879	3%	986	3%	950	3%	961	4%	813	4%
3-5 semester hours	7,837	32%	7,362	29%	7,142	27%	7,275	25%	6,897	24%	6,675	23%	7,258	24%	6,842	24%	6,322	25%	5,672	25%
6-8 semester hours	5,660	23%	6,362	25%	6,726	25%	7,071	25%	6,989	25%	7,374	25%	7,288	24%	7,010	25%	6,215	25%	6,049	27%
9-11 semester hours	3,615	15%	3,866	15%	4,140	15%	4,533	16%	4,541	16%	4,677	16%	4,598	15%	4,432	16%	3,679	15%	3,327	15%
12-14 semester hours	5,571	22%	6,080	24%	6,691	25%	7,729	27%	7,708	27%	7,921	27%	8,136	27%	7,219	26%	6,338	25%	5,491	24%
15-17 semester hours	1,373	6%	1,379	5%	1,428	5%	1,344	5%	1,365	5%	1,489	5%	1,493	5%	1,351	5%	1,146	5%	1,099	5%
18 and over semester hours	161	1%	189	1%	173	1%	154	1%	145	1%	165	1%	189	1%	195	1%	209	1%	308	1%
Total	24,781	100%	25,760	100%	26,781	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	27,999	100%	24,870	100%	22,759	100%
Tuition Status																				
Resident tuition: in-district	20,565	80%	21,713	84%	22,905	86%	24,864	87%	24,756	88%	25,464	87%	26,443	88%	24,937	89%	22,197	89%	19,524	86%
Resident tuition: out-of-district	2,730	11%	1,475	6%	1,388	5%	1,274	4%	1,137	4%	1,251	4%	1,167	4%	893	3%	806	3%	848	4%
Non-resident tuition	1,486	6%	2,572	10%	2,478	9%	2,547	9%	2,370	8%	2,465	8%	2,338	8%	2,169	8%	1,867	8%	2,387	10%
Total	24,781	100%	25,760	100%	26,771	100%	28,685	100%	28,263	100%	29,180	100%	29,948	100%	27,999	100%	24,870	100%	22,759	100%

Student information based on fall enrollment of the fiscal year.

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. Wayne Johnson, 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 aggregate discretely presented component units of the Central New Mexico Community College (the “College”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated October 31, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.



Albuquerque, New Mexico
October 31, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Governing Board
Central New Mexico Community College
and
Mr. Wayne Johnson, 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 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, 2017. 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 federal statutes, regulations, and the term and conditions of the federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal program is not modified with respect to the matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico
October 31, 2017

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards

For the Period July 1, 2016 through June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grant 2015-2016	84.007	P007A152635	\$ 500,057
Federal Supplemental Educational Opportunity Grant 2014-2015	84.007	P007A142635	-
Federal Work Study	84.033	P033A152635	483,014
Federal Work Study			-
Federal Pell Grant 2015-2016	84.063	P063P152545	21,987,687
Federal Pell Grant 2014-2015	84.063	P063P142545	<u>21,987,687</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			22,970,758
TRIO Cluster			
TRIO Student Support Services Grant-Main	84.042	P042A151030	253,390
TRIO Student Support Services Grant-JMMC	84.042	P042A151031	254,904
TOTAL TRIO CLUSTER			<u>508,294</u>
TOTAL U.S. DEPARTMENT OF EDUCATION (DIRECT)			23,479,052
Passed Through from New Mexico Department of Education			
Perkins-Career and Technical Education FY 2016-17	84.048	V048A160031-16A	940,810
Perkins-Career and Technical Education FY 2014-2015 Redistribution	84.048	V048A140031	54,295
Perkins-Career and Technical Education FY 2015-2016 Redistribution	84.048	V048A130031-15B	25,790
Adult Education	84.004	V002A140032	384,134
Passed Through from University of New Mexico			
HSI STEM Cooperative: STEM Up	84.031	334001-8701	130,448
Passed Through from Office of Special Education and Rehabilitative Services			
Division of Vocational Rehabilitation DELTA	84.126	1888	778
TOTAL U.S. DEPARTMENT OF EDUCATION (PASS-THROUGH)			<u>1,536,255</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			25,015,307
U.S. DEPARTMENT OF LABOR			
Direct:			
American Apprenticeship Initiative	17.268	AP-27942-15	335,957
TOTAL U.S. DEPARTMENT OF LABOR (DIRECT)			<u>335,957</u>
Passed Through from Santa Fe Community College			
Trade Adj. Asst. Community College & Career Training-SUN PATH	17.282	TC-26486-14	474,224
Passed Through from Albuquerque Job Corps			
Albuquerque Job Corps Agreement	17.259	N/A	4,582
TOTAL U.S. DEPARTMENT OF LABOR (PASS-THROUGH)			<u>478,806</u>
TOTAL U.S. DEPARTMENT OF LABOR			814,763
NATIONAL SCIENCE FOUNDATION			
Passed through from New Mexico State University			
New Mexico Alliance for Minority Participation	47.076	Q01614	384
Passed through from University of New Mexico			
NM Green: Advancing Sustainable Construction Technology Education	47.076	1601121	67,462
Passed through from University of New Mexico			
New Mexico EPSCoR Energize New Mexico	47.083	OIA-1301346	42,185
Passed through from Whatcom Community College			
Catalyzing Computing and Cybersecurity in Community Colleges	47.076	DGE-1548315	5,000
Passed Through from Idaho State University			

STATE OF NEW MEXICO
CENTRAL NEW MEXICO COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards

For the Period July 1, 2016 through June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures
CDS&E: Regularization Adaption Processes for Multivariate Calibration	47.049	15-98A-RCHM29	24,061
TOTAL NATIONAL SCIENCE FOUNDATION			139,092
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Direct			
AmeriCorps	94.013	44-0103-0-1-506	77,918
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			77,918
<u>NATIONAL INSTITUTE OF HEALTH</u>			
Passed Through from University of New Mexico Health Sciences Center Academic Science Education and Research Training	93.859	5K12GM088021-07	4,406
Passed Through from University of New Mexico Health Sciences Center Academic Science Education and Research Training	93.859	5K12GM088021-08	12,910
TOTAL NATIONAL INSTITUTE OF HEALTH			17,316
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through from N.M. Energy, Minerals and Natural Resources Depar	10.664	14-521-0410000000-0102	24,394
TOTAL U.S. DEPARTMENT OF AGRICULTURE			24,394
<u>SMALL BUSINESS ADMINISTRATION</u>			
Passed Through from New Mexico Small Business Development Center Small Business Development Center-CNM	59.037	N/A	41,376
SBA Growth Accelerator Fund Competition (Direct)	59.067	N/A	38,397
TOTAL SMALL BUSINESS ADMINISTRATION			79,773
TOTAL FEDERAL AWARDS \$			26,168,563
Reconciling items:			
Federal Direct loans advanced to students	84.268	N/A	7,643,992
Perkins loans outstanding balance	84.038	N/A	215,928
Perkins loans advanced to students	84.038	N/A	20,476
TOTAL EXPENDITURES OF FEDERAL AWARDS \$			34,048,959

Note A:

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The federally negotiated rate of 39% was used when allowable. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Note B:

Perkins loans outstanding at June 30, 2017 totaled \$224,899.

Note C:

During the fiscal year ended June 30, 2017, there were no federal funds available in the form of non-cash assistance.

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

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section A - Summary of Auditor's Results

Financial Statements

<u>Type of auditor's report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material weakness reported?	No
Significant deficiencies reported?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs: Material weakness reported?	No
Significant deficiencies reported?	Yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes

Identification of major federal program and type of auditor's report issued on compliance for major federal programs:

CFDA Numbers	Name of Federal Program or Cluster	Opinion
Various	Student Financial Aid Cluster	Unmodified
84.048	Career and Technical Education (Perkins IV)	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	\$1,021,469
Auditee qualified as low-risk auditee?	Yes

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

Section B – Financial Statement Findings

None

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

Section C – Federal Award Findings and Questioned Costs

2017-001 Lack of Internal Control Over Enrollment Reporting

Federal Agency: Department of Education
Program Name: Student Financial Aid Cluster
CFDA No. and Program Expenditures: 84.063 (\$22,970,758)
Grant Numbers: P063P152545 and P063P142545
Fiscal Program Award Year Ended: June 30, 2017
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency
Questioned Costs: None

Condition: During our internal control testwork over enrollment reporting we noted that the accuracy and timeliness of the enrollment data could not be tested for sampling as the data within the enrollment report provided did not correlate to the enrollment data certified with the National Student Loan Database System (NSLDS).

Criteria: Per 2 CFR 34 690.83 reports must be submitted to the Education Department. The enrollment data submitted to NSLDS should be accurate and completed timely. This is completed by comparing the data in the NSLDS Enrollment Detail to the students' academic files, and verify that the institution is reporting accurate attendance changes for students within 30 days (unless the roster file will be submitted within 60 days) and report discrepancies.

Effect: Information submitted to the NSLDS may not agree to underlying records, which could result in inaccurate information being utilized to determine funding in the Federal Pell programs.

Cause: The methodology utilized to prepare and review the enrollment data did not consider all applicable guidance in determining reported amounts. In addition, review and approval of the enrollment reports did not include a detailed enough reconciliation of the information reported to the underlying records.

Recommendation: We recommend that management consider additional training for individuals responsible for the preparation and review of the enrollment reports. In addition, we recommend that management strengthen the College's review procedures to help to ensure that reports submitted to granting agencies are complete and accurate and reconcile to the underlying accounting records.

Management's Response/Corrective Action Plan:

As part of its enrollment reporting to the National Student Clearinghouse (NSC), the College utilizes baseline reports provided by our Student Information System (BANNER). This report, which is utilized by numerous institutions throughout the United States, has undergone multiple levels of accuracy testing before being implemented in our production system and upon each subsequent upgrade to our system. Therefore, the College feels that this report produces accurate enrollment information.

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

In order to reconcile the underlying National Student Loan Data System (NSLDS) enrollment figures, the College's Financial Aid, Institutional Research, and Enrollment Services Offices will implement scheduled reconciliations of the following reports by Nov 10, 2017:

The Enrollment Services Office will certify all student enrollment data within 15 days of receipt of roster notifications from NSLDS. Additionally, Enrollment Services will correct all NSLDS errors within 10 days.

The College's Financial Aid office will reconcile the SCHER4 Enrollment Program Level Certification Report to the SCHPR1 School Portfolio Report. The differences in these reports will be reviewed for accuracy and corrected through the NSLDS system on a monthly basis in order to meet NSLDS mandated 90% verification levels. Any identified errors will be corrected within 5 days.

The College's Institutional Research (IR) staff will perform a monthly verification that that the College is meeting NSLDS requirements for 100% Roster Certification and 90% Program Enrollment. This verification will be reported to the Vice President of Finance and Operations and the Vice President of Student Services on a monthly basis.

Additionally, the College's Enrollment Services and Financial Aid staff will complete additional training modules and will update the College's NSLDS and NSC correction processes as needed to remain in compliance with all reporting requirements.

The College disagrees with the statement that NSLDS data "could result in inaccurate information being utilized to determine funding in the Federal Pell programs." The US Department of Education (ED) does not utilize NSLDS data in the determination of Pell eligibility and awarding process.

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2017-002 Non-Compliance – Enrollment Reporting

Federal Agency: Department of Education
Program Name: Student Financial Aid Cluster
CFDA No. and Program Expenditures: 84.063 (\$22,970,758)
Grant Numbers: P063P152545 and P063P142545
Fiscal Program Award Year Ended: June 30, 2017
Compliance Requirement: Reporting
Type of Finding: Other Matters
Questioned Costs: None

Condition: During our compliance testwork we noted 1 instance in which the 90% certified program enrollment compliance requirement per the Department of Education was not met and the Enrollment Reporting Compliance Notification Exception was not approved by Department of Education.

Criteria: Per the Education Department and the National Student Loan Database System, higher education institutions are required to report program-level enrollment information for at least 90% of the students included on its Enrollment Reporting Roster.

Effect: If the College's reporting performance does not improve the College could be subject to possible sanctions from the Department of Federal Student Aid Program Compliance office.

Cause: The methodology utilized to prepare and review the enrollment data did not consider all applicable guidance in determining reported amounts. In addition, review and approval of the enrollment reports did not include a detailed enough reconciliation of the information reported to the underlying records.

Recommendation: We recommend that management consider additional training for individuals responsible for the preparation and review of the enrollment reports. In addition, we recommend that management strengthen the College's internal controls and review procedures to help to ensure that reports submitted to granting agencies are complete and accurate and reconcile to the underlying accounting records.

Management's Response/Corrective Action Plan:

The College reporting and verification offices, including the Office of Planning and Institutional Effectiveness (OPIE) and Financial Aid, follow an institutional documented reporting procedure, along with a prescribed reporting schedule that conforms to all regulatory requirements. As a part of this reporting process, the College may find that it falls below the U.S. Department of Education (ED) rule requiring that 90% of reported students be certified as enrolled in a financial aid eligible program. Upon review of institutional data, the College applied for a federal waiver of the 90% rule based on a significant number of students who do not meet program certification requirements. A response from ED's Enrollment Reporting Compliance was received on October 20, 2017 with a request for additional information due to ED by November 3, 2017.

Regardless of waiver approval, OPIE, Enrollment Services, and Financial Aid staff follow the reconciliation process outlined in Finding 2017-01 to ensure compliance of the 90% rule. Additionally, OPIE, Financial Aid, and Enrollment Services staff will complete additional ED and NSLDS training modules and will update the College's NSLDS reporting processes as needed to remain in compliance with all reporting requirements.

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Status of Prior Year Audit Findings

Status of Prior Year Audit Findings

Current Status

None

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Exit Conference

An exit conference was held in a closed session on October 26, 2017, 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 the Central New Mexico Community College

Thomas E. Swisstack,	Chair CNM Governing Board Audit Committee
Pauline J. Garcia	Governing Board Member
Michael J. Glennon	Governing Board Member

Representing Central New Mexico Community College

Dr. Katharine Winograd	President
Tracy Hartzler	Acting Vice President Finance & Operations
Dr. Sydney Gunthrope	Vice President Academic Affairs
Phillip Bustos	Vice President Student Services
Erin Bradshaw	Governing Board Executive Assistant
Allen Leatherwood	Director of Internal Audit
Mark Armijo	Senior Internal Auditor
Lisa Archuleta	Senior Internal Auditor
Wanda Helms	Comptroller
Wencui Yang	Senior Accounting Advisor/Audit Coordinator
Gina Rodriguez	CNM Staff
Don McIver	CNM Staff

Representing Axiom CPAs and Business Advisors, LLC.

Jamie Rumbaoa	Partner
Bryan Runyan	Assurance Supervisor
Shaynae Vasquez	Senior Associate