

State of New Mexico



Santa Fe Community College

**Financial Statements *and*
Supplemental information**

(with Independent Auditors' Report)

June 30, 2009

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STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE

Official Roster

June 30, 2009

BOARD OF DIRECTORS

Name	Title	Term Expiration
Bruce R. Besser	Chair	March 31, 2013
Carole A. Brito	Vice Chair	March 31, 2013
Linda S. Siegle	Secretary	March 31, 2015
Dr. Andrea B. Bermudez	Member	March 31, 2011
Chris Abeyta	Member	March 31, 2015
Oman Cooper	Student Govt. Representative	Fall, 2009

ADMINISTRATIVE OFFICIALS

Sheila Ortego, Ph.D.	President
Meridee Walters	Vice-President for Administrative Services
Gilda Espinoza	Associate Vice President for Finance and Administration

Independent Auditors' Report

To the Board of Directors of
Santa Fe Community College
And
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited the accompanying financial statements of the business-type activities of the State of New Mexico Santa Fe Community College (College), and its discretely presented component unit (GROW Foundation) as of and for the year ended June 30, 2009, which collectively comprise the College's basic financial statements, as listed in the table of contents. We have also audited the budget comparisons presented as supplemental information for the year ended June 30, 2009 as listed in the table of contents. These financial statements and are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and its discretely presented component unit as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the budget comparison for the year then ended in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

To the Board of Directors of
Santa Fe Community College
And
Mr. Hector H. Balderas, New Mexico State Auditor

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2009 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4-9 is not a part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the budget comparisons. The Schedule of Deposit and Investment Accounts, the Schedule of Pledged Collateral, and the Schedule of Joint Powers Agreement are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis required by US Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2009

STATE OF NEW MEXICO
 SANTA FE COMMUNITY COLLEGE
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2009

Overview of Financial Statements

For financial reporting purposes, Santa Fe Community College (SFCC) is considered a special-purpose government engaged only in business-type activities. The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. SFCC has considered potential component units and has chosen to include GROW Santa Fe Community College Foundation as a component unit. These financial statements are based upon Governmental Accounting Standards Board GASB Statement 35. This report consists of a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows.

Condensed Financial Information

	<u>Net Assets</u>		
	<u>2008-09</u>	<u>Fiscal Years</u> <u>2007-08</u>	<u>2006-07</u>
Assets:			
Current Assets	\$ 36,426,472	38,426,511	23,612,464
Noncurrent Assets	56,941,094	55,069,078	53,918,444
Total Assets	<u>93,367,566</u>	<u>93,495,589</u>	<u>77,530,908</u>
Liabilities:			
Current Liabilities	9,379,047	12,877,569	10,037,402
Noncurrent Liabilities	17,850,302	20,015,062	10,595,878
Total Liabilities	<u>27,229,349</u>	<u>32,892,631</u>	<u>20,633,280</u>
Net Assets	<u>\$ 66,138,217</u>	<u>60,602,958</u>	<u>56,897,628</u>

- Assets exceeded liabilities by \$66,138,217 at the close of the fiscal year. Of this amount, \$9,599,100 is unrestricted and may be used for the College's ongoing operations.
- Cash and Cash Equivalents stayed almost constant with only a very slight increase from \$13,917,661 at the beginning of the year to \$13,961,306 at the end of the fiscal year. Investments decreased from \$20,398,273 to \$16,903,018. The decrease

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 June 30, 2009

is due to the use of funds from the 2007 bond issue on the construction project for the Health and Science building.

- Net Assets as shown in the previous schedule increased to \$66,138,217 in comparison to \$60,602,958 in fiscal year 2007-08.

Below is a schedule with a three year comparison of revenue, expenses and changes in net assets. The comparison shows a continuous trend of increase in net assets.

<u>Revenue, Expenses and Changes in Net Assets</u>			
		<u>Fiscal Years</u>	
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Operating Revenue	\$ 16,697,176	14,025,986	14,184,056
Operating Expenses	(48,010,529)	(44,646,145)	(40,165,787)
Deficiency of Operating Revenues Over Expenses	(31,313,353)	(30,620,159)	(25,981,731)
Nonoperating Revenues (Expenses)	36,848,612	34,325,489	28,176,653
Increase in Net Assets	<u>\$ 5,535,259</u>	<u>3,705,330</u>	<u>2,194,922</u>

Analysis of Financial Position and Results of Operations

Santa Fe Community College continues to be in sound financial position. Adequate funds exist to fund the College's ongoing operations, repay debt and meet identified capital building improvement needs. Revenue continues to increase due to steady student enrollment, growth in the county tax base and actual expenditures were below the approved budgeted amount submitted to the Higher Education Department resulting in a continued increase in net assets.

The following schedule summarizes the College's operating revenues of \$16,697,176 for fiscal year ending June 30, 2009 in comparison to \$14,184,056 in the prior year. Operating expenses of \$48,010,529 were higher than the expenses in the prior year due to Capital Outlay expenses which included design development and construction costs for the Health & Science building, and programming, schematic and design expenses for the Trades and Advanced Technology Center which is scheduled to start construction on October 2010.

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SANTA FE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Operating Revenues

		<u>Fiscal Years</u>	
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Tuition and Fees	\$ 3,452,731	3,269,608	3,054,409
Government Grants and Contracts	9,431,362	6,971,179	7,718,412
Private Grants and Contracts	519,545	860,510	661,545
Sales and Services of			
Educational Departments	1,300,142	1,058,484	1,039,340
Auxiliary Enterprises	1,993,396	1,866,205	1,710,350
Net Operating Revenue	<u>\$ 16,697,176</u>	<u>14,025,986</u>	<u>14,184,056</u>

Operating Expenses

		<u>Fiscal Years</u>	
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Instruction	\$ 15,318,036	14,562,153	12,327,383
Academic Support	4,571,262	3,487,522	3,415,634
Student Services	2,793,355	2,835,791	2,518,053
Institutional Support	5,725,648	5,028,923	4,847,756
Operation and Maintenance of Plant	2,825,823	3,222,663	2,772,722
Student Activities	57,355	103,585	53,208
Student Aid	2,414,479	1,500,545	1,485,674
Public Services	8,565,549	8,363,825	8,031,090
Auxiliary Enterprises	1,951,141	1,878,167	1,826,724
Independent Operations	319,032	199,844	-
Capital Outlay	75,187	-	-
Building Renewal and Replacement	539,404	834,899	523,341
Depreciation and Amortization	2,854,258	2,822,478	2,759,652
Total Operating Expenses	<u>\$ 48,010,529</u>	<u>44,840,392</u>	<u>40,561,237</u>

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 SANTA FE COMMUNITY COLLEGE
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2009

Nonoperating Revenue and Expenses

The following schedule summarizes the College's nonoperating revenues and expenses of \$36,848,582 for fiscal year ended June 30, 2009; an increase in nonoperating revenue and expenses of \$2,328,846 from the previous year. The increase is due to state appropriations and GO Bonds for construction of the Health & Science Building, local mill levy and other income.

<u>Nonoperating Revenues and Expenses</u>			
		<u>Fiscal Years</u>	
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
State Appropriations	\$ 17,097,080	15,756,280	13,869,917
Local Appropriations – Operating	13,460,020	12,495,770	8,357,660
Local Appropriations - Debt Service	6,053,699	5,727,140	5,186,198
General Obligation Bonds	344,541	81,990	278,057
Investment Income	256,827	697,494	658,915
Interest and Other Related Debt	(788,784)	(609,660)	(529,464)
Other Income	425,229	370,322	750,820
Total Nonoperating Revenue and Expenses	\$ 36,848,612	34,519,736	28,572,103

Analysis of Variations Between Original and Final Budget and Resulting Actual

During the fiscal year, budget adjustments were submitted to the Higher Education Department and approved to recognize anticipated changes in revenue and expenditures. The actual revenue exceeded the final approved budget for all operations. There were variances in the actual revenue compared to the final revenue budget due an increase in enrollment resulting in higher tuition and fees revenue and higher sales revenue in Auxiliary Services. The negative variances in revenue are attributed to restricted contracts and grants estimated to be spent or awarded to the College during the budget cycle but the award amounts were not spent or were not awarded. On the budget comparison on expenditures, the actual expenses were below the budgeted amounts due to conservative spending College wide within instruction and general due to the economic conditions. The construction project expenses were not as high as estimated for the end of the fiscal year. Those expenses will be reflected in next fiscal year's budget. Other variances in expenditures are also due to restricted contracts and grants not spending all funds budgeted.

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June 30, 2009

Significant Capital Asset and Long-Term Debt Activity

During 2007 the voters of Santa Fe County approved a \$25 million general obligation bond issue for campus development. To this end, \$17 million in general obligation bonds were issued on November 27, 2007. The remaining \$8 million available was issued on September 24, 2009.

The bond proceeds are being used to finance several projects that are underway, namely the construction of the Health and Sciences Building, the construction of the Trades and Advanced Technology Building, a remodel of the current kitchen and food services area, the expansion of Culinary Arts instructional space, and the remodel of two science labs.

The Health and Sciences Building will be dedicated to labs, classrooms and offices for the offering of health career programs, as well as, for science related instruction. The 48,220 GSF building is fully financed through state funding and local bond proceeds. The building is currently under construction and is scheduled to be completed and available for classes by August of 2010.

The Trades and Advanced Technology Building will consist of classrooms, offices and labs dedicated to providing instruction for traditional trades programs, as well as, career and technical education in emerging technologies. The 45,000 GSF building is scheduled to begin construction in November of 2009 and is scheduled to be completed by December of 2010.

The remodel projects for the kitchen, food services area and the expansion of the Culinary Arts program are currently in the design process.

In addition to capital projects, the College invested \$2 million in the completion of a major conversion of administrative software and major software upgrades. Although the key foundational components of the software were installed several years ago, many system components were not used and thus the conversion was not considered complete. Some major software components were installed or improved in the areas of enrollment services, financial aid, human resources and payroll, and finance.

Currently Known Facts, Decisions or Conditions Impacting Financial Conditions

The College has experienced a significant impact from the current economic state of the Nation's economy. During Fiscal Year ending June 30, 2009, the College experienced a \$250,000 reduction in state funding. In addition, the College experienced a reduction in property tax collection rate from 96% to 93.3%. Between FY 07-08 and FY 08-09 credit hour production increased by 8.2% and average headcount enrollments by term increased on average 3.8%. Summer 09 credit hour production increased 26% over Summer 08 with a 7.5% increase in headcount. As of fall 09 3rd week, credit hour production had increased 20.5% over 3rd week in Fall 08 to 34,864 and headcount increased 11.4% to 5,855.

**STATE OF NEW MEXICO
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June 30, 2009**

It is unclear how the economy will affect the College's future revenue streams. In response to the uncertainty, the College developed an "Economic Conditions Financing Plan – 2009". The plan provides for a 5% decline in state revenues, an increase in local tax revenues due to a "yield control" mechanism in the local mill levy calculation, and an increase in tuition and fee revenues due to enrollment projections and a 5% increase in tuition cost per credit hour. At this same time, the College is reducing its budget by freezing vacant positions, allowing only essential travel, and reducing equipment expenditures.

Under the plan's measures, the College will rely on an estimated \$1.6 million in reserves for operations during Fiscal Year Ending June 30, 2009 and will operate under a balanced budget scenario for the Fiscal Year Ending June, 30 2010.

The College and the Education Foundation of Santa Fe finalized the settlement agreement reached on February 27, 2005 to collaborate and transfer the assets of the Education Foundation to GROW Santa Fe Community College Foundation and provide administrative support for its continued operation. At June 30, 2009 all funds had been transferred to GROW from the Education Foundation.

Component Unit

GROW Santa Fe Community College Foundation is included as a component unit on the financial statement. GROW Santa Fe Community College Foundation was established October 2004 to encourage, solicit, receive, and administer gifts and bequests of real and personal property and funds for scientific, educational, public service, and charitable purposes for the advancement and benefit of the College.

A copy of the separately issued audited financial statements for GROW can be obtained by writing to the Executive Director at GROW Santa Fe Community College Foundation, 6401 Richards Ave., Santa Fe, NM 87508.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Institution	Component Unit
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,059,183	504,560
Cash and cash equivalents - restricted	7,902,123	-
Investments	16,903,018	4,563,832
Accounts receivable students, net	208,307	-
Grants and contracts receivable	2,333,778	-
Mill levy receivable	34,161	-
Other receivables, net	1,759,187	40,208
Due from component unit	431,050	-
Inventories	367,476	-
Prepaid expenses	428,189	-
Total current assets	<u>36,426,472</u>	<u>5,108,600</u>
Noncurrent Assets		
Assets held in escrow	127,543	-
Capital assets, net	56,813,551	470,311
Total noncurrent assets	<u>56,941,094</u>	<u>470,311</u>
Total assets	<u>\$ 93,367,566</u>	<u>5,578,911</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,429,400	-
Accrued liabilities	1,075,675	-
Accrued interest payable	303,833	-
Deferred revenue	787,019	-
Due to primary institution	-	431,050
Accrued compensated absences, current portion	776,714	-
Bonds payable - current portion, net	4,006,406	-
Total current liabilities	<u>9,379,047</u>	<u>431,050</u>
Noncurrent Liabilities		
Accrued compensated absences	161,260	-
Bonds payable, net	17,689,042	-
Total noncurrent liabilities	<u>17,850,302</u>	<u>-</u>
Total liabilities	<u>27,229,349</u>	<u>431,050</u>
NET ASSETS		
Invested in capital assets, net of related debt	35,118,103	-
Restricted		
Nonexpendable		
Scholarship	-	2,730,606
Expendable		
Scholarship and programs	-	1,722,865
Debt service	7,598,290	-
Capital projects	13,822,724	-
Unrestricted	9,599,100	694,390
Total net assets	<u>66,138,217</u>	<u>5,147,861</u>
Total net assets and liabilities	<u>\$ 93,367,566</u>	<u>5,578,911</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Year Ended June 30, 2009

	Primary Institution	Component Unit
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$1,275,041)	\$ 3,452,731	-
Government grants and contracts	9,431,362	-
Non-government grants and contracts	519,545	-
Sales and services of educational departments	1,300,142	672,600
Auxiliary enterprises	1,993,396	-
Total operating revenues	<u>16,697,176</u>	<u>672,600</u>
Operating Expenses		
Instruction	15,318,036	-
Academic support	4,571,262	-
Student services	2,793,355	-
Institutional support	5,725,648	433,020
Operation and maintenance of plant	2,825,823	-
Student activities	57,355	-
Student aid	2,414,479	297,114
Public services	8,565,549	-
Auxiliary enterprises	1,951,141	-
Building renewal and replacements	539,404	-
Capital outlay	75,187	-
Independent operations	319,032	-
Depreciation and amortization	2,854,258	-
Total operating expenses	<u>48,010,529</u>	<u>730,134</u>
Operating loss	(31,313,353)	(57,534)
Nonoperating revenues (expenses)		
State appropriations	17,097,080	-
Local appropriations - operating	13,460,020	-
Local appropriations - debt service	6,053,699	-
General obligation bonds	344,541	-
Investment income	256,827	(52,498)
Interest expense and other related debt	(788,784)	-
Other income	425,229	-
Net nonoperating revenues	<u>36,848,612</u>	<u>(52,498)</u>
Increase (decrease) in net assets	5,535,259	(110,032)
Net assets, beginning of year	<u>60,602,958</u>	<u>5,257,893</u>
Net assets, end of year	<u>\$ 66,138,217</u>	<u>5,147,861</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

	Primary Institution
Cash Flows From Operating Activities	
Tuition and fees	\$ 3,627,840
Grants and contracts	9,227,160
Payments for educational activities	(2,471,834)
Auxiliary enterprise charges	(3,244,607)
Payments to suppliers, employees and others	(37,717,925)
Net cash used by operating activities	<u>(30,579,366)</u>
Cash Flows From Noncapital Financing Activities	
State appropriations	17,097,080
State bonds	344,541
District mill levies	19,519,810
Federal loan receipts	1,222,157
Federal loan disbursements	(1,222,157)
Net cash provided by noncapital financing activities	<u>36,961,431</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(4,444,315)
Principal paid on bonds and lease purchase	(4,464,959)
Interest paid on debts	(924,417)
Net cash used by capital and related financing activities	<u>(9,833,691)</u>
Cash Flows From Investing Activities	
Interest on investments	256,819
Sales of investments	3,238,454
Net cash provided by investing activities	<u>3,495,273</u>
Net increase in cash and cash equivalents	43,645
Cash, restricted cash, and cash equivalents, beginning of year	<u>13,917,661</u>
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 13,961,306</u>
 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Change in net assets	\$ (31,313,353)
Adjustments to reconcile operating (loss) to net cash used by operating activities	
Depreciation	2,891,685
Loss on disposal of equipment	88,803
Changes in assets and liabilities	
Receivables	(1,129,644)
Inventories	(22,421)
Other assets	38,567
Accounts payable	(543,348)
Accrued liabilities	(277,245)
Deferred revenue	(366,293)
Compensated absences	53,883
Net cash used by operating activities	<u>\$ (30,579,366)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. On February 2, 1983, the citizens of the Santa Fe Public School District voted in favor of supporting a two-year Junior College through a local tax levy. The Santa Fe Community College (College, Primary Institute) was created under the "Junior College Act", Sections 21-13-1 through 21-13-25 New Mexico Statutes Annotated, 1978 compilation, as amended. The purpose of the Junior College Act is to provide for the creation of local junior colleges and to extend the privilege of a basic vocational technological or higher education to all persons who are qualified to pursue the courses of study offered.

Component Unit. Component units are legally separate organizations for which the primary organization is financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entities financial statements to be misleading or incomplete. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a primary unit. Because of the closeness of their relationships with the primary organization, some component units are blended as though they are part of the primary organization. However, most component units are discretely presented. The College has one blended and one discretely presented component unit. The College does not have any related organizations, joint ventures or jointly governed organizations.

The following is a blended component unit:

The Santa Fe Community College Training Center Corporation (Corporation) is organized for the purpose of training and related functions, including for the planning, designing, constructing, equipping, furnishing and operating a mobile film production and transmission capability, a film science construction and training facility and training center, a biomass production, distribution and training center in accordance with the needs of the Santa Fe Community College, and for such other training related purposes as the College directs in the future. The Corporation is operated, supervised, or controlled by the Governing Board of the Santa Fe Community College. The Corporation's financial data is included in the College's financial statements.

Following is a discretely presented component unit:

Grow Santa Fe Community College Foundation (GROW) is formed to encourage, solicit, receive, and administer gifts and bequests of real and personal property and funds for scientific, educational, public service, and charitable purposes for the advancement and benefit of Santa Fe Community College and its objectives and, to that end (a) to take and to hold, either absolutely or in trust for any limitations and conditions imposed by law or the instrument under which received; (b) to sell, lease, convey, and dispose of any such property, to invest and re-invest any proceeds and other funds, and to deal with and expend the principal and income for any purpose herein authorized; (c) to act as trustee; and (d) in

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SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

general, to exercise any, all, and every power, including trust powers, which a nonprofit corporation organized under the laws of New Mexico for the foregoing purposes can be authorized to exercise. A copy of audited financial statements for GROW can be obtained by writing to GROW Santa Fe Community College Foundation at 6401 Richards Ave., Santa Fe, NM 87508.

Financial Statement Presentation. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's assets, liabilities, and net assets, revenues, expenses, and changes in net assets, and cash flows, and replaces the fund-group perspective that was previously required.

The impact of adopting the above standards resulted in adding management's discussion and analysis as required supplementary information; adding a direct method statement of cash flows; classifying net assets as invested in capital assets; net of related debt; restricted and unrestricted; classifying the statement of net assets between current and noncurrent assets and liabilities and classifying revenue and expenses as operating and nonoperating.

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

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

Cash and Cash Equivalents. For purposes of the statement of cash flows, the College considers all highly liquid investment with original maturities of ninety days or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's bank. Cash resources not used are swept nightly and invested overnight. Restricted cash and cash equivalents represent amounts that are externally restricted to make debt service payments.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments. Investments are stated at their market value at date of gift, or at cost, if purchased by the College.

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

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.

Private Gifts, Revenue and Pledges. The Foundation records pledges receivable as assets and revenue if the pledges are evidenced by unconditional promises to give those items in the future. The Foundation considers an executed charitable gift or endowment agreement or a signed pledge card from a donor an unconditional promise. Non-cash contributions are valued at estimated fair values at date of donation.

Inventories. Inventories consist primarily of bookstore inventory, food service inventory and consumable supplies and are stated at the lower of cost (first-in, first-out method) or market.

Capital Assets. Capital assets, which include property, plant, equipment, software, and library holdings, are reported at historical cost or at fair value at date of donation, less accumulated depreciation. Renovations to buildings, infrastructure, and land improvements are capitalized when they significantly increase the value or extend the useful life of the structure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized. For equipment and software, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, generally 50 years for building, 20 years for infrastructure and land improvements, 5 years for library books and 5 to 20 years for equipment, furnishing and software. The College has no internally developed software. Capital assets received by GROW are immediately transferred to the College for capitalization and depreciation.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Collections. Both the College and Foundation maintain works of art and similar assets that are (a) held for public exhibition, and education in furtherance of public service rather than financial gain, (b) protected, kept unencumbered, cared for, and preserved, and (c) subject to an organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections.

Deferred Revenue and Expenditures. Revenue for each academic session is reported within the fiscal year in which the session is predominantly conducted. Revenues for the summer and fall session of 2009 are shown as deferred income.

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

Compensated Absences. Accumulated annual leave is reported as a liability. Annual leave is provided to full and part-time employees. Up to thirty days annual leave may be accumulated and carried over after August 31st of each year.

Classification of Net Assets. The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

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

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

STATE OF NEW MEXICO
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June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

State Appropriations. Unexpended state appropriations do not revert to the State of New Mexico at the end of the year. State appropriations are recognized as revenue in the first year for which they are appropriated.

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. The revenue on the mill levy is recognized at the date the mill is levied. The College recognizes property taxes as revenue on an accrual basis in the year in which they are first billed. The College has determined that recognizing revenues when the property taxes are levied is not feasible as the amounts have not been determined at the time the financial statements are prepared.

Deferred Revenue. Deferred revenue consists primarily of advances from contracts and grants. Revenue is recognized to the extent expenses are incurred.

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

Operating Revenues. Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) federal, state, and local grants and contracts, and (4) sale of educational services. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred. Contract and grant revenues are recognized when the underlying exchange transaction has occurred – that is that all eligibility requirements have been met.

Nonoperating Revenues. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations, mill levies and investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met. Appropriations are recognized in the year that they are appropriated, regardless of when actually received. Revenue from both the operational and retirement of debt on the General Obligation mill levy is recognized when earned by the county. Investment income is recognized in the period in which it was earned.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

When both restricted and unrestricted resources are available for use, generally it is the institution's policy to use the restricted resources first.

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

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

Operating Expenses. Operating expenses include activities that have the characteristics of an exchange transaction, such as (1) employee salaries, benefits, and related expenses; (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 College capital assets. Operating expenses are presented by program functions in the accompanying financial statements.

Nonoperating Expenses. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset and related debt and bond expenses that are defined as nonoperating expenses by GASB Statement No. 9 and GASB Statement No. 34.

Tax Status. As a state two-year junior college, the College's income is exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code to the extent the income is derived from essential governmental functions.

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

Foundation Investments. The investments policy allows GROW to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected (or budgeted) distribution requirements. GROW's investment in alternative investments at June 30, 2009 consisted of hedge funds.

STATE OF NEW MEXICO
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NOTE 2. CASH AND CASH EQUIVALENTS - COLLEGE

Details of the College cash balances, custodial credit risk, and pledged collateral are disclosed in the accompanying financial statements on the Schedules of Cash and Investment Accounts, and Pledged Collateral.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the College’s deposit may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2009 the College’s deposits were exposed to custodial credit risk as follows:

Insured	\$ 750,000
Uninsured and collateralized with securities held in the financial institution’s name	12,135,143
Uninsured and uncollateralized – debt service funds (New Mexico Finance Authority as Trustee)	331,330
Uninsured and uncollateralized – all other accounts	<u>1,043,060</u>
	<u>\$ 14,259,533</u>

NOTE 3. CASH AND CASH EQUIVALENTS – COMPONENT UNIT

As of June 30, 2009, GROW’s deposits were exposed to custodial credit risk as follows:

Insured	\$ 40,000
Uninsured and collateralized with securities held in the financial institution’s name	464,560
Uninsured and uncollateralized – debt service funds	-
Cash and cash equivalents per financial statements	<u>\$ 504,560</u>

At June 30, 2009, GROW had an overnight yield repurchase agreement in the amount of \$464,559 with a one-day maturity. GROW’s policy does not require pledged collateral from its Bank.

A summary of GROW’s bank balances at June 30, 2009 follows:

Description	Bank	Balance per Bank
Operating account – overnight repurchase agreement	Wells Fargo Bank	\$ 464,560
Operating account – checking	Wells Fargo Bank	<u>40,000</u>
Total amount deposited in bank		504,560
FDIC coverage		<u>(40,000)</u>
Total uninsured funds – overnight repurchase agreement		<u>\$ 464,560</u>

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June 30, 2009

NOTE 4. INVESTMENTS - COLLEGE

All investment decisions are approved by the Board. As of June 30, 2009, the College had unexpended plant funds totaling \$16,903,018. Through the approval of the Board of Directors for the College, the funds were invested in the New MexiGROW 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 MexiGROW LGIP is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advise 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.

Interest Rate Risk. According to the State Treasurer's LGIP investment policy, the pool shall be invested in order to maintain a stable net asset value of \$1.00 per share. The weighted average maturity of investments in the pool shall not exceed 75 days. To limit the possibility of loss of principal due to interest rate fluctuations, the State Treasurer will make reasonable efforts to match investments with anticipated cash requirements and give particular emphasis to the following factors: Relative Yield to Maturity, Marketability, and Inter-market yield Analysis. The weighted average maturity of the LGIP was 43 days at June 30, 2009.

Credit Rate Risk. Under Section 59A-9-6, NMSA 1978, an insurer shall not invest in bonds rated below BAA by Moody's Investment Service, Inc. or BBB by Standard & Poor's, Inc.; as of June 30, 2009, the State Treasurer LGIP was rated AAAM by Standard & Poor's, Inc.

Concentration Risk. The College places no limit on the amount the College may invest in any one issuer. At year end, 100% of the College's investment was held in the New MexiGrow LGIP.

Total investment income for the year ended June 30, 2009, is comprised of \$256,827 of interest and dividends.

STATE OF NEW MEXICO
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 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2009

NOTE 4. INVESTMENTS – COLLEGE (CONTINUED)

The New Mexico State Treasurer’s Office (Treasurer’s Office) invested a portion of the Local Government Investment Pool (LGIP) in The Reserve Primary Fund (“the Fund”), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP’s investment in the Fund was \$381.7 million. The College had balances in the LGIP at September 15, 2008. On September 16, 2008, The Reserve Primary Fund’s net asset value fell below \$1.00 and holdings in the Fund were frozen. Since September 2008, The Reserve Primary fund has returned approximately \$0.90 per share to shareholders. On February 26, 2009, The Reserve Primary Fund announced that it was withholding \$3.5 billion of the Fund’s assets for anticipated and pending litigation against it, which amount could increase or decrease as the Fund evaluates information related to such litigation. As a result, the Treasurer’s Office or the College cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when that actual loss may be realized. No actual loss has been realized to date.

The total amount remaining of the Reserve Primary Fund position at the Treasurer’s Office as of June 30, 2009, is \$39.5 million. The LGIP’s remaining position in The Reserve Primary Fund is a non-performing asset. As of June 30, 2009, the State Treasurer has frozen \$457,800 of the College’s LGIP funds that were invested on September 15, 2008 to cover potential litigation of The Reserve Primary Fund.

The New Mexico State Treasurer’s Office believes that The Reserve Primary Fund will ultimately end up distributing between 98.38% and 98.77% of the balance that the LGIP had in The Reserve Primary Fund as of September 15, 2008. The means that of the remaining undistributed balance as of June 30, 2009, The Treasurer’s Office expect the LGIP to recover between 83.84% and 87.78%. Uncertainty remains, however, as to the timing of these distributions.

NOTE 5. INVESTMENTS – COMPONENT UNIT

A summary of investments at June 30, 2009:

	Cost	Fair Value
Money Market Mutual Funds	\$ 1,115,683	1,115,683
Equities Mutual Fund	609,163	520,203
Bond Mutual Fund	1,013,763	1,065,037
Hedge Funds	1,950,000	1,862,910
	<u>\$ 4,688,609</u>	<u>4,563,833</u>

STATE OF NEW MEXICO
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 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5. INVESTMENTS – COMPONENT UNIT (CONTINUED)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GROW will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

A summary of the Investments held by GROW at June 30, 2009 and GROW's exposure to custodial credit risk is as follows:

Custodial Credit Risk

<u>Investment Type</u>	<u>Custodian</u>	<u>Fair Value</u>
Money Market Mutual Funds	Fidelity Investments	\$ 1,115,683
Equities Mutual Fund	Pershing Investments	520,203
Bond Mutual Fund	Fidelity Investments	1,065,037
		<u>2,700,923</u>
Hedge Funds	Caledonian	646,355
Hedge Funds	Goldman Sachs	1,216,555
		<u>1,862,910</u>
		<u>\$ 4,563,833</u>

Concentration of Credit Risk – Investments. Concentration risk is the risk of loss attributed to the magnitude of GROW's investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U. S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were no investments in a single issuer that represents 5% or more of total investments at June 30, 2009.

Interest Rate Risk - Investments. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Currently, GROW does not have a policy to limit its exposure to interest rate risk. There were no investments held by GROW exposed to interest rate risk as of June 30, 2009.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GROW does not have a policy on investment credit risk.

STATE OF NEW MEXICO
 SANTA FE COMMUNITY COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6. RECEIVABLES

Receivables are shown net of allowance for doubtful accounts in the accompanying statement of net assets. At June 30, 2009, receivables consisted of the following:

Current Assets	
Receivables	\$ 5,574,975
Allowance for doubtful accounts	<u>(808,492)</u>
Net receivables – current	<u>\$ 4,766,483</u>

Included in the net amount above is \$34,161 of mill levy receivable due from Santa Fe County for the 2009 fiscal year, \$2,333,778 of contracts and grants receivable, and \$208,307 in student receivables, \$431,050 due from GROW, and \$1,759,187 in other receivables.

NOTE 7. OTHER RECEIVABLES

At June 30, 2009, other receivables consisted of the following:

Dental clinic receivables	\$ 71,553
Unexpended Plant Fund	1,389,149
Facility / Food receivables	63,556
Book publishers	73,577
Various other receivables	<u>161,352</u>
	<u>\$ 1,759,187</u>

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 8. CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2009:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
College Capital assets not being depreciated					
Land	\$ 4,350,000	\$ -	\$ -	\$ -	\$ 4,350,000
Artwork	92,111	1,700	-	-	93,811
Construction in-progress	396,995	3,414,700	-	(1,291)	3,810,404
	<u>\$ 4,839,106</u>	<u>\$ 3,416,400</u>	<u>\$ -</u>	<u>\$ (1,291)</u>	<u>\$ 8,254,215</u>
College depreciable capital assets					
Land improvements	\$ 3,477,914	\$ -	\$ -	\$ -	\$ 3,477,914
Infrastructure	5,539,334	-	-	-	5,539,334
Buildings	58,369,461	110,099	-	-	58,479,560
Capital equipment	10,363,524	1,299,149	-	(1,901,606)	9,761,067
Library resources	1,231,583	26,857	-	(2,206)	1,256,234
Training Center	395,450	-	-	-	395,450
Total depreciable capital assets	<u>79,377,266</u>	<u>1,436,105</u>	<u>-</u>	<u>(1,903,812)</u>	<u>78,909,559</u>
Less: accumulated depreciation for					
Land improvements	2,588,875	154,453	-	-	2,743,328
Infrastructure	2,919,491	250,618	-	-	3,170,109
Buildings	15,731,717	1,171,536	-	-	16,903,253
Capital equipment	6,872,988	1,259,730	-	(1,816,300)	6,316,418
Library resources	1,082,677	55,348	-	-	1,138,025
Training Center	79,090	-	-	-	79,090
Total accumulated depreciation	<u>29,274,838</u>	<u>2,891,685</u>	<u>-</u>	<u>(1,816,300)</u>	<u>30,350,223</u>
College depreciable capital assets, net	<u>\$ 50,102,428</u>	<u>\$ (1,455,580)</u>	<u>\$ -</u>	<u>\$ (87,512)</u>	<u>\$ 48,559,336</u>
Capital asset summary					
College capital assets not being depreciated	\$ 4,839,106	\$ 3,416,400	\$ -	\$ (1,291)	\$ 8,254,215
College depreciable capital assets at cost	79,377,266	1,436,105	-	(1,903,812)	78,909,559
College total cost of capital assets	84,216,372	4,852,505	-	(1,905,103)	87,163,774
Less: Accumulated depreciation	(29,274,838)	(2,891,685)	-	1,816,300	(30,350,223)
College capital assets, net	<u>\$ 54,941,534</u>	<u>\$ 1,960,820</u>	<u>\$ -</u>	<u>\$ (88,803)</u>	<u>\$ 56,813,551</u>
Component units capital assets not being depreciated	\$ 470,311	\$ -	\$ -	\$ -	\$ 470,311
Component units depreciable capital assets at cost	-	-	-	-	-
Component units total cost of capital assets	470,311	-	-	-	470,311
Less: Accumulated depreciation	-	-	-	-	-
Component units capital assets, net	<u>\$ 470,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,311</u>

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 9. LONG-TERM LIABILITIES

Outstanding bonds payable are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Final</u> <u>Payment</u>
<u>Maturity</u>			
Series 1998	3.15-4.45%	\$ 2,120,000	8/1/14
Series 2003A	1.99-3.34%	1,100,415	6/1/13
Series 2003B	1.99-3.34%	394,070	5/1/13
Series 2005	3.10-3.15%	1,100,000	8/1/10
Series 2007	3.25-3.50%	<u>17,000,000</u>	8/1/13
		<u>\$ 21,714,485</u>	

Future debt service for the bonds is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u> <u>Payments</u>	<u>Bond</u> <u>Discount</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 4,006,406	(17,572)	692,140	4,680,974
2011	4,967,018	(1,465)	538,886	5,504,439
2012	4,548,939	-	372,286	4,921,225
2013	4,292,122	-	217,597	4,509,719
2014	3,900,000	-	68,250	3,968,250
Total	<u>\$ 21,714,485</u>	<u>(19,037)</u>	<u>1,889,159</u>	<u>23,584,607</u>

Long-term activity for the year ended was as follows:

	<u>Balance</u> <u>June 30,</u> <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,</u> <u>2009</u>	<u>Current</u> <u>Portion</u>
Series 1998	3,120,000	-	(1,000,000)	2,120,000	850,000
Series 2003A	1,356,252	-	(255,787)	1,100,415	1,000,000
Series 2003B	485,620	-	(91,600)	394,070	93,978
Series 2005	4,200,000	-	(3,100,000)	1,100,000	1,000,000
Series 2007	17,000,000	-	-	17,000,000	1,800,000
Subtotal	26,161,872	-	(4,447,387)	21,714,485	4,743,978
Bond discount	(36,609)	-	17,572	(19,037)	(17,572)
Total bond	<u>26,125,263</u>	-	<u>(4,429,815)</u>	<u>21,695,448</u>	<u>4,726,406</u>
Accrued compensated absences	884,091	800,788	(746,905)	937,974	776,714
Total	<u>\$ 27,009,354</u>	<u>800,788</u>	<u>(5,176,720)</u>	<u>22,633,422</u>	<u>5,503,120</u>

STATE OF NEW MEXICO
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 June 30, 2009

NOTE 9. LONG-TERM LIABILITIES (CONTINUED)

The bonds constitute general obligation bonds of the district, payable from general ad valorem taxes which shall be levied on all taxable property in the district in an amount sufficient to produce a sum equal to one year's interest on all bonds then outstanding, together with an amount sufficient to pay the principal on all bonds as they mature. This levy shall not exceed 3% of assessed valuation, and the College is currently at less than one percent (1%) of assessed valuation.

NOTE 10. ACCRUED LIABILITIES

At June 30, 2009, accrued liabilities consisted of the following:

Accrued benefits payable	\$ 525,513
Accrued payroll taxes	219,694
Other liabilities	330,468
	<u>\$ 1,075,675</u>

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD

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

Funding Policy. Plan members are required to contribute 7.9% of their gross salary. The College is required to contribute 11.65% of the gross covered salary. Effective July 1, 2009, plan members are required to contribute 9.4% of their gross salary and the College is required to contribute 10.9% of the 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, 2009, 2008, and 2007, were \$2,021,947, \$1,745,168, and \$1,473,479, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 12. ALTERNATIVE RETIREMENT PROGRAM

An amendment to the Education Retirement Act permits the establishment of an Alternative Retirement Plan (ARP) for full and part time faculty and other professional staff hired on or after July 1, 1999, with no prior service in the current Educational Retirement Act Plan. Certain employees of the College participate in the two available alternative retirement plans, TIAA-CREF and VALIC. For those employees participating in the ARP, the College contributes 7.75% to the employee's ARP and an additional 3% to ERB. For the year ended June 30, 2009, the Santa Fe Community College contributed \$133,885 to TIAA-CREF, and \$5,249 to VALIC.

NOTE 13. PREMIUM CONVERSION PLAN

Effective as of September 1, 1987, Santa Fe Community College adopted the Premium Conversion Plan, a welfare benefits plan, to provide benefits for certain of its employees. The Plan is designed to meet the appropriate requirements of the Internal Revenue Code Sections 105, 106, 125, and any other Applicable Law. It is specifically designated as a Cafeteria Plan under Code Section 125, which allows eligible employees of an employer to choose between receiving a portion of their current compensation in the form of certain welfare benefits provided under the Plan or as taxable cash income. Qualified expenditures for the tax savings plan are medical and dental insurance benefits.

NOTE 14. TAX SHELTERED ANNUITY

Santa Fe Community College submits payments for payroll deductions from individual employees who have enrolled themselves in a tax-sheltered annuity. Santa Fe Community College does not make any contribution to these tax annuity plans. The annuities are tax-sheltered retirement savings account under Section 403 (b) of the Internal Revenue Code.

NOTE 15. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. The College contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The RHCA 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.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

**NOTE 15. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH
CARE PLAN (CONTINUED)**

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 Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

**NOTE 15. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH
CARE PLAN (CONTINUED)**

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The College's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$241,156, \$233,045 and \$210,498, respectively, which equal the required contributions for each year.

NOTE 16. 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 Statement No. 34, 35, 37 and 38 (Budgetary Basis). By contrast, the College prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP Basis).

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

Procedures for Approval of Operating Budgets:

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

Pages 31-36 of this report present a comparison of actual (budgetary basis) operations to the final revised and approved operating budget. Reconciliations are presented for differences between budgetary basis and GAAP basis.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

NOTE 17. COMMITMENTS AND CONTINGENCIES

Lease Commitment. The College has several leases for copiers. The lease terms range from 3 to 5 years. Minimum future rental payments under operating leases having remaining terms in excess of one year as of June 30, for each of the next five years and in the aggregate are:

2010	\$	124,303
2011		124,495
2012		124,495
2013		<u>92,131</u>
Total	\$	<u>465,424</u>

Litigation. The College is liable or contingently liable in connection with certain claims that arise in the normal course of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the College's financial position or operations.

NOTE 18. GENERAL LIABILITY INSURANCE

The College has general liability insurance coverage with the Zurich-American Insurance Group. The policy covers property, general liability, inland marine, auto, crime and fidelity. The College also has a \$10,000,000 per occurrence and in aggregate umbrella coverage. The policy was extended to include the Training Center and GROW Foundation. The policy period is from July 1, 2008 to June 30, 2009.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
BUDGET COMPARISONS - UNRESTRICTED AND RESTRICTED - ALL OPERATIONS
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted & Restricted Beginning Net Assets	\$ 28,332.692	\$ 32,349.421	\$ 32,349.421	\$ -
Unrestricted and Restricted Revenues:				
Tuition and Fees	4,347.720	4,450.000	4,638.532	188.532
State Government Appropriations	15,420.800	20,912.019	17,097.080	(3,814.939)
Local Government Appropriations	19,342.571	19,100.000	19,513.719	413.719
Federal Government Contracts/Grants	4,787.325	7,801.184	5,591.347	(2,209.837)
State Government Contracts/Grants	2,795,384	2,473.894	2,892.401	418.507
Local Government Contracts/Grants	425.000	495.875	143,303	(352.572)
Private Government Contracts/Grants	-	1,033.512	410,791	(622,721)
Sales and Services	2,902.684	3,155.734	3,252.986	97.252
Other	791.131	151.674	1,063.037	911.363
Total Unrestricted & Restricted Revenues	50,812.615	59,573,892	54,603.196	(4,970.696)
Unrestricted and Restricted Expenditures:				
Instruction	14,497,009	16,922.349	15,231.763	1,690.586
Academic Support	4,236,415	4,752.706	4,583.939	168.767
Student Services	3,284,206	3,319.997	3,027.451	292.546
Institutional Support	5,220,856	5,532.581	5,505.307	27.274
Operation and Maintenance of Plant	3,160,944	3,143.510	2,825.823	317.687
Student Social and Cultural	88,321	88,458	57.355	31.103
Public Services	8,374.842	9,335.245	8,597,220	738,025
Internal Services	177,947	-	-	-
Student Aid, Grants & Stipends	3,323,120	3,869,515	3,689,520	179,995
Auxiliary Services	1,768,532	2,068.533	1,951.141	117.392
Capital Outlay	9,064,659	7,511,912	3,920.585	3,591.327
Renewal & Replacement	1,334,068	919.837	874,796	45,041
Retirement of Indebtedness	5,354.235	5,306.233	5,236.172	70.061
Other	-	-	-	-
Total Unrestricted & Restricted Expenditures	59,885.154	62,770.876	55,501.072	7,269.804
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	(9,072.539)	(3,196.984)	(897.876)	(12,240.500)
Ending Net Assets	\$ 19,260.153	\$ 29,152.437	\$ 31,451.545	\$ (12,240.500)

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 items may not exceed the amounts 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
 SANTA FE COMMUNITY COLLEGE
 BUDGET COMPARISONS - UNRESTRICTED - NON-INSTRUCTION AND GENERAL
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted Beginning Net Assets	\$ 25,570,688	\$ 28,528,919	\$ 28,528,919	\$ -
Unrestricted Revenues:				
Tuition and Fees	-	-	-	-
State Government Appropriations	5,148,700	10,894,519	7,010,030	(3,884,489)
Local Government Appropriations	5,700,000	5,700,000	6,053,699	353,699
Federal Government Contracts/Grants	-	-	-	-
State Government Contracts/Grants	-	-	-	-
Local Government Contracts/Grants	-	-	-	-
Private Government Contracts/Grants	-	-	-	-
Sales and services	2,902,684	3,155,734	3,252,986	97,252
Other	353,000	81,674	868,041	786,367
Total Unrestricted Revenues	<u>14,104,384</u>	<u>19,831,927</u>	<u>17,184,756</u>	<u>(2,647,171)</u>
Unrestricted Expenditures:				
Student Social and Cultural	88,321	88,458	57,355	31,103
Public Service	6,825,916	6,974,552	6,807,116	167,436
Student Aid, Grants & Stipends	285,284	300,515	241,502	59,013
Auxiliary services	1,768,532	2,068,533	1,951,141	117,392
Capital Outlay	9,064,659	7,511,912	3,920,585	3,591,327
Renewal & Replacement	1,334,068	919,837	874,796	45,041
Retirement of Indebtedness	5,354,235	5,306,233	5,236,172	70,061
Other	-	-	-	-
Total Unrestricted Expenditures	<u>24,721,015</u>	<u>23,170,040</u>	<u>19,088,667</u>	<u>4,081,373</u>
Transfers	1,553,532	2,075,736	2,075,736	-
Change in Net Assets (Budgetary Basis)	<u>(9,063,099)</u>	<u>(1,262,377)</u>	<u>171,825</u>	<u>(6,728,544)</u>
Ending Net Assets	<u>\$ 16,507,589</u>	<u>\$ 27,266,542</u>	<u>\$ 28,700,744</u>	<u>\$ (6,728,544)</u>

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
BUDGET COMPARISONS - RESTRICTED - NON-INSTRUCTION AND GENERAL
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition and Fees	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	3,601,077	4,320,044	3,843,483	(476,561)
State Government Contracts/Grants	860,685	1,235,589	1,248,788	13,199
Local Government Contracts/Grants	125,000	187,697	124,615	(63,082)
Private Government Contracts/Grants	-	186,363	21,236	(165,127)
Sales and Services	-	-	-	-
Other	177,947	-	-	-
Total Restricted Revenues	4,764,709	5,929,693	5,238,122	(691,571)
Restricted Expenditures:				
Student Social and Cultural	-	-	-	-
Public Services	1,548,926	2,360,693	1,790,104	570,589
Internal Services	177,947	-	-	-
Student Aid, Grants & Stipends	3,037,836	3,569,000	3,448,018	120,982
Auxiliary Enterprises	-	-	-	-
Capital Outlay	-	-	-	-
Renewal & Replacement	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Total Restricted Expenditures	4,764,709	5,929,693	5,238,122	691,571
Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	-	-	-
Ending Net Assets	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
BUDGET COMPARISONS - UNRESTRICTED - INSTRUCTION AND GENERAL
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Unrestricted Beginning Net Assets	\$ 2,762,004	\$ 3,820,502	\$ 3,820,502	\$ -
Unrestricted Revenues:				
Tuition and Fees	4,347,720	4,450,000	4,638,532	188,532
State Government Appropriations	10,272,100	10,017,500	10,087,050	69,550
Local Government Appropriations	13,642,571	13,400,000	13,460,020	60,020
Federal Government Contracts/Grants	-	-	-	-
State Government Contracts/Grants	-	-	-	-
Local Government Contracts/Grants	-	-	-	-
Private Government Contracts/Grants	-	-	-	-
Sales & Services	-	-	-	-
Other	260,184	70,000	194,996	124,996
Total Unrestricted Revenues	28,522,575	27,937,500	28,380,598	443,098
Unrestricted Expenditures:				
Instruction	13,097,101	13,487,784	13,407,990	79,794
Academic Support	2,850,174	3,009,109	3,006,818	2,291
Student Services	2,649,408	2,739,787	2,678,285	61,502
Institutional Support	5,220,856	5,532,581	5,505,307	27,274
Operation & Maintenance of Plant	3,160,944	3,027,110	2,776,163	250,947
Total Unrestricted Expenditures	26,978,483	27,796,371	27,374,563	421,808
Transfers	(1,553,532)	(2,075,736)	(2,075,736)	-
Change in Net Assets (Budgetary Basis)	(9,440)	(1,934,607)	(1,069,701)	864,906
Ending Net Assets	\$ 2,752,564	\$ 1,885,895	\$ 2,750,801	\$ 864,906

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
BUDGET COMPARISONS - RESTRICTED - INSTRUCTION AND GENERAL
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actuals	Final Budget Less Actuals
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition and Fees	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	1,186,248	3,481,140	1,747,864	(1,733,276)
State Government Contracts/Grants	1,934,699	1,238,305	1,643,613	405,308
Local Government Contracts/Grants	300,000	308,178	18,688	(289,490)
Private Government Contracts/Grants	-	847,149	389,555	(457,594)
Sales & Services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	3,420,947	5,874,772	3,799,720	(2,075,052)
Restricted Expenditures:				
Instruction	1,399,908	3,434,565	1,823,773	1,610,792
Academic support	1,386,241	1,743,597	1,577,121	166,476
Student services	634,798	580,210	349,166	231,044
Institutional support	-	-	-	-
Operation & Maintenance of Plant	-	116,400	49,660	66,740
Total Restricted Expenditures	3,420,947	5,874,772	3,799,720	2,075,052
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	-	-	-
Ending Net Assets	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
RECONCILIATION OF BUDGETARY BASIS TO FINANCIAL STATEMENT BASIS
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS
For the Year Ended June 30, 2009

Total Unrestricted and Restricted Revenues:	
Budgetary Basis	\$ 54,603,196
Reconciling Items:	
Scholarship Allowance (not in budget basis)	(1,275,041)
Other fund items (not in budgetary basis)	
Agency Funds	695,046
Training Center	(329)
Grant Revenues	252,756
Investment in Plant	39,744
Revenue/expenditure classification differences	19,170
Total reconciling items	<u>(268,654)</u>
Total reconciling unrestricted and restricted revenues per Budgetary Basis	<u>\$ 54,334,542</u>
Basic Financial Statements	
Operating revenues	16,697,176
Non-Operating revenues	37,637,366
Other revenues	-
Total unrestricted and restricted revenues per Financial Statements	<u>\$ 54,334,542</u>
Difference	\$ -
Total Unrestricted and Restricted Expenditures:	
Budgetary Basis	55,501,072
Reconciling Items:	
Bond Payment (not in financial statements)	(4,447,387)
Scholarship Allowance (not in budgetary basis)	(1,275,041)
Capital Outlay/renewal & replacement (not in financial statements)	(4,180,790)
Other fund items (not in budgetary basis)	(112,716)
Agency funds (not in budgetary basis)	440,748
Depreciation expense (not in budgetary basis)	2,854,257
Revenue/expenditure classification differences	19,170
Total reconciling items	<u>(6,701,759)</u>
Total reconciling unrestricted and restricted revenues per Budgetary Basis	<u>\$ 48,799,313</u>
Basic Financial Statements	
Operating expenditures	48,010,529
Non-operating expenditures	788,784
Total unrestricted and restricted revenues per Financial Statements	<u>\$ 48,799,313</u>
Difference	\$ -

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2009

Account Name	Type of Account	Bank Balance	Reconciled Balance
Primary Institution			
Deposit			
Petty Cash	N/A	\$ -	17,750
Wells Fargo	Checking	328,065	(448,424)
Wells Fargo	Sweep	4,034,402	4,163,849
First National Bank	Money Market	7,569,500	7,569,500
Bank of Albuquerque	Money Market	331,330	331,330
Bank of America	Money Market	2,324,301	2,327,301
	Total	\$ 14,587,598	13,961,306
Investment			
NM Treasurer	Local Government Investment Pool	\$ 16,903,018	16,903,018
Component Unit			
Deposit			
Wells Fargo	Deposit	\$ 40,000	40,000
Wells Fargo	Repurchase Agreement	464,560	464,560
		\$ 504,560	504,560
Investment			
1st Santa Fe Wealth Advisors	Equities Mutual Fund	\$ 520,203	520,203
1st Santa Fe Wealth Advisors	Bond Mutual Fund	1,065,037	1,065,037
1st Santa Fe Wealth Advisors	Alternative Investments	1,862,910	1,862,910
1st Santa Fe Wealth Advisors	Money Market Fund	1,115,683	1,115,683
	Total	\$ 4,563,833	4,563,833

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2009

	First National Bank	Wells Fargo Deposit	Wells Fargo Repurchase	Bank of America	Total
Bank balance @ 6/30/09	\$ 7,569,500	328,065	3,706,337	2,324,301	13,928,203
FDIC Insurance	(250,000)	(250,000)	-	(250,000)	(750,000)
Uninsured public funds	7,319,500	78,065	3,706,337	2,074,301	13,178,203
50% requirement	3,659,750	39,033	-	1,037,151	4,735,934
102% requirement	-	-	3,780,464	-	3,780,464
Total collateral requirements	3,659,750.00	39,033.00	3,780,464	1,037,151	8,516,398
Collateral pledged by banks	6,738,958	78,065	3,836,412	1,611,783	12,265,218
Over (under) collateral requirements	\$ 3,079,208	39,032	55,948	574,633	3,748,821

	Bank of Albuquerque
Funds on deposit with no collateral requirements (New Mexico Finance Authority as Trustee)	
Debt Service Funds	\$ 331,330

Collateral pledged by bank's trust department

	Location	CUSIP No.	Maturity	Market Value
<u>First National Bank</u>				
FGPC	Federal Reserve Bank	3128MBX85	07/01/23	\$ 2,500,000
FGPC	Federal Reserve Bank	31294JS82	04/01/13	1,000,000
SF	Federal Reserve Bank	36202DBJ9	04/20/29	2,238,958
SF	Federal Reserve Bank	36202DMA6	03/20/31	1,000,000
				<u>\$ 6,738,958</u>
<u>Wells Fargo - Covers both Deposit and Repurchase Accounts</u>				
FNCL 00891647	Wells Fargo-CA	31410MTC4	06/01/36	\$ 3,076,883
FGIOH 00H00142	Wells Fargo-CA	3128MSEP1	03/01/36	837,594
				<u>\$ 3,914,477</u>
<u>Bank of America</u>				
FNMA POOL 555743	N/A	31385XLY1	09/01/33	\$ 297,537
FNMA POOL 555424	N/A	31385XAZ0	05/01/33	1,314,246
				<u>\$ 1,611,783</u>

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF JOINT POWER AGREEMENT
Year Ended June 30, 2009

New Mexico Education Services Center

- A. *Participants* - Santa Fe Community College, New Mexico Junior College & Northern New Mexico College.
- B. *Responsible Party for Operation* - Santa Fe Community College.
- C. *Description* - SFCC will provide physical space for, operate and manage the New Mexico Education Services Center (NMESC) for the purpose of providing educational services to students, employees and other authorized beneficiaries of the NMESC to manage the systems and services acquired through the Cooperative Procurement Agreement (CPA). SFCC will be responsible for acting as a fiscal agent for the NMESC and be responsible for the receipt of funds and payment of financial obligations of the NMESC in compliance with the applicable requirements of the Bylaws, the Financial Reporting Manual for Higher Education issued by NMHED, federal statutes and regulations and State statutes regulations.
- D. *Beginning and Ending Dates* - March 6, 2006 through date of written intent to terminate by the Parties involved.
- E. *Total Estimated Amount of Project* – Dependent on State Appropriations.
- F. *Amount contributed by Santa Fe Community College* - None

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
United States Department of Education		
Pell Grant	84.063	\$ 2,652,375
Supplemental Equipment Opportunity Grant	84.007	46,794
Academic Competitive Grant (ACG)	84.375	50,993
College Work-study	84.003	32,275
* Subtotal Student Financial Aid Cluster		<u>2,782,437</u>
Adult Education	84.002	204,725
Child Care Access	84.335	24,506
* Title V	84.031	754,227
Vocational Access - Title I - Basic Grant	84.243	96,889
Vocational Access - Tech Prep	84.048	258,248
TRIO	84.042	214,451
TESOL - Title III	84.195	160,017
ENLACE - Gear-up	84.348	153,840
		<u>1,866,903</u>
Total United States Department of Education		<u>4,649,340</u>
United States Department of Defense		
Procurement Technical Assistance (P.T.A.P)	12.002	<u>29,521</u>
United States Department of Health and Human Services		
Early Child Care	93.575	<u>275,345</u>
United States Department of Labor		
Workforce In Innovation (Dept. of Workforce Solutions)	17.268	<u>129,691</u>
United States Small Business Administration		
* Small Business Administration	59.037	<u>552,737</u>
United States Department of Agriculture		
USDA Forest Service	10.670	6,060
Child Care Food Program	10.558	31,042
Total United States Department of Agriculture		<u>37,102</u>
United States Environmental Protection Agency		
Environmental Protection - H.E.L.P	66.950	23,916
Total United States Environmental Protection Agency		<u>23,916</u>
Total Federal Expenditures		<u>\$ 5,697,652</u>

* Denotes Major Program

STATE OF NEW MEXICO
 SANTA FE COMMUNITY COLLEGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 Year Ended June 30, 2009

Note 1.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Santa Fe Community College and is presented on the accrual basis of accounting.

Note 2.

During the year ended June 30, 2009, various lenders made loans to students as follows:

	CFDA No.	Disbursements
Federal Family Education Loan Program	84.032	\$ 1,222,157

Note 3.

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

Program Title	CFDA No.	Amount Provided to Subrecipient
Title V Co-Op	84.031	\$ 754,227
U.S. Small Business Administration-New Mexico	59.037	
Small Business Subcenters:		
Central NM Community College		17,729
Central NM Community College – South Valley		17,729
Clovis Community College		17,729
Eastern New Mexico University – Roswell		17,729
Luna Community College		17,729
Mesalands Community College		17,729
New Mexico Junior College		17,729
Northern NM Community College		17,729
NM State University – Alamogordo		17,729
NM State University – Carlsbad		17,729
NM State University – Dona Ana		17,729
NM State University – Grants		17,729
Santa Fe Community College		17,729
San Juan College		17,729
UNM – Gallup		17,729
UNM – Los Alamos		17,729
UNM – Valencia		17,729
Western NM University		17,729
Total		<u>\$ 319,122</u>

Note 4.

There was no non-cash assistance provided by the College for the fiscal year ending June 30, 2009.

**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 Board of Directors of
Santa Fe Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the basic financial statements of Santa Fe Community College (College) and its discretely presented component unit, and the budget comparison presented as supplemental information as of and for the year ended June 30, 2009, and have issued our report thereon dated November 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

To the Board of Directors of
Santa Fe Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, the College, the Higher Education Department, the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2009

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

To the Board of Directors of
Santa Fe Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of Santa Fe Community College (College) with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

To the Board of Directors of
Santa Fe Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

In our opinion the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of non-compliance with those requirements, which are required to be reporting in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-01 to 2009-03.

Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-01 to 2009-03 to be significant deficiencies.

To the Board of Directors of
Santa Fe Community College
and
Mr. Hector H. Balderas
New Mexico State Auditor

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

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

This report is intended solely for the information and use of the Board of Directors, management, the College, the Higher Education Department, the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2009

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

Finding 2007-02	Budget to Actual Expenditures	Resolved
Finding 2008-01	Bond SEC Disclosure over Financial Filings	Resolved

STATE OF NEW MEXICO
 SANTA FE COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es) Yes None reported

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

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

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
84.063, 84.007, 84.003, 84.375, 84.032	Student Financial Assistance Programs
59.037 84.031	NMSBDC Title V

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

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2009-01. Cash Management Compliance

Federal Agency: Small Business Administration
NM Small Business Development Centers, CFDA No: 59.037
Questioned Costs: None
Grant Period: July 1, 2008 through June 30, 2009

CONDITION

Cash drawdowns were not done on a timely basis during the year. During our testwork over cash drawdown requests we noted the following timing:

<u>Date of Request</u>	<u>Period Covered</u>
10/10/2008	01/01/2008 – 08/31/2008
04/06/2009	11/01/2008 – 12/31/2008
11/24/2008	09/01/2008 – 10/31/2008
04/06/2009	01/01/2009 – 02/28/2009

CRITERIA

The requirements for cash management are contained in the A-102 Common Rule (§143.21), OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Per the Grant Agreement for the NMSBDC grant – “The submission of a SF-270 is limited to no more frequently than monthly and no less frequently than quarterly” In addition, it states “The recipient must submit a SF-270 for activity inclusive of the following dates: 3/31, 6/30, 9/30, and 12/31.”

EFFECT

The College is in violation with the grant requirements relating to cash management policies.

CAUSE

Grants Office was not aware of requirements of the grant agreement.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)

2009-01. Cash Management Compliance (Continued)

RECOMMENDATION

We recommend that the College's Grants Office obtain copies of grant agreements for all grants, review for specific compliance and reporting requirements, and ensure that these items are tracked in a tickler system thus ensuring that those specific compliance requirements are reported on as required.

MANAGEMENT'S RESPONSE

The College will strengthen its grants compliance system to ensure that grant cash management requirements are met including the submission of the SF-270 report and the request for cash draw-downs as required by the grant agreements.

2009-02. Schedule of Expenditures and Federal Awards – Identification of appropriate CFDA numbers and amount of federal awards

Federal Agency: None
Questioned Costs: None

CONDITION

It was noted during our testing of the Schedule of Expenditures and Federal Awards (SEFA) two instances of inaccuracy regarding the CFDA number and amount of federal funds required to be reported (in two cases, state funds were included in the federal total). The incorrect addition of state funds to the initial SEFA schedule resulted in the initial SEFA schedule erroneously presenting two additional Type A programs. The final SEFA schedule included in the financial statements included corrected CFDA numbers and corrected federal expenditure amounts.

CRITERIA

In accordance with 29 CFR Subtitle A (§ 99.310), **Auditee responsibilities.** The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

**2009-02. Schedule of Expenditures and Federal Awards – Identification of
appropriate CFDA numbers and amount of federal awards (Cont'd)**

EFFECT

The initial SEFA schedule prepared by the College and provided to the auditors was inaccurate. This resulted in the incorrect identification of Type A programs and caused both the College and auditors to utilize unnecessary additional resources.

CAUSE

Lack of training over the preparation of the SEFA and lack of secondary review over the identification of CFDA numbers and amounts used (and related supporting documentation) in the SEFA schedule. In addition, we noted that not all award and other supporting documentation were consistently forwarded from the program managers to the grants administrator.

RECOMMENDATION

We recommend that the College provide the grants administration function additional training over the preparation of the SEFA schedule and add an additional layer of review to ensure an accurate SEFA schedule.

MANAGEMENT'S RESPONSE

The grants administrator will receive additional training in federal grant requirements. This will include training in the preparation of the SEFA schedule. In addition, the Business Operations Director will review the information to ensure accuracy.

2009-03. Subrecipient Monitoring

Federal Agency: Department of Education
Title V Grant, CFDA No: 84.031
Questioned Costs: None
Grant Period: July 1, 2008 through June 30, 2009

CONDITION

During our single audit testwork, we noted that the College did not have a tracking system in place to ensure that subrecipients expending more than \$500,000 in federal funds provided the College their annual audited financial statements.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)

2009-03. Subrecipient Monitoring (Continued)

CRITERIA

Per OMB Circular A-133, Subrecipient Monitoring, The pass-through entity is responsible for ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

EFFECT

The College was unable to determine if it should take appropriate action if its subrecipients (those receiving more than \$500,000 in federal funds from all sources) had audit findings and the subrecipient had not taken the appropriate corrective action to resolve its audit findings.

CAUSE

There is no tracking system to see if the subrecipient has complied with requirements documented above.

RECOMMENDATION

We recommend that College develop a better tracking system of the subrecipients' fiscal year audits and to take appropriate action if the subrecipient is not complying with federal guidelines.

MANAGEMENT'S RESPONSE

The College will strengthen its grants compliance system to ensure that sub-recipient's fiscal year audits are reviewed.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE,
SECTION 12-6-5, NMSA 1978

None.

STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
EXIT CONFERENCE
June 30, 2009

The contents of this report were discussed in the exit conference held on November 11, 2009, with the following in attendance:

Representing Santa Fe Community College:

Linda Siegle, Board Member
Dr. Sheila Ortego, President
Meridee Walters, Vice President of Finance and Administration
Gilda Espinoza, Associate Vice President of Finance and Administration

Representing GROW Santa Fe Community College Foundation:

Heidi Tilton, Board Chair
Gilda Espinoza, Associate Vice President of Finance and Administration (College)

Representing Moss Adams LLP:

Scott Eliason, Partner
Therese Sears, Supervisor

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of Santa Fe Community College.