



**FINANCIAL STATEMENTS**

**With**

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**YEAR ENDED JUNE 30, 2014**

**(This page intentionally left blank)**

**SANTA FE COMMUNITY COLLEGE**  
**TABLE OF CONTENTS**  
**JUNE 30, 2014**

	<u>Statement/ Schedule</u>	<u>Page</u>
<b>Table of Contents</b>		3
<b>Official Roster</b>		5
<b>Independent Auditors' Report</b>		6-7
<b>Management's Discussion and Analysis</b>		8-11
<b>Financial Section:</b>		
Basic Financial Statements:		
Statement of Net Position		12
Statement of Revenues, Expenses and Changes in Net Position		13
Statement of Cash Flows		14
Statement of Fiduciary Assets and Liabilities		15
Notes to the Financial Statements		16-33
<b>Supplemental Information:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual		
Unrestricted and Restricted - All Operations	A-1	36
Restricted – Instruction and General	A-2	37
Unrestricted- Instruction and General	A-3	38
Reconciliation of Budgetary Basis to Financial Statement Basis – Unrestricted And Restricted – All Operations	A-4	39
<b>Supporting Schedules:</b>		
Agency Funds – Schedule of Changes in Fiduciary Assets and Liabilities	I	43
Schedule of Deposit and Investment Accounts	II	44-45
Schedule of Collateral Pledged by Depository	III	47
<b>Compliance Section:</b>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		50-51
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance		52-53
Schedule of Expenditures of Federal Awards	IV	54-55
Notes to Schedule of Expenditures of Federal Awards		56
Schedule of Findings and Questioned Costs		57-65
<b>Other Disclosures</b>		66

**(This page intentionally left blank)**

**SANTA FE COMMUNITY COLLEGE  
OFFICIAL ROSTER  
JUNE 30, 2014**

<b>Name</b>		<b>Title</b>
<b>BOARD MEMBERS</b>		
Linda Siegle		Chair
Dr. Martha Romero		Vice Chair
Kathy Keith		Secretary
Pablo Sedillo		Member
Chris Abeyta		Member
<b>ADMINISTRATIVE OFFICIALS</b>		
Randy Grissom		President
Vacant		Chief Financial Officer
Dr. Christopher Dela Rosa		Chief Information Officer
Dr. Carmen Gonzales		Vice President for Student Success
Margaret Peters		Interim Vice President of Academic Affairs
Janet Wise		Executive Director of Marketing and Public Relations
<b>SFCC FOUNDATION</b>		
Deborah Boldt		Director of Development/Executive Director of SFCC Foundation
<b>BOARD MEMBERS</b>		
Richard Abeles		President
Rosemary Palazzi Mulcahy		Vice President
Carmen Gonzales		Secretary
Dr. Jeff Case		Treasurer



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
The U.S. Office of Management and Budget and  
Board of Directors  
Santa Fe Community College  
Santa Fe, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Santa Fe Community College (the College) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the College's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2014, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 11, 2014

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE**

**Management's Discussion and Analysis**

Overview of Financial Statements

For financial reporting purposes, Santa Fe Community College (the College) 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. The College has considered potential component units and has chosen to include The Foundation of Santa Fe Community College as a component unit. These financial statements are based upon Governmental Accounting Standards Board GASB Statement 35. This MD&A focuses on the College and not on The Foundation. This report consists of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

**Condensed Financial Information**

<b>Assets</b>	2014	2013	2012
Current assets	\$ 20,564,721	\$ 29,932,521	\$ 29,084,797
Capital and other assets	99,818,270	96,645,701	90,556,873
<b>Total Assets</b>	<u>120,382,991</u>	<u>126,578,222</u>	<u>119,641,670</u>
 <b>Liabilities</b>			
Current liabilities	14,231,851	12,998,700	13,167,482
Noncurrent liabilities	28,788,884	34,402,029	25,281,108
<b>Total Liabilities</b>	<u>43,020,735</u>	<u>47,400,729</u>	<u>38,448,590</u>
 <b>Net Position</b>			
Net investment in capital assets	69,665,786	47,423,349	58,502,544
Restricted	5,466,538	7,981,754	12,377,337
Unrestricted	2,229,932	23,772,390	10,313,199
<b>Total Net Position</b>	<u>\$ 77,362,256</u>	<u>\$ 79,177,493</u>	<u>\$ 81,193,080</u>

- Assets exceeded liabilities by \$77,362,256 at the close of the fiscal year. Of this amount, \$2,229,932 is unrestricted.
- Cash and cash equivalents decreased from \$21,948,302 at the beginning of the year to \$12,868,810 at the end of the fiscal year. (Much of the decrease is attributable to the expenditure of bond proceeds for project related expenses). Investments increased slightly from \$1,552,447 at the beginning of the year to \$1,554,072 at the end of the fiscal year.
- Net Position as shown in the previously reported schedule decreased to \$77,362,256 in comparison to \$79,177,493 at the end of fiscal year 2013. This change included a restatement of net position at the beginning of the year in the amount of \$(267,354). This is a result of reclassifying fiduciary-type activities into a separate agency fund. The change has also reduced beginning cash on the Statement of Cash Flows by \$122,512 and resulted in a movement of capital assets in the net amount of \$116,441 from the Statement of Net Position to the Statement of Fiduciary Assets and Liabilities. Please see Note 20.



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE**

**Management's Discussion and Analysis**

Revenues, Expenses and Changes in Net Position

Below is a schedule with a three year comparison of revenue, expenses and changes in net position. The decrease in net position for fiscal year 2014 was \$(1,547,883) compared to a decrease in net position of \$(1,540,206) for fiscal year 2013.

	2014	2013	2012
Operating Revenues	\$ 14,920,460	\$ 16,225,182	\$ 14,952,965
Operating Expenses	(61,436,865)	(58,780,801)	(57,330,447)
<b>Operating Loss</b>	(46,516,405)	(42,555,619)	(42,377,482)
Non-Operating Revenues (Expenses)	44,968,522	41,015,413	44,192,419
<b>Change in Net Position</b>	<u>\$ (1,547,883)</u>	<u>\$ (1,540,206)</u>	<u>\$ 1,814,937</u>

**Analysis of Financial Position and Results of Operations**

During the month of June 2014, management identified that revenues to the college were not being realized at the rate at which had been anticipated. Management promptly worked with the governing board to develop a stabilization plan to address the issues. The corrective action required budget decreases in fiscal year 2015 to address approximately a \$5 million shortfall. For the fiscal year ending June 30, 2014, revenues have significantly decreased due to diminishing year over year operational revenues. From fiscal year 2013 to 2014 SFCC has seen a decrease in operational revenues of 7%, from \$16,225,182 at the end of fiscal year 2013 to \$14,920,460 at the end of fiscal year 2014. The decrease in operational revenues is primarily due to substantial decreases in Federal and state grant funding, as well as substantial decreases in nongovernmental grants and contracts.

**Operating Revenues**

	2014	2013	2012	2011
Tuition and fees, net	\$ 3,869,859	\$ 4,073,695	\$ 3,627,481	\$ 4,876,173
Government grants and contracts	4,442,648	5,188,104	6,776,591	6,250,276
State and other grants and contracts	2,059,278	2,253,814	-	-
Non-government grants and contracts	140,284	993,207	1,007,130	674,395
Gifts, bequests and endowments	505,986	-	-	-
Sales and services of educational activities	860,676	683,203	828,029	1,227,492
Auxiliary enterprises	3,041,729	3,033,159	2,713,734	2,492,905
<b>Operating Revenues</b>	<u>\$ 14,920,460</u>	<u>\$ 16,225,182</u>	<u>\$ 14,952,965</u>	<u>\$ 15,521,241</u>

At the same time, operational expenses have increased for the college. In 2013 operating expenses at the end of the fiscal year totaled \$58,780,801 and in 2014, at the same time period, operational expenses were \$61,436,865. The primary cause for the increase in expenditures is instruction and general expenses have increased from \$18,243,875 at fiscal year end 2013 to \$19,663,916 at fiscal year end 2014. Additionally, institutional support has increased by 36%, from \$6,070,438 at fiscal yearend 2013 to \$8,250,614 at fiscal yearend 2014. The total increase in operating expenses from fiscal year end 2012 to 2014 is approximately 7.35%. A recalculation of bad debt expense has increased accuracy and is the basis for the change in the below institutional support expense line item.

**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Management's Discussion and Analysis**

**Operating Expenses**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 19,663,916	\$ 18,243,875	\$ 17,215,223	\$ 18,173,629
Academic support	3,874,351	3,888,303	4,019,937	3,964,233
Student services	4,112,696	3,691,669	3,282,687	2,526,810
Institutional support	8,250,614	6,070,438	5,959,902	5,035,244
Operation and maintenance of plant	4,745,215	4,407,291	3,019,983	3,028,599
Student activities	76,467	91,200	108,650	94,344
Student aid	6,794,393	6,232,338	6,219,074	6,398,579
Public services	6,772,422	7,320,049	7,865,839	7,411,914
Auxiliary enterprises	2,861,870	3,043,365	2,753,916	2,196,876
Building renewal and replacements	142,060	963,129	807,479	127,024
Capital outlay	993,340	1,078,652	2,339,221	3,574,655
Depreciation and amortization	3,149,521	3,392,858	3,476,468	2,987,433
Other operating	-	346,363	251,648	163,485
Internal services	-	11,271	10,420	-
<b>Operating Expenses</b>	<u>\$ 61,436,865</u>	<u>\$ 58,780,801</u>	<u>\$ 57,330,447</u>	<u>\$ 55,682,825</u>

The following schedule summarizes the College's non-operating revenues and expenses of \$44,968,522 for the fiscal year ended June 30, 2014. The ending balance for non-operating revenues and expenses for fiscal year 2014 is a realized increase in revenue of \$3,953,109 compared to the previous year. From fiscal year end 2014 compared to 2013, the College has realized revenue increases from Pell grants in the amount of \$712,832, noncapital state appropriations of \$2,034,851, and operational property taxes (mill levy) of \$1,117,163. Total non-operational revenues and expenses for fiscal yearend 2014 compared to that of 2012 have stayed relatively flat.

**Non-Operating Revenues and Expenses**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal pell grant	\$ 8,407,795	\$ 7,694,963	\$ 7,811,788	\$ 6,569,595
State appropriations	14,624,246	12,589,395	12,324,428	13,209,476
Local appropriations - operating	16,726,966	15,609,803	17,364,014	15,266,308
Local appropriations - debt service	6,062,908	5,771,387	7,139,250	6,494,343
Investment gain (loss)	2,758	15,883	(7,401)	56,023
Interest expense and other related debt	(663,738)	(793,005)	(759,032)	(642,088)
Other income	150,622	144,095	345,993	287,351
Loss on disposal assets	(343,035)	(17,108)	(26,621)	-
<b>Non-Operating Revenues and Expenses</b>	<u>\$ 44,968,522</u>	<u>\$ 41,015,413</u>	<u>\$ 44,192,419</u>	<u>\$ 41,241,008</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Management's Discussion and Analysis**

**Analysis of Variations Between Original and Final Budget and Resulting Actual**

During the year, budget adjustments were submitted to the Higher Education Department and approved to recognize anticipated changes in revenue and expenditures. Actual revenue did not meet the anticipated budgeted revenue estimate for unrestricted instruction and general. Anticipated revenues for the year ending June 30, 2014 was a final budgeted amount of \$34,391,577 and actual revenues received for the same time period was \$33,143,994. This resulted in a budget to actual deficit of \$1,247,583 for the year ending June 30, 2014. Actual expenses exceeded the final anticipated budgeted amount for instruction and general by \$2,293,388. Fund balance and transfers were utilized to prevent an ending deficit balance for the unrestricted instruction and general budget.

**Significant Capital Asset and Long-Term Debt Activity**

On August 3, 2010, the Santa Fe County voters approved a \$35 million general obligation bond issue for main campus development and improvement projects and a higher education learning center and solar array project. The original bond issue of \$20 million occurred on October 28, 2010 and a \$15 million bond issue was received on May 16, 2013.

These bond proceeds are being used to finance several projects that are currently in progress or were completed in fiscal year 2013-14. The original bond issue was used for main campus improvements and upgrades. In progress are the construction of the Higher Education Center (HEC) on an off-campus site and the Solar PV Array at both the main campus and at the HEC, financed primarily by the second bond issue. The HEC is scheduled for completion in December 2014 and the PV Solar Array in September 2014.

**Currently Known Facts, Decisions or Conditions Impacting Financial Conditions**

The higher education funding formula has been under continuous change over the past several years. This has created challenges in terms of anticipating revenues and preparing budgets. The formula is expected to be revised again during the 2015 legislative session. The college will closely monitor the impact funding formula changes will have on forthcoming budgets.

Additionally, state wide enrollments have been declining, however SFCC has been able to remain flat by increasing the number of DC students.

The college has established a robust procedure whereby the budget is prepared with strong governing board oversight and accountability for revenue and expenditure estimates.

**Component Unit**

The Foundation for Santa Fe Community College Foundation is included as a component unit on the financial statement. The 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 Santa Fe Community College and its objectives.

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

SANTA FE COMMUNITY COLLEGE

STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS	Primary Government	Component Unit
<b>Current assets:</b>		
Cash and cash equivalents	\$ 12,868,810	\$ 1,011,529
Short-term investments	1,554,072	5,714,680
Accounts receivable, net	4,858,853	-
Due from component unit	468,554	-
Inventory	514,705	-
Prepaid expenses	299,727	-
<b>Total current assets</b>	<b>20,564,721</b>	<b>6,726,209</b>
<b>Non-current assets:</b>		
Restricted cash and cash equivalents	6,046,407	-
Capital assets, net	93,771,863	505,109
<b>Total non-current assets</b>	<b>99,818,270</b>	<b>505,109</b>
<b>Total assets</b>	<b>\$ 120,382,991</b>	<b>\$ 7,231,318</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 5,358,909	\$ -
Accrued expenses	1,420,084	-
Annuity payable, current portion	-	3,650
Interest payable	385,115	-
Unearned revenue	955,277	-
Deposits held in trust	5,970	-
Due to primary institution	-	468,554
Compensated absences	806,496	-
Current maturity of bonds payable	5,300,000	-
<b>Total current liabilities</b>	<b>14,231,851</b>	<b>472,204</b>
<b>Non-current liabilities:</b>		
Annuity payable, less current portion	-	17,120
Compensated absences	166,640	-
Leases payable	-	-
Bond premium	867,244	-
Bonds payable	27,755,000	-
<b>Total non-current liabilities</b>	<b>28,788,884</b>	<b>17,120</b>
<b>Total liabilities</b>	<b>43,020,735</b>	<b>489,324</b>
<b>Net position:</b>		
Net investment in capital assets	69,665,786	-
Restricted for:		
Nonexpendable scholarship and programs	-	3,110,284
Expendable scholarship and programs	-	2,819,922
Expendable future debt service requirements	5,466,538	-
Unrestricted	2,229,932	811,788
<b>Total net position</b>	<b>77,362,256</b>	<b>6,741,994</b>
<b>Total liabilities and net position</b>	<b>\$ 120,382,991</b>	<b>\$ 7,231,318</b>

The accompanying notes are an integral part of these financial statements

**SANTA FE COMMUNITY COLLEGE**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Primary Government</b>	<b>Component Unit</b>
<b>Operating revenues:</b>		
Student tuition and fees (net of scholarship allowances of \$3,214,663)	\$ 3,869,859	\$ -
Federal grants and contracts	4,442,648	-
State and other grants and contracts	2,059,278	-
Nongovernment grants and contracts	140,284	-
Auxiliary enterprises	3,041,729	-
Gifts, bequests and endowments	505,986	782,705
Sales and services of educational activities	860,676	-
<b>Total operating revenues</b>	<b>14,920,460</b>	<b>782,705</b>
<b>Operating expenses:</b>		
Instruction	19,663,916	-
Academic support	3,874,351	-
Student services	4,112,696	-
Institutional support	8,250,614	555,411
Operations and maintenance	4,745,215	-
Student activities	76,467	-
Student aid	6,794,393	301,702
Public services	6,772,422	-
Auxiliary enterprise expenses	2,861,870	-
Building renewal and replacement	142,060	-
Capital outlay	993,340	-
Depreciation	3,149,521	-
<b>Total operating expenses</b>	<b>61,436,865</b>	<b>857,113</b>
<b>Operating (loss)</b>	<b>(46,516,405)</b>	<b>(74,408)</b>
<b>Non-operating revenues (expenses):</b>		
Federal pell grants	8,407,795	-
State appropriations, non-capital	14,624,246	-
Mill levy - operations	16,726,966	-
Mill levy - debt service	6,062,908	-
Investment income (loss)	2,758	625,268
Interest on capital related debt	(663,738)	-
Loss on disposal of capital assets	(343,035)	-
Other income (expense)	150,622	637
<b>Net non-operating revenues (expenses):</b>	<b>44,968,522</b>	<b>625,905</b>
<b>Income (loss) before contributions to Permanent Endowments</b>	<b>(1,547,883)</b>	<b>551,497</b>
<b>Contributions to Permanent Endowments</b>	<b>-</b>	<b>111,490</b>
<b>Change in net position</b>	<b>(1,547,883)</b>	<b>662,987</b>
<b>Net position, beginning of year</b>	<b>79,177,493</b>	<b>6,079,007</b>
Net position, restatement	(267,354)	-
<b>Net position, beginning as restated</b>	<b>78,910,139</b>	<b>6,079,007</b>
<b>Net position, end of year</b>	<b>\$ 77,362,256</b>	<b>\$ 6,741,994</b>

The accompanying notes are an integral part of these financial statements

**SANTA FE COMMUNITY COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Primary Government</b>
Cash flows from operating activities:	
Tuition and fees	\$ 5,030,463
Grants and contracts	7,364,389
Auxiliary enterprise charges	2,327,251
Sales and services of educational activities	860,676
Payments to employees and for employee benefits	(25,513,867)
Payments to suppliers	(29,987,018)
<b>Net cash (used) by operating activities</b>	<u>(39,918,106)</u>
Cash flows from noncapital financing activities:	
State appropriations	14,624,246
Federal pell grants	8,407,795
Mill levies	22,476,658
Other receipts or (disbursements)	150,622
<b>Net cash provided by noncapital financing activities</b>	<u>45,659,321</u>
Cash flows from capital financing activities:	
Principal payments on long term debt	(7,038,950)
Interest paid	(894,746)
<b>Net cash (used) by capital financing activities</b>	<u>(7,933,696)</u>
Cash flows from investing activities:	
Purchase of capital assets	(8,700,979)
Interest received	1,133
<b>Net cash (used) by investing activities</b>	<u>(8,699,846)</u>
<b>Net decrease in cash and cash equivalents</b>	(10,892,327)
<b>Cash and cash equivalents - beginning of year</b>	29,930,056
<b>Restatement</b>	(122,512)
<b>Cash and cash equivalents - beginning of year, as restated</b>	<u>29,807,544</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 18,915,217</u>
Operating Loss	\$ (46,516,405)
Reconciliation of operating loss to net cash used by operating activities:	
Depreciation expense	3,149,521
Changes in assets and liabilities:	
Accounts receivable, net	574,715
Inventory	(91,992)
Prepaid expenses and other assets	67,534
Accounts payable	2,845,491
Accrued liabilities	139,494
Unearned revenue	(18,760)
Compensated absences	(67,806)
Other liabilities	102
<b>Net cash (used) by operating activities</b>	<u>\$ (39,918,106)</u>

The accompanying notes are an integral part of these financial statements

SANTA FE COMMUNITY COLLEGE

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2014

	<u>Agency Fund</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 227,256
Accounts receivable	45,760
<b>Total current assets</b>	<u>273,016</u>
<b>Non-current assets:</b>	
Capital assets, net of accumulated depreciation of \$272,113	89,820
<b>Total non-current assets</b>	<u>89,820</u>
<b>Total assets</b>	<u>\$ 362,836</u>
 <b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 48
Due to other organizations	362,788
<b>Total liabilities</b>	<u>\$ 362,836</u>

The accompanying notes are an integral part of these financial statements

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*1. 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.

*2. 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. There was no activity during fiscal year 2014 for the Corporation.

*The following is a discretely presented component unit:*

Santa Fe Community College Foundation 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 reinvest 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 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. The College provides office space, personnel, utilities, and general operating expenses to the Foundation. A copy of audited financial statements for the Foundation can be obtained by writing to Santa Fe Community College Foundation at 6401 Richards Ave., Santa Fe, NM 87508.

*3. Financial Statement Presentation*

The accounting and reporting policies of the College reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and*



**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*Financial Reporting Standards.* The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, the accompanying financial statements present the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows of the Santa Fe Community College and its discretely presented component unit. This financial statement presentation provides a comprehensive, entity-wide perspective of the College’s assets, liabilities, and net position, revenues, expenses, and changes in net position, and cash flows, 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 position as net investment in capital assets, restricted and unrestricted; classifying the Statement of Net Position between current and noncurrent assets and liabilities and classifying revenue and expenses as operating and nonoperating.

*4. 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.

During the year ended June 30, 2014, the College adopted Governmental Accounting Standards Board (GASB) Statements No. 65, No. 66, and No. 67. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 66, *Technical Corrections-2012-An Amendment of GASB Statements No. 10 and No. 62* (“GASB 66”) is intended to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. GASB Statement No. 67, *Financial Reporting for Pension Plans-An Amendment of GASB Statement No. 25* (“GASB 67”) is intended to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*5. Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments 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. Restricted cash and cash equivalents represent amounts that are externally restricted to make debt service payments.

*6. 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 an amount which approximates fair value. The College considers cash deposited at the State Treasurer's Office to be investments.

*7. Receivables*

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

*8. 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. Noncash contributions are valued at estimated fair values at date of donation.

*9. 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.

*10. 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 buildings, 20 years for infrastructure and leasehold improvements, 5 years for library books and 5 to 20 years for equipment, furnishings and software. The College has no internally developed software. Capital assets received by the Foundation are immediately transferred to the College for capitalization and depreciation.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*11. Art Collections*

Both the College and the 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. Accordingly, art collections are capitalized but not depreciated by the College or the Foundation.

*12. Unearned Revenue and Expenses*

Revenue for each academic session is reported within the fiscal year in which the session is predominantly conducted. Revenues for the summer session of 2014 are shown as unearned income as well as certain contracts and grants received in advance. Revenue is recognized to the extent expenses are incurred for contracts and grants.

*13. Noncurrent Liabilities*

Noncurrent liabilities include principal amounts of bonds payable, the unamortized portion of bond premiums, and compensated absences that will not be paid within the next fiscal year.

*14. Compensated Absences*

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

*15. Classification of Net Position*

The College's net position is classified as follows:

*Net Investment in Capital Assets.* This represents the College's total investment in capital assets, net of accumulated depreciation, amortization and 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 net investment in capital assets.

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

*Restricted Net Position – Nonexpendable.* Nonexpendable restricted net position consist of endowment funds in which the donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. All amounts that are restricted in the statement of net position are considered restricted by enabling legislation.

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

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*16. Revenue*

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

*17. Revenue Recognition for Derived Tax Revenues*

*Mill Levies.* College 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 County Treasurer and is remitted to the College. The revenue on the mill levy is recognized at the date the mill is levied. Based on historical collections, no allowance for uncollectible accounts has been recorded. Revenue from the operational mill levy is recorded in the period for which the lien is levied. A separate mill levy for the retirement of debt is collected and remitted to the College. Following the symmetrical recognition concept of GASB Statements No. 33 and 36, the College recorded an estimated receivable of \$2,531,894 as of June 30, 2014 based on levied tax information received from the County Treasurer's offices.

*18. 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. Contract and grant revenues are recognized when the underlying exchange transaction has occurred – that is, when all eligibility requirements have been met.

*Non-Operating 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, Pell grant receipts and investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met. 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.

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 position. 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. The scholarship allowance at June 30, 2014 totaled \$3,214,663.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

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

*19. 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.

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

*20. Tax Status*

As a state community 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. The Foundation is a nonprofit organization described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal year 2014, therefore, no provision for income taxes is included in the financial statements.

*21. Management's Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. The most significant estimates affecting the College's financial statements are the allowance for uncollectible accounts, the estimate of useful lives of depreciable assets, and the current portion of accrued compensated absences.

*22. Reclassification*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

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

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

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, (continued)**

*Budgetary Information (continued)*

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 36 through 39 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.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and United States Government obligations. Management of the College is not aware of any investments that did not properly follow State investment requirements as of June 30, 2014.

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

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

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

Beginning January 1, 2013, all of the College's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000.

*Custodial Credit Risk – Deposits*

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2014, \$18,838,471 of the College's bank balance of \$19,367,671 was exposed to custodial credit risk. \$12,499,467 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the College's name and \$6,339,004 was uninsured and uncollateralized.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS, (continued)**

	Primary Government			Total
	Wells Fargo Bank	Bank of Albuquerque	First National Bank of Santa Fe	
Amount of deposits	\$ 14,421,753	\$ 4,916,718	\$ 29,200	\$ 19,367,671
FDIC coverage	(250,000)	(250,000)	(29,200)	(529,200)
Total uninsured public funds	<u>14,171,753</u>	<u>4,666,718</u>	<u>-</u>	<u>18,838,471</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the College's name	7,832,749	4,666,718	-	12,499,467
Uninsured and uncollateralized	<u>\$ 6,339,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,339,004</u>
Collateral requirement (50%)	\$ 7,085,877	\$ 2,333,359	\$ -	\$ 9,419,236
Pledged securities	7,832,749	5,160,895	-	12,993,644
Over (under) collateralization	<u>\$ 746,872</u>	<u>\$ 2,827,536</u>	<u>\$ -</u>	<u>\$ 3,574,408</u>

The collateral pledged is listed on Schedule III of this report. The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

Investments

The College does not have a formal investment policy; however, the College's investment decisions are approved by the College's Governing Board. As of June 30, 2014, with board approval, the College has invested \$1,554,072 with the New Mexico Local Government Investment Pool (LGIP), which is managed by the State Treasurer. These investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer New Mexico LGIP is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

Interest Rate Risk

The State Treasurer manages its exposure for the New Mexico Local Government Investment Pool (LGIP) for declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio for 59 days or less. At June 30, 2014, the WAM-R was 48.6 days and WAM-F was 116.2 days.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS, (continued)**

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The College does not have a formal policy to address concentration of credit risk. The College did not have any investments at June 30, 2014, other than the investments in the State Treasurer's New Mexico LGIP.

*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. The following table provides information on Standard & Poor's credit rating associated with the College's investments at June 30, 2014:

	<u>Rating</u>	<u>Fair Value</u>
New Mexico LGIP	AAAm	\$ 1,554,072

*Beginning Cash and Cash Equivalents – Statement of Cash Flows*

The College considers all instruments with an original maturity of 90 days or less to be cash equivalents for the purpose of presenting the statement of cash flows.

*Reconciliation of Deposits and Investments to the Statement of Net Position*

Deposits	\$ 19,367,671
New Mexico LGIP	<u>1,554,072</u>
Total deposits and investments	20,921,743
Petty cash	13,128
Subtract reconciling items	<u>(238,326)</u>
Total net deposits and investments	<u><u>\$ 20,696,545</u></u>
Statement of Net Position	
Cash and cash equivalents	\$ 12,868,810
Short-term investments	1,554,072
Restricted cash and cash equivalents	6,046,407
Agency cash	<u>227,256</u>
Cash and cash equivalents and Investments, end of year per statement of net position	<u><u>\$ 20,696,545</u></u>

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



**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 4 – ACCOUNTS RECEIVABLE**

The College's accounts receivable at June 30, 2014 represent revenues earned from student tuition and fees, loans, advances to students, local tax levy, federal government grants and contracts, and State of New Mexico agencies that include pass through federal and state grants. All amounts, except for student receivables, are expected to be collected within sixty days after year-end. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables. Also, there is an allowance set up for other miscellaneous receivables that are deemed uncollectible. A schedule of receivables and allowance for uncollectible accounts is as follows:

Accounts receivable students	\$	1,770,752
Grants and contracts		1,260,075
Mill levy		2,531,894
Other		993,962
Due from Foundation		468,554
		<u>7,025,237</u>
Less allowance for uncollectible accounts		<u>(1,697,830)</u>
Net total accounts receivable	\$	<u><u>5,327,407</u></u>

**NOTE 5 – ACCRUED EXPENSES**

The College's accrued expenses at June 30, 2014 are as follows:

Accrued salaries payable	\$	352,436
Accrued benefits payable		866,531
Accrued payroll taxes		199,122
Gross receipts tax		<u>1,995</u>
Total accrued expenses	\$	<u><u>1,420,084</u></u>

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS**

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2014, as reported in the Statement of Net Position:

	Balance June 30, 2013	Adjustments	Additions	Deletions	Balance June 30, 2014
Capital assets, not depreciated:					
Construction in Progress	\$ 406,292	\$ -	\$ 6,854,852	\$ -	\$ 7,261,144
Artwork	128,521	-	-	-	128,521
Land	5,868,799	-	-	-	5,868,799
Total capital assets, not depreciated	<u>6,403,612</u>	<u>-</u>	<u>6,854,852</u>	<u>-</u>	<u>13,258,464</u>
Capital assets, depreciated:					
Land and Leasehold Improvements	3,844,156	-	-	-	3,844,156
Buildings	94,908,906	-	1,204,108	-	96,113,014
Infrastructure	9,743,475	-	-	-	9,743,475
Library books	1,301,837	-	-	(22,861)	1,278,976
Training Center	363,099	(360,642)	-	(2,457)	-
Equipment, Furnishings, and Software	10,737,070	(1,291)	657,952	(2,694,089)	8,699,642
Total capital assets, depreciated	<u>120,898,543</u>	<u>(361,933)</u>	<u>1,862,060</u>	<u>(2,719,407)</u>	<u>119,679,263</u>
-					
Accumulated depreciation:					
Land and Leasehold Improvements	3,229,611	-	83,221	-	3,312,832
Buildings	22,541,783	-	1,936,138	-	24,477,921
Infrastructure	4,255,136	-	385,394	-	4,640,530
Library books	1,253,623	-	13,766	-	1,267,389
Training Center	246,658	(244,201)	-	-	2,457
Equipment, Furnishings, and Software	7,111,397	(1,291)	731,002	(2,376,373)	5,464,735
Total accumulated depreciation	<u>38,638,208</u>	<u>(245,492)</u>	<u>3,149,521</u>	<u>(2,376,373)</u>	<u>39,165,864</u>
Net book value	<u>\$88,663,947</u>	<u>\$ (116,441)</u>	<u>\$ 5,567,391</u>	<u>\$ (343,034)</u>	<u>\$93,771,863</u>

During the year ended June 30, 2014, the College restated net position for the reclassification of agency fund assets and liabilities out of Business-Type Activities and into the Statement of Fiduciary Assets and Liabilities. This included removing capital assets and associated depreciation in the net amount of \$116,441 at the beginning of the year from the Statement of Net Position, as seen above and in Note 20.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS, (continued)**

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2014, as reported in the Statement of Fiduciary Assets and Liabilities:

	Balance June 30, 2013	Adjustments	Additions	Deletions	Balance June 30, 2014
Capital assets, not depreciated:					
Training Center	\$ -	\$ 363,099	\$ -	\$ -	\$ 363,099
Equipment, Furnishings, and Software	-	1,291	-	-	1,291
Total capital assets, depreciated	-	364,390	-	-	364,390
Training Center	-	246,658	26,621	-	273,279
Equipment, Furnishings, and Software	-	1,291	-	-	1,291
Total accumulated depreciation	-	247,949	26,621	-	274,570
Net book value	\$ -	\$ 116,441	\$ (26,621)	\$ -	\$ 89,820

As noted above, during the year ended June 30, 2014, the College restated net position for the reclassification of agency fund assets and liabilities out of Business-Type Activities and into the Statement of Fiduciary Assets and Liabilities. This included removing capital assets and associated depreciation in the net amount of \$116,441 at the beginning of the year from the Statement of Net Position, as seen above and in Note 20.

**NOTE 7 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

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

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 7 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN, (continued)**

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

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

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

Santa Fe Community College's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$449,524, \$431,612, and \$392,381, respectively, which equal the required contributions for each year.

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD**

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

*Funding Policy.*

**Member Contributions**

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

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

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD, (continued)**

The contribution requirements of plan members and the College are established is 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 ended June 30, 2014, 2013, and 2012 were \$2,848,752, \$2,326,154, and \$1,959,999, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 9 – ALTERNATIVE RETIREMENT PROGRAM**

An amendment to the Educational Retirement Act permits the establishment of an Alternative Retirement Plan (ARP) for Santa Fe Community College staff after October 1, 1999, who are eligible to participate in the Educational Retirement Act Plan. Certain employees of the College elected to participate in the two available alternative retirement plans, TIAA-CREF and Fidelity. For those employees participating in the ARP, the College contributed 10.15% of the gross covered salary for employees earning \$20,000 or less, and 10.15% of the gross covered salary of employees earning more than \$20,000 annually. In addition, the College is required to contribute 3% of the gross covered salary to the Educational Retirement Board pension plan (See Note 8). For the year ended June 30, 2014, the Santa Fe Community College contributed \$104,581 to TIAA-CREF.

**NOTE 10 – GROUP INSURANCE PROGRAM**

The College has general liability insurance coverage with Travelers. 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 includes the Training Center and the Foundation. The policy period is from July 1, 2013 to June 30, 2014.

**NOTE 11 – RISK MANAGEMENT**

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.

The College currently is party to various litigation and other claims in the ordinary course of business. The College has property and liability insurance coverage with Coregis Insurance Company and workers compensation insurance coverage with Mountain States Mutual. The College believes that the outcome of all pending and threatened litigation will not have a material adverse effect on the financial position or operations of the College.

Federal grants received by the College are subject to audit by the grantors. In the event of noncompliance with funding requirements, grants may be required to be refunded to the grantor. College management estimates that such refunds, if any, will not be significant.

There are no amounts expected to be paid in excess of insurance coverage as of June 30, 2014.

**NOTE 12 – CONSTRUCTION COMMITMENTS**

At June 30, 2014, the College has various outstanding capital commitments to contractors and architects. The total commitments as of June 30, 2014 were \$7,904,255, consisting of commitments of \$5,810,186 for the Higher Education Center Construction Project; \$2,006,103 for the Solar PV Array Construction Project; and \$87,966 for the Adjunct Faculty Offices Renovation Project.

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 13 – COMPENSATED ABSENCES**

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on length of employment. Up to 240 hours of vacation may be accrued and paid out upon termination. Sick leave is not paid out upon termination; accordingly, no liability for sick leave is recorded by the College.

The College had a liability for accrued vacations as of June 30, 2014 as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Current
Accrued compensated absences	\$ 1,068,512	\$ 784,569	\$ 879,945	\$ 973,136	\$ 806,496

**NOTE 14 – BONDS PAYABLE**

The bonds constitute general obligation bonds of the College, 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.

	Series 2009	Series 2010	Series 2013
Original Issue:	\$ 15,000,000	\$ 20,000,000	\$ 15,000,000
Principal:	August 1	August 1	August 1
Interest:	February 1 August 1	February 1 August 1	February 1 August 1
Interest Rates:	1.00%-2.00%	2.00%-3.00%	1.99%-3.34%
Maturity Date:	8/1/2015	8/1/2020	8/1/2024

Long-term liabilities for the year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within One Year
General obligation bonds					
Series 2007	\$ 3,900,000	\$ -	\$ 3,900,000	\$ -	\$ -
Series 2009	2,150,000	-	750,000	1,400,000	900,000
Series 2010	19,035,000	-	780,000	18,255,000	1,100,000
Series 2013	15,000,000	-	1,600,000	13,400,000	3,300,000
Total Long-Term Debt	\$ 40,085,000	\$ -	\$ 7,030,000	\$ 33,055,000	\$ 5,300,000

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 14 – BONDS PAYABLE, (continued)**

The annual debt service requirements to maturity, including principal and interest for Bonds Series 2009, 2010, and 2013 long-term debt as of June 30, 2014 are as follows:

Bond Series 2009 Year Ending June 30,	Principal Payments	Interest	Total Debt Service
2015	\$ 900,000	\$ 17,875	\$ 917,875
2016	500,000	5,000	505,000
Totals	<u>\$ 1,400,000</u>	<u>\$ 22,875</u>	<u>\$ 1,422,875</u>

Bond Series 2010 Year Ending June 30,	Principal Payments	Interest	Total Debt Service
2015	\$ 1,100,000	\$ 407,526	\$ 1,507,526
2016	2,840,000	368,126	3,208,126
2017	3,900,000	300,726	4,200,726
2018	3,580,000	221,451	3,801,451
2019	1,700,000	160,988	1,860,988
2020-2021	5,135,000	144,950	5,279,950
Totals	<u>\$ 18,255,000</u>	<u>\$ 1,603,767</u>	<u>\$ 19,858,767</u>

Bond Series 2013 Year Ending June 30,	Principal Payments	Interest	Total Debt Service
2015	\$ 3,300,000	\$ 414,000	\$ 3,714,000
2016	1,300,000	322,000	1,622,000
2017	1,000,000	276,000	1,276,000
2018	1,000,000	236,000	1,236,000
2019	1,000,000	196,000	1,196,000
2020-2024	4,900,000	421,000	5,321,000
2025	900,000	9,000	909,000
Totals	<u>\$ 13,400,000</u>	<u>\$ 1,874,000</u>	<u>\$ 15,274,000</u>

**SANTA FE COMMUNITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

---

**NOTE 15 – OPERATING LEASE**

The College leases copiers under an operating lease. At June 30, 2014, future minimum lease payments applicable to the operating lease are as follows:

Operating Lease	
Year Ending June 30,	
2015	\$ 184,041
2016	184,041
2017	184,041
2018	<u>46,010</u>
	<u>\$ 598,133</u>

**NOTE 16 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosure of certain information including:

- A. Deficit equity. The College does not maintain a deficit equity position.
- B. Excess of expenditures over appropriations. The College has no functions that display overspent budget authority.
- C. Designated cash appropriation in excess of available cash balances. The College is not aware of any designated cash appropriations in excess of available balances.

**NOTE 17 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 11, 2014, which is the date on which the financial statements were available to be issued.

**NOTE 18 – SUBSEQUENT PRONOUNCEMENTS**

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2015 and is expected to have a material impact on the College’s financial statements.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, was issued. Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The College is still evaluating how this standard will affect the College.



**SANTA FE COMMUNITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 18 – SUBSEQUENT PRONOUNCEMENTS, (continued)**

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68* was issued. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. This statement will be implemented during the fiscal year ending June 30, 2015. The College is still evaluating how this standard will affect the College.

**NOTE 19 – CONCENTRATIONS**

The College depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the College is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**NOTE 20 – RESTATEMENT**

The College has restated net position, beginning of year in the amount of \$(267,354). This is a result of reclassifying fiduciary-type activities into a separate agency fund. This change has also reduced beginning cash on the Statement of Cash Flows by \$122,512 and resulted in a movement of capital assets in the net amount of \$116,441 from the Statement of Net Position to the Statement of Fiduciary Assets and Liabilities.

**(This page intentionally left blank)**

**SUPPLEMENTAL INFORMATION**

**SANTA FE COMMUNITY COLLEGE**
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ 6,695,300	\$ 6,695,300	\$ 7,084,522	\$ 389,222
State government appropriations	13,350,000	13,625,728	14,624,246	998,518
Local government appropriations	22,100,000	24,407,377	22,789,874	(1,617,503)
Federal government contracts and grants	23,554,264	21,054,264	18,172,017	(2,882,247)
State government contracts and grants	3,807,398	3,807,398	2,059,278	(1,748,120)
Local government contracts and grants	204,104	204,104	140,284	(63,820)
Private gifts, grants, and contracts	606,360	606,360	505,986	(100,374)
Sales and services	3,810,305	3,810,305	3,902,405	92,100
Other	295,000	295,000	153,380	(141,620)
<i>Total revenues</i>	<u>74,422,731</u>	<u>74,505,836</u>	<u>69,431,992</u>	<u>(5,073,844)</u>
<i>Expenditures:</i>				
Instruction	19,419,067	21,041,568	19,663,917	1,377,651
Academic support	3,913,344	4,411,028	3,874,351	536,677
Student services	5,449,420	5,625,357	4,112,696	1,512,661
Institutional support	6,399,469	6,666,911	7,073,682	(406,771)
Operation and maintenance of plant	3,782,182	4,456,981	4,745,215	(288,234)
Student social and cultural activities	120,000	120,000	76,467	43,533
Public services	7,698,698	7,998,886	6,772,422	1,226,464
Student aid, grants, stipends and independent operations	18,075,801	15,575,801	15,330,630	245,171
Auxiliary enterprises	2,927,979	2,927,979	2,861,870	66,109
Capital outlay	15,699,352	15,699,352	9,710,252	5,989,100
Building renewal and replacements	500,000	500,000	142,060	357,940
Retirement of indebtedness	7,908,815	7,908,815	7,704,679	204,136
<i>Total expenditures</i>	<u>91,894,127</u>	<u>92,932,678</u>	<u>82,068,241</u>	<u>10,864,437</u>
<i>Net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in Net Position</i>	(17,471,396)	(18,426,842)	(12,636,249)	5,790,593
<i>Beginning Net Position</i>	<u>29,530,931</u>	<u>29,530,931</u>	<u>29,530,931</u>	<u>-</u>
<i>Ending Net Position</i>	<u>\$ 12,059,535</u>	<u>\$ 11,104,089</u>	<u>\$ 16,894,682</u>	<u>\$ 5,790,593</u>

The accompanying notes are an integral part of these financial statements

## SANTA FE COMMUNITY COLLEGE

## RESTRICTED - INSTRUCTION AND GENERAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ -	\$ -	\$ -	\$ -
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts and grants	5,552,369	5,552,369	3,051,523	2,500,846
State government contracts and grants	1,690,149	1,690,149	701,522	988,627
Local government contracts and grants	109,550	109,550	17,715	91,835
Private gifts, grants, and contracts	606,360	606,360	305,525	300,835
Sales and services	-	-	-	-
Other	-	-	-	-
<i>Total revenues</i>	<u>7,958,428</u>	<u>7,958,428</u>	<u>4,076,285</u>	<u>3,882,143</u>
<i>Expenditures:</i>				
Instruction	4,940,305	4,940,305	2,755,441	2,184,864
Academic support	1,389,981	1,389,981	1,109,038	280,943
Student services	1,621,465	1,621,465	211,806	1,409,659
Institutional support	-	-	-	-
Operation and maintenance of plant	6,677	6,677	-	6,677
Student social and cultural activities	-	-	-	-
Public services	-	-	-	-
Student aid, grants, stipends and independent operations	-	-	-	-
Auxiliary enterprises	-	-	-	-
Capital outlay	-	-	-	-
Building renewal and replacements	-	-	-	-
Retirement of indebtedness	-	-	-	-
<i>Total expenditures</i>	<u>7,958,428</u>	<u>7,958,428</u>	<u>4,076,285</u>	<u>3,882,143</u>
<i>Net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in Net Position</i>	-	-	-	-
<i>Beginning Net Position</i>	-	-	-	-
<i>Ending Net Position</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## SANTA FE COMMUNITY COLLEGE

## UNRESTRICTED - INSTRUCTION AND GENERAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ 6,575,300	\$ 6,575,300	\$ 6,894,752	\$ 319,452
State government appropriations	9,177,900	9,313,900	9,206,000	(107,900)
Local government appropriations	15,900,000	18,207,377	16,726,966	(1,480,411)
Federal government contracts and grants	-	-	22,308	22,308
State government contracts and grants	-	-	-	-
Local government contracts and grants	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Land and permanent fund	-	-	-	-
Sales and services	-	-	14,578	14,578
Other	295,000	295,000	279,390	(15,610)
<i>Total revenues</i>	<u>31,948,200</u>	<u>34,391,577</u>	<u>33,143,994</u>	<u>(1,247,583)</u>
<i>Expenditures:</i>				
Instruction	14,478,762	16,101,263	16,929,995	(828,732)
Academic support	2,523,363	3,021,047	2,912,943	108,104
Student services	3,827,955	4,003,892	3,700,557	303,335
Institutional support	6,399,469	6,666,911	7,072,680	(405,769)
Operation and maintenance of plant	3,775,505	4,450,304	4,743,698	(293,394)
Student social and cultural activities	-	-	-	-
Public services	-	-	-	-
Student aid, grants stipends and independent operations	-	-	-	-
Auxiliary enterprises	-	-	-	-
Capital Outlay	-	-	-	-
Building renewal and replacements	-	-	-	-
Retirement of indebtedness	-	-	-	-
<i>Total expenditures</i>	<u>31,005,054</u>	<u>34,243,417</u>	<u>35,359,873</u>	<u>(1,116,456)</u>
<i>Net transfers</i>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>1,178,633</u>	<u>2,378,633</u>
<i>Change in Net Position</i>	(256,854)	(1,051,840)	(1,037,246)	14,594
<i>Beginning Net Position</i>	<u>2,333,273</u>	<u>2,333,273</u>	<u>2,333,273</u>	-
<i>Ending Net Position</i>	<u>\$ 2,076,419</u>	<u>\$ 1,281,433</u>	<u>\$ 1,296,027</u>	<u>\$ 14,594</u>

The accompanying notes are an integral part of these financial statements

## SANTA FE COMMUNITY COLLEGE

**RECONCILIATION OF BUDGETARY BASIS TO FINANCIAL STATEMENT BASIS****UNRESTRICTED AND RESTRICTED****ALL OPERATIONS****FOR THE YEAR ENDED JUNE 30, 2014****Total Unrestricted and Restricted Revenues:**

<b>Budgetary Basis</b>	\$ 69,431,992
Reconciling Items:	
Scholarship allowance (not in budgetary basis)	(3,214,663)
Direct loans (not in budgetary basis)	(5,321,574)
Total reconciling items	<u>(8,536,237)</u>
<b>GAAP Basis</b>	<u>\$ 60,895,755</u>
<b>Basic Financial Statements</b>	
Operating revenues	\$ 14,920,460
Non-operating revenues	<u>45,975,295</u>
<b>Total Unrestricted and Restricted Revenues per Financial Statements</b>	<u>\$ 60,895,755</u>

**Total Unrestricted and Restricted Expenditures:**

<b>Budgetary Basis</b>	\$ 82,068,241
Reconciling Items:	
Bond Payment (not in financial statements)	(7,038,960)
Scholarship allowance (not in budgetary basis)	(3,214,663)
Capital outlay (not in financial statements)	(8,716,912)
Direct loans (not in budgetary basis)	(5,321,574)
Bad debt (not in budgetary basis)	1,176,932
Loss on disposal of capital assets (not in budgetary basis)	343,035
Other items	(1,982)
Depreciation expense (not in budgetary basis)	3,149,521
Total reconciling items	<u>(19,624,603)</u>
<b>GAAP Basis</b>	<u>\$ 62,443,638</u>
<b>Basic Financial Statements</b>	
Operating expenditures	\$ 61,436,865
Non-operating expenditures	<u>1,006,773</u>
<b>Total Unrestricted and Restricted Expenditures per Financial Statements</b>	<u>\$ 62,443,638</u>

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

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

The accompanying notes are an integral part of these financial statements

**(This page intentionally left blank)**



## **SUPPORTING SCHEDULES**

**(This page intentionally left blank)**

## SANTA FE COMMUNITY COLLEGE

## AGENCY FUNDS

Schedule I

## SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

Year ended June 30, 2014

	June 30, 2013	Receipts	Disbursements	June 30, 2014
Phi Theta Kappa Club	\$ 1,832	\$ 2,865	\$ 894	\$ 3,803
Club Cuisine	365	-	-	365
Smiles Club	689	289	749	229
American Society of Interior Designers	10	1,753	-	1,763
Clay Club	7,119	10,382	9,858	7,643
Nursing Club	42	135	39	138
LGBT Pride	106	500	543	63
ASL Deaf & Hard of Hearing	50	-	-	50
The Film Club	384	-	-	384
RT Inspiring	280	-	-	280
Solar Club	1,912	1,950	-	3,862
Kitchen and Bath Club	835	3,005	3,440	400
Print Making and Book Art	490	1,377	1,165	702
Jewelry Club	130	20	76	74
Student Activities	57	-	-	57
Traditional Gaming Society	-	105	-	105
Art Club	4	-	-	4
Dreams	75	-	-	75
Figure Club	-	95	-	95
Employee Committee	(441)	238	1,267	(1,470)
SUN On-Line	-	-	-	-
NMICC	42,748	146,750	97,127	92,371
HJM Reading Materials Study	(750)	-	-	(750)
Higher Education Center	13,694	140,000	85,225	68,469
Training Center	65,466	-	8,124	57,342
Film Crew Training	679	0	-	679
Film Production	(1,540)	1,540	-	-
Training Center Entrepreneurship	44,110	-	-	44,110
Higher Learning Center - Training Center	(2,247)	2,247	-	-
ATC (Advanced Techn. Ctr)	(53,587)	-	-	(53,587)
Total agency fund cash	\$ 122,512	\$ 313,251	\$ 208,507	\$ 227,256
Accounts Receivable	31,481	45,760	31,481	45,760
Capital Assets	116,441	-	26,621	89,820
Less: Accounts Payable	3,080	48	3,080	48
Due to other organizations	\$ 267,354	\$ 358,963	\$ 263,529	\$ 362,788

See independent auditor's report

**SANTA FE COMMUNITY COLLEGE**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2014**

Account Name	Type	Local Government Investment Pool	LGIP 2007 Election Fund	Bond Retirement Bank of Albuquerque
Operating Cash Account	Checking	\$ -	\$ -	\$ -
Payroll Cash Account	Payroll	-	-	-
FNB-Operating Account	Checking	-	-	-
FNB- Bond Retirement	Bond Proceeds	-	-	4,916,718
LGIP Fund	Investment	1,242,023	-	-
LGIP 2007 Election Fund	Investment	-	312,049	-
Foundation - Temporary Restricted	Checking	-	-	-
Foundation - Operating Account	Checking	-	-	-
Money Market Mutual Funds	Investment	-	-	-
Corporate Stocks	Investment	-	-	-
Mutual Funds - Equities	Investment	-	-	-
Mutual Funds - Bonds	Investment	-	-	-
Amounts on deposit		1,242,023	312,049	4,916,718
Outstanding items		-	-	1,129,689
		<u>\$ 1,242,023</u>	<u>\$ 312,049</u>	<u>\$ 6,046,407</u>

See independent auditors' report

Operational First National Bank of Santa Fe	Payroll Wells Fargo Bank	Operational Wells Fargo Bank	Total	Component Unit		
				Wells Fargo Bank	Fidelity	Total
\$ -	\$ -	\$ 13,779,136	\$ 13,779,136	\$ -	\$ -	\$ -
-	642,617	-	642,617	-	-	-
29,200	-	-	29,200	-	-	-
-	-	-	4,916,718	-	-	-
-	-	-	1,242,023	-	-	-
-	-	-	312,049	-	-	-
-	-	-	-	922,010	-	922,010
-	-	-	-	89,519	-	89,519
-	-	-	-	-	185,332	185,332
-	-	-	-	-	1,681,076	1,681,076
-	-	-	-	-	2,614,669	2,614,669
-	-	-	-	-	1,233,601	1,233,601
29,200	642,617	13,779,136	20,921,743	1,011,529	5,714,678	6,726,207
-	(43,462)	(1,324,554)	(238,327)	-	-	-
<u>\$ 29,200</u>	<u>\$ 599,155</u>	<u>\$ 12,454,582</u>	20,683,416	<u>\$ 1,011,529</u>	<u>\$ 5,714,678</u>	6,726,207
		Petty cash	13,129			-
			<u>\$ 20,696,545</u>			<u>\$ 6,726,207</u>
Reconciliation to the Statement of Net Position:						
		Cash and cash equivalents	\$ 12,868,810			\$ 1,011,529
		Restricted cash and cash equivalents	6,046,407			-
		Agency fund cash	227,256			-
		Short-term investment	1,554,072			5,714,678
		Total deposits and investments	<u>\$ 20,696,545</u>			<u>\$ 6,726,207</u>

**(This page intentionally left blank)**

## SANTA FE COMMUNITY COLLEGE

## SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY

Schedule III

JUNE 30, 2014

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2014</u>
<b>Bank of Albuquerque</b>				
	FHLB	12/1/2020	438008944	\$ 45,709
	FHLB	3/26/2018	3136AEGM3	<u>5,115,186</u>
	<b>Total Bank of Albuquerque</b>			<u>5,160,895</u>
Name and location of safekeeper for above pledged collateral: Bank of Oklahoma, Oklahoma City, Oklahoma				
<b>Wells Fargo Bank, N.A.</b>				
	FN AR2636	2/1/2043	3138NY4W2	2,167,234
	FN AB7819	2/1/2043	31417EMV0	<u>5,665,515</u>
	<b>Total Wells Fargo Bank, N.A.</b>			<u>7,832,749</u>
Name and location of safekeeper for above pledged collateral: Bank of New York Mellon, New York, New York				
	<b>Total Pledged Collateral</b>			<u>\$ 12,993,644</u>

See independent auditors' report

**(This page intentionally left blank)**



**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**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***

**INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
Board of Directors  
Santa Fe Community College  
Santa Fe, New Mexico

We have audited, 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC, the financial statements of the business-type activities and the discretely presented component unit of Santa Fe Community College (College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the budgetary comparisons presented as supplemental information for the year ended June 30, 2014, and have issued our report thereon dated November 11, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness and a deficiency in internal control that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 2014-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 2014-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2012-002, FS 2012-015, FS 2013-001, FS 2013-003, and FS 2014-002.

### **College's Response to Findings**

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 11, 2014



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

### **INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
Board of Directors  
Santa Fe Community College  
Santa Fe, New Mexico

#### **Report on Compliance for Each Major Federal Program**

We have audited Santa Fe Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

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

## Report on Internal Control Over Compliance

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

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

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

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

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 11, 2014

**SANTA FE COMMUNITY COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Federal CFDA Number</u>	<u>Program or Grantor Number</u>	<u>Federal Expenditures</u>
<b>US Department of Education</b>			
Direct programs:			
Student financial assistance cluster:			
Federal Pell Grant program	(1)*	84.063	421200 \$ 8,407,795
Federal SEOG program	(1)*	84.007	421400 90,417
Federal work study program	(1)*	84.033	425100 76,850
TESOL - Title II		84.195	411030 1,306
Vocational Access		84.243	411050 166,971
Higher Educational-Inst. Aid - Title V	(2)	84.031	411021 749,315
TRIO cluster:			
TRIO-Student support services	*	84.042A	411205 228,580
Passed through New Mexico			
Higher Education Department:			
Carl Perkins vocational support services		84.048	411052 26,672
Adult Basic Education - Basic Grants to States		84.002	411010 208,313
Passed through NM Highlands University			
ENLACE- GEAR UP 2		84.334A	411012 4,416
Passed through Northern New Mexico College			
Higher Educational-Inst. Aid - NRGSC	(2)	84.031C	411310 133,338
<b>Total US Department of Education</b>			<u>10,093,973</u>
<b>US Department of Defense</b>			
Procurement Technical Assistance		12.002	411118 731,906
<b>Total US Department of Defense</b>			<u>731,906</u>
<b>US Small Business Administration</b>			
Small Business Development Center:			
US Small Business Administration		59.037	411113 426,207
<b>Total US Small Business Administration</b>			<u>426,207</u>
<b>US Department of Agriculture</b>			
Passed through New Mexico Children's Youth and Families			
Child Care Food Program		10.558	411094 45,107
<b>Total US Department of Agriculture</b>			<u>45,107</u>
<b>US Environment Department</b>			
Passed through New Mexico Environment Department			
EPA- Environmental Workforce Development		66.815	411410 73,393
<b>Total US Environment Department</b>			<u>73,393</u>

See independent auditors' report  
See accompanying notes to schedule of expenditures of federal awards

		<u>Federal CFDA Number</u>	<u>Program or Grantor Number</u>	<u>Federal Expenditures</u>
<b>US Department of Labor</b>				
Passed through New Mexico				
Department of Workforce Solutions				
	*	17.274	411077	381,154
		17.282	411076	939,116
Passed through National Science Foundation				
		47.076	411302	52,335
		47.080	411071	29,499
				<u>1,402,104</u>
<b>US Department of Energy</b>				
Passed through Regional Development Corporation				
		81.042	411353	-
	(3)	81.104	411355	37,815
	(3)	81.104	411356	17,501
	(3)	81.104	411360	1,787
				<u>57,103</u>
<b>US Department of Health and Human Services</b>				
Passed through New Mexico				
		93.575	93.575	-
				<u>-</u>
<b>Total expenditures of federal awards</b>				
				<u><u>\$ 12,829,793</u></u>

\* Tested as major program

() Denotes cluster

**SANTA FE COMMUNITY COLLEGE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

---

**JUNE 30, 2014**

- Note 1** Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as unearned revenues until earned.
- Note 2** The period of availability for federal funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provision in Section H-Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
- Note 3** This schedule was prepared on the accrual basis of accounting.
- Note 4** Santa Fe Community College is not a direct participant in federally funded student loan programs where it enables them to track outstanding balances of the loans.
- Note 5** Federal Direct loans (CFDA No. 84.268) advanced to students in fiscal year 2014 totaled \$5,321,574.



**(This page intentionally left blank)**

**SANTA FE COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  x  Yes   No

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

Noncompliance material to financial statements noted?   Yes  x  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) if identified?   Yes  x  No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063	<b>Student Financial Aid Cluster</b> Federal PELL Grant Program Federal SEOG Program Federal Work Study Program Federal Direct Student Loans
84.007	
84.033	
84.268	
84.042	<b>TRIO Cluster</b> TRIO-Student Support Services
17.274	Youthbuild

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

Auditee qualified as low-risk auditee under the requirements set forth by OMB Circular A-133 section 530?   Yes  x  No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**B. FINDINGS—FINANCIAL STATEMENT AUDIT**

**FS 2012-002 (FS 12-02) –Procurement Procedures (Other Matter) (Repeated and Modified from Material Weakness)**

**Condition:** During testwork regarding compliance with the New Mexico Procurement Code, the College provided bid documents for 11 bids/proposals but failed to maintain sufficient records to support the assertion that management complied with the required level of documentation for procurement. The following issues were noted:

- In two samples, there was no documentation that written notice was provided to the awarded bidder with reasonable promptness.
- In two samples, there was no documentation that a five percent preference will be given to a bidder growing, producing, processing, or manufacturing materials within New Mexico.
- In two samples, there was no documentation that a five percent preference will be given to a resident dealer within New Mexico for goods and services.

**Criteria:** Auditing Standards state that the management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements. Good accounting policies require that the College be able to produce documentation of contracts.

The New Mexico Procurement Code, Section 13-1-1 to 13-1-199, NMSA 1978 documents the requirements required by the Purchasing Act. Such requirements include:

- 1) For single purchases in excess of \$60,000 for tangible property or in excess of \$60,000 for services, sealed, written bids must be solicited.
- 2) Notice of sealed bids must be published in a newspaper of general circulation within 10 days prior to opening the bids.
- 3) A five percent preference is given to a bidder growing, producing, processing, manufacturing, or is a resident dealer for goods and services in the State of New Mexico.
- 4) The bid is awarded to the lowest bidder, except in the instance that one or more bidders have been evaluated as having a higher score than the lowest bidder.
- 5) Written notice is provided to the awarded bidder with reasonable promptness.

**Effect:** Without appropriate supporting documentation, the College has no assurance that all revenues and disbursements have been properly authorized and disbursed in accordance with applicable grant agreements and follow good accounting procurement practices. When files are disorganized, this provides for the possibility that noncompliance with the Procurement Code could go unnoticed by management.

**Cause:** The College did not comply with the procurement code and ensure that all documentation was maintained in the proposal/bid file.

**Auditors’ Recommendation:** All documentation should be kept in the file including requests that include preferences will be given to certain entities, newspaper clippings showing the date of circulation and who is circulating the advertisement, documentation of the official opening of bids/proposals, evaluation sheets completed by the responsible individuals, and documented written notice of awarding the bidder.

**Views of Responsible Officials and Planned Corrective Actions:** Management is implementing new software (Contract Director) which replaces the previous method of electronically filing all documents. This software is specifically designed for all phases of contract management, including imaging. Management is also re-instituting manual filing of RFPs/IFBs to run parallel with Contract Director for FY-15 to assure compliance with record keeping requirements per the Procurement Code. In addition, management will be completing mandatory certification for Chief Procurement Officers involving training in all areas of procurement. Additionally, the procurement manual is under active review to ensure it reflects robust procedures that will ensure compliance with institutional policy and state statutes.

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

**FS 2012-015 (FS 12-15) – Human Resources – I-9s (Other Matter) (Repeated/Modified)**

**Condition:** During our follow up of the prior year finding, we noted one instance in which an employee I-9 could not be located, out of 10 employees tested.

**Criteria:** The College has established policies and procedures that require the information within the files be complete and accurate.

**Effect:** The College was not in compliance with their payroll policies and procedures and government requirements.

**Cause:** Those responsible for I-9 preparation did not comply with existing internal controls in place requiring the proper completion of Form I-9.

**Auditors' Recommendations:** We recommend that the College review all employee personnel files to ensure all required documents are maintained. Also, the hiring process should be evaluated and adjusted in order to obtain and maintain a complete personnel file for each employee.

**Views of Responsible Officials and Planned Corrective Actions:** The College has reviewed the files of employees active on 10/24/14, 907 files. Five I-9 records were found incomplete. Employees and their managers were notified of missing documentation by email, phone calls, and certified letters on 11/12/14. Employees were given three business days to complete documentation. Requested extensions were granted to employees who are infrequently on campus, such as only one day a week, or who are out of state or country. Two of the five are out of state or country. On 11/18/14 a final decision will be made regarding sending employees, who have not complied, home without pay. If they do not return within the next three business days with appropriate documentation, they will be assumed to have resigned. Proposed revisions to the hiring policy and procedure include not being paid unless paperwork is completed within the first three days of employment, as permitted by law. Proposed revisions to the personnel records policy and procedure include an internal review schedule and industry standard checklist of personnel record contents and how they are stored. Personnel records are proposed for inclusion in the upcoming, 2015-2016 cycle of document imaging and electronics record storage.

**FS 2013-001 – Stale Dated Checks – (Other Matter) (Repeated/Modified)**

**Condition:** The College maintained 40 checks totaling \$7,686.14 in the outstanding checks listing of Wells Fargo Operational bank reconciliation and 16 checks totaling \$1,880.99 in the Wells Fargo Payroll bank reconciliation that were dated over one year old at June 30, 2014.

**Criteria:** Chapter 7 Article 8A, NMSA 1978, and related regulations require that the College provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

**Effect:** The College is in violation of state statutes regarding stale-dated checks. Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

**Cause:** The College did not implement a process to account for stale dated outstanding checks and did not void these checks on a timely basis.

**Auditors' Recommendations:** We recommend the College implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend they be voided, replaced or submitted to the Property Division of New Mexico Taxation and Revenue Department as required.

**Views of Responsible Officials and Planned Corrective Actions:** The College is currently working on a redefinition of stale-dated check processing. The new procedure will incorporate both timely due diligence efforts to contact check payees and a timely process to account for stale dated checks that is alignment with state statutes.

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

**FS 2013-003 – Travel and Per Diem (Other Matter) (Repeated/Modified)**

**Condition:** During testwork regarding compliance with the Per Diem and Mileage Act, the following issues for the 17 items tested were noted:

- In three instances, pre-approval forms for travel expenses were dated after the time period specified in the College's Travel Expenses and Reimbursement Policy. The travel was approved, but not within the required time frame. The amount of these transactions totaled \$136.61.
- In one instance, actual expenses for the day exceeded the limit by \$5.26.

**Criteria:** Auditing Standards state that the management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that the College be able to produce documentation of all costs incurred.

The Per Diem and Mileage Act, Section 10-8-1 to 10-8-8, NMSA 1978 documents the requirements required by the Act. Such requirements include:

- 6) With prior written approval of the governing board or its designee, a nonsalaried public officer of a public post-secondary education institution, a salaried public officer of a public post-secondary education institution, or a salaried employee of a public post-secondary education institution is entitled to per diem expenses under this subsection and shall receive:
  - a. Reimbursement for actual expenses for lodging; and
  - b. Reimbursement for actual expenses for meals not to exceed \$30.00 per day for in-state travel and \$45.00 per day for out of state travel

**Effect:** The College is at risk of being fined and/or otherwise penalized for not complying with government regulations, and the College is reimbursing more travel expense than is allowed.

**Cause:** The College was not in compliance with the Mileage and Per Diem Act and its internal policies.

**Auditors' Recommendations:** We recommend the College implement a procedure to review the travel and per diem expenditures prior to payment and ensure all reimbursements are in compliance with State Statutes and the College's policy.

**Views of Responsible Officials and Planned Corrective Actions:** Accounts Payable procedures for Travel and Per Diem reimbursement requests will be reviewed and strengthened to assure that any processing errors are detected and corrected prior to payment being made to the traveler.

**FS 2014-001 Financial Close and Reporting (Significant Deficiency)**

**Condition:** During our audit of Santa Fe Community College for the year ended June 30, 2014, we noted that the College did not have procedures and processes, during the year and at year end, in place to allow for the performance of the accounting period close to produce timely and accurate financial information.

**Criteria:** The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring. In addition, within the required elements are 17 principles that must be incorporated in the College's internal control structure.

**Effect:** The Board and Management do not have reliable and timely information to govern and manage the College. In addition, this poses an increased risk of error or fraud in the financial records not being prevented or detected timely.

**Cause:** Turnover in key management and finance personnel contributed to delays and inconsistencies in the financial close and reporting processes.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2014**

**FINDINGS—FINANCIAL STATEMENT AUDIT (continued)**

**Auditors' Recommendations:** The College should adjust its procedures and processes, including dedicating sufficient resources, to outline the financial close and reporting function and ensure timely and accurate financial information is available to the governing body and management.

**Views of Responsible Officials and Planned Corrective Actions:** Procedures will be developed and documented to assure a timely and accurate month-end closing of the ledgers and timely development and submission of monthly and quarterly reports to the Board and to the New Mexico Higher Education Department (HED). These monthly procedures will include reconciliations of liability, financial aid and other accounts to assure that issues are identified and resolved in a timely manner.

A comprehensive, detailed yearend processing plan was developed for fiscal year closing and implemented with 2014. This processing plan was reviewed with staff and task assignments were made. Fiscal year 2014 was an anomaly, as focus was pulled away from yearend closing and audit preparation to address other financial audits and challenges, it is not anticipated that similar circumstances will exist in future years.

For future audits, it is requested that fieldwork be scheduled to start no earlier than the last week of August or early September. This scheduling will allow the time needed for the College to properly close the fiscal year, complete yearend reconciliations and properly prepare for audit.

**FS 2014-002 Noncompliance with IRS Employee vs. Independent Contractors (Other Matter)**

**Condition:** During testwork regarding compliance with IRS Employee vs. Independent Contractors, the College should have issued a W-2 for the 2013 calendar year in the amount of \$1,650, but did not.

**Criteria:** Auditing Standards state that the management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Section 2.2.2.10 H(2)(b) of the State Audit Rule states, "The auditor should test to ensure that agency personal service contractors (1099 employees) meet the IRS tests to qualify as contract labor and that employees with contractor characteristic are properly classified as employees. The relevant IRS criteria for these tests are available in chapter 2 of the IRS Publication 15-A, Employer's Supplemental Tax Guide."

**Effect:** In the event that a personal services contractor is in substance an employee, the governmental agency could be liable for the employee's share of FICA and employer FICA match on the contract payments. The Educational Retirement Board (ERB) could expect excess retirement payments to be refunded in some circumstances.

**Cause:** The College did not comply with ensuring that all personal service contractors and employees were classified correctly.

**Auditors' Recommendation:** ACG recommends that the College ensure that all employees and independent contractors are accounted for appropriately and that all 1099's and W-2's are issued in a timely manner.

**Views of Responsible Officials and Planned Corrective Actions:** The specific instance identified by the audit related to payment of a "stipend" to a student. The term stipend is ambiguous and is used in higher education to describe payments made for a variety of reasons – services rendered, scholarships, fellowships and payments to defray costs. College procedures for making any and all stipend payments will be reviewed and revised to assure that the nature of each such payment is accurately identified and the proper tax withholding and reporting procedures are followed. Financial Services staff, campus budget managers and departmental administrative assistants will be trained on the new procedures to assure a common understanding of the requirements for these types of payments

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2014**

**FINDINGS—FINANCIAL STATEMENT AUDIT (continued)**

**FS 2014-003 – Budget Comparison Revenue Shortfall – (Material Weakness)**

**Condition:** During our review of SFCC’s FY14 budgetary comparison statement for unrestricted and restricted-all operations-we noted that the College utilized assumptions that were, in hindsight not reviewed or not scrutinized at the time, and it led to the following:

- SFCC’s actual revenues for local government appropriations were less than final budgeted amounts by \$1,617,503.
- SFCC’s actual revenues for federal government contracts and grants were less than final budgeted amounts by \$2,882,247.
- SFCC’s actual revenues for state government contracts and grants were less than final budgeted amounts by \$1,748,120.

**Criteria:** Good budget practices require projections of estimated revenues to be reasonable and to be reviewed by the SFCC Board, the New Mexico Higher Education Department and the New Mexico Department of Finance and Administration to ensure the estimate is reasonable prior to sign-off and approval.

**Effect:** The shortfall in revenues contributed to a \$5 million budgetary shortfall that forced the college to begin drawing on its cash reserve amounts. In addition, salary decreases and staff reduction were required, and tuition was increased to make up the shortfall.

**Cause:** In hindsight, the mid-year budget adjustment should have been subjected to higher scrutiny by the parties detailed in the criteria paragraph above. Also in hindsight, a projection used to estimate revenues for local government appropriations in preparation of a mid-year budget adjustment dated December 18, 2013 over estimated the amount of local government appropriations revenue to be received by SFCC. The mid-year budget adjustment increased revenues by \$2,443,277, increased expenditures by \$3,238,363 and decreased transfer \$794,985 for the unrestricted- Instruction and General funds category. The projection for local government appropriations were based on the Chief Financial Officer’s monthly over/under variance analysis that compared budgeted and actual revenue amounts over a three year period between July 1, 2011 and September 30, 2013.

**Auditors’ Recommendations:** We recommend the SFCC Board, the New Mexico Higher Education Department, and the New Mexico Department of Finance and Administration provide stronger oversight by more thoroughly reviewing and verifying revenue projection methodologies performed by management and reviewing to ensure the amount of anticipated revenues is reasonable prior to approval.

**Views of Responsible Officials and Planned Corrective Actions:** This erroneous assumption had far reaching consequences for the College. It led to the College spending a large portion of its cash reserves in FY14 and budgeted expenses that exceeded available funds. Those who made these assumptions no longer are employed by the College. Additionally, the Governing Board and Management responded by approving and implementing finance oversight committee and a Financial Stability plan containing the following actions:

- Ongoing cost reduction of \$3 million consisting of:
  - \$860k reduction in supplies and expenses
  - \$1.3 million in elimination of vacant positions
  - \$888k from a reduction-in-force
- One time reduction totaling \$2 million consisting of:
  - \$1.4 million in across the board pay cuts to all employees making \$30,000 or more per year (cuts range from 2% to 12%)
  - \$600k in to be determined costs cuts and vacancy savings
- Increase all tuition rates by \$5 per credit hour effective January 2015

To ensure financial responsibility, Management has implemented a process to monitor budget status and cash flow on a weekly basis. Furthermore, Management is meeting with HED authorities monthly to review financials.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**C. FINDINGS—FEDERAL AWARDS**

**FA 2014-001 Lack of Internal Controls over Bookstore Purchases (Other Matter)**

**Federal Program Information:**

**Title:** Youthbuild  
**Funding Agency:** Department of Labor  
**Pass Through:** None  
**CFDA Number:** 17.274  
**Award Year and Number:** 2013;YB-23501-12-60-A-35

**Condition:** During testwork over disbursements in major federal programs, we noted two transactions, totaling \$43.24, (out of 40 transactions totaling \$60,226.38) in the Youthbuild program, where supplies were purchased by program staff from the SFCC Bookstore without any documented approvals or review of the transactions. Discussion with management revealed that there are no controls in place over these transactions.

**Questioned Costs:** None

**Criteria:** Per OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Subpart C, auditees are responsible for maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on their federal programs.

**Effect:** Lacking internal controls over purchases made from the bookstore could lead to noncompliance with laws, regulations, and the provisions of the grant agreement for the Youthbuild program.

**Cause:** These types of transactions have been overlooked in the internal control established for the Youthbuild program.

**Auditors' Recommendations:** The College should ensure that all transactions charged to federal programs are appropriately reviewed and approved in accordance with a system of internal controls prior to authorization.

**Views of Responsible Officials and Planned Corrective Actions:** Internal controls over Bookstore purchases will be reviewed, particularly as those procedures relate to charges against grant funds. Procedures will be revised where necessary to assure that all Bookstore purchases are properly authorized and properly documented. Principal investigators will be required to forward copies of Bookstore receipts to Grants Accounting along with an explanation of the purchase and the grant-related use of the items purchased. A monthly control report will be developed and provided to Grants Accounting to aid in monitoring compliance with these new procedures.



**SANTA FE COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2014**

**D. PRIOR YEAR FINDINGS**

2011-001 (FS 11-01)	Timely Reconciliation of Bank Reconciliations (Material Weakness) – Resolved
2012-002 (FS 12-02)	Procurement Procedures - Repeated and Modified
2012-011 (FS 12-11)	Adjusting Journal Entry Approval – Resolved
2012-015 (FS 12-15)	Human Resources – I-9's – Repeated and Modified
2012-017 (FS 12-17)	Budgetary Comparisons – Resolved
2013-001	Stale Dated Checks – Repeated and Modified
2013-002	Purchasing Cards – Resolved
2013-003	Travel and Per Diem – Repeated and Modified
2013-004	Capital Assets Inventory – Resolved
2013-005	IPA Recommendation Form and Contract – Resolved

**SANTA FE COMMUNITY COLLEGE**

**OTHER DISCLOSURES**

**JUNE 30, 2014**

**FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared from the original books and records and with the assistance of the management of Santa Fe Community College as of June 30, 2014 by Accounting and Consulting Group, LLP. The responsibility for these financial statements remains with the College.

**EXIT CONFERENCE - COLLEGE**

The contents of this report and its schedules related to the component unit were discussed on November 14, 2014. This meeting was held in closed session. The following persons were in attendance:

College and Foundation Officials

Auditor

Mr. Linda Siegle, Board President	Ray Roberts, Partner
Ms. Kathy Keith, Board Secretary	
Mr. J. Chris Abeyta, Board Member	
Mr. Randy Grissom, President, SFCC	
Mr. Nick Telles, Vice President of Finance/CFO	
Ms. Diane McElligatt, Financial Director, Payroll and Finance Director - Foundation	
Ms. Amy Tilley, Executive Budget Director	
Mr. Andreas Daddio, Director of Capital Purchases	

Foundation Officials

Ms. Deborah Boldt, Executive Director  
Ms. Diane McElligatt, Finance Director  
Mr. Richard Abeles, President of the Board of Directors  
Ms. Rachel Belash, Vice President of the Board of Directors

**EXIT CONFERENCE - FOUNDATION**

The contents of this report and its schedules related to the component unit were discussed on November 11, 2014. This meeting was held in closed session. The following persons were in attendance:

College and Foundation Officials

Auditor

Mr. Randy Grissom, President, SFCC	Robert Cordova, Partner
Mr. Nick Telles, Vice President of Finance/CFO	

Foundation Officials

Ms. Deborah Boldt, Executive Director  
Ms. Diane McElligatt, Finance Director  
Mr. Richard Abeles, President of the Board of Directors  
Ms. Rachel Belash, Vice President of the Board of Directors