



STATE OF NEW MEXICO
SANTA FE COMMUNITY COLLEGE
FINANCIAL STATEMENTS
With
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2015

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SANTA FE COMMUNITY COLLEGE
TABLE OF CONTENTS
JUNE 30, 2015

	<u>Statement/ Schedule</u>	<u>Page</u>
Table of Contents		3
Official Roster		5
Independent Auditors’ Report		6-7
Management’s Discussion and Analysis		8-11
Financial Section:		
Basic Financial Statements:		
Statement of Net Position		12-13
Statement of Revenues, Expenses and Changes in Net Position		14
Statement of Cash Flows		15
Statement of Fiduciary Assets and Liabilities		17
Notes to the Financial Statements		18-41
Required Supplementary Information		
Schedule of Proportionate Share of the Net Pension Liability	I	44
Schedule of Contributions	II	45
Notes to Required Supplementary Information		46
Supplemental Information:		
Statement of Revenues, Expenditures and Changes in Fund Balance		
Budget (Non-GAAP Budgetary Basis) and Actual		
Unrestricted and Restricted - All Operations	A-1	48
Restricted – Instruction and General	A-2	49
Unrestricted- Instruction and General	A-3	50
Reconciliation of Budgetary Basis to Financial Statement Basis – Unrestricted And Restricted – All Operations	A-4	51
Supporting Schedules:		
Agency Funds – Schedule of Changes in Fiduciary Assets and Liabilities	III	55
Schedule of Deposit and Investment Accounts	IV	56-57
Schedule of Collateral Pledged by Depository	V	59
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	VI	60-61
Compliance Section:		
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>		64-65
Independent Auditors’ Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133		68-69
Schedule of Expenditures of Federal Awards	VII	70-71
Notes to Schedule of Expenditures of Federal Awards		73
Schedule of Findings and Questioned Costs		75-83
Other Disclosures		84

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SANTA FE COMMUNITY COLLEGE
OFFICIAL ROSTER
JUNE 30, 2015

Name	BOARD MEMBERS	Title
Dr. Martha Romero		Chair
Kathy Keith		Vice Chair
Pablo Sedillo		Secretary
Linda Siegle		Member
Jack Sullivan		Member

**ADMINISTRATIVE
OFFICIALS**

Randy Grissom		President
Nick Telles		Chief Financial Officer
Jeremy Lovato		Interim - Chief Information Officer
Dr. Carmen Gonzales		Vice President for Student Success
Margaret Peters		Vice President of Academic Affairs
Janet Wise		Executive Director of Marketing and Public Relations

SFCC FOUNDATION

Deborah Boldt		Director of Development/Executive Director of SFCC Foundation
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BOARD MEMBERS

Richard Abeles		President
Dr. Rachel Belash		Vice President
Dr. Carmen Gonzales		Secretary
Rosemary Palazzi Mulcahy		Treasurer



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The U.S. Office of Management and Budget and
Board Members
Santa Fe Community College
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit and the fiduciary fund of Santa Fe Community College (the "College"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplemental information as defined by the Government Accounting Standards Board, for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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 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 College'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 College'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 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, the discretely presented component unit and the fiduciary fund of Santa Fe Community College, as of June 30, 2015, 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, and Schedules I, II, and the Notes to the Required Supplementary Information on pages 44 through 46, 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 State, Local Governments, and Non-Profit Organizations* and *Supporting Schedules III through V required by 2.2.2 NMAC* are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards* and *Supporting Schedules III through V required by 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 Awards* and *Supporting Schedules III through V required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 12, 2015

**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, a Statement of Cash Flows and Notes to the Financial Statements.

Condensed Financial Information

Assets and Deferred Outflows of Resources	2015	2014	2013
Current assets	\$ 10,397,084	\$ 20,564,721	\$ 29,932,521
Capital and other assets	104,871,637	99,818,270	96,645,701
Deferred outflows of resources	3,470,696	-	-
Total Assets and Deferred Outflows of Resources	<u>118,739,417</u>	<u>120,382,991</u>	<u>126,578,222</u>
Liabilities and Deferred Outflows of Resources			
Current liabilities	10,434,718	14,231,851	12,998,700
Noncurrent liabilities	68,952,297	28,788,884	34,402,029
Deferred inflows of resources	4,756,994	-	-
Total Liabilities and Deferred Outflows of Resources	<u>84,144,009</u>	<u>43,020,735</u>	<u>47,400,729</u>
Net Position			
Net investment in capital assets	71,588,145	69,665,786	47,423,349
Restricted	5,153,337	5,466,538	7,981,754
Unrestricted	(42,146,074)	2,229,932	23,772,390
Total Net Position	<u>\$ 34,595,408</u>	<u>\$ 77,362,256</u>	<u>\$ 79,177,493</u>

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,595,408 at the close of the fiscal year. Of this amount, (\$42,146,074) is unrestricted.
- Cash and cash equivalents decreased from \$12,868,810 at the beginning of the year to \$4,902,483 at the end of the fiscal year. (Much of the decrease is attributable to the expenditure of bond proceeds for project related expenses). Investments decreased from \$1,554,072 at the beginning of the year to \$5,754 at the end of the fiscal year.
- Net Position as shown in the previously reported schedule decreased to \$34,595,408 in comparison to \$77,362,256 at the end of fiscal year 2014. This change included a restatement of net position at the beginning of the year in the amount of (\$45,960,720). This is a result of the College implementing GASB Statement No. 68 and GASB Statement No. 71 relating to the Net Pension Liability of the College. 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 increase in net position, excluding any restatement items, for fiscal year 2015 was \$3,193,872 compared to a decrease in net position of \$(1,547,883) for fiscal year 2014.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 15,745,578	\$ 14,920,460	\$ 16,225,182
Operating Expenses	<u>(56,293,756)</u>	<u>(61,436,865)</u>	<u>(58,780,801)</u>
Operating Loss	(40,548,178)	(46,516,405)	(42,555,619)
Non-Operating Revenues (Expenses)	<u>43,742,050</u>	<u>44,968,522</u>	<u>41,015,413</u>
Change in Net Position	<u>\$ 3,193,872</u>	<u>\$ (1,547,883)</u>	<u>\$ (1,540,206)</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. From fiscal year 2014 to 2015, SFCC has seen an increase in operational revenues of 5.5%, from \$14,920,460 at the end of fiscal year 2014 to \$15,745,578 at the end of fiscal year 2015. The increase in operational revenues is primarily due to substantial increases in tuition and fees.

Operating Revenues

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tuition and fees, net	\$ 4,931,109	\$ 3,869,859	\$ 4,073,695
Government grants and contracts	4,256,548	4,442,648	5,188,104
State and other grants and contracts	2,103,354	2,059,278	2,253,814
Non-government grants and contracts	285,012	140,284	993,207
Gifts, bequests and endowments	569,400	505,986	-
Sales and services of educational activities	978,372	860,676	683,203
Auxiliary enterprises	<u>2,621,783</u>	<u>3,041,729</u>	<u>3,033,159</u>
Operating Revenues	<u>\$ 15,745,578</u>	<u>\$ 14,920,460</u>	<u>\$ 16,225,182</u>

At the same time, operational expenses have increased for the college. In 2014 operating expenses at the end of the fiscal year totaled \$61,436,865 and in 2015, at the same time period, operational expenses were \$56,293,756. The primary cause for the decrease in expenditures is institutional support expenses have decreased from \$8,250,614 at fiscal year end 2014 to \$6,303,146 at fiscal year end 2015 and operations and maintenance expense have decreased from \$4,745,215 at fiscal year end 2014 to \$3,132,027 at fiscal year end 2015. Additionally, student aid has decreased by 7%, from \$6,794,393 at fiscal year end 2014 to \$6,324,393 at fiscal yearend 2015. The total decrease in operating expenses from fiscal year end 2014 to 2015 is approximately 8%.

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

Management's Discussion and Analysis

Operating Expenses

	2015	2014	2013
Instruction	\$ 20,554,470	\$ 19,663,916	\$ 18,243,875
Academic support	3,346,372	3,874,351	3,888,303
Student services	3,646,250	4,112,696	3,691,669
Institutional support	6,303,146	8,250,614	6,070,438
Operation and maintenance of plant	3,132,027	4,745,215	4,407,291
Student activities	80,964	76,467	91,200
Student aid	6,324,393	6,794,393	6,232,338
Public services	6,843,081	6,772,422	7,320,049
Auxiliary enterprises	2,626,924	2,861,870	3,043,365
Building renewal and replacements	108,526	142,060	963,129
Capital outlay	-	993,340	1,078,652
Depreciation and amortization	3,327,603	3,149,521	3,392,858
Other operating	-	-	346,363
Internal services	-	-	11,271
Operating Expenses	\$ 56,293,756	\$ 61,436,865	\$ 58,780,801

The following schedule summarizes the College's non-operating revenues and expenses of \$43,742,050 for the fiscal year ended June 30, 2015. The ending balance for non-operating revenues and expenses for fiscal year 2015 is a realized decrease in revenue over expense of \$1,226,472 compared to the previous year. From fiscal year end 2015 compared to 2014, the College has realized revenue decreases from Pell grants in the amount of \$1,285,131, noncapital state appropriations increased \$225,709, operational property taxes (mill levy) decreased by \$201,800 and debt service property taxes (mill levy) decreased by \$591,485.

Non-Operating Revenues and Expenses

	2015	2014	2013
Federal pell grant	\$ 7,122,664	\$ 8,407,795	\$ 7,694,963
State appropriations	14,849,955	14,624,246	12,589,395
Local appropriations - operating	16,525,166	16,726,966	15,609,803
Local appropriations - debt service	5,471,423	6,062,908	5,771,387
Investment gain (loss)	1,100	2,758	15,883
Interest expense and other related debt	(567,488)	(663,738)	(793,005)
Other income	401,310	150,622	144,095
Loss on disposal assets	(62,080)	(343,035)	(17,108)
Non-Operating Revenues and Expenses	\$ 43,742,050	\$ 44,968,522	\$ 41,015,413

**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 exceeded the anticipated budgeted revenue estimate for unrestricted instruction and general. Anticipated revenues for the year ending June 30, 2015 was a final budgeted amount of \$33,835,191 and actual revenues received for the same time period was \$34,362,666. This resulted in a budget to actual surplus of \$527,475 for the year ending June 30, 2015. Actual expenses exceeded the final anticipated budgeted amount for instruction and general by \$226,332. 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 were completed in the fiscal year 2014-15 or earlier. The original bond issue was used for main campus improvements and upgrades. Completed in the current year was 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. These construction projects were completed and reclassified from construction in progress and into buildings and infrastructure capital assets in the current year.

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, 2015**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government	Component Unit
Current assets:		
Cash and cash equivalents	\$ 4,902,483	\$ 1,229,362
Short-term investments	5,754	6,262,144
Accounts receivable, net	4,534,256	-
Due from component unit	101,164	-
Inventory	459,285	-
Prepaid expenses	394,142	22,551
Total current assets	10,397,084	7,514,057
Non-current assets:		
Restricted cash and cash equivalents	5,528,492	-
Capital assets, net	99,343,145	541,060
Total non-current assets	104,871,637	541,060
Total assets	115,268,721	8,055,117
Deferred outflows of resources:		
Employer contributions subsequent to the measurement date	2,991,748	-
Change in proportion	478,948	-
Total deferred outflows of resources	3,470,696	-
Total assets and deferred outflows of resources	\$ 118,739,417	\$ 8,055,117

The accompanying notes are an integral part of these financial statements

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Primary Government	Component Unit
Current liabilities:		
Accounts payable	\$ 2,487,612	\$ -
Accrued expenses	1,019,211	-
Annuity payable, current portion	-	3,650
Interest payable	314,386	-
Unearned revenue	991,096	-
Deposits held in trust	17,776	-
Due to primary government	-	101,164
Compensated absences	964,637	-
Current maturity of bonds payable	4,640,000	-
Total current liabilities	10,434,718	104,814
Non-current liabilities:		
Annuity payable, less current portion	-	13,468
Compensated absences	209,516	-
Bond premium	666,061	-
Bonds payable	23,115,000	-
Net pension liability	44,961,720	-
Total non-current liabilities	68,952,297	13,468
Total liabilities	79,387,015	118,282
Deferred inflows of resources:		
Actuarial experience	669,772	-
Investment experience	4,087,222	-
Total deferred inflows of resources	4,756,994	-
Net position:		
Net investment in capital assets	71,588,145	-
Restricted for:		
Nonexpendable scholarship and programs	-	6,511,209
Expendable scholarship and programs	-	805,406
Expendable future debt service requirements	5,153,337	-
Unrestricted	(42,146,074)	620,220
Total net position	34,595,408	7,936,835
Total liabilities, deferred inflows of resources, and net position	\$ 118,739,417	\$ 8,055,117

SANTA FE COMMUNITY COLLEGE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Primary Government	Component Unit
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$2,264,518)	\$ 4,931,109	\$ -
Federal grants and contracts	4,256,548	-
State and other grants and contracts	2,103,354	-
Nongovernment grants and contracts	285,012	-
Auxiliary enterprises	2,621,783	-
Gifts, bequests and endowments	569,400	1,150,085
Sales and services of educational activities	978,372	-
Total operating revenues	15,745,578	1,150,085
Operating expenses:		
Instruction	20,554,470	-
Academic support	3,346,372	-
Student services	3,646,250	-
Institutional support	6,303,146	616,570
Operations and maintenance	3,132,027	-
Student activities	80,964	-
Student aid	6,324,393	317,353
Public services	6,843,081	-
Auxiliary enterprise expenses	2,626,924	-
Building renewal and replacement	108,526	-
Depreciation	3,327,603	-
Total operating expenses	56,293,756	933,923
Operating (loss)	(40,548,178)	216,162
Non-operating revenues (expenses):		
Federal pell grants	7,122,664	-
State appropriations, non-capital	14,849,955	-
Mill levy - operations	16,525,166	-
Mill levy - debt service	5,471,423	-
Investment income (loss)	1,100	32,476
Interest on capital related debt	(567,488)	-
Loss on disposal of capital assets	(62,080)	-
Other income (expense)	401,310	100
Net non-operating revenues (expenses):	43,742,050	32,576
Income (loss) before contributions to Permanent Endowments	3,193,872	248,738
Contributions to Permanent Endowments	-	946,103
Change in net position	3,193,872	1,194,841
Net position, beginning of year	77,362,256	6,741,994
Net position, restatement	(45,960,720)	-
Net position, beginning as restated	31,401,536	6,741,994
Net position, end of year	\$ 34,595,408	\$ 7,936,835

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, 2015

	Primary Government
Cash flows from operating activities:	
Tuition and fees	\$ 6,485,081
Grants and contracts	7,132,960
Auxiliary enterprise charges	1,723,510
Sales and services of educational activities	978,372
Payments to employees and for employee benefits	(24,522,856)
Payments to vendors	(31,294,438)
Net cash (used) by operating activities	<u>(39,497,371)</u>
Cash flows from noncapital financing activities:	
State appropriations	14,849,955
Federal pell grants	7,122,664
Mill levies	22,187,690
Other receipts or (disbursements)	401,310
Net cash provided by noncapital financing activities	<u>44,561,619</u>
Cash flows from capital financing activities:	
Principal payments on long term debt	(5,300,000)
Interest paid	(839,400)
Net cash (used) by capital financing activities	<u>(6,139,400)</u>
Cash flows from investing activities:	
Purchase of capital assets	(8,958,508)
Proceeds from sale of investments	1,549,418
Net cash (used) by investing activities	<u>(7,409,090)</u>
Net decrease in cash and cash equivalents	(8,484,242)
Cash and cash equivalents - beginning of year	<u>18,915,217</u>
Cash and cash equivalents - end of year	<u>\$ 10,430,975</u>
Operating Loss	\$ (40,548,178)
Reconciliation of operating loss to net cash used by operating activities:	
Depreciation expense	3,327,603
Net pension expense	287,298
Changes in assets and liabilities:	
Accounts receivable, net	538,526
Inventory	55,420
Prepaid expenses and other assets	(94,415)
Accounts payable	(2,871,297)
Accrued liabilities	(400,873)
Unearned revenue	35,819
Compensated absences	160,920
Other liabilities	11,806
Net cash (used) by operating activities	<u>\$ (39,497,371)</u>

The accompanying notes are an integral part of these financial statements

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SANTA FE COMMUNITY COLLEGE

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 250,099
Accounts receivable	1,404
Total current assets	<u>251,503</u>
Non-current assets:	
Capital assets, net of accumulated depreciation of \$262,319	<u>55,234</u>
Total non-current assets	<u>55,234</u>
Total assets	<u>\$ 306,737</u>
LIABILITIES	
Due to other organizations	<u>\$ 306,737</u>
Total liabilities	<u>\$ 306,737</u>

The accompanying notes are an integral part of these financial statements

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 2015 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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

During the year ended June 30, 2015, the College adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Financial Statement Presentation (continued)

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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.

Because the Foundation does not participate in such a pension, the implementation of GASB 68 is not expected to have a significant impact on the Foundation’s financial statements.

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.

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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2015 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.

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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$2,340,793 as of June 30, 2015 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, 2015 totaled \$2,264,518.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 2015, 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, net pension liability calculations, and the current portion of accrued compensated absences.

22. Pensions

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

23. Reclassification

Certain reclassifications were made to the 2014 financial statement presentation in order to conform to the 2015 financial statement presentation. The reclassifications had no effect on the previously reported change in net position.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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 48 through 51 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, 2015.

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

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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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, 2015, \$11,255,850 of the College's bank balance of \$11,785,071 was exposed to custodial credit risk. \$9,541,048 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the College's name and \$1,714,802 was uninsured and uncollateralized.

	Primary Government			Total
	Bank of Albuquerque	First National Bank of Santa Fe	Wells Fargo Bank	
Amount of deposits	\$ 5,528,492	\$ 29,221	\$ 6,227,358	\$ 11,785,071
FDIC coverage	(250,000)	(29,221)	(250,000)	(529,221)
Total uninsured public funds	<u>5,278,492</u>	<u>-</u>	<u>5,977,358</u>	<u>11,255,850</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the College's name	5,278,492	-	4,262,556	9,541,048
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,714,802</u>	<u>\$ 1,714,802</u>
Collateral requirement (50%)	\$ 2,639,246	\$ -	\$ 2,988,679	\$ 5,627,925
Pledged securities	6,549,942	-	4,262,556	10,812,498
Over (under) collateralization	<u>\$ 3,910,696</u>	<u>\$ -</u>	<u>\$ 1,273,877</u>	<u>\$ 5,184,573</u>

The collateral pledged is listed on Schedule V 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, 2015, with board approval, the College has invested \$5,754 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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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. At June 30, 2015, the WAM-R was 54.6 days and WAM-F was 77.7 days.

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, 2015, 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, 2015:

	<u>Rating</u>	<u>Fair Value</u>
New MexiGROW LGIP	AAAm	\$ 5,754

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	\$ 11,785,071
New Mexico LGIP	<u>5,754</u>
Total deposits and investments	11,790,825
Petty cash	53,914
Subtract reconciling items	<u>(1,157,911)</u>
Total net deposits and investments	<u>\$ 10,686,828</u>
Statement of Net Position	
Cash and cash equivalents	\$ 4,902,483
Short-term investments	5,754
Restricted cash and cash equivalents	5,528,492
Agency cash	<u>250,099</u>
Cash and cash equivalents and Investments, end of year per statement of net position	<u>\$ 10,686,828</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, 2015

NOTE 4 – ACCOUNTS RECEIVABLE

The College's accounts receivable at June 30, 2015 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	\$ 1,906,190
Grants and contracts	1,746,637
Mill levy	2,340,793
Other	473,711
	<u>6,467,331</u>
Less allowance for uncollectible accounts	<u>(1,933,075)</u>
Net total accounts receivable	<u>\$ 4,534,256</u>

NOTE 5 – ACCRUED EXPENSES

The College's accrued expenses at June 30, 2015 are as follows:

Accrued salaries payable	\$ 436,026
Accrued benefits payable	445,684
Accrued payroll taxes	134,771
Gross receipts tax	2,730
	<u>1,019,211</u>
Total accrued expenses	<u>\$ 1,019,211</u>

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2015, as reported in the Statement of Net Position. Construction in progress, artwork, and land are not subject to depreciation.

	Balance June 30, 2014	Adjustments	Additions	Deletions	Balance June 30, 2015
Capital assets, not depreciated:					
Construction in progress	\$ 7,261,144	\$ (7,261,144)	\$ 19,761	\$ -	\$ 19,761
Artwork	128,521	-	21,638	-	150,159
Land	5,868,799	-	-	-	5,868,799
Total capital assets, not depreciated	<u>13,258,464</u>	<u>(7,261,144)</u>	<u>41,399</u>	<u>-</u>	<u>6,038,719</u>
Capital assets, depreciated:					
Land and Leasehold Improvements	3,844,156	-	-	-	3,844,156
Buildings	96,113,014	4,442,342	5,904,182	-	106,459,538
Infrastructure	9,743,475	2,818,802	1,953,772	-	14,516,049
Library books	1,278,976	-	-	(15,849)	1,263,127
Training center	-	-	-	-	-
Equipment, furnishings, and software	8,699,642	-	1,059,155	(295,650)	9,463,147
Total capital assets, depreciated	<u>119,679,263</u>	<u>7,261,144</u>	<u>8,917,109</u>	<u>(311,499)</u>	<u>135,546,017</u>
Accumulated depreciation:					
Land and Leasehold Improvements	3,312,832	-	73,459	-	3,386,291
Buildings	24,477,921	-	2,088,702	-	26,566,623
Infrastructure	4,640,530	-	378,042	-	5,018,572
Library books	1,267,389	-	8,618	(15,849)	1,260,158
Training center	2,457	(2,457)	-	-	-
Equipment, furnishings, and software	5,464,735	-	778,782	(233,570)	6,009,947
Total accumulated depreciation	<u>39,165,864</u>	<u>(2,457)</u>	<u>3,327,603</u>	<u>(249,419)</u>	<u>42,241,591</u>
Net book value	<u>\$93,771,863</u>	<u>\$ 2,457</u>	<u>\$ 5,630,905</u>	<u>\$ (62,080)</u>	<u>\$99,343,145</u>

During the year ended June 30, 2015, the College adjusted accumulated depreciation, in the amount of \$2,457, from the removal of the training center that was reclassified as part of the agency fund assets and liabilities in the prior year.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS (continued)

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2015, as reported in the Statement of Fiduciary Assets and Liabilities:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, depreciated:				
Training center	\$ 363,099	\$ -	\$ (46,837)	\$ 316,262
Equipment, furnishings, and software	1,291	-	-	1,291
Total capital assets, depreciated	<u>364,390</u>	<u>-</u>	<u>(46,837)</u>	<u>317,553</u>
			-	
Accumulated depreciation:				
Training center	273,279	23,993	(36,244)	261,028
Equipment, furnishings, and software	1,291	-	-	1,291
Total accumulated depreciation	<u>274,570</u>	<u>23,993</u>	<u>(36,244)</u>	<u>262,319</u>
Net book value	<u>\$ 89,820</u>	<u>\$ (23,993)</u>	<u>\$ (10,593)</u>	<u>\$ 55,234</u>

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.

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.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Plan Description (continued)

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, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% 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, 2015, 2014, and 2013 were \$435,177, \$449,524, and \$431,612, respectively, which equal the required contributions for each year.

NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD

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

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

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

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

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

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

Contributions. The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the College were \$2,991,748 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the College reported a total liability of \$44,961,720 for their proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the College's proportion was .78801 percent, which was an increase of .01028 from its proportion measured as of June 30, 2013.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

For the year ended June 30, 2015, the College recognized a total pension expense of \$3,279,046. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 669,772
Net difference between projected and actual earnings on pension plan investments	-	4,087,222
Changes in proportion and differences between contributions and proportionate share of contributions	478,948	-
College's contributions subsequent to the measurement date	<u>2,991,748</u>	<u>-</u>
Total	<u>\$ 3,470,696</u>	<u>\$ 4,756,994</u>

\$2,991,748 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued): Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(1,088,066)
2017	(1,088,066)
2018	(1,080,115)
2019	(1,021,799)
2020	-
Thereafter	-

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Actuarial Assumptions (continued)

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

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

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

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	\$ 61,175,608	\$ 44,961,720	\$ 31,418,678

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

Payables to the pension plan. Santa Fe Community College remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2015, the College owed the ERB \$419,445 for the contributions withheld in the month of June 2015.

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, 2015, the Santa Fe Community College contributed \$93,772 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, 2014 to June 30, 2015.

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015.

NOTE 12 – COMMITMENTS

At June 30, 2015, the College had no outstanding material commitments.

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, 2015 as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Current
Accrued compensated absences	\$ 973,136	\$ 1,080,962	\$ 879,945	\$ 1,174,153	\$ 964,637

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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%	2.00%-4.00%
Maturity Date:	8/1/2015	8/1/2020	8/1/2024

Long-term liabilities for the year ended June 30, 2015 were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within One Year
General obligation bonds					
Series 2009	\$ 1,400,000	\$ -	\$ 900,000	\$ 500,000	\$ 500,000
Series 2010	18,255,000	-	1,100,000	17,155,000	2,840,000
Series 2013	13,400,000	-	3,300,000	10,100,000	1,300,000
Total Long-Term Debt	\$ 33,055,000	\$ -	\$ 5,300,000	\$ 27,755,000	\$ 4,640,000

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
2016	\$ 500,000	\$ 5,000	\$ 505,000
Totals	\$ 500,000	\$ 5,000	\$ 505,000

SANTA FE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – BONDS PAYABLE (continued)

Bond Series 2010 Year Ending June 30,	Principal Payments	Interest	Total Debt Service
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	2,650,000	107,675	2,757,675
2021	2,485,000	37,275	2,522,275
Totals	<u>\$ 17,155,000</u>	<u>\$ 1,196,241</u>	<u>\$ 18,351,241</u>

Bond Series 2013 Year Ending June 30,	Principal Payments	Interest	Total Debt Service
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	1,000,000	156,000	1,156,000
2021-2025	4,800,000	274,000	5,074,000
Totals	<u>\$ 10,100,000</u>	<u>\$ 1,460,000</u>	<u>\$ 11,560,000</u>

NOTE 15 – OPERATING LEASE

The College leases copiers under an operating lease. At June 30, 2015, future minimum lease payments applicable to the operating lease are as follows:

Operating Lease Year Ending June 30,	
2016	\$ 184,041
2017	184,041
2018	46,010
	<u>\$ 414,092</u>

SANTA FE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 12, 2015, which is the date on which the financial statements were available to be issued.

NOTE 18 – SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The College is still evaluating how this pronouncement will effect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The College is still evaluating how this pronouncement will effect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the College's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The College expects the pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The College expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The College is still evaluating how this pronouncement will effect the financial statements.

SANTA FE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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 at the beginning of the year in the amount of (\$45,960,720), which was required for implementation of GASB Statement No. 68 and GASB Statement No. 71. The adjustment reflects a beginning net pension liability of (\$48,816,956) and a beginning of deferred outflow of resources – employer contributions subsequent to the measurement date of \$2,856,236.

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REQUIRED SUPPLEMENTARY INFORMATION

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS*

	2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u>)
Santa Fe Community College's proportion of the net pension liability (asset)	0.7880%
Santa Fe Community College's proportionate share of the net pension liability (asset)	\$ 44,961,722
Santa Fe Community College's covered-employee payroll	22,555,675
Santa Fe Community College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Santa Fe Community College will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

SANTA FE COMMUNITY COLLEGE**SCHEDULE OF CONTRIBUTIONS****EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS***

	2015
Contractually required contribution	<u>\$ 2,991,748</u>
Contributions in relation to the contractually required contribution	<u>2,991,748</u>
Contribution deficiency (excess)	<u>\$ -</u>
Santa Fe Community College covered-employee payroll	21,854,222
Contribution as a percentage of covered-employee payroll	13.69%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Santa Fe Community College will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

SANTA FE COMMUNITY COLLEGE

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

Per the ERB FY14 annual audit Management Discussion and Analysis, ERB conducts an actuarial experience study every two years. The actuarial experience study, presented to the Board of Trustees on April 26, 2013, compiled data for the six-year period ending June 30, 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *Pension Plan – Educational Retirement Board, General Information on the Pension Plan*

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ 7,416,924	\$ 6,904,156	\$ 7,195,627	\$ 291,471
State government appropriations	10,089,700	10,089,700	14,849,955	4,760,255
Local government appropriations	20,936,288	22,022,157	21,996,589	(25,568)
Federal government contracts and grants	20,676,835	18,995,416	15,272,250	(3,723,166)
State government contracts and grants	1,690,149	697,280	2,103,354	1,406,074
Local government contracts and grants	109,550	200,964	285,012	84,048
Private gifts, grants, and contracts	606,360	374,314	569,400	195,086
Sales and services	3,120,500	2,987,200	3,600,155	612,955
Other	245,000	216,830	402,410	185,580
<i>Total revenues</i>	<u>64,891,306</u>	<u>62,488,017</u>	<u>66,274,752</u>	<u>3,786,735</u>
<i>Expenditures:</i>				
Instruction	20,820,959	35,352,766	20,554,470	14,798,296
Academic support	3,953,240	3,280,521	3,346,372	(65,851)
Student services	5,210,626	3,702,146	3,646,250	55,896
Institutional support	5,822,085	5,825,549	6,303,146	(477,597)
Operation and maintenance of plant	4,215,674	4,262,787	3,132,027	1,130,760
Student social and cultural activities	120,000	101,000	80,964	20,036
Public services	8,090,627	7,762,607	6,843,081	919,526
Internal services	-	8,000	39,074	(31,074)
Student aid, grants, stipends and independent operations	15,596,247	14,402,334	12,481,949	1,920,385
Auxiliary enterprises	2,900,532	2,628,623	2,626,924	1,699
Capital outlay	10,050,948	8,814,434	8,958,509	(144,075)
Building renewal and replacements	200,000	414,020	108,526	305,494
Retirement of indebtedness	6,139,401	6,139,401	5,868,462	270,939
<i>Total expenditures</i>	<u>83,120,339</u>	<u>92,694,188</u>	<u>73,989,754</u>	<u>18,704,434</u>
<i>Net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in Net Position</i>	(18,229,033)	(30,206,171)	(7,715,002)	22,491,169
<i>Beginning Net Position</i>	<u>12,059,535</u>	<u>11,104,089</u>	<u>16,894,682</u>	<u>5,790,593</u>
<i>Ending Net Position</i>	<u>\$ (6,169,498)</u>	<u>\$ (19,102,082)</u>	<u>\$ 9,179,680</u>	<u>\$ 28,281,762</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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ -	\$ -	\$ -	\$ -
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts and grants	5,552,369	18,995,416	2,515,281	16,480,135
State government contracts and grants	1,690,149	697,280	1,750,850	(1,053,570)
Local government contracts and grants	109,550	200,964	94,708	106,256
Private gifts, grants, and contracts	606,360	374,314	675,888	(301,574)
Land and permanent fund	-	-	-	-
Sales and services	-	-	-	-
Other	-	-	66,048	(66,048)
<i>Total revenues</i>	<u>7,958,428</u>	<u>20,267,974</u>	<u>5,102,775</u>	<u>15,165,199</u>
<i>Expenditures:</i>				
Instruction	4,940,305	19,022,112	3,596,486	15,425,626
Academic support	1,389,981	941,292	1,194,111	(252,819)
Student services	1,621,465	304,570	291,153	13,417
Institutional support	-	-	15,000	(15,000)
Operation and maintenance of plant	6,677	-	6,025	(6,025)
Student social and cultural activities	-	-	-	-
Public services	-	-	-	-
Internal 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>20,267,974</u>	<u>5,102,775</u>	<u>15,165,199</u>
<i>Net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in Net Position</i>	-	-	-	-
<i>Beginning Net Position</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Tuition	\$ 7,296,924	\$ 6,803,156	\$ 7,000,444	\$ 197,288
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	10,089,700	10,089,700	9,813,002	(276,698)
Local government appropriations	15,690,688	16,430,706	16,525,166	94,460
Federal government contracts and grants	-	-	141,997	141,997
State government contracts and grants	-	-	-	-
Local government contracts and grants	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Land and permanent fund	-	-	-	-
Sales and services	-	294,799	321,516	26,717
Other	245,000	216,830	560,541	343,711
<i>Total revenues</i>	<u>33,322,312</u>	<u>33,835,191</u>	<u>34,362,666</u>	<u>527,475</u>
<i>Expenditures:</i>				
Instruction	15,880,654	16,330,654	16,939,199	(608,545)
Academic support	2,563,259	2,339,229	2,412,912	(73,683)
Student services	3,589,161	3,397,576	3,252,940	144,636
Institutional support	5,822,085	5,825,549	6,260,270	(434,721)
Operation and maintenance of plant	4,208,997	4,262,787	3,470,882	791,905
Student social and cultural activities	-	-	-	-
Public services	-	-	20,085	(20,085)
Internal services	-	-	18,047	(18,047)
Student aid, grants stipends and independent operations	-	-	-	-
Auxiliary enterprises	-	-	7,605	(7,605)
Capital Outlay	-	-	-	-
Building renewal and replacements	-	-	187	(187)
Retirement of indebtedness	-	-	-	-
<i>Total expenditures</i>	<u>32,064,156</u>	<u>32,155,795</u>	<u>32,382,127</u>	<u>(226,332)</u>
<i>Net transfers</i>	<u>(1,274,479)</u>	<u>(1,200,000)</u>	<u>1,178,633</u>	<u>2,378,633</u>
<i>Change in Net Position</i>	(16,323)	479,396	3,159,172	2,679,776
<i>Beginning Net Position</i>	<u>2,076,419</u>	<u>1,281,433</u>	<u>1,296,027</u>	<u>14,594</u>
<i>Ending Net Position</i>	<u>\$ 2,060,096</u>	<u>\$ 1,760,829</u>	<u>\$ 4,455,199</u>	<u>\$ 2,694,370</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, 2015****Total Unrestricted and Restricted Revenues:**

Budgetary Basis	\$ 66,274,752
Reconciling Items:	
Scholarship allowance (not in budgetary basis)	(2,264,518)
Direct loans (not in budgetary basis)	(3,893,038)
Total reconciling items	<u>(6,157,556)</u>

GAAP Basis	<u>\$ 60,117,196</u>
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Basic Financial Statements

Operating revenues	\$ 15,745,578
Non-operating revenues	<u>44,371,618</u>

Total Unrestricted and Restricted Revenues per Financial Statements	<u>\$ 60,117,196</u>
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Total Unrestricted and Restricted Expenditures:

Budgetary Basis	\$ 73,989,754
Reconciling Items:	
Bond Payment (not in financial statements)	(5,300,000)
Scholarship allowance (not in budgetary basis)	(2,264,518)
Capital outlay (not in financial statements)	(8,958,508)
Direct loans (not in budgetary basis)	(3,893,038)
Loss on disposal of capital assets (not in budgetary basis)	62,080
Other items	(40,049)
Depreciation expense (not in budgetary basis)	3,327,603
Total reconciling items	<u>(17,066,430)</u>

GAAP Basis	<u>\$ 56,923,324</u>
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Basic Financial Statements

Operating expenditures	\$ 56,293,756
Non-operating expenditures	<u>629,568</u>

Total Unrestricted and Restricted Expenditures per Financial Statements	<u>\$ 56,923,324</u>
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Note: The purpose of the Budget Comparison is to reconcile the change in net position as reported on a budgetary basis to the change in net position as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases 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

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SUPPORTING SCHEDULES

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SANTA FE COMMUNITY COLLEGE

AGENCY FUNDS

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2014	Receipts	Disbursements	June 30, 2015
Phi Theta Kappa Club	\$ 3,803	\$ 1,445	\$ 4,782	\$ 466
Club Cuisine	365	-	-	365
Smiles Club	229	-	48	181
American Society of Interior Designers	1,763	-	-	1,763
Clay Club	7,643	10,825	10,081	8,387
Nursing Club	138	211	107	242
LGBT Pride	63	18	-	81
ASL Deaf & Hard of Hearing	50	649	164	535
The Film Club	384	-	-	384
RT Inspiring	280	-	200	80
Solar Club	3,862	40	-	3,902
Kitchen and Bath Club	400	850	1,240	10
Print Making and Book Art	702	45	747	-
Jewelry Club	74	-	-	74
Student Activities	57	-	-	57
Glass Club	-	3,270	2,734	536
Native American Club	-	295	-	295
Traditional Gaming Society	105	-	-	105
Art Club	4	-	-	4
Dreams	75	-	-	75
Figure Club	95	960	495	560
Bondage Breakers Motivational Club	-	40	-	40
Employee Committee	(1,470)	-	-	(1,470)
SUN On-Line	-	1,875	-	1,875
NMICC	92,371	160,000	145,263	107,108
HJM Reading Materials Study	(750)	-	-	(750)
Higher Education Center	68,469	10,000	-	78,469
Training Center	57,342	-	1,819	55,523
Film Crew Training	679	-	-	679
Film Production	-	-	-	-
Training Center Entrepreneurship	44,110	-	-	44,110
Higher Learning Center - Training Center	-	-	-	-
ATC (Advanced Techn. Ctr)	(53,587)	-	-	(53,587)
Total agency fund cash	\$ 227,256	\$ 190,523	\$ 167,680	\$ 250,099
Accounts Receivable	45,760	1,404	45,760	1,404
Capital Assets	89,820	-	34,586	55,234
Less: Accounts Payable	48	-	48	-
Due to other organizations	\$ 362,788	\$ 191,927	\$ 247,978	\$ 306,737

See independent auditor's report

SANTA FE COMMUNITY COLLEGE
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2015

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	-	-	5,528,492
LGIP Fund	Investment	999	-	-
LGIP 2007 Election Fund	Investment	-	4,755	-
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		<u>999</u>	<u>4,755</u>	<u>5,528,492</u>
Outstanding items		<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 999</u>	<u>\$ 4,755</u>	<u>\$ 5,528,492</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	Century Bank	Fidelity	Total
\$ -	\$ -	\$ 5,755,898	\$ 5,755,898	\$ -	\$ -	\$ -	\$ -
-	471,460	-	471,460	-	-	-	-
29,221	-	-	29,221	-	-	-	-
-	-	-	5,528,492	-	-	-	-
-	-	-	999	-	-	-	-
-	-	-	4,755	-	-	-	-
-	-	-	-	877,599	-	-	877,599
-	-	-	-	5,859	351,154	-	357,013
-	-	-	-	-	-	54,905	54,905
-	-	-	-	-	-	530,303	530,303
-	-	-	-	-	-	2,909,401	2,909,401
-	-	-	-	-	-	2,767,535	2,767,535
29,221	471,460	5,755,898	11,790,825	883,458	351,154	6,262,144	7,496,756
-	(36,407)	(1,121,504)	(1,157,911)	(5,250)	-	-	(5,250)
<u>\$ 29,221</u>	<u>\$ 435,053</u>	<u>\$ 4,634,394</u>	10,632,914	<u>\$ 878,208</u>	<u>\$ 351,154</u>	<u>\$ 6,262,144</u>	7,491,506
		Petty cash	53,914				-
			<u>\$ 10,686,828</u>				<u>\$ 7,491,506</u>
Reconciliation to the Statement of Net Position:							
		Cash and cash equivalents	\$ 4,902,483				\$ 1,229,362
		Restricted cash and cash equivalents	5,528,492				-
		Agency fund cash	250,099				-
		Short-term investment	5,754				6,262,144
		Total deposits and investments	<u>\$ 10,686,828</u>				<u>\$ 7,491,506</u>

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SANTA FE COMMUNITY COLLEGE

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY

JUNE 30, 2015

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2015</u>
Bank of Albuquerque				
	FNA 2013-M7 ASQ2	3/26/2018	3136AEGM3	\$ 5,641,360
	FN AL6163	11/1/2021	3138ENZ51	908,582
	Total Bank of Albuquerque			<u>6,549,942</u>
Name and location of safekeeper for above pledged collateral: Bank of Oklahoma, Oklahoma City, Oklahoma				
Wells Fargo Bank, N.A.				
	FNR 2012-72 DA	9/1/2041	3136A62U7	66,213
	FN AL4430 4.000%	9/1/2043	3138EL4Q3	433,806
	FN AO0110 3.500%	4/1/2042	3138LQDQ4	179,128
	FN AR4239 3.000%	2/1/2043	3138W1V95	1,974,724
	FN AT0335 3.000%	4/1/2043	313WMLR0	541,058
	FN AU0081 3.500%	9/1/2043	3138WZCT7	117,827
	FN AU0924 3.500%	7/1/2043	3138X0A24	14,406
	FN AB2813 4.500%	4/1/2041	31416YDT2	164,730
	FN AB7507 3.000%	1/1/2043	31417EKV2	72,427
	FN MA1003 3.500%	3/1/2042	31418ADH8	677,223
	FN MA1306 3.000%	1/1/2043	31418ANY0	21,014
	Total Wells Fargo Bank, N.A.			<u>4,262,556</u>
Name and location of safekeeper for above pledged collateral: Bank of New York Mellon, New York, New York				
	Total Pledged Collateral			<u>\$ 10,812,498</u>

See independent auditors' report

SANTA FE COMMUNITY COLLEGE

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by: Santa Fe Community College

Title: Chief Procurement Officer

Date: November 12, 2015

<u>RFP#/ RFB#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>
RFP#14/15-47	RFP	Sutin Thayer and Browne, Total Gallegos Legal Group	Based upon hourly rates on an on-call, as needed basis	Price Agreement: \$203,888.80
		Comeau, Maldegen, Templeman & Indall Miller Stratvert Law Offices Montgomery & Andrews Keleher & McLeod Long, Komer & Assoc. Hale & Dixon		
RFP#14/15-44	RFP	Mt. Taylor Manufacturing Spotted Owl Timber, Inc.	Price Agreement: \$14.85/Yd. \$61.89/ton	\$89,100.00 (est)
		Romero's Firewood		
RFP#14/15-48	RFP	Center for Education Policy & Research at UNM CNA Corporation		\$182,108/Yr. 1
		IMPAQ SPR-Social Policy Research Associates Public Policy Associates, Inc.		

See independent auditors' report

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
<p>Two Park Square, Suite 1000, 6565 Americas Parkway, NE, PO BOX 1945, Albuquerque, NM 87103 315 8th Street SW, ABQ 87102 Coronado Bldg., 141 E. Palace Ave., Santa Fe 87504 200 West DeVargas, Ste 9, Santa Fe 87501 325 Paseo de Peralta, Santa Fe 87501 PO Box AA, Albuquerque, 87103 2200 Brothers RD, Santa Fe, 87502 1010 Tijeras AV NW, Albuquerque, 87102</p>	Unknown	Unknown	Legal Services
<p>PO Box 2307, Milan, NM 87021 PO Box 28118, Santa Fe, NM 87592 HC 66, Box 273, A-1 Forest Rd., Mountainair, NM 87036</p>	Unknown	Unknown	Purchase wood chips for boiler on an on-call, as needed basis
<p>UNM-CPER, MSC01 1247-1, 1700 Lomas Blvd., Suite 2200, Albuquerque, New Mexico, 3003 Washington Blvd., Arlington, VA 22201 10420 Little Patuxent Parkway, Suite 300, Columbia, MD 21044 1333 Broadway, Suite 310, Oakland, CA 94612 119 Pere Marquette Dr., Suite 1C, Lansing, MI 48912-1231</p>	Unknown	Unknown	Professional Services (Project Evaluation Services)

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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

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
Board Members
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, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary fund of Santa Fe Community College (the "College"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the budgetary comparisons presented as supplemental information for the year ended June 30, 2015, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

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

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 weakness or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies that we consider to be material weaknesses and significant deficiencies.

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 item FS 2014-001 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal controls 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 item FS 2012-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 2013-001, FS 2013-003, FS 2015-001 and FS 2015-002.

College's Responses to the 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 results 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 12, 2015

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
Board Members
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, 2015. 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, 2015.

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 2015-001. 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 12, 2015

SANTA FE COMMUNITY COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

		<u>Federal CFDA Number</u>	<u>Program or Grantor Number</u>	<u>Federal Expenditures</u>
US Department of Education				
Direct programs:				
Student financial assistance cluster:				
Federal Pell Grant program	(1)*	84.063	421203	\$ 7,047,136
Federal SEOG program	(1)*	84.007	421403	77,656
Federal work study program	(1)*	84.033	425100	84,480
Higher Educational-Inst. Aid - Title V	*	84.031	411021	501,983
TRIO-Student support services		84.042A	411205	220,307
Passed through New Mexico				
Public Education Department				
Carl Perkins - Vocational Access	(2)	84.048	411050	248,354
Carl Perkins reallocation	(2)	84.048	411053	26,877
Passed through New Mexico				
Higher Education Department				
Adult Basic Education - Basic Grants to States		84.002	411010	226,020
Passed through NM Highlands University				
ENLACE- GEAR UP 2		84.334A	411012	5,012
Passed through Northern New Mexico College				
Developing Hispanic-Serving Institutions (HSI) Program - Northern Rio Grande STEM Program	*	84.031C	411310	301,245
Total US Department of Education				<u>8,739,070</u>
US Department of Defense				
Procurement Technical Assistance		12.002	411119	234,690
Total US Department of Defense				<u>234,690</u>
US Small Business Administration				
Small Business Development Center:				
US Small Business Administration	(3)*	59.037	411113	274,076
US Small Business Administration	(3)*	59.037	411112	2,876
US Small Business Administration	(3)*	59.037	411114	381,184
Total US Small Business Administration				<u>658,136</u>
US Department of Agriculture				
Passed through New Mexico Children's Youth and Families				
Child Care Food Program		10.558	411094	48,097
Total US Department of Agriculture				<u>48,097</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>
US Department of Labor			
Direct programs:			
Trade Adjustment Agreement Community College and Career Training			
DOL - TAACCCT	(4)*	17.282	411076 516,305
Statewide Sun Path	(4)*	17.282	411231 304,371
CNM- Sun Path	(4)*	17.282	411232 220,595
ENMU- Roswell Sun Path	(4)*	17.282	411233 69,788
ENMU- Ruidoso Sun Path	(4)*	17.282	411234 2,021
Mesalands Community College- Sun Path	(4)*	17.282	411235 4,397
NMSU- Alamogordo Sun Path	(4)*	17.282	411236 5,303
Santa Fe Community College- Sun Path	(4)*	17.282	411237 98,487
San Juan College - Sun Path	(4)*	17.282	411238 17,151
UNM- Gallup Sun Path	(4)*	17.282	411239 11,241
UNM- Los Alamos Sun Path	(4)*	17.282	411240 14,744
UNM- Taos Sun Path	(4)*	17.282	411241 76,912
UNM- Valencia Sun Path	(4)*	17.282	411242 81,725
DOL/ETA/Youthbuild	(5)	17.274	411077 392,102
DOL- Youth At Risk	(5)	17.274	411073 131,578
Passed through National Science Foundation			
Simbuilding National Science Foundation	(6)	47.076	411015 66,045
NMIMT- Stem	(6)	47.076	411059 13,991
Epscor - Infrastructure Seed	(7)	47.080	411016 49,500
Epscor - National Science Foundation	(7)	47.080	411071 31,595
Total US Department of Labor			<u>2,107,851</u>
US Department of Energy			
Passed through Regional Development Corporation			
Regional Development Corporation	(8)	81.104	411356 41,760
Regional Development Corporation	(8)	81.104	411370 7,527
Total US Department of Energy			<u>49,287</u>
Corporation for National and Community Service			
Passed through New Mexico			
AARP- WESI Back to Work 50+		94.019	411027 3,001
Total Corporation for National and Community Service			<u>3,001</u>
Total expenditures of federal awards			<u><u>\$ 11,840,132</u></u>

* Tested as major program

() Denotes cluster

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SANTA FE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2015

- 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 Performance, 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 2015 totaled \$3,893,038. Parent PLUS loans advanced to students in fiscal year 2015 totaled \$2,872.
- Note 6** The College owes no balances under federal loans and is not a party to any federal loan guarantees.
- Note 7** The College is not covered by any federally-funded insurance.
- Note 8** The College expended no federal awards in the form of non-cash assistance for the year ended June 30, 2015.
- Note 9** The College provided federal funds to subrecipients out of its federal programs as follows:
- | | |
|--|------------|
| CFDA #17.282 - Trade Adjustment Assistance Community College and Career Training | \$ 712,267 |
| CFDA #59.037 - Small Business Development Centers | \$ 372,402 |

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 11,840,132
Total expenditures funded by other wources	<u>45,021,112</u>
Total expenditures	<u><u>\$ 56,861,244</u></u>

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SANTA FE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x Yes None Noted

Significant deficiency(ies) identified that are not considered to be material weakness(es): x Yes None Noted

Noncompliance material to financial statements noted? Yes x None Noted

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes x None Noted

Significant deficiency(ies) identified that are not considered to be material weakness(es): Yes x None Noted

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? x Yes None Noted

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063	Student Financial Aid Cluster
84.007	Federal PELL Grant Program
84.033	Federal SEOG Program
84.268	Federal Work Study Program
	Federal Direct Student Loans
84.031	Higher Education – Institutional Aid – Title V
84.031C	Developing Hispanic Serving Institutions (HIS) Program – Northern Rio Grande STEM Program
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT)
59.037	Small Business Development Centers

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, 2015**

B. FINDINGS—FINANCIAL STATEMENT AUDIT

FS 2012-002 – Procurement Procedures (Repeated/Modified) – (Significant Deficiency)

Condition: During testwork regarding compliance with the New Mexico Procurement Code, we noted the following:

- The College does not have a well designed system to ensure to track all bids and proposals, file bids and proposals, and to verify that they are in compliance with the New Mexico Procurement Code.
- We noted that the College was not receiving sealed bids or proposals, they were receiving the bids and proposals via online or email.
- We noted one instance in the amount of \$105,966 in which the College used sole source purchasing, however, the College did not obtain final signature approval from the Assistant Vice President for Purchasing in order to approve the sole source procurement as required by the College.

The College has hired new personal in the procurement department and has is in the process of implementing a new filing system and controls over procurement.

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) 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.
- 4) Written notice is provided to the awarded bidder with reasonable promptness.
- 5) In regards to sole source procurement, entities must exercise “due diligence” and maintain documentation of due diligence in the procurement files.

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 has had significant turnover and has does not have a system in place in order verify that all procurement rules and controls are implemented and operating regardless of the personnel. The College also does not have a standard filing system for all of their procurement files in order to verify that all information is present and documented.

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.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

FS 2012-002 – Procurement Procedures (Repeated/Modified) – (Significant Deficiency) (continued)

Views of Responsible Officials and Planned Corrective Actions: The Office of Finance worked earlier in the year ended FY15 to do a comprehensive review of the college's purchasing procedures. After review and adoption of the procedures by the college's president and executive team, the procedures were implemented May 20, 2015. The purchasing office has offered training to the campus community to communicate the new procedures. The governing board is currently reviewing the college's Procurement Policy 6-11 to assure compliance with all rules and regulations. Additionally, the purchasing office has moved away from a cumbersome electronic procurement record keeping system and as of May 2015 has implemented a new approach using a manual filing system with scanned filing redundancy. Senior financial management has issued directives to keep compliant and complete hard copy files that are fully auditable, easily accessible and prepared for review by the public, elected officials, and members of the college community. The purchasing office will periodically test procurement files throughout the year to assure adherence to auditor recommendation. The Chief Procurement Officer will be responsible for this corrective action and correction will be assessed by January 2016.

FS 2013-001 – Stale Dated Checks (Repeated/Modified) – (Finding that does not rise to the level of significant deficiency)

Condition: The College maintained 3 checks totaling \$187.02 in the outstanding checks listing that were dated over one year old at June 30, 2015.

The College, as part of their bank reconciliations, have implemented a process to address outstanding checks which reduced the frequency of stale dated checks from the prior year, but has not completely eliminated the stale dated checks.

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 implemented new procedures and processes to manage stale-dated checks that improved the process during this fiscal year; further refinements have been discussed and will be implemented. To that end, enhanced monthly review processes will be incorporated to ensure both timely due diligence efforts in contacting payees and timely processing of stale dated check. The Chief Financial Officer and Controller will be responsible for this corrective action and finding will be assessed by May 2016.

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

FS 2013-003 – Travel and Per Diem (Repeated/Modified) – (Finding that does not rise to the level of significant deficiency)

Condition: During testwork regarding compliance with the Per Diem and Mileage Act, we noted the following:

- In two out of ten items tested, in the amount of \$58.97, 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 College is reviewing their policy and procedures to verify compliance with both State Statute and College Policy.

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 did not have a process in place in order to verify that proper timing was allowed for the pre-approval form for travel expenditures.

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: The College is currently reviewing and revising the travel policy to assure that it complies with state statute and the operational conditions of the College. Training sessions will be offered during the year to the college so that compliance is widely communicated. Senior management has stated that travel that is out of compliance will not be reimbursed. The Chief Financial Officer and Accounts Payable Manager will be responsible for this corrective action and this finding will be assessed by March 2016.

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

FS 2014-001 Financial Close and Reporting (Repeated) – (Material Weakness)

Condition: During our audit of Santa Fe Community College for the year ended June 30, 2015, 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.

The College is working on finding key staff in order to address the financial close and reporting.

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.

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: Although the Office of Finance has robust written financial close procedures, increased staff turnover in six key positions offered challenges to the year end close efforts. The Office of Finance is working with the Office of Human Resources, Office of Planning and Institutional Effectiveness and Office of Information Technology to assure that the staffing and resource issues are addressed promptly and effectively. The finance management team will be responsible for this finding and should have it corrected by end of year FY 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

FS 2015-001 – Improper Segregation of Duties over Payroll – (Finding that does not rise to the level of significant deficiency)

Condition: During our testwork over the payroll expenditures, we noted that there are inadequate segregation of duties over the payroll process.

Criteria: The 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. With these elements in place, the College can maximize its potential for achieving its performance targets and reduce the risk of loss of resources.

Effect: Without all of the five elements of the COSO Internal Control Integrated Framework present, the College is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the College to achieve the goals set forth by the College.

Cause: The College has not appropriately restricted edit access in the payroll module to individuals who don't require edit access as part of their regular job duties.

Auditors' Recommendations: We recommend that the College implement proper segregation of duties in the payroll department in which one person is not able to have access to all parts of the process.

Views of Responsible Officials and Planned Corrective Actions: The Office of Finance will implement a documented procedure related to the COSO requirements for internal control. The Office of Finance will work with the Office of Information Technology to promptly implement the COSO requirements within the information technology system of the Office of Finance as well. The Chief Financial Officer and the Payroll Manager will be responsible for this finding and it will be assessed by March 2016.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

B. FINDINGS—FINANCIAL STATEMENT AUDIT (continued)

FS 2015-002 Use of Incorrect Information for Verification – (Other Noncompliance)

Condition: During testwork over students selected for verification of income amounts related to their eligibility for federal student financial aid, we noted one instance out of sixty tested where incorrect income amounts were used for the calculation. The student’s ISIR was originally based on an amended income tax return; when the verification was performed, the student’s income was improperly adjusted to match the tax return as originally filed. The tax return as originally filed showed a higher income than the amended return; therefore, the student’s EFC was incorrectly increased, and the adjusted amount of federal student financial aid provided to the student was lower than provided for by the student financial aid program. The student did not receive the full amount of assistance she was entitled to.

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. This includes the establishment and implementation of policies and procedures that are appropriately designed to prevent and detect human error in data entry.

Effect: One student was adversely affected and received less aid that was proper. The student was made whole upon discovery of the error after fiscal year-end.

Cause: An error by student financial aid staff resulted in incorrect data input.

Auditors’ Recommendations: The College should update policies and procedures for Verification to explicitly address the effects of amended income tax returns and ensure that all staff members are fully trained in the policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: This issue occurred due to an amended tax return being stapled to the back of a file which made it difficult to identify the most current tax information. In terms of the student’s account, the issue was identified and corrected and proper procedures and training are being developed to avoid amended tax returns from being overlooked in a file. The Financial Aid Director will be responsible for this finding and the finding will be assessed by March 2016.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

C. FINDINGS—FEDERAL AWARDS

FA 2015-001 Noncompliance with Grant Matching Requirement for Salary – (Other Noncompliance)

Federal Program Information:

Title: Higher Education – Institutional Aid – Title V
Northern Rio Grande STEM Program
Pass Through: Northern New Mexico College
CFDA Number: 84.031C
Award Year and Number: 2014-2015 P031C110094 (Year 4)

Condition: During testwork over payroll items charged to the above grant, we noted that the salary of one FTE, the Instructional Designer, was to be charged 60% to the grant funds and 40% to general operational funds of the College. We noted, however, that salary for this position was being charged 80% to the grant and 20% to the College. The difference of 20% of the salary, plus 33% for benefits and payroll taxes (as specified in the grant agreement), totals \$392.86 per pay period, for a total of \$10,214.36 for the year.

Criteria: Per the Approved Detailed Budget included in the grant agreement executed between Northern New Mexico College and Santa Fe Community College, the position of Instructional Designer was to be funded as follows: “The position will start at an annual salary of \$50,000. The College will absorb 20% of the salary in Year 3, 40% in Year 4 and 60% in Year 5, as well as any salary increments.” We did not note any salary increments over the prescribed limit of \$50,000 for the year. The grant agreement also provides for a 33% benefit load for funded payroll.

Effect: Santa Fe Community College overcharged the grantor by \$10,214.36 for this position.

Cause: The Personnel Action Notice (PAN) form for this position was not updated at the beginning of Grant Year 4 to reflect the change from Grant Year 3 funding levels.

Questioned Costs: \$10,214.36

Auditors’ Recommendations: The College should review all grant-funded positions at least semiannually to determine that appropriate salary levels and funding sources are being utilized.

Views of Responsible Officials and Planned Corrective Actions: The college has recently hired a Grants Accounting Manager who has been providing recommendations on uniform guidance related to federal compliance. Written procedures that will require a semiannual review of salary levels and annual changes in grant funding levels will be developed promptly. The Grants Accounting Manager and Chief Financial Officer will be responsible for this finding and it will be assessed by March 2016.

SANTA FE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

D. PRIOR YEAR FINDINGS

FS 2012-002	Procurement Procedures – Repeated and Modified
FS 2012-015	Human Resources – I-9's – Resolved
FS 2013-001	Stale Dated Checks – Repeated and Modified
FS 2013-003	Travel and Per Diem – Repeated and Modified
FS 2014-001	Financial Close and Reporting – Repeated
FS 2014-002	Noncompliance with IRS Employee vs. Independent Contractors – Resolved
FS 2014-003	Budget Comparison Revenue Shortfall – Resolved
FA 2014-001	Lack of Internal Controls over Bookstore Purchases – Resolved

SANTA FE COMMUNITY COLLEGE

OTHER DISCLOSURES

JUNE 30, 2015

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, 2015 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 12, 2015. The following persons were in attendance:

Santa Fe Community College Foundation Personnel

Linda Siegle, Board President
Jack Sullivan, Board Member
Randy Grissom, President, SFCC
Nick Telles, Vice President of Finance/CFO
Daniel Gutierrez, Executive Director of Human Resources
Yash Morimoto, Assistant Vice President for Planning and Institutional Effectiveness
Scott Whitaker, Director of Financial Aid
Margaret Peters, Vice President for Academic Affairs
Amy Tilley, Executive Budget Director
Steve Barela, Payroll Manager
Jessica Garcia, Assistant Controller
Jeremy Lovato, Interim Chief Information Officer
Barbara Sandoval, Interim Cashiers Manager
Rosella Varela, AP Manager
Gerard de Seve, Grants Accounts Manager
Tom Weeks, Chief Procurement Officer

Accounting & Consulting Group, LLP Personnel

Ray Roberts, Partner

EXIT CONFERENCE – FOUNDATION

The contents of this report and its schedules related to the component unit were discussed on October 28, 2015. The following persons were in attendance:

Santa Fe Community College Foundation Personnel

Randy Grissom, President, SFCC
Nick Telles, Vice President of Finance/CFO, SFCC
Richard Abeles, President of the Board of Directors, SFCC Foundation
Deborah Boldt, Executive Director
Kelly Smith, Foundation Database/Fund Development Manager
Rosemary Mulcahy, Treasurer

Accounting & Consulting Group, LLP Personnel

Alan Bowers Jr., Manager