

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

**Annual Financial Report**

**June 30, 2018**



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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

**June 30, 2018**

**Table of Contents**

	<u>Page</u>
<b>Official Roster</b>	1
<b>Independent Auditors' Report</b>	2
<b>Management's Discussion and Analysis</b>	5
<b>Financial Section:</b>	
Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Statement of Fiduciary Assets and Liabilities	12
Notes to the Financial Statements	13
<b>Required Supplementary Information:</b>	
Schedule of Proportionate Share of the Net Pension Liability	41
Schedule of Contributions	42
Schedule of Proportionate Share of the OPEB Liability	43
Schedule of Contributions	44
Notes to Required Supplementary Information	45
<b>Supplemental Information:</b>	
Combined Revenues and Expenditures Budget Comparisons -	
Unrestricted and Restricted - All Operations	46
Unrestricted- Instruction and General	47
Restricted – Instruction and General	48
Reconciliation of Budgetary Basis to Financial Statement Basis – Unrestricted	
And Restricted – All Operations	49
<b>Supporting Schedules:</b>	
Schedule of Changes in Fiduciary Assets and Liabilities	50
Schedule of Deposit and Investment Accounts	51
Schedule of Pledged Collateral	52
<b>Compliance Section:</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i>	53
Independent Auditors' Report on Compliance For Each Major Federal Program and	
Report on Internal Control Over Compliance Required by Uniform Guidance	55
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58
Schedule of Findings and Questioned Costs	59
Status of Prior Year Findings	61
Exit Conference	62

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

**June 30, 2018**

**Official Roster**

Name	Title
<b>BOARD MEMBERS</b>	
Linda Siegle	Chair
Jack Sullivan	Vice Chair
George Gamble	Secretary
Kathy Keith	Member
Martha Romero	Member
<b>ADMINISTRATIVE OFFICIALS</b>	
Cecilia Cervantes	Interim President
Nick Telles	Chief Financial Officer
Jeremy Lovato	Chief Information Officer
Margaret Peters	Vice President of Academic and Student Affairs
Amy Pell	Controller
<b>SFCC FOUNDATION</b>	
Deborah Boldt	Director of Development/Executive Director of SFCC Foundation
<b>BOARD MEMBERS</b>	
Richard Abeles	President
Rachel Belash	Vice President
Patricia McNeill	Secretary
Rosemary Mulcahy	Treasurer

## INDEPENDENT AUDITOR'S REPORT

To the Board Members  
Santa Fe Community College  
Santa Fe, New Mexico  
and  
Mr. Wayne Johnson, New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component unit of Santa Fe Community College (the "College"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the aggregate discretely presented component unit of the College, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 18 to the financial statements, the beginning balance of net position of the College has been restated due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. The restatement resulted in a decrease in the beginning balance of net position of the College of \$29,833,142. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 5 through 8, *Schedule of Proportionate Share of Net Pension Liability* and *Schedule of Contributions* on pages 41 through 42, and the *Schedule of Proportionate Share of OPEB Liability* and *Schedule of Contributions* on pages 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying *Schedule of Expenditures of Federal Awards as required by Title 2 Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the *budget comparison schedules and other schedules required by Section 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
October 26, 2018

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Management's Discussion and Analysis  
June 30, 2018**

**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 Santa Fe Community College Foundation (the Foundation) as a component unit. These financial statements are based upon Governmental Accounting Standards Board GASB Statement 35. This report consists of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. This MD&A focuses on the College and not on the Foundation and makes adjustments for GASB 68 and GASB 75 to more clearly reflect the actual operations of the College.

**Condensed Financial Information**

<b>Assets and Deferred Outflows of Resources</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 23,205,678	12,112,738	12,513,253
Capital and other assets	96,477,460	101,156,690	102,650,080
Deferred outflows of resources	<u>32,640,202</u>	<u>9,863,512</u>	<u>4,909,446</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>152,323,340</u>	<u>123,132,940</u>	<u>120,072,779</u>
<b>Liabilities and Deferred Outflows of Resources</b>			
Current liabilities	8,396,463	10,716,546	11,379,471
Noncurrent liabilities	16,480,584	14,230,974	18,959,119
Net Pension and OPEB liability	115,404,588	56,174,641	48,097,579
Deferred inflows of resources	<u>7,792,598</u>	<u>1,938,836</u>	<u>3,260,857</u>
<b>Total Liabilities and Deferred Outflows of Resources</b>	<u>148,074,233</u>	<u>83,060,997</u>	<u>81,697,026</u>
<b>Net Position</b>			
Net investment in capital assets	78,321,506	75,938,067	73,267,092
Restricted	3,929,817	7,003,623	6,267,988
Unrestricted	<u>(78,002,216)</u>	<u>(42,869,747)</u>	<u>(41,159,327)</u>
<b>Total Net Position (GAAP)</b>	<u>4,249,107</u>	<u>40,071,943</u>	<u>38,375,753</u>
Pension and OPEB related items	<u>90,556,984</u>	<u>48,249,965</u>	<u>46,448,990</u>
<b>Adjusted Net Position (Non-GAAP)</b>	<u>\$ 94,806,091</u>	<u>88,321,908</u>	<u>84,824,743</u>

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,249,107 at the close of the fiscal year. Of this amount, (\$78,002,216) is unrestricted. The large negative unrestricted net position is the result of accounting for net pension liability in accordance with GASB 68 and other postemployment benefits liability in accordance with GASB 75. Net position after removing the effects of GASB 68 and GASB 75 totals \$94,806,091 for fiscal year 2018. Of this amount, \$12,554,768 is unrestricted.
- Operating cash and cash equivalents increased \$994,113 from \$6,654,045 at the beginning of the year to \$7,648,158 at the end of fiscal year 2018. Cash and cash equivalents at June 30, 2018 also included proceeds from the sale of the College's 2018A and 2018B Bonds in June, 2018 of \$9,500,000.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Management's Discussion and Analysis  
June 30, 2018**

**Revenues, Expenses and Changes in Net Position**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 18,619,840	19,920,703	22,259,635
Operating Expenses	(69,087,641)	(61,778,187)	(62,866,137)
<b>Operating Loss</b>	<b>(50,467,801)</b>	<b>(41,857,484)</b>	<b>(40,606,502)</b>
Non-Operating Revenues (Expenses)	44,478,107	43,553,674	44,386,847
<b>Change in Net Position (GAAP)</b>	<b>(5,989,694)</b>	<b>1,696,190</b>	<b>3,780,345</b>
Pension and OPEB related items	12,502,380	1,800,965	281,932
<b>Adjusted Change in Net Position (Non-GAAP)</b>	<b>\$ 6,512,686</b>	<b>3,497,155</b>	<b>4,062,277</b>

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

The tables below present Operating Revenues, Operating Expenses and Non-Operating Revenues and Expenses for the fiscal years ended June 30:

**Operating Revenues**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tuition and fees, net	\$ 5,389,162	5,063,840	4,989,460
Government grants and contracts	9,242,185	10,907,063	13,248,238
Non-government grants and contracts	754,240	797,707	733,968
Sales and services of educational activities	1,090,623	912,152	693,595
Auxiliary enterprises	2,073,985	2,239,941	2,594,374
Gifts	69,645	-	-
<b>Operating Revenues</b>	<b>\$ 18,619,840</b>	<b>19,920,703</b>	<b>22,259,635</b>

Operating revenue for fiscal years 2018 and 2017 totaled \$18,619,840 and \$19,920,703, respectively, or a decrease of \$1,300,863. The primary reason for the decrease is reduced federal grant awards to the College in fiscal year 2018.

**Operating Expenses**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 24,846,556	22,852,469	22,956,740
Academic support	5,953,892	4,365,787	4,229,802
Student services	4,705,422	3,982,586	3,961,733
Institutional support	8,138,693	6,712,558	6,366,934
Operation and maintenance of plant	5,078,642	4,195,650	4,195,853
Student activities	117,084	87,381	105,643
Student aid	4,998,118	6,328,932	7,730,272
Public services	8,256,658	7,071,771	6,963,950
Auxiliary enterprises	2,412,061	2,249,256	2,321,844
Building renewal and replacements	39,538	353,371	379,955
Depreciation and amortization	3,595,406	3,486,283	3,574,924
Internal services	945,571	92,143	78,487
<b>Operating Expenses (GAAP)</b>	<b>69,087,641</b>	<b>61,778,187</b>	<b>62,866,137</b>
Pension and OPEB related items	(12,502,380)	(1,800,965)	(281,932)
<b>Adjusted Operating Expenses (Non-GAAP)</b>	<b>\$ 56,585,261</b>	<b>59,977,222</b>	<b>62,584,205</b>



**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Management's Discussion and Analysis**  
**June 30, 2018**

Operating expenses for fiscal years 2018 and 2017 totaled \$56,585,261 and \$59,977,222, respectively, or a decrease of \$3,391,961. The primary cause is decreased student financial aid due to more stringent requirements for student loan eligibility in fiscal year 2018.

**Non-Operating Revenues and Expenses**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Federal Pell grant	\$ 5,025,326	5,244,493	5,749,424
State appropriations	15,170,641	15,052,643	15,390,679
Local appropriations - operating	17,893,951	17,184,123	17,107,091
Local appropriations - debt service	6,478,006	6,210,311	6,008,432
Interest expense and other related debt	(289,861)	(385,952)	(480,449)
Other income	200,044	248,056	611,670
<b>Non-Operating Revenues and Expenses</b>	<b>\$ <u>44,478,107</u></b>	<b><u>43,553,674</u></b>	<b><u>44,386,847</u></b>

Non-operating revenues and expenses increased by \$924,433 from \$43,553,674 in fiscal year 2017 to \$44,478,107 in fiscal year 2018. The College's local property tax revenues increased by \$977,523 in fiscal year 2018 compared to the prior year due to new construction and home sales in Santa Fe County. The decrease in Federal Pell grants is a result of lower student eligibility due to an improved economy in fiscal year 2018 and lower student enrollment in fiscal year 2017.

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

During fiscal year 2018, one budget adjustment was submitted to the Higher Education Department and approved to recognize anticipated changes in revenue and expenditures. Actual revenues for unrestricted instruction and general (I&G) for fiscal year 2018 exceeded budgeted revenues of \$34,935,398 by \$209,519. Actual unrestricted I&G expenses were \$1,160,925 under budgeted expenditures of \$33,268,150 for fiscal year 2018. I&G net position increased by \$2,223,416 to \$3,236,476 after transfers of \$1,437,216 at June 30, 2018.

**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.

On February 6, 2018, the Santa Fe County voters approved a \$17 million general obligation bond issue for the purposes of constructing an automotive center, purchasing, remodeling and equipping buildings and utility facilities and purchasing and installing computer hardware and software. The Series 2018A bond issue of \$4.75 million occurred on June 20, 2018 and has a maturity date of August 1, 2030. The Series 2018B bond issue of \$4.5 million occurred on June 20, 2018 and had a maturity date of June 21, 2018.

All proceeds from the 2010 and 2013 bond issues have been expended and the capital projects have been completed. Projects utilizing the 2018 bond issues are underway and should be completed by fiscal year 2020. In fiscal year 2018, local property tax debt service funds were utilized to pay \$9,080,000 in principle and \$457,712 in interest on the bonds. At the end of fiscal year 2018, the College had \$18,550,490 of principle and interest outstanding.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Management's Discussion and Analysis  
June 30, 2018**

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

The New Mexico State General Appropriations budget funds higher education institutions and specifically Santa Fe Community College. During the 2016 legislative session, the College's state appropriation budget was cut by 3.3%.

At the beginning of fiscal year 2017, the state realized a revenue shortfall of approximately \$600 million and a special session was called in October 2016. During that legislative session an additional cut to higher education was made in the amount of 5%.

During the 2017 legislative session, the Governor vetoed the higher education budget and a special session was required. In May 2017, the higher education budget was approved with the College receiving another .8% cut.

The 2018 legislative session witnessed improvement in New Mexico's general economy and cash reserves and, as a result, the higher education budget was approved with no cuts. The College received an additional budget appropriation of 2% for compensation increases, which covers less than 50% of the cost of a College wide 2% compensation increase.

The higher education funding formula has been under continuous review over the past several years. This has created challenges in terms of anticipating revenues and preparing budgets. The college will closely monitor the impact funding formula changes will have on forthcoming budgets.

Additionally, state wide enrollments have been declining; however College enrollment has declined less due to the increasing number of Dual Credit students. The College has dedicated more resources toward recruitment and retention in order to minimize enrollment declines.

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 of the Foundation, Santa Fe Community College Foundation, 6401 Richards Ave., Santa Fe, NM 87508.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Statement of Net Position  
June 30, 2018**

	Santa Fe Community College	Component Unit Foundation
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 17,148,158	1,222,614
Short-term investments	-	7,903,058
Accounts receivable, net	303,439	-
Mill levy receivable	2,112,059	-
Grants receivable	1,869,951	-
Other receivables	745,033	-
Due from component unit	147,708	-
Inventory	415,225	-
Prepaid expenses	464,105	-
<b>Total current assets</b>	<b>23,205,678</b>	<b>9,125,672</b>
Noncurrent assets		
Cash and cash equivalents - restricted	3,929,817	-
Capital assets, net	92,547,643	769,183
<b>Total noncurrent assets</b>	<b>96,477,460</b>	<b>769,183</b>
<b>TOTAL ASSETS</b>	<b>119,683,138</b>	<b>9,894,855</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	32,206,065	-
OPEB related	434,137	-
<b>Total deferred outflows of resources</b>	<b>32,640,202</b>	<b>-</b>
<b>Total assets and deferred inflows</b>	<b>\$ 152,323,340</b>	<b>9,894,855</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 525,051	122
Grants payable	925,066	-
Accrued expenses	1,624,599	-
Interest payable	165,490	-
Unearned revenue	1,194,141	-
Deposits held in trust	13,380	-
Other liabilities	271,022	-
Annuity payable, current portion	-	3,650
Due to primary government	-	147,708
Compensated absences	977,714	-
Current maturity of bonds payable	2,700,000	-
<b>Total current liabilities</b>	<b>8,396,463</b>	<b>151,480</b>
Noncurrent liabilities		
Annuity payable, less current portion	-	13,468
Compensated absences	204,447	-
Bond premium	591,137	-
Bond payable	15,685,000	-
Net pension liability	90,289,150	-
Net OPEB liability	25,115,438	-
<b>Total noncurrent liabilities</b>	<b>131,885,172</b>	<b>13,468</b>
<b>TOTAL LIABILITIES</b>	<b>140,281,635</b>	<b>164,948</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	2,076,384	-
OPEB related	5,716,214	-
<b>Total deferred inflows of resources</b>	<b>7,792,598</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	78,321,506	-
Restricted		
Nonexpendable scholarship and program	-	5,431,824
Expendable scholarship and programs	-	3,492,695
Expendable future debt service requirements	3,929,817	-
Unrestricted	(78,002,216)	805,388
<b>Total net position</b>	<b>4,249,107</b>	<b>9,729,907</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 152,323,340</b>	<b>9,894,855</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Year Ended June 30, 2018**

	Santa Fe Community College	Component Unit Foundation
Operating Revenues		
Student tuition and fees (net of scholarship allowances of \$2,301,423)	\$ 5,389,162	-
Governmental grants and contracts	9,242,185	-
Nongovernment grants and contracts	754,240	-
Auxiliary enterprises	2,073,985	-
Gifts	69,645	642,654
Non-gift revenue	-	614,931
Sales and services of educational activities	1,090,623	-
<b>Total operating revenues</b>	<b>18,619,840</b>	<b>1,257,585</b>
Operating Expenses		
Instruction	24,846,556	586,399
Academic support	5,953,892	358,926
Student services	4,705,422	-
Institutional support	8,138,693	432,453
Operation and maintenance of plant	5,078,642	-
Student activities	117,084	-
Student aid	4,998,118	-
Internal services department	945,571	-
Public services	8,256,658	-
Auxiliary enterprise expenses	2,412,061	-
Plant operations expense	39,538	-
Depreciation	3,595,406	-
<b>Total operating expenses</b>	<b>69,087,641</b>	<b>1,377,778</b>
<b>Operating loss</b>	<b>(50,467,801)</b>	<b>(120,193)</b>
Nonoperating revenues (expenses):		
Federal Pell Grants	5,025,326	-
State appropriations, non-capital	13,629,900	-
Mill levy - operations	17,893,951	-
Mill levy - debt services	6,478,006	-
Investment income	-	519,851
Bond interest expense	(289,861)	-
Other income	200,044	-
<b>Net nonoperating revenues</b>	<b>42,937,366</b>	<b>519,851</b>
<b>Income (loss) before capital grants and appropriations</b>	<b>(7,530,435)</b>	<b>399,658</b>
State appropriations, capital	1,540,741	-
Additions to permanent endowments	-	185,513
Change in net position	(5,989,694)	585,171
Net position, beginning of year, as previously reported	40,071,943	9,144,736
GASB 75 implementation (Note 18)	(29,833,142)	-
Net position, beginning of year, as restated	10,238,801	-
<b>Net position, end of year</b>	<b>\$ 4,249,107</b>	<b>9,729,907</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Statement of Cash Flows**  
**Year Ended June 30, 2018**

	Santa Fe Community College
Cash Flows From Operating Activities	
Tuition and fees	\$ 5,600,060
Grants and contracts	8,627,280
Auxiliary enterprise charges	2,073,985
Sales and services of educational activities	1,090,623
Gifts	69,645
Payment of employees and benefits	(21,376,529)
Payments of vendors	(31,555,462)
<b>Net cash used by operating activities</b>	<u>(35,470,398)</u>
Cash Flows From Noncapital Financing Activities	
State appropriations	13,629,900
Federal Pell Grants	5,025,326
Mill levies	24,371,957
Other receipts	200,044
<b>Net cash provided by noncapital financing activities</b>	<u>43,227,227</u>
Cash Flows From Capital Financing Activities	
Principal payment on long term debt	(9,080,000)
Proceeds on issuance of long term debt	9,250,000
Interest paid	(407,483)
Capital appropriations	1,540,741
Purchase of capital assets	(1,989,983)
Bond premium	350,203
<b>Net cash used by capital financing activities</b>	<u>(336,522)</u>
<b>Net increase in cash and cash equivalents</b>	7,420,307
<b>Cash and cash equivalents, beginning of year</b>	<u>13,657,668</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 21,077,975</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (50,467,801)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	3,595,407
Bad debt expense	15,889
Changes in assets and liabilities	
Accounts receivable, net	(1,082,452)
Due from component unit	440,091
Inventory	(11,811)
Prepaid expenses and other assets	39,456
Accrued liabilities	(107,785)
Unearned revenue	(91,684)
Accounts payable	(269,191)
Other liabilities	(4,394)
Net pension liability and related deferred inflows and outflows	11,909,504
Net OPEB liability and related deferred inflows and outflows	564,373
<b>Net cash used by operating activities</b>	<u>\$ (35,470,398)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Statement of Fiduciary Assets and Liabilities  
June 30, 2018**

	<u>Agency Funds</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash	\$ <u>291,722</u>
<b>Total current assets</b>	<u>291,722</u>
<b>Non-current assets:</b>	
Capital assets, net of accumulated depreciation of \$305,977	<u>1,176</u>
<b>Total non-current assets</b>	<u>1,176</u>
<b>Total assets</b>	\$ <u><u>292,898</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ -
Due to other organizations	<u>292,898</u>
<b>Total liabilities</b>	\$ <u><u>292,898</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**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, 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, and controlled by the Governing Board of the Santa Fe Community College. Additions of capital assets purchased by the training center is shown in Note 6.

*The following is a discretely presented component unit:*

Santa Fe Community College Foundation (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.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

*3. Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside of the College. The College has *Agency Funds* that reports resources held by the College in a custodial capacity for student clubs. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the College's own programs.

*4. 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 non-operating.

*5. Basis of Accounting*

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

The 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.



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

*6. 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.

*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. 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.

*9. 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.

*10. 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.

*11. 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 2018 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.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

*12. 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.

*13. 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.

*14. 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.

*15. 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.

**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

*16. 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 \$2,112,059 as of June 30, 2018 based on levied tax information received from the County Treasurer's offices.

*17. Classification of Revenues*

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

*Operating Revenues.* Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship 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.* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 34, such as state appropriations, mill levies, 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 College. 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 College'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 non-operating revenues in the institution's financial statements. The scholarship allowance at June 30, 2018 totaled \$2,301,423.

**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2018**

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

*18. Classification of Expenses*

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

*Operating Expenses.* Operating expenses include activities that have the characteristics of an exchange transaction, such as (1) employee salaries, benefits, and related 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.* Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest and related expenses on debt and bond issuances that are defined as non-operating expenses by GASB Statement No. 9 and GASB Statement No. 34.

*19. 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 2018, therefore, no provision for income taxes is included in the financial statements.

*20. 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 and OPEB liability calculations, and the current portion of accrued compensated absences.

*21. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. 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.

*22. Postemployment Benefits Other than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**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 42 through 44 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, 2018.

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.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**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, 2018, \$21,829,305 of the College's bank balance of \$22,471,271 was exposed to custodial credit risk. \$18,970,314 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the College's name and \$6,852,223 was uninsured and uncollateralized.

	Bank of Albuquerque	Wells Fargo Bank	Century Bank	Total
Amount of deposits	\$ 3,987,150	141,966	18,342,155	22,471,271
FDIC coverage	(250,000)	(141,966)	(250,000)	(641,966)
Total uninsured public funds	3,737,150	-	18,092,155	21,829,305
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the College's name	7,730,382	-	11,239,932	18,970,314
Uninsured and uncollateralized	-	-	6,852,223	6,852,223
Collateral requirement (50%)	1,868,575	-	9,046,078	10,914,653
Over (under) collateralization	\$ 5,861,807	-	2,193,854	8,055,661

The collateral pledged is listed on page 51 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.

*Beginning Cash and Cash Equivalents*

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	\$ 22,471,271
Petty cash	14,677
Subtract reconciling items	(1,116,251)
Total net deposits and investments	\$ 21,369,697
Statement of Net Position	
Cash and cash equivalents	\$ 17,148,158
Restricted cash and cash equivalents	3,929,817
Agency Cash	291,722
Cash and cash equivalents and investments, end of year	\$ 21,369,697

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 4 – ACCOUNTS RECEIVABLE**

The College’s accounts receivable at June 30, 2018 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	\$ 1,972,919
Grants and contracts	1,869,951
Mill levy	2,112,059
Due from component unit	147,708
Other	<u>745,033</u>
Less allowance for uncollectible accounts	<u>(1,669,480)</u>
Total accounts receivable, net	<u>\$ 5,178,190</u>

**NOTE 5 – ACCRUED EXPENSES**

The College’s accrued expenses at June 30, 2018 are as follows:

Accrued salaries payable	\$ 579,255
Accrued benefits payable	855,224
Accrued payroll taxes	<u>190,120</u>
Total accrued expenses	<u>\$ 1,624,599</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 6 – CAPITAL ASSETS**

The following table summarizes the changes in capital assets during the fiscal year ended June 30, 2018, as reported in the Statement of Net Position. Construction in progress, artwork, and land are not subject to depreciation.

	Balance June 30, 2017	Additions/ Reclassifications	Retirement/ Reclassifications	Balance June 30, 2018
<b>Capital assets not being depreciated</b>				
Construction in progress	\$ 224,725	197,283	(224,725)	197,283
Artwork	204,265	1,200	-	205,465
Land	5,868,799	-	-	5,868,799
	<u>6,297,789</u>	<u>198,483</u>	<u>(224,725)</u>	<u>6,271,547</u>
<b>Depreciable assets</b>				
Land and Leasehold Improvements	3,844,156	-	-	3,844,156
Buildings	106,995,603	705,045	-	107,700,648
Infrastructure	14,693,125	662,705	-	15,355,830
Library books	1,275,123	15,226	(2,783)	1,287,566
Equipment, Furnishings, and Software	9,025,538	656,466	(273,788)	9,408,216
	<u>135,833,545</u>	<u>2,039,442</u>	<u>(276,571)</u>	<u>137,596,416</u>
<b>Total capital assets</b>	<u>142,131,334</u>	<u>2,237,925</u>	<u>(501,296)</u>	<u>143,867,963</u>
<b>Less accumulated depreciation for</b>				
Land and Leasehold Improvements	(3,506,354)	(47,170)	-	(3,553,524)
Buildings	(30,985,989)	(2,255,856)	-	(33,241,845)
Infrastructure	(6,170,019)	(621,903)	-	(6,791,922)
Library books	(1,251,485)	(7,681)	2,783	(1,256,383)
Equipment, Furnishings, and Software	(6,064,420)	(662,797)	250,571	(6,476,646)
	<u>(47,978,267)</u>	<u>(3,595,407)</u>	<u>253,354</u>	<u>(51,320,320)</u>
<b>Capital assets, net</b>	<u>\$ 94,153,067</u>	<u>(1,357,482)</u>	<u>(247,942)</u>	<u>92,547,643</u>

The Foundation holds artwork as capital assets that are not subject to depreciation. As of June 30, 2018, the total balance of artwork was \$769,183, with \$159,100 in additions for the fiscal year.



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

**Plan description.** Employees of the College are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

**Benefits provided.** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms** – At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership

Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>

Active membership

State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

**Contributions**— Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the College were \$434,137 for the year ended June 30, 2018.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the College reported a liability of \$25,115,438 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the College’s proportion was 0.55422 percent.

For the year ended June 30, 2018, the College recognized OPEB expense of \$998,509. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(963,797)
Changes in assumptions	-	(4,391,114)
Differences between actual and projected earnings on OPEB plan investments	-	(361,303)
Contributions made after the measurement date	434,137	-
Total	\$ <u>434,137</u>	<u>(5,716,214)</u>

Deferred outflows of resources totaling \$434,137 represents the College’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the OPEB expense as follows:

**Year ended June 30:**

2019	\$ (1,215,307)
2020	(1,215,307)
2021	(1,215,307)
2022	(1,215,307)
2023	<u>(854,986)</u>
Total	\$ <u>(5,716,214)</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non- Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the College, as well as what the College’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
Share of the net OPEB liability	\$ <u>30,464,635</u>	<u>25,115,438</u>	<u>20,918,512</u>

The following presents the net OPEB liability of the College, as well as what the College’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Share of the net OPEB liability	\$ <u>21,362,410</u>	<u>25,115,438</u>	<u>28,041,873</u>

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

**Payable Changes in the Net OPEB Liability.** At June 30, 2018, the College reported a payable of \$30,596 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

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

**Plan Description.** ERB was created by the state’s Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Employees Retirement Plan (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

The Plan is a cost-sharing, multiple-employer pension 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 state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Pension benefit.** A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) 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.

**Summary of Plan Provisions for Retirement Eligibility.** 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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member’s age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- The member's age is 67, and has earned 5 or more years of service credit.

**Forms of Payment.** 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. *Benefit Options.* The Plan has three benefit options available.

- Option A – Straight Life Benefit – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- Option B – Joint 100% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- Option C – Joint 50% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is 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 1.5%. 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 1.7%.

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.

**Refund of Contributions.** Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

**Contributions.** For the fiscal year ended June 30, 2018 and 2017 educational employers contributed to the Plan based on the following rate schedule.

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	24.60%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2018, the College paid employee and employer contributions of \$2,997,408 and \$2,167,432, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2018, the College reported a liability of \$90,289,150 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The College’s proportion of the net pension liability was based on a projection of the College’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the College’s proportion was 0.81243%, which was an increase of 0.03184% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the College recognized pension expense of \$14,942,419. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,078	(1,390,989)
Changes in assumptions	26,357,177	-
Net difference between projected and actual earnings on pension plan investments	-	(12,386)
Changes in proportion and differences between the College's contributions and proportionate share of contributions	2,682,399	(673,009)
The College's contributions subsequent to the measurement date	3,004,411	-
	<u>\$ 32,206,065</u>	<u>(2,076,384)</u>

Deferred outflows of resources totaling \$3,004,411 represent the College’s contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:	
2019	10,103,629
2020	11,255,555
2021	6,509,548
2022	(743,462)
2023	-
Thereafter	-



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Actuarial assumptions:** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%										
Salary increases	Composed of 3.25% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><i>Healthy males:</i> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><i>Healthy females:</i> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><i>Disabled males:</i> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><i>Disabled females:</i> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><i>Active members:</i> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	1.90% per year, compounded annually.
Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

The actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed income	26	
Alternatives	40	
Cash	1	
Total	<u>100%</u>	7.25%

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 8 – PENSION PLAN– EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Discount rate.** A single discount rate of 5.9% was used to measure the total ERB pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.56%, net of expenses. 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 the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contribution will be made at the current statutory levels.

**Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 5.90 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90 percent) or 1-percentage-point higher (6.90 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
College's proportionate	<u>4.90%</u>	<u>5.90%</u>	<u>6.90%</u>
Share of the net pension liability    \$	<u>117,534,020</u>	<u>90,289,150</u>	<u>68,018,686</u>

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial reports. The reports can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

**Payables to the pension plan.** The 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, 2018, the College owed the ERB \$206,693 for the contributions withheld in the month of June 2018.

**NOTE 9 – ALTERNATIVE RETIREMENT PROGRAM**

An amendment to the Educational Retirement Act permits the establishment of an Alternative Retirement Plan (ARP) for the 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, 2018, the Santa Fe Community College contributed \$27,833 to TIAA-CREF.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 10 – 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 has general liability insurance coverage with New Mexico Public Schools Insurance Authority. The college has a property limit of \$750,000,000 per occurrence and for new construction a limit of \$25,000,000 per occurrence. The liability limit per occurrence is in alignment with the NM Tort Claims Act, Maximum Liability 41-4-19 NMSA 1976. The College’s cyber insurance policy has an annual aggregate limit of \$2,000,000. The policy includes the Training Center and the Foundation. The policy is from July 1, 2017 to June 30, 2018.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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.

The College currently is party to various litigation and other claims in the ordinary course of business. The College has property, liability and workers compensation insurance coverage with NMPSIA. 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. At June 30, 2018, the College had no outstanding material commitments.

**NOTE 12 – COMPENSATED ABSENCES**

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on number of hours worked. 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, 2018 as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Current
Accrued compensated absences	\$ 1,289,946	953,640	1,061,425	1,182,161	977,714

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 13 – BONDS PAYABLE**

On August 3, 2010 the voters of the district approved the issuance of general obligation bonds in the amount of \$35,000,000 for the purpose of erecting and furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities and making other real property improvements or for purchasing grounds for projects as stated in the approved resolution. Subsequent to voter approval, the board approved the sale of Bond Series 2010 in the amount of \$20,000,000 and Series 2013 in the amount of \$15,000,000. 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 5% of assessed valuation, and the College is currently at less than one percent (1%) of assessed valuation. The 2013 bonds have an early redemption provision which allows the College to retire outstanding bonds after August 1, 2022 without penalty in incremental amounts of \$5,000 by paying the bonds being retired plus accrued interest to the date of retirement.

On February 6, 2018, community college district voters approved the issuance of \$17,000,000 in local general obligation bonds for the purposes of furnishing, constructing an automotive center, purchasing, remodeling, and equipping buildings and utility facilities, making other real property improvements, and purchasing and installing computer hardware and software. Subsequent to voter approval, the board approved the sale of Series 2018 A bonds in the principal amount of \$4,750,000 and Series 2018 B bonds in the principal amount of \$4,500,000. The Series 2018 A bonds were issued with a maturity date of August 1, 2030 and the Series 2018 B bonds with a maturity date of June 21, 2018. The Series 2018 A bonds have an early redemption provision, which allows the College to retire outstanding bonds after August 1, 2027.

	Series 2010	Series 2013	Series 2018A	Series 2018B
Original Issue: \$	20,000,000	15,000,000	4,750,000	4,500,000
Principal:	August 1	August 1	August 1	June 21
Interest:	February 1	February 1	February 1	June 21
Interest Rates:	2.25% - 3.00%	2.00% - 4.00%	3.00% - 5.00%	2.097%
Maturity Date:	8/1/2020	8/1/2024	8/1/2030	6/21/2018

	Description	Principal			Principal	
		Outstanding 6/30/2017	Additions	Retirements	Outstanding 6/30/2018	Due Within One Year
<b>Bonds</b>	Series 2010	10,415,000	-	3,580,000	6,835,000	1,700,000
	Series 2013	7,800,000	-	1,000,000	6,800,000	1,000,000
	Series 2018A	-	4,750,000	-	4,750,000	-
	Series 2018B	-	4,500,000	4,500,000	-	-
<b>Total Bonds:</b>		18,215,000	9,250,000	9,080,000	18,385,000	2,700,000
<b>Bond Premium:</b>		358,556	350,203	117,622	591,137	-
<b>Total Long-Term Debt</b>		18,573,556	9,600,203	9,197,622	18,976,137	2,700,000

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 13 – BONDS PAYABLE (CONTINUED)**

The annual debt service requirements to maturity, including principal and interest for Bonds Series 2010, Series 2013, and Series 2018A long-term debt as of June 30, 2018 are as follows:

Bond Series 2010			
Year Ending June 30,	Principal Payments	Interest	Total
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	\$ 6,835,000	305,938	7,140,938

Bond Series 2013			
Year Ending June 30,	Principal Payments	Interest	Total
2019	\$ 1,000,000	196,000	1,196,000
2020	1,000,000	156,000	1,156,000
2021	1,000,000	116,000	1,116,000
2022	1,000,000	76,000	1,076,000
2023	1,000,000	46,000	1,046,000
2024-2025	1,800,000	36,000	1,836,000
Totals	\$ 6,800,000	626,000	7,426,000

Bond Series 2018A			
Year Ending June 30,	Principal Payments	Interest	Total
2019	\$ -	124,926	124,926
2020	100,000	201,000	301,000
2021	400,000	188,500	588,500
2022	425,000	167,875	592,875
2023	425,000	146,625	571,625
2024-2028	2,125,000	418,625	2,543,625
2029-2031	1,275,000	57,375	1,332,375
Totals	\$ 4,750,000	1,304,926	6,054,926

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 14 – OPERATING LEASE**

The College leases copiers under an operating lease. At June 30, 2018, future minimum lease payments applicable to the operating lease are as follows:

Operating Lease Year Ending June 30	
2019	\$ <u>15,696</u>
	\$ <u><u>15,696</u></u>

**NOTE 15 – TAX ABATEMENT**

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

<u>Year ended June 30, 2018</u>		
<u>Government name</u>	<u>Taxes being abated</u>	<u>Gross dollar amount</u>
City of Santa Fe, New Mexico	Property tax	\$ <u>67,458</u>
		\$ <u><u>67,458</u></u>

**NOTE 16 – COMPONENT UNIT, SANTA FE COMMUNITY COLLEGE FOUNDATION**

**Cash and Temporary Investments**

The Foundation’s cash accounts are held in demand checking and money market accounts at an institution with a carrying amount totaling \$1,222,614 at June 30, 2018.

Concentration of Credit Risk – Cash

Custodial credit risk is the risk that, in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation maintains cash deposits in one financial institution. The Foundation’s cash account is insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 and collateralized by collateral held by the pledging bank’s trust department. As of June 30, 2018, \$792,462 of the Foundation’s bank balance of \$1,042,062 was exposed to custodial credit risk. As of June 30, 2018, \$333,090 was uninsured and collateralized and \$459,372 was uninsured and uncollateralized. The money market mutual funds held by the Foundation are not insured by the FIDC, however they are not subject to custodial credit risk.

Investments

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30, 2018 follows:

Mutual Funds - Equities	\$ 5,082,229
Mutual Funds - Bonds	2,783,549
Exchange Traded- Equities	29,939
Exchange Traded – Fixed Income	<u>7,341</u>
	\$ <u><u>7,903,058</u></u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 16 – COMPONENT UNIT, SANTA FE COMMUNITY COLLEGE FOUNDATION (CONTINUED)**

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Foundation’s exposure to custodial credit risk at June 30, 2018 is as follows:

<u>Investment Type</u>	<u>Custodian</u>		<u>Fair Value</u>
Mutual Funds - Equities	Fidelity Investments	\$	5,082,229
Mutual Funds - Bonds	Fidelity Investments		2,783,549
Exchange Traded - Equities	Fidelity Investments		29,939
Exchange Traded - Fixed Income	Fidelity Investments		7,341
		\$	<u>7,903,058</u>

Fidelity Investments are members of Securities Investor Protection Corporation (SIPC). As a result, securities are protected up to \$500,000. In addition to the SIPC protection, Fidelity Investments provide excess coverage from Lloyd’s of London in conjunction with other insurers. Total aggregate excess of SIPC coverage is \$1 billion each, but there is a per unit limit of \$1.9 million for cash awaiting investment.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation’s investment in a single issuer. Investments in any one issuer that represents 10% or more for bonds and 5% or more for all other investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were no bonds in a single issuer that represents 10% or more of the total investments and there were no other investments 5% or more of the total investments at June 30, 2018.

<u>Name of Depository/ Custodian</u>	<u>Account Type</u>	<u>Institution Balance</u>	<u>Reconciled Book Balance</u>
<b>Deposits</b>			
Century Bank-Public Funds	Non-Interest-Bearing Deposit	\$ 1,042,462	1,111,390
Fidelity Investments		180,543	111,224
<b>Total Deposits</b>		<u>1,223,005</u>	<u>1,222,614</u>
<b>Investment Accounts</b>			
Fidelity Investments	Mutual Funds - Equities	5,082,229	5,082,229
Fidelity Investments	Mutual Funds - Bonds	2,783,549	2,783,549
Fidelity Investments	Exchange Traded Equities	29,939	29,939
Fidelity Investments	Exchange Traded - Fixed	7,341	7,341
<b>Total Investments</b>		\$ <u>7,903,058</u>	<u>7,903,058</u>



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 16 – COMPONENT UNIT, SANTA FE COMMUNITY COLLEGE FOUNDATION (CONTINUED)**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. At June 30, 2018, the Foundation’s bond and money market mutual funds are subject to credit risk, however, they are unrated.

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
<b>Money Market Funds:</b>		
Fidelity Treasury Money Market	<b>AAA</b>	2.26%
<b>Bond Mutual Funds:</b>		
Vanguard Inter-Term Inv	<b>A</b>	9.28%
Vanguard Short-Term Inv	<b>A</b>	9.40%
Vanguard Short-Term Corp	<b>A</b>	0.09%
Fidelity Floating Rate	<b>B</b>	5.15%
Blackrock Strategic Income	<b>BB</b>	0.03%
Templeton Global Total Return	<b>BB</b>	4.49%
Doubleline Total Return	<b>BB</b>	6.59%

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2018, Foundation’s bond mutual funds are subject to interest rate risk.

Investment Income

For the year ended June 30, 2018, components of investment income were as follows:

Interest and dividend income	\$	269,072
Net unrealized and realized gain		277,545
Investment and management fees and taxes		<u>(26,766)</u>
Total Net Investment Income	\$	<u>519,851</u>

Fair Value Measurement

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) for the identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal to principal markets.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.
- Level 3 inputs are unobservable inputs for an asset.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to the Financial Statements  
June 30, 2018**

**NOTE 16 – COMPONENT UNIT, SANTA FE COMMUNITY COLLEGE FOUNDATION (CONTINUED)**

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the component considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The Foundation has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investment held by the Foundation:				
Mutual Funds – Equities	\$ 5,082,229	5,082,229	-	-
Mutual Bonds – Bonds	2,783,549	2,783,549	-	-
Exchange Traded – Equities	29,939	29,939	-	-
Exchange Traded – Fixed Income	<u>7,341</u>	<u>7,341</u>	-	-
<b>Total investments         subject to leveling</b>	<b>\$ <u>7,903,058</u></b>	<b><u>7,903,058</u></b>	<b>-</b>	<b>-</b>
Investments measured at the net asset value (NAV):	\$ <u>-</u>			
<b>Total investments</b>	<b>\$ <u>7,903,058</u></b>			

**NOTE 17 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 26, 2018, which is the date on which the financial statements were available to be issued.

**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE**

Net position as of July 1, 2017 has been restated as follows for compliance with financial reporting requirements of Governmental Accounting Standards Board’s Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions:

Net position as previously reported	\$ 40,071,943
GASB 75 implementation	<u>(29,833,142)</u>
Net position, as restated	<u>\$ 10,238,801</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Proportionate Share of the Net Pension Liability  
June 30, 2018**

**New Mexico Educational Retirement Board Pension Plan  
For Last 10 Fiscal Years\*  
(Dollars in Thousands)**

Fiscal Year Measurement Date	2018 2017	2017 2016	2016 2015	2015 2014
College's Proportion of the Net Pension Liability (Asset)	0.81243%	0.78059%	0.74256%	0.00%
College's Proportionate Share of Net Pension Liability (Asset)	90,289	56,175	48,098	44,962
College's Covered-Employee Payroll	22,292	23,930	20,274	22,556
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	405.03%	234.75%	237.24%	199.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.95%	61.58%	63.97%	66.54%

\* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the College is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of the College System Contributions  
June 30, 2018**

**New Mexico Educational Retirement Board Pension Plan  
For Last 10 Years\*  
(Dollars in Thousands)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions	3,216	3,099	3,159	2,992
Contributions in Relation to the Contractually Required Contribution	3,216	3,099	3,159	2,992
Contribution Deficiency (Excess)	-	-	-	-

\* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the College is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Proportionate Share of the Net OPEB Liability  
June 30, 2018**

**New Mexico Retiree Health Care OPEB Plan**

	<u>2018*</u>
Employer's portion of the net OPEB liability	0.55422%
Employer's proportionate share of the net OPEB liability	\$ 25,115,438
Employer covered-employee payroll	\$ 23,086,851
Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the College will present information for available years.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Employer's Contributions  
June 30, 2018**

**New Mexico Retiree Health Care OPEB Plan**

	<b>2018*</b>
Contractually required contributions	\$ <u>1,759,909</u>
Contributions in relation to the contractually required contribution	<u>883,278</u>
Contribution deficiency (excess)	\$ <u><u>876,631</u></u>
Employer's covered-employee payroll	\$ 23,086,851
Contributions as a percentage of covered-employee payroll	3.83%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the College will present information for available years.

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018**

*Changes of benefit provisions.*

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

*Changes of assumptions and methods.*

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decrease in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

\*Refer the RHCA Report for the OPEB related notes.



**SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Combined Revenues and Expenditures Budget Comparisons –  
Unrestricted and Restricted – All Operations  
For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>				
Instruction and general	\$ 40,741,014	41,134,826	43,441,620	2,306,794
Student social and cultural	125,747	124,427	126,268	1,841
Public service	6,804,984	6,952,927	5,289,888	(1,663,039)
Internal service	10,000	6,518	2,817	(3,701)
Student aid grants and stipends	10,268,085	10,268,085	6,737,116	(3,530,969)
Auxiliary enterprises	2,244,377	2,061,731	2,072,775	11,044
Capital outlay	3,066,156	3,066,156	1,540,741	(1,525,415)
Retirements of indebtedness	6,349,729	4,393,574	6,478,006	2,084,432
Total revenues	<u>69,610,092</u>	<u>68,008,244</u>	<u>65,689,231</u>	<u>(2,319,013)</u>
<b>Expenditures:</b>				
Instruction and general	39,016,787	39,467,578	38,491,048	(976,530)
Student social and cultural	125,747	140,880	115,493	(25,387)
Public service	6,803,482	7,512,076	7,064,437	(447,639)
Internal service	10,000	6,518	161,573	155,055
Student aid grants and stipends	11,062,961	11,018,085	7,299,541	(3,718,544)
Auxiliary enterprises	2,190,501	2,061,663	2,036,992	(24,671)
Capital outlay	3,507,411	3,507,411	1,943,555	(1,563,856)
Building renewals and replacements	-	20,000	39,538	19,538
Retirements of indebtedness	5,037,451	4,822,295	9,369,861	4,547,566
Total expenditures	<u>67,754,340</u>	<u>68,556,506</u>	<u>66,522,038</u>	<u>(2,034,468)</u>
Net transfers to (from)	<u>(1,010,486)</u>	<u>(1,508,759)</u>	-	-
Change in net position (budgetary basis)	<u>845,266</u>	<u>(2,057,021)</u>	<u>(832,807)</u>	<u>1,224,214</u>
Beginning net position	<u>11,687,112</u>	<u>12,354,591</u>	<u>12,383,843</u>	<u>29,252</u>
Ending net position	<u>\$ 12,532,378</u>	<u>10,297,570</u>	<u>11,551,036</u>	<u>21,848,606</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Unrestricted Current Funds -  
Summary of Instruction and General  
Revenues and Expenditures Budget Comparisons  
For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>				
Tuition and fees	\$ 7,595,140	7,477,221	7,444,084	(33,137)
State govt appropriations	9,574,300	9,574,300	9,574,300	-
Local govt appropriations	17,052,159	17,684,658	17,893,951	209,293
Sales and service & other	319,987	199,219	232,582	33,363
Total revenues	<u>34,541,586</u>	<u>34,935,398</u>	<u>35,144,917</u>	<u>209,519</u>
<b>Expenditures:</b>				
Instruction	15,239,634	15,458,425	15,290,481	(167,944)
Academic support	3,481,081	3,498,081	3,065,659	(432,422)
Student services	3,402,352	3,422,352	3,256,510	(165,842)
Institutional support	6,534,129	6,554,129	6,244,069	(310,060)
Operation and maintenance of plant	4,160,163	4,335,163	4,250,506	(84,657)
Total expenditures	<u>32,817,359</u>	<u>33,268,150</u>	<u>32,107,225</u>	<u>(1,160,925)</u>
Net Transfers to (from)	<u>(1,805,362)</u>	<u>(2,258,759)</u>	<u>(1,437,216)</u>	<u>(821,543)</u>
Change in net position (budgetary basis)	<u>(81,135)</u>	<u>(591,511)</u>	<u>1,600,476</u>	<u>(2,191,987)</u>
Beginning net position	<u>1,065,780</u>	<u>1,604,571</u>	<u>1,636,000</u>	<u>31,429</u>
Ending net position	<u>\$ 984,645</u>	<u>1,013,060</u>	<u>3,236,476</u>	<u>2,223,416</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Restricted Current Funds –  
Summary of Instruction and General  
Revenues and Expenditures Budget Comparisons  
For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>				
Federal govt grants and contracts	\$ 5,406,055	5,406,055	6,614,390	1,208,335
State govt grants and contracts	686,326	686,326	907,233	220,907
Local govt grants and contracts	92,071	92,071	753,931	661,860
Private gifts, grants, and contracts	14,976	14,976	21,149	6,173
Other sources	-	-	-	-
<b>Total revenues</b>	<b>6,199,428</b>	<b>6,199,428</b>	<b>8,296,703</b>	<b>2,097,275</b>
<b>Expenditures:</b>				
Instruction	4,830,114	4,830,114	4,661,197	(168,917)
Academic support	981,410	981,410	1,389,674	408,264
Student services	387,904	387,904	332,952	(54,952)
<b>Total expenditures</b>	<b>6,199,428</b>	<b>6,199,428</b>	<b>6,383,823</b>	<b>184,395</b>
Net Transfers to (from)	-	-	-	-
Change in net position (budgetary basis)	-	-	1,912,880	1,912,880
Beginning net position	-	-	-	-
Ending net position	\$ -	-	1,912,880	1,912,880

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Reconciliation of Budgetary Basis to Financial Statement Basis  
Unrestricted and Restricted  
All Operations  
For the Year Ended June 30, 2018**

**Total Unrestricted and Restricted Revenues:**

<b>Budgetary Basis</b>	\$ <u>65,689,231</u>
Reconciling Items:	
Scholarship allowance (not in budgetary basis)	(2,301,423)
State appropriations, capital	<u>(1,540,741)</u>
Total reconciling items	<u>(3,842,164)</u>

<b>GAAP Basis</b>	\$ <u><u>61,847,067</u></u>
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**Basic Financial Statements**

Operating revenues	\$ 18,619,840
Non-operating revenues	<u>43,227,227</u>

<b>Total Unrestricted and Restricted Revenues per Financial Statements</b>	\$ <u><u>61,847,067</u></u>
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**Total Unrestricted and Restricted Expenditures:**

<b>Budgetary Basis</b>	\$ <u>66,522,038</u>
Reconciling Items:	
Bond payment (not in financial statements)	(9,080,000)
Scholarship allowance (not in budgetary basis)	(2,301,423)
Capital outlay (not in financial statements)	(1,943,555)
Depreciation expense (not in budgetary basis)	3,595,406
Pension and OPEB expense (not in budgetary basis)	12,502,380
Other items	<u>82,656</u>
Total reconciling items	<u>2,855,464</u>

<b>GAAP Basis</b>	\$ <u><u>69,377,502</u></u>
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**Basic Financial Statements**

Operating expenditures	\$ 69,087,641
Non-operating expenditures	<u>289,861</u>

<b>Total Unrestricted and Restricted Expenditures per Financial Statements</b>	\$ <u><u>69,377,502</u></u>
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## **SUPPORTING SCHEDULES**

STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Deposit and Investment Accounts  
June 30, 2018

Account Name	Type						Component Unit		
		Bank of Albuquerque	Operational Century Bank	Payroll Century Bank	Operational Wells Fargo Bank	Total	Century Bank	Fidelity	Total
Operating Cash Account	Checking	\$ -	-	-	141,966	141,966	-	-	-
Payroll Cash Account	Payroll	-	-	18,004	-	18,004	-	-	-
Operating	Checking	-	18,324,151	-	-	18,324,151	-	-	-
Operating	Checking	3,929,817	-	-	-	3,929,817	-	-	-
Funds Held in Custody	Escrow	57,333	-	-	-	57,333	-	-	-
Foundation - Operating Account	Checking	-	-	-	-	-	1,042,462	-	1,042,462
Money Market Mutual Funds	Investments	-	-	-	-	-	-	180,543	180,543
Exchange Traded - Equities/Fixed Income	Investments	-	-	-	-	-	-	37,280	37,280
Mutual Funds - Bonds/Equities	Investments	-	-	-	-	-	-	7,865,778	7,865,778
Amounts on Deposit		3,987,150	18,324,151	18,004	141,966	22,471,271	1,042,462	8,083,601	9,126,063
Outstanding items		-	(1,084,513)	(14,661)	(17,077)	(1,116,251)	68,928	(69,319)	(391)
		<u>\$ 3,987,150</u>	<u>17,239,638</u>	<u>3,343</u>	<u>124,889</u>		<u>1,111,390</u>	<u>8,014,282</u>	
					Petty Cash	\$ 14,677			\$ -
						<u>\$ 21,369,697</u>			<u>\$ 9,125,672</u>
					Reconciliation to the Statement of Net Position:				
					Cash and cash equivalents	\$ 17,148,158			\$ 1,222,614
					Restricted cash and cash equivalents	3,929,817			-
					Agency fund cash	291,722			-
					Short-term investments	-			7,903,058
					Total deposits and investments	<u>\$ 21,369,697</u>			<u>\$ 9,125,672</u>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Pledged Collateral  
June 30, 2018**

Security	Location	Maturity	Fair Market Value June 30, 2018
FHLB-DALLAS (CUSIP 249015C89)	Century Bank	December 1, 2034	\$ 1,143,680
FHLB-DALLAS (CUSIP 438701SC9)	Century Bank	July 1, 2036	1,648,815
FHLB-DALLAS (CUSIP 474176KJ2)	Century Bank	December 1, 2035	1,148,750
FHLB-DALLAS (CUSIP 543573BP3)	Century Bank	December 1, 2036	1,087,970
FHLB-DALLAS (CUSIP 59261AFS1)	Century Bank	November 15, 2037	1,133,530
FHLB-DALLAS (CUSIP 650035N38)	Century Bank	March 15, 2029	1,137,700
FHLB-DALLAS (CUSIP 682001EC2)	Century Bank	February 1, 2034	1,137,720
FHLB-DALLAS (CUSIP 787350CN5)	Century Bank	October 1, 2037	1,152,530
FHLB-DALLAS (CUSIP 913367DZ8)	Century Bank	May 1, 2035	1,649,237
FN BD2472 (CUSIP 3140F9XA8)	Bank of Albuquerque	January 1, 2032	792,490
FHMS K721 A1 (CUSIP 3137BM6N1)	Bank of Albuquerque	January 25, 2022	797,605
FHMS K721 A1 (CUSIP 3137BM6N1)	Bank of Albuquerque	January 25, 2022	239,282
FHMS K721 A1 (CUSIP 3137BM6N1)	Bank of Albuquerque	January 25, 2022	398,803
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	175,399
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	175,399
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	175,399
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	263,099
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	438,498
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	517,428
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	526,198
FN AL6163 (CUSIP 3138ENZ51)	Bank of Albuquerque	November 1, 2021	789,297
FHR 4338 CA (CUSIP 3137BB3B4)	Bank of Albuquerque	May 15, 2044	880,768
FHR 4338 CA (CUSIP 3137BB3B4)	Bank of Albuquerque	May 15, 2044	123,214
FHR 4338 CA (CUSIP 3137BB3B4)	Bank of Albuquerque	May 15, 2044	1,232,146
FHR 4338 CA (CUSIP 3137BB3B4)	Bank of Albuquerque	May 15, 2044	205,357
			\$ 18,970,314



**STATE OF NEW MEXICO**  
**SANTA FE COMMUNITY COLLEGE**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**June 30, 2018**

	<u>June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2018</u>
Phi Theta Kappa Club	\$ 3,167	1,440	865	3,742
Smiles Club	1	380	-	381
Clay Club	7,564	15,106	12,399	10,271
Nursing Club	492	-	-	492
LGBT Pride	81	-	-	81
ASL Deaf & Hard of Hearing	100	-	-	100
The Film Club	384	-	79	305
RT Inspiring	37	-	-	37
Solar Club	3,902	-	-	3,902
Student Activities	57	-	57	-
Glass Club	2	3,871	3,136	737
Veterans Club	3,614	1,661	1,880	3,395
Native American Club	1,088	470	240	1,318
Fashion Club	-	3,701	670	3,031
Aquaculter and Hydroponics Club	685	461	65	1,081
Figure Club	227	130	227	130
Bondage Breakers Motivational Club	20	20	40	-
NSLS Craft Club	5	870	729	146
Freedom Ambassadors Club	-	851	39	812
Sculpture Union	235	1,894	42	2,087
Hospitality and Tourism Club	2,755	1,490	3,068	1,177
Student Ambassadors	-	919	547	372
Toastmasters Club	-	645	-	645
Employee Committee	(1,226)	1,226	-	-
SUN On-Line	2,325	-	-	2,325
NMICC	191,141	144,000	181,966	153,175
First Year Student Success	492	-	-	492
Training Center	55,523	-	-	55,523
Film Crew Training	19,705	-	17,850	1,855
Training Center Entrepreneurship	-	44,110	-	44,110
Total agency fund cash	<u>292,376</u>	<u>223,245</u>	<u>223,899</u>	<u>291,722</u>
Accounts Receivable	-	149,100	149,100	-
Capital Assets	7,828	307,268	313,920	1,176
Less: Accounts Payable	<u>19,026</u>	<u>-</u>	<u>19,026</u>	<u>-</u>
Due to other organizations	<u>\$ 281,178</u>	<u>679,613</u>	<u>667,893</u>	<u>292,898</u>

## **COMPLIANCE SECTION**

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

To the Board Members  
Santa Fe Community College  
Santa Fe, New Mexico  
and  
Mr. Wayne Johnson, New Mexico State Auditor

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, fiduciary activities and the aggregate discretely presented component unit of Santa Fe Community College (the "College"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 26, 2018.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

### **Purpose of this Report**

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



Albuquerque, New Mexico  
October 26, 2018

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

To the Board Members  
Santa Fe Community College  
Santa Fe, New Mexico  
and  
Mr. Wayne Johnson, New Mexico State Auditor

**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 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, 2018. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico  
October 26, 2018

STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Program or Grantor Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<b>Student Financial Assistance - Cluster</b>					
<b>Department of Education</b>					
421202,421201	Federal Pell Grant Program	84.063		\$	\$5,025,326
421612, 421611, 421622, 421632	Federal Direct Student Loans	84.268			\$943,861
421402	Federal Supplemental Educational Opportunity Grants	84.007			\$70,523
425100	Federal Work-Study Program	84.033			\$75,142
<b>Total Department of Education</b>					<b>\$6,114,852</b>
<b>Total Student Financial Assistance Cluster</b>					<b>\$6,114,852</b>
<b>Research and Development-Cluster</b>					
<b>National Science Foundation</b>					
411015	SimBuilding	47.076			\$1,783
411017	Online Tech - Education	47.076			\$18,186
411031	EPSCOR Infrastructure Seed - UNM	47.083	063034-87G6		\$9,833
411059	Stem Grant - NMIMT	47.076	STEM10-710415		\$2,122
411129	VESTA National Ctr for Excell - MSU	47.076	16043-010		\$14,440
<b>Total National Science Foundation</b>					<b>\$46,364</b>
<b>Total Research and Development Cluster</b>					<b>\$46,364</b>
<b>TRIO - Cluster</b>					
<b>Department of Education</b>					
411210	TRIO Student Support Services	84.042			\$233,357
<b>Total TRIO Cluster</b>					<b>\$233,357</b>
<b>Other Programs</b>					
<b>Department of Labor</b>					
411230	TAACCCT - SUNPATH	17.282		\$2,245,678	\$4,090,121
411073	YouthBuild	17.274			\$105,810
<b>Total Department of Labor</b>					<b>\$2,245,678</b>
<b>Total Department of Labor</b>					<b>\$4,195,931</b>
<b>Department of Education</b>					
411063	Perkins - Voc Access Redistribution NMPED	84.048A			\$27,618
411064	Perkins - Voc Access NMPED	84.048A			\$178,287
411312	Adult Education	84.002	V002A160032		\$232,849
411310	NRGSC	84.031C	P031C110094		\$977
<b>Total Department of Education</b>					<b>\$439,731</b>
<b>Department of Agriculture Food and Nutrition Service</b>					
411094	State of NM CYFD	10.558			\$59,267
<b>Total Department of Agriculture Food and Nutrition</b>					<b>\$59,267</b>
<b>Small Business Administration</b>					
411121	NMSBDC	12.002		\$110,549	\$390,456
411123	NMSBDC Jan-Dec 2017	12.002		\$261,866	\$503,538
					<b>\$372,415</b>
<b>Total Small Business Administration</b>					<b>\$893,994</b>
<b>Office of Naval Research</b>					
411125	PTAC Supplemental	59.037			\$28,016
411126	PTAP Mar 17-Feb 18	59.037			\$204,190
411122	PTAP Mar 17-Feb 18	59.037			\$205,257
411126	PTAP Mar 18-Feb 19	59.037			\$52,983
411127	PTAP Mar 18-Feb 19	59.037			\$79,870
<b>Total Office of Naval Research</b>					<b>\$570,316</b>
<b>Economic Development Administration</b>					
411412	EDA - BEATTC	11.300			\$53,284
					<b>\$53,284</b>
<b>Economic Protection Agency</b>					
411411	EPA - Brownsfield Job Envir Training	66.814			\$57,195
					<b>\$57,195</b>
<b>Department of Health and Human Services</b>					
411453	Partnerships for Success- UNM	93.243	028344-87G6		\$3,227
411303	NM AMP - NMSU	93-308	Q01618		\$403
<b>Total Department of Health and Human Services</b>					<b>\$3,630</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$</b>	<b>\$12,667,921</b>
				<b>\$2,618,093</b>	<b>\$12,667,921</b>

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2018**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Non-Cash Assistance**

The College expended no federal awards in the form of non-cash assistance for the year ended June 30, 2018.



**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Findings and Questioned Costs  
June 30, 2018**

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Grant Guidance        Yes   X   No

Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
17.282	TAACCCT	Unmodified

Dollar threshold used to distinguish between type A and type B programs \$      750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Schedule of Findings and Questioned Costs  
June 30, 2018**

**B. FINDINGS—FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS—FEDERAL AWARDS**

None

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Status of Prior Year Findings  
June 30, 2018**

**D. PRIOR YEAR FINDINGS**

2017-001      Restatement of Net Position – Resolved

**STATE OF NEW MEXICO  
SANTA FE COMMUNITY COLLEGE  
Exit Conference  
June 30, 2018**

**EXIT CONFERENCE – COLLEGE**

The contents of this report and its schedules related to the component unit were discussed on October 23, 2018. The following persons were in attendance:

Santa Fe Community College Personnel

Nick Telles, Vice President of Finance/CFO  
Amy Pell, Controller  
Jessica Garcia, Assistant Controller  
Jack Sullivan, Board Vice Chair  
Ann Trabaldo, Grants Accounting Manager  
Cecillia Cervantes, Interim President

Axiom CPA and Business Advisors, LLC

Jaime Rumbaoa, CPA, Partner

**EXIT CONFERENCE – FOUNDATION**

The contents of this report and its schedules related to the component unit were discussed on October 23, 2018. The following persons were in attendance:

Santa Fe Community College Foundation Personnel

Nick Telles, Vice President of Finance/CFO, SFCC  
Amy Pell, Controller  
Deborah Boldt, Executive Director  
Stephen Gaber, Treasurer

Axiom CPA and Business Advisors, LLC

Jaime Rumbaoa, CPA, Partner

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, 2018 by Axiom Certified Public Accountants and Business Advisors LLC. The responsibility for these financial statements remains with the College.