

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

Thursday, February 18, 2010
Moran Building – Multi Purpose Room
4:00 p.m.

AGENDA

- | | |
|--|----------------|
| A. Welcome | Larry Hanna |
| B. Adoption of Agenda | Larry Hanna |
| C. Approval of Minutes of January 14, 2010 | Larry Hanna |
| D. President's Report | Steve McCleery |
| E. New Business | |
| 1. Consideration of Audit Report | Dan Hardin |
| 2. Monthly Expenditures Report | Dan Hardin |
| 3. Monthly Revenue Report | Dan Hardin |
| 4. Oil and Gas Revenue Report | Dan Hardin |
| 5. Schedule of Investments | Dan Hardin |
| 6. Fiscal Watch Reports | Dan Hardin |
| F. Public Comments | Larry Hanna |
| G. Closure of Open Meeting | Larry Hanna |
| H. Announcement of Next Meeting | Larry Hanna |
| I. Adjournment | Larry Hanna |

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

JANUARY 14, 2010

MINUTES

The New Mexico Junior College Board met on Thursday, January 14, 2010, beginning at 4:00 p.m. in the Multi Purpose Room of the Moran Building. The following members were present: Mr. Larry Hanna, Chairman; Ms. Patricia Chappelle, Secretary; Mr. Phillip Jones; Mr. Ron Black; Mrs. Yvonne Williams; and Mr. Guy Kesner. Not present was Mrs. Mary Lou Vinson.

Mr. Hanna called the meeting to order and welcomed visitors and guests present: Beth Hahn, News-Sun.

Upon a motion by Mr. Kesner, seconded by Mrs. Williams, the agenda was unanimously adopted, as presented.

Upon a motion by Mrs. Williams, seconded by Mr. Black, the Board unanimously approved the minutes of December 17, 2009.

Under President's Report, Larry Sanderson presented the NMJC State of the College Report, January 2010.

Under New Business, Dan Hardin presented the December financial reports and with a motion by Mr. Jones, seconded by Ms. Chappelle, the Board unanimously approved the expenditures for December, 2009.

Mr. Hardin presented a request to enter into a ten year lease with the City of Hobbs on 1.6 acres of pasture land located west of the campus contiguous to the Oil Field Training Center. The college will add a new caliche pad and a security fence and the land will be used for hands-on oilfield training. Upon a motion by Ms. Chappelle, seconded by Mr. Jones, the board unanimously approved the request.

Josh Morgan presented Bid #1034 – Carpentry Work on Campus. The administration recommended acceptance of the bid from Construction

Advantage for an hourly rate of \$45.00 per hour. Upon a motion by Mrs. Williams, seconded by Ms. Chappelle, the board accepted the recommendation. Mr. Kesner abstained from the vote.

Mr. Morgan presented Bid #1036 – Concrete Work on Campus. The administration recommended acceptance of the bid from Doporto Construction for an hourly rate of \$44.00 per hour. Upon a motion by Mr. Jones, seconded by Ms. Chappelle, the board accepted the recommendation. Mr. Kesner abstained from the vote.

Upon a motion by Mr. Kesner, seconded by Mrs. Williams, the board unanimously voted to reject Bid #1035 – Painting Projects and Bid #1037 – Asbestos Projects.

Mr. Hanna called for comments from the public. There being none, the next regular board meetings were scheduled for Thursday, February 18 and March 18, 2010, beginning at 4:00 p.m.

Upon a motion by Mr. Jones, seconded by Ms. Chappelle, the board meeting adjourned at 4:30 p.m.

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

5317 Lovington Highway
Hobbs, NM 88240
Phone: (575)492-2770
Fax: (575)492-2768

To: New Mexico Junior College Board members
From: Dan Hardin
RE: Audit
Date: February 10, 2010

Board members,

At the February 16th Board meeting, Cindy Bryant with Accounting and Consulting will present the 2009 Audit report for your review and approval. The 2009 audit has an unqualified opinion, which is the opinion that we strive to obtain. Included in the audit are several audit findings that Cindy may or may not address in her presentation. In this memo is a listing of the findings and information about the finding.

2007 – 2 Preparation of Financial Statements (College)

The first audit finding is a repeat finding which most public entities are receiving due to the constant changes in Governmental accounting standards. This finding states that the financial statements and related disclosures are not being prepared by the College.

Management agrees that knowledge of financial statement preparation is very important to the accurate reporting of the financial status of the College. In response to this finding from the 2008 audit, the College contracted consultants to come to the College three different times during the year to work with Business Office personnel on fixed assets and accounts receivable. Also, Business Office personnel attended professional training classes in government accounting and audit updates. We will continue this emphasis on training for accounts receivable, GASB updates, and concentrate on financial statement preparation during the FY 10.

2009 – 1 Overspent Purchase Orders (College)

The second audit finding concerned a disbursement (totaling \$65.00) out of the 10 (totaling \$13,273) tested exceeded the original blanket purchase order. This created a total overage on this purchase order for the year of \$330.00.

The finding was due to an option in the Banner software that allowed the Accounts Payable Clerk to pay more than the amount of a purchase order. Before the audit began Josh Morgan changed this option in Banner to prevent the Accounts Payable Clerk from having the option to pay more than the Purchase Order limit.

Management agrees that overspending on a Purchase Order should not be an option for the Accounts Payable Clerk. Changes to the Banner software were implemented in July of 2009 to prevent the Accounts Payable Clerk from having the capability to overpay a Purchase Order.

2009 – 2 Lack of Documentation for Purchase Orders (College)

During the auditors test work of disbursements we noted that 1 disbursement (totaling \$5,727) out of (10 totaling \$13,273) checks was missing a purchase order.

This finding was the result of a check for \$5,727.00 for College insurance that was not tied to a purchase order. Steps have been taken to have multiple personnel checking for purchase order compliance.

Management agrees that policy should be followed and requisitions over \$1,500.00 should have a purchase order. The Accounts Payable Clerk, Purchase Coordinator, and Accountant are reviewing requisitions over \$1,500.00 and will require a Purchase Order to be in place.

2009 – 3 Stale Dated Checks

The auditors found 199 checks totaling \$21,994 that were written more than a year ago and listed as outstanding checks on the bank reconciliations. The College has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

This finding is in regard to stale dated checks. Auditors found in the reconciliations that some checks were over one year old. This was an over site and has been corrected.

Management agrees that with the reconciliation of outstanding checks, checks dated over one year should be remitted to the State in a timely fashion. Steps have been taken to ensure the timely remittance of stale dated checks.

2009 – 4 Lack of Segregation of Duties (Foundation)

Auditors noted that the Foundation accountant performs many of the duties and functions that are required for the cash receipt and disbursement process, however, another person actually makes deposits and writes the checks.

The fifth finding was concerning the segregation of duties in the Foundation. With the resignation of Jennifer Jordon as the Foundation Director, segregation of duties became problematic. Duties have been reassigned and should satisfy this finding.

Management agrees with the segregation of duties, and since the audit bank reconciliations are now being performed by the Foundation administrative assistant.

2009 – 5 Incomplete reconciliations (College)

Allowance for Bad Debts and Capital Assets are in need of additional reconciliation to the subsidiary detail and need to be reviewed by College management.

The last finding is in regard to reconciliations. This finding is not due to a lack of effort to do reconciliations, rather it is a problem in reconciling the subsidiary to the general ledger. Josh Morgan has spent many hours working on the reconciliation of fixed assets and allowance for Bad debts. We will continue to address this finding.

Management agrees that regular reconciliation is important to the financial stability of the College. Accounting staff will continue to reconcile balance sheet accounts with subsidiary details.

The Business Office views findings as a why to make corrections and improvements in the operational process. We will continue to provide more training for employees and improve processes to make reduce errors.



February 2, 2010

Dear *New MexiGROW* LGIP Participant:

On January 29, 2010, the New MexiGROW LGIP portfolio received its sixth funds distribution from the Reserve Primary Fund. Funds received by the State Treasurer's Office were distributed to participants, effective January 29, 2010. You can find the related press release from The Reserve at www.theR.com, dated January 26, 2010.

Your current statement shows a transaction on January 29, 2010 which reflects your individual portion of the pro rata distribution. This transaction will cause your LGIP account balance to increase your RCF balance to decrease. We apologize for the slight delay in the end-of-month process for LGIP, caused by processing this distribution. The majority (98.74%) of the original position, as held on September 15, 2008, has been distributed at this point.

As always, we are here to answer any questions you may have. Please call Kirene Bargas at 505-955-1136 or Hannah Chavez at 505-955-1154.

Sincerely,

James B. Lewis
NM State Treasurer

Sheila A. Duffy
Chief Investment Officer



2019 Galisteo Street, Building K
P.O. Box 608
Santa Fe, NM 87504-0608
www.stnm.org (505) 955-1120

NEW MEXICO STATE
STATEMENT OF ACCOUNT

NEW MEXICO JUNIOR COLLEGE (7102-13583)

PAGE:

DAN HARDIN
5317 LOVINGTON HIGHWAY
HOBBS, NM 88240

----- Account Period -----
1/01/10 through 1/31/10

----- Account Type -----
RESERVE CONTINGENCIES FUND (POOL-4102)

=====
Current-Yield: .0349
=====

Prior Earnings Accrued		Prior Balance	234,828.25
Current Earnings	-188,087.24	Deposits	
Subtotal	-188,087.24	Withdrawals	
Earnings Received	-188,087.24	Earnings Reinvested	-188,087.24
Current Earnings Accrued		New Balance	46,741.01

DATE	ACTIVITY	AMOUNT	BALANCE
1/01/10	Forward Balance		234,828.25
1/29/10	Reinvestment	-188,087.24	46,741.01
1/31/10	Ending Balance		46,741.01

Current period earnings received after close:
 Previous period earnings received after close:
 Average daily invested balance during period: 222,693.59
 Net management fee withheld from distribution: 9.46
 New MexiGROW LGIP deposits are not guaranteed or insured by anybank, the state of New Mexico, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency. New MexiGrow LGIP deposits, involve certain investment risks. Yield and total return may fluctuate, and are not guaranteed.

The variable rate for management
 fee withheld: .0005

NEW MEXICO STATE
STATEMENT OF ACCOUNT

NEW MEXICO JUNIOR COLLEGE (7102-1348)

PAGE:

DAN HARDIN
5317 LOVINGTON HIGHWAY
HOBBS, NM 88240

----- Account Period -----
1/01/10 through 1/31/10

----- Account Type -----
LGIP FUND (POOL-4101)

=====
Current-Yield: .0349
=====

Prior Earnings Accrued		Prior Balance	9,390,171.75
Current Earnings	188,421.44	Deposits	
Subtotal	188,421.44	Withdrawals	
Earnings Received	188,421.44	Earnings Reinvested	188,087.24
Current Earnings Accrued		New Balance	9,578,258.99

DATE	ACTIVITY	AMOUNT	BALANCE
1/01/10	Forward Balance		9,390,171.75
1/01/10	Cash Distribution	1,031.21	9,390,171.75
1/29/10	Reinvestment	188,087.24	9,578,258.99
1/31/10	Ending Balance		9,578,258.99

Current period earnings received after close:	334.20	
Previous period earnings received after close:		<i>9,635,000.00</i>
Average daily invested balance during period:	9,402,306.41	
Net management fee withheld from distribution:	399.28 + <i>7.46 = 408.74</i>	

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The variable rate for management
fee withheld: .0005

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NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

To: **New Mexico Junior College Board Members**
From: Dan Hardin
Date: February 5, 2010
RE: Expenditure and Revenue Reports for January 2010

January is month seven or 58% of the budget for the 2009/2010 fiscal year. The expenditure report represents expenditure totals that include funds expended and encumbered. The total year-to-date funds expended and/or encumbered through the month of January is \$32,722,275.00.

The total current unrestricted fund expenditures for Instruction & General through January are \$11,002,737.00, which is 57% of the projected budget. Instruction is over the 58% budget percentage, but we are expensing each month for the summer month payout to the faculty. The year-to-date expenditures for Total Current Unrestricted Funds are \$13,884,216.00. As you review the current unrestricted funds many of these areas have expended a large portion of their budget. The departments either expend most of their budgets at the beginning of each semester or as in the case of Internal Services have large encumbrance for maintenance agreements. We are required to do a transfer from Instruction and General to Computer Services to cover costs in Computer Services. Some months that credit is greater than the expenses for the month in Internal Services. Student Aid is where the tuition is expensed for the High School students enrolled in the dual credit and the ITV classes; it is also where we expense the employee tuition & fee waivers, and the senior citizen tuition waivers.

In the Restricted Funds the expenditures in the Grant area is relatively normal for this time of year. Stacey Jackson, the Grants Accountant is very diligent in monitoring grants expenses and drawing funds down in a timely fashion. Restricted Student Aid had the big Pell payout in January, with the Business office issuing over a million dollars in checks to students. This is a payout after their bills to NMJC were paid. Total restricted funds through January of 2010 are \$5,952,166.00.

Plant fund expenditures year-to-date is \$12,885,893.00, most of which is the electrical project, Central Plant upgrade, Library remodel, and the Caster Activity Center remodel.

Expenditures through January 2010 were \$32,722,275.00, which is 68% of the projected budget.

Revenue received in January 2010 was \$6,874,389.00. This consists of the tuition and fees, the monthly allocation from the state, the Oil and Gas Income, property tax revenue, bookstore and housing revenue, and restricted funds.

Tuition and Fees collected in January was \$476,660.00 as we collect tuition and fees for the spring semester. The College received \$1,798,674.00 in Oil and Gas and Oil and Gas equipment tax in January. The property tax revenue for January was \$1,622,910.00. We will receive additional property tax revenue by June. Auxiliary enterprises had revenue of \$880,460.00 in January, mostly coming from the bookstore.

Restricted funds had a large drawdown of \$1,352,022.00 in Student Aid, which follows the large expenditure in restricted student aid. We will have additional drawdowns in February.

We did not receive any State drawdown funds for Plant Funds in January. Beth Hancock does an excellent job of keeping funds draw down as quickly as possible.

Total revenue for January 2010 is \$6,874,389.00, with year-to-date revenue of \$26,249,041.00 or 75% of projected budget.

The Oil and Gas report reflects the mill levy revenue from Oil and Gas and Oil and Gas equipment taxes. The total budget for Oil and Gas and Oil and Gas equipment for the year is \$5,200,000.00. The total Oil and Gas and Oil and Gas equipment revenue through November of 2009 is \$4,175,513.00, which is 80% of the total Oil and Gas and Oil and Gas Equipment budget for the year.

The investment report shows an ending balance of \$9,625,000.00, as of the end of January. Attached with this memo from LGIP (Local Government Investment Pool), which as you can see moves the College to a 98.74% of original investment. At this time there is \$46,741.01 in the Reserve Contingency Funds for New Mexico Junior College. At the end of December the amount in the Reserve Contingency Fund for the College was \$234,828.25. So, the potential lost in the LGIP fund is now at \$46,741.01.

This concludes the Financial Report for January 2010.

NEW MEXICO JUNIOR COLLEGE
Expenditure Report
January 2010

58% of Year Completed

Fund	2008-09			2009-10			
	Final Budget	Year-to-Date Expended or Encumbered	Percentage of Budget Expended	Budget	Current Expended or Encumbered	Expended or Encumbered	Percentage of Budget Expended
CURRENT UNRESTRICTED FUND							
Instruction and General:							
Instruction	8,195,706	5,218,223	64%	6,873,499	704,150	5,006,225	73%
Academic Support	2,726,424	1,586,816	58%	3,275,862	171,505	1,504,386	46%
Student Services	1,412,365	819,753	58%	1,584,579	135,598	945,989	60%
Institutional Support	4,511,143	1,556,248	34%	4,558,435	274,458	1,896,688	42%
Operation & Maintenance of Plant	2,697,248	1,695,112	63%	2,926,058	216,749	1,649,449	56%
Subtotal - Instruction & General	19,542,886	10,876,152	56%	19,218,433	1,502,460	11,002,737	57%
Student Activities	198,172	125,675	63%	0	0	0	0%
Research	0	0	0%	0	0	0	0%
Public Service	0	0	0%	0	0	0	0%
Internal Service Departments	582,016	464,692	80%	152,207	(9,197)	105,371	69%
Student Aid	502,877	458,398	91%	625,231	226,193	610,080	98%
Auxiliary Enterprises	1,686,542	1,341,210	80%	1,668,008	274,410	1,330,521	80%
Athletics	1,086,290	899,461	83%	1,004,565	261,762	835,507	83%
Total Current Unrestricted Fund	23,598,783	14,165,588	60%	22,668,444	2,255,628	13,884,216	61%
CURRENT RESTRICTED FUND							
Grants	1,973,038	876,044	44%	1,848,907	97,104	819,157	44%
Student Aid	4,000,000	3,202,759	80%	4,050,000	2,274,996	5,133,009	127%
Total Current Restricted Fund	5,973,038	4,078,803	68%	5,898,907	2,372,100	5,952,166	101%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	15,230,972	4,208,845	28%	12,151,835	382,272	7,203,017	59%
Projects from State GOB Funds	1,555,621	227,115	15%	4,007,556	8,377	3,784,656	94%
Projects from State STB Funds	1,810,000	658,784	36%	1,790,668	2,700	1,706,668	95%
Projects from General Fund	178,282	105	0%	108,281	0	8,082	7%
Projects from Private Funds	531,743	434,488	82%	176,487	3,397	47,409	27%
Projects from State ER&R	197,252	0	0%	340,024	1,387	136,061	40%
Projects from State BR&R	683,588	0	0%	1,268,966	0	0	0%
Projects from Auxiliary BR&R	302	0	0%	0	0	0	0%
Subtotal - Capital and BR&R	20,187,760	5,529,337	27%	19,843,817	398,133	12,885,893	65%
Debt Service							
Revenue Bonds	0	0	0%	0	0	0	0%
Total Plant Funds	20,187,760	5,529,337	27%	19,843,817	398,133	12,885,893	65%
GRAND TOTAL EXPENDITURES	49,759,581	23,773,728	48%	48,411,168	5,025,861	32,722,275	68%

NEW MEXICO JUNIOR COLLEGE
Revenue Report
January 2010

58% of Year Completed

Fund	2008-09			2009-10			
	Final Budget	Year-to-date Revenue	Percentage of Budget Received	Budget	Current Revenue	Year-to-date Revenue	Percentage of Budget Received
CURRENT UNRESTRICTED FUND							
Instruction and General:							
Tuition and Fees	3,259,000	3,142,151	96%	3,354,500	467,660	3,366,762	100%
State Appropriations	8,299,600	5,259,797	63%	7,676,400	581,094	4,304,536	56%
Advalorem Taxes - Oil and Gas	5,200,000	7,726,137	149%	5,200,000	1,798,674	4,875,513	94%
Advalorem Taxes - Property	3,100,000	2,424,380	78%	3,504,278	1,622,910	2,892,463	83%
Interest Income	508,252	127,083	25%	287,000	1,508	15,726	5%
Other Revenues	246,100	227,770	93%	524,363	20,859	183,401	35%
Subtotal - Instruction & General	20,612,952	18,907,318	92%	20,546,541	4,492,705	15,638,401	76%
Student Activities	0	0	0%	0	0	0	0%
Public Service	0	0	0%	0	0	0	0%
Internal Service Departments	0	0	0%	0	0	0	0%
Auxiliary Enterprises	2,331,600	1,885,994	81%	2,298,000	880,460	2,137,323	93%
Athletics	320,500	184,625	58%	310,400	23,076	175,406	57%
Total Current Unrestricted	23,265,052	20,977,937	90%	23,154,941	5,396,241	17,951,130	78%
CURRENT RESTRICTED FUND							
Grants	1,976,294	839,125	42%	1,848,907	126,126	898,406	49%
Student Aid	4,000,000	2,566,494	64%	4,050,000	1,352,022	4,056,356	100%
Total Current Restricted	5,976,294	3,405,619	57%	5,898,907	1,478,148	4,954,762	84%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	1,586,048	186,184	12%	4,007,556		2,380,025	59%
Projects from State STB Funds	1,810,000	738,149	41%	1,790,668	0	830,678	46%
Projects from General Fund	178,282	45,000	25%	140,621	0	132,446	94%
Projects from Private Funds	0	0	0%	118,987	0	0	0%
Interest Income	0	0	0%	0	0	0	0%
Total Plant Funds	3,574,330	969,333	27%	6,057,832	0	3,343,149	0%
GRAND TOTAL REVENUES	32,815,676	25,352,889	77%	35,111,680	6,874,389	26,249,041	75%

NEW MEXICO JUNIOR COLLEGE

Oil and Gas Revenue Report

January 2010

58% of Year Completed

		OIL		GAS		COMBINED		
Sales	Month of Distribution	Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2009-10 Original Budget	Variance Over (Under) Budget
Actual	July	\$66.39	2,665,937	\$4.35	17,522,974	608,832	350,000	258,832
Actual	August	\$61.14	2,739,779	\$4.22	17,347,785	577,184	350,000	227,184
Actual	September	\$63.27	2,896,053	\$4.53	17,047,870	602,864	350,000	252,864
Actual	October	\$63.37	2,898,967	\$5.46	16,949,015	540,649	350,000	190,649
Actual	November	\$72.57	2,782,110	\$5.42	14,853,054	633,493	350,000	283,493
Accrual	December					350,000	350,000	0
Accrual	January					350,000	350,000	0
Accrual	February							0
Accrual	March							0
Accrual	April							0
Accrual	May							0
Accrual	June							0
Y.T.D. Production Tax Revenue						3,663,022	2,450,000	1,213,022
Y.T.D. Equipment Tax Revenue						1,212,491	1,000,000	212,491
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						4,875,513	3,450,000	1,425,513

Source: New Mexico Taxation and Revenue Department

NEW MEXICO JUNIOR COLLEGE

Schedule of Investments

January 2010

58% of Year Completed

Financial Institution	Amount Invested	Date Invested	Maturity Date	Period of Investment (Days)	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	9,625,000	N/A	N/A	N/A	7102-1348	0.035%	334
Total Investments	<u>9,625,000</u>						<u>334</u>

Summary of Current Month's Activity	
Beginning amount	9,625,000
Plus: deposits	0
Less: withdrawals	0
Capital Projects	9,347,829
Reserves Invested	277,171
Total LGIP Investment	9,625,000

Capital Projects	1/31/2010
Drawings & Master Plan	12,805.63
Marketing	49,932.06
Technology Upgrade	29,723.25
Workforce Training Center	0.00
High Tech Startup	1,346.40
JASI	101,118.20
Baseball Field	9,952.82
Rodeo Arena	-9,017.02
Equestrian Center	431,973.94
Infrastructure	26,078.81
Student Housing Construction	54,531.16
Testing Center Remodel	3,016,644.79
Frame & Door Replacement	150,000.00
Campus Village Development Proj	17,515.42
Luminis Software	16,991.00
Landscaping	458,363.41
Facility Painting	1,749.01
Millen Drive Signalization	95,000.00
Electrical Upgrade	543,600.50
Campus Signage	37,056.00
Campus Paving	7,561.17
Roof Replacement	266,900.40
Interior Lighting-Energy Retrofit	40,668.22
Old Dorms Renovation	45,089.51
Millen Dr. Sewer & Water	53,218.82
Board Room	15,786.44
Concrete Upgrade	31,641.65
Campus Construction	31,616.50
Oil & Gas Training Center	302,853.06
Workforce Training/Outreach	0.00
Professional Writing/Publishing	2,861.60
Public Sector	1,826.53
Campus Security	8,021.71
Caster Bleachers	9,805.66
Caster Old CHOF Remodel	976,000.00
Track/Arena Area Enhancement	65,044.46
Roadway Entrance-Rodeo/CDL	60,000.00
Lumens Software-Distance Learning	5,000.00
Welding Lab	50,000.00
Copier Replacement	12,501.00
Distance Ed Equipment	89,563.86
Non-Recurring Compensation	283,564.57
Athletics	239,200.00
Student Life Programming	5,000.00
Title V (Institutional)	138,982.56
CDL Truck Driving Program	43,262.14
Central Plant Upgrade	1,515,000.00
Workforce Training Contingency	1,493.70
Total	9,347,828.94

NOTE: Capital projects total does not include encumbered funds

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

5317 Lovington Highway
Hobbs, NM 88240
Phone: (505)392-5210
Fax: (505)392-2526

To: Board Members
From: Dan Hardin
RE: Fiscal Watch Reports
Date: January 20, 2010

Attached for your approval are the Fiscal Watch reports to be submitted to the Higher Education Department by the end of February. The first report is the Balance Sheet for December 31, 2009. The total current assets consist of Cash and Cash Equivalents in the amount of \$3,377,404.00, which represents cash in the vault and balances in the bank. Investments totaling \$9,625,000.00 are the funds that we have in the Local Government Investment Pool. Accounts Receivable is the gross receivables less allowance for uncollectible. Accounts Receivables are from students, grants, drawdown from the state for capital projects, third party billing, etc. Inventory is held at the bookstore. Prepaid expense is the college insurance and maintenance agreements prepaid for the entire year. Total current assets are \$14,784,442.00

Non-Current Assets are the same as is in the 2009 audit for Property, Plant and Equipment, net \$45,911,779.00 and Construction in Progress \$4,109,060.00. Total Non-Current Assets are \$50,020,839.00. Total Assets are \$64,805,281.00

Current Liabilities begin with Accounts Payable of \$3,076.00. Under the Banner system, when an invoice is entered into the system there is a credit posted to Accounts Payable, as checks are cut there is debit made to Accounts Payable. When Financial Aid memo posts an award to a student there is a debit made to Accounts Payable, an offsetting credit is made when there is an actual award is posted to the student. There is a large amount of activity in and out of Accounts Payable. Accounts Payable includes Dorm Deposits Payable, Gift Certificates from the Bookstore, and General Accounts Payable. Accrued wages payable is salaries payables and accrued vacation payable. At 12-31-2009, accrued wages payable was \$658,901.00. Deferred revenue is normally income for tuition and fees that we receive in the Spring semester for the coming Summer and Fall semesters, which are in a different fiscal year. Currently,

Deferred revenue is zero. Accrued Liabilities include all of the withholding payables for Federal Income Tax, State Income Tax, ERA, Health Insurance and other payroll related withholdings. Total accrued liabilities as of December 2009 are \$598,049.00. Other Payables are a combination of gross receipts payable, voluntary withholding payables, agency accounts, and scholarships payable. Agency accounts are funds held for the various clubs and organizations around campus. The total of other payables is \$92,572.00. Total Current Liabilities are \$1,352,598.00 as of December 2009. Long Term Liabilities include the student housing project for \$4,119,919.00. The total liabilities are \$5,472,517.00.

The Net Assets included Invested in Capital Assets, net of related debt, for a total of \$45,900,920.00. Unrestricted net assets have a total as of December 2009 of \$13,431,844.00, with the total net assets of \$59,332,764.00.

The next fiscal watch report is the Comparison of Operating and Plant Funds. This report was generated using the same numbers that were presented in the Board reports for December 2009. This report compares the December 2008 current revenues to the December 2009 current revenues. Tuition and Fee revenue is higher in December 2009 as compared to December 2008 due to the increase in student credit hours. State Appropriations are showing to be lower in 2009 as compared to 2008. Local appropriations are lower in 2009 than in 2008, as Oil & Gas revenues have decreased. Sales and Service revenue as of the end of December 2009 shows to be less than 2008, but this picture will change in January. Other revenues were slightly lower than in the previous year. Other revenues include indirect revenue from grants, GEO revenue, copier, interest, and vending. Total operating revenue through December 2009 was \$12,554,889.00 compared to \$16,758,439.00 as of December 2008.

In comparing the year-to-date operating expenditures as of December 2009 to the year-to-date operating expenditures for December 2008, we have some variances. The Instruction and General expenditures are up by \$191,391.00, this is due to increases in utility costs, salaries and benefits, and equipment purchases. Internal Services departments are showing a decrease from FY 08 to FY 09. This is due to moving College Communications from Internal Services to Instructional Support. There are increases in the expenditures for Student Aid and a decline in Bookstore expenditures. Athletics expenditures are about the same in fiscal year 2010. Total expenditures for operating funds as of December 2008 are \$11,827,236.00 compared to \$11,628,588.00 as of December 2009.

In comparing the Plant funds from December 2009 to December 2008, the College received several draws from the State during the second quarter. As you compare the expenditures you will see a large increase in

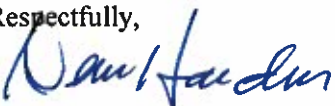
expenditures for fiscal year 2009 as compared to 2008. This is directly related to the three constructions projects that are currently in progress, electrical upgrade, Central Plant remodel and upgrade, and the Pannell Library remodel.

The next report is the comparison of the budget to actual as of December 2009. These numbers are also taken from the Board reports that were presented at the January Board meeting. Revenues are steady, but we are behind our budget projections in other revenues, other revenues include interest income. Tuition and Fees are ahead of the budget projections, with the increase in student credit hours. State Appropriations are steady, but we had a \$330,800.00 cut in the FY 10 budget. The local appropriations are consistent. The expenditure comparison of budget to actual is also the same as was presented in the January Board meeting. Encumbrances and seasonal expenditures in Student Aid, Auxiliary Enterprise, and Athletics account for budget areas being over 50% of their budget. As of December 2009, the College has received \$3,343,149.00 in Plant fund revenue. Plant Fund expenditures show the amounts that have been expended and/or encumbered for the capital projects. As previously mentioned there are several capital projects in progress at the time.

The Cash Flow statement represents the activity during the first six months of the fiscal year. Cash flows from operating activities indicates the money coming in from tuition and fees, grants, and auxiliary enterprises, then the funds going out for salaries and benefits, payouts to students, and vendors. The net result is that it took \$5,972,865.00 more cash than was brought in. The next section shows the amount of cash from non-capital financing activities. The incoming cash from these activities is \$7,369,834.00. Next, is cash from capital financing activities, this shows the fund expended for debt service and purchase of capital assets. The total is (\$3,753,102.00). You can see the cash brought in from interest earned and then the decrease in cash on hand by (\$2,344,915.00). Basically, we began the fiscal year with \$16,008,684.00 in cash; we ended the first two quarters with \$13,663,769.00 in cash for a net decrease of (\$2,344,915.00). This gives you a snap shot of the cash in and out for the first quarter of the fiscal year.

We hope this explanation gives you a good understanding of the Fiscal Watch reports we are asking you to approve.

Respectfully,


Dan Hardin

NEW MEXICO JUNIOR COLLEGE

Balance Sheet (Unaudited and Unadjusted) As of 12/31/09

Assets

Current Assets:

Cash and Cash Equivalents	3,377,404
Investments	9,625,000
Accounts Receivable, net	1,218,739
Inventories	306,680
Prepaid Expenses	256,619

Total Current Assets 14,784,442

Non-Current Assets

Property, Plant and Equipment, net	45,911,779
Construction in Progress	4,109,060

Total Non-Current Assets 50,020,839

Total Assets 64,805,281

Liabilities

Current Liabilities

Accounts Payable	3,076
Accrued Wages Payable	658,901
Deferred Revenue	0
Accrued Liabilities	598,049
Other Payables	92,572

Total Current Liabilities 1,352,598

Long Term Liabilities

Long Term Liabilities	
Notes/Bonds Payable	4,119,919.00

Total Long Term Liabilities 4,119,919.00

Total Liabilities 5,472,517.00

Net Assets

Invested in Capital Assets, net of related Debt	45,900,920
Unrestricted	13,431,844

Total Net Assets 59,332,764

NEW MEXICO JUNIOR COLLEGE
Comparison of Operating and Plant Funds
(Unadjusted and Unaudited)
Fiscal Year 2008-2009 and 2009-2010

Percentage
Increase
(Decrease)

Operating Funds

	Actuals as of 12/31/2008	Actuals as of 12/31/2009	
REVENUES			
Tuition & Fees	2,569,223	2,899,102	12.8%
State Appropriations	4,618,689	3,723,442	-19.4%
Local Appropriations	7,435,758	4,346,392	-41.5%
Sales & Service	1,646,660	1,256,863	-23.7%
Other	488,109	329,090	-32.6%
Total Revenues	16,758,439	12,554,889	-25.1%

EXPENDITURES

Instruction & General	9,308,886	9,500,277	2.1%
Student Social & Cultural	110,866	-	-100.0%
Internal Services	413,763	114,568	-72.3%
Student Aid	304,982	383,887	25.9%
Auxiliary Enterprises	1,100,873	1,056,111	-4.1%
Intercollegiate Athletics	587,866	573,745	-2.4%
Total Expenditures	11,827,236	11,628,588	-1.7%
Increase (decrease) in Fund Balances	4,931,203	926,301	-81.2%

Plant Funds

REVENUES			
Interest Income	-	-	
State Funds	463,260	3,343,149	621.7%
Other			
Total Revenue	463,260	3,343,149	621.7%

EXPENDITURES

Capital Projects	3,424,136	6,919,745	102.1%
State Funded Projects	876,107	5,520,669	530.1%
Private Funds	411,094	44,012	-89.3%
Building R&R			
Equipment R&R		134,674	
Auxiliary R&R			
Total Expenditures	4,711,337	12,619,100	167.8%

Increase (Decrease) in Fund Balances	-4,248,077	-9,275,951	118.4%
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NEW MEXICO JUNIOR COLLEGE
Summary of Operating and Plant Funds
(Unadjusted and Unaudited)
Fiscal Year 2009 - 2010

December 31 2009

Operating Funds	FY 2009-2010 Original Budget	FY 2009-2010 Actual as of 12-31-09	Percentage of Budget Earned or Expended
REVENUES			
Tuition & Fees	3,354,500	2,899,102	86.42%
State Appropriations	7,676,400	3,723,442	48.51%
Local Appropriations	8,704,278	4,346,392	49.93%
Sales & Service	2,298,000	1,256,863	54.69%
Other	1,121,763	329,090	29.34%
Total Revenues	23,154,941	12,554,889	54.22%

EXPENDITURES			
Instruction & General	19,150,562	9,500,277	49.61%
Internal Services	147,077	114,568	77.90%
Student Aid	605,800	383,887	63.37%
Auxiliary Enterprises	1,665,937	1,056,111	63.39%
Intercollegiate Athletics	1,003,159	573,745	57.19%
Total Expenditures	22,572,535	11,628,588	51.52%
Increase (decrease) in Fund Balances	582,406	926,301	

Plant Funds

REVENUES			
State Funds	5,938,845	3,343,149	56.29%
Other	118,987	-	
Total Revenue	6,057,832	3,343,149	55.19%

EXPENDITURES			
Capital Projects	12,168,843	6,919,745	56.86%
State Funded Projects	5,938,845	5,520,669	92.96%
Private Funds	171,487	44,012	25.66%
Building R&R	1,268,966		0.00%
Equipment R&R	340,024	134,674	39.61%
Auxiliary R&R	0	-	
Total Expenditures	19,888,165	12,619,100	63.45%

Increase (Decrease) in Fund Balances	-13,830,333	-9,275,951
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New Mexico Junior College
Statement of Cash Flows
December 31, 2009

Cash flows from operating activities:

Tuition and fees	2,899,102
Federal and state grants and contracts	3,476,614
Auxiliary enterprise charges	1,256,863
Payments to employees and for employees benefits	(8,195,953)
Disbursement of net aid to students	(1,961,199)
Payments to suppliers	(3,448,292)
Net cash (used) for operating activities	<u>(5,972,865)</u>

Cash flows from noncapital financing activities:

State apropriations	3,723,442
Property taxes	1,269,553
Oil and gas taxes	2,376,839
Net cash provided by noncapital financing activities	<u>7,369,834</u>

Cash flows from capital financing activities:

Principal payments on long term debt	(95,451)
Interest paid	(84,055)
Capital appropriations	3,343,149
Purchase of capital assets	(6,919,745)
Net cash (used) for capital financing activities	<u>(3,756,102)</u>

Cash flows from investing activities:

Interest income	14,218
Net cash provided by investing activities	<u>14,218</u>

Net increase in cash and cash equivalents (2,344,915)

Cash and cash equivalents - beginning of year 16,008,684

Cash and cash equivalents - 12 31 2009 13,663,769

Reconciliation of net operating loss to net cash used by

Operating activities:	(5,007,669)
Depreciation expense	
Changes in assets and liabilities:	
Accrued expenses	
Deferred expenses	
Accrued liabilities	
Inventory	
Deferred revenues	
Prepaid expenses	256,619
Compensated absences	
Accounts payable	(3,076)
Accounts receivable, net	(1,218,739)

Net cash (used) for operating activities (5,972,865)