

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

Thursday, January 18, 2018
Zia Board Room – Library
1:30 pm

AGENDA

- | | |
|---|---------------|
| A. Welcome | Pat Chappelle |
| B. Adoption of Agenda | Pat Chappelle |
| C. Approval of Minutes of December 21, 2017 | Pat Chappelle |
| D. President's Report | Kelvin Sharp |
| E. New Business | |
| 1. Fiscal Year June 30, 2017 Audit Report | Dan Hardin |
| 2. Monthly Expenditure Reports | Dan Hardin |
| 3. Monthly Revenue Report | Dan Hardin |
| 4. Oil and Gas Revenue Report | Dan Hardin |
| 5. Schedule of Investments | Dan Hardin |
| 6. Consideration of Quarterly Financial Action Report | Dan Hardin |
| F. Public Comments | Pat Chappelle |
| G. Announcement of Next Meeting | Pat Chappelle |
| H. Adjournment | Pat Chappelle |

**NEW MEXICO JUNIOR COLLEGE
BOARD MEETING
DECEMBER 21, 2017
MINUTES**

The New Mexico Junior College Board met on Thursday, December 21, 2017, beginning at 1:30 p.m. in the Zia Room of Pannell Library. The following members were present: Ms. Patricia Chappelle, Madam Chair; Mr. Ron Black, Secretary; Mr. Travis Glenn; Mr. Manny Gomez; Mrs. Mary Lou Vinson; Ms. Evelyn Rising; and Mr. Hector Baeza.

Ms. Chappelle called the meeting to order and welcomed visitors and guests present: Dorothy Fowler, Hobbs News-Sun and Mr. Lucas Ford, HB Construction.

Upon a motion by Mr. Glenn, seconded by Mr. Baeza, the agenda was unanimously adopted.

Upon a motion by Mr. Black, seconded by Mr. Glenn, the Board unanimously approved the minutes of November 16, 2017.

Under President's Report, Dr. Larry Sanderson provided the results of an NMJC Employee Survey contracted with Ruffalo Noel Levitz. The survey was administered over a ten-day period in early October 2017. The overall rate of results showed an employee satisfaction rate of 4.26%, up from 4.16% in comparison to the last survey conducted in 2012.

Dr. Sharp provided significant discussion of a Legislative Finance Committee (LFC) meeting recently attended in Santa Fe, New Mexico. Updates included a presentation of the current Governance Structure in New Mexico, recommendations of the restructure of the governing boards made by the NM SHEM Committee and by Higher Education Department Cabinet Secretary, Dr. Barbara Damron. In addition, Mr. Gomez asked if common course numbering was discussed. Dr. Sharp responded it was not but stated all New Mexico institutions will have a common course numbering in place by the end of 2018.

Under New Business, Dr. Kelvin Sharp administered the Oath of Office to Ms. Evelyn Rising for appointment to the Board for District VI.

Dan Hardin presented the November 2017 financial reports. Upon a motion by Mr. Glenn, seconded by Mr. Baeza, the Board unanimously approved the Expenditure Report for November 2017. In addition, the Revenue Report, Oil and Gas Revenue Report, and Schedule of Investments Report were reviewed.

Mr. Hardin presented a request to move funds in the amount of \$3,000,000.00 from the LGIP to invest into one-year insured certificates of deposits in the amount of \$250,000.00 with various banks across the country. In addition, he requested approval of converting funds from LGIP to short-term certificates of deposit that would correspond with the schedule of payments for the construction of the Allied Health building. Upon a motion by Mrs. Vinson, seconded by Mr. Gomez, the Board unanimously approved both requests.

Mr. Lucas Ford with HB Construction presented HB Construction's guaranteed max price of \$8,879,985.00 for the construction of the Allied Health building scheduled to begin in January of 2018. Mr. Hardin noted the max price amount does not include gross receipt taxes of approximately \$500,000.00 increasing the price to \$9,379,985.00. Upon a motion by Mr. Gomez, seconded by Mr. Glenn, the Board unanimously approved the price presented for the construction of the Allied Health building.

Ms. Chappelle called for comments from the public. There being none, the next regular board meeting was scheduled for Thursday, January 18, 2018 beginning at 1:30 pm.

Upon a motion by Mrs. Vinson, seconded by Mr. Gomez, the board meeting adjourned at 2:30 pm.

Pat Chappelle, Chair

Ron Black, Secretary

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

To: **New Mexico Junior College Board Members**
From: Dan Hardin
Date: January 12, 2018
RE: Expenditure and Revenue Reports for December 2017

December is month six or 50% of the budget for the 2017/2018 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 December is \$19,508,437.00.

The total current unrestricted fund expenditures through December are \$13,965,979.00, which is 52% of the projected budget. Instruction and General is running as normal for this time of year. In other Current Unrestricted Funds, Student Aid, Auxiliary Enterprises, and Athletics have higher percentage of expenditures due to the expenses for the start of each semester. Internal Services which consists of the Computer Services, and the Document Center receive monthly credits from Instruction & General to cover the operating costs. Each department has large dollar maintenance agreements that are expensed at the beginning of each fiscal year. As you can see the total expenses is higher than the budget, but over the course of the fiscal year the credits will cover the expenditures. Over all, the departments are expending as normal for December.

In the Restricted Funds the expenditures in the Grant area is lower than this time last year. This is due to the TAACCCT Grant and Upward Bound coming to the end of their Grant life. We continue to monitor the expenditures in the Grants and request the drawdown from the state and federal agencies. The year-to-date Restricted Student Aid is slightly higher as compared to December 2016. Total amount of restricted funds expended through December of 2017 is \$2,738,138.00.

Total Plant funds expended includes expenditures for Technology Upgrade, Entertainment Technology, Campus Construction, Dorm/Apartment Refurbishing, and the Allied Health construction project.

Total expenditures and or encumbrances through December 2017 were \$19,508,437.00 or 40% of the budget.

Total Current Unrestricted revenue received in December 2017 was \$5,405,258.00, with the year-to-date total of 18,328,197.00. This mostly consists of the tuition and fees, the monthly allocation from the state, the Oil and Gas Income, Oil and Gas Equipment tax income, and property tax revenue. The Tuition and Fees collected in December was \$468,998.00 as tuition and fees were collected for the spring semester. This time last year the State was cutting our budget by 5%, fortunately there are not cuts projected for this year. Oil and Gas mill levy for the month of December was \$965,644.00 and the equipment tax revenue for December was \$450,313.00. The property tax revenue for December was \$2,261,668.00, looking at the past trends in property tax payout, the College should receive additional property tax revenue in January and then again in June. In FY 17 the total for mill levy property tax was \$9,633,806.00.

Restricted funds had some drawdown revenue in December. Total restricted fund revenue for the year is \$2,566,593.00. There will be a large drawdown in January or February for restricted student aid.

In Plant Funds, the College drew down \$271,125 from STB funds for the Allied Health construction project. LGIP interest income for December was \$7,831.

Total revenue for the month of December 2017 is \$5,405,258.00, with year-to-date revenue of \$18,328,197.00 or 46% of projected budget.

The Oil and Gas revenue has been increasing for the past three months. The total Oil and Gas and Oil and Gas Equipment Tax revenue received through December of 2017 including the accrual of \$465,000 for each of the three months of October, November and December is \$4,502,344.00.

The investment report shows an ending balance in LGIP funds of \$8,593,127.00, with encumbered funds of \$11,487,593.70. In January, the College will move \$3,000,000.00 from the LGIP fund into CDARs with Lea County State Bank.

This concludes the Financial Report for December 2017.

NEW MEXICO JUNIOR COLLEGE

Expenditure Report

December 2017

50% of Year Completed

Fund	2016-17			2017-18			
	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	10,189,730	4,768,199	47%	10,058,717	993,337	4,468,200	44%
Academic Support	2,520,941	1,413,830	56%	2,501,303	225,399	1,343,243	54%
Student Services	1,996,717	1,026,237	51%	1,990,627	177,684	958,736	48%
Institutional Support	3,847,809	2,498,132	65%	3,888,147	316,705	1,890,487	49%
Operation & Maintenance of Plant	3,653,853	1,785,991	49%	3,652,603	326,159	1,771,098	48%
Subtotal - Instruction & General	22,209,050	11,492,389	52%	22,091,397	2,039,284	10,431,764	47%
Research	0		0%	850,000	72,724	501,605	59%
Public Service	0		0%	50,000	3,432	17,237	34%
Internal Service Departments	85,520	159,468	186%	87,288	3,446	195,445	224%
Student Aid	668,551	494,053	74%	668,551	52,099	341,267	51%
Auxiliary Enterprises	2,038,349	1,818,167	89%	2,066,294	362,730	1,686,726	82%
Athletics	1,191,478	792,797	67%	1,270,979	100,935	791,935	62%
Total Current Unrestricted Fund	26,192,948	14,756,874	56%	27,084,509	2,634,650	13,965,979	52%
CURRENT RESTRICTED FUND							
Grants	1,977,141	695,482	35%	1,977,141	78,914	497,351	25%
Student Aid	3,989,359	2,145,232	54%	3,989,359		2,240,787	56%
Total Current Restricted Fund	5,966,500	2,840,714	48%	5,966,500	78,914	2,738,138	46%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	11,519,140	3,484,263	30%	9,723,989	228,808	1,698,358	17%
Projects from State GOB Funds	4,955,549	4,950,000	0%	3,960,000		102,377	3%
Projects from State STB Funds	785,072	500,900	0%	596,058		557,752	94%
Projects from General Fund	0		0%	0	7,989	31,756	0%
Projects from Private Funds	0		0%	0			0%
Projects from State ER&R	332,720	129,311	39%	332,720		57,618	17%
Projects from State BR&R	597,281	212,029	35%	597,281	66,855	356,459	60%
Subtotal - Capital and BR&R	18,189,762	9,276,503	51%	15,210,048	303,652	2,804,320	18%
Debt Service							
Revenue Bonds	0		0%	0	0	0	0%
Total Plant Funds	18,189,762	9,276,503	51%	15,210,048	303,652	2,804,320	18%
GRAND TOTAL EXPENDITURES	50,349,210	26,874,091	53%	48,261,057	3,017,216	19,508,437	40%

NEW MEXICO JUNIOR COLLEGE

Revenue Report

December 2017

50% of Year Completed

Fund	2016-17			2017-18			
	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	3,667,000	3,081,494	84%	3,812,000	468,998	3,151,255	83%
State Appropriations	5,982,400	2,917,574	49%	5,629,937	469,158	2,814,948	50%
Advalorem Taxes - Oil and Gas	7,235,000	4,381,295	61%	7,235,000	1,415,957	4,502,344	62%
Advalorem Taxes - Property	7,052,621	1,996,586	28%	7,700,000	2,261,668	2,261,668	29%
Interest Income	15,000	185	1%	10,000	179	1,147	11%
Other Revenues	347,984	322,013	93%	296,538		182,640	62%
Subtotal - Instruction & General	24,300,005	12,699,147	52%	24,683,475	4,615,960	12,914,002	52%
Research	0	0	0%	400,000	100,000	200,000	50%
Public Service	0	0	0%	0	0	0	0%
Internal Service Departments	39,170	7,314	19%	12,500	310	4,788	38%
Auxiliary Enterprises	2,586,000	1,947,269	75%	3,668,000	288,103	2,104,009	57%
Athletics	477,300	225,148	47%	448,100	38,440	228,426	51%
Total Current Unrestricted	27,402,475	14,878,878	54%	29,212,075	5,042,813	15,451,225	53%
CURRENT RESTRICTED FUND							
Grants	1,977,141	712,623	36%	1,977,141	83,489	508,617	26%
Student Aid	3,989,359	1,984,624	50%	3,989,359		2,057,976	52%
Total Current Restricted	5,966,500	2,697,247	45%	5,966,500	83,489	2,566,593	43%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	4,955,549		0%	3,960,000			0%
Projects from State STB Funds	785,072	0	0%	596,058	271,125	272,920	46%
Projects from General Fund	0	0	0%	0		0	0%
Projects from Private Funds	0	0	0%	0		0	0%
Interest Income (LGIP)	10,000	19,842	198%	25,000	7,831	37,459	150%
Total Plant Funds	5,750,621	19,842	0%	4,581,058	278,956	310,379	7%
GRAND TOTAL REVENUES	39,119,596	17,595,967	45%	39,759,633	5,405,258	18,328,197	46%

NEW MEXICO JUNIOR COLLEGE

Oil and Gas Revenue Report

December 2017

50% 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	2017-18 Original Budget	Variance Over (Under) Budget
Actual	July	\$41.11	7,043,447	\$3.16	25,188,223	817,449	465,000	352,449
Actual	August	\$43.06	7,085,620	\$3.71	25,547,110	873,645	465,000	408,645
Actual	September	\$44.66	7,227,236	\$3.79	24,020,104	965,644	465,000	500,644
Accrual	October					465,000	465,000	0
Accrual	November					465,000	465,000	0
Accrual	December					465,000	465,000	0
Accrual	January						465,000	(465,000)
Accrual	February						465,000	(465,000)
Accrual	March						465,000	(465,000)
Accrual	April						465,000	(465,000)
Accrual	May						465,000	(465,000)
Accrual	June						465,000	(465,000)
Y.T.D. Production Tax Revenue						4,051,738	5,580,000	(1,528,262)
Y.T.D. Equipment Tax Revenue						450,606	1,655,000	(1,204,394)
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						<u>4,502,344</u>	<u>7,235,000</u>	<u>(2,732,656)</u>

Source: New Mexico Taxation and Revenue Department

NEW MEXICO JUNIOR COLLEGE

Schedule of Investments

December 2017

50% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	8,593,127	7102-1348	1.058%	7,831
Plus deposits	0			
Less withdrawals	0			
Total LGIP investments	<u>8,593,127</u>			<u>7,831</u>

Capital Project	12/31/2017
Vehicles	6,093.50
Campus Master Plan	60,000.00
Technology Upgrade	111,397.46
JASI	10,860.82
WHM South Gallery	266,594.43
Baseball Field	14,522.68
Rodeo Arena	8,895.24
Luminis Software	2,993.00
Landscaping	172,621.63
Campus Signage	245,362.62
Dorm/Apartment Refurbish	19,549.39
Campus Construction	150,223.14
Oil & Gas Training	144,149.32
Public Sector	9,227.00
Campus Security	88,283.18
Lumens Software-Distance Learning	5,000.00
Copier Replacement	274.00
Non-Recurring Compensation	652,169.10
Athletics	3,188.90
Student Life Programming	20,432.28
Warehouse/Cont Ed Remodel	384.00
Succession Plan	52,014.15
WHM Exhibits	140,257.11
Mansur Hall Upgrades	1,961.13
Driving Range Upgrades	200,000.00
Entertainment Technology	52,508.63
Cafeteria Upgrade	162,927.54
Channel 19 Upgrade	6,433.51
FERPA & Title IX	5,610.68
Equestrian Center	3,000,000.00
Bob Moran Upgrades	59,033.91
Turf Replacement	82,781.47
WHM Titanic Exhibit	3,734.85
HVAC Software-Central Plant	200,000.00
Busing Support for Recruiting	5,872.30
HED Faculty Development	17,914.40
Omni Update	7,500.00
Allied Health	5,494,711.51
Workforce Training Contingency	2,110.82
Total	11,487,593.70

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

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

To: Board Members
From: Dan Hardin
RE: Quarterly Financial Action Report
Date: January 12, 2018

To comply with the HED (Higher Education Department) mandate that each College Board approve a quarterly financial action statement, attached is the Quarterly Action Statement for the quarter ending on December 31, 2017. This disclosure notifies you as the NMJC Board as well as the HED to any financial problems that might not be evident with an income and expense report. The College has made all required payments, payroll, and scheduled payments to vendors. Please approve the Quarterly Financial Action Report as of December 31, 2017.

Respectfully,

Dan Hardin

QUARTERLY FINANCIAL ACTION REPORT

Fiscal Year 18

Today's Date: 1-12-2018

Period (check one)

1st quarter _____ 2nd quarter X 3rd quarter _____ 4th quarter _____

Institution: New Mexico Junior College

DURING THE TIME PERIOD COVERED BY THIS REPORT, DID YOUR INSTITUTION:

(1) Request an advance of state subsidy? Yes: _____ No: X

(2) Fail to make its required payments, as scheduled, to appropriate retirement system(s)?

Yes: _____ No: X

(3) Fail to make its payroll payments, as scheduled?

Yes: _____ No: X

(4) Fail to make its scheduled debt service payments?

Yes: _____ No: X

(5) Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?

Yes: _____ No: X

(6) Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced year-end fund balance or larger deficit this fiscal year?

Yes: _____ No: X

If the answer to any of the above is "Yes," please describe in a separate document: (i) the reason for the occurrence, (ii) the actions taken by your institution to resolve this particular occurrence, and (iii) the actions taken by your institution to prevent events such as this from occurring again.

In addition, if the answer to number 6 is "Yes," please describe in a separate document the nature of the financial changes and describe and assess the impact that the changes will have on your institution's planned year-end financial position.