

## OATH OF OFFICE

I, Hector H. Baeza, do solemnly swear to support the constitution of the United States of America and the laws of the State of New Mexico. I will faithfully and impartially discharge the duties of office as a member of the New Mexico Junior College Board, which I am about to enter, according to law and to the best of my ability, so help me God.

---

Hector Baeza

State of New Mexico

County of Lea

SUBSCRIBED AND SWORN to before me this 16th day of January 2020.

---

Notary Public

Commission expires: 9/12/20

## OATH OF OFFICE

I, Pat Snipes Chappelle, do solemnly swear to support the constitution of the United States of America and the laws of the State of New Mexico. I will faithfully and impartially discharge the duties of office as a member of the New Mexico Junior College Board, which I am about to enter, according to law and to the best of my ability, so help me God.

---

Pat Snipes Chappelle

State of New Mexico

County of Lea

SUBSCRIBED AND SWORN to before me this 16th day of January 2020.

---

Notary Public

Commission expires: 9/12/20

## OATH OF OFFICE

I, Erica Ann Jones, do solemnly swear to support the constitution of the United States of America and the laws of the State of New Mexico. I will faithfully and impartially discharge the duties of office as a member of the New Mexico Junior College Board, which I am about to enter, according to law and to the best of my ability, so help me God.

---

Erica Ann Jones

State of New Mexico

County of Lea

SUBSCRIBED AND SWORN to before me this 16th day of January 2020.

---

Notary Public

Commission expires: 9/12/20

## OATH OF OFFICE

I, Evelyn J. Rising, do solemnly swear to support the constitution of the United States of America and the laws of the State of New Mexico. I will faithfully and impartially discharge the duties of office as a member of the New Mexico Junior College Board, which I am about to enter, according to law and to the best of my ability, so help me God.

---

Evelyn J. Rising

State of New Mexico

County of Lea

SUBSCRIBED AND SWORN to before me this 16th day of January 2020.

---

Notary Public

Commission expires: 9/12/20

# NEW MEXICO JUNIOR COLLEGE

## BOARD MEETING

Thursday, January 16, 2020  
Zia Board Room – Library  
1:30 pm

## AGENDA

- |  |                  |
|--|------------------|
| A. Welcome   | Pat Chappelle    |
| B. Oath of Office  | Judge Mike Stone |
| C. Adoption of Agenda                                      | Pat Chappelle    |
| D. Re-Organization of Board                                | Kelvin Sharp     |
| E. Canvass Election Approval                               | Kelvin Sharp     |
| F. Approval of Minutes of December 19, 2019                | Pat Chappelle    |
| G. President's Report                                      | Kelvin Sharp     |
| H. New Business  |                  |
| 1. Fiscal Year June 30, 2019 Audit Report                  | Cindy Bryan      |
| 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. Fiscal Watch Report                                     | Dan Hardin       |
| 7. Consideration of Open Meetings Act Resolution           | Scotty Holloman  |
| I. Public Comments   | Pat Chappelle    |
| J. Determination of Next Meeting and Annual Board Training | Pat Chappelle    |
| K. Adjournment   | Pat Chappelle    |



## CERTIFICATION OF CANVASS RESULTS

We, the undersigned Board of County Commissioners acting as the Board of Canvassers of Lea County, State of New Mexico, canvass the Local Election held in said county, November 5, 2019, certify that the canvass results text file sent to the office of secretary of state is a correct canvass of returns of said election.

WITNESS the Honorable Board of County Commissioners, 11-14-2019  
Date

ATTEST:

Keith Moneo

Clerk

Rebecca Long

Member

[Signature]

Member

[Signature]

Member

[Signature]

Member

[Signature]

Member





Precinct	Ballots Cast		CONSERVATION BOARD		Hospital Board Member 1 JAL SPECIAL		Hospital Board Member 1 EUNICE SPECIAL		Hospital Board Member 2 NOR LEA HOSPITAL 2		Hospital Board Member 2 JAL SPECIAL		Hospital Board Member 2 EUNICE SPECIAL		GENERAL OBLIGATION HOBBS SCHOOL BOND QUESTION: Shall the Board of Education of the		GENERAL OBLIGATION EUNICE SCHOOL BOND QUESTION: Shall the Board of Education of the		NOR LEA HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Nor-Lea Hospital		JAL HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Jal Hospital District of Lea		Precinct	
	K T MANIS	JOYCE M PITTAM	BARBARA A BAGGETT	PAT WISE	LESLIE ELIZABETH EVERSON	JIMMIE L ELLISON	WILBERTA V TIVIS	For	Against	For	Against	Yes	No	Yes	No									
002	0	0																					002	
003	0	0																						003
010	4	2		1	0																			010
011	6	1		4	0																			011
012	0	0		0	0																			012
013	4	3																						013
014	2	2																						014
015	6	3																						015
016	0	0		0	0																			016
017	0	0																						017
018	0	0																						018
020	3	3																						020
021	0	0																						021
022	1	1																						022
023	1	0																						023
024	2	2																						024
025	5	4																						025
026	4	1																						026
027	2	2																						027
028	1	1																						028
029	4	4																						029
030	2	1																						030
031	1	1																						031
032	1	1																						032
033	0	0																						033
034	0	0																						034
035	0	0																						035
036	0	0																						036
041	4	3																						041
042	1	0																						042
043	2	0																						043
044	0	0																						044
051	0	0																						051
052	2	1																						052
053	0	0																						053
054	0	0																						054
055	2	0																						055
061	0	0																						061
062	0	0																						062
071	5	2		3			3					1	4											071
072	1	1		1			1					1	0											072
073	4	4	4	0			2	0				0	0								4	0		073
074	0	0	0				0														0	0		074
Total	70	43	4	4	5	0	2	4	30	6	2	4	15	5	4	0								





Precinct	Ballots Cast																Precinct
	K T MANIS	JOYCE M PITTAM	BARBARA A BAGGETT	PAT WISE	LESLIE ELIZABETH EVERSON	JIMMIE L ELLISON	WILBERTA V TIVIS	For	Against	For	Against	Yes	No	Yes	No		
002	1	1										1	0			002	
003	9	4										8	1			003	
010	33	21		2	2							25	7			010	
011	24	11		16	7							14	10			011	
012	18	14		10	7							12	5			012	
013	47	27										29	16			013	
014	35	15										27	7			014	
015	112	69										72	34			015	
016	15	6		3	0							10	2			016	
017	9	6										5	4			017	
018	21	14										16	4			018	
020	38	32						22	16							020	
021	8	3										3	5			021	
022	95	69						82	13							022	
023	41	28						26	15							023	
024	40	25						30	10							024	
025	48	38						37	9							025	
026	16	13						11	5							026	
027	34	27						28	6							027	
028	14	6						11	3							028	
029	26	16						19	6							029	
030	17	10						13	4							030	
031	6	3						4	1							031	
032	28	21						21	4							032	
033	8	6						6	1							033	
034	7	2						5	2							034	
035	3	2						1	2							035	
036	7	5						2	5							036	
041	37	24						28	8							041	
042	17	12						12	4							042	
043	20	9						11	8							043	
044	21	16						17	4							044	
051	5	3						4	1							051	
052	19	11						13	5							052	
053	8	3						6	1							053	
054	7	3						3	1							054	
055	3	1						2	1							055	
061	9	4						8	1							061	
062	0	0						0	0							062	
071	43	20	30			37				26	10					071	
072	42	26	29			31				29	9					072	
073	2	2	2	0		2	0			0	0			2	0	073	
074	0	0	0			0								0	0	074	
Total	993	628	2	59	31	16	2	68	422	136	55	19	222	95	2	0	





Precinct	Ballots Cast		CONSERVATION BOARD		Hospital Board Member 1 JAL SPECIAL		Hospital Board Member 1 EUNICE SPECIAL		Hospital Board Member 2 NOR LEA HOSPITAL 2		Hospital Board Member 2 JAL SPECIAL		Hospital Board Member 2 EUNICE SPECIAL		GENERAL OBLIGATION HOBBS SCHOOL BOND QUESTION: Shall the Board of Education of the		GENERAL OBLIGATION EUNICE SCHOOL BOND QUESTION: Shall the Board of Education of the		NOR LEA HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Nor-Lea Hospital		JAL HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Jal Hospital District of Lea		Precinct
	K T MANIS	JOYCE M PITTAM	BARBARA A BAGGETT	PAT WISE	LESLIE ELIZABETH EVERSON	JIMMIE L ELLISON	WILBERTA V TIVIS	For	Against	For	Against	Yes	No	Yes	No								
002	10	4																2	8				002
003	100	42																50	43				003
010	108	72			5	5												53	52				010
011	30	11			15	13												17	11				011
012	15	7			11	1												7	7				012
013	112	59																76	35				013
014	68	28																44	22				014
015	162	96																108	50				015
016	22	9			1	0												16	5				016
017	31	14																17	14				017
018	59	35																39	20				018
020	94	66											73	19									020
021	11	7																7	4				021
022	129	86											105	23									022
023	77	56											59	17									023
024	51	36											42	8									024
025	66	51											50	13									025
026	60	48											35	23									026
027	52	38											42	9									027
028	37	20											29	8									028
029	43	32											33	8									029
030	31	17											24	6									030
031	37	24											23	13									031
032	62	39											54	7									032
033	52	27											41	9									033
034	7	3											7	0									034
035	13	3											10	2									035
036	37	15											24	10									036
041	60	33											48	12									041
042	46	33											32	12									042
043	42	28											27	14									043
044	37	23											25	11									044
051	21	6											13	4									051
052	50	21											35	9									052
053	46	14											37	6									053
054	17	6											13	2									054
055	12	3											11	1									055
061	17	6											9	8									061
062	19	11											11	5									062
071	142	50		87			96					100	30										071
072	219	121		139			153					157	49										072
073	180	74	165	0			137	0				0	0							148	25		073
074	92	38	84				73													69	22		074
Total	2576	1412	249	226	32	19	210	249	912	259	257	79	436	271	217	47							





Precinct	Ballots Cast		VOTER																Precinct	
	K T MANIS	JOYCE M PITTAM	CONSERVATION BOARD	Hospital Board Member 1 JAL SPECIAL	BARBARA A BAGGETT	Hospital Board Member 1 EUNICE SPECIAL	Hospital Board Member 2 NOR LEA HOSPITAL 2	Hospital Board Member 2 JAL SPECIAL	Hospital Board Member 2 EUNICE SPECIAL	GENERAL OBLIGATION HOBBS SCHOOL BOND QUESTION: Shall the Board of Education of the	GENERAL OBLIGATION EUNICE SCHOOL BOND QUESTION: Shall the Board of Education of the	NOR LEA HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Nor-Lea Hospital	JAL HOSPITAL DISTRICT PROPERTY TAX QUESTION: Shall the Jal Hospital District of Lea	For	Against	Yes	No	Yes		No
002	11	5														3	8			002
003	109	46														58	44			003
010	145	95				8	7									80	59			010
011	60	23				35	20									33	25			011
012	33	21				21	8									19	12			012
013	163	89														108	52			013
014	105	45														73	29			014
015	280	168														186	84			015
016	37	15				4	0									26	7			016
017	40	20														22	18			017
018	80	49														55	24			018
020	135	101												98	35					020
021	19	10														10	9			021
022	225	156																		022
023	119	84														86	32			023
024	93	63														72	20			024
025	119	93														91	22			025
026	80	62														50	28			026
027	88	67														71	16			027
028	52	27														41	11			028
029	73	52														55	15			029
030	50	28														39	10			030
031	44	28														28	14			031
032	91	61														76	11			032
033	60	33														47	10			033
034	14	5														12	2			034
035	16	5														11	4			035
036	44	20														26	15			036
041	101	60														79	20			041
042	64	45														45	16			042
043	64	37														38	24			043
044	58	39														42	15			044
051	26	9														17	5			051
052	71	33														50	14			052
053	54	17														43	7			053
054	24	9														16	3			054
055	17	4														15	2			055
061	26	10														17	9			061
062	19	11														11	5			062
071	190	72		120				136				127	44							071
072	262	148		169				185				187	58							072
073	186	80	171	0			141	0				0	0					154	25	073
074	92	38	84				73											69	22	074
Total	3639	2083	255	289	68	35	214	321	1364	401	314	102	673	371	223	47				

**NEW MEXICO JUNIOR COLLEGE  
BOARD MEETING  
DECEMBER 19, 2019  
MINUTES**

The New Mexico Junior College Board met on Thursday, December 19, 2019, 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; and Mr. Hector Baeza. Ms. Evelyn Rising was absent.

Ms. Chappelle called the meeting to order and welcomed visitors and guests present. Ms. Chappelle invited everyone to the retirement reception for Mrs. Vinson directly following the Board meeting. Ms. Chappelle thanked Mrs. Vinson for her dedication and years of service and support to the NMJC students and staff.

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

Upon a motion by Mr. Gomez, seconded by Mr. Glenn, the Board unanimously approved the minutes of November 21, 2019.

Mr. Steve Saucedo provided updates of the Workforce Training & Outreach facility. He reported the Medical Assistant Training Program, offered three times a year, has been at maximum capacity with job placement of students that have taken the classes. He noted the next class beginning on January 21 is already at maximum capacity. In addition, the program provides a National Certification for not only the State of New Mexico but in all fifty states. The Dental Assistant Program is doing well with classes at maximum capacity and noted 40% of students are gainfully employed. A new Pharmacy Technician Program, also offering a National Certification, will begin in late February. Commercial Driver's License (CDL) classes continue to be at maximum capacity. Lease Pumper Training, now offered monthly, are at maximum capacity with gainful employment to 81% of students completing the class with resumes.

Emergency Medical Training (EMT) is going well with the next EMT Basic Training scheduled for January 28, 2020 with only four spots available. Mr. Saucedo stated NMJC continues to offer the highest number of Oil & Gas Safety Trainings in five states. Lineman Utility Training for entry-level lineman is going well. He stated five to seven electrical companies are invited to observe students in action on demonstration day and noted it is not uncommon for students to be offered employment right out of the program. Offered with the program are Class A CDL, Basic Excel/Word, and Resume and Interview Skills. He noted three classes are currently scheduled for the year 2020. Mr. Gomez asked if testing for the National Certification can be done at NMJC. Mr. Saucedo responded testing is done with a proctor on the NMJC campus so students are not required to travel. Instrumentation & Controls classes have continued to grow with day and evening classes now offered to students, including dual credit students.

Dr. Kelvin Sharp provided Legislative Priorities updates. He reported representatives from 4-year colleges, comprehensive universities, branch campuses and independents met to establish a common list of priorities. The agreed upon priorities to present to the Legislative Finance Committee were an 8% increase in new money for the funding formula, a 5% increase for faculty and staff salaries, a change in the calculating compensation increases, and funding for dual credit programs. Priorities for investment in the economy are non-recurring funding for BRR and technology and to expand early childhood and teacher education programs. Dr. Sharp noted NMJC's priority for the session will be funding for non-credit workforce to aid students taking classes that do not qualify for financial aid. He further reported the Higher Education Department has presented the first look at the Governor's plan for the free college proposal known as "The Opportunity Scholarship". For students to receive the scholarship, they must first apply for the Lottery Scholarship, Federal Financial Aid, the Opportunity Scholarship, and lastly, local scholarships. He stated filing for FASFA will be encouraged but not required. He stated the concern is that students will gravitate away from FASFA and lean heavily on the Opportunity Scholarship, which will therefore not be sustainable due to a large draw. He further noted to be on the list of "free college" institutions, a Memorandum Of Understanding must be signed requiring colleges to provide additional student support services, which has not yet



been communicated. Dr. Sharp stated he would continue to provide updates as the proposal develops.

*Under New Business,* Mr. Dan Hardin presented the November 2019 financial reports. Upon a motion by Mr. Glenn, seconded by Mr. Baeza, the Board unanimously approved the Expenditure Report for November 2019. In addition, the Revenue Report, Oil and Gas Revenue Report, and Schedule of Investments Report were reviewed.

Mr. Hardin presented a consideration for approval to move forward with the Golf Building Project. Mr. Hardin reminded the Board of approved allocations from reserve in the amounts of \$200,000 in 2012, \$300,000 in 2018, and \$200,000 in 2019. In addition, Mr. Hardin presented the designing of a 12,800 square foot building to be used as a practice facility for golf. Mr. Gomez noted concerns of not including restroom facilities in the building under ADA Code parameters. Mr. Hardin responded parameters will be met and noted this will not be a hindrance to the students as they will have access to restroom facilities within a short distance of the new building. Administration requested approval to provide the project to the Higher Education Department (HED) and to allocate an additional \$400,000 from reserves for a total allocation of \$1,100,000 for the construction of the Golf Building. Upon a motion by Mr. Gomez, seconded by Mr. Baeza, the Board unanimously approved both requests. Mr. Hardin noted upon approval from HED, Administration will present the project to the Board for final approval of the contractor.

Mr. Dan Hardin provided McLean Hall renovation project updates. Mr. Hardin noted in the November 2019 Board meeting, the Board approved Bradbury Stamm as the contractor for the McLean Hall project and expected to have a final construction cost to present in this meeting. He noted final construction drawings and subcontractors estimated costs have not been completed. In order to keep moving forward, the renovation project was submitted to HED Capital Projects Committee with a total project of \$7,250,000.00 for all construction and soft costs. The HED Capital Projects Committee Hearing is scheduled for January 8, 2020. Mr. Hardin stated the final construction cost from Bradbury Stamm will be presented in the January Board meeting.

Mr. Hardin presented a consideration of reinvestment of a Certificate of Deposit Account Registry Service (CDARS) in the amount of \$3,000,000 at Lea County State Bank maturing on January 19, 2020. The projected rate is 1.30% for a one-year CDAR, down from 2.30%. Administration requested approval to renew the CDARS with the option to pull funds and invest with the Local Government Investment Pool (LGIP) should rates continue to decrease. Upon a motion by Mr. Glenn, seconded by Mr. Gomez, the Board unanimously approved renewal to a one-year CDARS with LCSB or investment with LGIP.

Ms. Chappelle called for comments from the public. There being none, the next regular board meeting was scheduled for Thursday, January 16, 2020 beginning at 1:30 pm.

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

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Pat Chappelle, Chair

---

Ron Black, Secretary

**State of New Mexico  
New Mexico Junior College**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

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## **Introductory Section**

**New Mexico Junior College**  
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**June 30, 2019**

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June 30, 2019**

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**New Mexico Junior College  
Official Roster  
June 30, 2019**

<u>Name</u>	<u>Title</u>
<b>BOARD MEMBERS</b>	
Pat Chappelle	Chairman
Manny Gomez	Member
Mary Lou Vinson	Member
Ron Black	Secretary
Hector Baeza	Member
Travis Glenn	Member
Evelyn Rising	Member
<b>ADMINISTRATIVE OFFICIALS</b>	
Dr. Kelvin Sharp	President
Dan Hardin	Vice-President for Finance
Larry Sanderson	Vice-President for Instruction
Norma Faught	Executive Assistant to the President
Cathy Mitchell	Vice-President of Student Services
Sheryl Pounds	Human Resources
Jeff McCool	Vice-President for Training and Outreach
Josh Morgan	Controller NMJC
Tina Kunko	Controller NMJC Foundation



New Mexico Junior College  
Official Roster  
June 30, 2019

<u>Name</u>	<u>Title</u>
<b>NMJC FOUNDATION BOARD MEMBERS</b>	
John Graham	President
David Whitten	Vice-President
Tina Kunko	Secretary
Dan Hardin	Treasurer
Dr. Kelvin Sharp	Member
Kristin Abel	Member
Pat Chappelle	Member
Aaron Forrister	Member
Megan Gallegos	Member
Joshua Grassham	Member
Robert Guthrie	Member
Dr. Lisa Hardison	Member
Randy Holladay	Member
Rosi Insilan	Member
Guy Kesner	Member
Josh Manseau	Member
Alison Ollinger Riefstahl	Member
Valerie Onsurez Gauna	Member
T.J. Parks	Member
David Pyeatt	Member
Michael Raburn	Member
Allyson Roberts	Member
Scott Smith	Member
Kali Taylor	Member

**New Mexico Junior College  
Official Roster  
June 30, 2019**

<u>Name</u>		<u>Title</u>
	<b>NEW HORIZONS FOUNDATION BOARD MEMBERS</b>	
Dr. Kelvin Sharp		President
Don Jones		Vice-President
Ron Black		Treasurer
Gregg Fulfer		Member
Tres Hicks		Member
Guy Kesner		Member

## Report

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
U.S. Office of Management and Budget  
New Mexico Junior College Board  
New Mexico Junior College  
Hobbs, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the discretely presented component units, and the fiduciary fund of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2019, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the discretely presented component units and the fiduciary fund of the College, as of June 30, 2019, 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. In addition, the budgetary comparisons of the College referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13 through 19, the Education Retirement Board (ERB) Pension and OPEB Plan Schedules required by GASB on pages 78 through 84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Deposit and Investment Accounts, the Schedule of Collateral Pledged by Depository, the Schedule of Changes in Fiduciary Assets and Liabilities, and other disclosures 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 Schedule of Deposit and Investment Accounts, the Schedule of Collateral Pledged by Depository, and the Schedule of Changes in Fiduciary Assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Deposit and Investment Accounts, the Schedule of Collateral Pledged by Depository, and the Schedule of Changes in Fiduciary Assets and are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 31, 2019

# New Mexico Junior College Management's Discussion and Analysis June 30, 2019

## Overview of the Financial Statements and Financial Analysis

For financial reporting purposes, New Mexico Junior College (the "College") is considered a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. 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.

This report consists of management's discussion and analysis (this part), the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows and the notes to the financial statements. These statements provide both long-term and short-term financial information for the College. Included in the reports and discussion is the New Mexico Junior College Foundation (the "Foundation") and the New Horizons Foundation ("New Horizons") as discretely presented component units for fiscal year 2019.

The discussion and analysis of the College's financial statements provides an overview of its financial activities as of and for the year ended June 30, 2019. This discussion gives a comparative analysis of business-type activity from fiscal year 2018 to fiscal year 2019.

## Financial Highlights

The College's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the June 30, 2018 fiscal year by \$73,371,566.

The College's financial position increased in 2018/2019 as compared to prior years. Net position increased during the year by \$9,134,804 over the previous year. The increase resulted primarily from an increase in Local Mill Levy funding offset by a decrease in State GOB funding.

The College's investments reflect \$27,645,781 at June 30, 2019, \$24,593,127 with the Local Government Investment Pool and \$3,052,654 with CDARS.

## The Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position

The statement of net position and statement of revenues, expenses, and changes in net position report the College's net position and how they have changed. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the College's financial health, or position. Over time, increases or decreases in the College's net position are an indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment and the condition of campus facilities. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2019, and includes the comparison to the prior year.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Statement of Net Position**

	June 30, 2019	June 30, 2018	June 30, 2019 NMJC Foundation	June 30, 2019 New Horizons
<b>Assets:</b>				
Current assets	\$ 42,047,086	\$ 31,940,001	\$ 491,986	\$ 377,939
Capital assets, net	89,897,775	83,894,294	-	-
<b>Noncurrent assets:</b>				
Intangible asset	-	-	75,000	28,865
Investments	-	-	9,063,097	-
Capital assets, net	-	-	286,876	-
Deferred outflows	11,916,237	15,673,062	-	-
<b>Total assets and deferred outflows</b>	<b>\$ 143,861,098</b>	<b>\$ 131,507,357</b>	<b>\$ 9,916,959</b>	<b>\$ 406,804</b>
<b>Liabilities:</b>				
Current liabilities	\$ 3,774,054	\$ 2,900,694	\$ 52,027	\$ 14,626
Non-current liabilities	61,265,012	60,187,971	-	-
Deferred inflows	5,450,466	4,181,930	-	-
<b>Total liabilities and deferred inflows</b>	<b>70,489,532</b>	<b>67,270,595</b>	<b>52,027</b>	<b>14,626</b>
<b>Net position:</b>				
Net investment in capital assets	89,897,775	83,894,294	286,876	-
<b>Restricted:</b>				
Nonexpendable endowments	-	-	5,983,312	-
Expendable grants and contributions	-	-	3,348,321	-
Unrestricted	(16,526,209)	(19,657,532)	246,423	392,178
<b>Total net position</b>	<b>73,371,566</b>	<b>64,236,762</b>	<b>9,864,932</b>	<b>392,178</b>
<b>Total liabilities, deferred inflows, and and net position</b>	<b>\$ 143,861,098</b>	<b>\$ 131,507,357</b>	<b>\$ 9,916,959</b>	<b>\$ 406,804</b>

**Analysis of Net Position**

As noted earlier, net position may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities by \$64,236,762 at the close of June 30, 2018, as compared to the \$73,371,566 as of June 30, 2019. As of June 30, 2019, net investment in capital assets was in the amount of \$89,897,775. The College uses these capital assets in its mission to provide postsecondary educational services to the College' service area; consequently, these assets are not available for future spending. Net capital assets increased in the 2019 fiscal year by \$6,003,481, net of depreciation expense of \$4,667,384. Net position also consists of unrestricted net position of (\$16,526,209). The negative unrestricted net position is due to the recording of net pension liability of \$48,092,108 and the recording of OPEB liability of \$13,172,904. See note 6 in the notes to the financial statements for a further discussion of the pension and note 7 of the notes to the financial statements for a further discussion of the OPEB. The statement of net position indicates growth in Investments due to an increase in Local Mill Levy funding and an increase in capital assets due to the addition of capital projects such as the NMJC Track Upgrades and the NMJC Allied Health Building.



**New Mexico Junior College  
Management's Discussion and Analysis  
June 30, 2019**

The following table summarizes the College's revenues, expenses, and changes in net position for the year ending June 30, 2019 and includes a comparison to the year ended June 30, 2018.

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2019 NMJC Foundation</b>	<b>June 30, 2019 New Horizons</b>
Operating revenues	\$ 8,667,271	\$ 9,130,945	\$ 992,999	\$ 405,100
Operating expenses	43,966,272	43,261,619	555,326	726,321
Operating (loss) income	(35,299,001)	(34,130,674)	437,673	(321,221)
Non-operating revenues and expenses	44,029,846	36,104,277	715,845	452,499
Income before other revenue	8,730,845	1,973,603	1,153,518	131,278
Capital appropriations	403,959	4,142,403	-	-
Net position, restatement	-	(16,958,307)	-	-
Net position, reclassification	-	(349,185)	-	-
Increase (decrease) in net position	\$ 9,134,804	\$ (11,191,486)	\$ 1,153,518	\$ 131,278

**Analysis of Changes in Net Position**

The College's net position increased by \$9,134,804 during the 2019 fiscal year as compared to a decrease of \$11,191,486 for the 2018 fiscal year. The increase is due to an increase in the Local Mill Levy funding offset by a decrease in State GOB funding. Operating revenues were \$8,667,271 in 2019, which is a decrease of \$436,674 from fiscal year 2018. Operating expenses were \$43,966,272 in fiscal year 2019, which is an increase of \$704,653 from fiscal year 2018.

**Operating Revenues**

The following table summarizes the College's operating revenues of \$8,667,271 for the fiscal year ended June 30, 2019, as compared to the operating revenues of \$9,130,945 in 2018. Fiscal Year 2019 reflects an increase in revenues from federal grants and contracts and intercollegiate athletics and a decrease in revenues from student tuition, fees and trainings; state and other grants and contracts; and auxiliary enterprises. The Foundation revenues for the year total \$992,999, which is an increase from fiscal year 2018. New Horizons revenues for the year total \$405,100, which is an increase from fiscal year 2018.

**New Mexico Junior College  
Management's Discussion and Analysis  
June 30, 2019**

	June 30, 2019	June 30, 2018	June 30, 2019 NMJC Foundation	June 30, 2019 New Horizons
Student tuition, fees and trainings	\$ 3,960,487	\$ 4,142,552	\$ -	\$ -
Federal grants and contracts	825,356	726,025	-	-
State and other grants and contracts	648,652	686,565	-	-
Auxiliary enterprises	2,768,612	3,117,519	-	-
Intercollegiate athletics	464,164	458,284	-	-
Hydro tool sales	-	-	-	5,100
Gifts, bequests, and endowments	-	-	992,999	400,000
<b>Total operating revenues</b>	<b>\$ 8,667,271</b>	<b>\$ 9,130,945</b>	<b>\$ 992,999</b>	<b>\$ 405,100</b>

**Operating Expenses**

The following table summarizes the College's operating expenses of \$43,966,272 for the fiscal year ended June 30, 2019, as compared to the operating expenses of \$43,261,619 in 2018. The increase in operating expenses is attributed to an increase in public service, intercollegiate athletics, renewals and replacements, and depreciation and a decrease in instruction, academic support, student services, institutional support, operations and maintenance, auxiliary enterprises, internal services, student aid, and private grants. The Foundation expenses for the year were \$555,326, and New Horizons expenses for the year were \$726,321.

	June 30, 2019	June 30, 2018	June 30, 2019 NMJC Foundation	June 30, 2019 New Horizons
Instruction	\$ 12,101,182	\$ 12,471,379	\$ -	\$ -
Academic support	2,845,660	2,990,456	-	-
Student services	2,687,627	3,109,919	-	-
Institutional support	4,797,140	4,842,134	531,240	726,321
Operations and maintenance	3,703,142	4,375,511	-	-
Public service	541,907	256,369	-	-
Auxiliary enterprise expenses	2,819,640	3,152,129	-	-
Intercollegiate athletics	2,933,032	1,757,890	-	-
Internal service	319,388	467,913	-	-
Student aid	3,996,144	3,998,915	-	-
Private grants	34,453	47,308	-	-
Renewals and replacements	2,519,573	1,470,030	-	-
Depletion	-	-	12,356	-
Depreciation	4,667,384	4,321,666	11,730	-
<b>Total operating expenses</b>	<b>\$ 43,966,272</b>	<b>\$ 43,261,619</b>	<b>\$ 555,326</b>	<b>\$ 726,321</b>

**New Mexico Junior College  
Management's Discussion and Analysis  
June 30, 2019**

**Non-Operating Revenues (Expenses)**

The following table summarizes the College's non-operating revenues (expenses) of \$44,029,846 for the fiscal year ended June 30, 2019. Local appropriations remained strong in fiscal year 2019 with an increase of \$7,370,502 compared to an increase of \$6,135,664 in fiscal year 2018. Local appropriations were higher than the budget level approved by the governing board. There were no significant or unexpected changes in the other areas of non-operating revenues and expenses.

	June 30, 2019	June 30, 2018	June 30, 2019 NMJC Foundation	June 30, 2019 New Horizons
Property taxes	\$ 10,742,008	\$ 9,940,537	\$ -	\$ -
Oil and gas taxes	23,764,245	17,195,214	-	-
Federal pell grants	2,961,564	2,947,195	-	-
State appropriations, non-capital	5,984,204	5,705,061	-	-
Other revenue sources	538,809	350,451	-	2,498
Transfer from the Foundation	-	300,000	-	-
Net transfer to New Horizons	(450,001)	(449,996)	-	450,001
Investment income	458,303	138,555	678,375	-
(Loss) gain on sale of capital assets	30,714	(22,740)	-	-
Production taxes	-	-	(1,776)	-
Royalties	-	-	39,246	-
<b>Total non-operating revenues and expenses</b>	<b>\$ 44,029,846</b>	<b>\$ 36,104,277</b>	<b>\$ 715,845</b>	<b>\$ 452,499</b>

**Increase in Net Position**

The following table summarizes the College's increase in net position of \$9,134,804 for June 30, 2019 compared to the decrease in net position of \$11,191,486 for June 30, 2018. The increase in net position is due to an increase in Local Mill Levy funding offset by a decrease in State GOB funding.

	June 30, 2019	June 30, 2018	June 30, 2019 NMJC Foundation	June 30, 2019 New Horizons
Income before capital appropriations	\$ 8,730,845	\$ 1,973,603	\$ 1,153,518	\$ 131,278
Capital appropriations	403,959	4,142,403	-	-
Increase (decrease) in net position	9,134,804	6,116,006	1,153,518	131,278
Net position, beginning of year	64,236,762	75,428,248	8,711,414	-
Net position, restatement	-	(16,958,307)	-	-
Net position, reclassification	-	(349,185)	-	260,900
<b>Net position - end of year</b>	<b>\$ 73,371,566</b>	<b>\$ 64,236,762</b>	<b>\$ 9,864,932</b>	<b>\$ 392,178</b>

**New Mexico Junior College  
Management's Discussion and Analysis  
June 30, 2019**

**Capital Assets and Debt Administration**

At June 30, 2019, the College had \$89,897,775 invested in capital assets as compared to \$83,894,294 at June 30, 2018. The Foundation had \$23,459 for radio equipment and \$275,146 in newly donated minerals for total net capital assets of \$286,876.

**Capital Assets, Net**

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2019 NMJC Foundation</b>	<b>June 30, 2019 New Horizons</b>
Land Improvements	\$ 2,001,104	\$ 2,061,616	\$ -	\$ -
Buildings	56,802,124	59,138,540	-	-
Infrastructure	13,606,008	14,609,244	-	-
Software	734,339	867,305	-	-
Library books	461,848	477,375	-	-
Furniture and equipment	2,671,781	1,812,083	11,730	-
Vehicles	242,344	229,362	-	-
Construction in progress	13,205,664	4,490,506	-	-
Land	172,563	208,263	-	-
Minerals	-	-	275,146	-
<b>Net capital assets</b>	<b>\$ 89,897,775</b>	<b>\$ 83,894,294</b>	<b>\$ 286,876</b>	<b>\$ -</b>

Major capital expenditures during the 2019 fiscal year include the New Mexico Junior College Allied Health Building, the NMJC Track Upgrades project, and various land improvement projects and equipment and vehicle purchases.

The College has no debt outstanding at June 30, 2019.

**Budget Comparison**

The Board of Directors approves the operating budget of the College. The budget is reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation of GASB Statement No.'s 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds and plant funds. During the year, expenditure budgets were amended to increase and decrease as follows (in millions):

	<b>2019</b>	<b>2018</b>
Current funds		
Unrestricted	1.17	1.13
Restricted	<0.20>	<0.15>
Plant funds	3.94	<1.70>



## New Mexico Junior College Management's Discussion and Analysis June 30, 2019

### Economic Outlook

The College is the community college, early college, dual credit, and vocational training college center for the communities of Lea County, southeastern New Mexico, and portions of West Texas. The College is largely supported by the local mill levy in Lea County and the ongoing financial and political support from the State of New Mexico. Twelve years ago the financial support from the state represented 45% of the NMJC operating budget. Today that level has declined to less than 20% of the NMJC operating budget. Although the funding expectations from the State Legislative Finance Committee for fiscal year 2021 are projected to be slightly higher. The local economy in Lea County is currently very busy, especially in the oil and gas sector. Oil and gas production level is very strong and the oil and gas prices have increased or stayed steady for the past eighteen months. At the end of June 2019, the unemployment rate in Lea County was 4% while the state unemployment level was around 4.9%. Historically, the unemployment rate in Lea County drives the student enrollment at the College. Although, during this strong oil and gas economy, the enrollment numbers are showing signs of increasing. The NMJC Board and Administration continue to look for better methods of providing learning opportunities for full-time students and especially part-time students with different class times, online offerings, vocational training, low tuition, housing, and athletics.

The oil and gas industry is still the driving economic factor in Lea County. New technology in the industry has led to a revitalization and extension of the projected life of some oil fields in Lea County. Currently, the price of oil remains in the fifty to sixty dollar a barrel range, and production in the County remains very strong. It appears that the economy in Lea County for the remainder of 2019 and through 2020 will stay steady. With the view that the current price of oil and level of production will continue through 2020. Lea County property assessment has increased, allowing property tax revenue to make up some of the loss in State revenues. Over all, the economic outlook for the College for the coming year appears to be positive. In 2019, the College developed a new Master Plan to use as the road map for the next ten years for maintaining and upgrading the College campus. The College does not have any debt to service, placing the College in a better position to weather most funding issues.

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## **Financial Statements**

**New Mexico Junior College**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 5,547,037	\$ 480,125	\$ 340,880
Short-term investments	27,645,781	-	-
Accounts receivable, net	7,762,632	11,861	6,120
Inventory	452,914	-	-
Prepaid expenses	419,775	-	30,939
Prepaid summer expenses	218,947	-	-
<b>Total current assets</b>	<b>42,047,086</b>	<b>491,986</b>	<b>377,939</b>
Non-current assets:			
Intangible asset	-	75,000	28,865
Investments	-	9,063,097	-
Non-depreciable assets	13,378,227	-	-
Depreciable assets, net	76,519,548	286,876	-
<b>Total non-current assets</b>	<b>89,897,775</b>	<b>9,424,973</b>	<b>28,865</b>
<b>Total assets</b>	<b>131,944,861</b>	<b>9,916,959</b>	<b>406,804</b>
<b>Deferred outflows</b>			
Deferred outflows - Pension	11,668,849	-	-
Deferred outflows - OPEB	247,388	-	-
<b>Total deferred outflows</b>	<b>11,916,237</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows</b>	<b>\$ 143,861,098</b>	<b>\$ 9,916,959</b>	<b>\$ 406,804</b>

*The accompanying notes are an integral part of these financial statements.*



	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 1,199,180	\$ 52,027	\$ 14,626
Accrued expenses	1,053,726	-	-
Unearned revenues	1,253,905	-	-
Compensated absences	267,243	-	-
<b>Total current liabilities</b>	<b>3,774,054</b>	<b>52,027</b>	<b>14,626</b>
Non-current liabilities:			
OPEB liability	13,172,904	-	-
Net pension liability	48,092,108	-	-
<b>Total non-current liabilities</b>	<b>61,265,012</b>	<b>-</b>	<b>-</b>
Deferred inflows:			
Deferred inflows - Pension	1,491,378	-	-
Deferred inflows - OPEB	3,959,088	-	-
<b>Total deferred inflows</b>	<b>5,450,466</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows</b>	<b>70,489,532</b>	<b>52,027</b>	<b>14,626</b>
<b>Net position</b>			
Net investment in capital assets	89,897,775	286,876	-
Restricted for:			
Nonexpendable endowments	-	5,983,312	-
Expendable grants and contributions	-	3,348,321	-
Unrestricted	(16,526,209)	246,423	392,178
<b>Total net position</b>	<b>73,371,566</b>	<b>9,864,932</b>	<b>392,178</b>
<b>Total liabilities and net position</b>	<b>\$ 143,861,098</b>	<b>\$ 9,916,959</b>	<b>\$ 406,804</b>

*The accompanying notes are an integral part of these financial statements.*

**New Mexico Junior College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Operating revenues:</b>			
Student tuition, fees and trainings	\$ 3,960,487	\$ -	\$ -
Federal grants and contracts	825,356	-	-
State and other grants and contracts	648,652	-	-
Auxiliary enterprises	2,768,612	-	-
Intercollegiate athletics	464,164	-	-
Hydro tool sales	-	-	5,100
Gifts, bequests and endowments	-	992,999	400,000
<b>Total operating revenues</b>	<b>8,667,271</b>	<b>992,999</b>	<b>405,100</b>
<b>Operating expenses:</b>			
Instruction	12,101,182	-	-
Academic support	2,846,896	-	-
Student services	2,689,561	-	-
Institutional support	4,793,970	531,240	726,321
Operations and maintenance	3,703,142	-	-
Public service	541,907	-	-
Auxiliary enterprise expenses	2,819,640	-	-
Intercollegiate athletics	2,921,308	-	-
Internal service	319,388	-	-
Student aid	3,996,144	-	-
Private grants	34,453	-	-
Renewals and replacements	2,621,074	-	-
Depletion	-	12,356	-
Depreciation	4,667,384	11,730	-
<b>Total operating expenses</b>	<b>44,056,049</b>	<b>555,326</b>	<b>726,321</b>
<b>Operating (loss) gain</b>	<b>(35,388,778)</b>	<b>437,673</b>	<b>(321,221)</b>
<b>Non-operating revenues (expenses):</b>			
Property taxes	10,742,008	-	-
Oil and gas taxes	23,764,245	-	-
Federal pell grants	2,961,564	-	-
State appropriations, non-capital	5,984,204	-	-
Other revenue and expenses	628,586	-	2,498
Net transfer to New Horizons	(450,001)	-	450,001
Investment income	458,303	678,375	-
Gain from the sale of capital assets	30,714	-	-
Production (taxes)	-	(1,776)	-
Royalties	-	39,246	-
<b>Net non-operating revenues (expenses)</b>	<b>44,119,623</b>	<b>715,845</b>	<b>452,499</b>

*The accompanying notes are an integral part of these financial statements.*

	<b>Primary Government</b>	<b>NMJC Foundation</b>	<b>New Horizons Foundation</b>
<i>(Continued)</i>			
Income (loss) before capital appropriations	\$ 8,730,845	\$ 1,153,518	\$ 131,278
State appropriations, capital	403,959	-	-
Change in net position	9,134,804	1,153,518	131,278
Net position, beginning of year	64,236,762	8,711,414	260,900
Net position, end of year	\$ 73,371,566	\$ 9,864,932	\$ 392,178

*The accompanying notes are an integral part of these financial statements.*

**New Mexico Junior College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	<b>Primary Government</b>
<b>Cash flows from operating activities:</b>	
Tuition, fees and trainings	\$ 1,490,149
Federal and state grants and contracts	2,104,525
Auxiliary enterprise charges	2,768,612
Intercollegiate athletics	464,164
Payments to employees and for employee benefits	(12,245,654)
Disbursement of net aid to students	(7,271,293)
Payments to suppliers	(8,938,897)
Net cash (used) by operating activities	(21,628,394)
<b>Cash flows from noncapital financing activities:</b>	
State appropriations	5,984,204
Federal pell grants	2,961,564
Property taxes	11,090,952
Oil and gas taxes	22,677,405
Net cash provided by noncapital financing activities	42,714,125
<b>Cash flows from capital financing activities:</b>	
Capital appropriations	403,959
Purchase of capital assets	(10,924,400)
Proceeds from sale of capital assets	284,249
Other revenue sources	628,586
Net cash (used) by capital financing activities	(9,607,606)
<b>Cash flows from investing activities:</b>	
Interest received on investments	458,303
Net cash provided by investing activities	458,303
Net increase in cash and cash equivalents	11,936,428
Cash and cash equivalents - beginning of year	21,256,390
Cash and cash equivalents - end of year	\$ 33,192,818
<b>Reconciliation to statement of net position</b>	
Cash and cash equivalents	\$ 5,547,037
Short-term investments	27,645,781
Cash and cash equivalents - end of year	\$ 33,192,818

*The accompanying notes are an integral part of these financial statements.*

	<b>Primary Government</b>
Operating (loss)	\$ (35,388,778)
Reconciliation of operating loss to net cash (used) by operating activities:	
Depreciation expense	4,667,384
Noncash pension expense	6,576,686
Noncash OPEB benefit	(393,908)
Transfer to New Horizons	(450,001)
Changes in assets and liabilities:	
Accounts receivable, net less property and oil and gas receipts	2,463,467
Prepaid expenses	1,717
Prepaid summer expenses	64,191
Inventory	37,864
Accounts payable	731,704
Accrued expenses	(8,945)
Deferred outflows - subsequent contributions - pension	32,911
Deferred outflows - subsequent contributions - OPEB	8,391
Unearned revenues	(6,871)
Compensated absences	35,794
<b>Net cash (used) by operating activities</b>	<b>\$ (21,628,394)</b>
Supplemental cash flow information	
Gain on disposal of capital assets	\$ 30,714

*The accompanying notes are an integral part of these financial statements.*

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**New Mexico Junior College**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2019**

	<b>Agency Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 340,987
Accounts receivable	3,000
<hr/>	
Total assets	\$ 343,987
<hr/>	
<b>Liabilities</b>	
Accounts payable	\$ 2,383
Due to student organizations	341,604
<hr/>	
Total liabilities	\$ 343,987
<hr/>	

*The accompanying notes are an integral part of these financial statements.*

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

*1. Organization*

New Mexico Junior College (the “College”) was established in 1965, in accordance with laws of the State of New Mexico to serve the needs of the residents of Lea County, New Mexico. The College has grown into a comprehensive community college. The College offers a variety of educational opportunities and services to meet needs in the lifelong process of personal and professional development. The College offers programs for students to develop basic academic skills for successful post-secondary study; courses and programs that prepare individuals for employment, career updating, and job advancement; the first two years of study for those seeking transfer to a four-year college; public service activities, including workshops, seminars, forums, and cultural arts programs; comprehensive student development services which provide student support and assistance; and courses for personal growth and cultural enrichment. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

This summary of significant accounting policies of the College is presented to assist in the understanding of the College’s financial statements. The financial statements and notes are the representation of College’s management who is responsible for their integrity and objectivity. The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities.

*2. Financial Reporting Entity*

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 College and the statement of net position, statement of revenues, expenses, and changes in net position of its discretely presented component units.

*Component Unit*

In evaluating how to define the government for financial reporting purposes, the College has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the College’s operations. Each discretely presented component unit is reported in a separate column in the College’s financial statements to emphasize that it is legally separate from the College.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. *Financial Reporting Entity (continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the College.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the College is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the College could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the College has two component units required to be reported under GASB Statements No. 14, No. 39, No. 61, and No. 80 as there are two discretely presented component units. The discretely presented component units do not have separately issued financial statements. The College does not have any related organizations, joint ventures or jointly governed organizations.

*The following are discretely presented component units:*

On October 25, 2011, the New Horizons Foundation was incorporated by New Mexico Junior College. The New Horizons Foundation is a component unit of the College discretely presented and reported upon as a part of the basic financial statements of the College.

The New Horizons Foundation was organized pursuant to the University Research Park and Economic Development Act, NMSA 1978 Section 21-28-1, et. seq ("Act"). Specifically, the Research Foundation is organized to engage in cooperative ventures of innovative technological significance that will advance education, science, research, conservation, health care and/or economic development within New Mexico. The New Horizons Foundation serves as a resource, source of information, conduit and liaison between educational institutions, private industry and governmental entities to promote research in numerous areas including, but not limited to education and science.

The research and education activities are aimed toward promoting collaboration between various entities to eliminate or reduce duplicate research efforts. The New Horizons Foundation seeks to recruit technical experts, scientists, and other qualified individuals, including community and business leaders to be available for such research.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. *Financial Reporting Entity (continued)*

In addition to the activities set forth above, the New Horizons Foundation:

- Works with faculty and staff of the College to develop and administer research, training and community service grants, contracts and self-service programs;
- Develops and manages major centers, institutes, community partnerships, and programs;
- Provides technology transfer services;
- Acquires, develops and manages real property to provide space for sponsored research programs; and
- Administers fellowships and financially manages and invests gifts, trusts, and endowments, as they relate to the primary function of the Research Foundation.

In 1970, the New Mexico Junior College Foundation (the “Foundation”) was established to advance educational excellence at the College. The Foundation is a component unit of the College discretely presented and reported upon as a part of the basic financial statements of the College. The Foundation engages in fund raising to support the College’s academic programs, scholarships, building funds and faculty/staff development. The Foundation coordinates all private capital fund raising for the College, including fund solicitations, gift acceptance, acknowledgements and asset management. The Foundation is presented in the financial statements of the College due to the nature and significance of its relationship with the College. The Foundation is discretely presented to allow the financial statement users to distinguish between the College and the Foundation.

3. *Financial Statement Presentation*

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*4. Basis of Accounting*

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity 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.

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 more significant estimates included in the financial statements include allowances for uncollectible accounts, net pension liability and the estimated useful lives of capital assets.

*5. Cash and Cash Equivalents and Statement of Cash Flows*

For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's bank. Cash resources not needed to meet immediate needs are invested with the New Mexico State Treasurer's Office short-term investment pool (LGIP). Amounts invested with the State Treasurer's LGIP are readily available to the College when needed and are recorded at cost which approximates fair value.

Cash and cash equivalents include cash on hand, cash in banks, LGIP, securities subject to overnight sweep repurchase agreements, and certificates of deposit with various financial institutions. For the purposes of the cash flow statement, due to its liquidity and characteristics, the investment on hand at the LGIP is considered a cash equivalent. At June 30, 2019, the amount of cash and cash equivalents reported on the financial statements differs from the amount on deposit with the various financial institutions because of transactions in transit and outstanding checks.

Cash and cash equivalents include cash on hand, cash in banks, LGIP, securities subject to overnight sweep repurchase agreements, and certificates of deposit with various financial institutions. For the purposes of the cash flow statement, due to its liquidity and characteristics, the investment on hand at the LGIP is considered a cash equivalent. At June 30, 2019, the amount of cash and cash equivalents reported on the financial statements differs from the amount on deposit with the various financial institutions because of transactions in transit and outstanding checks.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*6. Receivables*

Receivables consist primarily of amounts due from federal and state governmental entities for grants and contracts, local government entities for unremitted district mill levy collections, and oil and gas sales, 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.

*7. Unearned Revenues and Expenditures*

Unearned revenue relates to student tuition, fees, and bookstore sales received during the current fiscal period for classes to be held in the following period. Similarly, deferred expenditures represent scholarship funds expended in the current period relating to the following period. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property tax receivables are recognized in the period for which the taxes are levied, net of estimated refunds and uncollectible amounts.

*8. Inventories*

Inventories consist of items held for resale or exchange within the College. The bookstore inventory within the current unrestricted fund is valued at cost, which is lower than market, based on average cost method. The cost method is applied on a basis consistent with prior year.

*9. Capital Assets*

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, 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. Renovations to buildings costing \$100,000 or more, and infrastructure and land improvements costing \$50,000 or more and that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Information technology equipment including software is being capitalized in accordance with 2.20.1.9(C)(5) NMAC [9-30-99, recompiled 10/01/01].

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction. There was no interest expense capitalized by the College during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*9. Capital Assets (Continued)*

Property, plant, and equipment of the College are depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land improvements and infrastructure	20
Building	40
Software	5-10
Library books	5
Furniture and equipment	5-7
Vehicles	5

*10. Compensated Absences*

Accumulated unpaid vacation is accrued when incurred in the current unrestricted fund. Employees entitled to earn vacation may accrue five, ten, or fifteen days of vacation each year. According to College policy, conversion of sick leave accrual to cash is not permitted and no liability is recorded for non-vesting accumulating rights to receive sick leave.

The College's Foundation endowment consists of funds established for tuition assistance and institutional support. As required by generally accepted accounting principles, restricted assets associated with endowment funds, including funds designated by the governing body to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment policy requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor restricted endowment fund that is not classified in permanently restricted assets is classified as temporarily restricted assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with applicable State laws and internal policies.

*11. Revenue*

*Operating revenue* includes activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances; b) sales and services; and c) contracts and grants.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*11. Revenue (Continued)*

*Non-operating revenue* includes activities that have the characteristics of non-exchange transactions, such as a) appropriations, b) taxes, c) gifts, and d) investment income. These revenue streams are recognized under GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met.

*12. Economic Dependency*

The College depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the College is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

The College receives a significant portion of their revenue from property tax revenue and oil and gas tax revenue. Property tax revenue was \$10,742,008 or 20% of total revenue in fiscal year 2019. Oil and gas production and equipment tax revenue fluctuates significantly upon demand and was \$23,764,245 or 44% of total revenue in fiscal year 2019.

*13. Net Position*

The College's net position is classified into the following net position categories:

*Net investment in capital assets:* Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted:* Net position is reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* All other categories of net position. In addition, unrestricted net position may be designated for use by management of the College. This requirement limits the area of operations for which expenditures of net position may be made, and require that unrestricted net position be designated to support future operations in these areas. College housing programs are a primary example of operations that have unrestricted net position with designated uses. The College has adopted a policy of utilizing restricted – expendable funds, when available, prior to unrestricted funds.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*14. Revenue Recognition for Derived Tax Revenues*

It is the policy of the College to recognize nonexchange revenue for which there are time requirements in the period in which those time requirements are met, regardless of whether the revenues are due or whether an enforceable legal claim exists. If no time requirements are specified in enabling legislation, revenues are recognized when the College has an enforceable legal claim (provided that the underlying exchange transaction has occurred) to the assets or when they are received, whichever occurs first.

*15. Budgetary Process*

The College follows the requirements established by the New Mexico Higher Education Department (HED) in formulating its budgets and in exercising budgetary control. It is through the HED's policy that, when the appropriation has been made to the College, its Board can, in general, adopt an operating budget within the limits of available income.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appointed in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

To amend the budget, the College requires the following order of approval: (1) College President, (2) College Board Members, (3) Commission on Higher Education, and (4) State Department of Finance and Administration.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for expenditures to the College in subsequent years pursuant to the General Appropriation Act of 2004, Section 4, J (Higher Education).

Budgetary Control. Total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary control are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total expenditures in instruction and general; (3) total expenditures of each budget function in current funds other than instruction and general; and (4) within the plant funds budget, the items of budgetary control are major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*15. Budgetary Process (Continued)*

Budgets are adopted on a basis of accounting that is not in accordance with accounting principles generally accepted in the United States of America. The purpose of the Budget Comparison is to reconcile the change in net position as reported on a budgetary basis to the change in net position as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases.

*16. Interfund borrowing*

Interfund borrowing is recorded in each fund as due to/due from other funds. Such borrowing is temporary in nature and is authorized in advance by the board or administrative action. The borrowing provides needed working capital. No interest is charged on interfund loans.

*17. Income Tax Status*

The income generated by the College, as an instrumentality of the State of New Mexico, generally is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. However, the College is subject to taxation on income derived from business activities not substantially related to the College's exempt function (unrelated business income under Internal Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the College are deductible by donors as provided under Section 170 of the Internal Revenue Code.

The Research Foundation and the Foundation are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

*18. Property Tax Calendar*

Property Taxes are levied on November 1 based on the assessed value of property listed on the previous January 1 and are due in two payments by November 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after May 10<sup>th</sup> are considered delinquent. The taxes attach as an enforceable lien on property as of January 1<sup>st</sup>.

*19. 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 Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*20. Post-employment*

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

*21. Estimates*

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the College are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

*22. New Accounting Standards Adopted*

During the year ended June 30, 2019, the College adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, and GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. These two statements are required to be implemented as of June 30, 2019, if applicable.

The implementation of these statements did not have a significant impact on the College because the activities of the College were not affected by the statements in a material manner.

**NOTE 2: DEPOSITS AND INVESTMENTS**

State statutes authorize the investment of College 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. All invested funds of the College properly followed State investment requirements as of June 30, 2019.

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.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

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. All of the College's accounts at an insured depository institution, including non-interest bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

*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). As of June 30, 2019, \$5,722,434 of the College's bank balances of \$9,247,469 was exposed to custodial credit risk. \$3,726,546 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name. \$1,995,888 of the College's deposits were uninsured and uncollateralized at June 30, 2019.

	<b>Lea County State Bank</b>	<b>Wells Fargo Bank</b>	<b>Western Commerce Bank</b>	<b>Total</b>
Total amount of deposits	\$ 4,031,524	\$ 5,190,910	\$ 25,035	\$ 9,247,469
Deposit accounts covered by the FDIC coverage	(3,250,000)	(250,000)	(25,035)	(3,525,035)
Total uninsured public funds	781,524	4,940,910	-	5,722,434
Collateralized by securities held by the pledging institution or by its trust department or agent other than the College's name	781,524	2,945,022	-	3,726,546
Uninsured and uncollateralized	\$ -	\$ 1,995,888	\$ -	\$ 1,995,888
Collateral requirement (50% of uninsured public funds)	\$ 390,762	\$ 2,470,455	\$ -	\$ 2,861,218
Pledged security	1,281,586	2,945,022	-	4,226,608
Over collateralization	\$ 890,824	\$ 474,567	\$ -	\$ 1,365,390

The collateral pledged is listed on Schedule of Collateral Pledged by Depository of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the state of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

Investments

State statute authorizes the College to invest in direct obligations of the United States or securities that are backed by the full faith and credit of the United States Government or agencies guaranteed by the United States Government. State statute also authorizes the College to invest in bonds or negotiable securities of the United States, the State of New Mexico, or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding.

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The College has no investment policy that would further limit its investment choices.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a policy to manage the credit risk of its investments.

The College invests excess cash in the New MexiGROW Local Government Investment Pool (LGIP). The LGIP investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not Securities and Exchange Commission (SEC) registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

*Interest Rate Risk* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The College and its component units do not have a formal investment policy that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2019, the College's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

The College's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

Credit Quality and Interest Rate Risk

Investment Type	Weighted Average Maturity	Fair Value	Rating*
<i>New MexiGROW</i> LGIP	106 days	\$ 24,593,127	AAAm

\*Based off Standard & Poor's rating

\$3.05 million of CD's were classified as investments due to maturity being longer than one year.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College's or the Foundation's investment in a single type of security. The College and the Foundation do not have a formal policy to address concentration of credit risk. The College did not have any investments at June 30, 2019, other than investments in the State Treasurer's *New MexiGROW* LGIP. Therefore, they are not subject to any concentration of credit risk.

Fair Value Measurements

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**New Mexico Junior College**  
**Notes to Financial Statements**  
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**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

*New MexiGROW LGIP* is valued at the daily closing price as reported by the fund. These investments held by the College are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the College are deemed to be actively traded.

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

The College considers all instruments with an original maturity of 90 days or less to be cash equivalents for the purpose of presenting the statement of cash flows. Accordingly, cash equivalents as presented on the statement of cash flows has been adjusted to reflect the \$27,645,781.

*Reconciliation of Deposits and Investments to the Statement of Net Position and Statement of Fiduciary Assets and Liabilities*

Deposits	\$	9,247,469
<i>New MexiGROW LGIP</i>		24,593,127
<hr/>		
Total deposits and investments		33,840,596
Petty cash		6,450
Less: reconciling items		(313,241)
<hr/>		
Total cash and cash equivalents and investments	\$	33,533,805
<hr/>		
Statement of net position:		
Cash and cash equivalents	\$	5,547,037
Short-term investments		27,645,781
<hr/>		
Cash and cash equivalents, end of year per statement of cash flows		33,192,818
Statement of fiduciary assets and liabilities:		
Cash and cash equivalents		340,987
<hr/>		
Net deposits and investments	\$	33,533,805
<hr/>		

**New Mexico Junior College**  
**Notes to Financial Statements**  
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**NOTE 3: ACCOUNTS RECEIVABLE**

The College's accounts receivable at June 30, 2019 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 are expected to be collected within sixty days after year-end with the exception of oil and gas taxes which are a derived tax revenue and assets must be recognized in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever comes first. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables. A schedule of receivables and allowance for uncollectible accounts is as follows:

Property taxes	\$ 629,093
Oil and gas taxes	6,008,295
General receivables	154,398
Student receivables	1,998,115
Other receivable	170,021
	<hr/> 8,959,922
Less: allowance for uncollectible accounts	<hr/> (1,197,290)
	<hr/> <hr/> \$ 7,762,632

**New Mexico Junior College**  
**Notes to Financial Statements**  
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**NOTE 4: CAPITAL ASSETS**

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2019. Land and construction in progress are not subject to depreciation.

	June 30, 2018	Additions	Deletions	June 30, 2019
Assets not being depreciated:				
Construction in progress	\$ 4,490,506	\$ 8,715,158	\$ -	\$ 13,205,664
Land	208,263	-	(35,700)	172,563
<b>Total assets not being depreciated</b>	<b>4,698,769</b>	<b>8,715,158</b>	<b>(35,700)</b>	<b>13,378,227</b>
Assets being depreciated:				
Land improvements	6,500,496	176,721	-	6,677,217
Buildings	86,057,733	-	(1,195,475)	84,862,258
Infrastructure	20,549,977	-	(21,631)	20,528,346
Software	2,182,486	-	-	2,182,486
Library books	922,704	134,905	(172,181)	885,428
Furniture and equipment	10,119,021	1,754,636	(1,261,968)	10,611,689
Vehicles	1,838,990	142,980	(56,567)	1,925,403
	128,171,407	2,209,242	(2,707,822)	127,672,827
Less accumulated depreciation:				
Land improvements	(4,438,880)	(237,233)	-	(4,676,113)
Buildings	(26,919,193)	(2,153,414)	1,012,473	(28,060,134)
Infrastructure	(5,940,733)	(1,003,236)	21,631	(6,922,338)
Software	(1,315,181)	(132,966)	-	(1,448,147)
Library books	(445,329)	(150,432)	172,181	(423,580)
Furniture and equipment	(8,306,938)	(860,105)	1,227,135	(7,939,908)
Vehicles	(1,609,628)	(129,998)	56,567	(1,683,059)
	(48,975,882)	(4,667,384)	2,489,987	(51,153,279)
<b>Total assets being depreciated, net</b>	<b>79,195,525</b>	<b>(2,458,142)</b>	<b>(217,835)</b>	<b>76,519,548</b>
<b>Net capital assets</b>	<b>\$ 83,894,294</b>	<b>\$ 6,257,016</b>	<b>\$ (253,535)</b>	<b>\$ 89,897,775</b>

Depreciation expense as of June 30, 2019 was \$4,667,384. The College recognized a gain on sale of assets in the amount of \$30,714.

**New Mexico Junior College  
Notes to Financial Statements  
June 30, 2019**

**NOTE 5: ACCRUED EXPENSES**

The College's accrued expenses at June 30, 2019 are as follows:

Payroll	\$ 489,897
Payroll taxes and related liabilities	563,829
<hr/>	
Total accrued expenses	\$ 1,053,726
<hr/>	

**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

**Plan description.** The New Mexico 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 Retirement Board (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. 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 in 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.

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



**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

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.

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

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

**New Mexico Junior College**  
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**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

**Contributions.** The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the College was \$1,571,101 for the year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2019, the College reported a liability of \$48,092,108 for its proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2018. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the College's proportion was 0.40443 percent, which was an increase of 0.00759 from its proportion measured as of June 30, 2017.

**New Mexico Junior College**  
**Notes to Financial Statements**  
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**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

For the year ended June 30, 2019, the College recognized pension expense of \$8,148,774. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 35,099	\$ 480,889
Actuarial Experience	-	434,381
Investment Experience	106,464	-
Changes in assumptions	9,911,555	-
Changes in proportion	82,529	576,108
Contributions subsequent to the measurement date	1,533,202	-
<b>Total</b>	<b>\$ 11,668,849</b>	<b>\$ 1,491,378</b>

\$1,533,202 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2018, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2019	\$ (5,436,000)
2020	(3,368,870)
2021	162,001
2022	(1,400)
	<u>\$ (8,644,269)</u>

**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2017. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2018 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on April 21, 2017. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**New Mexico Junior College**  
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**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market
Inflation	2.5%
Salary Increase	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
Mortality	<p>Healthy males: RP-2000 Combined Mortality Table with White Collar adjustments, no set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: 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>

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB’s investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016.

**New Mexico Junior College**  
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**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted on August 26, 2016.

<b>Asset Class</b>	<b>Target Allocation</b>	
	<b>After 8/26/2016</b>	<b>Prior to 8/26/2016</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	17%	16%
Small- mid cap equities	3%	3%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	9%
<b>Total equities</b>	<b>34%</b>	<b>33%</b>
<b>Fixed Income</b>		
Opportunistic credit	18%	18%
Core fixed income	7%	6%
Emerging markets debt	2%	2%
<b>Total fixed income</b>	<b>27%</b>	<b>26%</b>
<b>Alternatives</b>		
Real estate - REITS	2%	7%
Real assets	7%	8%
Private equity	13%	13%
Global asset allocation	5%	4%
Risk parity	5%	3%
Other	6%	5%
<b>Total alternatives</b>	<b>38%</b>	<b>40%</b>
<b>Cash</b>	<b>1%</b>	<b>1%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

For the years ended June 30, 2018 and 2017, the annual money-weighted rates of return on pension plan investments were 7.2% and 11.8%, respectively, for each asset class above.

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**NOTE 6: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Discount rate:** A single discount rate of 5.69% was used to measure the total ERB pension liability as of June 30, 2018. This discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2018. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.69%) or one percentage point higher (6.69%) than the single discount rate.

	<b>1.00% Decrease (4.69%)</b>	<b>Current Discount Rate (5.69%)</b>	<b>1.00% Increase (6.69%)</b>
Proportionate share of the net pension liability	\$ 62,501,324	\$ 48,092,108	\$ 36,335,091

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2018 and June 30, 2018 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**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 15<sup>th</sup> day of the month following the month for which contributions are withheld.

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND**

**General Information about the Other Post-Employment Benefits Plan**

**Plan description.** Substantially all of the College’s full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state’s Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

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**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

The purpose is to provide 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 consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

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

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

**Benefits provided.** The Act authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).



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**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

**Employees covered by benefit terms.** At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

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

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2% of each participating employee’s annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The College’s contributions to the plan for the year ended June 30, 2019 were \$258,718, which equals the required contributions for the year.

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**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

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

At June 30, 2019, the College reported a liability of \$13,172,904 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The College's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the College's proportion was 0.30294% percent.

For the year ended June 30, 2019, the recognized OPEB benefit of \$138,129. At June 30, 2019 the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 944,313
Changes in proportion	-	555,452
Changes in assumptions	-	2,459,323
Contributions subsequent to the measurement date	247,388	-
<b>Total</b>	<b>\$ 247,388</b>	<b>\$ 3,959,088</b>

Deferred outflows of resources totaling \$247,388 represent the College's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net 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 OPEB expense as follows:

Year ended June 30:	
2019	\$ (982,472)
2020	(982,472)
2021	(982,472)
2022	(785,518)
2023	(226,154)
<b>Total</b>	<b>\$ (3,959,088)</b>

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

Actuarial 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
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

**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.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

**Discount Rate.** The discount rate used to measure the total OPEB liability is 4.08% as of June 30, 2018. 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, 2029. 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 4.08% is the blended discount rate.

**Basis for Allocation.** The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2018.

**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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 15,942,318	\$ 13,172,904	\$ 10,989,992

**New Mexico Junior College  
Notes to Financial Statements  
June 30, 2019**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH CARE FUND (Continued)**

The following table 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 Rates	1% Increase
\$ 11,135,724	\$ 13,172,904	\$ 14,770,103

***OPEB plan fiduciary net position.*** Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the College reported it has no payable for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**NOTE 8: GROUP INSURANCE PROGRAM**

The College participates in the State of New Mexico Public Schools Insurance Authority group health insurance plan. The Authority's two primary insurance underwriters are Blue Cross/Blue Shield of New Mexico and Presbyterian. The plan covers all full-time employees of the College who choose to participate in the plan. The College pays premiums under the plan and employees contribute based on percentage splits established by 10-7-4 NMSA 1978 for public employees.

**NOTE 9: OPERATING LEASES**

The College has entered into various operating leases for equipment. The terms of all leases are one year or less. The College expects that in the normal course of business, such leases will continue to be required.

**NOTE 10: RISK MANAGEMENT**

The College currently is party to various litigation and other claims in the ordinary course of business. The College has property and liability insurance coverage with Philadelphia Insurance Company and workers compensation insurance coverage with New Mexico Mutual. The College believes that the outcome of all pending and threatened litigation will not have a material adverse effect on the financial position or operations of the College. Federal grants received by the College are subject to audit by the grantors. In the event of noncompliance with funding requirements, grants may be required to be refunded to the grantor. College management estimates that such refunds, if any, will not be significant.

**NOTE 11: JOINT POWERS AGREEMENTS**

The College revised a joint powers agreement on February 19, 2004, to include Eastern New Mexico University as a member of the Lea County Distance Education Consortium, Inc. (Consortium). The group consists of every public school system in Lea County, New Mexico, together with New Mexico Junior College and Eastern New Mexico University. The purpose of the Consortium is to purchase a two-way interactive television network to provide educational services between each of the members. This agreement shall continue as mutually agreeable by all parties.

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT)**

*Nature of Operations*

The New Mexico Junior College Foundation (the Foundation) is a New Mexico nonprofit corporation, organized to solicit, receive, hold, invest and transfer funds for the benefit of the College.

*Basis of Accounting*

The Foundation's financial statements have been prepared on the accrual basis of accounting. The Foundation follows Governmental Accounting Standards Board (GASB) pronouncements. Revenues and expenses are classified for reporting purposes into net position categories according to externally (donor) imposed restrictions. A description of the net position categories follows:

*Net Position*

Restricted nonexpendable contributions and investments are permanently restricted by the donor. Investment earnings used for distributions are recorded in unrestricted net position. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net position based on the nature of the restrictions.

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position have arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net position are resources that the Foundation is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

Donor Restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Prudent Management of Institutional Funds Act [46-9A-1 to 46-9A-12 NMSA], except where a donor has specified otherwise. The investment committee of the Foundation and College management review the investment earnings designed to support distributions from the Endowment and to protect the purchasing power of the endowment principal. Distributions from the Endowment are made available to the College, which benefits from each individual endowment.

The annual spending distribution is computed at the end of the year as a percentage of net interest and dividend earnings, investment fees and net capital change for the year. The Investment Committee of the Foundation and College management sets the annual distribution, which endowment donors must approve.

*Tax Status*

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation.

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2018, 2017 and 2016 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

*Cash and Cash Equivalents*

The Foundation maintains cash balances in a local bank and an investment company. These cash balances are insured by the Federal Deposit Insurance Corporation up to the standard maximum deposition insurance amount of \$250,000 for each demand deposit account. As of June 30, 2019, the Foundation's uninsured and uncollateralized cash deposits total was \$15,780.

**New Mexico Junior College  
Notes to Financial Statements  
June 30, 2019**

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

As of June 30, 2019, there were no balances in excess of insurance coverage.

	<b>Merrill Lynch*</b>	<b>Wells Fargo Bank</b>	<b>Total</b>
Total amount of deposits	\$ 1,068,482	\$ 265,780	\$ 1,334,262
Deposit accounts covered by the FDIC coverage	(1,068,482)	(250,000)	(1,318,482)
Total uninsured public funds	-	15,780	15,780
Collateralized by securities held by the pledging institution or by its trust department or institution or by its trust department or agent other than the Foundation's name	-	-	-
Uninsured and uncollateralized	\$ -	\$ 15,780	\$ 15,780
Collateral requirement (50% of uninsured public funds)	\$ -	\$ 7,890	\$ 7,890
Pledged security	-	-	-
Over collateralization	\$ -	\$ (7,890)	\$ (7,890)

\*In addition to the regular FDIC coverage of \$250,000 per bank, the deposits at Merrill Lynch also include CDs (and related FDIC Insurance) of \$250,000 spread across five (5) separate financial institutions, all invested as part of the Merrill Lynch account, in order to not exceed FDIC insurance coverage per institution.



**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

Reconciliation of Deposits and Investments to the Statement of Net Position and Statement of Fiduciary Assets and Liabilities

Deposits	\$	1,334,262
Equities		4,514,118
Mutual funds		3,690,707
Royalty interest		19,583
<hr/>		
Total deposits and investments		9,558,670
Petty cash		30
Less: reconciling items		(15,478)
<hr/>		
Total cash and cash equivalents and investments	\$	9,543,222
<hr/>		
Statement of Net Position:		
Cash and cash equivalents	\$	480,125
Short-term investments		9,063,097
<hr/>		
Net deposits and investments	\$	9,543,222
<hr/>		

*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. Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position. CDs have been included as an investment in the amount of \$838,689.

*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. All custodians of the investments of the Foundation are members of Securities Investor Protection Corporation (SIPC) and the securities are protected up to \$500,000.

**New Mexico Junior College  
Notes to Financial Statements  
June 30, 2019**

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the College's or the Foundation's investment in a single type of security. The College and the Foundation do not have a formal policy to address concentration of credit risk. The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2019:

<b>Investment</b>	<b>Market Value</b>	<b>Percent of Foundation's Investment</b>
Equities	\$ 4,514,118	54.9%
Mutual funds	3,690,707	44.9%
Royalty Interest	19,583	0.2%
<b>Total Foundation investments</b>	<b>\$ 8,224,408</b>	<b>100.0%</b>

*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, 2019, the Foundation's bond and money market mutual funds are subject to credit risk, however, they are unrated.

*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, 2019, Foundation's bond mutual funds are subject to interest rate risk; however, they are all unrated.

*Fair Value Measurements*

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

The three levels of the fair value hierarchy are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

Money Markets, Equities and Fixed Income Securities are valued at the daily closing price as reported by the fund. These investments held by the Foundation are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

The Foundation maintained a balance of \$8,224,408 in investments at June 30, 2019, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Foundation's assets at fair value as of June 30, 2019:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equities	\$ 4,514,118	\$ 4,514,118	\$ -	\$ -
Mutual funds	3,690,707	3,690,707	-	-
Royalty interest	19,583	-	19,583	-
	<u>\$ 8,224,408</u>	<u>\$ 8,204,825</u>	<u>\$ 19,583</u>	<u>\$ -</u>

*Receivables*

The Foundation considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts. The receivable at June 30, 2019 consists of the following:

Accrued interest	\$ 7,267
Other receivables	4,594
<u>Accounts receivable, net</u>	<u>\$ 11,861</u>

*Donated Property and Equipment*

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net position unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. All minerals are booked at cost, donated or appraised value. Depreciation is computed using the straight-line method over the estimated useful life of the equipment of 5 years.

On April 8, 2015, the Foundation received a donation of radio station equipment. The total net value of donated radio station equipment is \$11,730. Depreciation expense for the year ended June 30, 2019 for this equipment was \$11,730.

On July 25, 2018, the Foundation received a donation of oil and gas royalties in properties located in Lea County, New Mexico. This minerals have an expected life of 39.5 years and was valued at \$287,502. Depletion for the year ended June 30, 2019 was \$12,356 and the minerals had a net book value at June 30, 2019 of \$275,147.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

The following table summarizes the changes in the Foundation's capital assets during the fiscal year ended June 30, 2019.

	June 30, 2018	Additions	Deletions	June 30, 2019
Assets being depreciated:				
Radio station equipment	\$ 58,649	\$ -	\$ 1	\$ 58,650
Minerals	-	287,502	-	287,502
<b>Total</b>	<b>58,649</b>	<b>287,502</b>	<b>1</b>	<b>346,152</b>
Less accumulated depreciation:				
Radio station equipment	(35,190)	(11,730)	-	(46,920)
Minerals	-	(12,356)	-	(12,356)
<b>Total assets being depreciated, net</b>	<b>\$ 23,459</b>	<b>\$ 263,416</b>	<b>\$ 1</b>	<b>\$ 286,876</b>

*Intangible Asset*

On April 8, 2015 the Foundation also entered into an agreement with a company that donated a license for a FM Broadcast Station in Eunice, New Mexico valued at \$75,000 at the date of donation. A license is carried at cost, and because it has indefinite useful life it is not amortized, but tested for impairment when events or circumstances related to the license changes. No impairments were noted during 2019 as the original cost could be recovered if necessary.

*Accounts Payable and Institutional Support*

The Foundation provided the following institutional support to the College during the year ended June 30, 2019:

Scholarships	\$ 240,598
Program assistance	62,007
Other	61,924
Salaries	122,911
Work-study	19,953
Fundraising expenses	19,847
Awards	4,000
<b>Total institutional support</b>	<b>\$ 531,240</b>

*Unearned Revenue*

Unearned revenue consists of donations received in advance for services the Foundation will render after year-end.

**NOTE 12: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)**

*Related Party*

On July 7, 2003, the Foundation formed Lea County Student Housing, LLC (the LLC). The Foundation is the 100% member of the LLC which was formed for the purpose of building and renting dorm space to the College's students. The LLC has not had any activity since its formation.

**NOTE 13: NEW HORIZONS FOUNDATION (COMPONENT UNIT)**

*Nature of Operations*

The New Horizons Foundation ("New Horizons") is a New Mexico nonprofit corporation, organized to promote and engage in cooperative ventures of innovative technological significance that advance education, science, research, conservation, health care and economic development within New Mexico.

*Basis of Accounting*

New Horizons' financial statements have been prepared on the accrual basis of accounting. New Horizons follows Governmental Accounting Standards Board (GASB) pronouncements. Revenues and expenses are classified for reporting purposes into net position categories according to externally (donor) imposed restrictions. A description of the net position categories follows:

*Net Position*

Restricted nonexpendable contributions and investments are permanently restricted by the donor.

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position have arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net position are resources that New Horizons is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

*Tax Status*

New Horizons is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is a private foundation.

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the New Horizon's tax returns for 2018, 2017 and 2016 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 13: NEW HORIZONS FOUNDATION (COMPONENT UNIT) (Continued)**

*Cash and Cash Equivalents*

New Horizons maintains cash balances in a local bank. These cash balances are insured by the Federal Deposit Insurance Corporation up to the standard maximum deposition insurance amount of \$250,000 for each demand deposit account. As of June 30, 2019, the New Horizons' uninsured cash deposits total was \$0.

As of June 30, 2019, there were no balances in excess of insurance coverage.

	<b>Wells Fargo Bank</b>
Total amount of deposits	\$ 143,906
Deposit accounts covered by the FDIC coverage	(143,906)
Total uninsured public funds	-
Collateralized by securities held by the pledging institution or by its trust department or institution or by its trust department or agent other than the New Horizons' name	-
Uninsured and uncollateralized	\$ -
Collateral requirement (50% of uninsured public funds)	\$ -
Pledged security	-
Over collateralization	\$ -

*Receivables*

Accounts receivable of \$6,120 as of June 30, 2019 consists of reimbursements to New Horizons and is fully collectible.

*Prepays*

New Horizons pays a consulting firm fixed amounts per month to use as needed each month and \$20,000 was paid in advance for some time in 2020. Another \$10,939 was prepaid for insurance on the hydro tool. Combined these two prepaids amounted to \$30,939 as of June 30, 2019.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 13: NEW HORIZONS FOUNDATION (COMPONENT UNIT) (Continued)**

*Wellnu, LLC*

Wellnu, LLC (“Wellnu”), wholly owned and operated by New Horizons was formed by New Horizons to house an oil field related technology (Hydro Tool) that has been developed and refined by New Horizons and a local entrepreneur. Wellnu is operated by New Horizons and will distribute a portion of revenues and profits to the entrepreneur who originally designed the technology. New Horizons has agreed to “invest” in the technology by providing all of the costs for patenting and continued development and refinement of the technology through the New Horizons’ knowledge and expertise. New Horizons has also paid for and utilized the considerable resources of the U.S. Army Research, Engineering and Development Command (ARDEC) headquartered in Adelphi, Maryland and Rockaway, New Jersey to further improve the design and capabilities of the tool.

New Horizons has a series of agreements in place with the U.S. Army that allow New Horizons and its clients to utilize the people, facilities, and capabilities of the U.S. Department of Defense for such activities. These agreements include a Master Cooperative Research & Development Agreement (CRADA) and a Partnership Intermediary Agreement (PIA). For the year ended June 30, 2019, Wellnu’s hydro tool generated revenue of \$5,100.

*Intangible Asset*

The hydro tool has filed a patent pending for the technology which is in process and the technology, via a revenue-sharing agreement between Wellnu and a Permian Basin service company and is currently being utilized commercially by the company in the Permian Basin. As of June 30, 2019, the patent filings was valued at \$28,865. Wellnu will receive income from the tool’s use on every well and is also given the valuable data from each job that is performed. This “downhole” performance data will be compiled and utilized, along with the computer flow modeling data from previous ARDEC testing as a “Data Package” for when and if Wellnu chooses to sell the technology as an “exit strategy”. Until that time, New Horizons will manage the Wellnu operations and oversee any leasing agreements for the hydro tool to any other companies.

*Contribution Revenue Concentration*

New Horizons receives contributions from the College and from Lea County. The College transferred \$450,001 while County makes a \$100,000 contributions quarterly for a total of \$400,000.



**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 13: NEW HORIZONS FOUNDATION (COMPONENT UNIT) (Continued)**

*Accounts Payable and Institutional Support*

New Horizons provided the following institutional support during the year ended June 30, 2019:

Consulting Expense	\$	368,799
Salaries and Wages		161,278
Payroll Benefits		48,378
Lease Expense		47,960
Other		43,617
Travel		39,128
Insurance		13,921
Advertising		1,696
Supplies		1,544
		726,321
<b>Total institutional support</b>	<b>\$</b>	<b>726,321</b>

*Commitments*

New Horizons entered into a five year lease with a company that commenced on June 15, 2016 in order to use a VRCC Generation III Cold Spray System. New Horizons has monthly payments of \$3,417 plus taxes and has future minimum lease payments as follows as of June 30, 2019:

2020	\$	43,798	
2021		21,899	
		65,697	
		65,697	

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 14: COMMITMENTS**

The College has commitments as of June 30, 2019 for the following:

<b>Vendor</b>	<b>Project Description</b>	<b>Amount</b>
Abba Technologies	Ongoing Professional Services Support	\$ 2,834
Advanced Animations, LLC	Western Heritage Museum Grossology Exhibit	32,500
Arrow Automatic Fire Protection	Quarterly Smoke Detector Inspection	3,920
BG Buildingworks, Inc.	Commissioning Authority Services for the NMJC Allied Health Building	4,857
Bridgers and Paxton	NMJC Caster Activity Center Plumbing System Upgrade Assessment, Design	9,449
Bridgers and Paxton	Campus Wide Fire Alarm Upgrade Design	20,411
Bridgers and Paxton	Campus Wide Facility Management System Upgrade	90,777
Cooperative Educational Svc	Dekker Perich Sabatini - NMJC Allied Health Building Design	48,696
Cooperative Educational Svc	Dekker Perich Sabatini - NMJC McLean Hall Cosmetology Design	35,733
Cooperative Educational Svc	NMJC Allied Health Building Drainage	12,298
Cooperative Educational Svc	Pettigrew & Associates - Allied Health Building Engineering Services	61,971
Cooperative Educational Svc	Dekker Perich Sabatini - Facilities Assessment to Create NMJC Master Plan	59,608
Cooperative Educational Svc	Dekker Perich Sabatini - NMJC Caster Activity Center Renovation Design	305,057
Cooperative Educational Svc	Field Turf	144,176
Cooperative Educational Svc	Donner Plumbing - Provide and Install Water Softener System in Zia Dorm	38,572
Cooperative Educational Svc	Donner Plumbing - Provide and Install Water Softener System in T-Bird Dorm	39,943
Cooperative Educational Svc	Donner Plumbing - Provide and Install Water Softener System in Student Apartments	42,554
Dekker/Perich/Sabatini	Campus Signage Plan Update	11,435
Folwell Studios, LLC	CORE Art in Public Places	200,000
Great Openings	Nursing Equipment for the NMJC Allied Health Building	22,414
Great Openings	Nursing Equipment for the NMJC Allied Health Building	23,063
Green Light Booking LLC	Western Heritage Museum Native American Dancers for Staked Plains Roundup	1,350

*(Continued on next page)*

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 14: COMMITMENTS (Continued)**

<b>Vendor</b>	<b>Project Description</b>	<b>Amount</b>
<i>(Continued)</i>		
H B Construction of Alb Inc.	Construction of the NMJC Allied Health Building	\$ 118,652
Jackson Lewis P.C.	Professional Legal Services	9,487
New Mexico Mutual	NMJC Workers Compensation Annual Policy	7,562
Oregon Museum of Science & Industry	Western Heritage Museum Zoo In You Exhibit	15,750
Pettigrew and Associates PA	Geotechnical, Surveying and Engineering for NMJC Law Academy Building	2,117
Pocket Nurse	Nursing Equipment for the NMJC Allied Health Building	38,541
Sound and Signal Systems of Texas	NMJC Camera System Evaluation	855
Trivium Interactive, LLC	Design and Develop an Interactive Program for the Lea County Cowboy Hall of Fame	25,676
University of Florida	Western Heritage Museum Magalodon Exhibit	50,000
University of Idaho	Western Heritage Museum Facing the Inferno Exhibit	2,400
		\$ 1,482,658

**NOTE 15: COMPENSATED ABSENCES**

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on length of employment. Up to 180 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, 2019 as follows:

Accrued vacation – beginning of year	\$ 231,449
Additions	402,829
Deletions	(367,035)
Accrued vacation – end of year	\$ 267,243

The College estimates that the entire amount of \$267,243 will be due within one year.

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

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

A. Deficit equity

The College does not maintain a deficit equity position.

B. Excess of expenditures over appropriations.

The College is not aware of any expenses in excess of budgetary authority

C. Designated cash appropriation in excess of available balances.

The College is not aware of any designated cash appropriations in excess of available balances.

**NOTE 17: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 31, 2019 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier Application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

**New Mexico Junior College**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS (Continued)**

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

**NOTE 19: CONCENTRATIONS**

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

**NOTE 20: LEGISLATIVE GRANTS**

The College had the following legislative grants funded by Severance Tax Bonds (STB) and General Obligation Bonds (GOB) as of June 30, 2019:

<b>Project</b>	<b>Agency</b>	<b>Grant #</b>	<b>Effective Date</b>	<b>Reversion Date</b>
NMJC Campus Wide Infrastructure	Higher Education Department	GOB C5085	8/1/2019	6/30/2023
NMJC McLean Hall Renovations	Higher Education Department	GOB C5086	8/1/2019	6/30/2023
NMJC Library Acquisitions	Higher Education Department	GOB C5076	8/1/2019	6/30/2023
NMJC Fire Alarms and Security Cameras	Higher Education Department	GF D3426	5/1/2019	6/30/2023
NMJC Fire Alarms and Life Safety System, Fire Sprinkler System	Higher Education Department	GF D3427	7/15/2019	6/30/2023

<b>Project</b>	<b>Expenditures</b>			
	<b>Net Amount</b>	<b>to Date</b>	<b>Reverted</b>	<b>Remaining</b>
NMJC Campus Wide Infrastructure	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
NMJC McLean Hall Renovations	2,250,000	-	-	2,250,000
NMJC Library Acquisitions	36,718	-	-	36,718
NMJC Fire Alarms and Security Cameras	400,000	-	-	400,000
NMJC Fire Alarms and Life Safety System, Fire Sprinkler System	400,000	-	-	400,000
	<b>\$ 5,586,718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,586,718</b>

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## **Required Supplementary Information**

**New Mexico Junior College**  
**Schedule of the College's Proportionate Share of the Net Pension Liability**  
**Educational Retirement Board (ERB) Plan**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date (As of and</b>	<b>Date (As of and</b>
	<b>for the Year</b>	<b>for the Year</b>
	<b>Ended</b>	<b>Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
Proportion of the net pension liability (asset)	0.40443%	0.41202%
Proportionate share of the net pension liability (asset)	\$ 48,092,108	\$ 45,789,710
Covered employee payroll	12,992,158	13,745,513
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	370.16%	333.12%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

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

*See independent auditors' report.*  
*See notes to required supplementary information.*



<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
<b>Date (As of and</b>	<b>Date (As of and</b>	<b>Date (As of and</b>
<b>for the Year</b>	<b>for the Year</b>	<b>for the Year</b>
<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
<b>June 30, 2016)</b>	<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.41659%	0.41028%	0.39594%
\$ 29,979,623	\$ 26,574,937	\$ 22,591,262
13,754,379	13,510,416	12,546,461
217.96%	196.70%	180.06%
61.58%	63.97%	66.54%

*See independent auditors' report.  
See notes to required supplementary information.*

**New Mexico Junior College  
Schedule of the College's Contributions  
Educational Retirement Board (ERB) Plan  
Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 1,571,101	\$ 1,566,113
Contributions in relation to the contractually required contribution	1,571,101	1,566,113
Contribution deficiency (excess)	-	-
Covered employee payroll	12,560,775	12,992,158
Contributions as a percentage of covered employee payroll	12.51%	12.05%

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

*See independent auditors' report.  
See notes to required supplementary information.*

<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 1,651,563	\$ 1,654,037	\$ 1,567,745
<hr/>	<hr/>	<hr/>
1,651,563	1,654,037	1,567,745
-	-	-
<hr/>	<hr/>	<hr/>
13,745,513	13,754,379	13,510,416
12.02%	12.03%	11.60%

*See independent auditors' report.  
See notes to required supplementary information.*

**New Mexico Junior College  
Schedule of Employer's Proportionate Share of the Net OPEB Liability of  
New Mexico Retiree Health Care Act Plan  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
New Mexico Junior College's proportion of the net OPEB liability	0.30294%	0.31504%
New Mexico Junior College's proportionate share of the net OPEB liability	\$ 13,172,904	\$ 14,276,583
New Mexico Junior College's covered-employee payroll	\$ 12,992,158	\$ 13,745,513
New Mexico Junior College's proportionate share of the net OPEB liability as a percentage of its covered-employee	101.39%	103.86%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

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

*See independent auditors' report.  
See notes to required supplementary information .*

**New Mexico Junior College  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 258,718	\$ 255,779
Contributions in relation to the contractually required contribution	(258,718)	(255,779)
Contribution deficiency (excess)	\$ -	\$ -
New Mexico Junior College's covered-employee payroll	\$ 12,560,775	\$ 12,992,158
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

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

*See independent auditors' report.  
See notes to required supplementary information.*

**New Mexico Junior College**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

**ERB Notes**

*Changes of benefit terms.*

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

*Changes of assumptions.*

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 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%.

**OPEB Notes**

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at

[http://nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/NMRHCA\\_2018\\_OPEB\\_Allocation\\_Audit.pdf](http://nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/NMRHCA_2018_OPEB_Allocation_Audit.pdf)

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at

[http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596\\_NMRHC\\_A\\_GASB74\\_Report\\_as\\_of\\_June\\_30\\_2018.pdf](http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596_NMRHC_A_GASB74_Report_as_of_June_30_2018.pdf). See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2018 valuation.

*See independent auditors' report.*

## Supplementary Information

**New Mexico Junior College**  
**Unrestricted and Restricted - All Operations**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>(Unfavorable) Final to Actual</u>
Beginning fund balance	\$ 19,326,194	\$ 29,138,167	\$ 29,178,531	\$ 40,364
Unrestricted and restricted revenues:				
State general fund appropriations	6,270,500	7,014,175	6,852,327	(161,848)
State grants and contracts	245,157	230,222	448,942	218,720
Federal revenue sources	4,693,594	4,308,168	4,417,437	109,269
Tuition and fees	3,887,000	3,717,544	3,960,487	242,943
Local funding	15,765,000	26,152,322	34,506,253	8,353,931
Auxiliary enterprises	2,615,000	2,681,906	2,768,612	86,706
Internal service	12,500	8,000	11,498	3,498
Research	400,000	-	-	-
Public Service	164,965	166,338	165,257	(1,081)
Other	398,765	222,600	1,359,638	1,137,038
Private grants	-	-	34,453	34,453
<b>Total unrestricted and restricted revenues</b>	<b>34,452,481</b>	<b>44,501,275</b>	<b>54,524,904</b>	<b>10,023,629</b>
Unrestricted and restricted expenditures:				
Instruction	10,543,218	11,199,318	9,951,190	1,248,128
Academic support	2,680,932	2,781,663	2,251,418	530,245
Student services	2,402,682	2,417,024	2,271,445	145,579
Institutional support	4,329,145	4,406,318	4,066,991	339,327
Operation and maintenance of plant	3,731,780	3,851,780	3,591,815	259,965
Research	-	907,233	-	907,233
Public Service	214,965	216,338	206,036	10,302
Auxiliary services	2,125,946	2,590,768	2,767,127	(176,359)
Intercollegiate athletics	1,613,798	1,993,976	1,848,935	145,041
Internal service	119,306	151,334	206,864	(55,530)
Renewal and replacement	11,323,392	15,636,687	12,858,491	2,778,196
Student aid, grants and stipends	4,874,099	4,529,027	4,626,661	(97,634)
Private grants	-	-	34,453	(34,453)
<b>Total unrestricted and restricted expenditures</b>	<b>43,959,263</b>	<b>50,681,466</b>	<b>44,681,426</b>	<b>6,000,040</b>
Net transfers	-	-	(710,900)	710,900
<b>Change in fund balance (budgetary basis)</b>	<b>(9,506,782)</b>	<b>(6,180,191)</b>	<b>9,132,578</b>	<b>16,734,569</b>
<b>Ending fund balance</b>	<b>\$ 9,819,412</b>	<b>\$ 22,957,976</b>	<b>\$ 38,311,109</b>	<b>\$ 16,774,933</b>

Change in net position per statement of revenues, expenses and

changes in net position	\$ 9,134,804
Capital outlay expenditures capitalized	(10,924,404)
Gain from sale of capital assets	30,714
Net pension change	6,609,597
Net OPEB change	(385,517)
Depreciation expense	4,667,384
<b>Financial statements change in net position reconciled</b>	<b>\$ 9,132,578</b>

*See independent auditors' report.*



**New Mexico Junior College  
Unrestricted - Instruction and General  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Beginning fund balance	\$ 1,687,689	\$ 3,427,156	\$ 3,427,156	\$ -
Unrestricted revenues:				
Tuition and fees	3,887,000	3,717,544	3,960,487	242,943
State government appropriations	5,805,900	5,805,900	5,801,502	(4,398)
Local government appropriations	15,765,000	26,152,322	34,506,253	8,353,931
Federal grants and contracts	33,711	33,800	33,700	(100)
Other	398,765	222,600	895,715	673,115
<b>Total unrestricted revenues</b>	<b>25,890,376</b>	<b>35,932,166</b>	<b>45,197,657</b>	<b>9,265,491</b>
Unrestricted expenditures:				
Instruction	10,219,294	11,045,223	9,385,460	1,659,763
Academic support	2,656,318	2,757,049	2,251,418	505,631
Student services	2,046,450	2,095,643	1,969,018	126,625
Institutional support	4,317,093	4,394,266	4,066,991	327,275
Operation and maintenance of plant	3,731,780	3,851,780	3,591,815	259,965
<b>Total unrestricted expenditures</b>	<b>22,970,935</b>	<b>24,143,961</b>	<b>21,264,702</b>	<b>2,879,259</b>
Net transfers	(3,392,704)	(12,089,159)	(25,079,561)	(12,990,402)
Change in fund balance (budgetary basis)	(473,263)	(300,954)	(1,146,606)	(845,652)
Ending fund balance	\$ 1,214,426	\$ 3,126,202	\$ 2,280,550	\$ (845,652)

*See independent auditors' report.*

**New Mexico Junior College  
Restricted - Instruction and General  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Federal government contracts/grants	471,664	436,813	704,104	267,291
State government contracts/grants	245,157	230,222	164,053	(66,169)
Total restricted revenues	716,821	667,035	868,157	201,122
Restricted expenditures:				
Instruction	323,924	154,095	565,730	(411,635)
Academic support	24,614	24,614	-	24,614
Student services	356,232	321,381	302,427	18,954
Institutional support	12,052	12,052	-	12,052
Total restricted expenditures	716,822	512,142	868,157	(356,015)
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	(1)	154,893	-	(154,893)
Ending fund balance	\$ (1)	\$ 154,893	\$ -	\$ (154,893)

*See independent auditors' report.*

## **Supporting Schedules**

**New Mexico Junior College**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2019**

Account Name	Type	Lea County State Bank	New MexiGROW LGIP	Wells Fargo Bank
NMJC	Checking	\$ -	\$ -	\$ -
Instructional and general	Checking	-	-	4,841,678
NMJC money market	Deposit	32,743	-	-
Pell federal account	Checking	586,577	-	-
Payroll dep account	Checking	359,550	-	-
NMJC	CD	3,052,654	-	-
Agency account	Time Deposit	-	-	349,232
NMJC	Short-Term Investment	-	24,593,127	-
New Horizons Foundation	Checking	-	-	-
New Horizons Foundation	Checking - Wellnu	-	-	-
NMJC Foundation	Equities	-	-	-
NMJC Foundation	Mutual Funds	-	-	-
NMJC Foundation	Royalty Interest	-	-	-
NMJC Foundation	Cash Fund	-	-	-
NMJC Foundation	Cash Fund	-	-	-
NMJC Foundation	Cash Fund	-	-	-
NMJC Foundation	Cash Fund	-	-	-
NMJC Foundation	Cash Fund	-	-	-
NMJC Foundation	CD	-	-	-
NMJC Foundation	Checking	-	-	-
NMJC Foundation	Savings	-	-	-
Amounts on deposit		4,031,524	24,593,127	5,190,910
Outstanding items		(22,604)	-	(290,637)
		\$ 4,008,920	\$ 24,593,127	\$ 4,900,273

Petty cash

Reconciliation to the financial statements:

Cash and cash equivalents

Short-term investment

Statement of fiduciary assets and liabilities:

Cash and cash equivalents

Total deposits and investments

*See independent auditors' report.*

Western Commerce Bank		NMJC Foundation				New Horizons Foundation	
Total		Merrill Lynch	Wells Fargo Bank	Total	Wells Fargo Bank	Total	
\$ 25,035	\$ 25,035	\$ -	\$ -	\$ -	\$ -	\$ -	
-	4,841,678	-	-	-	-	-	
-	32,743	-	-	-	-	-	
-	586,577	-	-	-	-	-	
-	359,550	-	-	-	-	-	
-	3,052,654	-	-	-	-	-	
-	349,232	-	-	-	-	-	
-	24,593,127	-	-	-	-	-	
-	-	-	-	-	142,603	142,603	
-	-	-	-	-	1,303	1,303	
-	-	4,514,118	-	4,514,118	-	-	
-	-	3,690,707	-	3,690,707	-	-	
-	-	19,583	-	19,583	-	-	
-	-	8,956	-	8,956	-	-	
-	-	117,377	-	117,377	-	-	
-	-	31,697	-	31,697	-	-	
-	-	54,575	-	54,575	-	-	
-	-	17,188	-	17,188	-	-	
-	-	838,689	-	838,689	-	-	
-	-	-	215,136	215,136	-	-	
-	-	-	50,644	50,644	-	-	
25,035	33,840,596	9,292,890	265,780	9,558,670	143,906	143,906	
-	(313,241)	689	(16,167)	(15,478)	196,974	196,974	
<u>\$ 25,035</u>	<u>33,527,355</u>	<u>\$ 9,293,579</u>	<u>\$ 249,613</u>	<u>9,543,192</u>	<u>\$ 340,880</u>	<u>340,880</u>	
	6,450			30		-	
	\$ 33,533,805			\$ 9,543,222		\$ 340,880	
	\$ 5,547,037			\$ 480,125		\$ 340,880	
	27,645,781			9,063,097		-	
	33,192,818			9,543,222		340,880	
	340,987			-		-	
	\$ 33,533,805			\$ 9,543,222		\$ 340,880	

See independent auditors' report.

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**New Mexico Junior College**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2019**

<b>Depository</b>	<b>Description of Pledged Collateral</b>	<b>Fair Market Value June 30, 2019</b>	<b>Name and Location of Safekeeper</b>
<b>Lea County State Bank</b>			
	Univ NM Valencia County 4%, due 8/1/2020	\$ 442,418	The Independent Bankers Bank Farmers Branch, TX
	Los Lunas NM SD 3%, due 07/15/2021	413,216	The Independent Bankers Bank Farmers Branch, TX
	Lea County, NM 2%, due 10/1/2019	425,952	The Independent Bankers Bank Farmers Branch, TX
<b>Total Lea County State Bank</b>		<b>1,281,586</b>	
<b>Wells Fargo Bank</b>			
	FNMA FNMS 3.0% CUSIP #3138NYVR3, due 1/1/2043	2,099,176	Bank of New York Mellon New York, NY
	FNMA FGPC 3.5% CUSIP #3128MJQ94, due 3/1/2042	845,847	Bank of New York Mellon New York, NY
<b>Total Wells Fargo Bank</b>		<b>2,945,023</b>	
		<b>\$ 4,226,609</b>	

*See independent auditors' report.*

**New Mexico Junior College**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

	June 30, 2018	Receipts	Disbursements	June 30, 2019
ASSET Student Recognition	\$ 11,880	\$ 10,205	\$ 205	\$ 21,880
Athletic Department	60	785	785	60
Athletic Training	489	150	-	639
Backpacking & Camping	271	-	-	271
Baseball Booster Club	10,538	18,452	29,346	(356)
Burke Poetry Contest	444	-	-	444
Campus Ambassadors	1,505	-	-	1,505
Cheerleaders	467	-	-	467
Cosmetology Students	3,364	28,545	20,929	10,980
Drama Club	7,249	970	1,876	6,343
Emergency Services	1,762	-	1,762	-
Equine Activities	7,706	-	-	7,706
Faculty Senate	770	100	-	870
Fallen Officers Memorial Fund	187	-	187	-
FCA Special Events	108	-	-	108
Fellowship of Christian Athletes	1,586	-	-	1,586
Ford ASSET Helping Hand	400	-	-	400
Geology Club	605	-	-	605
GM ASEP Student Recognition	1,135	1,610	-	2,745
Golf Booster Club	23,928	27,297	31,922	19,303
Healthy Active Lifestyle Challenge	94	-	-	94
Law Enforcement Guest Speakers	311	2,148	596	1,863
Men's Basketball	6,334	1,839	1,721	6,452
Moran Lecture Series	5,405	5,086	5,550	4,941
MU Alpha Theta	2,816	1,251	1,118	2,949
Nature Trail Sculptures	6,385	-	-	6,385
NMJC Band Club	4,431	-	-	4,431
NMJC Research Foundation	7,928	-	-	7,928
NMJC Sensations	4,623	-	-	4,623
NMJC Skills USA-High School	3,357	23,364	19,732	6,989
NMJC Social Committee	11,825	3,820	8,293	7,352
Phi Beta Lambda-NMJC	239	-	-	239
Phi Theta Kappa	288	3,145	2,406	1,027
Prepaid Tuition Agreement	24,278	4,535	6,515	22,298
Rodeo Club	25,843	4,326	3,456	26,713
Rope Climbing and Rappelling Club	382	-	-	382
SBDC Program Services	34,483	4,938	2,215	37,206
<b>Subtotal</b>	<b>213,476</b>	<b>142,566</b>	<b>138,614</b>	<b>217,428</b>

*See independent auditors' report.*



	<b>June 30, 2018</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30, 2019</b>
Subtotal	\$ 213,476	\$ 142,566	\$ 138,614	\$ 217,428
Student Nurses Association	3	-	-	3
Student Senate	296	-	-	296
Student Support Services-SSS	104	-	-	104
Suicide Awareness Prevention Event	207	-	-	207
Support and Maintenance Council	3,587	-	1,403	2,184
Talent Search	10	-	-	10
Thunderbird Booster Club	75	1,590	1,273	392
Western Heritage Donations	40,421	21,757	18,231	43,947
Western Heritage Horticultural	4,895	161	495	4,561
Western Heritage Museum Membership	40,825	17,965	6,523	52,267
Western Heritage Museum Memorial	2,496	1,165	3,655	6
WHM Centennial	5,987	20	23	5,984
WHM Discretionary Fund	929	1,646	1,455	1,120
WHM Mammoth Fund Raiser	608	-	-	608
WHM Special Events	682	26,622	26,970	334
Women's Basketball	11,419	2,198	4,781	8,836
Women's Cross Country	1,076	2,155	530	2,701
Total agency fund cash	327,095	217,845	203,953	340,987
Accounts receivable	-	3,000	-	3,000
<b>Total assets</b>	<b>\$ 327,095</b>	<b>\$ 220,845</b>	<b>\$ 203,953</b>	<b>\$ 343,987</b>
Accounts payable	\$ 3,681	\$ 2,382	\$ (3,680)	\$ 2,383
Due to student organizations	323,414	218,463	207,633	341,604
<b>Total liabilities</b>	<b>\$ 327,095</b>	<b>\$ 220,845</b>	<b>\$ 203,953</b>	<b>\$ 343,987</b>

*See independent auditors' report.*

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## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget and  
New Mexico Junior College Board  
New Mexico Junior College  
Hobbs, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component units, and the fiduciary fund of the New Mexico Junior College (the "College") as of and for the year ended June 30, 2019, 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 31, 2019.

**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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted an other matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item CU NM 2019-001.

### **College's Response to Finding**

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

### **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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 31, 2019

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**Federal Financial Assistance**

**REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
New Mexico Junior College Board  
New Mexico Junior College  
Hobbs, New Mexico

**Report on Compliance for the Major Federal Program**

We have audited the New Mexico Junior 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 the College's major federal program for the year ended June 30, 2019. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the College's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.



## **Opinion on the 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 its major federal program for the year ended June 30, 2019.

## **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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.

## **Purpose of this Report**

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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 31, 2019

**New Mexico Junior College**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Pass through Number</b>	<b>Federal C.F.D.A. Number</b>	<b>Federal Expenditures</b>	<b>Funds Provided to Subrecipients</b>	<b>Noncash Assistance</b>
<b>US Department of Education</b>					
Direct programs:					
Student financial assistance cluster: *					
Federal Pell Grant Program	(1)	42310	84.063	\$ 2,961,564	\$ -
Federal Supplemental Educational Opportunity Grants	(1)	42325	84.007	40,476	-
Federal Work Study Program	(1)	42511	84.033	43,347	-
Total student financial assistance cluster				3,045,387	
TRIO Cluster:					
TRIO-Student Support Services		41131	84.042A	297,447	-
Total TRIO cluster				297,447	
US Nuclear Regulatory Commission					
Scholarship and Fellowship Program		41142	77.008	4,980	-
US Department of Agriculture and Rural Development					
Distance Learning & Telemedicine		41115	10.855	310,018	-
Passed through New Mexico					
Public Education Department:					
Adult Education - Basic Grants 1 to States		41310	84.002	91,658	-
Total US Department of Education				3,749,490	-
<b>US Small Business Administration</b>					
Passed through New Mexico					
Public Education Department:					
Small Business Development Center		41220	59.037	12,197	-
Total Expenditures of Federal Awards				\$ 3,761,687	\$ -

\* Tested as major program

() Denotes cluster

Federal Direct loans advanced to students in fiscal year 2019 in the amount of \$630,517 were not included on this schedule.

*See independent auditors' report.*

*See notes to the schedule of expenditures of federal awards .*

## **Notes to Schedule of Expenditures of Federal Awards**

### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of New Mexico Junior College ("the College") and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Loans**

The College did not expend federal awards related to loan guarantees during the year. Federal Direct Loans advanced to students in fiscal year 2019 totaled \$630,517.

### **10% de minimus Indirect Cost Rate**

The College did not elect to use the allowed 10% indirect cost rate.

### **Federally Funded Insurance**

The College has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	3,761,687
Total expenses funded by other sources		40,294,362
<hr/>		
Total expenses per statement of revenues, expenses, and changes in net position	\$	44,056,049
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*See independent auditors' report.*

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**New Mexico Junior College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements?                           | None noted |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs   | Unmodified |
| 2. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs:  |            |

CFDA Numbers

Federal Program

84.063  
84.007  
84.033  
84.268

**Student Financial Assistance Cluster**  
Federal PELL Grant program  
Federal SEOG program  
Federal Work Study program  
Federal Direct Loans

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

CU FS 2018-001 – Journal entries are not reviewed - Significant Deficiency (Resolved)  
FA 2018-001 – Student Aid Verification - Significant Deficiency (Resolved)

**New Mexico Junior College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

**SECTION V – SECTION 12-6-5 NMSA 1978 FINDINGS**

**CU NM 2019-001 – Under Collateralization of Deposits Held with Financial Institutions (Other noncompliance)**

*Condition:* The New Mexico Junior College Foundation had less pledged collateral coverage than was needed for compliance with New Mexico state statute for a deposit held by Wells Fargo Bank at June 30, 2019. The required collateral was \$7,890. No collateral was provided resulting in a shortfall of \$7,890. The shortfall was temporary as it was remedied shortly after June 30, 2019.

*Criteria:* Pursuant to Section 6-10-17 NMSA 1978, the pledged collateral for deposits in banks and savings and loan associations shall have an aggregate value equal to one-half of the amount of public money held by the depository.

*Effect:* Not having proper collateral could lead to the loss of Foundation funds in the event of a bank failure.

*Cause:* The Foundation continuously monitors collateral for the amounts on deposit with all banks. However, the bank did not allocate enough collateral for the funds as of June 30, 2019. This was a result of the Foundation and bank expecting more checks to clear in June 2019 than actually did, so there was not enough time to obtain additional collateral for the higher cash bank balance before the cutoff date of June 30, 2019.

*Auditors' Recommendation:* The Foundation should continue to work with Wells Fargo Bank to monitor and ensure sufficient pledged collateral at all times. Additionally, the Foundation should consider maintaining a higher dollar amount of collateral coverage to help prevent shortfalls as a result of unexpected cashflow changes each month.

*Agency's Response:* On July 1, 2019 a check was written for \$150,000 to transfer funds from Wells Fargo Bank to the Foundation's Merrill Lynch checking account. The check was mailed to the Merrill Lynch office in Albuquerque and the check cleared the Wells Fargo Bank on July 8, 2019 bringing the Wells Fargo Bank total balances to under \$151,500. The Foundation's controller approved the transfer of funds. The check was written by the staff who manages the checking account and the check was signed by Foundation's controller and Foundation Board treasurer. NMJC Foundation controller will communicate to the staff who manages the operating checking account that as the balance grows closer to the FDIC limit, inform the controller so that a transfer of funds can be made to the appropriate account held with another bank. Also, to provide a review of the operating checking account balance, the controller will on a weekly basis verify the balance in the checking account.

**FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared from the original books and records and with the assistance of the management of New Mexico Junior College as of June 30, 2019 by Carr, Riggs & Ingram, LLC. The responsibility for these financial statements remains with the College.

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component units were discussed on October 31, 2019. The following persons were in attendance:

New Mexico Junior College Foundation Officials

Dan Hardin, Foundation Treasurer  
Tina Kunko, Foundation Controller

College Officials

Pat Chappelle, Chairman  
Dr. Kelvin Sharp, President  
Dan Hardin, Vice-President for Finance  
Josh Morgan, Controller

New Horizons Foundation Officials

Dr. Kelvin Sharp, President

Carr, Riggs & Ingram, LLC

Cindy Bryan, Partner  
Alan D. Bowers, Jr., CPA, Partner  
Paul Garcia, Manager

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# NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

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To: **New Mexico Junior College Board Members**  
From: Dan Hardin  
Date: January 10, 2020  
RE: Expenditure and Revenue Reports for December 2019

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December is month six or 50% of the budget for the 2019/2020 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 \$31,042,012.00.

The total current unrestricted fund expenditures through December are \$14,141,357.00, which is 49% 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 are higher than the budget, but over the course of the fiscal year the monthly 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. The Business Office continues 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 lower as compared to December 2018. Total amount of restricted funds expended through December of 2019 is \$2,552,534.00.

Total Plant funds expended include expenditures for Technology Upgrade, Law Academy Building, Fire Alarm Upgrade, and the McLean Hall construction project.

Total expenditures and or encumbrances through December 2019 were \$31,042,012.00 or 46% of the budget.



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Total Current Unrestricted revenue received in December 2019 was \$9,573,134.00, with the year-to-date total of 23,248,198.00. 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 \$393,168.00 as tuition and fees were collected for the spring semester. Oil and Gas mill levy for the month of December was \$2,064,306.00 and the equipment tax revenue for December was \$3,731,076.00. The property tax revenue received in December was \$2,312,300.00, 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 19 the total for mill levy property tax was \$10,742,008.00.

\$103,941.00 Grant fund revenue was drawn down in December. Total restricted fund revenue for the year is \$2,577,696.00. There should be additional funds drawdown in January and February for restricted student aid.

In Plant Funds, the College drew down \$110,564 from General Fund allocation for the Fire Alarm upgrade project. LGIP interest income for December was \$38,488.

Total revenue for the month of December 2019 is \$9,844,019.00, with year-to-date revenue of \$26,167,284.00 or 65% of projected revenue budget.

The Oil and Gas revenue has been strong for the past three months. The total Oil and Gas and Oil and Gas Equipment Tax revenue received through December of 2019 including the accrual of \$465,000 for each of the three months of October, November and December is \$11,323,149.00.

The investment report shows a beginning balance in LGIP funds of \$26,593,127.00, 8,000,000.00 was sent to LGIP leaving an ending balance in LGIP funds at the end of December of \$34,593,127.00. \$3,000,000.00 remains in CDARs which gives the College a total of \$37,593,127.00 in investments at the end of December. Encumbered funds at the end of December were \$29,418,991.06. In January, the College will analyze the rates offered by the CDARs and LGIP and decide on the direction of reinvesting the \$3,000,000.00 currently in CDARs with Lea County State Bank.

This concludes the Financial Report for December 2019.

# NEW MEXICO JUNIOR COLLEGE

## Expenditure Report

### December 2019

50% of Year Completed

Fund	2018-19			2019-20			
	Final Budget	Year-to-Date Expended or Encumbered	Percentage of Budget Expended	Budget	Current Expended or Encumbered	Expended or Encumbered	Percentage of Budget Expended
<b>CURRENT UNRESTRICTED FUND</b>							
<b>Instruction and General:</b>							
Instruction	11,045,223	4,505,065	41%	11,164,306	943,561	4,437,848	40%
Academic Support	2,757,049	1,207,100	44%	2,428,049	223,711	1,148,096	47%
Student Services	2,095,643	966,877	46%	2,131,949	211,141	981,117	46%
Institutional Support	4,394,266	1,995,891	45%	4,448,578	381,138	2,095,716	47%
Operation & Maintenance of Plant	3,851,780	1,754,075	46%	3,865,271	290,538	1,825,031	47%
<b>Subtotal - Instruction &amp; General</b>	<b>24,143,961</b>	<b>10,429,008</b>	<b>43%</b>	<b>24,038,153</b>	<b>2,050,089</b>	<b>10,487,808</b>	<b>44%</b>
Research	907,233	231,961	26%	0	11,128	71,182	
Public Service	50,000	13,940	28%	50,000	3,033	15,038	0%
Internal Service Departments	151,334	119,142	79%	92,356	(95,720)	160,760	174%
Student Aid	691,472	434,364	63%	685,880	129,198	452,046	66%
Auxiliary Enterprises	2,590,768	1,863,033	72%	2,102,655	320,520	1,718,105	82%
Athletics	1,993,976	890,925	45%	2,027,118	121,413	1,236,418	61%
<b>Total Current Unrestricted Fund</b>	<b>30,528,744</b>	<b>13,982,373</b>	<b>46%</b>	<b>28,996,162</b>	<b>2,539,661</b>	<b>14,141,357</b>	<b>49%</b>
<b>CURRENT RESTRICTED FUND</b>							
Grants	881,786	363,898	41%	910,875	69,739	361,191	40%
Student Aid	4,188,219	2,249,568	54%	3,853,901		2,191,343	57%
<b>Total Current Restricted Fund</b>	<b>5,070,005</b>	<b>2,613,466</b>	<b>52%</b>	<b>4,764,776</b>	<b>69,739</b>	<b>2,552,534</b>	<b>54%</b>
<b>PLANT FUNDS</b>							
<b>Capital Outlay / Bldg. Renewal &amp; Repl.</b>							
Projects from Institutional Funds	26,665,238	9,873,658	37%	27,423,205	892,130	10,265,018	37%
Projects from State GOB Funds	289,894	280,690	97%	4,764,218		3,086,500	65%
Projects from State STB Funds	114,064	114,064	100%	0		0	0%
Projects from General Fund				938,466	16,907	463,507	49%
Projects from Private Funds							0%
Projects from State ER&R	1,088,803	269,821	25%	332,720	34,588	111,663	34%
Projects from State BR&R	1,540,047	465,903	30%	597,281	34,552	421,433	71%
Subtotal - Capital and BR&R	29,698,047	11,004,136	37%	34,055,890	978,177	14,348,121	42%
<b>Debt Service</b>							
Revenue Bonds	0	0	0%	0			0%
<b>Total Plant Funds</b>	<b>29,698,047</b>	<b>11,004,136</b>	<b>37%</b>	<b>34,055,890</b>	<b>978,177</b>	<b>14,348,121</b>	<b>42%</b>
<b>GRAND TOTAL EXPENDITURES</b>	<b>65,296,796</b>	<b>27,599,975</b>	<b>42%</b>	<b>67,816,828</b>	<b>3,587,577</b>	<b>31,042,012</b>	<b>46%</b>

# NEW MEXICO JUNIOR COLLEGE

## Revenue Report

### December 2019

50% of Year Completed

**2018-19**

**2019-20**

Fund	2018-19			2019-20			
	Final Budget	Year-to-date Revenue	Percentage of Budget Received	Budget	Current Revenue	Year-to-date Revenue	Percentage of Budget Received
<b>CURRENT UNRESTRICTED FUND</b>							
<b>Instruction and General:</b>							
Tuition and Fees	3,717,544	3,035,053	82%	3,887,000	393,168	3,385,568	87%
State Appropriations	5,805,900	2,900,751	50%	6,546,216	505,285	3,167,224	48%
Advalorem Taxes - Oil and Gas	17,622,322	8,950,777	51%	7,235,000	5,795,383	11,323,149	157%
Advalorem Taxes - Property	8,530,000	2,609,306	31%	8,530,000	2,312,300	2,672,630	31%
Interest Income	10,000	206	2%	10,000	59	318	3%
Other Revenues	144,400	183,445	127%	204,646		208,152	102%
<b>Subtotal - Instruction &amp; General</b>	<b>35,830,166</b>	<b>17,679,538</b>	<b>49%</b>	<b>26,412,862</b>	<b>9,006,195</b>	<b>20,757,041</b>	<b>79%</b>
Research			0%				0%
Public Service			0%				0%
Internal Service Departments	8,000	3,733	47%	9,302	93	41,078	442%
Auxiliary Enterprises	2,681,906	1,930,820	72%	2,685,015	519,325	2,146,042	80%
Athletics	459,815	231,552	50%	568,984	47,521	304,037	53%
<b>Total Current Unrestricted</b>	<b>38,979,887</b>	<b>19,845,643</b>	<b>51%</b>	<b>29,676,163</b>	<b>9,573,134</b>	<b>23,248,198</b>	<b>78%</b>
<b>CURRENT RESTRICTED FUND</b>							
Grants	881,786	374,997	43%	910,875	103,941	412,635	45%
Student Aid	4,188,219	2,085,132	50%	3,853,901	17,892	2,165,061	56%
<b>Total Current Restricted</b>	<b>5,070,005</b>	<b>2,460,129</b>	<b>49%</b>	<b>4,764,776</b>	<b>121,833</b>	<b>2,577,696</b>	<b>54%</b>
<b>PLANT FUNDS</b>							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	289,894	278,731	0%	4,702,500			0%
Projects from State STB Funds	114,064	82,895	0%	0			0%
Projects from General Fund			0%	792,000	110,564	110,564	0%
Projects from Private Funds			0%				0%
Interest Income (LGIP)	102,000	125,696	123%	250,000	38,488	230,826	92%
<b>Total Plant Funds</b>	<b>505,958</b>	<b>487,322</b>	<b>96%</b>	<b>5,744,500</b>	<b>149,052</b>	<b>341,390</b>	<b>6%</b>
<b>GRAND TOTAL REVENUES</b>	<b>44,555,850</b>	<b>22,793,094</b>	<b>51%</b>	<b>40,185,439</b>	<b>9,844,019</b>	<b>26,167,284</b>	<b>65%</b>

# NEW MEXICO JUNIOR COLLEGE

## Oil and Gas Revenue Report

### December 2019

50% of Year Completed

		OIL		GAS		COMBINED		
Sales	Month of	Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2018-19 Original Budget	Variance Over (Under) Budget
	Distribution							
Actual	July	\$53.17	15,826,651	\$1.87	40,911,285	1,918,511	465,000	1,453,511
Actual	August	\$50.64	16,662,235	\$2.04	44,356,736	2,006,610	465,000	1,541,610
Actual	September	\$53.03	16,418,876	\$2.47	44,032,152	2,064,306	465,000	1,599,306
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						7,384,427	5,580,000	1,804,427
Y.T.D. Equipment Tax Revenue						3,938,722	1,655,000	2,283,722
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						<u>11,323,149</u>	<u>7,235,000</u>	<u>4,088,149</u>

*Source: New Mexico Taxation and Revenue Department*

# NEW MEXICO JUNIOR COLLEGE

## Schedule of Investments

### December 2019

50% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	26,593,127	7102-1348	1.680%	38,488
Plus deposits	8,000,000			
Less withdrawals	0			
<b>Total LGIP investments</b>	<b>34,593,127</b>			<b>38,488</b>
Lea County State Bank CDAR	<b>3,000,000</b>		2.30%	

Capital Project	12/31/2019
Vehicles	327,641.61
Campus Master Plan	1,616.83
Law Academy Building	517,341.99
Campus Vestibules	450,000.00
Technology Upgrade	588,057.62
JASI	7,333.75
WHM South Gallery	266,594.43
Baseball Field	45,632.36
Rodeo Arena	51,165.33
Fire Alarm Upgrade	2,060,641.27
Luminis Software	2,993.00
Landscaping	278,750.70
Smart Classrooms	76,087.40
Campus Signage	348,034.74
Campus Paving	100,000.00
Dorm/Apartment Refurbish	0.00
Campus Construction	80,120.18
Oil & Gas Training	95,702.44
Workforce Training & Outreach	400,000.00
Public Sector	9,227.00
Campus Security	48,507.84
Lumens Software-Distance Learnng	5,000.00
Copier Replacement	60,373.49
Non-Recurring Compensation	750,000.00
Athletics	24,277.81
Student Life Programming	20,432.28
Succession Plan	52,014.15
WHM Exhibits	102,619.02
Track Upgrades	191,866.57
Driving Range Upgrades	1,088,143.81
McLean Hall Renovations	4,992,843.56
Cafeteria Upgrade	87,122.23
Channel 19 Upgrade	8,115.71
FERPA & Title IX	731.01
Equestrian Center	2,982,664.33
Bob Moran Upgrades	24,524.89
Campus/Hospital Fencing	263,616.65
Turf Replacement	61,394.41
HVAC Software-Central Plant	1,823,106.62
Busing Support for Recruiting	5,872.30
HED Faculty Development	912.16
Caster Upgrades	10,969,175.85
Allied Health	146,993.03
Workforce Training Contingency	1,742.69
<b>Total</b>	<b>29,418,991.06</b>

# NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

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

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To: Board Members  
From: Dan Hardin  
RE: Quarterly Financial Action Report  
Date: January 16, 2020

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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, 2019. 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, 2019.

Respectfully,

Dan Hardin

## QUARTERLY FINANCIAL ACTION REPORT

Fiscal Year 20

Today's Date: 1-16-2020

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.

NEW MEXICO JUNIOR COLLEGE

RESOLUTION NO. 2020-001

WHEREAS, Section 10-15-1(B) of the Open Meetings Act (NMSA 1978, Sections 10-15-1 to -4) states that, except as may be otherwise provided in the Constitution or the provisions of the Open Meetings Act, all meetings of a quorum of members of any board, council, commission, administrative adjudicatory body or other policymaking body of any state or local public agency held for the purpose of formulating public policy, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times; and

WHEREAS, any meetings subject to the Open Meetings Act at which the discussion or adoption of any proposed resolution, rule, regulation or formal action occurs shall be held only after reasonable notice to the public; and

WHEREAS, Section 10-15-1(D) of the Open Meetings Act requires the Board to determine annually what constitutes reasonable notice of its public meetings;

NOW, THEREFORE, BE IT RESOLVED that:

1. All meetings shall be held at the Zia Board Room, Pannell Library on the campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico at 1:30 p.m., or as indicated in the meeting notice.
2. Unless otherwise specified, regular meetings shall be held on the third Thursday of each month. The agenda will be available at least seventy-two hours prior to the meeting from the office of the President of New Mexico Junior College, whose office is located in the John Shepherd Administrative Center, on the Campus of New Mexico Junior College, Hobbs, New Mexico. The agenda will also be posted in the John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico and on New Mexico Junior College's website at [www.nmjc.edu](http://www.nmjc.edu).
3. Notice of regular meetings other than those described in Paragraph 2 will be given ten (10) days in advance of the meeting date. The notice will include a copy of the agenda or information on how a copy of the agenda may be obtained. If not included in the notice, the agenda will be available at least seventy-two (72) hours before the meeting and posted in the John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico and on New Mexico Junior College's website at [www.nmjc.edu](http://www.nmjc.edu).
4. Special meetings may be called by the Chair or a majority of the members upon three (3) days' notice. The notice for a special meeting shall include an agenda for the meeting or information on how a copy of the agenda may be obtained. The agenda will be available at least seventy-two (72) hours before the meeting and posted in the John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico and on New Mexico Junior College's website at [www.nmjc.edu](http://www.nmjc.edu).



5. Emergency meetings will be called only under unforeseen circumstances that demand immediate action to protect the health, safety and property of citizens or to protect the public body from substantial financial loss. The Board will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of the members with twenty-four hours' prior notice, unless threat of personal injury or property damage requires less notice. The notice for all emergency meetings shall include an agenda for the meeting or information on how the public may obtain a copy of the agenda. Within ten days of taking action on an emergency matter, the Board will notify the Attorney General's Office; provided that the requirement to report to the Attorney General is waived upon the declaration of a state or national emergency.
6. For the purposes of regular and special meetings described in Paragraphs 3 and 4 of this resolution, notice requirements are met if notice of the date, time, place and agenda or information on how the public may obtain a copy of such agenda is posted on the New Mexico Junior College website, posted in the John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico and provided to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.7. For the purposes of emergency meetings described in Paragraph 5, notice requirements are met if notice of the date, time, place and agenda is posted on the New Mexico Junior College website and posted in the John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico. Telephone notice also shall be given to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.
7. In addition to the information specified above, all notices shall include the following language:

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the President's office John Shepherd Administrative Center on the Campus of New Mexico Junior College, 1 Thunderbird Circle, Hobbs, New Mexico telephone number (575)392-5004 at least one (1) week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the President of New Mexico Junior College if a summary or other type of accessible format is needed.
8. The Board may close a meeting to the public only if the subject matter of such discussion or action is excepted from the open meeting requirement under Section 10-15- 1(H) of the Open Meetings Act.
  - (a) If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the Board taken during the open meeting. The authority for the closed meeting and the subjects to be discussed shall be stated with reasonable specificity in the motion to close and the vote of each individual member

on the motion to close shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in the closed meeting.

(b) If a closed meeting is conducted when the Board is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

(c) Following completion of any closed meeting, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

(d) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the Board in an open public meeting.

9. The Board of New Mexico Junior College may, by Resolution adopt additional rules and regulations regarding the conduct of the meetings of the New Mexico Junior College Board.

Passed by the Board of New Mexico Junior College this 16<sup>th</sup> day of January 2020.

New Mexico Junior College Board

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Patricia Chappelle, Chair

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Ron Black, Secretary

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Hector Baeza, Member

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Travis Glenn, Member

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Manny Gomez, Member

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Evelyn Rising, Member

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Erica Jones, Member