

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

Thursday, January 21, 2021
Ben Alexander Building – Daniels Room & Via Zoom
1:30 pm

AGENDA

- | | |
|--|----------------------------|
| A. Welcome | Pat Chappelle |
| B. Adoption of Agenda | Pat Chappelle |
| C. Approval of Minutes of December 17, 2020 | Pat Chappelle |
| D. President's Report | Kelvin Sharp |
| E. New Business | |
| 1. Motion to Accept Resignation of Ron Black | Pat Chappelle |
| 2. Motion for Election of Board Secretary | Pat Chappelle |
| 3. Fiscal Year June 30, 2020 Audit Report | A.J. Bowers
Paul Garcia |
| 4. Monthly Expenditure Reports | Dan Hardin |
| 5. Monthly Revenue Report | Dan Hardin |
| 6. Oil and Gas Revenue Report | Dan Hardin |
| 7. Schedule of Investments | Dan Hardin |
| 8. Fiscal Watch Report | Dan Hardin |
| 9. Consideration of Open Meetings Act Resolution | Scotty Holloman |
| F. Public Comments | Pat Chappelle |
| • Phone Number (575) 492-2595 | |
| • Fax Number (575) 492-2559 | |
| G. Determination of Next Meeting | Pat Chappelle |
| H. Adjournment | Pat Chappelle |

**NEW MEXICO JUNIOR COLLEGE
BOARD MEETING
DECEMBER 17, 2020
MINUTES**

The New Mexico Junior College Board met on Thursday, December 17, 2020, beginning at 1:30 p.m. in the Ben Alexander Building, Daniels Room and via Zoom. Attendance in the Daniels Room were Ms. Patricia Chappelle, Madam Chair, Dr. Kelvin Sharp and Mr. Dan Hardin. Ms. Chappelle requested Board members attending via Zoom state their attendance by roll call. The following members were in attendance: Mr. Ron Black, Secretary; Ms. Evelyn Rising; Mrs. Erica Jones; Mr. Travis Glenn; and Mr. Hector Baeza. Mr. Manny Gomez was absent. Also in attendance via Zoom were Dr. Larry Sanderson, Mrs. Cathy Mitchell and Mr. Clayton Abbey.

Ms. Chappelle called the meeting to order and welcomed guests attending via Facebook Live due to the current COVID-19 pandemic and the current Public Health Order requiring social distancing. She commented in response to the Governor's order, guidelines continue to be followed. Ms. Chappelle encouraged the public to participate and provide public comments at the end of the formal agenda to either (575) 492-2595 or by fax to (575) 492-2559.

Upon a motion by Mr. Black seconded by Mr. Glenn, and by roll call vote as follows: Ms. Rising – yes; Mr. Black – yes; Mrs. Jones – yes; Mr. Glenn – yes; Mr. Baeza – yes; and Ms. Chappelle - yes, the agenda was unanimously adopted.

Upon a motion by Mr. Glenn, seconded by Mrs. Jones, and by roll call vote as follows: Mr. Baeza – yes; Ms. Rising – yes; Mr. Black – yes; Mrs. Jones – yes; Mr. Glenn – yes; and Ms. Chappelle – yes, the Board unanimously approved the minutes of November 19, 2020.

Under President's Report, Dr. Sanderson and Mrs. Mitchell provided campus updates. Dr. Sanderson reported fall semester finals finished on schedule and a full set of classes are on scheduled to begin in the spring. Classes will begin on January 19th. He stated the one week delay will assist in creating a separation between the holidays and the beginning of classes to allow for appropriate quarantines. He further noted the schedule

is subject to possible changes by healthcare and/or HED orders due to the current status of the pandemic. Although high schools will continue to be closed, ACT Academy high school students will return to campus. While existing safety protocols will be maintained, enhanced safety protocols are being put in place. Buildings will be disinfected weekly by an off campus company. He stated areas reporting problems will be closed down for immediate disinfecting. Through an arrangement with Nor Lea/Covenant Hospital, weekly surveillance testing of cohort classes will be done. Nor Lea will provide early vaccinations to nursing students/faculty and law enforcement personnel/academy. In return, nursing students/faculty will assist Nor Lea/Covenant Hospital with spring vaccinations which will qualify as clinical time. NMJC has reached out to the Higher Education Department and Mr. Manny Gomez, Hobbs Fire Chief/Acting City Manager, for guidance to insure continued spacing and room occupancy on campus are meeting the Governor's expectations. Mrs. Mitchell stated in addition to testing of cohorts, random testing will be done with athletic students. Housing setup with athletic students will continue as in the fall semester. Students will return to dorms beginning January 2nd and 3rd, allowing a two week quarantine before classes begin. She further reported NMJC will not bring in any new international students that were not already in the United States. Currently 22 students remain in the dorms. Monitoring and tracking of reported cases will continue as in the fall semester. Mrs. Mitchell reported in spite of a difficult situation, the fall semester was a success and noted approximately 50 student college degrees have been conferred. The Board expressed their appreciation to faculty/staff for all efforts put forth for the success of NMJC and students.

Dr. Sharp provided a brief calendar guideline for staff/faculty/students returning to campus following the holiday break. He stated staff will return on January 4th, faculty on January 11th, classes begin on January 19th for a 15 week semester and graduation is scheduled for May 7th. Spring break will be maintained contingent on what public schools do.

Mr. Clayton Abbey provided a legislative update. Mr. Abbey reported sessions will be held virtually, therefore individual in-person testimony will not be allowed. He noted he anticipated a difficult session and stated individuals interested in giving a public testimony will need to reach out to legislative officials to request permission. Mr. Abbey reported the Higher Education Department, Department of Finance & Administration and

the Legislative Finance Committee have effectively agreed to a favorable higher education budget. In light of previous cuts to higher education, funding will be reinstated to institutions. He reported upcoming sessions are looking at the potential of a flat budget for higher education, therefore NMJC will receive the same appropriations funding from FY 21 to FY 22.

Under New Business, Mr. Dan Hardin presented the November 2020 financial reports. Upon a motion by Mr. Glenn, seconded by Ms. Rising, and by roll call as follows: Mr. Baeza – yes; Ms. Rising – yes; Mr. Black – yes; Mrs. Jones – yes; Mr. Glenn – yes; and Ms. Chappelle – yes, the Board unanimously approved the Expenditure Report for November 2020. In addition, the Revenue Report, Oil and Gas Revenue Report, and Schedule of Investments Report were reviewed.

Mr. Hardin presented a request to move forward with the planning, design, and engineering of a proposed Vocational/Workforce Training Building. The planning and design will be done by Dekker/Perich/Sabatini and engineering will be done by Bridgers and Paxton. Anticipated cost for planning, design, and engineering is approximately \$468,500 including gross receipt taxes. Funding will come from Severance Tax Bonds in the amount of \$150,000 and institutional funds of \$318,500. Administration requested approval to proceed with the planning, design and engineering of a Workforce Training Building and to provide this project to the Higher Education Department. Upon a motion by Mr. Glenn, seconded by Mrs. Jones, and by roll call as follows: Mr. Baeza – yes; Ms. Rising – yes; Mr. Black – yes; Mrs. Jones – yes; Mr. Glenn – yes; and Ms. Chappelle – yes, the Board unanimously approved this request.

Ms. Chappelle called for comments from the public. There being none, the next regular board meeting was scheduled for Thursday, January 21, 2021 beginning at 1:30 pm.

Upon a motion by Mr. Baeza, seconded by Mr. Glenn, the board meeting adjourned at 2:33 pm.

Pat Chappelle, Chair

Secretary

State of New Mexico
New Mexico Junior College

**Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2020



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CPAs and Advisors

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Introductory Section

New Mexico Junior College
Table of Contents
June 30, 2020

INTRODUCTORY SECTION	
Table of Contents	4-5
Official Roster	6-8
FINANCIAL SECTION	
Independent Auditors' Report	10-12
Management's Discussion and Analysis	13-19
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	22-23
Statement of Revenues, Expenses and Changes in Net Position	24-25
Statement of Cash Flows	26-27
Statement of Fiduciary Assets and Liabilities	29
Notes to Financial Statements	30-77
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the College's Proportionate Share of the Net Pension Liability	80
Schedule of the College's Contributions	82
Schedule of Employer's Proportionate Share of the Net OPEB Liability of New Mexico Retiree Health Care Act Plan	84
Schedule of Employer Contributions	85
Notes to Required Supplementary Information	86
SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget (Non-GAAP Budgetary Basis) and Actual:	
Unrestricted and Restricted - All Operations	88
Unrestricted - Non-Instruction and General	89
Restricted - Non-Instruction and General	90
Unrestricted - Instruction and General	91
Restricted - Instruction and General	92

New Mexico Junior College
Table of Contents
June 30, 2020

SUPPORTING SCHEDULES

Schedule of Deposit and Investment Accounts	94-95
Schedule of Collateral Pledged by Depository	97
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	98-99

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 <i>Government Auditing Standards</i>	102-103
Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	104-105
Schedule of Expenditures of Federal Awards	106-107
Notes to the Schedule of Expenditures of Federal Awards	109
Schedule of Findings and Questioned Costs	111-112
Other Disclosures	113

**New Mexico Junior College
Official Roster
June 30, 2020**

<u>Name</u>	<u>Title</u>
BOARD MEMBERS	
Pat Chappelle	Chairman
Ron Black	Secretary
Manny Gomez	Member
Erica Jones	Member
Hector Baeza	Member
Travis Glenn	Member
Evelyn Rising	Member
ADMINISTRATIVE OFFICIALS	
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 Coordinator
Jeff McCool	Vice-President of Training and Outreach
Josh Morgan	Controller NMJC
Tina Kunko	Controller NMJC Foundation/New Horizons Foundation
Scotty Holloman	General Counsel/Executive Director of Administrative Services

**New Mexico Junior College
Official Roster
June 30, 2020**

<u>Name</u>	NMJC FOUNDATION BOARD MEMBERS	<u>Title</u>
Guy Kesner		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
Joshua Windle		Member
Rosi Insilan		Member
Heather Davis		Member
Valerie Onsurez Gauna		Member
T.J. Parks		Member
Michael Raburn		Member
Allyson Roberts		Member
Scott Smith		Member
Kali Taylor		Member

**New Mexico Junior College
Official Roster
June 30, 2020**

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

Financial Section

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, 2020, 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, 2020, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, 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 80 through 86 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 supporting schedules, as listed in the table of contents, 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), and other disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules, as listed in the table of contents, and the schedule of expenditures of federal awards 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 supporting schedules, as listed in the table of contents, and the schedule of expenditures of federal awards 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 29, 2020, 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 29, 2020

New Mexico Junior College Management’s Discussion and Analysis June 30, 2020

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, the Statement of Cash Flows, the Statement of Fiduciary Assets and Liabilities 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 2020.

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, 2020. This discussion gives a comparative analysis of business-type activity from fiscal year 2019 to fiscal year 2020.

Financial Highlights

The College’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the June 30, 2020 fiscal year by \$106,582,270.

The College’s financial position increased in fiscal year 2020 as compared to prior years. Net position increased in fiscal year 2020 by \$33,210,704 over fiscal year 2019. The increase resulted primarily from a decrease in the net pension and OPEB liabilities based on the actuarial reports provided by the Educational Retirement Board of New Mexico and the New Mexico Retiree Health Care Authority and an increase in local mill levy funding.

The College’s investments reflect \$43,716,607 at June 30, 2020, \$40,593,127 with the Local Government Investment Pool and \$3,123,480 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, 2020, and includes the comparison to the prior year.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

Statement of Net Position

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Assets:				
Current assets	\$ 58,506,981	\$ 42,047,086	\$ 1,644,420	\$ 359,766
Noncurrent assets:				
Intangible asset	-	-	75,000	61,816
Investments	-	-	9,632,403	-
Capital assets, net	94,053,953	89,897,775	262,120	117,590
Deferred outflows of resources	6,102,231	11,916,237	-	-
Total assets and deferred outflows	\$ 158,663,165	\$ 143,861,098	\$ 11,613,943	\$ 539,172
Liabilities:				
Current liabilities	\$ 3,949,291	\$ 3,774,054	\$ 7,419	\$ 20,000
Non-current liabilities	38,051,423	61,265,012	-	-
Deferred inflows	10,080,181	5,450,466	-	-
Total liabilities and deferred inflows	52,080,895	70,489,532	7,419	20,000
Net position:				
Net investment in capital assets	94,053,953	89,897,775	262,120	117,590
Restricted:				
Nonexpendable endowments	-	-	7,383,262	-
Expendable grants and contributions	-	-	3,674,544	-
Unrestricted	12,528,317	(16,526,209)	286,598	401,582
Total net position	106,582,270	73,371,566	11,606,524	519,172
Total liabilities, deferred inflows, and and net position	\$ 158,663,165	\$ 143,861,098	\$ 11,613,943	\$ 539,172

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 \$106,582,270 at the close of June 30, 2020, as compared to the \$73,371,566 as of June 30, 2019. As of June 30, 2020, net investment in capital assets totaled \$94,053,953. 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 2020 fiscal year by \$4,156,178, net of depreciation expense of \$4,633,507. Net position also consists of unrestricted net position of \$12,528,317. Unrestricted net position includes the recording of net pension liability of \$28,868,005 and the recording of OPEB liability of \$9,183,418. See note 10 in the notes to the financial statements for a further discussion of the pension and note 11 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.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

The following table summarizes the College's revenues, expenses, and changes in net position for the year ending June 30, 2020 and includes a comparison to the year ended June 30, 2019.

Revenues, Expenses, and Changes in Net Position

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Operating revenues	\$ 9,346,780	\$ 8,667,271	\$ 1,866,290	\$ 400,000
Operating expenses	25,392,707	44,056,049	513,290	730,934
Operating (loss) income	(16,045,927)	(35,388,778)	1,353,000	(330,934)
Non-operating revenues and expenses	46,508,783	44,119,623	388,592	457,928
Income before other revenue	30,462,856	8,730,845	1,741,592	126,994
Capital appropriations	2,747,848	403,959	-	-
Increase (decrease) in net position	\$ 33,210,704	\$ 9,134,804	\$ 1,741,592	\$ 126,994

Analysis of Changes in Net Position

The College's net position increased by \$33,210,704 during the 2020 fiscal year as compared to an increase of \$9,134,804 for the 2019 fiscal year. The increase resulted primarily from a decrease in the net pension and OPEB liabilities based on the actuarial reports provided by the Educational Retirement Board of New Mexico and the New Mexico Retiree Health Care Authority and an increase in local mill levy funding. Operating revenues were \$9,346,780 in 2020, which is an increase of \$679,509 from fiscal year 2019. Operating expenses were \$25,392,707 in fiscal year 2020, which is a decrease of \$18,663,342 from fiscal year 2019.

Operating Revenues

The following table summarizes the College's operating revenues of \$9,346,780 for the 2020 fiscal year as compared to the operating revenues of \$8,667,271 for the 2019 fiscal year. The increase in operating revenues for Fiscal Year 2020 is due to grant funds received for the Higher Education Emergency Relief Fund (HEERF) under the CARES Act. The HEERF Institutional Recovery revenue total \$560,502 and the HEERF Emergency Financial Aid Grants to Students revenue total \$269,000. The Foundation revenues for the year total \$1,866,290 which is an increase from fiscal year 2019. New Horizons revenues for the year total \$400,000 which is a decrease from fiscal year 2019.

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Student tuition, fees and trainings	\$ 3,983,573	\$ 3,960,487	\$ -	\$ -
Federal grants and contracts	1,363,132	825,356	-	-
State and other grants and contracts	764,516	648,652	-	-
Auxiliary enterprises	2,878,210	2,768,612	-	-
Intercollegiate athletics	-	464,164	-	-
Other operating revenues	357,349	-	-	-
Gifts, bequests, and endowments	-	-	1,866,290	400,000
Total operating revenues	\$ 9,346,780	\$ 8,667,271	\$ 1,866,290	\$ 400,000

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

Operating Expenses

The following table summarizes the College's operating expenses of \$25,392,707 for the fiscal year ended June 30, 2020, as compared to the operating expenses of \$44,056,049 in 2019. The decrease in operating expenses is attributed to a decrease in the net pension and OPEB liabilities based on the actuarial reports provided by the Educational Retirement Board of New Mexico and the New Mexico Retiree Health Care Authority. The Foundation expenses for the year total \$513,290 which is a decrease from fiscal year 2019. New Horizons expenses for the year total \$730,934 which is an increase from fiscal year 2019.

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Instruction	\$ 4,038,390	\$ 12,101,182	\$ -	\$ -
Academic support	1,034,509	2,846,896	-	-
Student services	778,551	2,689,561	-	-
Institutional support	2,494,776	4,793,970	488,534	711,582
Operations and maintenance	2,167,446	3,703,142	-	-
Public service	100,763	541,907	-	-
Auxiliary enterprise expenses	2,486,521	2,819,640	-	-
Intercollegiate athletics	1,844,700	2,921,308	-	-
Internal service	(459,410)	319,388	-	-
Student aid	4,520,200	4,030,597	-	-
Renewals and replacements	1,752,754	2,621,074	-	-
Amortization	-	-	-	2,554
Depletion	-	-	13,027	-
Depreciation	4,633,507	4,667,384	11,729	16,798
Total operating expenses	\$ 25,392,707	\$ 44,056,049	\$ 513,290	\$ 730,934

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

Non-Operating Revenues (Expenses)

The following table summarizes the College's non-operating revenues (expenses) of \$46,508,783 for the fiscal year ended June 30, 2020. Local appropriations remained strong in fiscal year 2020 totaling \$36,566,433, an increase of \$2,060,180 compared to fiscal year 2019. 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, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Property taxes	\$ 11,485,781	\$ 10,742,008	\$ -	\$ -
Oil and gas taxes	25,080,652	23,764,245	-	-
Federal pell grants	2,866,500	2,961,564	-	-
State appropriations, non-capital	6,862,197	5,984,204	-	-
Other revenue sources	117,904	628,586	-	7,928
Net transfer to New Horizons	(450,000)	(450,001)	-	450,000
Investment income	539,832	458,303	364,668	-
(Loss) gain on sale of capital assets	5,917	30,714	-	-
Production taxes	-	-	(2,927)	-
Royalties	-	-	26,851	-
Total non-operating revenues and expenses	\$ 46,508,783	\$ 44,119,623	\$ 388,592	\$ 457,928

Increase in Net Position

The following table summarizes the College's increase in net position of \$33,210,704 for June 30, 2020 compared to the increase in net position of \$9,134,804 for June 30, 2019. The increase resulted primarily from a decrease in the net pension and OPEB liabilities based on the actuarial reports provided by the Educational Retirement Board of New Mexico and the New Mexico Retiree Health Care Authority and an increase in local mill levy funding.

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Income before capital appropriations	\$ 30,462,856	\$ 8,730,845	\$ 1,741,592	\$ 126,994
Capital appropriations	2,747,848	403,959	-	-
Increase (decrease) in net position	33,210,704	9,134,804	1,741,592	126,994
Net position, beginning of year	73,371,566	64,236,762	9,864,932	392,178
Net position - end of year	\$ 106,582,270	\$ 73,371,566	\$ 11,606,524	\$ 519,172

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

Capital Assets and Debt Administration

At June 30, 2020, the College had \$94,053,953 invested in capital assets as compared to \$89,897,775 at June 30, 2019. The Foundation had \$23,459 for radio equipment with a net book value of \$0, \$287,502 in donated minerals with a net book value of \$203,918 and donated land with a book value of \$25,203 for total net capital assets of \$262,120. New Horizons purchased a cold spray machine for \$134,388 and has a net book value of \$117,590 for total net capital assets of \$117,590.

Capital Assets, Net

	June 30, 2020	June 30, 2019	June 30, 2020 NMJC Foundation	June 30, 2020 New Horizons
Land Improvements	\$ 2,063,394	\$ 2,001,104	\$ -	\$ -
Buildings	65,453,960	56,802,124	-	-
Infrastructure	13,089,677	13,606,008	-	-
Software	615,279	734,339	-	-
Library books	420,527	461,848	-	-
Furniture and equipment	2,686,959	2,671,781	-	117,590
Vehicles	427,200	242,344	-	-
Construction in progress	9,124,394	13,205,664	-	-
Land	172,563	172,563	-	-
Minerals	-	-	262,120	-
Net capital assets	\$ 94,053,953	\$ 89,897,775	\$ 262,120	\$ 117,590

Major capital expenditures during the 2020 fiscal year include the Fire Alarm Upgrade, McLean Hall Remodel, Facilities Management System, Caster Center Upgrades, and the Law Academy Building/Bus Barn.

The College has no debt outstanding at June 30, 2020.

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):

	2020	2019
Current funds		
Unrestricted	2,236,036	2,112,879
Restricted	104,580	553,971
Plant funds	(3,811,110)	4,313,295

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2020**

Economic Outlook

New Mexico Junior 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. Thirteen years ago, the financial support from the State of New Mexico represented 45% of the NMJC operating budget. Today the level of State funding has declined to less than 20% of the NMJC operating budget. Funding expectations from the State Legislative Finance Committee for fiscal year 2021 were projected to be slightly higher, but after the Special Session in July, the funding was cut by \$852,100. The local economy in Lea County was very busy, especially in the oil and gas sector until the price of oil declined in March and April of 2020. Even with the reduction in price, the oil and gas production has remained strong. The price for oil and gas has increased back to the forty dollar a barrel range. At the end of June 2020, the unemployment rate in Lea County was 8% while the state unemployment level was trending higher. Historically, the unemployment rate in Lea County drives the student enrollment at the College. 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 New Mexico Junior College Board approved using the 135-mile rule, which allows the College to offer in-district tuition rates to the west Texas students that live within 135 miles of New Mexico Junior College.

The oil and gas industries remain 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 high thirty to forty dollar a barrel range. Production in the County remains very strong. It appears that the economy in Lea County for the remainder of 2020 and through 2021 will rebound and remain steady. With the view that the current price of oil and level of production will continue through 2021. 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 2020, 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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Basic Financial Statements

**New Mexico Junior College
Statement of Net Position**

June 30, 2020	Primary Government	NMJC Foundation	New Horizons Foundation
Assets			
Current assets			
Cash and cash equivalents	\$ 7,576,669	\$ 1,638,536	\$ 334,104
Short-term investments	43,716,607	-	-
Accounts receivable, net	6,192,580	5,884	6,120
Inventory	451,346	-	-
Prepaid expenses	404,456	-	19,542
Prepaid summer expenses	165,323	-	-
Total current assets	58,506,981	1,644,420	359,766
Noncurrent assets			
Intangible asset	-	75,000	61,816
Investments	-	9,632,403	-
Non-depreciable capital assets	9,296,957	-	-
Depreciable capital assets, net	84,756,996	262,120	117,590
Total noncurrent assets	94,053,953	9,969,523	179,406
Total assets	152,560,934	11,613,943	539,172
Deferred outflows of resources			
Deferred outflows - pension	5,766,992	-	-
Deferred outflows - OPEB	335,239	-	-
Total deferred outflows of resources	6,102,231	-	-
Total assets and deferred outflows of resources	\$ 158,663,165	\$ 11,613,943	\$ 539,172

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

June 30, 2020	Primary Government	NMJC Foundation	New Horizons Foundation
Liabilities			
Current liabilities			
Accounts payable	\$ 1,518,286	\$ 7,419	\$ 20,000
Accrued expenses	1,030,751	-	-
Unearned revenues	1,066,672	-	-
Compensated absences	333,582	-	-
Total current liabilities	3,949,291	7,419	20,000
Noncurrent liabilities			
Net pension liability	28,868,005	-	-
Net OPEB liability	9,183,418	-	-
Total noncurrent liabilities	38,051,423	-	-
Total liabilities	42,000,714	7,419	20,000
Deferred inflows of resources			
Deferred inflows - pension	3,315,756	-	-
Deferred inflows - OPEB	6,764,425	-	-
Total deferred inflows of resources	10,080,181	-	-
Net position			
Net investment in capital assets	94,053,953	262,120	117,590
Restricted for			
Nonexpendable endowments	-	7,383,262	-
Expendable grants and contributions	-	3,674,544	-
Unrestricted	12,528,317	286,598	401,582
Total net position	106,582,270	11,606,524	519,172
Total liabilities and net position	\$ 158,663,165	\$ 11,613,943	\$ 539,172

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, 2020	Primary Government	NMJC Foundation	New Horizons Foundation
Operating revenues			
Student tuition, fees and trainings	\$ 3,983,573	\$ -	\$ -
Federal grants and contracts	1,363,132	-	-
State and other grants and contracts	764,516	-	-
Auxiliary enterprises	2,878,210	-	-
Other operating revenues	357,349	-	-
Gifts, bequests and endowments	-	1,866,290	400,000
Total operating revenues	9,346,780	1,866,290	400,000
Operating expenses			
Instruction	4,038,390	-	-
Academic support	1,034,509	-	-
Student services	778,551	-	-
Institutional support	2,494,776	488,534	711,582
Operations and maintenance	2,167,446	-	-
Public service	100,763	-	-
Auxiliary enterprise expenses	2,486,521	-	-
Intercollegiate athletics	1,844,700	-	-
Internal service	(459,410)	-	-
Student aid	4,520,200	-	-
Renewals and replacements	1,752,754	-	-
Amortization	-	-	2,554
Depletion	-	13,027	-
Depreciation	4,633,507	11,729	16,798
Total operating expenses	25,392,707	513,290	730,934
Operating (loss) gain	(16,045,927)	1,353,000	(330,934)
Non-operating revenues (expenses)			
Property taxes	11,485,781	-	-
Oil and gas taxes	25,080,652	-	-
Federal pell grants	2,866,500	-	-
State appropriations, non-capital	6,862,197	-	-
Other revenue and expenses	117,904	-	7,928
Net transfer to New Horizons	(450,000)	-	450,000
Investment income	539,832	364,668	-
Gain from the sale of capital assets	5,917	-	-
Production (taxes)	-	(2,927)	-
Royalties	-	26,851	-
Net non-operating revenues (expenses)	46,508,783	388,592	457,928

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

For the Year Ended June 30, 2020	Primary Government	NMJC Foundation	New Horizons Foundation
<i>(Continued)</i>			
Income (loss) before capital appropriations	\$ 30,462,856	\$ 1,741,592	\$ 126,994
State appropriations, capital	2,747,848	-	-
Change in net position	33,210,704	1,741,592	126,994
Net position, beginning of year	73,371,566	9,864,932	392,178
Net position, end of year	\$ 106,582,270	\$ 11,606,524	\$ 519,172

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, 2020	Primary Government
Cash flows from operating activities	
Tuition, fees and trainings	\$ 5,366,932
Federal and state grants and contracts	2,652,995
Auxiliary enterprise charges	2,878,210
Other operating revenues	357,349
Payments to employees and for employee benefits	(18,710,357)
Disbursement of net aid to students	(4,813,080)
Payments to suppliers	(10,098,537)
Net cash (used in) operating activities	(22,366,488)
Cash flows from noncapital financing activities	
State appropriations	6,862,197
Federal pell grants	2,866,500
Property taxes	11,485,781
Oil and gas taxes	25,080,652
Net cash provided by noncapital financing activities	46,295,130
Cash flows from capital financing activities	
Capital appropriations	2,747,848
Purchase of capital assets	(8,793,955)
Proceeds from sale of capital assets	10,187
Transfer to New Horizons	(450,000)
Other revenue sources	117,904
Net cash (used in) capital financing activities	(6,368,016)
Cash flows from investing activities	
Interest received on investments	539,832
Net cash provided by investing activities	539,832
Net increase in cash and cash equivalents	18,100,458
Cash and cash equivalents - beginning of year	33,192,818
Cash and cash equivalents - end of year	\$ 51,293,276
Reconciliation to statement of net position	
Cash and cash equivalents	\$ 7,576,669
Short-term investments	43,716,607
Cash and cash equivalents - end of year	\$ 51,293,276

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

For the Year Ended June 30, 2020	Primary Government
Operating (loss)	\$ (16,045,927)
Reconciliation of operating loss to net cash (used in) operating activities	
Depreciation expense	4,633,507
Noncash pension benefit	(11,331,649)
Noncash OPEB benefit	(1,263,159)
Assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable, net	1,570,052
Prepaid expenses	15,319
Prepaid summer expenses	53,624
Inventory	1,568
Accounts payable	319,106
Accrued expenses	(22,975)
Deferred outflows - subsequent contributions - pension	(166,219)
Deferred outflows - subsequent contributions - OPEB	(8,841)
Unearned revenues	(187,233)
Compensated absences	66,339
Net cash (used in) operating activities	\$ (22,366,488)
Supplemental cash flow information	
Gain from the sale of capital assets	\$ 5,917

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, 2020	Agency Fund
Assets	
Cash and cash equivalents	\$ 342,143
Total assets	\$ 342,143
Liabilities	
Accounts payable	\$ 975
Due to student organizations	341,168
Total liabilities	\$ 342,143

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

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

In evaluating how to define the College, for financial reporting purposes, management 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 government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government and/or its citizens.

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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government 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.

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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

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.

Basis of Accounting and 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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

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. 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.

To amend the budget, the College requires the following order of approval: (1) College President, (2) College Board Members, (3) Higher Education Department, 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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and cash equivalents

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 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). In addition, due to its liquidity as the College has access to these funds within a couple of days and characteristics, the investment on hand at the State Treasurer's LGIP is considered a cash equivalent and are recorded at cost which approximates fair value.

Receivables and Payables

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.

Interfund Activities and Transactions

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.

Inventory

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.

Prepaid Expenses

Prepaid expenses include insurance and summer federal pell grants which reflect costs applicable to future accounting periods and are recorded as prepaid items.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition 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.

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

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

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a use of fund balance or net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The College has two types of items that qualify for reporting in this category related to reporting under GASB 68 and two types that related to reporting under GASB 75, which total \$5,766,992 and \$335,239, respectively, in the statement of net position. The amounts are further detailed in Note 10 and Note 11. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

Deferred Inflows of Resources

In addition, the College has four types of items present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and three types that related to reporting under GASB 75. The deferred inflows of resources total \$3,315,756 and \$6,764,425, respectively, in the statement of net position, and are further detailed in Note 10 and Note 11. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Unearned Revenues

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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

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.

Other Post-Employment Benefits (OPEB)

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.

Categories and Classification of Fund Equity

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses

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.

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.

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.

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).

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 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Dependency (Continued)

The College receives a significant portion of their revenue from property tax revenue and oil and gas tax revenue. Property tax revenue was \$11,485,781 or 19% of total revenue in fiscal year 2020. Oil and gas production and equipment tax revenue fluctuates significantly upon demand and was \$25,080,652 or 42% of total revenue in fiscal year 2020.

Use of 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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2020. Note 17 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2020. See Note 17 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The College has implemented GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which became effective immediately upon issuance by GASB in May 2020. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of Statements No. 89, 90, 91, 92, and 93 by twelve months and Statement No. 87 by eighteen months.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, GASB Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal year beginning after December 15, 2019.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The College is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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, 2020.

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

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 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, 2020, \$7,439,810 of the College's bank balances of \$11,090,754 was exposed to custodial credit risk. Of this amount, \$5,529,438 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name and \$1,910,372 of the College's deposits were uninsured and uncollateralized at June 30, 2020.

	DataPath Card Services	Lea County State Bank*	Wells Fargo Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 2,404	\$ 4,073,697	\$ 6,989,593	\$ 25,060	\$ 11,090,754
Deposit accounts covered by the FDIC coverage	(2,404)	(3,373,480)	(250,000)	(25,060)	\$ (3,650,944)
Total uninsured public funds	-	700,217	6,739,593	-	7,439,810
Collateralized by securities held by the trust department or agent other pledging institution or by its than the College's name	-	700,217	4,829,221	-	5,529,438
Uninsured and uncollateralized	\$ -	\$ -	\$ 1,910,372	\$ -	\$ 1,910,372
Collateral requirement (50% of uninsured public funds)	\$ -	\$ 350,109	\$ 3,369,797	\$ -	\$ 3,719,906
Pledged security		1,509,476	4,829,221		6,338,697
Over collateralization	\$ -	\$ 1,159,367	\$ 1,459,424	\$ -	\$ 2,618,791

*In addition to the regular Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 per bank, the deposits at Lea County State Bank also include CDs (and related FDIC Insurance) of \$250,000 spread across separate financial institutions, all invested as part of the Lea County State Bank account, in order to not exceed FDIC insurance coverage per institution.

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.

New Mexico Junior College Notes to Financial Statements

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, 2020, 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.

Credit Quality and Interest Rate Risk

Investment Type	Weighted Average Maturity	Fair Value	Rating*
New MexiGROW LGIP	77 days	\$ 40,593,127	AAAM

*Based off Standard & Poor's rating

New Mexico Junior College Notes to Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

\$3.1 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, 2020, 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.

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.

**New Mexico Junior College
Notes to Financial Statements**

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>New MexiGROW</i> LGIP	\$ 40,593,127	\$ -	\$ -	\$ 40,593,127

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 \$40,593,127.

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

Deposits	\$ 11,090,754
<i>New MexiGROW</i> LGIP	40,593,127
Total deposits and investments	51,683,881
Petty cash	6,396
Less reconciling items	(54,858)
Total cash and cash equivalents and investments	\$ 51,635,419
Statement of net position	
Cash and cash equivalents	\$ 7,576,669
Short-term investments	43,716,607
Cash and cash equivalents, end of year per statement of cash flows	51,293,276
Statement of fiduciary assets and liabilities	
Cash and cash equivalents	342,143
Net deposits and investments	\$ 51,635,419

New Mexico Junior College Notes to Financial Statements

NOTE 3: ACCOUNTS RECEIVABLE

The College's accounts receivable at June 30, 2020 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	\$ 1,038,783
Oil and gas taxes	2,455,812
General receivables	1,857,060
Student receivables	1,991,533
Other receivable	132,653
	<hr/> 7,475,841
Less: allowance for uncollectible accounts	(1,283,261)
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Net total accounts receivable	<u><u>\$ 6,192,580</u></u>

New Mexico Junior College
Notes to Financial Statements

NOTE 4: CAPITAL ASSETS

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2020. Land and construction in progress are not subject to depreciation.

	June 30, 2019	Additions	Deletions	June 30, 2020
Assets not being depreciated				
Construction in progress	\$ 13,205,664	\$ 6,828,852	\$ (10,910,122)	\$ 9,124,394
Land	172,563	-	-	172,563
Total assets not being depreciated	13,378,227	6,828,852	(10,910,122)	9,296,957
Assets being depreciated				
Land improvements	6,677,217	213,357	-	6,890,574
Buildings	84,862,258	10,828,754	-	95,691,012
Infrastructure	20,528,346	490,997	-	21,019,343
Software	2,182,486	8,001	-	2,190,487
Library books	885,428	112,944	(115,257)	883,115
Furniture and equipment	10,611,689	950,781	(372,978)	11,189,492
Vehicles	1,925,403	270,391	(30,551)	2,165,243
Total assets being depreciated	127,672,827	12,875,225	(518,786)	140,029,266
Less accumulated depreciation				
Land improvements	(4,676,113)	(151,067)	-	(4,827,180)
Buildings	(28,060,134)	(2,176,918)	-	(30,237,052)
Infrastructure	(6,922,338)	(1,007,328)	-	(7,929,666)
Software	(1,448,147)	(127,061)	-	(1,575,208)
Library books	(423,580)	(154,265)	115,257	(462,588)
Furniture and equipment	(7,939,908)	(931,333)	368,708	(8,502,533)
Vehicles	(1,683,059)	(85,535)	30,551	(1,738,043)
Total accumulated depreciation	(51,153,279)	(4,633,507)	514,516	(55,272,270)
Total assets being depreciated, net	76,519,548	8,241,718	(4,270)	84,756,996
Net capital assets	\$ 89,897,775	\$ 15,070,570	\$ (10,914,392)	\$ 94,053,953

Depreciation expense as of June 30, 2020 was \$4,633,507. The College recognized a gain on sale of assets in the amount of \$5,917.

New Mexico Junior College Notes to Financial Statements

NOTE 5: ACCRUED EXPENSES

The College's accrued expenses at June 30, 2020 are as follows

Payroll	\$	504,328
Payroll taxes and related liabilities		526,423
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Total accrued expenses	\$	1,030,751
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NOTE 6: 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, 2020 as follows

Accrued vacation – beginning of year	\$	267,243
Additions		325,803
Deletions		(259,464)
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Accrued vacation – end of year	\$	333,582
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The College estimates that the entire amount of \$333,582 will be due within one year.

NOTE 7: 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 8: 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.

New Mexico Junior College Notes to Financial Statements

NOTE 9: 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 10: 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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Benefits provided - A member's retirement benefit is determined by a formula which includes three component parts: (1) the member's final average salary (FAS), (2) the number of years of service credit, and (3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010, and before July 1, 2013, or at any time prior to that date was refunded all member contributions and then became, or becomes, reemployed after July 1, 2010 is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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 NMERB 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; the member's age and earned service credit add up to the sum of 80 or more; or the member's age is 67 and has earned five 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.

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10.00% COLA reduction; their average COLA will be 1.50%. 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 5.00% COLA reduction; their average COLA will be 1.70%.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

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.

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, 2018 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 \$1,699,421 for the year ended June 30, 2020.

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, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018. At June 30, 2019, the College reported a liability of \$28,868,005 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, 2019. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2019, the College's proportion was .38098 percent, which was a decrease of 0.02345 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the College recognized pension benefit of (\$9,798,447).

New Mexico Junior College Notes to Financial Statements

NOTE 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

At the June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 756,592
Net difference between projected and actual earnings on pension plan investments	-	614,792
Changes in assumptions	4,067,571	-
Changes in proportion	-	1,944,372
Contributions subsequent to the measurement date	1,699,421	-
Total	\$ 5,766,992	\$ 3,315,756

\$1,699,421 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2019, 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:

Year ended June 30,	
2020	\$ (2,322,972)
2021	995,657
2022	495,359
2023	80,141
Total	\$ (751,815)

New Mexico Junior College Notes to Financial Statements

NOTE 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

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, 2018. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2019 using generally accepted actuarial principles. The roll forward incorporated the recent legislation changes that were not available for the actuarial valuation performed as of June 30, 2018 but were made during the fiscal year. Specifically, the total pension liability measured as of June 30, 2019 incorporates the following changes to the Plan's provisions:

1. Employers contribute 0.25% more per employees,
2. Short-term substitute teachers working over quarter time and their employers make contributions,
3. Members beginning employment on or after July 1, 2019 have a new tiered retirement calculation increasing the credited service requirement to receive a full benefit,
4. Members who are New Mexico Public Employees Retirement Association are required to make non-refundable contributions,
5. Return to work members are required to make non-refundable contributions, and
6. Reduction of pay spiking in the final average salary calculation.

New Mexico Junior College Notes to Financial Statements

NOTE 10: 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, 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>
Other Information	House Bill 360 enacted several changes effective July 1, 2019. The changes included benefit provision for new hires and employer contributions.

The target 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.

New Mexico Junior College Notes to Financial Statements

NOTE 10: 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.

Asset Class	After Allocation	Policy Target
Equities		
<i>Domestic Equities</i>		
Large cap equities	15.1%	16.0%
Small- mid cap equities	2.2%	3.0%
Total domestic	17.3%	19.0%
<i>International Equities</i>		
Developed	4.8%	5.0%
Emerging markets	9.2%	9.0%
Total international	14.0%	14.0%
Total equities	31.3%	33.0%
Fixed Income		
Opportunistic credit	17.8%	18.0%
Core fixed income	6.4%	6.0%
Emerging markets debt	1.7%	2.0%
Total fixed income	25.9%	26.0%
Alternatives		
Real estate - REITS	6.8%	7.0%
Real assets	7.8%	8.0%
Private equity	15.2%	13.0%
Global asset allocation	4.1%	4.0%
Risk parity	5.4%	3.0%
Other	2.5%	5.0%
Total alternatives	41.8%	40.0%
Cash	1.0%	1.0%
Total	100.0%	100.0%

New Mexico Junior College Notes to Financial Statements

NOTE 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

For the years ended June 30, 2019 the annual money-weighted rates of return on pension plan investments was 7.29%.

Discount rate - A single discount rate of 7.25% was used to measure the total ERB pension liability as of June 30, 2019. This single discount rate was based on an expected rate of return on pension plan investments of 7.25%. 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 projected benefit payments through the year 2050 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 June 30, 2019. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate share of the net pension liability	\$ 38,969,599	\$ 28,868,005	\$ 20,513,030

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 the year ended June 30, 2019, which is publicly available at 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 15th day of the month following the month for which contributions are withheld.

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.

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.

New Mexico Junior College Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND

General Information about the Other Post-Employment Benefits Plan

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.

Employees covered by benefit terms. At June 30, 2019, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	154,177
<hr/>	
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	49,492
	91,082

New Mexico Junior College Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

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, 2019, 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 Section 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 totaled \$256,229, which equals the required contributions for the year.

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 \$9,183,418 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the College's proportion was 0.28323 percent which was a decrease of .01967 percent from June 30, 2018.

**New Mexico Junior College
Notes to Financial Statements**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

For the year ended June 30, 2020, the recognized OPEB benefit of (\$1,015,771). At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,010	\$ 2,475,407
Changes in proportion	-	1,325,055
Changes in assumptions	-	2,963,963
Contributions subsequent to the measurement date	256,229	-
Total	\$ 335,239	\$ 6,764,425

\$256,229 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (1,760,483)
2021	(1,760,483)
2022	(1,576,344)
2023	(1,051,231)
2024	(536,874)
Total	\$ (6,685,415)

New Mexico Junior College Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

Actuarial assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of June 30, 2019. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2018 and the ERB actuarial experience study as of June 30, 2018. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2019
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 member, 2.25% for PERA members
Projected payroll increase	3.25% to 13.50% based on years of service, including inflation
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 Mortality Tables with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)
	PERA members: RP-2000 Combined Healthy Mortality

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, is used in the derivation of the long-term expected investment rate of return assumptions.

New Mexico Junior College Notes to Financial Statements

NOTE 11: 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 4.16% as of June 30, 2019. 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, 2039. The 7.25% discount rate, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2039. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2039, resulting in a blended discount rate of 4.16%.

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, 2019.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the College's proportionate share of the net OPEB liability, calculated using the discount rate of 4.16%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

<u>1% Decrease (3.16%)</u>	<u>Current Discount Rate (4.16%)</u>	<u>1% Increase (5.16%)</u>
\$ 11,233,533	\$ 9,183,418	\$ 7,571,834

**New Mexico Junior College
Notes to Financial Statements**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

The following presents the Net OPEB Liability of NMRHCA as of June 30, 2019, as well as what the College's Net OPEB Liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

1% Decrease	Current Trend Rates	1% Increase
\$ 7,645,787	\$ 9,183,418	\$ 10,414,509

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, 2019. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Payables to the Pension Plan - The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2020, the College recorded a payable to NMRHCA in the amount of \$210,567 for the contributions withheld in the month of June 2020, which is included in the Accrued Payroll on the Statement of Net Position.

NOTE 12: 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 13: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the College is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the College, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the College or results of activities.

New Mexico Junior College Notes to Financial Statements

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

The College has commitments as of June 30, 2020 for the following:

Vendor	Project Description	Amount
Jackson Lewis P.C.	Professional Legal Services	\$ 11,792
University of Florida	Megalodon Exhibit	50,000
Bridgers & Paxton	Campus Wide Fire Alarm Upgrade Design Fee	17,753
Folwell Studios, LLC	CORE Art in Public Places	60,125
Bridgers & Paxton	Campus Wide Facility Management System Upgrade	45,955
Next Gen Web Solutions	Dynamic Forms License	14,000
Cooperative Educational Services	DPS - Caster Renovation Basic Design	303,648
New Mexico Mutual	Workers Comp Policy	6,346
Lynco Electric Co., Inc.	NMJC Fire Alarm System Update	1,695,285
Pettigrew & Associates PA	Golf Driving Range Surveying, Geotechnical, & Civil Design Services	137
Pettigrew & Associates PA	McLean Hall Renovation Surveying & Geotechnical Design Services	615
Pettigrew & Associates PA	Indoor Arena Building Expansion Surveying, Geotechnical, & Civil Design Services	4,620
Cooperative Educational Services	DPS Services for McLean Renovation	121,200
BG Buildingworks, Inc.	Commissioning Services for McLean Remodel	39,587
Cooperative Educational Services	Bradbury Stamm Renovation of McLean Hall	4,460,995
Rosetta Stone Ltd.	Online Training for Rosetta Stone Catalyst Bronze	4,690
Cooperative Educational Services	DPS - Watson Hall Programming & Conceptual Design Services	304,723
Pluma Construction Systems	Construction of Law Academy/Bus Barn Building	3,055
Hungry Horse, LLC	Fiber Re-Route	13,782
Cooperative Educational Services	Galaxy Outdoor Electronic Message Center	80,481
Jordan Engineering, LLC	Application Review Hilcorp Tank Mt Landfarm	5,750
Ellucian Company, PL	Mobile Platform Edt. Services & Project Management	3,420
Cooperative Educational Services	DPS - Indoor Arena Programming and Design Services	19,957
Hewlett Packard Enterprise Co.	HPE ProLiant DL360 Gen 10 Server	7,409
Great Openings	Allied Health Building Lockers	6,599
Advanced Data Risk Management	Threat Analysis	13,900
Trackman, Inc.	Trackman 4	117,980
Stout Hardwood Floor Company, Inc.	Refinish Hardwood Floor in Caster	4,393
Hewlett Packard Enterprise Co.	50 - HP Elitebook 840 G6	75,229
Pluma Construction Systems	Furnish & Construction of NMJC Golf Building	391,755
Southwest Greens	Furnish & Install Golf Turf and Netting	218,352
Donner Plumbing & Heating	Facility Management System Upgrade	2,723,974
Cooperative Educational Services	FieldTurf Synthetic Surfacing	145,600
Bradbury Stamm Construction, Inc.	CMAR for Caster Renovation & Addition	13,531,370
Balfour Rings	Outdoor National Champions Rings	7,792
Pocket Nurse	Nursing Supplies	15,063
Officewise Furniture & Supply	50 - HON HMGT1 Chair Tablet Arms	12,303
Bolt Fitness Supply, LLC	Fitness Equipment for Baseball	22,318
Sound & Signal Systems of Texas	Replacement Cameras	4,631
Ellucian Company, PL	Banner HR - Moving from Current to Lag	1,870
Sound & Signal Systems of Texas	Replacement Cameras	43,686
Total		\$ 24,612,140

New Mexico Junior College Notes to Financial Statements

NOTE 14: 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 15: 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.

New Mexico Junior College Notes to Financial Statements

NOTE 16: LEGISLATIVE GRANTS

The College had the following legislative grants funded by Severance Tax Bonds (STB) and General Obligation Bonds (GOB) as of June 30, 2020:

Project	Agency	Grant #	Effective Date	Reversion Date
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

Project	Expenditures			
	Net Amount	to Date	Reverted	Remaining
NMJC Campus Wide Infrastructure	\$ 2,500,000	\$ 847,654	\$ -	\$ 1,652,346
NMJC McLean Hall Renovations	2,250,000	1,500,194	-	749,806
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
	\$ 5,586,718	\$ 2,747,848	\$ -	\$ 2,838,870

NOTE 17: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 16, 2020, which is the date on which the financial statements were available to be issued.

As a result of the Coronavirus (COVID-19) Pandemic, the economy in which the College operates has seen significant declines in the market values of investments, property tax revenues, and revenues derived from the oil and gas industry, all of which are significant sources of revenue for the College.

To cut costs for fiscal year 2021, Lea County is not providing a contribution to the New Horizons Foundation.

New Mexico Junior College Notes to Financial Statements

NOTE 18: 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.

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.

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 2019, 2018 and 2017 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

NOTE 18: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)

Cash and Cash Equivalents

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).

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 depositions insurance amount of \$250,000 for each demand deposit account. As of June 30, 2020, \$0 of the Foundation's bank balances of \$1,659,245 was exposed to custodial credit risk. As of June 30, 2020, the Foundation's uninsured and uncollateralized cash deposits total was \$0. As of June 30, 2020, there were no balances in excess of insurance coverage.

	Lea County State Bank	Merrill Lynch*	Total
Total amount of deposits	\$ 203,171	\$ 1,456,074	\$ 1,659,245
Deposit accounts covered by the FDIC/SIPC coverage	(203,171)	(1,456,074)	(1,659,245)
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 Foundation's name	-	-	-
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ -
Pledged security	-	1,900,000	1,900,000
Over collateralization	\$ -	\$ 1,900,000	\$ 1,900,000

*At Merrill Lynch, the coverage FDIC/SIPC coverage is made up of \$1,025,000 fully insured CD's spread across 8 separate financial institutions. In addition to the FDIC coverage, the Foundation has money market mutual funds in the amount of \$431,074 which are fully insured through SIPC coverage.

**New Mexico Junior College
Notes to Financial Statements**

NOTE 18: 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	\$	1,659,245
Equities		5,271,462
Mutual funds		4,341,358
Royalty interest		19,583
<hr/>		
Total deposits and investments		11,291,648
Petty cash		30
Less reconciling items		(20,739)
<hr/>		
Total cash and cash equivalents and investments	\$	11,270,939
<hr/>		
Statement of net position		
Cash and cash equivalents	\$	1,638,536
Investments		9,632,403
<hr/>		
Net deposits and investments	\$	11,270,939
<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 \$1,025,000.

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

NOTE 18: 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 Foundation's investment in a single type of security. The Foundation has a formal policy to address concentration of credit risk where the maximum equities investment in any one issue may not exceed 10% of the Foundation's total market value. The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2020:

Investment	Market Value	Percent of Foundation's Investment
Equities	\$ 5,271,462	54.7%
Mutual funds	4,341,358	45.1%
Royalty Interest	19,583	0.2%
Total Foundation investments	\$ 9,632,403	100.0%

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation has a policy on investment credit risk that states the issue must have a quality rating of an A or better by Standard and Poor's or an equivalent rating service.

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 has a policy to limit its exposure to interest rate risk where fixed-income securities should generally comprise 25% to 35% of total assets, but may be more or less depending on analysis of market conditions, with an additional limitation with the maximum investment in any one issue may not exceed 10% of the Foundation's total market value.

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).

New Mexico Junior College Notes to Financial Statements

NOTE 18: 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**

NOTE 18: NEW MEXICO JUNIOR COLLEGE FOUNDATION (COMPONENT UNIT) (Continued)

The Foundation maintained a balance of \$9,630,414 in investments at June 30, 2020, 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, 2020:

	Total	Level 1	Level 2	Level 3
Equities	\$ 5,271,462	\$ 5,271,462	\$ -	\$ -
Mutual funds	4,341,358	4,341,358	-	-
Royalty interest	19,583	-	19,583	-
	<u>\$ 9,632,403</u>	<u>\$ 9,612,820</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, 2020 consists of the following:

Accrued interest	\$ 4,818
Other receivables	1,066
Accounts receivable, net	<u>\$ 5,884</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 acquisition 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 \$0 as it was fully depreciated as of June 30, 2020. Depreciation expense for the year ended June 30, 2020 for this equipment was \$11,729.

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, which consisted of \$58,203 in land and \$229,300 in mineral interests with accumulated depletion of \$25,383. Depletion for the year ended June 30, 2020 was \$13,027 and the minerals and land had a net book value at June 30, 2020 of \$262,120.

**New Mexico Junior College
Notes to Financial Statements**

NOTE 18: 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, 2020.

	June 30, 2019	Additions	Deletions	June 30, 2020
Assets being depreciated				
Radio station equipment	\$ 58,650	\$ -	\$ -	\$ 58,650
Minerals	287,502	-	-	287,502
Total assets being depreciated	346,152	-	-	346,152
Less accumulated depreciation				
Radio station equipment	(46,920)	(11,729)	-	(58,649)
Minerals	(12,356)	(13,027)	-	(25,383)
Total assets being depreciated, net	\$ 286,876	\$ (24,756)	\$ -	\$ 262,120

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 2020 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, 2020

Scholarships	\$ 226,673
Program assistance	67,449
Other	42,140
Salaries	121,239
Work-study	24,684
Fundraising expenses	2,349
Awards	4,000
Total institutional support	\$ 488,534

Unearned Revenue

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

New Mexico Junior College Notes to Financial Statements

NOTE 18: 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 19: 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 2019, 2018 and 2017 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**

NOTE 19: 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, 2020, the New Horizons' uninsured cash deposits total was \$0.

As of June 30, 2020, there were no balances in excess of insurance coverage.

	Lea County State Bank
Total amount of deposits	\$ 160,050
Deposit accounts covered by the FDIC coverage	(160,050)
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 consists of reimbursements to New Horizons but there was \$6,120 outstanding as of June 30, 2020.

Prepays

New Horizons pays a consulting firm fixed amounts per month to use as needed each month and \$8,542 was paid in advance for some time in 2020. Another \$11,000 was prepaid for insurance on the hydro tool. Combined these two prepaids amounted to \$19,542 as of June 30, 2020.

New Mexico Junior College Notes to Financial Statements

NOTE 19: 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, 2020, Wellnu’s hydro tool did not generate revenue.

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, 2020, the patent filing was valued at \$34,370 and had accumulated amortization of \$1,519 for a net amount of \$32,851. 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.

On March 13, 2020, a muffler patent design license was approved and an agreement was created between New Horizons and the U.S. Army Combat Capabilities Development Command, Army Research Laboratory. As of June 30, 2020, the patent filing was valued at \$30,000 and had accumulated amortization of \$1,035 for a net amount of \$28,965.

As of June 30, 2020, these two patent filings combined for a net intangible asset amount of \$61,816.

**New Mexico Junior College
Notes to Financial Statements**

NOTE 19: NEW HORIZONS FOUNDATION (COMPONENT UNIT) (Continued)

Capital Assets

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. On November 21, 2019, New Horizons purchased this cold spray system and is depreciating it over 5 years. The following table summarizes the changes in the New Horizons' capital assets during the fiscal year ended June 30, 2020.

	June 30, 2019	Additions	Deletions	June 30, 2020
Assets being depreciated				
Equipment	\$ -	\$ 134,388	\$ -	\$ 134,388
Total assets being depreciated	-	134,388	-	134,388
Less accumulated depreciation				
Equipment	-	(16,798)	-	(16,798)
Total assets being depreciated, net	\$ -	\$ 117,590	\$ -	\$ 117,590

Contribution Revenue Concentration

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

Accounts Payable and Institutional Support

New Horizons provided the following institutional support during the year ended June 30, 2020:

Consulting expense	\$ 384,406
Salaries and wages	93,805
Payroll benefits	22,563
Lease expense	14,599
Other	149,984
Travel	12,436
Insurance	17,658
Advertising	13,642
Supplies	2,489
Total institutional support	\$ 711,582

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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*

	June 30,	
Fiscal Year	2020	2019
Measurement Date	2019	2018
Proportion of the net pension liability (asset)	0.38098%	0.40443%
Proportionate share of the net pension liability (asset)	\$ 28,868,005	\$ 48,092,108
Covered payroll	12,560,775	12,992,158
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	229.83%	370.16%
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%

* 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 notes to required supplementary information.

June 30,			
2018	2017	2016	2015
2017	2016	2015	2014
0.41202%	0.41659%	0.41028%	0.39594%
\$ 45,789,710	\$ 29,979,623	\$ 26,574,937	\$ 22,591,262
13,745,513	13,754,379	13,510,416	12,546,461
333.12%	217.96%	196.70%	180.06%
52.95%	61.58%	63.97%	66.54%

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,	2020	2019
Contractually required contribution	\$ 1,699,421	\$ 1,571,101
Contributions in relation to the contractually required contribution	1,699,421	1,571,101
Contribution deficiency (excess)	-	-
Covered payroll	13,019,838	12,560,775
Contributions as a percentage of covered payroll	13.05%	12.51%

* 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 notes to required supplementary information.

	2018	2017	2016	2015
\$	1,566,113	\$ 1,651,563	\$ 1,654,037	\$ 1,567,745
	1,566,113	1,651,563	1,654,037	1,567,745
	-	-	-	-
	12,992,158	13,745,513	13,754,379	13,510,416
	12.05%	12.02%	12.03%	11.60%

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 Authority (NMRHCA) Plan
Last 10 Fiscal Years*

Fiscal Year	2020	2019	2018
Measurement Date	2019	2018	2017
New Mexico Junior College's proportion of the net OPEB liability	0.28323%	0.30294%	0.31504%
New Mexico Junior College's proportionate share of the net OPEB liability	\$ 9,183,418	\$ 13,172,904	\$ 14,276,583
New Mexico Junior College's covered-employee payroll	\$ 12,560,775	\$ 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 payroll	73.11%	101.39%	103.86%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	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 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***

As of and for the Year Ended June 30,	2020	2019	2018
Contractually required contributions	\$ 256,229	\$ 258,718	\$ 255,779
Contributions in relation to the contractually required contribution	(256,229)	(258,718)	(255,779)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
New Mexico Junior College's covered-employee payroll	\$ 13,019,838	\$ 12,560,775	\$ 12,992,158
Contributions as a percentage of covered-employee payroll	2.00%	2.00%	2.00%

* 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 notes to required supplementary information.

New Mexico Junior College Notes to Required Supplementary Information

Education Retirement Board (ERB) Plan

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

Changes of assumptions. There were not assumption changes since the last actuary valuation.

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY19 audit available at

https://www.nmrhca.org/wpcontent/uploads/2020/08/FY19_Financial_Audit.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2019 report is available at

https://www.nmrhca.org/wpcontent/uploads/2020/08/NMRHCA_GASB74_Report_as_of_June_30_2019_FINAL.pdf. See the notes to the financial statements beginning on page 25 which summarizes actuarial assumptions and methods effective with the June 30, 2019 valuation.

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, 2020	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	(Unfavorable)
				Final to Actual
Beginning fund balance	\$ 22,803,083	\$ 38,311,109	\$ 38,271,146	\$ (39,963)
Unrestricted and restricted revenues				
State appropriations	7,115,200	7,115,200	6,862,197	(253,003)
State capital appropriations	5,494,500	3,658,600	2,747,848	(910,752)
Investment income	250,000	500,000	539,832	39,832
State grants and contracts	253,722	269,971	593,644	323,673
Federal revenue sources	4,378,516	4,460,997	4,754,979	293,982
Tuition and fees	3,887,000	3,931,431	3,983,573	52,142
Local funding	15,765,000	32,163,449	36,566,433	4,402,984
Auxiliary enterprises	2,685,015	3,008,585	2,878,210	(130,375)
Internal service	9,302	41,148	43,040	1,892
Public Service	166,338	172,188	170,873	(1,315)
Other	180,846	180,846	392,539	211,693
Private grants	-	-	39,676	39,676
Total unrestricted and restricted revenues	40,185,439	55,502,415	59,572,844	4,070,429
Unrestricted and restricted expenditures				
Instruction	11,494,897	12,218,215	9,665,296	2,552,919
Academic support	2,451,611	2,592,645	2,051,173	541,472
Student services	2,510,281	2,593,572	2,166,478	427,094
Institutional support	4,460,630	4,660,373	4,708,912	(48,539)
Operation and maintenance of plant	3,865,271	3,988,457	3,499,622	488,835
Public Service	216,338	222,188	211,522	10,666
Internal service	92,356	189,176	154,194	34,982
Student aid, grants and stipends	4,539,781	4,605,442	5,005,872	(400,430)
Auxiliary services	2,102,655	2,722,498	2,763,347	(40,849)
Intercollegiate athletics	2,027,118	2,308,988	2,123,669	185,319
Renewal and replacement	16,965,450	13,154,340	10,458,605	2,695,735
Private grants	-	-	39,676	(39,676)
Total unrestricted and restricted expenditures	50,726,388	49,255,894	42,848,366	6,407,528
Net transfers	-	-	(450,000)	450,000
Change in fund balance (budgetary basis)	(10,540,949)	6,246,521	16,274,478	10,927,957
Ending fund balance	\$ 12,262,134	\$ 44,557,630	\$ 54,545,624	\$ 10,887,994
Change in net position per statement of revenues, expenses and changes in net position			\$ 33,210,704	
Academic support capital outlay			(8,681,005)	
Renewals and replacements capital outlay			(112,943)	
Gain from the sale of capital assets			(5,917)	
Net pension change			(11,497,868)	
Net OPEB change			(1,272,000)	
Depreciation expense			4,633,507	
Financial statements change in net position reconciled			\$ 16,274,478	

New Mexico Junior College
Unrestricted - Non-Instruction and General
Statements of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2020	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ 19,676,881	\$ 36,030,559	\$ 35,991,250	\$ (39,309)
Unrestricted revenues				
Internal service	9,302	41,148	43,040	1,892
Auxiliary enterprises	2,685,015	3,008,585	2,878,210	(130,375)
Investment income	250,000	500,000	539,832	39,832
State appropriations	568,984	568,984	663,265	94,281
State capital appropriations	5,494,500	3,658,600	2,747,848	(910,752)
Other	-	-	123,130	123,130
Total unrestricted revenues	9,007,801	7,777,317	6,995,325	(781,992)
Unrestricted expenditures				
Internal services	92,356	189,176	154,194	34,982
Student aid, grants and stipends	685,880	685,880	875,885	(190,005)
Auxiliary enterprise expenses	2,102,655	2,722,498	2,763,347	(40,849)
Intercollegiate athletics	2,027,118	2,308,988	2,123,669	185,319
Renewal and replacement	16,965,450	13,154,340	10,458,605	2,695,735
Public service	50,000	50,000	40,649	9,351
Total unrestricted expenditures	21,923,459	19,110,882	16,416,349	2,694,533
Net transfers	3,210,109	18,128,108	24,756,744	6,628,636
Change in fund balance (budgetary basis)	(9,705,549)	6,794,543	15,335,720	8,541,177
Ending fund balance	\$ 9,971,332	\$ 42,825,102	\$ 51,326,970	\$ 8,501,868

New Mexico Junior College
Restricted - Non-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, 2020	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Public service	166,338	172,188	170,873	(1,315)
Federal student aid	3,853,901	3,919,562	3,748,591	(170,971)
State student aid	-	-	381,396	381,396
Private grants	-	-	39,676	39,676
Total restricted revenues	4,020,239	4,091,750	4,340,536	248,786
Restricted expenditures				
Public service	166,338	172,188	170,873	1,315
Federal student aid	3,853,901	3,919,562	3,748,591	170,971
State student aid	-	-	381,396	(381,396)
Private grants	-	-	39,676	(39,676)
Total restricted expenditures	4,020,239	4,091,750	4,340,536	(248,786)
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

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, 2020	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	(Unfavorable)
				Final to Actual
Beginning fund balance	\$ 3,126,202	\$ 2,280,550	\$ 2,279,896	\$ (654)
Unrestricted revenues				
Tuition and fees	3,887,000	3,931,431	3,983,573	52,142
State appropriations	6,546,216	6,546,216	6,198,932	(347,284)
Local funding	15,765,000	32,163,449	36,566,433	4,402,984
Federal grants and contracts	33,800	33,800	40,923	7,123
Other	180,846	180,846	269,409	88,563
Total unrestricted revenues	26,412,862	42,855,742	47,059,270	4,203,528
Unrestricted expenditures				
Instruction	11,164,306	11,862,407	9,346,919	2,515,488
Academic support	2,428,049	2,569,083	2,051,173	517,910
Student services	2,131,949	2,207,388	1,867,644	339,744
Institutional support	4,448,578	4,648,321	4,148,410	499,911
Operation and maintenance of plan	3,865,271	3,988,457	3,499,622	488,835
Total unrestricted expenditures	24,038,153	25,275,656	20,913,768	4,361,888
Net transfers	(3,210,109)	(18,128,108)	(25,206,744)	(7,078,636)
Change in fund balance (budgetary basis)	(835,400)	(548,022)	938,758	1,486,780
Ending fund balance	\$ 2,290,802	\$ 1,732,528	\$ 3,218,654	\$ 1,486,126

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, 2020	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Federal government contracts/grants	490,815	507,635	965,465	457,830
State government contracts/grants	253,722	269,971	212,248	(57,723)
Total restricted revenues	744,537	777,606	1,177,713	400,107
Restricted expenditures				
Instruction	330,591	355,808	318,377	37,431
Academic support	23,562	23,562	-	23,562
Student services	378,332	386,184	298,834	87,350
Institutional support	12,052	12,052	560,502	(548,450)
Total restricted expenditures	744,537	777,606	1,177,713	(400,107)
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

Supporting Schedules

New Mexico Junior College
Schedule of Deposit and Investment Accounts
June 30, 2020

Account Name	Type	DataPath Card Services	Lea County State Bank	New MexiGROW LGIP	Wells Fargo Bank
NMJC	Checking	\$ -	\$ -	\$ -	\$ -
NMJC	Debit Card Settlement	2,404	-	-	-
Instructional and general	Checking	-	-	-	6,631,954
NMJC money market	Deposit	-	32,826	-	-
Pell federal account	Checking	-	776,069	-	-
Payroll dep account	Checking	-	123,182	-	-
NMJC	CD	-	3,123,480	-	-
NMJC	Checking	-	18,140	-	-
Agency account	Time Deposit	-	-	-	357,639
NMJC	Short-Term Investment	-	-	40,593,127	-
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	Cash Fund	-	-	-	-
NMJC Foundation	Cash Fund	-	-	-	-
NMJC Foundation	CD	-	-	-	-
NMJC Foundation	Checking	-	-	-	-
Amounts on deposit		2,404	4,073,697	40,593,127	6,989,593
Outstanding items		-	(19,027)	-	(35,832)
Reconciled balance		\$ 2,404	\$ 4,054,671	\$ 40,593,127	\$ 6,953,762

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

Western Commerce Bank	Total	NMJC Foundation			New Horizons Foundation	
		Lea County State Bank	Merrill Lynch	Total	Lea County State Bank	Total
\$ 25,060	\$ 25,060	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,404	-	-	-	-	-
-	6,631,954	-	-	-	-	-
-	32,826	-	-	-	-	-
-	776,069	-	-	-	-	-
-	123,182	-	-	-	-	-
-	3,123,480	-	-	-	-	-
-	18,140	-	-	-	-	-
-	357,639	-	-	-	-	-
-	40,593,127	-	-	-	-	-
-	-	-	-	-	158,253	158,253
-	-	-	-	-	1,797	1,797
-	-	-	5,271,462	5,271,462	-	-
-	-	-	4,341,358	4,341,358	-	-
-	-	-	19,583	19,583	-	-
-	-	-	146,221	146,221	-	-
-	-	-	137,730	137,730	-	-
-	-	-	40,158	40,158	-	-
-	-	-	57,831	57,831	-	-
-	-	-	21,531	21,531	-	-
-	-	-	8,549	8,549	-	-
-	-	-	19,054	19,054	-	-
-	-	-	1,025,000	1,025,000	-	-
-	-	203,171	-	203,171	-	-
25,060	51,683,881	203,171	11,088,477	11,291,648	160,050	160,050
-	(54,858)	(20,739)	-	(20,739)	174,054	174,054
<u>\$ 25,060</u>	<u>51,629,023</u>	<u>\$ 182,432</u>	<u>\$ 11,088,477</u>	<u>11,270,909</u>	<u>\$ 334,104</u>	<u>334,104</u>
	6,396			30		-
	\$ 51,635,419			\$ 11,270,939		\$ 334,104
	\$ 7,576,669			\$ 1,638,536		\$ 334,104
	43,716,607			9,632,403		-
	51,293,276			11,270,939		334,104
	342,143			-		-
	\$ 51,635,419			\$ 11,270,939		\$ 334,104

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New Mexico Junior College
Schedule of Collateral Pledged by Depository
June 30, 2020

Depository	Description of Pledged Collateral	Fair Market Value June 30, 2020	Name and Location of Safekeeper
Lea County State Bank			
	Alamogordo NM SD 2.05% CUSIP #011464HY3, due 8/1/2023	\$ 667,316	The Independent Bankers Bank Farmers Branch, TX
	Los Lunas NM SD 3% CUSIP #545562TF7, due 07/15/2021	410,784	The Independent Bankers Bank Farmers Branch, TX
	University of NM Valencia County 4% CUSIP #914696ER6, due 8/1/2020	431,376	The Independent Bankers Bank Farmers Branch, TX
Total Lea County State Bank		1,509,476	
Wells Fargo Bank			
	FNMA FNMS 3.5% CUSIP #3132A5D36, due 7/1/2045	1,762,389	Bank of New York Mellon New York, NY
	FNMA FNMS 3.0% CUSIP #3138NYVR3, due 1/1/2043	670,562	Bank of New York Mellon New York, NY
	FNMA FNMS 3.5% CUSIP #3140FE5Q3, due 4/1/2047	613,564	Bank of New York Mellon New York, NY
	FNMA FNMS 4.0% CUSIP #3140FPAV1, due 5/1/2047	502,383	Bank of New York Mellon New York, NY
	FNMA FNMS 3.0% CUSIP #3140KOWP9, due 10/1/2049	1,280,324	Bank of New York Mellon New York, NY
Total Wells Fargo Bank		4,829,221	
Total pledged collateral		\$ 6,338,697	

New Mexico Junior College
Schedule of Changes in Fiduciary Assets and Liabilities
June 30, 2020

	June 30, 2019	Receipts	Disbursements	June 30, 2020
ASSET Ford	\$ -	\$ 15,240	\$ -	\$ 15,240
ASSET Student Recognition	21,880	11,640	(33,520)	-
Athletic Department	60	-	-	60
Athletic Training	639	150	-	789
Backpacking & Camping	271	-	-	271
Baseball Booster Club	(356)	19,245	(17,774)	1,115
Burke Poetry Contest	444	-	-	444
Campus Ambassadors	1,505	-	-	1,505
Cheerleaders	467	-	-	467
Cosmetology Students	10,980	14,179	(11,778)	13,381
Drama Club	6,343	4,295	(7,915)	2,723
Equine Activities	7,706	-	-	7,706
Faculty Senate	870	-	-	870
FCA Special Events	108	-	-	108
Fellowship of Christian Athletes	1,586	-	-	1,586
Ford ASSET Helping Hand	400	-	(250)	150
Foster Children Christmas Party	-	1,856	(1,451)	404
Geology Club	605	-	-	605
GM ASEP Student Recognition	2,745	-	(735)	2,010
Golf Booster Club	19,303	13,730	(10,964)	22,068
Healthy Active Lifestyle Challenge	94	-	-	94
Law Enforcement Guest Speakers	1,863	301	-	2,164
Men's Basketball	6,452	2,847	(4,844)	4,455
Moran Lecture Series	4,941	5,000	(3,749)	6,192
MU Alpha Theta	2,949	2,369	(1,794)	3,524
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	6,989	13,906	(15,858)	5,037
NMJC Social Committee	7,352	11,940	(8,768)	10,524
NSNA- Halloween Fundraiser	-	191	-	191
Phi Beta Lambda-NMJC	239	-	-	239
Phi Theta Kappa	1,027	9,305	(4,454)	5,878
Prepaid Tuition Agreement	22,298	3,394	(3,155)	22,537
Rodeo Club	26,713	12,373	(8,635)	30,451
Subtotal	179,840	141,960	(143,573)	178,227

	June 30, 2019	Receipts	Disbursements	June 30, 2020
Subtotal	\$ 179,840	\$ 141,960	\$ (143,573)	\$ 178,227
Rope Climbing and Rappelling Club	382	-	-	382
SBDC Program Services	37,206	2,501	(2,686)	37,021
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	2,184	863	(59)	2,988
Talent Search	10	-	-	10
Thunderbird Booster Club	392	3,351	(3,743)	-
Volleyball	-	175	-	175
Western Heritage Donations	43,947	12,795	(16,252)	40,490
Western Heritage Horticultural	4,561	373	(745)	4,188
Western Heritage Museum Membership	52,267	12,478	(7,740)	57,005
Western Heritage Museum Memorial	6	359	(365)	-
WHM Centennial	5,984	-	-	5,984
WHM Discretionary Fund	1,120	-	(765)	355
WHM Mammoth Fund Raiser	608	-	-	608
WHM Special Events	334	20,222	(17,300)	3,256
Women's Basketball	8,836	1,271	(1,084)	9,022
Women's Cross Country	2,701	47	(924)	1,824
Total agency fund cash	340,987	196,393	(195,237)	342,143
Accounts receivable	3,000	-	(3,000)	-
Total assets	\$ 343,987	\$ 196,393	\$ (198,237)	\$ 342,143
Accounts payable	\$ 2,383	\$ 974	\$ (2,382)	\$ 975
Due to student organizations	341,604	195,418	(195,854)	341,168
Total liabilities	\$ 343,987	\$ 196,392	\$ (198,236)	\$ 342,143

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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
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, 2020, 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 29, 2020.

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) as a basis for designing 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 financial statements. 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*.

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 29, 2020

**REPORT ON COMPLIANCE FOR EACH 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 Each 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 each of the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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 29, 2020

New Mexico Junior College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Passthrough Grantor/Program Title	Grant/Pass-Through Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
<i>Direct programs</i>			
Student Financial Assistance Cluster*			
Federal Pell Grant Program (1)	N/A	84.063	\$ 2,866,500
Federal Supplemental Educational Opportunity Grants (1)	N/A	84.007	44,750
Federal Work Study Program (1)	N/A	84.033	42,994
Federal Direct Student Loans (1)	N/A	84.268	525,347
Total Student Financial Assistance Cluster			3,479,591
TRIO Cluster			
TRIO-Student Support Services	N/A	84.042A	298,834
Total TRIO Cluster			298,834
CARES Act: Higher Education Emergency Relief Fund*			
COVID-19 Student Aid Portion	N/A	84.425E	269,000
COVID-19 Institutional Portion	N/A	84.425F	560,502
Total CARES Act: Higher Education Emergency Relief Fund			829,502
<i>Passed through New Mexico Public Education Department</i>			
Adult Education - Basic Grants to States	V002A190032	84.002	106,129
Total U.S. Department of Education			4,714,056
Total federal financial assistance			\$ 4,714,056

* Major Program
 () Denotes Cluster

See accompanying notes to schedule of expenditures of federal awards.

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New Mexico Junior College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

1. **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 modified 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. **Loans**

The College did not expend federal awards related to loans or loan guarantees during the year. Federal Direct Loans advanced to students in fiscal year 2020 totaled \$525,347.

3. **10% de minimus Indirect Cost Rate**

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

4. **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	\$ 4,714,056
Total expenditures funded by other sources	20,678,651
<hr/>	
Total operating expenditures	\$ 25,392,707
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**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2020**

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:

<u>CFDA Numbers</u>	<u>Federal Program</u>
84.063	Student Financial Assistance Cluster Federal PELL Grant program Federal SEOG program Federal Work Study program Federal Direct Loans
84.007	
84.033	
84.268	
84.425E	
84.425F	CARES Act: Higher Education Emergency Relief Fund Student Aid Portion Institutional Portion

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS

None noted.

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION V – COMPONENT UNIT FINDINGS

None noted.

SECTION VI – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

None noted.

Component Unit Findings

CU NM 2019-001 – Under Collateralization of Deposits Held with Financial Institutions - Resolved

**New Mexico Junior College
Other Disclosures
June 30, 2020**

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 29, 2020. The following individuals were in attendance:

New Mexico Junior College Foundation Officials

Dan Hardin	Foundation Treasurer
Tina Kunko	Foundation Controller

College Officials

Ron Black	Board Secretary
Dr. Kelvin Sharp	President
Dan Hardin	Vice-President for Finance
Josh Morgan	Controller

New Horizons Foundation Officials

Dr. Kelvin Sharp	President
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Carr, Riggs & Ingram, LLC

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

AUDITOR PREPARED FINANCIALS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the College from the original books and records provided to them by the management of the College. The responsibility for these financial statements remains with the College.

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

To: **New Mexico Junior College Board Members**
From: Dan Hardin
Date: January 11, 2021
RE: Expenditure and Revenue Reports for December 2020

December is month six or 50% of the budget for the 2020/2021 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 \$43,487,352.00.

The total current unrestricted fund expenditures through December are \$12,877,918.00, which is 45% of the projected budget. Instruction and General is running below normal for this time of year. This is due to the decline in enrollment, travel, and part-time employees. In other Current Unrestricted Funds, expenses are also down as compared to FY 20. Internal Services which consists of the Computer Services and the Document Center continue to receive monthly credits from Instruction & General to cover the operating costs. Over all, expenditures are down as compared to December 2019.

In the Restricted Funds, the expenditures in the Grant area is slightly 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 lower as compared to December 2019, this is also a reflection of lower enrollment numbers. Total amount of restricted funds expended through December of 2020 is \$2,163,743.00.

Total Plant funds expended include expenditures for Technology Upgrade, Caster and McLean remodels, Fire Alarm Upgrade, Facilities Management system upgrade, and the Golf Building construction.

Total expenditures and or encumbrances through December 2020 were \$43,487,352.00 or 59% of the budget.

Total Current Unrestricted revenue received in December 2020 was \$10,584,449.00, with the year-to-date total of 22,384,060.00. 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 \$211,433.00 as tuition and fees were collected for the spring semester. Oil and Gas mill levy for the month of December was \$1,641,692.00 and the equipment tax revenue for December was \$4,670,942.00. The property tax revenue received in December was \$3,199,695.00, 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 20 the total for mill levy property tax was \$11,485,781.00.

\$417,770.00 was draw in for Student Aid in December. Total restricted fund revenue for the year is \$2,333,786.00. There should be additional funds drawdown in January and February for restricted student aid.

In Plant Funds, the College drew down \$9,960 from General Fund allocation for the Watson Hall Safety & Security upgrade project. LGIP interest income for December was \$5,205.

Total revenue for the month of December 2020 is \$11,017,384.00, with year-to-date revenue of \$26,326,164.00 or 70% 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 2020 including the accrual of \$465,000 for each of the three months of October, November and December is \$11,086,581.00.

The investment report shows a beginning balance in LGIP funds of \$36,593,127.00, 5,000,000.00 was sent to LGIP leaving an ending balance in LGIP funds at the end of December of \$41,593,127.00. \$3,000,000.00 remains in CDARs which gives the College a total of \$44,593,127.00 in investments at the end of December. Because of the extremely low rates being offered in the CDARs, the administration has decided to not renew the CDARs for this coming year. Encumbered funds at the end of December were \$29,029,849.39.

This concludes the Financial Report for December 2020.

NEW MEXICO JUNIOR COLLEGE

Expenditure Report

December 2020

50% of Year Completed

Fund	2019-20			2020-21			
	Final Budget	Year-to-Date Expended or Encumbered	Percentage of Budget Expended	Budget	Current Expended or Encumbered	Expended or Encumbered	Percentage of Budget Expended
CURRENT UNRESTRICTED FUND							
Instruction and General:							
Instruction	11,862,407	4,437,848	37%	10,267,223	829,916	4,236,134	41%
Academic Support	2,569,083	1,148,096	45%	2,372,925	171,766	979,288	41%
Student Services	2,207,388	981,117	44%	2,121,047	163,646	846,512	40%
Institutional Support	4,648,321	2,095,716	45%	4,566,506	377,706	2,074,806	45%
Operation & Maintenance of Plant	3,988,457	1,825,031	46%	3,983,813	308,728	1,658,485	42%
Subtotal - Instruction & General	25,275,656	10,487,808	41%	23,311,514	1,851,762	9,795,225	42%
Research	0	71,182		0	9,149	57,707	
Public Service	50,000	15,038	30%	50,000	1,730	16,600	33%
Internal Service Departments	189,176	160,760	85%	109,089	27,362	153,768	141%
Student Aid	685,880	452,046	66%	710,880	10,094	490,846	69%
Auxiliary Enterprises	2,722,498	1,718,105	63%	2,160,172	333,371	1,563,332	72%
Athletics	2,308,988	1,236,418	54%	2,267,001	61,079	800,440	35%
Total Current Unrestricted Fund	31,232,198	14,141,357	45%	28,608,656	2,294,547	12,877,918	45%
CURRENT RESTRICTED FUND							
Grants	949,794	361,191	38%	908,797	62,511	319,358	35%
Student Aid	3,862,038	2,191,343	57%	3,862,038	7,023	1,844,385	48%
Total Current Restricted Fund	4,811,832	2,552,534	53%	4,770,835	69,534	2,163,743	45%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	26,982,338	10,265,018	38%	29,729,122	422,963	25,556,653	86%
Projects from State GOB Funds	4,764,218	3,086,500	65%	6,416,370	201,524	1,816,781	28%
Projects from State STB Funds	0			900,000			0%
Projects from General Fund	938,466	463,507		353,400	9,960	221,960	63%
Projects from Private Funds							0%
Projects from State ER&R	335,000	111,663	33%	1,238,725		148,432	12%
Projects from State BR&R	598,000	421,433	70%	1,256,545	175,777	701,865	56%
Subtotal - Capital and BR&R	33,618,022	14,348,121	43%	39,894,162	810,224	28,445,691	71%
Debt Service							
Revenue Bonds	0		0%	0			0%
Total Plant Funds	33,618,022	14,348,121	43%	39,894,162	810,224	28,445,691	71%
GRAND TOTAL EXPENDITURES	69,662,052	31,042,012	45%	73,273,653	3,174,305	43,487,352	59%

NEW MEXICO JUNIOR COLLEGE
Revenue Report
December 2020

50% of Year Completed

2019-20

2020-21

Fund	2019-20			2020-21			
	Final Budget	Year-to-date Revenue	Percentage of Budget Received	Budget	Current Revenue	Year-to-date Revenue	Percentage of Budget Received
CURRENT UNRESTRICTED FUND							
Instruction and General:							
Tuition and Fees	3,931,431	3,385,568	86%	3,914,806	211,433	2,852,507	73%
State Appropriations	6,546,216	3,167,224	48%	5,747,200	473,829	2,904,222	51%
Advalorem Taxes - Oil and Gas	21,663,449	11,323,149	52%	7,235,000	6,312,635	11,086,581	153%
Advalorem Taxes - Property	10,500,000	2,672,630	25%	9,200,000	3,199,695	3,629,480	39%
Interest Income	10,000	318	3%	9,000	51	259	3%
Other Revenues	204,646	208,152	102%	196,418	2,603	119,087	61%
Subtotal - Instruction & General	42,855,742	20,757,041	48%	26,302,424	10,200,246	20,592,136	78%
Research			0%				0%
Public Service			0%				0%
Internal Service Departments	41,148	41,078	100%	9,000		1,333	15%
Auxiliary Enterprises	3,008,585	2,146,042	71%	2,846,886	339,578	1,522,841	53%
Athletics	568,984	304,037	53%	535,500	44,625	267,750	50%
Total Current Unrestricted	46,474,459	23,248,198	50%	29,693,810	10,584,449	22,384,060	75%
CURRENT RESTRICTED FUND							
Grants	949,794	412,635	43%	908,797		373,743	41%
Student Aid	3,862,038	2,165,061	56%	3,862,038	417,770	1,960,043	51%
Total Current Restricted	4,811,832	2,577,696	54%	4,770,835	417,770	2,333,786	49%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	4,702,500		0%	1,702,500		1,502,184	88%
Projects from State STB Funds	0		0%	900,000			0%
Projects from General Fund	792,000	110,564	0%	353,400	9,960	68,989	20%
Projects from Private Funds			0%				0%
Interest Income (LGIP)	250,000	230,826	92%	120,000	5,205	37,145	31%
Total Plant Funds	5,744,500	341,390	6%	3,075,900	15,165	1,608,318	52%
GRAND TOTAL REVENUES	57,030,791	26,167,284	46%	37,540,545	11,017,384	26,326,164	70%

NEW MEXICO JUNIOR COLLEGE

Oil and Gas Revenue Report

December 2020

50% of Year Completed

		OIL		GAS		COMBINED		
Month of	Sales	Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2019-20 Original Budget	Variance Over (Under) Budget
Actual	July	\$37.25	17,319,589	\$1.88	50,434,252	1,561,399	465,000	1,096,399
Accrual	August	\$39.07	17,858,395	\$2.09	56,003,009	1,709,971	465,000	1,244,971
Accrual	September	\$36.31	17,908,397	\$2.09	55,735,897	1,641,692	465,000	1,176,692
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						6,308,062	5,580,000	728,062
Y.T.D. Equipment Tax Revenue						4,778,519	1,655,000	3,123,519
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						11,086,581	7,235,000	3,851,581

Source: New Mexico Taxation and Revenue Department

	FY 16	FY 17	FY 18	FY 19	FY 20
Oil Production Average	5,901,566	6,495,087	8,977,641	14,022,345	17,112,745
Average Price per Barrel	35.55	42.90	53.33	50.27	43.03
Gas Production Average	17,990,679	21,506,106	29,109,728	38,793,786	45,857,679
Average Price per MCF	2.59	3.41	3.66	3.27	1.94

NEW MEXICO JUNIOR COLLEGE

Schedule of Investments

December 2020

50% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	36,593,127	7102-1348	0.122%	5,205
Plus deposits	5,000,000			
Less withdrawals				
Total LGIP investments	<u>41,593,127</u>			<u>5,205</u>
Lea County State Bank CDAR	<u>3,000,000</u>		2.30%	

Capital Project	12/31/2020
Vehicles	686,920.58
Law Academy Building	1,685.98
Computer Labs/ITV Upgrade	200,000.00
Campus Vestibules	1,250,000.00
Voc B Airhandler	200,000.00
Softball Field	890,000.00
Technology Upgrade	169,731.28
JASI	9,413.75
WHM South Gallery	266,594.43
Baseball Field	44,173.45
Rodeo Arena	31,890.34
Fire Alarm Upgrade	1,600,851.73
Luminis Software	2,993.00
Landscaping	406,030.33
Smart Classrooms	47,023.76
Campus Signage	552,972.00
Campus Paving	291,198.65
Roof Replacement WHM	500,000.00
Dorm/Apartment Refurbish	14,480.83
Concrete Upgrade	215,870.33
Campus Construction	48,832.86
Oil & Gas Training	88,974.02
Workforce Training & Outreach	250,000.00
Guided Pathways Rob Johnstone	140,000.00
Public Sector	8,047.50
Campus Security	43,727.60
Lumens Software-Distance Learn	5,000.00
Copier Replacement	13,082.22
Non-Recurring Compensation	750,000.00
Athletics	82,148.36
Student Life Programming	20,432.28
Succession Plan	52,014.15
WHM Exhibits	91,760.01
Track Upgrades	87,317.21
Driving Range Upgrades	464,015.74
McLean Hall Renovations	1,298,759.39
Cafeteria Upgrade	69,239.75
Channel 19 Upgrade	6,229.50
Equestrian Center	2,967,069.95
Bob Moran Upgrades	18,992.47
Campus/Hospital Fencing	563,509.84
Turf Replacement	500,000.00
Watson Hall	1,066,056.05
Facilities Management System	1,593,355.20
Busing Support for Recruiting	5,872.30
Caster Upgrades	8,267,565.23
Workforce Training Center	3,000,000.00
Allied Health	144,274.63
Workforce Training Contingency	1,742.69
Total	29,029,849.39

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

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

To: Board Members
From: Dan Hardin
RE: Quarterly Financial Action Report
Date: January 21, 2021

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, 2020. 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, 2020.

Respectfully,



Dan Hardin

QUARTERLY FINANCIAL ACTION REPORT

Fiscal Year 21

Today's Date: 1-21-2021

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 Higher Education Department
Institutional Finance Division
Quarterly Financial Certification Template

Please complete and sign the following certification form and submit with Quarterly Financial Statements and Quarterly Financial Actions Report.

I certify that I believe the information provided in the attached (a) Financial Statements, and (b) Financial Actions Report, for the:

1st _____ 2nd X 3rd _____ 4th _____ Quarter, FY 21

are correct as of the date indicated below, and that

New Mexico Junior College

has a functioning financial accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and the Governing Board receives timely notification of any significant actual or projected variances between budgeted and actual revenues and expenditures.

Pat Chappelle Board Chair

Dr. Kelvin Sharp President



Dan Hardin Vice President for Finance

NEW MEXICO JUNIOR COLLEGE

RESOLUTION NO. 2021-001

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.
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.
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.

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 21st day of January 2021.

New Mexico Junior College Board

Patricia Chappelle, Chair

Hector Baeza, Member

Travis Glenn, Member

Manny Gomez, Member

Evelyn Rising, Member

Erica Jones, Member