

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

Thursday, February 15, 2024
Zia Board Room - Pannell Library
1:30 pm

AGENDA

- | | |
|-----------------------------------------------------------------------------------------|-----------------------------------------|
| A. Welcome | Pat Chappelle |
| B. Adoption of Agenda | Pat Chappelle |
| C. Approval of Minutes of January 18, 2024 | Pat Chappelle |
| D. President's Report | Derek Moore |
| E. Information Items | |
| 1. NMJC Thunderbird Clinic - Opening Announcement | David Shaw
Tammy Armitige |
| 2. Equity Board Committee Update | Evelyn Rising |
| 3. Monthly Expenditure Report | Josh Morgan |
| 4. Monthly Revenue Report | Josh Morgan |
| 5. Oil and Gas Revenue Report | Josh Morgan |
| 6. Schedule of Investments | Josh Morgan |
| 7. Annual Review of the President's Contract Timeline | Pat Chappelle |
| F. New Business | |
| 1. Fiscal Year June 30, 2023 Audit Report | Carr Riggs & Ingram
CPA's & Advisors |
| G. Public Comments | |
| H. Determination of Next Meeting | Pat Chappelle |
| I. Closure of Meeting | |
| ▪ Discussion of Limited Personnel Matters Pursuant to NMSA 1978 §10-15-1
H (2) - (i) | |
| ○ Consideration of Employee Appeal under NMJC Employee Handbook
Policy No. 401 | |
| F. New Business (Continuation) | |
| 2. Consideration of Employee Appeal | Pat Chappelle |
| J. Adjournment | Pat Chappelle |

**NEW MEXICO JUNIOR COLLEGE
BOARD MEETING
JANUARY 18, 2024
MINUTES**

The New Mexico Junior College Board met on Monday, January 18, 2024, beginning at 1:30 p.m. in the Pannell Library, Zia Board Room. The following members were present: Ms. Patricia Chappelle, Board Chair; Mr. Travis Glenn, Secretary; Mr. Hector Baeza; Mrs. Erica Jones; Mr. Guy Kesner; and Mr. Manny Gomez. Ms. Evelyn Rising was absent.

Ms. Chappelle called the meeting to order and welcomed visitors, Ms. Dorothy Fowler w/HNS.

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

The Certification of the Canvass of Returns Results by the Board of County Commissioners acting as the Board of Canvassers of Lea County, State of New Mexico for the Local Election held on November 7, 2023 was presented for approval. Upon a motion by Mr. Glenn, seconded by Mr. Gomez, the Board unanimously approved the Canvass of the Election. Mr. Guy Kesner was congratulated on his re-election to the NMJC Board.

Mr. Scotty Holloman administered the Oath of Office to Mr. Guy Kesner.

Mr. Holloman opened the floor for nominations for the NMJC Board Chair and Board Secretary. Upon a motion by Mr. Glenn, seconded by Mr. Kesner, the Board unanimously approved Ms. Patricia Chappelle to serve as the NMJC Board Chair. Upon a motion by Mr. Gomez, seconded by Mr. Kesner, the Board unanimously approved Mr. Travis Glenn to serve as the NMJC Board Secretary.

Upon a motion by Mr. Glenn, seconded by Mr. Baeza, the Board unanimously approved the minutes of December 18, 2023.

Under President's Report Ms. Amy Coombes provided an update of new employees and employee resignations.

Dr. Moore provided a 2024 spring enrollment updated. He reported 1,939 students are currently enrolled, surpassing the 2023 spring enrollment of 1,920. He further noted the 2024 spring enrollment numbers are anticipated to continue to grow. Dr. Moore thanked the NMJC enrollment management team and the recruiting team for their commitment. In addition, Dr. Moore reported on the feasibility of two internal studies at NMJC: 1) Honors College Study led by Mr. David Buckingham; and 2) Employee Residency Study led by Mr. Scotty Holloman. As both studies move forward, progress updates will be provided to the Board.

Dr. Moore reported the New Mexico Legislative Sessions began on January 16, 2024 and noted he will be in attendance of the Higher Education Hearings the week of January 22-25, 2024. In addition, he reported Phi Theta Kappa (PTK) Day is scheduled for February 13 in Santa Fe, New Mexico. Three NMJC students and the NMJC Faculty Advisor will be in attendance. Expected discussions at the Higher Education Hearings are: 1) K-12 extension to a 5-day instruction; 2) Workforce Recurring Funding; 3) Cyber Security Funding; 4) Mental Health; and 5) Paid FMLA. Questions with answers followed regarding Cyber Security.

Dr. Moore reported NMJC is one of the top 15 United Way of Lea County givers in Lea County. Dr. Moore commended the NMJC faculty and staff for their generosity.

Dr. Moore announced he, Ms. Evelyn Rising, Board Member, and Mr. Scotty Holloman, will be attending the ACCT 2024 National Legislative Summit in Washington, DC beginning February 4, 2024.

Under Information Items Mr. Manny Gomez provided an update on the Facilities Board Committee Meeting held on January 8, 2024. Mr. Gomez reported the Facilities Board Committee has reached a one-year milestone and provided a recap of the committee meetings. Mr. Gomez stated the committee members recognize that the establishment of the NMJC Board Committees, to include the charge and objectives of each committee, was a great decision. He thanked Dr. Moore for his vision of the committees and the NMJC Board members for their willingness to serve. Discussion at the January 8, 2024 meeting included landscape projects, walkways, various specific buildings, upgrades to the hay/horse barn, and proposed possible updates to the Athletic Master Plan. At this time, Mr. Gomez invited Dr. Charley Carroll to provide updates of the construction projects taking place on the NMJC campus. Mr. Glenn asked members of the committees for their thoughts on a term of service for each of the board committees. Members proposed a three-year term for each of the committees. Further discussion will continue during the 2024 NMJC Board Training Sessions.

Mr. Travis Glenn provided an update on the Student Success Board Committee Meeting held on January 10, 2024. Mr. Glenn reported the charge for the Student Success Board Committee was completed. In addition, the following items were discussed: 1) Advantages and disadvantages of the current 4-day schedule; 2) Artificial Intelligence (AI) - the need for an NMJC AI Policy; 3) Strategic Enrollment Management Plan; 4) Discussion of a possible 10-week summer session schedule; and 5) Academic Master Plan expected to be completed by May, 2024.

Dr. Moore reported the annual NMJC Board of Conflict of Interest and NMJC Board Policy #304 has been distributed to the Board members. He requested the Conflict of Interest be signed and returned and asked for Board members to keep possession of Policy #304.

Mr. Josh Morgan presented the Expenditure Report, Revenue Report, Oil and Gas Revenue Report, and Schedule of Investments Report for December 2023.

Under New Business Mr. Morgan presented the Fiscal Watch Report for December 31, 2023. Upon a motion by Mr. Gomez, seconded by Mr. Kesner, the Board unanimously approved the Fiscal Watch Report as presented.

Mr. Morgan requested consideration of investments in Certificates of Deposit Account Registry Services (CDARS) which allows investors to spread large deposits across multiple banks while dealing with a single bank. Administration requested approval to move funds from the LGIP pool into a CDARS program with Lea County State Bank (LCSB) with maximum limit of \$100 million. Administration would like the ability to work with LCSB to time the moving of up to \$100 million into 3-month, 6-month, or 12-month CDARS accounts to maximize interest earnings for NMJC. It was noted Administration will communicate with the NMJC Board Finance Committee Chair prior to moving funds from the LGIP to a CDARS. Upon a motion by Mr. Kesner, seconded by Mrs. Jones, the Board unanimously approved this request.

Mr. Holloman presented consideration of the Open Meetings Act Resolution No. 2024-001 and reminded the Board of the Open Meetings Act annual requirement of a resolution to determine what constitutes reasonable and adequate notice to the public of meetings being held. Upon a motion by Mr. Glenn, seconded by Mr. Gomez, the Board unanimously approved the Open Meetings Act Resolution No. 2024-001 as presented.

Mr. JoeMike Gomez requested consideration of a Request for Qualifications #1003 - Architectural & Construction Management Services with a recommendation to award RFQ #1003 to Dekker Perich Sabatini. Mr. Gomez reported proposals were received from Parkhill and Dekker Perich Sabatini. Scoring from a selection committee, consisting of three members, identified Dekker Perich Sabatini with the higher average score of 97.67 as compared to Parkhill at 85.67. Upon a motion by Mr. Glenn, seconded by Mr. Kesner, the Board unanimously approved this recommendation.

Ms. Gael Patman Morrow presented consideration of NMJC's first Alma Mater Song, which was played for Board members and attendees. Mr. Deron Clark presented consideration of NMJC's first Fight Song, which was played for Board members and attendees. Upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved NMJC's first Alma Mater Song and NMJC's first Fight Song as presented. Dr. Moore thanked the team effort of those who created NMJC's official Alma Mater Song and Fight Song.

Ms. Chappelle called for comments from the public. There were none. Mr. Gomez recognized Dr. Moore and Ms. Larchinee Turner for their presence at the Dr. Martin Luther King, Jr. (MLK) Day on Monday, January 15, 2024. He stated NMJC was well represented and noted Dr. Turner was the Master of Ceremonies and Dr. Moore recited the MLK speech. He reported many attended

to honor, celebrate, and commemorate Dr. King's life and legacy and the impact he has had and continues to have on the community, state, and country. Mr. Gomez thanked Dr. Moore and Dr. Turner for their contributions and representation of NMJC.

The next Regular Board Meeting was scheduled for Thursday, February 15, 2024 at 1:30 pm in the Zia Board Room.

Upon a motion by Mr. Kesner, seconded by Mr. Gomez and by unanimous consent, the meeting adjourned at 2:50 pm.

Pat Chappelle, Chair

Travis Glenn, Secretary

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

To: New Mexico Junior College Board Members
From: Josh Morgan
Date: February 08, 2024
RE: January 2024 Financial Reports

Expenditure Report:

January is the seventh month or 58% of the 2023/2024 fiscal year. The Expenditure Report represents expenditure totals that include funds expended and encumbered. The total year-to-date funds expended and/or encumbered through the month of January is \$63,438,194.

The total current unrestricted fund expenditures through January are \$22,944,589, which is 56% of the projected budget. Expenses for Instruction and General are higher compared to FY 23 due to the addition of new positions and the implementation of the salary survey approved by the board. In other current unrestricted funds, expenses are also up compared to FY 23 due to the same factors and due to the reclassification of the athletic coaches from faculty to professional employees per the salary survey which resulted in the reclassification of expenditures from I&G to Athletics. Student Aid, Auxiliary Enterprises, and Athletics are normally over budget at this point in time. Typically, it is because of start of semester expenses or for Athletics, it is the grant-in-aid awarded at the beginning of the semester. Auxiliary Enterprises are tracking as expected. Over all, expenditures are up as compared to January 2023.

Restricted fund expenditures through January are \$4,492,751. The expenditures in the grant area is tracking along as expected. The Business Office is monitoring the expenditures in the grants and request the drawdown from the state and federal agencies. In restricted student aid, financial aid payouts have been made for the summer, fall, and spring semesters.

Total plant fund expenditures through January are \$36,000,854. Projects with major encumbrances include the Watson Hall Renovation, the Vestibule and Safety Project, the Baseball Field Lighting Project and the Industrial Training Center. Year-to-date building renewal and replacement expenditures are \$698,079 and equipment renewal and replacement expenditures are \$241,279.

Revenue Report:

Total current unrestricted revenue received in January was \$15,266,053. This mostly consists of the monthly allocation from the state, oil and gas production revenue, property tax, and auxiliary revenue. The College received \$6,738,398 in property tax revenue during the month. Total year-to-date current unrestricted revenue is \$66,068,333.

Total current restricted revenue received in January for grants and student aid was \$1,381,595. Total year-to-date current restricted revenue is \$4,055,554.

Total plant fund revenue recorded in January is \$1,137,649. This consist of the LGIP interest. Total year-to-date plant fund revenue is \$12,240,353.

Total revenue for the month of January is \$17,785,297. Total year-to-date revenue is \$85,451,641.

Oil and Gas Revenue Report:

The Oil & Gas Report reflects the fourth month of revenue for FY 24. In January, the College received \$7,004,674 in oil & gas revenue for the month of October 2023 compared to \$7,073,856 for October 2022. The months of November through January reflect the monthly accrual of \$816,667 each month. Total Oil and Gas Production and Equipment tax revenue through January including the three months of accrual is \$45,960,776.

Investment Report:

The College began the month of January with \$245,000,000 invested with the LGIP. We deposited \$11,000,000 with the LGIP during the month resulting in an ending balance of \$256,000,000 at the end of January. The College earned \$1,137,649 in interest at a net yield of 5.342% during the month of January.

At the end of January, there was \$206,454,270 in allocated capital projects.

This concludes the financial report for January 2024.

NEW MEXICO JUNIOR COLLEGE

Expenditure Report

January 2024

58% of Year Completed

Fund	2022-23			2023-24			
	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	12,768,755	5,696,644	45%	12,920,876	414,774	6,264,437	48%
Academic Support	2,921,190	1,306,351	45%	3,190,536	96,515	1,703,971	53%
Student Services	2,827,588	1,444,433	51%	3,873,597	106,951	1,758,874	45%
Institutional Support	6,446,327	3,325,984	52%	6,782,391	282,314	3,958,795	58%
Operation & Maintenance of Plant	5,729,882	2,607,009	45%	5,798,525	194,027	2,987,909	52%
Subtotal - Instruction & General	30,693,742	14,380,421	47%	32,565,925	1,094,581	16,673,986	51%
Public Service	59,300	14,274	24%	-	-	-	0%
Internal Service Departments	267,730	100,331	37%	198,349	79,199	192,972	97%
Student Aid	980,031	703,600	72%	760,880	23,405	718,251	94%
Auxiliary Enterprises	3,012,636	1,669,789	55%	3,020,182	165,816	2,053,231	68%
Athletics	3,259,649	1,915,439	59%	4,567,603	646,448	3,306,149	72%
Total Current Unrestricted Fund	38,273,088	18,783,854	49%	41,112,939	2,009,449	22,944,589	56%
CURRENT RESTRICTED FUND							
Grants	1,965,462	635,134	32%	1,232,251	27,681	500,461	41%
Student Aid	4,216,931	3,732,843	89%	4,216,931	1,691,222	3,992,290	95%
Total Current Restricted Fund	6,182,393	4,367,977	71%	5,449,182	1,718,903	4,492,751	82%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	16,198,965	9,532,892	59%	213,440,980	564,084	28,438,409	13%
Projects from State GOB Funds	3,944,888	391,365	10%	5,310,214	-	5,253,858	99%
Projects from State STB Funds	484,251	84,251	17%	2,379,215	-	1,156,482	49%
Projects from General Fund	711,062	100,929	0%	2,125,000	-	-	0%
Projects from Other State Funds	-	-	0%	683,080	2,774	212,077	31%
Projects from Private Funds	-	-	0%	102,697	480	670	0%
Projects from State ER&R	1,375,854	336,396	24%	1,238,666	28,470	241,279	19%
Projects from State BR&R	1,255,745	843,125	67%	794,875	52,439	698,079	88%
Subtotal - Capital and BR&R	23,970,765	11,288,958	47%	226,074,727	648,247	36,000,854	16%
Debt Service							
Revenue Bonds	-	-	0%	-	-	-	0%
Total Plant Funds	23,970,765	11,288,958	47%	226,074,727	648,247	36,000,854	16%
GRAND TOTAL EXPENDITURES	68,426,246	34,440,789	50%	272,636,848	4,376,599	63,438,194	23%

NEW MEXICO JUNIOR COLLEGE

Revenue Report

January 2024

58% of Year Completed

2022-23

2023-24

Fund	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	3,804,088	3,421,680	90%	3,935,027	180,159	3,835,245	97%
State Appropriations	7,990,496	5,002,582	63%	8,158,200	760,796	5,673,577	70%
Advalorem Taxes - Oil and Gas	84,984,162	41,696,263	49%	12,550,000	7,189,113	45,960,776	366%
Advalorem Taxes - Property	13,982,841	10,117,616	72%	12,400,000	6,738,398	10,465,640	84%
Other Revenues	289,053	193,942	67%	145,000	23,112	133,095	92%
Subtotal - Instruction & General	111,050,640	60,432,083	54%	37,188,227	14,891,578	66,068,333	178%
Internal Service Departments	57,085	53,189	93%	66,700	75	58,916	88%
Auxiliary Enterprises	2,504,902	2,311,801	92%	2,854,642	327,850	2,521,975	88%
Athletics	560,600	339,433	61%	686,400	46,550	506,510	74%
Total Current Unrestricted	114,173,227	63,136,506	55%	40,795,969	15,266,053	69,155,734	170%
CURRENT RESTRICTED FUND							
Grants	1,965,462	490,490	25%	1,232,251	45,817	495,573	40%
Student Aid	4,216,931	3,403,092	81%	4,216,931	1,335,778	3,559,981	84%
Total Current Restricted	6,182,393	3,893,582	63%	5,449,182	1,381,595	4,055,554	74%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	3,941,406	-	0%	5,310,214	-	5,119,872	96%
Projects from State STB Funds	484,250	84,251	17%	2,379,215	-	99,689	4%
Projects from General Fund	353,400	31,525	9%	2,125,000	-	-	0%
Projects from BR&R	65,671	-	0%	124,386	-	124,386	100%
Projects from Private Funds	-	-	0%	-	-	53,398	0%
Interest Income (LGIP)	5,223,271	2,406,258	46%	1,450,000	1,137,649	6,843,008	472%
Total Plant Funds	10,067,998	2,522,034	25%	11,388,815	1,137,649	12,240,353	107%
GRAND TOTAL REVENUES	130,423,618	69,552,122	53%	57,633,966	17,785,297	85,451,641	148%

NEW MEXICO JUNIOR COLLEGE

Oil and Gas Revenue Report

January 2024

58% of Year Completed

		OIL		GAS		COMBINED		
Month of	Sales Distribution	Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2023-24 Original Budget	Variance Over (Under) Budget
Actual	July	\$72.81	32,121,620	\$2.84	105,511,306	5,897,955	816,667	5,081,288
Actual	August	\$79.43	32,224,751	\$2.82	114,749,409	6,551,855	816,667	5,735,188
Actual	September	\$87.50	32,566,811	\$2.86	120,583,588	6,989,868	816,667	6,173,201
Actual	October	\$83.45	34,201,372	\$2.52	125,210,101	7,004,674	816,667	6,188,007
Actual	November					816,667	816,667	0
Actual	December					816,667	816,667	0
Actual	January					816,667	816,667	0
Actual	February						816,667	(816,667)
Actual	March						816,666	(816,666)
Accrual	April						816,666	(816,666)
Accrual	May						816,666	(816,666)
Accrual	June						816,666	(816,666)
Y.T.D. Production Tax Revenue						28,894,353	9,800,000	19,094,353
Y.T.D. Equipment Tax Revenue						17,066,423	2,750,000	14,316,423
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						45,960,776	12,550,000	33,410,776

NEW MEXICO JUNIOR COLLEGE

Schedule of Investments

January 2024

58% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	245,000,000	7102-1348	5.342%	1,137,649
Plus deposits	11,000,000			
Less withdrawals	-			
Total LGIP investments	256,000,000			1,137,649

Capital Project	1/31/2024
Vehicles	380,675.60
Campus Facilities Master Plan	100,000.00
Chrome River	69,250.00
WHM North Gallery Renovation	500,060.14
Campus Vestibules	1,202,174.79
Voc B Airhandler	2,000,000.00
Softball Field	5,790,000.00
National Track Meet	135,333.35
Technology Upgrade	420,161.08
Professional Development	76,772.84
Ben Alexander Renovation	3,000,000.00
Baseball Field	1,247,089.58
Rodeo Arena	71,782.97
Fire Alarm Upgrade	227,775.53
Landscaping	247,750.00
Smart Classrooms	333,854.37
Campus Signage	47,603.01
Campus Paving	410,837.83
Std Ctr & Bob Moran Roof Replacement	1,500,000.00
Master Landscaping Project	15,505,773.14
Dorm/Apartment Refurbish	1,623,611.46
Concrete Upgrade	157,262.75
Campus Construction	131,682.80
Workforce Development	227,048.43
Higher Learning Commission	113,090.23
Campus Security	71,694.68
Copier Replacement	144,155.22
Non-Recurring Compensation	1,201,234.00
Athletics	107,056.84
Student Life Programming	20,000.00
Succession Plan	605,907.11
WHM Exhibits	133,846.31
Track Upgrades	158,181.82
Driving Range Upgrades	150,000.00
Cafeteria Upgrade	218,860.78
Equestrian Center	6,929,949.09
Turf Replacement	300,000.00
Watson Hall Renovation	3,944,860.98
Facilities Management System	32,343.92
Caster Upgrades	479,205.82
Industrial Training Center	17,584,020.84
Heidel Hall Renovation	19,949,196.94
Infrastructure Upgrades	5,376,545.48
Campus Housing Unit	15,142,686.15
Cafeteria Construction	14,655,748.10
Mansur Hall Remodel	2,562,185.11
Mary Hagelstein Remodel	2,966,750.25
Campus Wide Access Control	2,119,818.33
Dorm/Apartment Furniture Replacement	775,002.32
Roof Replacement	4,150,000.00
CORE	1,500,000.00
Tbird Health Clinic Caster Annex Remodel	303,158.03
NMJC/Lea County Quality of Life (ENMT)	5,280,624.63
Central Plant Expansion	3,212,579.98
Master Drainage Plan	4,448,437.84
Student Hub	9,607,790.00
NMJC/Lea County Culinary Arts	2,500,000.00
NMJC Indoor Athletic Facility	30,000,000.00
Building Renovation	14,300,000.00
Workforce Training Contingency	2,839.36
Total	206,454,269.83



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

**Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



**New Mexico Junior College
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June 30, 2023**

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**New Mexico Junior College
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**New Mexico Junior College
Official Roster
June 30, 2023**

<u>Name</u>	<u>Title</u>
BOARD MEMBERS	
Pat Chappelle	Chairman
Travis Glenn	Secretary
Manny Gomez	Member
Erica Jones	Member
Hector Baeza	Member
Guy Kesner	Member
Evelyn Rising	Member
ADMINISTRATIVE OFFICIALS	
Dr. Derek Moore	President
Jeff McCool	Vice President of Instruction
Cathy Mitchell	Vice President for Student Services
Steve Saucedo	Vice President of Training and Outreach
Josh Morgan	Vice-President for Finance
Lary Sanderson	Vice-President for Institutional Research
Scotty Holloman	General Counsel/Executive Director of Administrative Services
Norma Faught	Executive Assistant to the President
Steve Saucedo	Vice-President for Training and Outreach
Amy Coombes	Director of Human Resources
Stacey Wynn	NMJC Controller

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FINANCIAL SECTION





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INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., New Mexico State Auditor
The Office of Management and Budget and
New Mexico Junior College Board
New Mexico Junior College
Hobbs, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2023, 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 schedules presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2023, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the College, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying budgetary schedules referred to above present fairly, in all material respects, the respective budgetary position of the College, as of June 30, 2023, and the respective changes for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2023, the College adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 21, the GASB required pension schedules on pages 68 through 71, the GASB required other post-employment benefit schedules on pages 72 through 75, and the notes to the required supplementary information on page 76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and supporting schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, and supporting schedules, as identified in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 31, 2023

New Mexico Junior College
Management’s Discussion and Analysis
June 30, 2023

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 2023.

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, 2023. This discussion gives a comparative analysis of business-type activity from fiscal year 2022 to fiscal year 2023.

Financial Highlights

The College’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the June 30, 2023 fiscal year by \$291,299,722.

The College’s financial position increased in fiscal year 2023 as compared to prior years. The increase resulted primarily from an increase in local mill levy funding.

The College’s investments reflect \$203,000,000 at June 30, 2023 with the Local Government Investment Pool.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

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, 2023, and includes the comparison to the prior year.

Statement of Net Position

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Assets				
Current assets	\$ 227,993,189	\$ 145,983,885	\$ 1,504,710	\$ 995,713
Noncurrent assets				
Intangible asset	-	75,000	-	76,529
Investments	-	-	11,572,339	-
Capital assets, net	118,627,256	114,017,812	-	-
Other assets, net	-	-	227,660	-
Deferred outflows of resources	9,803,500	23,045,663	-	-
Total assets and deferred outflows	\$ 356,423,945	\$ 283,122,360	\$ 13,304,709	\$ 1,072,242
Liabilities				
Current liabilities	\$ 5,068,130	\$ 4,268,512	\$ 10,865	\$ 25,506
Non-current liabilities	34,848,632	32,727,780	-	-
Deferred inflows of resources	25,207,461	44,169,695	-	-
Total liabilities and deferred inflows	65,124,223	81,165,987	10,865	25,506
Net position				
Net investment in capital assets	117,789,886	114,092,812	-	76,529
Restricted				
Nonexpendable endowments	-	-	7,734,088	-
Expendable grants and contributions	-	-	5,263,354	-
Unrestricted	173,509,836	87,863,561	296,402	970,207
Total net position	291,299,722	201,956,373	13,293,844	1,046,736
Total liabilities, deferred inflows, and and net position	\$ 356,423,945	\$ 283,122,360	\$ 13,304,709	\$ 1,072,242

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

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 and deferred outflows exceeded liabilities and deferred inflows by \$291,299,722 at the close of June 30, 2023, as compared to the \$201,956,373 as of June 30, 2022. As of June 30, 2023, net investment in capital assets totaled \$117,789,886. 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 2023 fiscal year by \$4,609,444, net of depreciation expense of \$6,769,365. Net position also consists of unrestricted net position of \$173,509,836. Unrestricted net position includes the recording of net pension liability of \$28,678,454 and the recording of net OPEB liability of \$5,628,746. 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 current assets due to an increase in local mill levy funding and a decrease in the ERB pension and OPEB liabilities.

The following table summarizes the College's revenues, expenses, and changes in net position for the year ending June 30, 2023 and includes a comparison to the year ended June 30, 2022.

Revenues, Expenses, and Changes in Net Position

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Operating revenues	\$ 9,687,323	\$ 13,816,057	\$ 432,092	\$ -
Operating expenses	43,780,239	39,420,616	607,938	288,811
Operating (loss)	(34,092,916)	(25,604,559)	(175,846)	(288,811)
Non-operating revenues and expenses	122,186,824	102,961,639	1,112,167	550,000
Income before other revenue	88,093,908	77,357,080	936,321	261,189
Capital appropriations	1,249,441	204,283	-	-
Increase in net position	\$ 89,343,349	\$ 77,561,363	\$ 936,321	\$ 261,189

Analysis of Changes in Net Position

The College's net position increased by \$89,343,349 during the 2023 fiscal year as compared to an increase of \$77,561,363 for the 2022 fiscal year. The increase resulted primarily from an increase in local mill levy funding. Operating revenues were \$9,687,323 in 2023, which is a decrease of \$4,128,734 from fiscal year 2022. Operating expenses were \$43,780,239 in fiscal year 2023, which is an increase of \$4,359,623 from fiscal year 2022.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

Operating Revenues

The following table summarizes the College's operating revenues of \$9,687,323 for the 2023 fiscal year as compared to the operating revenues of \$13,816,057 for the 2022 fiscal year. The decrease in operating revenues for Fiscal Year 2023 is primarily related to the decrease in Higher Education Emergency Relief Fund revenues. The Foundation revenues for the year total \$432,092 which is an increase from fiscal year 2022. New Horizons revenues for the year total \$0 which is the same as fiscal year 2022.

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Student tuition, fees and trainings	\$ 3,961,478	\$ 3,590,575	\$ -	\$ -
Federal grants and contracts	1,475,445	6,509,465	-	-
State and other grants and contracts	1,229,288	917,330	-	-
Auxiliary enterprises	2,739,140	2,487,476	-	-
Other operating revenues	281,972	311,211	-	-
Gifts, bequests, and endowments	-	-	432,092	-
Total operating revenues	\$ 9,687,323	\$ 13,816,057	\$ 432,092	\$ -

Operating Expenses

The following table summarizes the College's operating expenses of \$43,780,239 for the fiscal year ended June 30, 2023, as compared to the operating expenses of \$39,420,616 in 2022. The increase in operating expenses is attributed to an increase in the net pension and net 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 \$607,938 which is an increase from fiscal year 2022. New Horizons expenses for the year total \$288,811 which is an increase from fiscal year 2022.

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Instruction	\$ 8,953,641	\$ 8,228,804	\$ -	\$ -
Academic support	1,959,932	1,687,850	-	-
Student services	2,467,181	1,905,709	-	-
Institutional support	5,381,186	5,458,155	597,122	282,481
Operations and maintenance	4,606,527	3,811,904	-	-
Public service	132,624	146,467	-	-
Internal service	6,832	121,107	-	-
Student aid	4,561,915	2,013,558	-	-
Auxiliary enterprise expenses	2,786,870	2,975,750	-	-
Intercollegiate athletics	2,468,166	5,656,001	-	-
Renewals and replacements	3,360,657	1,827,292	-	-
Amortization	325,343	-	-	6,323
Depletion	-	-	10,816	-
Depreciation	6,769,365	5,588,019	-	7
Total operating expenses	\$ 43,780,239	\$ 39,420,616	\$ 607,938	\$ 288,811

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

Non-Operating Revenues (Expenses)

The following table summarizes the College's non-operating revenues (expenses) of \$122,186,824 for the fiscal year ended June 30, 2023. Property and oil and gas taxes remained strong in fiscal year 2023 totaling \$105,366,968, an increase of \$11,821,329 compared to fiscal year 2022. Local appropriations were higher than the budget level approved by the governing board. Investment income for the fiscal year ended June 30, 2023 was strong totaling \$6,076,988, an increase of \$5,854,812 compared to fiscal year 2022. The increase resulted primarily from an increase in investments and higher interest rates. There were no significant or unexpected changes in the other areas of non-operating revenues and expenses.

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
State appropriations, non-capital	\$ 8,600,896	\$ 7,091,511	\$ -	\$ -
Property taxes	16,111,770	16,308,747	-	-
Oil and gas taxes	89,255,198	77,236,892	-	-
Federal pell grants	2,602,173	2,233,716	-	-
Investment income	6,076,988	222,176	1,080,775	-
(Loss) gain on disposal of capital assets	(102,251)	15,013	-	-
Other revenue sources	237,719	203,584	8,576	-
Interest expense	(45,669)	-	-	-
Net transfer to New Horizons	(550,000)	(350,000)	-	550,000
Production taxes	-	-	(2,639)	-
Royalties	-	-	25,455	-
Total non-operating revenues and expenses	\$ 122,186,824	\$ 102,961,639	\$ 1,112,167	\$ 550,000

Increase in Net Position

The following table summarizes the College's increase in net position of \$89,343,349 for June 30, 2023 compared to the increase in net position of \$77,561,363 for June 30, 2022. The increase resulted primarily from an increase in local mill levy funding.

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Income before capital appropriations	\$ 88,093,908	\$ 77,357,080	\$ 936,321	\$ 261,189
State appropriations, capital	1,249,441	204,283	-	-
Increase (decrease) in net position	89,343,349	77,561,363	936,321	261,189
Net position, beginning of year	201,956,373	124,395,010	12,357,523	785,547
Net position - end of year	\$ 291,299,722	\$ 201,956,373	\$ 13,293,844	\$ 1,046,736

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

Capital Assets and Debt Administration

At June 30, 2023, the College had \$117,692,210 invested in capital assets as compared to \$114,017,812 at June 30, 2022.

Capital Assets, Net

	June 30, 2023	June 30, 2022	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Land Improvements	\$ 4,387,096	\$ 4,915,898	\$ -	\$ -
Buildings	83,933,309	86,407,537	-	-
Infrastructure	13,232,871	11,728,520	-	-
Software	453,499	627,426	-	-
Library books	372,454	335,430	-	-
Furniture and equipment	1,998,024	2,368,882	-	-
Vehicles	782,489	323,029	-	-
Construction in progress	12,359,905	7,138,527	-	-
Land	172,563	172,563	-	-
Net capital assets	\$ 117,692,210	\$ 114,017,812	\$ -	\$ -

	June 30, 2023	June 30, 2022 Restated	June 30, 2023 NMJC Foundation	June 30, 2023 New Horizons
Subscription assets, net	\$ 935,046	\$ 844,013	\$ -	\$ -

Major capital expenditures during the 2023 fiscal year include the Western Heritage Museum Storage Building and North Gallery, Fire Alarm Upgrade, Master Landscaping Project, Facilities Management System, Watson Hall Renovation, Watson Hall Safety/Security, Student Hub, Campus Housing, Cafeteria, and Campus Wide Access Control.

The College has no debt outstanding at June 30, 2023.

**New Mexico Junior College
Management’s Discussion and Analysis
June 30, 2023**

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:

	2023	2022
Current funds		
Unrestricted Non-I&G	\$ (51,085,478)	\$ (14,875,576)
Restricted Non- I&G	370,334	2,132,816
Unrestricted I&G	3,885,689	1,886,760
Restricted I&G	(188,401)	4,063,352

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. Seventeen 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 about 22% of the NMJC operating budget. Funding expectations from the State Legislative Finance Committee for fiscal year 2024 and beyond remain very positive. The local economy in Lea County was very busy, especially in the oil and gas sector. The oil and gas production have remained strong with production levels steadily increasing. The price for oil and gas has fluctuated from a high of \$100.84 per barrel to a low of \$68.58 per barrel over the last 12 months. At the end of June 2023, the unemployment rate in Lea County was 4.7% while the state unemployment level was 3.5%. 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.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2023**

Economic Outlook (Continued)

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. The price of oil has averaged \$78 a barrel over the last 12 months and is forecasted to increase through 2024. Production in the County remains very strong. It appears that the economy in Lea County for the remainder of 2023 and through 2024 will remain steady with the view that the current price of oil and the level of production continuing throughout the year. 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, 2023	Primary Government	NMJC Foundation	New Horizons Foundation
Assets			
Current assets			
Cash and cash equivalents	\$ 3,583,055	\$ 536,694	\$ 243,903
Short-term investments	203,000,000	951,000	-
Accounts receivable, net	20,268,230	17,016	-
Due from NMJC	-	-	733,610
Inventory	438,057	-	-
Prepaid expenses	440,894	-	18,200
Prepaid summer expenses	262,953	-	-
Total current assets	227,993,189	1,504,710	995,713
Noncurrent assets			
Intangible asset	-	-	76,529
Investments	-	11,572,339	-
Other assets, net	-	227,660	-
Subscription assets, net	935,046	-	-
Non-depreciable capital assets	12,532,468	-	-
Depreciable capital assets, net	105,159,742	-	-
Total noncurrent assets	118,627,256	11,799,999	76,529
Total assets	346,620,445	13,304,709	1,072,242
Deferred outflows of resources			
Deferred outflows - pension	8,253,094	-	-
Deferred outflows - OPEB	1,550,406	-	-
Total deferred outflows of resources	9,803,500	-	-
Total assets and deferred outflows of resources	\$ 356,423,945	\$ 13,304,709	\$ 1,072,242

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

June 30, 2023	Primary Government	NMJC Foundation	New Horizons Foundation
Liabilities			
Current liabilities			
Accounts payable	\$ 1,143,797	\$ 10,865	\$ 25,506
Accrued expenses	1,179,780	-	-
Due to New Horizons Foundation	733,610	-	-
Unearned revenues	1,296,055	-	-
Interest payable	44,694		
Current portion of subscription liabilities	295,938		
Compensated absences	374,256	-	-
Total current liabilities	5,068,130	10,865	25,506
Noncurrent liabilities			
Subscription liabilities, less current maturities	541,432	-	-
Net pension liability	28,678,454	-	-
Net OPEB liability	5,628,746	-	-
Total noncurrent liabilities	34,848,632	-	-
Total liabilities	39,916,762	10,865	25,506
Deferred inflows of resources			
Deferred inflows - pension	18,692,022	-	-
Deferred inflows - OPEB	6,515,439	-	-
Total deferred inflows of resources	25,207,461	-	-
Net position			
Net investment in capital assets	117,789,886	-	76,529
Restricted for			
Nonexpendable endowments	-	7,734,088	-
Expendable grants and contributions	-	5,263,354	-
Unrestricted	173,509,836	296,402	970,207
Total net position	291,299,722	13,293,844	1,046,736
Total liabilities, deferred inflows of resources and net position	\$ 356,423,945	\$ 13,304,709	\$ 1,072,242

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, 2023	Primary Government	NMJC Foundation	New Horizons Foundation
Operating revenues			
Student tuition, fees and trainings	\$ 3,961,478	\$ -	\$ -
Federal grants and contracts	1,475,445	-	-
State and other grants and contracts	1,229,288	-	-
Auxiliary enterprises	2,739,140	-	-
Other operating revenues	281,972	-	-
Gifts, bequests and endowments	-	432,092	-
Total operating revenues	9,687,323	432,092	-
Operating expenses			
Instruction	8,953,641	-	-
Academic support	1,959,932	-	-
Student services	2,467,181	-	-
Institutional support	5,381,186	597,122	282,481
Operations and maintenance	4,606,527	-	-
Public service	132,624	-	-
Internal service	6,832	-	-
Student aid	4,561,915	-	-
Auxiliary enterprise expenses	2,786,870	-	-
Intercollegiate athletics	2,468,166	-	-
Renewals and replacements	3,360,657	-	-
Amortization	-	-	6,330
Depletion	-	10,816	-
SBITA Amortization	325,343	-	-
Depreciation	6,769,365	-	-
Total operating expenses	43,780,239	607,938	288,811
Operating (loss)	(34,092,916)	(175,846)	(288,811)

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

For the Year Ended June 30, 2023	Primary Government	NMJC Foundation	New Horizons Foundation
Non-operating revenues (expenses)			
State appropriations, non-capital	\$ 8,600,896	\$ -	\$ -
Property taxes	16,111,770	-	-
Oil and gas taxes	89,255,198	-	-
Federal pell grants	2,602,173	-	-
Investment income	6,076,988	1,080,775	-
Loss from the disposal of capital assets	(102,251)	-	-
Other revenue and expenses	237,719	8,576	-
Interest expense	(45,669)	-	-
Net transfer to New Horizons	(550,000)	-	550,000
Production (taxes)	-	(2,639)	-
Royalties	-	25,455	-
Net non-operating revenues (expenses)	122,186,824	1,112,167	550,000
Income before capital appropriations	88,093,908	936,321	261,189
State appropriations, capital	1,249,441	-	-
Change in net position	89,343,349	936,321	261,189
Net position, beginning of year	201,956,373	12,357,523	785,547
Net position, end of year	\$ 291,299,722	\$ 13,293,844	\$ 1,046,736

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, 2023	Primary Government
Cash flows from operating activities	
Tuition, fees and trainings	\$ 2,348,326
Federal and state grants and contracts	3,053,082
Auxiliary enterprise charges	2,739,140
Other operating revenues	281,972
Payments to employees and for employee benefits	(21,880,843)
Disbursement of net aid to students	(4,606,211)
Payments to suppliers	(14,248,560)
Net cash (used in) operating activities	
	(32,313,094)
Cash flows from noncapital financing activities	
State appropriations	8,600,896
Federal pell grants	2,602,173
Property taxes	16,062,036
Oil and gas taxes	96,587,411
Net cash provided by noncapital financing activities	
	123,852,516
Cash flows from capital financing activities	
Capital appropriations	1,249,441
Purchase of capital assets	(10,493,560)
Principle paid on SBITDA	(423,019)
Transfer to New Horizons	(550,000)
Due to New Horizons Foundation	215,027
Other revenue sources	237,719
Net cash (used in) capital financing activities	
	(9,764,392)
Cash flows from investing activities	
Purchase of investments	(87,000,000)
Interest received on investments	6,076,988
Net cash (used in) investing activities	
	(80,923,012)
Net increase in cash and cash equivalents	852,018
Cash and cash equivalents - beginning of year	2,731,037
Cash and cash equivalents - end of year	
	\$ 3,583,055

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

For the Year Ended June 30, 2023	Primary Government
Operating (loss)	\$ (34,092,916)
Reconciliation of operating loss to net cash (used in) operating activities	
Depreciation expense	6,769,365
Amortization	325,343
Noncash pension expense	(1,404,402)
Noncash OPEB benefit	(2,067,138)
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable, net	(1,495,427)
Prepaid expenses	132,723
Prepaid summer expenses	(86,415)
Inventory	(13,769)
Accounts payable	293,325
Accrued expenses	37,273
Deferred outflows - subsequent contributions - pension	(660,729)
Deferred outflows - subsequent contributions - OPEB	(8,382)
Unearned revenues	(140,848)
Interest payable	44,694
Compensated absences	54,209
Net cash (used in) operating activities	\$ (32,313,094)
Supplemental cash flow information	
Loss from the disposal of capital assets	\$ (102,251)
Trade-in of vehicle	\$ 25,000

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

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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, GASB Statement No. 80, and GASB Statement No. 90.

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.

New Mexico Junior College Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

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

The College has two discretely presented component units that are required to be reported under GASB Statements No. 14, No. 39, No. 61, No. 80, and No. 90. The discretely presented component units 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.

New Mexico Junior College Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

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

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

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

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.

New Mexico Junior College

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation (Continued)

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. The College does not have any fiduciary funds as of June 30, 2023. The New Mexico Junior College Foundation does have fiduciary funds as of June 30, 2023, which are presented in its separately issued financial statement.

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, net OPEB liability and the estimated useful lives of capital assets.

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).

New Mexico Junior College Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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.

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, 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.

Investments

Cash resources not needed to meet immediate needs are invested with the New Mexico State Treasurer's Office short-term investment pool (LGIP). Amounts invested are readily available to the College when needed and are recorded at cost, which approximates fair value. The College considers cash deposited at the State Treasurer's Office to be investments.

Receivables

Receivables consist primarily of amounts due from federal and state governmental entities for grants and contracts, local government entities for unremitted district mill levy collections, and oil and gas sales, and student and third-party payers for student tuition and fees. The allowance for doubtful accounts is maintained at a level which, in the administration's judgment, is sufficient to provide for possible losses in the collection of these accounts.

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)

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.

Capital Assets

Capital assets, which include property, plant, equipment and right-to-use subscription 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.

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)

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

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

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 three types of items that qualify for reporting in this category related to reporting under GASB 68 and four types that relate to reporting under GASB 75, which total \$8,253,094 and \$1,550,406, respectively, in the statement of net position. The amounts are further detailed in Note 11 and Note 12. 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 three types of items present on the statement of net position that qualify for reporting in this category related to reporting under both GASB 68 and GASB 75. The deferred inflows of resources total \$18,692,022 and \$6,515,439, respectively, in the statement of net position, and are further detailed in Note 11 and Note 12. 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.

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)

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.

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.

Subscription-Based Information Technology Arrangements (SBITAs)

The College recognizes SBITAs that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of an other than short-term SBITA. The College uses a discount rate that they would get from their bank. Short-term subscription payments are expensed when incurred.

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)

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.

Revenues

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.

New Mexico Junior College Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The College receives a significant portion of their revenue from property tax revenue and oil and gas tax revenue. Property tax revenue was \$16,111,770 or 12% of total revenue in fiscal year 2023. Oil and gas production and equipment tax revenue fluctuates significantly upon demand and was \$89,255,198 or 67% of total revenue in fiscal year 2023.

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, the current portion of accrued compensated absences and estimates used in accounting for subscription-based information technology arrangements leases in accordance with GASB Statement No. 96.

New Mexico Junior College

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 22, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the fiscal year ended June 30, 2023, the College adopted GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) and GASB Statement No. 99, *Omnibus 2022*.

The implementation of these statements, besides GASB Statement No. 96, SBITAs, did not have a significant impact on the College because the activities of the College were not affected by the statement in a material manner. GASB Statement No. 96, SBITAs did have a significant impact on the College. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2023, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In accordance with generally accepted accounting principles, the College was required to record subscription assets and subscription liabilities in the amount of \$844,013 each in the statement of net position. There was no impact on net position.

New Mexico Junior College Notes to Financial Statements

Note 3: 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, 2023.

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.

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.

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

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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, 2023, \$5,204,818 of the College's bank balances of \$5,729,972 was exposed to custodial credit risk. \$5,204,818 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name and none of the College's deposits were uninsured and uncollateralized at June 30, 2023.

	Lea County State Bank	Wells Fargo Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 304,939	\$ 5,399,879	\$ 25,154	\$ 5,729,972
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)	(25,154)	(525,154)
Total uninsured public funds	54,939	5,149,879	-	5,204,818
Collateralized by securities held by the trust department or agent other pledging institution or by its than the College's name	54,939	5,149,879	-	5,204,818
Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
Collateral requirement (50% of uninsured public funds)	\$ 27,470	\$ 2,574,940	\$ -	\$ 2,602,410
Pledged security	1,584,265	10,297,001	-	11,881,266
Over collateralization	\$ 1,556,795	\$ 7,722,061	\$ -	\$ 9,278,856

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 3: 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.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at amortized costs. The LGIP is not 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 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), 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.

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.

As of June 30, 2023, the College had the following investments and maturity:

Investment Type	Weighted Average Maturity	Fair Value	Rating*
<i>New MexiGROW</i> LGIP	22 day WAM (R); 86 day WAM (F)	\$203,000,000	AAAm

*Based off Standard & Poor's rating

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.

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.

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

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the College's investment in a single type of security. The College does not have a formal policy to address concentration of credit risk. The College did not have any investments at June 30, 2023, other than investments in the State Treasurer's *New MexiGROW* LGIP. Therefore, they are not subject to any concentration of credit risk.

Reconciliation of Deposits and Investments to the Statement of Net Position

Deposits	\$	5,729,972
<i>New MexiGROW</i> LGIP		203,000,000
<hr/>		
Total deposits and investments		208,729,972
Petty cash		6,396
Less reconciling items		(2,153,313)
<hr/>		
Total cash and cash equivalents and investments		\$ 206,583,055
<hr/>		
Statement of net position		
Cash and cash equivalents	\$	3,583,055
Short-term investments		203,000,000
<hr/>		
Total cash and cash equivalents		\$ 206,583,055
<hr/>		

New Mexico Junior College Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE

The College's accounts receivable at June 30, 2023 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 during the year ended June 30, 2023:

Property taxes	\$ 433,258
Oil and gas taxes	17,102,071
General receivables	1,758,126
Student receivables	2,160,089
Other receivable	172,479
	<hr/> 21,626,023
Less allowance for uncollectible accounts	(1,357,793)
	<hr/> <hr/> \$ 20,268,230

New Mexico Junior College
Notes to Financial Statements

Note 5: CAPITAL ASSETS

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2023. Land and construction in progress are not subject to depreciation.

	June 30, 2022	Additions	Deletions	June 30, 2023
Assets not being depreciated				
Construction in progress	\$ 7,138,527	\$ 5,964,511	\$ (743,133)	\$ 12,359,905
Land	172,563	-	-	172,563
Total assets not being depreciated	7,311,090	5,964,511	(743,133)	12,532,468
Assets being depreciated				
Land improvements	10,472,352	-	-	10,472,352
Buildings	121,704,191	1,267,172	-	122,971,363
Infrastructure	21,782,418	2,610,557	-	24,392,975
Software	2,490,106	30,139	(796,208)	1,724,037
Library books	818,551	162,043	(193,023)	787,571
Furniture and equipment	12,287,718	589,357	(469,456)	12,407,619
Vehicles	2,189,601	638,493	(77,691)	2,750,403
Total assets being depreciated	171,744,937	5,297,761	(1,536,378)	175,506,320
Less accumulated depreciation				
Land improvements	(5,556,454)	(528,802)	-	(6,085,256)
Buildings	(35,296,654)	(3,741,400)	-	(39,038,054)
Infrastructure	(10,053,898)	(1,106,206)	-	(11,160,104)
Software	(1,862,680)	(154,679)	746,821	(1,270,538)
Library books	(483,121)	(125,019)	193,023	(415,117)
Furniture and equipment	(9,918,836)	(954,422)	463,663	(10,409,595)
Vehicles	(1,866,572)	(158,837)	57,495	(1,967,914)
Total accumulated depreciation	(65,038,215)	(6,769,365)	1,461,002	(70,346,578)
Total assets being depreciated, net	106,706,722	(1,471,604)	(75,376)	105,159,742
Net capital assets	\$ 114,017,812	\$ 4,492,907	\$ (818,509)	\$ 117,692,210

Depreciation expense as of June 30, 2023 was \$6,769,365. The College traded in a vehicle for \$25,000 during 2023 as part of the purchase for another vehicle.

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

Note 5: CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets during the year ended June 30, 2023:

	June 30, 2022	June 30, 2022 Restated	Additions	Deletions	June 30, 2023
Subscription assets, being amortized	\$ -	\$ 844,013	\$ 416,376	\$ -	\$ 1,260,389
Less accumulated amortization for subscription-based information technology arrangements	-	-	(325,343)	-	(325,343)
Total accumulated amortization	-	-	(325,343)	-	(325,343)
Subscription assets being amortized, net	\$ -	\$ 844,013	\$ 91,033	\$ -	\$ 935,046

Amortization expense as of June 30, 2023 was \$325,343.

Note 6: ACCRUED EXPENSES

The College's accrued expenses at June 30, 2023 are as follows

Payroll	\$ 426,765
Payroll taxes and related liabilities	753,015
Total accrued expenses	\$ 1,179,780

Note 7: 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, 2023 as follows:

Accrued vacation – beginning of year	\$ 320,047
Additions	166,985
Deletions	(112,776)
Accrued vacation – end of year	\$ 374,256

There was a policy change in vacation accrual that doubled the carry over allowance for vacation. The College estimates that the entire \$374,256 will be due within one year as employees are only allowed to carry over a certain amount of vacation.

New Mexico Junior College Notes to Financial Statements

Note 8: LONG-TERM LIABILITIES

The College has fourteen software arrangements that require recognition under GASBS No. 96. The College now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use subscription asset for various software. The College used a 5.75% discount rate for arrangements that started in 2022 and an 8.75% rate for arrangements that started in 2023 based on rates provided by the College's bank. There are no residual value guarantees in the agreements.

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	June 30, 2022	June 30, 2022 Restated	Additions	Deletions	June 30, 2023	Due within one year
Subscription liabilities	\$ -	\$ 844,013	\$ 416,376	\$ (423,019)	\$ 837,370	\$ 295,938

The following is a schedule of minimum future payments from subscription agreements as of June 30th:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2024	\$ 295,938	\$ 31,922	\$ 327,860
2025	177,839	21,377	199,216
2026	154,414	12,475	166,889
2027	167,534	3,040	170,574
2028	9,384	2,021	11,404
Thereafter	32,262	2,167	34,429
Total	\$ 837,370	\$ 73,002	\$ 910,372

Note 9: 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 10: 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 11: 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 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

General Information about the Pension Plan (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 multiplier, which for those who began employment prior to July 1, 2019, is 0.0235. The multiplier is variable for those who began work after July 1, 2019. 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 allowable service credit add up to the sum of 75 or more and those who retire under the age of 60, and who have fewer than 25 years of earned service credit will receive reduced retirement benefits; 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 and those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55; the member's age and earned service credit add up to the sum of 80 or more and those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits; or the member's age is 67 and has earned five or more years of service credit.

Section 22-11-23.3, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019 but terminated employment and subsequently withdrew all contributions and returned to work for an NMERB employer on or after July 1, 2019. These members must meet one of the following requirements: the member is any age and has thirty or more years of earned service credit; or the member is at least 67 years of age and has 5 or more years of earned service credit; or the sum of the member's age and years of earned service credit equals at least eighty.

New Mexico Junior College Notes to Financial Statements

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

General Information about the Pension Plan (Continued)

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.

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, 2022 plan members are required to contribute 9.92% of their gross salary. NMERB is required to contribute 18.24% of the gross covered salary. Plan members whose annual salary is \$24,000 or less are required to contribute 7.90% of their gross salary. Plan members whose annual salary exceeded \$24,000 are required to contribute 10.70% of their gross salary. Employers contribute 15.15% of the gross covered salary for employees whose annual salary was \$24,000 or less, and 15.15% of the gross covered salary for employees whose salary exceeded \$24,000. Contributions to the pension plan from the College was \$2,393,013 for the year ended June 30, 2023.

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

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

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, 2021. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2022, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022. At June 30, 2023, the College reported a liability of \$28,678,454 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, 2022. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2022, the College's proportion was 0.34053 percent, which was a decrease of 0.0056 percent from its proportion measured as of June 30, 2021

For the year ended June 30, 2023, the College recognized pension expense of \$329,036.

At the June 30, 2023, 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	\$ 1,029,209	\$ 468,436
Net difference between projected and actual earnings on pension plan investments	-	655,002
Changes in assumptions	4,830,872	15,937,185
Changes in proportion	-	1,631,399
<u>Contributions subsequent to the measurement date</u>	<u>2,393,013</u>	<u>-</u>
Total	\$ 8,253,094	\$ 18,692,022

\$2,393,013 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2022, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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,	
2023	\$ (7,587,544)
2024	(5,106,363)
2025	(1,135,707)
2026	997,673
Total	\$ (12,831,941)

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, 2021. The total pension liability was rolled forward from the valuation date to June 30, 2022 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the rollforward liabilities as of June 30, 2022. For purposes of projecting future benefits, it is assumed that the full COLA will be paid in all future years.

The total pension liability was rolled forward from the valuation date to June 30, 2022 using generally accepted actuarial principles and incorporated the following changes to the Plan's provisions: Change to the employer contribution rate, which increased the employer contribution by 1% each year for the next fiscal year, resulting in a 16.15% employer contribution rate in fiscal year 2023. As a result of these changes and the excellent performance of the fund for the fiscal year, the discount rate was 7.00%.

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

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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, 2019 to June 30, 2049
Asset Valuation Method	5 year smoothed market
Inflation	2.3%
Salary Increase	Composed of 2.30% inflation, plus 0.70% productivity increase rate, plus step rate promotional increases for members with less than 15 years of service
Investment Rate of Return	7.00%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 17, 2020 in conjunction with the six-year experience study for the period ending June 30, 2019.
Mortality	Healthy males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. Healthy females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.); 2) application of key economic projections (inflation, real growth, dividends, etc.); and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

New Mexico Junior College Notes to Financial Statements

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 in August 2019.

Comparative Schedule of Target Investment Allocation

Asset Class	After Allocation	Policy Target
Equities		
<i>Domestic Equities</i>		
Large cap equities	11.5%	14.0%
Small- mid cap equities	2.0%	3.0%
Total domestic	13.5%	17.0%
<i>International Equities</i>		
Developed	4.3%	5.0%
Emerging markets	6.4%	9.0%
Total international	10.7%	14.0%
Total equities	24.2%	31.0%
Fixed Income		
Core fixed income	4.5%	6.0%
Opportunistic credit	17.0%	16.0%
Emerging markets debt	1.4%	2.0%
Total fixed income	22.9%	24.0%
Alternatives		
Global asset allocation	2.5%	2.0%
Risk parity	4.1%	3.0%
Other diversifying assets	4.6%	7.0%
REITs	2.1%	2.0%
Private real estate	6.5%	6.0%
Private equity	22.5%	15.0%
Inflation-linked assets	9.5%	9.0%
Total alternatives	51.8%	44.0%
Cash	1.1%	1.0%
Total	100.0%	100.0%

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

Note 11: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate - A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2022. 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 (6.00%) or one percentage point higher (8.00%) than the single discount rate.

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Proportionate share of the net pension liability	\$ 38,885,588	\$ 28,678,454	\$ 20,242,404

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, 2022, 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.

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND

General Information about the Other Post-Employment Benefits Plan

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

New Mexico Junior College Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

General Information about the Other Post-Employment Benefits Plan (Continued)

The purpose is to provide eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

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

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the New Mexico Retiree Health Care Authority at 6300 Jefferson Street NE, Suite 150, Albuquerque, NM 87109.

Benefits provided - The Act authorizes the 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 Authority or viewed on their website at www.nmrhca.org.

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

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

General Information about the Other Post-Employment Benefits Plan (Continued)

Employees covered by benefit terms - At June 30, 2022, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	53,092
Inactive and eligible for deferred benefit	11,759
Current active members	92,520
	157,371
Active membership	
State general	18,691
State police and corrections	1,919
Municipal general	20,357
Municipal police	1,573
Municipal FTRE	756
Educational Retirement Board	49,224
	92,520

Contributions - The employer, employee, and retiree contributions are required to be remitted to the Authority 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, 2022, 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.

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

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND

General Information about the Other Post-Employment Benefits Plan (Continued)

The College's contributions to the plan for the year ended June 30, 2022 totaled \$255,742, which equals the required contributions for the year. At June 30, 2023, the College reported a liability of \$5,628,746 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the College's proportion was 0.24350 percent which was a decrease of .00559 percent from June 30, 2021.

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

For the year ended June 30, 2023, the recognized OPEB benefit of (\$1,779,144). At June 30, 2023, 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	\$ 93,623	\$ 756,685
Changes in proportion	-	1,586,228
Changes in assumptions	1,201,041	4,172,526
Contributions subsequent to the measurement date	255,742	-
Total	\$ 1,550,406	\$ 6,515,439

\$255,742 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, 2023. 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:	
2023	\$ (1,737,445)
2024	(1,273,697)
2025	(821,326)
2026	(923,825)
2027	(464,482)
Total	\$ (5,220,775)

New Mexico Junior College Notes to Financial Statements

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021. The mortality, retirement, disability, turnover, and salary increase assumptions for PERA members are based on the PERA actuarial valuation as of June 30, 2018 and for ERB members are based on the ERB actuarial valuation as of June 30, 2020. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2021
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	2.30% for ERB member, 2.50% for PERA members
Projected payroll increase	3.25% to 13.00% based on years of service, including inflation
Investment rate of return	7.00%, 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: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

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

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

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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%	0.4%
U.S. equity - large cap	20%	6.6%
Non U.S. - emerging markets	15%	9.2%
Non U.S. - developed equities	12%	7.3%
Private equity	10%	10.6%
Credit and structured finance	10%	3.1%
Real estate	5%	3.7%
Absolute return	5%	2.5%
U.S. equity - small/mid cap	3%	6.6%

Discount rate - The discount rate used to measure the total OPEB liability is 5.42% as of June 30, 2022. 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 Authority'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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% is the blended discount rate.

Basis for Allocation - The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2022.

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

Note 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 5.42% 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 (4.42 percent) or 1-percentage-point higher (6.42 percent) than the current discount rate:

1% Decrease (4.42%)	Current Discount Rate (5.42%)	1% Increase (6.42%)
\$ 7,004,627	\$ 5,628,746	\$ 4,531,756

The following presents the Net OPEB Liability of NMRHCA as of June 30, 2022, 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
\$ 4,510,091	\$ 5,628,746	\$ 6,582,132

OPEB plan fiduciary net position - The discount rate used to measure the total OPEB liability is 5.42% as of June 30, 2022. 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 Authority'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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% is the blended discount rate.

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, 2023, the College recorded a payable to NMRHCA in the amount of \$41,035 for the contributions withheld in the month of June 2023, which is included in the Accrued Payroll on the Statement of Net Position.

New Mexico Junior College Notes to Financial Statements

Note 13: 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 14: 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. The College has commitments as of June 30, 2023 for the following:

Vendor	Project Description	Amount
Bridgers and Paxton	Campus Wide Fire Alarm Upgrade Design Fee	\$ 10,669
Bridgers and Paxton	Campus Wide Facility Management System Upgrade	10,524
Lynco Electric Co., Inc.	Fire Alarm System Update	47,667
Donner Plumbing & Heating	Facility Management System Upgrade	130,498
Dekker/Perich/Sabatini	Basic Services for Campus	19,182
Bridgers and Paxton	Replace Air Handler (Parnell & Bob Moran)	12,544
Dekker/Perich/Sabatini	DPS-Professional Service for Campus wide Landscape	14,771
Dekker/Perich/Sabatini	Professional Service for the new Cafeteria	479
Dekker/Perich/Sabatini	Professional Service for New Student Apts	99,620
Dekker/Perich/Sabatini	Athletics Master Plan	4,385
Ellucian Company, PL	Banner Consulting	5,904
IPS, INC	Blanket Purchase Order for Troubleshoot & Maint	5,566
Cooperative Educational Svc	Donner Plumbing Student Housing	24,926
IPS, INC	Multi Sensor Outdoor VR Cameras with Wall Mounts	8,538
Partnership LLC	Estimated Shipping Charge	3,295
Mid-America Arts Alliance	Exhibition for Walking in Antarctica	5,250
Dekker/Perich/Sabatini	Professional Services for NMJC Vocational	146,316
Hohenberger Inc.	Access Control for Watson, Levell, Zia, Allied, &Tbird	387,329
Donner Plumbing & Heating	Mechanical Installation for ATC	57,656
Dekker/Perich/Sabatini	Mansur Hall Renovation Basic Services	404,076
Cooperative Educational Svc	Bradbury Glass Work for the Display Shelving Units	5,995
GWC Construction Inc	Portable Toilet Rental	2,230

(Continued)

New Mexico Junior College
Notes to Financial Statements

Note 14: COMMITMENTS AND CONTINGENCIES (Continued)

Vendor	Project Description	Amount
D & D Automation and Electric, LLC	Service Agreement for card readers and software	\$ 3,985
Hungry Horse Electrical, LLC	Student Housing Micellaneous	4,996
Mayfield Paper Company	Paper and Card Stock Blanket PO	3,173
A-B Automotive Equipment LLC	Install (4) two post lifts	7,100
Dekker/Perich/Sabatini	Design- Mary Hagelstein Renovation	13,234
Bridgers and Paxton	NMJC Utility Master Plan	30,007
Hohenberger Inc.	Watson Arts Cam & AC	49,494
Hohenberger Inc.	Watson Arts Data	89,390
Officewise Furniture and Supply	Motivate Nest/Stack Chair for Business Office	4,143
Pettigrew and Associates PA	NMJC 2022 Master Drainage Plan	55,295
Dekker/Perich/Sabatini	Professional Service for Student Hub Building	969
Cooperative Educational Svc	Digital Console for Live and Studio	51,871
Caprock AC and Heating	Replacement of two 3 ton AC units Eunice Radio tower	13,705
Dugmore & Duncan	Keso Cylinders	364
BSN Sports	Clothing for athletic sports	8,477
Caldwell,Don	Entertainment Events 9/9 & 11/10	12,000
BSN Sports	Athletes Shoes	1,725
Economic Modeling, LLC	EIS Agreement between Lightcase & NMJC	4,250
Doportto Construction Company	New Fencing around track area	1,001
Bosch Automotive Service	Ford Kit Dynamic Diagnostice Charging System	11,814
Napa Auto Parts	R1234YF Machine	7,499
Officewise Furniture and Supply	Furniture for Dorms	35,615
Sister Bay Furniture	Furniture for Museum	55,681
BSN Sports	Womens Golf-Fall Uniforms	6,164
The KeynoteShop, LLC	2023 Moran Lecture Series	3,750
Chalmers Ford, Inc.	Ford F350 Crew Cab	276,648
BSN Sports	Golf Shoes for Athletes	7,764
BSN Sports	Womens Basketball Apparel	8,388
Matheson Tri-Gas, Inc.	Votech welder units	99,689
BSN Sports	Baseball Apparel	10,562
Hohenberger Inc.	Install Access Control for Bob Moran-LETA	5,749
Elias Diversified, Inc	Welding Beds Setup for VoTech	33,000
Hohenberger Inc.	Literacy Alliance Bldg 2N Intercom & Answer station	11,694
Dekker/Perich/Sabatini	Watson Hall Bidding, Negotiation, & Construction	147,079
Ortiz,Ramon	Repair Rodeo Arena Fencing replace posts	24,000
Bradbury Stamm Construction, Inc.	Vestible & Safety Project GOB & STB	2,255,325
Bradbury Stamm Construction, Inc.	Watson Hall Renovation GOB & GF	5,312,837
Johnson Controls Inc	Perform Annual on one York YK Chiller	6,825
Johnson Controls Inc	Replace bearings on YK chiller motor	12,908
Cooperative Educational Svc	Bob Moran Seal Coat & Restripe	52,454
Ellucian Company, PL	1 year Cloud Software	96,709
Total		\$ 10,244,752

New Mexico Junior College Notes to Financial Statements

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.

Note 16: TAX ABATEMENTS

The New Mexico Junior College had no tax abatements during the year ended June 30, 2023. The College is not subject to any tax abatement agreements entered into by other governmental entities.

Note 17: LEGISLATIVE GRANTS

The College had the following legislative grants funded by Severance Tax Bonds (STB) and General Obligation Bonds (GOB) as of June 30, 2023:

Project	Agency	Grant #	Effective Date	Reversion Date
NMJC Heidel Hall, Watson Hall and Mary				
Hagelstein Air Handler Replacement	Higher Education Department	STB E2835	11/17/2020	6/30/2024
NMJC Library Acquisitions	Higher Education Department	GOB E5298	8/15/2021	6/30/2024
NMJC Infrastructure	Higher Education Department	GOB E5308	7/15/2021	6/30/2024
NMJC Watson Hall Renovation	Higher Education Department	GOB E5309	7/15/2021	6/30/2024
NMJC VoTech Construct and Equipment	Higher Education Department	STB G3192	7/29/2022	6/30/2024
NMJC Infrastructure	Higher Education Department	STB F3082	7/15/2021	6/30/2025
NMJC Vocational Trades Building	Higher Education Department	GOB G5380	6/9/2023	6/30/2026

Project	Expenditures			
	Net Amount	to Date	Reverted	Remaining
NMJC Heidel Hall, Watson Hall and Mary				
Hagelstein Air Handler Replacement	\$ 750,000	\$ 520,785	\$ -	\$ 229,215
NMJC Library Acquisitions	24,164	23,420	-	744
NMJC Infrastructure	2,000,000	356,864	-	1,643,136
NMJC Watson Hall Renovation	1,980,000	448,592	-	1,531,408
NMJC VoTech Construct and Equipment	400,000	-	-	400,000
NMJC Infrastructure	1,750,000	-	-	1,750,000
NMJC Vocational Trades Building	2,079,000	-	-	2,079,000
	\$ 8,983,164	\$ 1,349,661	\$ -	\$ 7,633,503



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	2023	2022	2021	2020
Measurement Date	2022	2021	2020	2019
Proportion of the net pension liability	0.34053%	0.34613%	0.36921%	0.38098%
Proportionate share of the net pension liability	\$28,678,454	\$24,531,848	\$74,823,690	\$28,868,005
Covered payroll	12,367,886	12,329,776	13,019,838	12,560,775
Proportionate share of the net pension liability as a percentage of covered payroll	231.88%	198.96%	574.69%	229.83%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	69.77%	39.11%	64.13%

* 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,				
2019	2018	2017	2016	2015
2018	2017	2016	2015	2014
0.40443%	0.41202%	0.41659%	0.41028%	0.39594%
\$48,092,108	\$45,789,710	\$29,979,623	\$26,574,937	\$22,591,262
12,992,158	13,745,513	13,754,379	13,510,416	12,546,461
370.16%	333.12%	217.96%	196.70%	180.06%
52.17%	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,	2023	2022	2021	2020
Contractually required contribution	\$ 2,393,013	\$ 1,732,284	\$ 1,568,839	\$ 1,699,421
Contributions in relation to the contractually required contribution	2,393,013	1,732,284	1,568,839	1,699,421
Contribution deficiency (excess)	-	-	-	-
Covered payroll	14,832,877	12,367,886	12,329,776	13,019,838
Contributions as a percentage of covered payroll	16.13%	14.01%	12.72%	13.05%

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

See notes to required supplementary information.

2019	2018	2017	2016	2015
\$ 1,571,101	\$ 1,566,113	\$ 1,651,563	\$ 1,654,037	\$ 1,567,745
1,571,101	1,566,113	1,651,563	1,654,037	1,567,745
-	-	-	-	-
12,560,775	12,992,158	13,745,513	13,754,379	13,510,416
12.51%	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*

	June 30,		
Fiscal Year	2023	2022	2021
Measurement Date	2022	2021	2020
Proportion of the net OPEB liability	0.24350%	0.24909%	0.26571%
Proportionate share of the net OPEB liability	\$ 5,628,746	\$ 8,195,932	\$11,156,918
Covered payroll	12,367,886	12,329,776	13,019,838
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	45.51%	66.47%	85.69%
Plan fiduciary net position as a percentage of the total	33.33%	25.39%	16.50%

* 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, the College will present information for those years for which information is available.

See notes to required supplementary information.

June 30,		
2020	2019	2018
2019	2018	2017
0.28323%	0.30294%	0.31504%
\$ 9,183,418	\$13,172,904	\$14,276,583
12,560,775	12,992,158	13,745,513
73.11%	101.39%	103.86%
18.92%	13.14%	11.34%

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,	2023	2022	2021
Contractually required contributions	\$ 255,742	\$ 247,360	\$ 242,598
Contributions in relation to the contractually required contribution	(255,742)	(247,360)	(242,598)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 New Mexico Junior College's covered-employee payroll	 \$14,832,877	 \$12,367,886	 \$12,329,776
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, the College will present information for those years for which information is available.

See notes to required supplementary information.

2020	2019	2018
\$ 256,229	\$ 258,718	\$ 255,779
<u>(256,229)</u>	<u>(258,718)</u>	<u>(255,779)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$13,019,838	\$12,560,775	\$12,992,158
2.00%	2.00%	2.00%

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 FY22 audit available at https://www.nmrhca.org/wp-content/uploads/2023/01/RPTS-05496.019-NMRHCA-6_30_2022-Measurement-GAS-74-Report5745459.2.pdf

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2022 report is available at <https://www.nmrhca.org/wp-content/uploads/2022/12/343-Retiree-Health-Care-Authority-FY22-Final-Report.pdf>. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2022 valuation.



SUPPLEMENTARY INFORMATION



New Mexico Junior College
Unrestricted and Restricted - All Operations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2023	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Final to Actual
Beginning fund balance	\$ 107,951,823	\$ 141,715,377	\$ 141,715,373	\$ (4)
Unrestricted and restricted revenues				
State appropriations	7,853,600	8,549,096	8,549,096	-
State capital appropriations	6,223,970	4,844,727	1,280,966	(3,563,761)
Investment income	60,000	5,223,271	6,076,988	853,717
State grants and contracts	344,245	385,212	1,035,970	650,758
Federal revenue sources	5,445,824	5,586,610	4,448,467	(1,138,143)
Other grants and contracts	-	-	44,381	44,381
Public Service	244,091	293,310	193,317	(99,993)
Tuition and fees	3,805,562	3,804,088	3,961,478	157,390
Local funding	19,376,168	98,967,003	105,366,968	6,399,965
Auxiliary enterprises	2,756,942	2,504,902	2,731,706	226,804
Internal service	60,800	57,085	57,147	62
Other revenue	124,169	208,314	446,492	238,178
Total unrestricted and restricted revenues	46,295,371	130,423,618	134,192,976	3,769,358
Unrestricted and restricted expenditures				
Instruction	11,790,223	13,582,387	10,671,793	2,910,594
Academic support	2,990,242	3,062,038	2,489,539	572,499
Student services	2,919,843	3,268,483	2,794,382	474,101
Institutional support	6,353,003	7,138,704	6,395,860	742,844
Operation and maintenance of plant	4,615,295	5,729,882	4,746,931	982,951
Public Service	303,391	352,610	227,281	125,329
Internal service	97,992	267,730	214,564	53,166
Student aid, grants and stipends	4,656,696	5,196,962	4,865,884	331,078
Auxiliary services	2,348,323	3,012,636	2,829,974	182,662
Intercollegiate athletics	2,536,794	3,259,649	2,900,517	359,132
Renewal and replacement	76,832,300	23,970,765	13,562,559	10,408,206
Other grants	-	-	44,381	(44,381)
Total unrestricted and restricted expenditure	115,444,102	68,841,846	51,743,665	17,098,181
Net transfers	-	-	(550,000)	(550,000)
Change in fund balance (budgetary basis)	(69,148,731)	61,581,772	81,899,311	20,317,539
Ending fund balance	\$ 38,803,092	\$ 203,297,149	\$ 223,614,684	\$ 20,317,535
Change in net position per statement of revenues, expenses and changes in net position			\$ 89,343,349	
Instruction capital outlay			(5,315)	
Renewals and replacements capital outlay			(162,043)	
Institutional Support Capital Outlay			(71,738)	
Academic support capital outlay			(10,280,043)	
Net book value of capital assets disposed			75,376	
Net pension change			(2,065,131)	
Net OPEB change			(2,075,520)	
Interest expense			45,669	
Depreciation expense			6,769,365	
Amortization expense			325,342	
Financial statements change in net position reconciled			\$ 81,899,311	

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

For the Year Ended June 30, 2023	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$104,909,000	\$139,260,101	\$ 139,260,096	\$ (5)
Unrestricted revenues				
State appropriations	558,600	558,600	558,600	-
State capital appropriations	6,223,970	4,844,727	1,280,966	(3,563,761)
Investment income	60,000	5,223,271	6,076,988	853,717
Internal service	60,800	57,085	57,147	62
Auxiliary enterprises	2,756,942	2,504,902	2,731,706	226,804
Other	-	2,000	206,609	204,609
Total unrestricted revenues	9,660,312	13,190,585	10,912,016	(2,278,569)
Unrestricted expenditures				
Public service	59,300	59,300	33,964	25,336
Internal services	97,992	267,730	214,564	53,166
Student aid	760,880	980,031	998,166	(18,135)
Auxiliary enterprises	2,348,323	3,012,636	2,829,974	182,662
Intercollegiate athletics	2,536,794	3,259,649	2,900,517	359,132
Renewal and replacement	76,832,300	23,970,765	13,562,559	10,408,206
Total unrestricted expenditures	82,635,589	31,550,111	20,539,744	11,010,367
Net transfers	3,972,711	77,643,764	90,373,512	12,729,748
Change in fund balance (budgetary basis)	(69,002,566)	59,284,238	80,745,784	21,461,546
Ending fund balance	\$ 35,906,434	\$198,544,339	\$ 220,005,880	\$ 21,461,541

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

For the Year Ended June 30, 2023	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Public service	244,091	293,310	193,317	(99,993)
Federal student aid	3,895,816	4,216,931	3,031,427	(1,185,504)
State student aid	-	-	836,291	836,291
Private grants	-	-	44,381	44,381
Total restricted revenues	4,139,907	4,510,241	4,105,416	(404,825)
Restricted expenditures				
Public service	244,091	293,310	193,317	99,993
Federal student aid	3,895,816	4,216,931	3,031,427	1,185,504
State student aid	-	-	836,291	(836,291)
Private grants	-	-	44,381	(44,381)
Total restricted expenditures	4,139,907	4,510,241	4,105,416	404,825
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

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

For the Year Ended June 30, 2023	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$3,042,823	\$ 2,455,276	\$ 2,455,277	\$ 1
Unrestricted revenues				
State appropriations	7,295,000	7,990,496	7,990,496	-
Local funding	19,376,168	98,967,003	105,366,968	6,399,965
Tuition and fees	3,805,562	3,804,088	3,961,478	157,390
Federal grants and contracts	33,700	82,739	195,898	113,159
Other revenue	124,169	206,314	239,883	33,569
Total unrestricted revenues	30,634,599	111,050,640	117,754,723	6,704,083
Unrestricted expenditures				
Instruction	11,425,267	13,184,355	10,346,488	2,837,867
Academic support	2,751,554	2,921,190	2,398,699	522,491
Student services	2,557,559	2,827,588	2,432,077	395,511
Institutional support	5,458,378	6,446,327	5,753,489	692,838
Operation and maintenance	4,615,295	5,729,882	4,746,931	982,951
Total unrestricted expenditures	26,808,053	31,109,342	25,677,684	5,431,658
Net transfers	(3,972,711)	(77,643,764)	(90,923,512)	(13,279,748)
Change in fund balance (budgetary basis)	(146,165)	2,297,534	1,153,527	(1,144,007)
Ending fund balance	\$2,896,658	\$ 4,752,810	\$ 3,608,804	\$ (1,144,006)

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

For the Year Ended June 30, 2023	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Federal government contracts/grants	1,516,308	1,286,940	1,221,142	(65,798)
State government contracts/grants	344,245	385,212	199,679	(185,533)
Total restricted revenues	1,860,553	1,672,152	1,420,821	(251,331)
Restricted expenditures				
Instruction	364,956	398,032	325,305	72,727
Academic support	238,688	140,848	90,840	50,008
Student services	362,284	440,895	362,305	78,590
Institutional support	894,625	692,377	642,371	50,006
Total restricted expenditures	1,860,553	1,672,152	1,420,821	251,331
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, 2023

Account Name	Type	Lea County State Bank	New MexiGROW LGIP	Wells Fargo Bank	Western Commerce Bank	Total
NMJC	Checking-interest bearing	\$ -	\$ -	\$ -	\$ 25,154	\$ 25,154
Instructional and general	Checking-non-interest bearing	-	-	5,399,879	-	5,399,879
NMJC money market	Deposit-interest bearing	32,959	-	-	-	32,959
Pell federal account	Checking-non-interest bearing	107,557	-	-	-	107,557
Payroll dep account	Checking-non-interest bearing	121,204	-	-	-	121,204
Flexible spending account	Checking-non-interest bearing	43,219	-	-	-	43,219
NMJC	Short-Term Investment	-	203,000,000	-	-	203,000,000
Amounts on deposit		304,939	203,000,000	5,399,879	25,154	208,729,972
Outstanding items		(14,297)	-	(2,139,016)	-	(2,153,313)
Reconciled balance		\$ 290,642	\$ 203,000,000	\$ 3,260,863	\$ 25,154	206,576,659
Petty cash						6,396
Total deposit and investments						\$ 206,583,055
Reconciliation to the financial statements						
Cash and cash equivalents						\$ 3,583,055
Short-term investment						203,000,000
Total deposits and investments						\$ 206,583,055

New Mexico Junior College
Schedule of Collateral Pledged by Depository
June 30, 2023

Depository	Description of Pledged Collateral	Fair Market Value June 30, 2023	Name and Location of Safekeeper
Lea County State Bank			
	Alamogordo NM SD 2.05% CUSIP #011464HY3, due 8/1/2023	\$ 648,947	The Independent Bankers Bank Farmers Branch, TX
	Los Alamos NM MSD 5% CUSIP #189414MA0, due 08/1/2024	244,728	The Independent Bankers Bank Farmers Branch, TX
	Hobbs NM SD 2.25% CUSIP #43385QBD8, due 09/15/2027	475,620	The Independent Bankers Bank Farmers Branch, TX
	University of NM Valencia County 3% CUSIP #914696DU0, due 8/1/2026	214,970	The Independent Bankers Bank Farmers Branch, TX
Total Lea County State Bank		1,584,265	
Wells Fargo Bank			
	FNMA 2.5% CUSIP #3140XAGN6, due 9/1/2054	9,037,896	Bank of New York Mellon New York, NY
	GNMA G2SF 4.5% CUSIP #36179xIG9, due 11/20/2052	1,259,105	Bank of New York Mellon New York, NY
Total Wells Fargo Bank		10,297,001	
Total pledged collateral		\$ 11,881,266	

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COMPLIANCE SECTION



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

Joseph M. Maestas, P.E., New Mexico State Auditor
The Office of Management and Budget and
New Mexico Junior College Board
New Mexico Junior College
Hobbs, New Mexico

We have audited, in accordance with the 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 and the discretely presented component units of the New Mexico Junior College (the “College”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated October 31, 2023. We also have audited the budgetary schedules presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2023, as listed in the table of contents.

Report on 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.

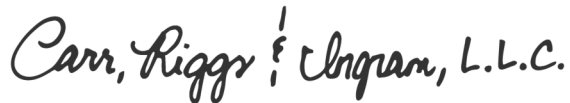
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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, LLC
Albuquerque, NM
October 31, 2023

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

Joseph M. Maestas, P.E., New Mexico State Auditor
The Office of Management and Budget and
New Mexico Junior College Board
New Mexico Junior College
Hobbs, New Mexico

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the New Mexico Junior College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2023. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 31, 2023

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**New Mexico Junior College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Passthrough Grantor/Program Title	Grant/Pass-Through Number	Federal Assistance Listing Number
U.S. Department of Education		
<i>Direct programs</i>		
Student Financial Assistance Cluster		
Federal Pell Grant Program (1)	N/A	84.063
Federal Supplemental Educational Opportunity Grants (1)	N/A	84.007
Federal Work Study Program (1)	N/A	84.033
Federal Direct Student Loans (1)	N/A	84.268
<hr/>		
Total Student Financial Assistance Cluster		
<hr/>		
TRIO Cluster		
TRIO-Student Support Services	N/A	84.042A
<hr/>		
Total TRIO Cluster		
<hr/>		
ARP: Higher Education Emergency Relief Fund III		
Institutional Portion	N/A	84.425F
<hr/>		
Total CARES Act: Higher Education Emergency Relief Fund III		
<hr/>		
<i>Passed through New Mexico Higher Education Department</i>		
GEER	41117	84.425C
<i>Passed through New Mexico Regents of the University of New Mexico</i>		
CHECS-GEER Funding	4118	84.425C
<hr/>		
Total Education Stabilization Fund		
<hr/>		
<i>Passed through New Mexico Public Education Department</i>		
Adult Education - Basic Education Federal	V002A190032	84.002
<hr/>		
Total U.S. Department of Education		
<hr/>		
U.S. Department of the Treasury		
<i>Passed through New Mexico Higher Education Department</i>		
COVID-19 Coronavirus State and Local	N/A	21.027
<hr/>		
Total U.S. Department of the Treasury		
<hr/>		
Total federal financial assistance		
<hr/>		

() Denotes Cluster

See accompanying notes to schedule of expenditures of federal awards.

Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
\$ 2,602,173	\$ -	\$ -
50,750	-	-
30,155	-	-
348,349	-	-
<u>3,031,427</u>	-	-
362,305	-	-
<u>362,305</u>	-	-
642,371	-	-
<u>642,371</u>	-	-
45,000	-	-
23,340	-	-
<u>710,711</u>	-	-
125,626	-	-
<u>125,626</u>	-	-
644,565	-	-
<u>644,565</u>	-	-
<u>\$ 4,874,634</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023

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 2023 totaled \$348,349.

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	\$ 4,874,634
Total expenditures funded by other sources	38,905,605
<hr/>	
Total operating expenditures	<hr/> \$ 43,780,239 <hr/>

**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2023**

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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|---------------------------------------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| 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:

Assistance Listing

Numbers

Federal Program

84.063
84.007
84.033
84.268

Student Financial Assistance Cluster
Federal Pell Grant program
Federal SEOG program
Federal Work Study Program
Federal Direct Student Loans

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

**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2023**

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

New Mexico Junior College Foundation

None noted.

New Horizons Foundation

None noted.

SECTION VI: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

2022-001 – Improper Recording of Custodial Funds – Material Weakness - Resolved

Component Unit Findings

2022-001 – Improper Recording of Custodial Funds – Material Weakness - Resolved

**New Mexico Junior College
Other Disclosures
June 30, 2023**

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 27, 2023. The following individuals were in attendance:

College Officials:

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller

New Mexico Junior College Foundation Officials:

Tina Kunko	NMJC Foundation Controller
Josh Morgan	Board Member, Vice-President for Finance

New Horizons Foundation Officials:

Dr. Derek Moore	Board Member
Tina Kunko	New Horizons Foundation CFO

Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior 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.



State of New Mexico
New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
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June 30, 2023

INTRODUCTORY SECTION

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**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Official Roster
June 30, 2023**

Name

Title

ADMINISTRATIVE OFFICIALS

Tina Kunko

Controller NMJC Foundation

BOARD

Rosi Insilan

President

Allyson Roberts

Vice-President

Tina Kunko

Secretary

Josh Morgan

Treasurer

Rosa Carrillo

Member

Pat Chappelle

Member

Aaron Forrister

Member

Megan Gallegos

Member

Joshua Grassham

Member

Guy Kesner

Member

Derek Moore

Member

Rhonda Tyler

Member

Gene Strickland

Member

Michael Tavares

Member

Summer Wright

Member

Robert Guthrie

Member

Lisa Hardison

Member

Isaac Holguin

Member

Bianca Salinas

Member

David Whitten

Member

Michael Raburn

Member

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., New Mexico State Auditor
New Mexico Junior College Foundation Board
New Mexico Junior College Foundation
Hobbs, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of New Mexico Junior College Foundation (the "Foundation"), a component unit of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Foundation, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only the Foundation. They do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2023, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 31, 2023

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BASIC FINANCIAL STATEMENTS



New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Statement of Net Position

June 30, 2023

Assets	
Current assets	
Cash and cash equivalents	\$ 536,694
Investments	951,000
Accounts receivable	17,016
<hr/>	
Total current assets	1,504,710
<hr/>	
Noncurrent assets	
Investments	11,572,339
Other assets, net	227,660
<hr/>	
Total noncurrent assets	11,799,999
<hr/>	
Total assets	\$ 13,304,709
<hr/>	
Liabilities	
Current liabilities	
Accounts payable	\$ 10,865
<hr/>	
Total current liabilities	10,865
<hr/>	
Total liabilities	10,865
<hr/>	
Net position	
Restricted for	
Nonexpendable endowments	7,734,088
Expendable grants and contributions	5,263,354
Unrestricted	296,402
<hr/>	
Total net position	13,293,844
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Total liabilities and net position	\$ 13,304,709
<hr/>	

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

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

Operating revenues	
Gifts, bequests and endowments	\$ 432,092
<hr/>	
Total operating revenues	432,092
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Operating expenses	
Scholarships	257,040
Workstudy	29,628
Program assistance	92,824
Salaries and benefits	161,324
Office expenses	4,900
Travel	265
Fundraising expenses	14,036
Goodwill/promotion expense	26,061
Other	357
Awards	4,000
Maintenance	6,687
Depletion	10,816
<hr/>	
Total operating expenses	607,938
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Operating (loss)	(175,846)
<hr/>	
Non-operating revenues (expenses)	
Investment gain	1,080,775
Other revenue	8,576
Production (taxes)	(2,639)
Royalties	25,455
<hr/>	
Net non-operating revenues (expenses)	1,112,167
<hr/>	
Change in net position	936,321
<hr/>	
Net position, beginning of year	12,357,523
<hr/>	
Net position, end of year	\$ 13,293,844

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

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities	
Receipts from gifts, bequests and endowments	\$ 435,496
Payments to employees and for employee benefits	(161,324)
Disbursement of net aid to students	(379,492)
Payments to suppliers	(68,209)
Net cash (used in) operating activities	(173,529)
Cash flows from investing activities	
Proceeds from sale of investments	4,396,114
Proceeds from maturity of certificates of deposits	245,000
Purchase of certificates of deposits	(951,000)
Purchases of investments	(4,792,016)
Interest and fees paid on investments	(106,145)
Interest received on investments	405,568
Net cash (used in) investing activities	(802,479)
Net decrease in cash and cash equivalents	(976,008)
Cash and cash equivalents - beginning of year	1,512,702
Cash and cash equivalents - end of year	\$ 536,694

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

For the Year Ended June 30, 2023

Operating (loss) \$ (175,846)

Reconciliation of operating loss to net cash (used in) operating activities

Depletion expense 10,816

Changes in assets and liabilities

Accounts receivable, net 3,404

Accounts payable (11,903)

Net cash (used in) operating activities \$ (173,529)

Supplemental cash flow information

Investment unrealized (losses) \$ 179,438

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

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023	Custodial Fund
Assets	
Cash and cash equivalents	\$ 243,331
Total assets	\$ 243,331
Net position	
Restricted for Student organizations	\$ 243,331
Total net position	\$ 243,331

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

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Year Ended June 30, 2023	Custodial Fund
Additions	
Auction proceeds	\$ 1,367
Concession Stand Proceeds	6,910
Contributions	5,646
Gifts and bequests	123,646
Initiation and graduation fees	1,381
Other Income	336
Total additions	139,286
Deductions	
Events	4,852
Program Assistance	26,456
Supplies	1,359
Miscellaneous	292
Travel Students	5,139
Transfer to Endowment	1,881
Total deductions	39,979
Net increase in fiduciary net position	99,307
Net position, beginning of year	144,024
Net position - end of year	\$ 243,331

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

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New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Mexico Junior College Foundation (the "Foundation") is a legally separate, tax-exempt component unit of the New Mexico Junior College (the "College") and was incorporated by the College in 1970. 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 a discretely presented component unit of the College and reported upon as a part of the basic financial statements of the College. The College issues separately issued financial statements. Additional information regarding the College may be obtained directly from their administrative office as follows: 1 Thunderbird Circle, Hobbs, New Mexico 88240.

These financial statements include those activities and functions related to the Foundation which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of the College, taken as a whole in accordance with generally accepted accounting principles (GAAP).

Reporting Entity

In evaluating how to define the Foundation, 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, GASB Statement No. 80, and GASB Statement No. 90.

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 nomination and voting on income board members, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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 Foundation has no component units required to be included in these financial statements.

Basis of Accounting and Financial Statement Presentation

As a component unit of the College, the Foundation presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Foundation applies the business-type activity accounting and the Foundation's financial statements have been prepared 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. The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. The custodial fund is purely custodial and does not involve measurement of results of operations. The Foundation's fiduciary fund is used to account for the collection and payment of student clubs.

Assets, Liabilities, and Net Position

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all highly-liquid investments with original maturities of three months or less. For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and money market accounts with an original maturity of three months or less.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Receivables and Payables

The Foundation has contributions and promises to give that are recognized as revenues when received or pledged. If there are no time or donor restrictions placed on these contributions and promises to give, the revenue is reflected as an increase in unrestricted net position; however, if such restrictions do exist, the revenue is classified as restricted expendable or restricted unexpendable, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of revenues, expenses and changes in net position as “net position released from restrictions.” The carrying amount of unconditional promises to give to be received in less than one year approximate the fair value because of the short maturity of those financial instruments. All promises to give expected to be received in more than one year are computed using the present value technique applied to anticipated cash flows.

Allowance for Doubtful Accounts

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible. The Foundation’s use of the direct write-off method does not result in a material change to the financial statements in comparison to the valuation method.

Investments

Investments are presented in the financial statements in accordance with GASB Statement No. 40, Deposits and Investment Risk Disclosures, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The Foundation also reports investments under the provisions of GASB Statement No. 72, Fair Value Measurement and Application. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement for financial report purposes. The statement also provides guidance for applying fair value to certain investments and disclosures. Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statement of revenues, expenses, and changes in net position.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

The Foundation originally records marketable securities purchased at cost. Marketable securities received by gift are recorded at estimated fair value at the date of donation. Marketable securities are carried by the Foundation at fair value. Third-party investment managers administer substantially all marketable securities of the Foundation. Gains and losses resulting from securities transactions are recorded in investment income. Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Management of Institutional Funds Act (46-9-1 to 46-9-12 NMSA), except where a donor has specified otherwise.

Other Assets

On July 25, 2018, the Foundation received a donation of oil and gas royalties in properties located in Lea County, New Mexico. All minerals are booked at either cost, donated value or acquisition value. These minerals are depleted over an expected life of 20 years and depletion is based on the percentage of minerals produced each year. The minerals are valued at \$287,503, which consisted of \$58,203 in land and \$229,300 in mineral interests with accumulated depletion of \$59,843. Depletion for the year ended June 30, 2023 was \$10,816 and the minerals and land had a net book value at June 30, 2023 of \$227,660.

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 Finance/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.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

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. Through the endowment agreements, the donor authorizes spending in accordance with the Foundation's investment and spending policy.

Revenues and Expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as unrestricted gifts. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, investment income, and other revenue sources that are defined as nonoperating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Fund and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted, and then toward unrestricted resources.

Income 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 2022, 2021 and 2020 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.

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 Foundation is management's estimate of depletion on assets over their estimated useful lives.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 31, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the fiscal year ended June 30, 2023, the Foundation adopted GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangement*, and GASB Statement No. 99, *Omnibus 2022*. The implementation of these statements did not have a significant impact on the Foundation because the activities of the Foundation were not affected by the statement in a material manner.

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

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

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2023, \$0 of the Foundation's bank balances of \$1,796,651 was exposed to custodial credit risk. None of the Foundations deposits were uninsured and uncollateralized at June 30, 2023.

	Lea County State Bank	Merrill Lynch*	Total
Total amount of deposits	\$ 191,482	\$ 1,605,169	\$ 1,796,651
Deposit accounts covered by the FDIC/SIPC coverage	(191,482)	(1,605,169)	(1,796,651)
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	\$ -	\$ -	\$ -

*At Merrill Lynch, the coverage FDIC/SIPC coverage includes \$951,000 of fully insured CD's spread across four separate financial institutions. In addition to the FDIC coverage, the Foundation has money market mutual funds in the amount of \$654,169 which are fully insured through SIPC coverage.

**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements**

Note 2: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits	\$	1,796,651
Equities		2,924,424
Fixed Income		3,613,376
Mutual funds		5,014,956
Royalty interest		19,583
<hr/>		
Total deposits and investments		13,368,990
Petty cash		30
Less reconciling items		(65,656)
<hr/>		
Total cash and cash equivalents and investments	\$	13,303,364
<hr/>		
Statement of net position		
Cash and cash equivalents	\$	536,694
Investments		12,523,339
Cash and cash equivalents per statement of fiduciary net position		243,331
<hr/>		
Total cash and cash equivalents and investments	\$	13,303,364
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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.

The Foundation has presented certificates of deposit in the amount of \$951,000 as investments in the statement of net position; however, these are classified as deposits for disclosure purposes.

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 \$654,169.

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (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, 2023:

Investment	Market Value	Percent of Foundation's Investment
Equities	\$ 2,924,424	25.3%
Fixed income	3,613,376	31.2%
Mutual funds	5,014,956	43.3%
Royalty Interest	19,583	0.2%
Total Foundation investments	\$ 11,572,339	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 Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (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 Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Foundation maintained a balance of \$11,572,339 in investments at June 30, 2023, 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, 2023:

	Total	Level 1	Level 2	Level 3
Equities	\$ 2,924,424	\$ 2,924,424	\$ -	\$ -
Fixed Income	3,613,376	3,613,376	-	-
Mutual funds	5,014,956	5,014,956	-	-
Royalty interest	19,583	-	19,583	-
	<u>\$ 11,572,339</u>	<u>\$ 11,552,756</u>	<u>\$ 19,583</u>	<u>\$ -</u>

Note 3: RECEIVABLES

The Foundation considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts. The receivable at June 30, 2023 consists of the following:

Accrued interest	\$ 13,739
Golf sponsorships	2,500
Oil and gas royalty	464
Scholarships	53
Other receivables	260
	<u>17,016</u>
Accounts receivable	<u>\$ 17,016</u>

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 4: OTHER ASSETS

The following table summarizes the changes in the Foundation's other assets during the fiscal year ended June 30, 2023. Land is not subject to depletion.

	June 30, 2022	Additions	Deletions	June 30, 2023
Other assets not subject to depletion				
Land	\$ 58,203	\$ -	\$ -	\$ 58,203
Total other assets not subject to depletion	58,203	-	-	58,203
Other assets being depleted				
Minerals	229,300	-	-	229,300
Total other assets being depleted	229,300	-	-	229,300
Less accumulated depletion				
Minerals	(49,027)	(10,816)	-	(59,843)
Total other assets being depleted, net	180,273	(10,816)	-	169,457
Net other assets	\$ 238,476	\$ (10,816)	\$ -	\$ 227,660

Depletion expense as of June 30, 2023 was \$10,816.

Note 5: INSTITUTIONAL SUPPORT

The Foundation provided the following institutional support to the College during the year ended June 30, 2023:

Scholarships	\$ 257,040
Workstudy	29,628
Program assistance	92,824
Salaries and benefits	161,324
Other	56,306
Total institutional support	\$ 597,122

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 6: RISK MANAGEMENT

The Foundation is physically housed within the College that provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage.

Note 7: RELATED PARTIES

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. Refer to note 5 for the transactions with the College.

Note 8: COMMITMENTS AND CONTINGENCIES

The Foundation is party to various litigation and other claims in the ordinary course of business. The Foundation is unaware of any material pending or threatened litigation, claims, or assessments against the Foundation that are not covered by the College's insurance.

The Foundation entered into no outstanding agreements with contractors, architects or other service providers as of June 30, 2023.

Note 9: CONCENTRATIONS

The Foundation depends on financial resources flowing from, or associated with, private donors. Because of this dependency, the Foundation is subject to changes in specific flows of private donor donations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

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SUPPLEMENTARY INFORMATION



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New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Deposit and Investment Accounts
June 30, 2023

Account Name	Type	Lea County State Bank	Merrill Lynch	Total
NMJC Foundation	Equities	\$ -	\$ 2,924,424	\$ 2,924,424
NMJC Foundation	Fixed income	-	3,613,376	3,613,376
NMJC Foundation	Mutual Funds	-	5,014,956	5,014,956
NMJC Foundation	Royalty Interest	-	19,583	19,583
NMJC Foundation	Interest Bearing Cash Fund	-	328,782	328,782
NMJC Foundation	Interest Bearing Cash Fund	-	187,271	187,271
NMJC Foundation	Interest Bearing Cash Fund	-	87,876	87,876
NMJC Foundation	Interest Bearing Cash Fund	-	34,345	34,345
NMJC Foundation	Interest Bearing Cash Fund	-	15,895	15,895
NMJC Foundation	CD	-	951,000	951,000
NMJC Foundation	Checking-non-interest-bearing	191,482	-	191,482
Amounts on deposit		191,482	13,177,508	13,368,990
Outstanding items		(65,656)	-	(65,656)
Reconciled balance		\$ 125,826	\$ 13,177,508	13,303,334
Petty cash				30
				\$ 13,303,364
Reconciliation to the financial statements				
Cash and cash equivalents				\$ 536,694
Investments				12,523,339
Cash and cash equivalents per statement of fiduciary net position				243,331
Total deposits and investments				\$ 13,303,364

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COMPLIANCE SECTION



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

Joseph M. Maestas, P.E., New Mexico State Auditor
New Mexico Junior College Foundation Board
New Mexico Junior College Foundation
Hobbs, New Mexico

We have audited, in accordance with the 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 and the aggregate remaining fund information of New Mexico Junior College Foundation (the "Foundation"), a component unit of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

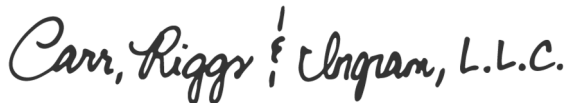
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized ampersand and a vertical line above the ampersand.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
October 31, 2023

**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Findings and Responses
June 30, 2023**

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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? None noted | |
| c. Noncompliance material to the financial statements? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2022-001 – Improper Recording of Custodial Funds – Material Weakness (Resolved)

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Other Disclosures
June 30, 2023

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 27, 2023. The following individuals were in attendance:

College Officials

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller

New Mexico Junior College Foundation Officials

Tina Kunko	NMJC Foundation Controller
Josh Morgan	Board Member, Vice-President for Finance

New Horizons Foundation Officials

Dr. Derek Moore	Board Member, President of the College
Tina Kunko	New Horizons Foundation CFO

Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior Manager

AUDITOR PREPARED FINANCIALS

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



**State of New Mexico
New Horizons Foundation**

(A Component Unit of New Mexico Junior College)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



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New Horizons Foundation
(A Component Unit of New Mexico Junior College)
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June 30, 2023

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COMPLIANCE SECTION

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New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Official Roster
June 30, 2023

<u>Name</u>	<u>Title</u>
Guy Kesner	President
Tres Hicks	Secretary and Treasurer
Greg Fulfer	Director
Gary Eidson	Director
Derek Moore	Director
Phillip Ingram	Director
Paul Lorskulsint	Director



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INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., New Mexico State Auditor and
New Horizons Foundation Board
New Horizons Foundation
Hobbs, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of New Horizons Foundation ("New Horizons"), a component unit of the New Mexico Junior College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise New Horizons' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of New Horizons, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Horizons and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of New Horizons are intended to present the financial position and the changes in financial position of only New Horizons. They do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2023, or the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Horizons' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Horizons' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Horizons' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Horizons' basic financial statements. The accompanying schedule of deposit and investment accounts, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of deposit and investment accounts, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of New Horizons' 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 New Horizons' 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 New Horizons' internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 31, 2023

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FINANCIAL SECTION



New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Statement of Net Position

June 30, 2023

Assets	
Current assets	
Cash and cash equivalents	\$ 243,903
Due from New Mexico Junior College	733,610
Prepaid expenses	18,200
<hr/>	
Total current assets	995,713
<hr/>	
Noncurrent assets	
Intangible asset	76,529
<hr/>	
Total noncurrent assets	76,529
<hr/>	
Total assets	\$ 1,072,242
<hr/> <hr/>	
Liabilities	
Current liabilities	
Accounts payable	\$ 25,506
<hr/>	
Total current liabilities	25,506
<hr/>	
Total liabilities	25,506
<hr/>	
Net position	
Net investment in capital assets	76,529
Unrestricted	970,207
<hr/>	
Total net position	1,046,736
<hr/>	
Total liabilities and net position	\$ 1,072,242
<hr/> <hr/>	

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

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

Operating expenses	
Salaries and wages	\$ 84,600
Payroll benefits	23,058
Supplies	2,063
General and administrative	25
Research and development	3,071
Consulting	115,007
Advertising	1,844
Telephone	27
Dues and membership	350
Travel	10,164
Insurance	42,272
Amortization	6,330
Total operating expenses	288,811
Operating (loss)	(288,811)
Non-operating revenues (expenses)	
Net transfer from New Mexico Junior College	550,000
Net non-operating revenues (expenses)	550,000
Change in net position	261,189
Net position, beginning of year	785,547
Net position, end of year	\$ 1,046,736

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

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New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities

Payments to employees and for employee benefits	\$ (107,658)
Payments to suppliers	(170,245)

Net cash (used in) operating activities **(277,903)**

Cash flows from capital financing activities

Purchase of intangible assets	(4,722)
Payment to New Mexico Junior College	(217,190)
Transfer from New Mexico Junior College	550,000

Net cash provided by capital financing activities **328,088**

Net increase in cash and cash equivalents **50,185**

Cash and cash equivalents - beginning of year **193,718**

Cash and cash equivalents - end of year **\$ 243,903**

Operating (loss) **\$ (288,811)**

Reconciliation of operating loss to net cash (used in) operating activities

Amortization expense	6,330
Changes in assets and liabilities	
Prepaid expenses	(5,496)
Accounts payable	10,074

Net cash (used in) operating activities **\$ (277,903)**

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

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Horizons Foundation (the “New Horizons”) is a legally separate, tax-exempt component unit of the New Mexico Junior College (the “College”) and was incorporated by the College on October 25, 2011. New Horizons is a New Mexico nonprofit corporation, 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. New Horizons 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. New Horizons 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, New Horizons:

- 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 Horizons is a discretely presented component unit of the College and reported upon as a part of the basic financial statements of the College. New Mexico Junior College issues separately issued financial statements. Additional information regarding New Mexico Junior College may be obtained directly from their administrative office as follows: 1 Thunderbird Circle, Hobbs, New Mexico 88240.

These financial statements include those activities and functions related to New Horizons which are controlled by or dependent upon its Board. The accompanying financial statements do not present the financial position and results of operations of the College, taken as a whole in accordance with generally accepted accounting principles (GAAP).

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

In evaluating how to define New Horizons, 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, GASB Statement No. 80, and GASB Statement No. 90.

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.

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, New Horizons has one blended component unit.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

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 utilized 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, 2023, Wellnu’s hydro tool did not generate revenue.

The financial statements include the accounts of New Horizons and its blended component unit, Wellnu. The condensed financial statements of Wellnu are disclosed in Note 8.

Basis of Accounting and Financial Statement Presentation

As a component unit of the College, New Horizons presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB).

New Horizons applies the business-type activity accounting and New Horizons’ financial statements have been prepared 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. The significant accounting policies utilized by New Horizons in the preparation of the financial statements are described below.

Assets, Liabilities, and Net Position

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all highly-liquid investments with original maturities of three months or less. For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and money market accounts with an original maturity of three months or less.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Prepaid Expenses

Prepaid expenses as of June 30, 2023 consisted of prepaid insurance of \$18,200.

Intangible Asset

New Horizons owns the license for the hydro tool which has an approved patent in the United States. During 2023 an additional \$4,722 was spent to complete the license and as of June 30, 2023, the license to the approved patent was valued at \$65,084 and had accumulated amortization of \$8,207 for a net amount of \$56,877. Wellnu has compiled “downhole” performance data from the use of the tool 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 license to the 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, 2023, the license to the patent filing was valued at \$30,000 and had accumulated amortization of \$10,348 for a net amount of \$19,652.

As of June 30, 2023, these two patent filings combined for a net intangible asset amount of \$76,529. Amortization expense for the year ended June 30, 2023 was \$6,330.

Categories and Classification of Net Position

The New Horizons’ net position is classified into the following net position categories:

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. 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.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, New Horizons' policy is to first apply the expense towards restricted, and then toward unrestricted resources.

Revenues and Expenses

New Horizons currently receives contributions from the College.

Income 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 2022, 2021, and 2020 are subject to examination by the IRS, generally, for three years after they were filed. New Horizons recognizes tax benefits only to the extent New Horizons believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

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 estimate for the New Horizons Foundation is management's estimate of depreciation and amortization on assets over their estimated useful lives.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 31, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

During the fiscal year ended June 30, 2023, New Horizons adopted GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* and GASB Statement No. 99, *Omnibus 2022*.

The implementation of this statement did not have a significant impact on New Horizons because the activities of New Horizons were not affected by the statement in a material manner.

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

New Horizons is evaluating the requirements of the above statements and the impact on reporting.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, New Horizons' deposits may not be returned to it. As a separate legal 501(c)(3) entity, Lobo Development is not subject to the public money act pledged collateral requirements. As of June 30, 2023, \$0 of New Horizons' bank balances of \$242,905 was exposed to custodial credit risk. None of New Horizons' deposits were uninsured and uncollateralized at June 30, 2023.

	Lea County State Bank
Total amount of deposits	\$ 242,905
Deposit accounts covered by the FDIC coverage	(242,905)
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 New Horizons' name	-
Uninsured and uncollateralized	\$ -

Reconciliation of Deposits to the Statement of Net Position

<u>Deposits</u>	\$ 242,905
Total deposits	242,905
Less reconciling items	998
<u>Total cash and cash equivalents</u>	\$ 243,903
Statement of net position	
Cash and cash equivalents	\$ 243,903
<u>Net deposits</u>	\$ 243,903

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 3: RISK MANAGEMENT

New Horizons is physically housed within the College that provides office space, personnel, utilities, and general operating expenses to New Horizons. New Horizons' exposure to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage.

Note 4: INSURANCE

New Horizons pays for insurance for the tools which amounted to \$40,694 of the \$42,272 insurance total for the year ended June 30, 2023.

Note 5: COMMITMENTS AND CONTINGENCIES

New Horizons is party to various litigation and other claims in the ordinary course of business. New Horizons is unaware of any material pending or threatened litigation, claims, or assessments against the New Horizons that are not covered by the College's insurance.

New Horizons entered into no agreements with contractors and architects for various projects for the year ended June 30, 2023.

Note 6: RELATED PARTIES

At various times in the year, New Horizons has a due from the College for money owed and as of June 30, 2023, the College owed New Horizons \$733,610. The College transferred \$550,000 to New Horizons during the year ended June 30, 2023.

Note 7: CONCENTRATIONS

New Horizons Foundation received 100% of its revenue from the College for the year ended June 30, 2023.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 8: WELLNU, LLC

New Horizons has elected to present the blended component unit, within its single column financial statements and the condensed Wellnu financial statements for the fiscal year ended June 30, 2023 below.

June 30, 2023

Assets

Current assets

Cash and cash equivalents	\$ 1,048
Prepaid expenses	18,200

Total current assets 19,248

Noncurrent assets

Intangible asset	56,877
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Total noncurrent assets 56,877

Total assets \$ 76,125

Net position

Unrestricted	\$ 76,125
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Total net position 76,125

Total liabilities and net position \$ 76,125

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 8: WELLNU, LLC (Continued)

For the Year Ended June 30, 2023

Operating expenses	
Legal and professional fees	\$ 8,474
Insurance	36,920
Amortization	3,218
Total operating expenses	48,612
Operating (loss)	(48,612)
Non-operating revenues (expenses)	
Net transfer from New Horizons Foundation	57,554
Net non-operating revenues (expenses)	57,554
Change in net position	8,942
Net position, beginning of year	67,183
Net position, end of year	\$ 76,125

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Notes to Financial Statements

Note 8: WELLNU, LLC (Continued)

For the Year Ended June 30, 2023

Cash flows from operating activities	
Payments to suppliers	\$ (52,839)
<hr/>	
Net cash (used in) operating activities	(52,839)
<hr/>	
Cash flows from capital financing activities	
Purchase of intangible assets	(4,715)
Transfer from New Horizons Foundation	57,554
<hr/>	
Net cash provided by capital financing activities	52,839
<hr/>	
Net change in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	1,048
<hr/>	
Cash and cash equivalents - end of year	\$ 1,048
<hr/>	
Operating (loss)	\$ (48,612)
<hr/>	
Reconciliation of operating loss to net cash (used in) operating activities	
Amortization expense	3,218
Changes in assets and liabilities	
Prepaid expenses	(5,496)
Accounts payable	(1,949)
<hr/>	
Net cash (used in) operating activities	\$ (52,839)
<hr/>	



SUPPLEMENTARY INFORMATION



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New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Deposit and Investment Accounts
June 30, 2023

Account Name	Type	Lea County State Bank	Total
New Horizons Foundation	Checking - non-interest-bearing	\$ 241,857	\$ 241,857
New Horizons Foundation	Checking - Wellnu - non-interest-bearing	1,048	1,048
Amounts on deposit		242,905	242,905
Outstanding items		998	998
Reconciled balance		\$ 243,903	\$ 243,903
Reconciliation to the financial statements			
Cash and cash equivalents			\$ 243,903
Total cash and cash equivalents			\$ 243,903

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COMPLIANCE SECTION



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

Joseph M. Maestas, P.E., New Mexico State Auditor and
New Horizons Foundation Board
New Horizons Foundation
Hobbs, New Mexico

We have audited, in accordance with the 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 of New Horizons Foundation ("New Horizons"), a component unit of New Mexico Junior College ("College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise New Horizons' basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Horizons' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Horizons' internal control. Accordingly, we do not express an opinion on the effectiveness of New Horizons' 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.

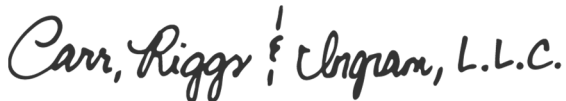
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Horizons' 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish above the ampersand.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
October 31, 2023

**New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Findings and Responses
June 30, 2023**

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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Other Disclosures
June 30, 2023

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 27, 2023. The following individuals were in attendance:

College Officials:

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller

New Mexico Junior College Foundation Officials:

Tina Kunko	NMJC Foundation Controller
Josh Morgan	Board Member, Vice-President for Finance

New Horizons Foundation Officials:

Dr. Derek Moore	Board Member
Tina Kunko	New Horizons Foundation CFO

Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Paul Garcia, CPA	Senior Manager

AUDITOR PREPARED FINANCIALS

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