

NEW MEXICO JUNIOR COLLEGE

BOARD MEETING

Thursday, February 16, 2023
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 19, 2023 | Pat Chappelle |
| D. President's Report | Derek Moore |
| E. New Business | |
| 1. Fiscal Year June 30, 2022 Audit Report | Josh Morgan |
| 2. Monthly Expenditure Report | Josh Morgan |
| 3. Monthly Revenue Report | Josh Morgan |
| 4. Oil and Gas Revenue Report | Josh Morgan |
| 5. Schedule of Investments | Josh Morgan |
| 6. Facilities Board Committee Meeting Update (Discussion Only) | Manny Gomez |
| 7. Consideration of a Student HUB Addition to the NMJC Master Plan | Charley Carroll |
| | Josh Morgan |
| 8. Equity Board Committee Meeting Update (Discussion Only) | Evelyn Rising |
| 9. Consideration of RFP #141 - Thunderbird Health Center | JoeMike Gomez |
| F. Public Comments | |
| G. Determination of Next Meeting | Pat Chappelle |
| H. Closure of Open Meeting | |
| • Discussion of Litigation in which New Mexico Junior College is a Defendant, Fromm vs. Mooving, et. al. Fifth Judicial District Court of Lea County Cause No. D-506-CV-2021-0074, and Warner v. Doporto, et. al., Fifth Judicial District Court of Lea County Cause No. D-506-CV-2022-00701 as authorized by NMSA 1978 § 10-15-1 H (7). | |
| I. Adjournment | Pat Chappelle |

**NEW MEXICO JUNIOR COLLEGE
BOARD MEETING
JANUARY 19, 2023
MINUTES**

The New Mexico Junior College Board met on Thursday, January 19, 2023, beginning at 1:30 p.m. in the Pannell Library, Zia Board Room. The following members were present: Ms. Patricia Chappelle, Chair; Mr. Travis Glenn, Secretary; Mr. Hector Baeza; Mr. Manny Gomez; Mr. Guy Kesner; Ms. Evelyn Rising; and Mrs. Erica Jones.

Ms. Chappelle called the meeting to order and welcomed visitors and guests, Ms. Dorothy Fowler, Hobbs News Sun; Mr. Matt McKim, Dekker Perich Sabatini; Mr. John Vitale and Mr. Reggie Speer, Sodexo.

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

Upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved the minutes of December 12, 2022.

Under President's Report, Dr. Moore invited Mrs. Sarah Patterson, Dean of Students, to introduce the members of the Residential Housing Association created last fall. In addition, Mrs. Patterson introduced Mr. Tyler Montgomery, the new Coordinator of Residence Life - Thunderbird Hall.

Mrs. Amy Coombes provided an update of new professional staff.

Dr. Moore provided an update of the newly established board committees meeting schedules. The Facilities Board Committee will meet in January, Equity Board Committee will meet in February, Finance Board Committee will meet in March, and Student Success Board Committee will meet in April.

Dr. Moore reported the legislative sessions in Santa Fe, New Mexico have begun and noted there has not been much action thus far. In addition, the Evening of Lea County will be held next week, January 26th, Higher Education Hearings will be held on February 3rd, and the Association of Community College Trustees National Summit will be held February 5th in Washington, DC.

Dr. Moore called for the NMJC Vice Presidents to provide divisional updates for the 2022 fall semester. Mr. Jeff McCool, Vice President for Instruction provided updates for the Division of Arts, Sciences, and Learning Support, the Division of Applied Sciences and Learning Support, and the Division of Workforce Training and Professional Studies. Mrs. Cathy Mitchell provided updates for Counseling, Athletics, SOAR, Student Life & Housing Student Support Services, and Enrollment. Mr. Josh Morgan provided updates for the Business Offices, Computer Services, Bookstore, and the Document Center. Ms. Larchinee Turner provided updates for the "Non-Credit" Workforce Training, "For Credit" program additions, and for reactivated and new advisory

boards. Dr. Charley Carroll provided updates of improvements across the NMJC campus, Facility Management System, new fire alarm system, and the new museum warehouse building.

Dr. Moore advised the board the annual “Acknowledgement of Conflict of Interest” and NMJC Board Policy No. 304 has been distributed. Board members were asked to review the policy, sign the acknowledgement, and return to Norma Faught.

Under New Business, Mr. Josh Morgan presented the December 2022 financial reports. Upon a motion by Mr. Glenn, seconded by Mrs. Jones, the Board unanimously approved the Expenditure Report for December 2022. In addition, the Revenue Report, Oil and Gas Revenue Report, and Schedule of Investments Report were reviewed.

Mr. Morgan presented the Fiscal Watch Report for the quarter ending December 31, 2022. Upon a motion by Mr. Kesner, seconded by Mr. Gomez, the Board unanimously approved the Fiscal Watch Report as presented.

Mr. Manny Gomez provided updates of the Facilities Board Committee Discussion Meeting held on Monday, January 9, 2023. Attendees were Board Committee Members Mr. Manny Gomez, Chair, Mr. Guy Kesner, and Mr. Hector Baeza. Also, in attendance were Dr. Derek Moore, Dr. Charley Carroll, Mr. Josh Morgan, and Mrs. Norma Faught. Mr. Gomez opened the meeting with recognition and appreciation for the condition and sufficiencies of the NMJC facilities. Discussions included the forward thinking of the NMJC Master Plan, the roadmap to get positive results, possible needed amendments to the plan, and if the needs in the plan still exist. Also discussed was the need to conduct cost validations for inflation, cost of materials, construction, and funding sources. The seven major projects that have been approved were discussed to include conversations of campus housing, occupancy rates, and how enrollment strategies will affect the College. Mr. Gomez stated the meeting entailed shared information only with no action taken. Mr. Kesner stated the Board Committee meetings offer the opportunity to understand the daily operations and ongoing projects in order to provide direction on student and community needs. Upon a motion by Mr. Glenn, seconded by Mr. Gomez, the Board unanimously approved the Facilities Board Committee update as provided.

Dr. Charley Carroll and Mr. Josh Morgan presented consideration for the change of scope of the NMJC cafeteria project from a renovation to a new build. Also present were Mr. Matt McKim, Mr. John Vitale and Mr. Reggie Speer, Sodexo. Dr. Carroll stated the request would be made in three separate motions: 1) Change of scope on the cafeteria project from a renovation to a new build facility, 2) Approval of the NMJC cafeteria and kitchen facility with an estimated cost of \$13,325,733 including soft costs, 3) Transfer of \$2,420,733 funds from reserves into the cafeteria project. He noted the construction estimate for renovation is \$8,959,964 compared to \$9,926,800 for a new build. Mr. Morgan stated administration is requesting approval to amend the NMJC Campus Master Plan approved in September 2019 and revised in December 2021 as it relates to Table 22, Project Priorities. He noted the Table 22 Project Priorities list the Ben Alexander Student Center renovation and expansion of existing kitchen and cafeteria as an on-going priority. Mr. Morgan requested approval to revise the Table 22 Project Priorities and amend the cafeteria project to a new NMJC cafeteria and kitchen facility to be located at the southwest of the Caster Activity

Center, outside of Thunderbird Circle and adjacent to the NMJC student dorms and apartments. In addition, several factors were provided in support of the change of scope from renovation to a new build. Mr. Gomez asked for the projected need in square footage based on enrollment strategies and growth. Mr. Morgan responded the proposed new facility is for a 16,600 square foot facility and the current space proposed for renovation is approximately 11,500 square feet. Mr. Glenn asked for the percentage of housing students that dine in the cafeteria. Mr. Morgan responded approximately 90%. Upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved the change of scope in the Master Plan from renovation to a new build. Mr. Morgan requested approval to take the new NMJC Cafeteria and Kitchen facility to the Higher Education Department (HED) for approval at the April 12, 2023 New Mexico HED Capital Outlay Committee Meeting. He noted the estimated total project cost developed by Bradbury Stamm Construction, using DPS construction documents at \$9,926,800 including 25% of soft costs at \$3,308,933, is \$13,235,733. NMJC allocated \$10,905,000 in institutional funds. Administration requested approval for a total project cost of \$13,235,733. Upon a motion by Mr. Kesner, seconded by Ms. Rising, the Board unanimously approved the project cost. Mr. Morgan requested approval to transfer \$2,330,733 from reserves into the NMJC Cafeteria and Kitchen Project. He noted the amount of \$2,330,733 is a correction to the \$2,420,733 as shown in the request. At this time, the design and layout of the new cafeteria were shared with the Board. Following significant discussion and upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved the request for transfer of funds from reserves, as amended. In addition, Mr. Kesner requested the overall “Proposed Square Footage” of 16,600 square feet be provided prior to construction beginning.

Mrs. Mitchell presented a request to donate old turf removed from the outfield of the Ray Birmingham Field in 2021. Mr. Morgan stated a portion of the old turf was utilized in the golf driving range and the remaining turf has been in storage with no intended use. If approved, he stated Mr. Deron Clark, Director of Athletics, felt the turf could be of use to some high schools in the county. Mr. Gomez recommended extending the offer of the turf to Lea County high schools or entities that partner with NMJC. Mr. Scotty Holloman cautioned against donating to non-profits. Upon a motion made by Mr. Glenn, seconded by Mrs. Jones, the Board unanimously approved the donation of the turf to a New Mexico public institution.

Mr. Scotty Holloman presented the Open Meetings Act Resolution for adoption. Upon a motion by Mr. Glenn, seconded by Mr. Gomez, the Board unanimously approved the resolution as presented.

Ms. Chappelle called for comments from the public. There being none, the next Regular Board Meeting was scheduled for Thursday, February 16, 2023 at 1:30 pm in the Zia Board Room.

Upon a motion by Mr. Kesner, seconded by Mr. Baeza and by unanimous consent, the meeting adjourned at 3:20 pm.

Pat Chappelle, Chair

Travis Glenn, Secretary



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

**Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2022

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**New Mexico Junior College
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June 30, 2022**

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**New Mexico Junior College
Official Roster
June 30, 2022**

<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 for Instruction
Cathy Mitchell	Vice President for Student Services
Steve Saucedo	Vice President of Training and Outreach
Josh Morgan	Vice President for Finance
Scotty Holloman	General Counsel/Executive Director of Administrative Services
Norma Faught	Executive Assistant to the President
Stacey Wynn	NMJC Controller

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Financial Section



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, 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, 2022, as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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, 2022, 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.

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 20, 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, 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 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, 2022, 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, 2022

New Mexico Junior College Management’s Discussion and Analysis June 30, 2022

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 2022.

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, 2022. This discussion gives a comparative analysis of business-type activity from fiscal year 2021 to fiscal year 2022.

Financial Highlights

The College’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the June 30, 2022 fiscal year by \$201,956,373.

The College’s financial position increased in fiscal year 2021 as compared to prior years. The increase resulted primarily from an increase in local mill levy funding.

The College’s investments reflect \$116,000,000 at June 30, 2022 with the Local Government Investment Pool.

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, 2022, and includes the comparison to the prior year.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2022**

Statement of Net Position

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Assets				
Current assets	\$ 145,983,885	\$ 70,368,661	\$ 1,533,122	\$ 722,842
Noncurrent assets				
Intangible asset	75,000	75,000	-	78,137
Investments	-	-	10,608,693	-
Capital assets, net	114,017,812	115,069,740	-	-
Other assets, net	-	-	238,476	-
Deferred outflows of resources	23,045,663	37,050,168	-	-
Total assets and deferred outflows	\$ 283,122,360	\$ 222,563,569	\$ 12,380,291	\$ 800,979
Liabilities				
Current liabilities	\$ 4,268,512	\$ 4,516,269	\$ 22,768	\$ 15,432
Non-current liabilities	32,727,780	85,980,608	-	-
Deferred inflows of resources	44,169,695	7,671,682	-	-
Total liabilities and deferred inflows	81,165,987	98,168,559	22,768	15,432
Net position				
Net investment in capital assets	114,092,812	115,144,740	-	-
Restricted				
Nonexpendable endowments	-	-	7,654,953	-
Expendable grants and contributions	-	-	4,483,980	-
Unrestricted	87,863,561	9,250,270	218,590	785,547
Total net position	201,956,373	124,395,010	12,357,523	785,547
Total liabilities, deferred inflows, and and net position	\$ 283,122,360	\$ 222,563,569	\$ 12,380,291	\$ 800,979

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 \$201,956,373 at the close of June 30, 2022, as compared to the \$124,395,010 as of June 30, 2021. As of June 30, 2022, net investment in capital assets totaled \$114,017,812. 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 decreased in the 2022 fiscal year by \$1,051,928, net of depreciation expense of \$5,588,019. Net position also consists of unrestricted net position of \$87,863,561. Unrestricted net position includes the recording of net pension liability of \$24,531,848 and the recording of net OPEB liability of \$8,195,932. See note 9 in the notes to the financial statements for a further discussion of the pension and note 10 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.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2022**

The following table summarizes the College's revenues, expenses, and changes in net position for the year ending June 30, 2022 and includes a comparison to the year ended June 30, 2021.

Revenues, Expenses, and Changes in Net Position

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Operating revenues	\$ 13,816,057	\$ 8,297,984	\$ 371,436	\$ -
Operating expenses	39,420,616	51,403,518	473,931	269,786
Operating (loss)	(25,604,559)	(43,105,534)	(102,495)	(269,786)
Non-operating revenues and expenses	102,961,639	57,879,861	(1,334,753)	350,000
Income before other revenue	77,357,080	14,774,327	(1,437,248)	80,214
Capital appropriations	204,283	2,926,478	-	-
Net position restatement	-	-	(140,796)	-
Increase in net position	\$ 77,561,363	\$ 17,700,805	\$ (1,578,044)	\$ 80,214

Analysis of Changes in Net Position

The College's net position increased by \$77,561,363 during the 2022 fiscal year as compared to an increase of \$17,700,805 for the 2021 fiscal year. The increase resulted primarily from an increase in local mill levy funding. Operating revenues were \$13,816,057 in 2022, which is an increase of \$5,518,073 from fiscal year 2021. Operating expenses were \$39,420,616 in fiscal year 2022, which is a decrease of \$11,982,902 from fiscal year 2021.

Operating Revenues

The following table summarizes the College's operating revenues of \$13,816,057 for the 2022 fiscal year as compared to the operating revenues of \$8,297,984 for the 2021 fiscal year. The increase in operating revenues for Fiscal Year 2022 is primarily related to the Higher Education Emergency Relief Fund revenues. The Foundation revenues for the year total \$371,436 which is an increase from fiscal year 2021. New Horizons revenues for the year total \$0 which is the same as fiscal year 2021.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2022**

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Student tuition, fees and trainings	\$ 3,590,575	\$ 3,498,764	\$ -	\$ -
Federal grants and contracts	6,509,465	1,481,312	-	-
State and other grants and contracts	917,330	949,597	-	-
Auxiliary enterprises	2,487,476	2,145,055	-	-
Other operating revenues	311,211	223,256	-	-
Gifts, bequests, and endowments	-	-	371,436	-
Total operating revenues	\$ 13,816,057	\$ 8,297,984	\$ 371,436	\$ -

Operating Expenses

The following table summarizes the College's operating expenses of \$39,420,616 for the fiscal year ended June 30, 2022, as compared to the operating expenses of \$51,403,518 in 2021. The decrease in operating expenses is attributed to a decrease 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 \$473,931 which is a decrease from fiscal year 2021. New Horizons expenses for the year total \$269,786 which is an increase from fiscal year 2021.

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Instruction	\$ 8,228,804	\$ 15,555,291	\$ -	\$ -
Academic support	1,687,850	3,523,379	-	-
Student services	1,905,709	3,039,541	-	-
Institutional support	5,458,155	5,602,900	462,492	264,732
Operations and maintenance	3,811,904	3,716,261	-	-
Public service	146,467	1,043,696	-	-
Auxiliary enterprise expenses	121,107	2,693,402	-	-
Intercollegiate athletics	5,656,001	4,273,853	-	-
Internal service	2,975,750	427,763	-	-
Student aid	2,013,558	4,498,563	-	-
Renewals and replacements	1,827,292	1,984,725	-	-
Amortization	-	-	-	5,054
Depletion	-	-	11,439	-
Depreciation	5,588,019	5,044,144	-	-
Total operating expenses	\$ 39,420,616	\$ 51,403,518	\$ 473,931	\$ 269,786

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2022**

Non-Operating Revenues (Expenses)

The following table summarizes the College's non-operating revenues (expenses) of \$102,961,639 for the fiscal year ended June 30, 2022. Property and oil and gas taxes remained strong in fiscal year 2022 totaling \$93,545,639, an increase of \$44,287,820 compared to fiscal year 2021. Local appropriations were higher than the budget level approved by the governing board. Investment income for the fiscal year ended June 30, 2022 was strong totaling \$222,176, an increase of \$126,428 compared to fiscal year 2021. The increase resulted primarily from an increase in investments. There were no significant or unexpected changes in the other areas of non-operating revenues and expenses.

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Property taxes	\$ 16,308,747	\$ 13,817,722	\$ -	\$ -
Oil and gas taxes	77,236,892	35,440,097	-	-
Federal pell grants	2,233,716	2,191,941	-	-
State appropriations, non-capital	7,091,511	6,553,729	-	-
Other revenue sources	203,584	56,660	11,305	-
Net transfer from NMJC Foundation	-	75,000	-	-
Net transfer to New Horizons	(350,000)	(350,000)	-	350,000
Investment income	222,176	95,748	(1,373,628)	-
Gain on sale of capital assets	15,013	(1,036)	-	-
Production taxes	-	-	(2,378)	-
Royalties	-	-	29,948	-
Total non-operating revenues and expenses	\$ 102,961,639	\$ 57,879,861	\$ (1,334,753)	\$ 350,000

Increase in Net Position

The following table summarizes the College's increase in net position of \$77,561,363 for June 30, 2022 compared to the increase in net position of \$17,700,805 for June 30, 2021. The increase resulted primarily from an increase in local mill levy funding.

**New Mexico Junior College
Management's Discussion and Analysis
June 30, 2022**

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Income before capital appropriations	\$ 77,357,080	\$ 14,774,327	\$ (1,437,248)	\$ 80,214
Capital appropriations	204,283	2,926,478	-	-
Increase (decrease) in net position	77,561,363	17,700,805	(1,437,248)	80,214
Net position, beginning of year, as originally stated	124,395,010	106,582,270	13,935,567	705,333
Net position, restatement	-	111,935	(140,796)	-
Net position, beginning of year after restatement	124,395,010	106,694,205	13,794,771	705,333
Net position - end of year	\$ 201,956,373	\$ 124,395,010	\$ 12,357,523	\$ 785,547

Capital Assets and Debt Administration

At June 30, 2022, the College had \$114,017,812 invested in capital assets as compared to \$115,069,740 at June 30, 2021.

Capital Assets, Net

	June 30, 2022	June 30, 2021	June 30, 2022 NMJC Foundation	June 30, 2022 New Horizons
Land Improvements	\$ 4,915,898	\$ 5,444,700	\$ -	\$ -
Buildings	86,407,537	64,617,624	-	-
Infrastructure	11,728,520	12,193,292	-	-
Software	627,426	648,168	-	-
Library books	335,430	363,969	-	-
Furniture and equipment	2,368,882	2,766,328	-	-
Vehicles	323,029	358,819	-	-
Construction in progress	7,138,527	28,504,277	-	-
Land	172,563	172,563	-	-
Net capital assets	\$ 114,017,812	\$ 115,069,740	\$ -	\$ -

Major capital expenditures during the 2022 fiscal year include the Fire Alarm Upgrade, Facilities Management System, Caster Center Upgrades, McLean Hall Renovation, and the Campus Housing Unit.

The College has no debt outstanding at June 30, 2022.

**New Mexico Junior College
Management’s Discussion and Analysis
June 30, 2022**

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:

	2022	2021
Current funds		
Unrestricted Non-I&G	\$ (14,875,576)	\$ (1,888,188)
Restricted Non- I&G	2,132,816	847,231
Unrestricted I&G	1,886,760	3,045,678
Restricted I&G	4,063,352	331,367

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. Fifteen 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 20% of the NMJC operating budget. Funding expectations from the State Legislative Finance Committee for fiscal year 2023 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 increased from the sixty-five dollar a barrel range to above the \$110 dollar a barrel range. At the end of June 2022, the unemployment rate in Lea County was 6.6% while the state unemployment level was 4.9%. Historically, the unemployment rate in Lea County drives the student enrollment at the College. The NMJC Board and Administration continue to look for better methods of providing learning opportunities for full-time students and especially part-time students with different class times, online offerings, vocational training, low tuition, housing, and athletics.

The oil and gas industries remain the driving economic factor in Lea County. New technology in the industry has led to a revitalization and extension of the projected life of some oil fields in Lea County. Currently, the price of oil has increased to the \$90 - \$110 a barrel range. Production in the County remains very strong. It appears that the economy in Lea County for the remainder of 2022 and through 2023 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.

Basic Financial Statements

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

June 30, 2022	Primary Government	NMJC Foundation	New Horizons Foundation
Assets			
Current assets			
Cash and cash equivalents	\$ 2,731,037	\$ 1,512,702	\$ 193,718
Short-term investments	116,000,000	-	-
Accounts receivable, net	26,078,405	20,420	-
Due from NMJC	-	-	516,420
Inventory	424,288	-	-
Prepaid expenses	573,617	-	12,704
Prepaid summer expenses	176,538	-	-
Total current assets	145,983,885	1,533,122	722,842
Noncurrent assets			
Intangible asset	75,000	-	78,137
Investments	-	10,608,693	-
Other assets, net	-	238,476	-
Non-depreciable capital assets	7,311,090	-	-
Depreciable capital assets, net	106,706,722	-	-
Total noncurrent assets	114,092,812	10,847,169	78,137
Total assets	260,076,697	12,380,291	800,979
Deferred outflows of resources			
Deferred outflows - pension	20,363,477	-	-
Deferred outflows - OPEB	2,682,186	-	-
Total deferred outflows of resources	23,045,663	-	-
Total assets and deferred outflows of resources	\$ 283,122,360	\$ 12,380,291	\$ 800,979

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

June 30, 2022	Primary Government	NMJC Foundation	New Horizons Foundation
Liabilities			
Current liabilities			
Accounts payable	\$ 850,472	\$ 22,768	\$ 15,432
Accrued expenses	1,142,507	-	-
Due to New Horizons Foundation	518,583	-	-
Unearned revenues	1,436,903	-	-
Compensated absences	320,047	-	-
Total current liabilities	4,268,512	22,768	15,432
Noncurrent liabilities			
Net pension liability	24,531,848	-	-
Net OPEB liability	8,195,932	-	-
Total noncurrent liabilities	32,727,780	-	-
Total liabilities	36,996,292	22,768	15,432
Deferred inflows of resources			
Deferred inflows - pension	37,014,142	-	-
Deferred inflows - OPEB	7,155,553	-	-
Total deferred inflows of resources	44,169,695	-	-
Net position			
Net investment in capital assets	114,092,812	-	-
Restricted for			
Nonexpendable endowments	-	7,646,776	-
Expendable grants and contributions	-	4,487,886	-
Unrestricted	87,863,561	222,861	785,547
Total net position	201,956,373	12,357,523	785,547
Total liabilities, deferred inflows of resources and net position	\$ 283,122,360	\$ 12,380,291	\$ 800,979

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, 2022	Primary Government	NMJC Foundation	New Horizons Foundation
Operating revenues			
Student tuition, fees and trainings	\$ 3,590,575	\$ -	\$ -
Federal grants and contracts	6,509,465	-	-
State and other grants and contracts	917,330	-	-
Auxiliary enterprises	2,487,476	-	-
Other operating revenues	311,211	-	-
Gifts, bequests and endowments	-	371,436	-
Total operating revenues	13,816,057	371,436	-
Operating expenses			
Instruction	8,228,804	-	-
Academic support	1,687,850	-	-
Student services	1,905,709	-	-
Institutional support	5,458,155	462,492	264,732
Operations and maintenance	3,811,904	-	-
Public service	146,467	-	-
Internal service	121,107	-	-
Student aid	5,656,001	-	-
Auxiliary enterprise expenses	2,975,750	-	-
Intercollegiate athletics	2,013,558	-	-
Renewals and replacements	1,827,292	-	-
Amortization	-	-	5,054
Depletion	-	11,439	-
Depreciation	5,588,019	-	-
Total operating expenses	39,420,616	473,931	269,786
Operating (loss)	(25,604,559)	(102,495)	(269,786)
Non-operating revenues (expenses)			
State appropriations, non-capital	7,091,511	-	-
Property taxes	16,308,747	-	-
Oil and gas taxes	77,236,892	-	-
Federal pell grants	2,233,716	-	-
Investment income	222,176	(1,373,628)	-
Gain from the sale of capital assets	15,013	-	-
Other revenue and expenses	203,584	11,305	-
Net transfer to New Horizons	(350,000)	-	350,000
Production (taxes)	-	(2,378)	-
Royalties	-	29,948	-
Net non-operating revenues (expenses)	102,961,639	(1,334,753)	350,000

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

For the Year Ended June 30, 2022	Primary Government	NMJC Foundation	New Horizons Foundation
Income (loss) before capital appropriations	\$ 77,357,080	\$ (1,437,248)	\$ 80,214
State appropriations, capital	204,283	-	-
Change in net position	77,561,363	(1,437,248)	80,214
Net position, beginning of year, as originally stated	124,395,010	13,935,567	705,333
Net position, restatement	-	(140,796)	-
Net position, beginning of year after restatement	124,395,010	13,794,771	705,333
Net position, end of year	\$ 201,956,373	\$ 12,357,523	\$ 785,547

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, 2022	Primary Government
Cash flows from operating activities	
Tuition, fees and trainings	\$ 4,117,980
Federal and state grants and contracts	7,701,481
Auxiliary enterprise charges	2,487,476
Other operating revenues	311,211
Payments to employees and for employee benefits	(19,283,119)
Disbursement of net aid to students	(5,701,168)
Payments to suppliers	(12,300,562)
Net cash (used in) operating activities	
	(22,666,701)
Cash flows from noncapital financing activities	
State appropriations	7,091,511
Federal pell grants	2,233,716
Property taxes	16,585,035
Oil and gas taxes	63,642,061
Net cash provided by noncapital financing activities	
	89,552,323
Cash flows from capital financing activities	
Capital appropriations	204,283
Purchase of capital assets	(4,568,906)
Proceeds from sale of capital assets	47,828
Transfer to New Horizons	(350,000)
Other revenue sources	203,584
Net cash (used in) capital financing activities	
	(4,463,211)
Cash flows from investing activities	
Purchase of investments	(63,000,000)
Interest received on investments	222,176
Net cash (used in) investing activities	
	(62,777,824)
Net decrease in cash and cash equivalents	(355,413)
Cash and cash equivalents - beginning of year	3,086,450
Cash and cash equivalents - end of year	
	\$ 2,731,037

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

For the Year Ended June 30, 2022	Primary Government
Operating (loss)	\$ (25,604,559)
Reconciliation of operating loss to net cash (used in) operating activities	
Depreciation expense	5,588,019
Noncash pension expense	(864,953)
Noncash OPEB benefit	(1,717,150)
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable, net	518,089
Prepaid expenses	(191,340)
Prepaid summer expenses	12,149
Inventory	9,008
Accounts payable	(399,276)
Accrued expenses	(36,909)
Due to New Horizons Foundation	99,622
Deferred outflows - subsequent contributions - pension	(163,445)
Deferred outflows - subsequent contributions - OPEB	(4,762)
Unearned revenues	9,316
Compensated absences	79,490
Net cash (used in) operating activities	\$ (22,666,701)
Supplemental cash flow information	
Gain from the sale of capital assets	\$ 15,013

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.

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

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

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;

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

- 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.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated. The Fiduciary Funds are used to account for assets held by the College in a capacity as an agent for various student organizations and outside parties. Fiduciary Funds are custodial in nature (assets equal liabilities and net position) and do not involve measurement of results of operations. The College does not have any fiduciary funds as of June 30, 2022. The New Mexico Junior College Foundation does have fiduciary funds as of June 30, 2022, which are presented in its separately issued financial statement.

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 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).

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.

New Mexico Junior College

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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.

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.

**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)

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

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

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

<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

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)

Intangible Asset

On April 8, 2015 the Foundation entered into an agreement with a company that donated a license for a FM Broadcast Station in Eunice, New Mexico valued at \$75,000 at the date of donation. During 2021 this license was transferred from the Foundation to the College for \$75,000. The license is carried at cost, and because it has indefinite useful life it is not amortized, but tested for impairment when events or circumstances related to the license changes. No impairments were noted during 2022 as the original cost could be recovered if necessary.

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 three types that relate to reporting under GASB 75, which total \$20,363,477 and \$2,682,186, respectively, in the statement of net position. The amounts are further detailed in Note 9 and Note 10. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

Deferred Inflows of Resources

In addition, the College has four types of items present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and three types that related to reporting under GASB 75. The deferred inflows of resources total \$37,014,142 and \$7,155,553, respectively, in the statement of net position, and are further detailed in Note 9 and Note 10. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Unearned Revenues

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

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)

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.

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.

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)

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.

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).

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$16,308,747 or 14% of total revenue in fiscal year 2022. Oil and gas production and equipment tax revenue fluctuates significantly upon demand and was \$77,236,892 or 66% of total revenue in fiscal year 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the College are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 31, 2022 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.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The College implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this Statement had an immaterial impact on the College's reporting in the current fiscal year.

The College also implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The implementation of this Statement had no impact on the College's reporting in the current fiscal year.

The College implemented GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The implementation of this Statement had no impact on the College's reporting in the current fiscal year.

The College implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The implementation of this Statement had no impact on the College's reporting in the current fiscal year.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement had no impact on the College's reporting in the current fiscal year.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

New Mexico Junior College Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In May 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

State statutes authorize the investment of College funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the College properly followed State investment requirements as of June 30, 2022.

New Mexico Junior College Notes to Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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.

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, 2022, \$2,721,743 of the College's bank balances of \$3,246,848 was exposed to custodial credit risk. \$1,939,980 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name and \$781,763 of the College's deposits were uninsured and uncollateralized at June 30, 2022.

	Lea County State Bank	Wells Fargo Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 533,580	\$ 2,688,163	\$ 25,105	\$ 3,246,848
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)	(25,105)	\$ (525,105)
Total uninsured public funds	283,580	2,438,163	-	2,721,743
Collateralized by securities held by the trust department or agent other pledging institution or by its than the College's name	283,580	1,656,400	-	1,939,980
Uninsured and uncollateralized	\$ -	\$ 781,763	\$ -	\$ 781,763
Collateral requirement (50% of uninsured public funds)	\$ 141,790	\$ 1,219,082	\$ -	\$ 1,360,872
Pledged security	1,562,285	1,656,400	-	3,218,685
Over collateralization	\$ 1,420,495	\$ 437,318	\$ -	\$ 1,857,813

New Mexico Junior College Notes to Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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.

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, 2022, the College had the following investments and maturity:

Investment Type	Weighted Average Maturity	Fair Value	Rating*
New MexiGROW LGIP	48 days	\$ 116,000,000	AAAm

*Based off Standard & Poor's rating

New Mexico Junior College Notes to Financial Statements

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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, 2022, 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 and Statement of Fiduciary Assets and Liabilities

Deposits	\$	3,246,848
<i>New MexiGROW</i> LGIP		116,000,000
<hr/>		
Total deposits and investments		119,246,848
Petty cash		6,396
Less reconciling items		(522,207)
<hr/>		
Total cash and cash equivalents and investments	\$	118,731,037
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Statement of net position		
Cash and cash equivalents	\$	2,731,037
Short-term investments		116,000,000
<hr/>		
Cash and cash equivalents, end of year per statement of cash flows		118,731,037
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Net deposits and investments	\$	118,731,037
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**New Mexico Junior College
Notes to Financial Statements**

NOTE 3: ACCOUNTS RECEIVABLE

The College's accounts receivable at June 30, 2022 represent revenues earned from student tuition and fees, loans, advances to students, local tax levy, federal government grants and contracts, and State of New Mexico agencies that include pass through federal and state grants. All amounts are expected to be collected within sixty days after year-end with the exception of oil and gas taxes, which are a derived tax revenue and assets must be recognized in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever comes first. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables.

A schedule of receivables and allowance for uncollectible accounts is as follows:

Property taxes	\$ 383,524
Oil and gas taxes	24,434,284
General receivables	400,076
Student receivables	2,098,020
Other receivable	133,563
	<hr/> 27,449,467
Less allowance for uncollectible accounts	<hr/> (1,371,062)
Net total accounts receivable	<hr/> <hr/> \$ 26,078,405

New Mexico Junior College
Notes to Financial Statements

NOTE 4: CAPITAL ASSETS

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2022. Land and construction in progress are not subject to depreciation.

	June 30, 2021	Additions	Deletions	June 30, 2022
Assets not being depreciated				
Construction in progress	\$ 28,504,277	\$ 2,758,324	\$ (24,124,074)	\$ 7,138,527
Land	172,563	-	-	172,563
Total assets not being depreciated	28,676,840	2,758,324	(24,124,074)	7,311,090
Assets being depreciated				
Land improvements	10,472,352	-	-	10,472,352
Buildings	97,296,828	24,407,363	-	121,704,191
Infrastructure	21,176,604	605,814	-	21,782,418
Software	2,357,748	132,358	-	2,490,106
Library books	883,019	111,511	(175,979)	818,551
Furniture and equipment	12,076,372	591,547	(380,201)	12,287,718
Vehicles	2,200,143	86,063	(96,605)	2,189,601
Total assets being depreciated	146,463,066	25,934,656	(652,785)	171,744,937
Less accumulated depreciation				
Land improvements	(5,027,652)	(528,802)	-	(5,556,454)
Buildings	(32,679,204)	(2,617,450)	-	(35,296,654)
Infrastructure	(8,983,312)	(1,070,586)	-	(10,053,898)
Software	(1,709,580)	(153,100)	-	(1,862,680)
Library books	(519,050)	(140,049)	175,978	(483,121)
Furniture and equipment	(9,310,044)	(964,014)	355,222	(9,918,836)
Vehicles	(1,841,324)	(114,018)	88,770	(1,866,572)
Total accumulated depreciation	(60,070,166)	(5,588,019)	619,970	(65,038,215)
Total assets being depreciated, net	86,392,900	20,346,637	(32,815)	106,706,722
Net capital assets	\$ 115,069,740	\$ 23,104,961	\$ (24,156,889)	\$ 114,017,812

Depreciation expense as of June 30, 2022 was \$5,588,019.

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

NOTE 5: ACCRUED EXPENSES

The College's accrued expenses at June 30, 2022 are as follows

Payroll	\$	450,941
Payroll taxes and related liabilities		691,566
Total accrued expenses	\$	1,142,507

NOTE 6: COMPENSATED ABSENCES

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on length of employment. Up to 180 hours of vacation may be accrued and paid out upon termination. Sick leave is not paid out upon termination; accordingly, no liability for sick leave is recorded by the College. The College had a liability for accrued vacations as of June 30, 2022 as follows:

Accrued vacation – beginning of year	\$	240,557
Additions		298,788
Deletions		(219,298)
Accrued vacation – end of year	\$	320,047

The College estimates that the entire amount of \$320,047 will be due within one year.

NOTE 7: 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 8: 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 9: 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 9: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Benefits provided - A member's retirement benefit is determined by a formula, which includes three component parts: (1) the member's final average salary (FAS), (2) the number of years of service credit, and (3) a 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 9: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (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, 2021 plan members are required to contribute 9.42% of their gross salary. NMERB is required to contribute 17.74% 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 14.15% of the gross covered salary for employees whose annual salary was \$24,000 or less, and 14.15% of the gross covered salary for employees whose salary exceeded \$24,000. Contributions to the pension plan from the College was \$1,732,284 for the year ended June 30, 2022.

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

NOTE 9: 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, 2020. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2021, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2020. At June 30, 2022, the College reported a liability of \$24,531,848 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, 2021. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2021, the College's proportion was 0.34613 percent, which was a decrease of 0.02308 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the College recognized pension expense of \$705,039.

At the June 30, 2022, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,301,538	\$ 434,381
Net difference between projected and actual earnings on pension plan investments	-	6,100,573
Changes in assumptions	16,329,655	27,937,874
Changes in proportion	-	2,541,314
Contributions subsequent to the measurement date	1,732,284	-
Total	\$ 20,363,477	\$ 37,014,142

\$1,732,284 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2021, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

NOTE 9: 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,	
2022	\$ (2,241,564)
2023	(8,309,110)
2024	(5,796,737)
2025	(2,035,538)
Total	\$ (18,382,949)

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, 2020. The total pension liability was rolled forward from the valuation date to June 30, 2021 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, 2021. 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, 2021 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 two fiscal years, resulting in a 15.15% employer contribution rate and a 16.15% employer contribution rate in fiscal year 2022 and fiscal year 2023, respectively. As a result of these changes and the excellent performance of the fund for the fiscal year, the discount rate increased from 3.89% to 7.00%.

New Mexico Junior College Notes to Financial Statements

NOTE 9: 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	<p>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.</p> <p>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.</p>
Other Information	A new set of assumptions was adopted for the June 30, 2020, actuarial valuation and was first reflected for the ADEC determined as of June 30, 2021.

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 9: 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.

Asset Class	After Allocation	Policy Target
Equities		
<i>Domestic Equities</i>		
Large cap equities	15.3%	14.0%
Small- mid cap equities	3.1%	3.0%
Total domestic	18.4%	17.0%
<i>International Equities</i>		
Developed	5.1%	5.0%
Emerging markets	8.6%	9.0%
Total international	13.7%	14.0%
Total equities	32.1%	31.0%
Fixed Income		
Core fixed income	4.9%	6.0%
Opportunistic credit	16.3%	16.0%
Emerging markets debt	1.6%	2.0%
Total fixed income	22.8%	24.0%
Alternatives		
Global asset allocation	2.4%	2.0%
Risk parity	4.9%	3.0%
Other diversifying assets	3.9%	7.0%
REITs	2.2%	2.0%
Private real estate	3.9%	6.0%
Private equity	18.8%	15.0%
Inflation-linked assets	7.8%	9.0%
Total alternatives	43.9%	44.0%
Cash	1.2%	1.0%
Total	100.0%	100.0%

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

NOTE 9: 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, 2021. 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, 2021. 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	\$ 34,734,368	\$ 24,531,848	\$ 16,100,485

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, 2021, 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.

New Mexico Junior College Notes to Financial Statements

NOTE 10: 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.

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 10: 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, 2021, 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	11,754
Current active members	92,484
	157,330
<hr style="border-top: 3px double black;"/>	
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	49,188
	92,484
	92,484

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, 2021, 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 10: 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, 2021 totaled \$247,360, which equals the required contributions for the year.

At June 30, 2022, the College reported a liability of \$8,195,932 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the College's proportion was 0.24909 percent which was a decrease of .01662 percent from June 30, 2020.

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

For the year ended June 30, 2022, the recognized OPEB benefit of (\$1,474,552). At June 30, 2022, 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	\$ 793,924	\$ 2,216,099
Changes in proportion	-	1,976,334
Changes in assumptions	1,640,902	2,963,120
Contributions subsequent to the measurement date	247,360	-
Total	\$ 2,682,186	\$ 7,155,553

\$247,360 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, 2022. 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:	
2022	\$ (1,761,589)
2023	(1,295,800)
2024	(824,931)
2025	(365,055)
2026	(473,352)
Total	\$ (4,720,727)

New Mexico Junior College Notes to Financial Statements

NOTE 10: 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)

Actuarial assumptions - The total OPEB liability as of June 30, 2021 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 10: 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:

Asset Class	Target Allocation	Long-Term Rate of Return
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 3.62% as of June 30, 2021. 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, 2052. 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 2052, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.16%) was applied. Thus, 3.62% 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, 2021.

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

NOTE 10: 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 3.62% 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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
\$ 10,297,997	\$ 8,195,932	\$ 6,560,756

The following presents the Net OPEB Liability of NMRHCA as of June 30, 2021, 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
\$ 6,592,170	\$ 8,195,932	\$ 9,487,442

OPEB plan fiduciary net position - The discount rate used to measure the total OPEB liability is 3.62% as of June 30, 2021. 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, 2052. 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 2052, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.16%) was applied. Thus, 3.62% 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, 2022, the College recorded a payable to NMRHCA in the amount of \$37,988 for the contributions withheld in the month of June 2022, which is included in the Accrued Payroll on the Statement of Net Position.

New Mexico Junior College Notes to Financial Statements

NOTE 11: 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 12: COMMITMENTS AND CONTINGENCIES

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

New Mexico Junior College Notes to Financial Statements

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

The College has commitments as of June 30, 2022 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	13,918
Lynco Electric Co., Inc.	NMJC Fire Alarm System Update	287,609
Advanced Data Risk Management	Threat Analysis	13,900
Donner Plumbing & Heating	FMS Upgrade	1,111,786
Minotaur Mazes	Pollinators Exhibit	60,000
Pluma Construction Systems	WHM Storage Building	5,992
Ellucian Company, PL	HR Consulting	960
Chalmers Ford, Inc.	Ford Crew Cab	49,997
Cooperative Educational Svc	Power HVAC units	4,137
Dekker/Perich/Sabatini	Basic Services for Campus	36,650
Carr, Riggs, & Ingram, LLC	Covid-19 Professional Services	3,458
Pluma Construction Systems	Materials for Museum	37,501
Pluma Construction Systems	Overhead Doors at Museum	42,145
Trifecta Solutions	Covid-19 Rapid Test	28,135
Oracle America, Inc	Oracle Support	2,764
REK Investment Group Inc.	Portable Document Camera	50,861
Cooperative Educational Svc	Automation McLean Security & Access	23,279
Riverside Technologies, Inc.	Laser Printer	1,070
Cooperative Educational Svc	Parts for Central Plant from Donner Plumbing	60,482
Riverside Technologies, Inc.	Webcam	27,450
Riverside Technologies, Inc.	HP EliteBook	1,248
CDW Government	Fortinet Tech Support	13,493
Deere and Company	Electric John Deere Gator	10,955
Officewise Furniture and Supply	Table and Chairs	13,242
Rodey, Dickason, Sloan, Akin & Robb PA	Legal Fees	4,531
Riverside Technologies, Inc.	HP Laserjet	2,736
Riverside Technologies, Inc.	Micro Tower	6,645
CDW Government	Fortinet Resource	22,817
Bridgers and Paxton	Replace Airhandler	12,544
COOLSYSTEMS, INC DBA GAME READY	Hamstring Icing Units	4,957
Dekker/Perich/Sabatini	Professional Services for Campus Wide Landscape	428,728
Dekker/Perich/Sabatini	Professional Services for new Cafeteria	431,387
Dekker/Perich/Sabatini	Professional Services for new Student Appartments	466,799
Officewise Furniture and Supply	Business Office Furniture	74,899

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

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

Vendor	Project Description	Amount
<i>(Continued)</i>		
Advanced Technologies Consultants	Festo Mec Lab System	25,541
Riverside Technologies, Inc.	HP EliteBook	1,560
Riverside Technologies, Inc.	HP Elite	7,625
Cooperative Educational Svc	BC to Open Options System	16,932
Apple Computers, Inc	IMAC	37,359
REK Investment Group Inc.	Laser Projector	8,893
Pettigrew and Associates PA	Campus Wide Improvements	10,566
Pettigrew and Associates PA	Surveying Services for Cafeteria Building	15,381
Pettigrew and Associates PA	Apartment Building Surveying	20,668
HUCO Products	Ride on Scrubber	30,531
Dekker/Perich/Sabatini	Athletics Master Plan	73,854
Pettigrew and Associates PA	Survey for NMJC	11,215
Carolina Biological Supply Co	Biology Supplies	1,228
Advanced Technologies Consultants	Laser Alignment of Shafts	32,521
Tascosa Office Machines	Nesting Chairs	4,842
Riverside Technologies, Inc.	ThinkPad	2,761
Desert Hills Electric Supply, Inc.	Creosote Poles	9,464
Ellucian Company, PL	Banner Consulting	23,171
Cooperative Educational Svc	Refinish Gym	16,031
Tascosa Office Machines	Huddle Desks	12,592
Cooperative Educational Svc	Campus Filter Change Out	55,825
Custom Welding of Hobbs, Inc.	Shade Canopy	4,919
Public Sector Personnel	Classification & Compensation Study	65,000
E2E Advising LLC	Student Success and Retention Software	67,500
Border States Lawn & Pest Control, LLC	Prune Trees	15,825
Doporto Construction Company	Install Vinyl Flooring	9,221
Total		\$ 3,948,766

NOTE 13: CONCENTRATIONS

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

New Mexico Junior College Notes to Financial Statements

NOTE 14: TAX ABATEMENTS

The New Mexico Junior College had no tax abatements during the year ended June 30, 2022. The College is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 15: LEGISLATIVE GRANTS

The College had the following legislative grants funded by Severance Tax Bonds (STB) and General Obligation Bonds (GOB) as of June 30, 2022:

Project	Agency	Grant #	Effective Date	Reversion Date
NMJC Fire Alarms and Life Safety System, Fire Sprinkler System	Higher Education Department	GF D3427	7/15/2019	6/30/2023
NMJC Library Acquisitions	Higher Education Department	GOB C5076	8/1/2019	6/30/2023
NMJC Vocational Training Building	Higher Education Department	STB E2836	11/17/2020	6/30/2024
NMJC Heidel Hall, Watson Hall and Mary Hagelstein Air Handler Replacement	Higher Education Department	STB E2835	11/17/2020	6/30/2024
NMJC Watson Hall Renovation	Higher Education Department	GOB E5309	7/15/2021	6/30/2024
NMJC Infrastructure	Higher Education Department	GOB E5308	7/15/2021	6/30/2024
NMJC Library Acquisitions	Higher Education Department	GOB E5298	8/15/2021	6/30/2024
NMJC Infrastructure	Higher Education Department	STB F3082	7/15/2021	6/30/2025

Project	Net Amount	Expenditures to Date		Reverted	Remaining
NMJC Fire Alarms and Life Safety System, Fire Sprinkler System	\$ 400,000	\$ 46,600	\$ -	\$ -	\$ 353,400
NMJC Library Acquisitions	36,718	1,810	-	-	34,908
NMJC Vocational Training Building	150,000	64,249	-	-	85,751
NMJC Heidel Hall, Watson Hall and Mary Hagelstein Air Handler Replacement	750,000	520,785	-	-	229,215
NMJC Watson Hall Renovation	2,000,000	-	-	-	2,000,000
NMJC Infrastructure	2,000,000	117,665	-	-	1,882,335
NMJC Library Acquisitions	24,164	-	-	-	24,164
NMJC Infrastructure	1,750,000	-	-	-	1,750,000
	\$ 7,110,882	\$ 751,109	\$ -	\$ -	\$ 6,359,773

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Required Supplementary Information

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

Fiscal Year	June 30,		
Measurement Date	2022	2021	2020
	2021	2020	2019
Proportion of the net pension liability	0.34613%	0.36921%	0.38098%
Proportionate share of the net pension liability	\$ 24,531,848	\$ 74,823,690	\$ 28,868,005
Covered payroll	12,329,776	13,019,838	12,560,775
Proportionate share of the net pension liability as a percentage of covered payroll	198.96%	574.69%	229.83%
Plan fiduciary net position as a percentage of the total pension liability	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,	2022	2021	2020
Contractually required contribution	\$ 1,732,284	\$ 1,568,839	\$ 1,699,421
Contributions in relation to the contractually required contribution	1,732,284	1,568,839	1,699,421
Contribution deficiency (excess)	-	-	-
Covered payroll	12,367,886	12,329,776	13,019,838
Contributions as a percentage of covered payroll	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*

Fiscal Year	June 30,		
	2022	2021	2020
Measurement Date	2021	2020	2019
The College's proportion of the net OPEB liability	0.24909%	0.26571%	0.28323%
The College's proportionate share of the net OPEB liability	\$ 8,195,932	\$ 11,156,918	\$ 9,183,418
The College's covered-employee payroll	\$ 12,329,776	\$ 13,019,838	\$ 12,560,775
The College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	66.47%	85.69%	73.11%
Plan fiduciary net position as a percentage of the total OPEB liability	25.39%	16.50%	18.92%

* 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,	
2019	2018
2018	2017
0.30294%	0.31504%
\$ 13,172,904	\$ 14,276,583
\$ 12,992,158	\$ 13,745,513
101.39%	103.86%
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,	2022	2021	2020
Contractually required contributions	\$ 247,360	\$ 242,598	\$ 256,229
Contributions in relation to the contractually required contribution	(247,360)	(242,598)	(256,229)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
New Mexico Junior College's covered-employee payroll	\$ 12,367,886	\$ 12,329,776	\$ 13,019,838
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.

<u>2019</u>	<u>2018</u>
\$ 258,718	\$ 255,779
<u>(258,718)</u>	<u>(255,779)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 12,560,775	\$ 12,992,158
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 FY21 audit available at

<https://www.nmrhca.org/wp-content/uploads/2022/04/NMRHCA-Audited-FS-6.30.21.pdf>

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2021 report is available at

https://www.nmrhca.org/wp-content/uploads/2021/12/RPTS-05496.019-NMRHCA-6_30_2021-Measurement-GAS-74-Report-CLIENT.pdf. See the notes to the financial statements beginning on page 18 which summarizes actuarial assumptions and methods effective with the June 30, 2021 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, 2022	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ 45,424,249	\$ 65,848,700	\$ 65,848,695	\$ (5)
Unrestricted and restricted revenues				
State appropriations	6,935,400	6,954,200	7,091,511	137,311
State capital appropriations	6,535,000	480,696	204,284	(276,412)
Investment income	-	-	222,176	222,176
State grants and contracts	250,202	344,245	757,133	412,888
Federal revenue sources	4,447,386	11,194,135	9,004,066	(2,190,069)
Other grants and contracts	-	-	48,478	48,478
Public Service	167,415	244,091	160,197	(83,894)
Tuition and fees	3,939,025	3,420,600	3,590,573	169,973
Local funding	16,935,000	71,900,000	93,545,638	21,645,638
Auxiliary enterprises	2,756,942	2,530,762	2,488,840	(41,922)
Internal service	20,400	20,800	3,223	(17,577)
Other revenue	166,718	251,500	475,524	224,024
Total unrestricted and restricted revenues	42,153,488	97,341,029	117,591,643	20,250,614
Unrestricted and restricted expenditures				
Instruction	11,054,593	12,150,261	9,383,441	2,766,820
Academic support	2,478,267	2,804,935	2,031,284	773,651
Student services	2,535,593	2,658,837	2,105,570	553,267
Institutional support	4,735,338	8,869,243	5,961,686	2,907,557
Operation and maintenance of plant	4,125,265	4,395,892	4,004,490	391,402
Public Service	226,715	314,091	217,496	96,595
Internal service	100,174	258,365	231,359	27,006
Student aid, grants and stipends	4,620,135	6,701,275	5,900,846	800,429
Auxiliary services	2,216,283	2,803,560	3,025,540	(221,980)
Intercollegiate athletics	2,466,657	2,772,294	2,271,222	501,072
Renewal and replacement	27,471,534	11,509,153	6,263,714	5,245,439
Other grants	-	-	29,841	(29,841)
Total unrestricted and restricted expenditures	62,030,554	55,237,906	41,426,489	13,811,417
Net transfers	-	-	(298,476)	(298,476)
Change in fund balance (budgetary basis)	(19,877,066)	42,103,123	75,866,678	33,763,555
Ending fund balance	\$ 25,547,183	\$ 107,951,823	\$ 141,715,373	\$ 33,763,550
Change in net position per statement of revenues, expenses and changes in net position			\$ 77,561,363	
Instruction capital outlay			(7,529)	
Renewals and replacements capital outlay			(111,511)	
Institutional Support Capital Outlay			(28,200)	
Academic support capital outlay			(4,421,665)	
Gain from the sale of capital assets			(15,013)	
Net transfers			51,524	
Net pension change			(1,028,398)	
Net OPEB change			(1,721,912)	
Depreciation expense			5,588,019	
Financial statements change in net position reconciled			\$ 75,866,678	

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, 2022	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ 42,146,605	\$ 61,999,147	\$ 61,999,142	\$ (5)
Unrestricted revenues				
State appropriations	530,800	533,700	687,611	153,911
State capital appropriations	6,535,000	480,696	204,284	(276,412)
Investment income	-	-	222,176	222,176
Internal service	20,400	20,800	3,223	(17,577)
Auxiliary enterprises	2,756,942	2,530,762	2,488,840	(41,922)
Other	-	-	161,057	161,057
Total unrestricted revenues	9,843,142	3,565,958	3,767,191	201,233
Unrestricted expenditures				
Public service	59,300	70,000	57,299	12,701
Internal services	100,174	258,365	231,359	27,006
Student aid	760,880	785,880	732,884	52,996
Auxiliary enterprises	2,216,283	2,803,560	3,025,540	(221,980)
Intercollegiate athletics	2,466,657	2,772,294	2,271,222	501,072
Renewal and replacement	27,471,534	11,509,153	6,263,714	5,245,439
Total unrestricted expenditures	33,074,828	18,199,252	12,582,018	5,617,234
Net transfers	3,838,923	57,543,147	86,075,781	28,532,634
Change in fund balance (budgetary basis)	(19,392,763)	42,909,853	77,260,954	34,351,101
Ending fund balance	\$ 22,753,842	\$ 104,909,000	\$ 139,260,096	\$ 34,351,096

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, 2022	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Public service	167,415	244,091	160,197	(83,894)
Federal student aid	3,859,255	5,915,395	4,596,313	(1,319,082)
State student aid	-	-	569,514	569,514
Private grants	-	-	31,976	31,976
Total restricted revenues	4,026,670	6,159,486	5,358,000	(801,486)
Restricted expenditures				
Public service	167,415	244,091	160,197	83,894
Federal student aid	3,859,255	5,915,395	4,598,448	1,316,947
State student aid	-	-	569,514	(569,514)
Private grants	-	-	29,841	(29,841)
Total restricted expenditures	4,026,670	6,159,486	5,358,000	801,486
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, 2022	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Beginning fund balance	\$ 3,277,644	\$ 3,849,553	\$ 3,849,553	\$ -
Unrestricted revenues				
State appropriations	6,404,600	6,420,500	6,403,900	(16,600)
Local funding	16,935,000	71,900,000	93,545,638	21,645,638
Tuition and fees	3,939,025	3,420,600	3,590,573	169,973
Federal grants and contracts	33,700	755,000	849,879	94,879
Other revenue	166,718	251,500	314,467	62,967
Total unrestricted revenues	27,479,043	82,747,600	104,704,457	21,956,857
Unrestricted expenditures				
Instruction	10,728,520	11,759,080	9,065,178	2,693,902
Academic support	2,418,150	2,552,885	2,009,378	543,507
Student services	2,129,202	2,186,039	1,748,690	437,349
Institutional support	4,723,286	5,117,287	4,863,539	253,748
Operation and maintenance	4,125,265	4,395,892	4,004,490	391,402
Total unrestricted expenditures	24,124,423	26,011,183	21,691,275	4,319,908
Net transfers	(3,838,923)	(57,543,147)	(84,407,458)	(26,864,311)
Change in fund balance (budgetary basis)	(484,303)	(806,730)	(1,394,276)	(587,546)
Ending fund balance	\$ 2,793,341	\$ 3,042,823	\$ 2,455,277	\$ (587,546)

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, 2022	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Federal government contracts/grants	554,431	4,523,740	3,557,874	(965,866)
State government contracts/grants	250,202	344,245	187,619	(156,626)
Other grants and contracts	-	-	16,502	16,502
Total restricted revenues	804,633	4,867,985	3,761,995	(1,105,990)
Restricted expenditures				
Instruction	326,073	391,181	318,263	72,918
Academic support	60,117	252,050	21,906	230,144
Student services	406,391	472,798	356,880	115,918
Institutional support	12,052	3,751,956	1,098,147	2,653,809
Total restricted expenditures	804,633	4,867,985	1,795,196	3,072,789
Net transfers	-	-	(1,966,799)	(1,966,799)
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

Supporting Schedules

New Mexico Junior College
Schedule of Deposit and Investment Accounts
June 30, 2022

Account Name	Type	Lea County State Bank	New MexiGROW LGIP	Wells Fargo Bank	Western Commerce Bank	Total
NMJC	Checking	\$ -	\$ -	\$ -	\$ 25,105	\$ 25,105
Instructional and general	Checking	-	-	2,688,163	-	2,688,163
NMJC money market	Deposit	32,900	-	-	-	32,900
Pell federal account	Checking	266,316	-	-	-	266,316
Payroll dep account	Checking	214,268	-	-	-	214,268
Flexible spending account	Checking	20,096	-	-	-	20,096
Agency account	Time Deposit	-	-	-	-	-
NMJC	Short-Term Investment	-	116,000,000	-	-	116,000,000
Amounts on deposit		533,580	116,000,000	2,688,163	25,105	119,246,848
Outstanding items		(57,806)	-	(464,401)	-	(522,207)
Reconciled balance		\$ 475,774	\$ 116,000,000	\$ 2,223,762	\$ 25,105	118,724,641

Petty cash 6,396

Total deposit and investments \$ 118,731,037

Reconciliation to the financial statements

Cash and cash equivalents \$ 2,731,037

Short-term investment 116,000,000

Total deposits and investments \$ 118,731,037

New Mexico Junior College
Schedule of Collateral Pledged by Depository
June 30, 2022

Depository	Description of Pledged Collateral	Fair Market Value June 30, 2022	Name and Location of Safekeeper
Lea County State Bank			
	Alamogordo NM SD 2.05% CUSIP #011464HY3, due 8/1/2023	\$ 650,111	The Independent Bankers Bank Farmers Branch, TX
	Clovis NM MSD 2% CUSIP #189414MA0, due 08/1/2022	200,102	The Independent Bankers Bank Farmers Branch, TX
	Hobbs NM SD 2.25% CUSIP #43385QBD8, due 09/15/2027	493,905	The Independent Bankers Bank Farmers Branch, TX
	University of NM Valencia County 3% CUSIP #914696DU0, due 8/1/2026	218,167	The Independent Bankers Bank Farmers Branch, TX
Total Lea County State Bank		1,562,285	
Wells Fargo Bank			
	FMAC FEPC 2.5% CUSIP #31339UE55, due 10/1/2049	183,913	Bank of New York Mellon New York, NY
	FMAC FEPC 3.0% CUSIP #3133A2BX7, due 2/1/2050	267,550	Bank of New York Mellon New York, NY
	GNMA G2SF 3.5% CUSIP #36179TV51, due 4/20/2048	809,094	Bank of New York Mellon New York, NY
	GNMA G2SF 4.5% CUSIP #36179UGD8, due 11/20/2048	323,648	Bank of New York Mellon New York, NY
	GNMA G2SF 3.5% CUSIP #36179W7L6, due 6/20/2052	72,195	Bank of New York Mellon New York, NY
Total Wells Fargo Bank		1,656,400	
Total pledged collateral		\$ 3,218,685	

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Compliance Section

INDEPENDENT AUDITOR’S 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*

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

We have audited, in accordance with 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, 2022, 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, 2022. 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, 2022, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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*.

College's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Albuquerque, NM
October 31, 2022

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

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

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, 2022. 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, 2022.

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, 2022

**New Mexico Junior College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

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/>		
Education Stabilization Fund:		
COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund II		
Institutional Portion	N/A	84.425F
<hr/>		
Total CARES Act: Higher Education Emergency Relief Fund II		
<hr/>		
COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund III		
Student Aid Portion	N/A	84.425E
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>		
COVID-19: Education Stabilization Fund: Governor's Emergency Education Relief		
GEER	41117	84.425C
<hr/>		
<i>Passed through New Mexico Regents of the University of New Mexico</i>		
COVID-19: Education Stabilization Fund: Governor's Emergency Education Relief		
CHECS-GEER Funding	4118	84.425C
<hr/>		
Total Education Stabilization Fund		
<hr/>		
<i>Passed through New Mexico Public Education Department</i>		
Adult Education - Basic Grants to States	V002A190032	84.002
<hr/>		
Total U.S. Department of Education		
<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
\$ 2,233,716	\$ -	\$ -
47,700	-	-
33,612	-	-
274,686	-	-
<u>2,589,714</u>	-	-
356,880	\$ -	\$ -
<u>356,880</u>	-	-
1,669,900	-	-
<u>1,669,900</u>	-	-
2,006,599	-	-
1,395,046	-	-
<u>3,401,645</u>	-	-
8,107	-	-
11,400	-	-
<u>5,091,052</u>	-	-
130,644	-	-
<u>130,644</u>	-	-
<u>\$ 8,168,290</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, 2022

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 2022 totaled \$274,686.

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	\$ 8,168,290
Total expenditures funded by other sources	31,252,326
<hr/>	
Total operating expenditures	<hr/> <hr/> \$ 39,420,616

**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2022**

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? | Yes |
| 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: | |
| <u>Assistance Listing</u> | <u>Federal Program</u> |
| Numbers | Education Stabilization Fund |
| 84.425 | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2022

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

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

Condition – The prior year statements have been restated in the amount of \$140,737 in the business-type activities related to the improper implementation of GASB Statement No. 84, Fiduciary Activities.

Criteria - Monthly maintenance of custodial funds and preparation of annual financial statements and related note disclosures in accordance with generally accepted accounting principles (GAAP) helps ensure that timely, accurate and useful information is available to management and those charged with governance.

Effect - The Foundation's custodial funds were recorded as special revenue funds instead of custodial funds which resulted in an overstatement of net position for the Foundation as of June 30, 2021.

Cause – The Foundation recorded its custodial funds as special revenue funds which were included in the June 30, 2021 financial statements of the Foundation.

Auditors' Recommendation - Management should analyze all custodial funds to identify and reclassify all custodial funds in accordance with GASB Statement No. 84, Fiduciary Activities.

Views of Responsible Officials and Planned Corrective Action - The custodial funds for the Foundation have been reclassified in accordance with GASB Statement No. 84, Fiduciary Activities. Future income and expenses will be recorded to the custodial funds.

Responsible Official - Controller

Timeline and Estimated Completion Date – October 19, 2022

**New Mexico Junior College
Schedule of Findings and Questioned Costs
June 30, 2022**

SECTION VI: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

2021-001 – Journal entries are not reviewed timely (Other Matter) - Resolved

Component Unit Findings

2021-001 – Journal entries are not reviewed timely (Other Matter) - Resolved

New Mexico Junior College
Other Disclosures
June 30, 2022

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 19, 2022. The following individuals were in attendance:

New Mexico Junior College Foundation Officials

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

College Officials

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

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, 2022

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Introductory Section

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Table of Contents
June 30, 2022

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**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Official Roster
June 30, 2022**

<u>Name</u>	<u>Title</u>
ADMINISTRATIVE OFFICIALS	
Tina Kunko	Controller NMJC Foundation
BOARD MEMBERS	
Rosi Insilan	President
Allyson Roberts	Vice-President
Tina Kunko	Secretary
Josh Morgan	Treasurer
Steve McCleery	Member
Pat Chappelle	Member
Aaron Forrister	Member
Megan Gallegos	Member
Joshua Grassham	Member
Robert Guthrie	Member
Lisa Hardison	Member
Ruth Rios	Member
Lori Perry	Member
David Whitten	Member
Michael Raburn	Member

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Financial Section

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., New Mexico State Auditor and
U.S. Office of Management and Budget
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, 2022, 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, 2022, 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 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 New Mexico Junior College Foundation. They do not purport to, and do not, present fairly the financial position of New Mexico Junior College, as of June 30, 2022, 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.

Restatement of Fund Balance and Net Position

As discussed in Note 2 to the basic financial statements, the prior year statements have been restated in the amount of \$140,796 in the business-type activities related to the classification of fiduciary activities. 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, 2022 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, LLC
Albuquerque, New Mexico
October 31, 2022

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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, 2022

Assets	
Current assets	
Cash and cash equivalents	\$ 1,512,702
Accounts receivable	20,420
Total current assets	1,533,122
Noncurrent assets	
Investments	10,608,693
Other assets, net	238,476
Total noncurrent assets	10,847,169
Total assets	\$ 12,380,291
Liabilities	
Current liabilities	
Accounts payable	\$ 22,768
Total current liabilities	22,768
Total liabilities	22,768
Net position	
Restricted for	
Nonexpendable endowments	7,646,776
Expendable grants and contributions	4,487,886
Unrestricted	222,861
Total net position	12,357,523
Total liabilities and net position	\$ 12,380,291

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, 2022

Operating revenues	
Gifts, bequests and endowments	\$ 371,436
Total operating revenues	371,436
Operating expenses	
Scholarships	244,241
Workstudy	21,531
Program assistance	59,564
Salaries and benefits	86,920
Office expenses	10,249
Fundraising expenses	15,805
Goodwill/promo expense	6,560
Other	59
Marketing	4,700
Awards	4,000
Fees	431
Maintenance	6,687
Executive director	995
Depletion	11,439
Bad debt	750
Total operating expenses	473,931
Operating (loss)	(102,495)
Non-operating revenues (expenses)	
Investment loss	(1,373,628)
Other revenue	11,305
Production (taxes)	(2,378)
Royalties	29,948
Net non-operating revenues (expenses)	(1,334,753)
Change in net position	(1,437,248)
Net position, beginning of year	13,935,567
Net position, restatement (see note 2)	(140,796)
Net position, beginning of year, after restatement	13,794,771
Net position, end of year	\$ 12,357,523

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, 2022

Cash flows from operating activities	
Receipts from gifts, bequests and endowments	\$ 363,076
Payments to employees and for employee benefits	(86,920)
Disbursement of net aid to students	(325,336)
Payments to suppliers	(60,977)
Net cash (used in) operating activities	(110,157)
Cash flows from investing activities	
Proceeds from sale of investments	1,891,475
Transfer from cash to investments	(116,503)
Purchases of investments	(2,218,441)
Interest and fees paid on investments	(118,162)
Interest received on investments	319,860
Net cash (used in) investing activities	(241,770)
Net decrease in cash and cash equivalents	(351,927)
Cash and cash equivalents - beginning of year	1,864,629
Cash and cash equivalents - end of year	\$ 1,512,702

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

For the Year Ended June 30, 2022

Operating (loss) \$ (102,495)

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

Depletion expense 11,439

Changes in assets and liabilities

Accounts receivable, net (7,610)

Accounts payable (11,491)

Net cash (used in) operating activities \$ (110,157)

Supplemental cash flow information

Investment unrealized (losses) \$ (1,946,889)

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, 2022	Custodial Fund
Assets	
Cash and cash equivalents	\$ 144,024
Total assets	\$ 144,024
Net position	
Restricted for Student organizations	\$ 144,024
Total net position	\$ 144,024

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, 2022	Custodial Fund
Additions	
Auction proceeds	\$ 1,567
Contributions	13,136
Gifts and bequests	5,001
Initiation and graduation fees	445
Other Income	1,017
Total additions	21,166
Deductions	
Events	7,556
Program Assistance	4,548
Supplies	3,478
Miscellaneous	505
Theatre	1,851
Total deductions	17,938
Net increase in fiduciary net position	3,228
Net position, beginning of year	-
Net position, restatement (see note 2)	140,796
Net position, beginning of year, after restatement	140,796
Net position - end of year	\$ 144,024

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 New Mexico Junior College Foundation 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 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.

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.

**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)

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.

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.

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)

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.

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.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the Foundation'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. 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).

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)

Capital Assets (Continued)

Donations of property and equipment are recorded as contributions at acquisition value at the date of donation. Such donations are reported as increases in unrestricted net position unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

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 Foundation during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

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 39.5 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 \$49,027. Depletion for the year ended June 30, 2022 was \$11,439 and the minerals and land had a net book value at June 30, 2022 of \$238,476.

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.

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)

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.

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 2021, 2020 and 2019 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 31, 2022 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, 2022, the Foundation adopted GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*,

The implementation of this statement 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 May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

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)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

In May 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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: RESTATEMENT

In fiscal year 2021, the Foundation implemented GASB Statement No. 84, Fiduciary Activities. The net position was previously classified as Foundation net position within the business-type activities opinion unit instead of fiduciary net position in the custodial fund as of June 30, 2021. Therefore, the Foundation has a prior period adjustment of \$140,796 which was required for restating the prior period balance of fiduciary net position.

NOTE 3: 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. The Foundation 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, 2022, \$0 of the Foundation's bank balances of \$1,686,874 was exposed to custodial credit risk. None of the Foundations deposits were uninsured and uncollateralized at June 30, 2022.

	Lea County State Bank	Merrill Lynch*	Total
Total amount of deposits	\$ 185,332	\$ 1,501,542	\$ 1,686,874
Deposit accounts covered by the FDIC/SIPC coverage	(185,332)	(1,501,542)	(1,686,874)
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 is made up of \$735,000 fully insured CD's spread across six separate financial institutions. In addition to the FDIC coverage, the Foundation has money market mutual funds in the amount of \$766,542 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 3: DEPOSITS AND INVESTMENTS (Continued)

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

Deposits	\$ 1,686,874
Equities	2,178,400
Fixed Income	3,584,806
Mutual funds	4,825,904
Royalty interest	19,583
<hr/>	
Total deposits and investments	12,295,567
Petty cash	30
Less reconciling items	(30,178)
<hr/>	
Total cash and cash equivalents and investments	\$ 12,265,419
<hr/>	
Statement of net position	
Cash and cash equivalents	\$ 1,512,702
Investments	10,608,693
Cash and cash equivalents per statement of fiduciary net position	144,024
<hr/>	
Net deposits and investments	\$ 12,265,419
<hr/>	

Investments

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the statement of revenues, expenses, and changes in net position.

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 \$766,542.

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2022:

Investment	Market Value	Percent of Foundation's Investment
Equities	\$ 2,178,400	20.5%
Fixed income	3,584,806	33.8%
Mutual funds	4,825,904	45.5%
Royalty Interest	19,583	0.2%
Total Foundation investments	\$ 10,608,693	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 3: 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 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Foundation maintained a balance of \$10,608,693 in investments at June 30, 2022, 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, 2022:

	Total	Level 1	Level 2	Level 3
Equities	\$ 2,178,400	\$ 2,178,400	\$ -	\$ -
Fixed Income	3,584,806	3,584,806	-	-
Mutual funds	4,825,904	4,825,904	-	-
Royalty interest	19,583	-	19,583	-
	\$ 10,608,693	\$ 10,589,110	\$ 19,583	\$ -

NOTE 4: RECEIVABLES

The Foundation considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts. The receivable at June 30, 2022 consists of the following:

Accrued interest	\$ 244
Golf registrations and tournament	2,735
Golf sponsorships	10,175
Oil and gas royalty	2,385
Scholarships	4,500
Other receivables	381
Accounts receivable	\$ 20,420

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

NOTE 5: OTHER ASSETS

The following table summarizes the changes in the Foundation's other assets during the fiscal year ended June 30, 2022.

	June 30, 2021	Additions	Deletions	June 30, 2022
Other assets not being depleted				
Land	\$ 58,203	\$ -	\$ -	\$ 58,203
Total other assets not being depleted	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	(37,588)	(11,439)	-	(49,027)
Total other assets being depleted, net	191,712	(11,439)	-	180,273
Net other assets	\$ 249,915	\$ (11,439)	\$ -	\$ 238,476

Depletion expense as of June 30, 2022 was \$11,439.

NOTE 6: INSTITUTIONAL SUPPORT

The Foundation provided the following institutional support to the College during the year ended June 30, 2022:

Scholarships	\$ 244,241
Workstudy	21,531
Program assistance	59,564
Salaries and benefits	86,920
Other	49,486
Total institutional support	\$ 461,742

NOTE 7: 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.

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

NOTE 8: 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.

NOTE 9: 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 agreements with contractors and architects for various projects for the year ended June 30, 2022.

NOTE 10: 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.

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, 2022

Account Name	Type	Lea County State Bank	Merrill Lynch	Total
NMJC Foundation	Equities	\$ -	\$ 2,178,400	\$ 2,178,400
NMJC Foundation	Fixed income	-	3,584,806	3,584,806
NMJC Foundation	Mutual Funds	-	4,825,904	4,825,904
NMJC Foundation	Royalty Interest	-	19,583	19,583
NMJC Foundation	Cash Fund	-	518,019	518,019
NMJC Foundation	Cash Fund	-	154,599	154,599
NMJC Foundation	Cash Fund	-	50,273	50,273
NMJC Foundation	Cash Fund	-	13,470	13,470
NMJC Foundation	Cash Fund	-	30,181	30,181
NMJC Foundation	CD	-	735,000	735,000
NMJC Foundation	Checking	185,332	-	185,332
Amounts on deposit		185,332	12,110,235	12,295,567
Outstanding items		(30,178)	-	(30,178)
Reconciled balance		\$ 155,154	\$ 12,110,235	12,265,389
Petty cash				30
				<u>\$ 12,265,419</u>
Reconciliation to the financial statements				
Cash and cash equivalents				\$ 1,512,702
Investments				10,608,693
Cash and cash equivalents per statement of fiduciary net position				144,024
Total deposits and investments				<u>\$ 12,265,419</u>

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Compliance Section

INDEPENDENT AUDITOR’S 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*

Brian S. Colón, Esq.
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, 2022, 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, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

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*.

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, 2022

**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Findings and Responses
June 30, 2022**

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? | Yes |
| 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

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

Condition – The prior year statements have been restated in the amount of \$140,796 in the business-type activities related to the improper implementation of GASB Statement No. 84, Fiduciary Activities.

Criteria - Monthly maintenance of custodial funds and preparation of annual financial statements and related note disclosures in accordance with generally accepted accounting principles (GAAP) helps ensure that timely, accurate and useful information is available to management and those charged with governance.

Effect - The Foundation's custodial funds were recorded as special revenue funds instead of custodial funds which resulted in an overstatement of net position for the Foundation as of June 30, 2021.

Cause – The Foundation recorded its custodial funds as special revenue funds which were included in the June 30, 2021 financial statements of the Foundation.

Auditors' Recommendation - Management should analyze all custodial funds to identify and reclassify all custodial funds in accordance with GASB Statement No. 84, Fiduciary Activities.

Views of Responsible Officials and Planned Corrective Action - The custodial funds for the Foundation have been reclassified in accordance with GASB Statement No. 84, Fiduciary Activities. Future income and expenses will be recorded to the custodial funds.

Responsible Official - Controller

Timeline and Estimated Completion Date – July 1, 2021

**New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Findings and Responses
June 30, 2022**

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

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2021-001 – Journal entries are not reviewed timely (Other Matter) - Resolved

New Mexico Junior College Foundation
(A Component Unit of New Mexico Junior College)
Other Disclosures
June 30, 2022

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 19, 2022. The following individuals were in attendance:

New Mexico Junior College Foundation Officials

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

College Officials

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

New Horizons Foundation Officials

Dr. Derek Moore	Board President
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, 2022

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Introductory Section

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New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Table of Contents
June 30, 2022

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**New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Official Roster
June 30, 2022**

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., New Mexico State Auditor and
U.S. Office of Management and Budget
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 New Mexico Junior College (the "College"), as of and for the year ended June 30, 2022, 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, 2022, 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 the entity are intended to present the financial position and the changes in financial position of only the New Horizons Foundation. They do not purport to, and do not, present fairly the financial position of New Mexico Junior College, as of June 30, 2022, 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 opinions on the financial statements that collectively comprise New Horizons' 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, 2022 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, LLC
Albuquerque, New Mexico
October 31, 2022

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Financial Section

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

June 30, 2022

Assets

Current assets

Cash and cash equivalents	\$	193,718
Due from New Mexico Junior College		516,420
Prepaid expenses		12,704

Total current assets		722,842
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Noncurrent assets

Intangible asset		78,137
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Total noncurrent assets		78,137
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Total assets	\$	800,979
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Liabilities

Current liabilities

Accounts payable	\$	15,432
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Total current liabilities		15,432
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Total liabilities		15,432
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Net position

Unrestricted		785,547
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Total net position		785,547
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Total liabilities and net position	\$	800,979
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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, 2022

Operating expenses	
Salaries and wages	\$ 78,950
Payroll benefits	19,633
Supplies	1,447
General and administrative	20,404
Research and development	2,334
Consulting	116,048
Advertising	2,567
Telephone	25
Dues and membership	350
Travel	3,819
Insurance	19,155
Amortization	5,054
Total operating expenses	269,786
Operating (loss)	(269,786)
Non-operating revenues (expenses)	
Net transfer from New Mexico Junior College	350,000
Net non-operating revenues (expenses)	350,000
Change in net position	80,214
Net position, beginning of year	705,333
Net position, end of year	\$ 785,547

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, 2022

Cash flows from operating activities	
Payments to employees and for employee benefits	\$ (98,583)
Payments to suppliers	(144,413)
Net cash (used in) operating activities	(242,996)
Cash flows from capital financing activities	
Purchase of intangible assets	(16,069)
Payment to New Mexico Junior College	(97,459)
Transfer from New Mexico Junior College	350,000
Net cash provided by capital financing activities	236,472
Net decrease in cash and cash equivalents	(6,524)
Cash and cash equivalents - beginning of year	200,242
Cash and cash equivalents - end of year	\$ 193,718
Operating (loss)	\$ (269,786)
Reconciliation of operating loss to net cash (used in) operating activities	
Amortization expense	5,054
Write off of receivable	6,120
Changes in assets and liabilities	
Prepaid expenses	1,282
Accounts payable	14,334
Net cash (used in) operating activities	\$ (242,996)

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. The New Horizons Foundation serves as a resource, source of information, conduit and liaison between educational institutions, private industry and governmental entities to promote research in numerous areas including, but not limited to education and science.

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

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

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

The New Horizons Foundation 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).

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (Continued)

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.

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, 2022, 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 7.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Prepaid Expenses

Prepaid expenses as of June 30, 2022 consisted of prepaid insurance of \$12,704.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, New Horizons' capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. 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. Equipment of New Horizons is depreciated using the straight line method over the following estimated useful life:

Assets	Years
Equipment	5

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)

Intangible Asset

New Horizons owns the license for the hydro tool which has an approved patent in the United States. During 2022 an additional \$16,069 was spent to complete the license and as of June 30, 2022, the license to the approved patent was valued at \$60,369 and had accumulated amortization of \$4,989 for a net amount of \$55,380. 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, 2022, the license to the patent filing was valued at \$30,000 and had accumulated amortization of \$7,243 for a net amount of \$22,757.

As of June 30, 2022, these two patent filings combined for a net intangible asset amount of \$78,137.

Due from New Mexico Junior College

At various times in the year, New Horizons has a due from the College for money owed and as of June 30, 2022, the College owed New Horizons \$516,420.

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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses

New Horizons currently receives contributions from the College. The College transferred \$350,000 to New Horizons while Lea County did not make any contributions this year as a result of cutting costs due to COVID-19 restrictions.

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 2021, 2020 and 2019 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, 2022 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, 2022, New Horizons adopted GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*,

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:

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 (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

In May 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**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 (Continued)

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.

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. New Horizons 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, 2022, \$0 of New Horizons' bank balances of \$214,386 was exposed to custodial credit risk. None of New Horizons' deposits were uninsured and uncollateralized at June 30, 2022.

	Lea County State Bank
Total amount of deposits	\$ 214,386
Deposit accounts covered by the FDIC coverage	(214,386)
Total uninsured public funds	-
Collateralized by securities held by the pledging institution or by its trust department or institution or by its trust department or agent other than the New Horizons' name	-
Uninsured and uncollateralized	\$ -

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

NOTE 2: DEPOSITS AND INVESTMENTS

Reconciliation of Deposits to the *Statement of Net Position*

<u>Deposits</u>	\$	<u>214,386</u>
Total deposits		214,386
Less reconciling items		<u>(20,668)</u>
<u>Total cash and cash equivalents</u>	<u>\$</u>	<u>193,718</u>
Statement of net position		
<u>Cash and cash equivalents</u>	<u>\$</u>	<u>193,718</u>
<u>Net deposits</u>	<u>\$</u>	<u>193,718</u>

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 \$17,510 of the \$19,155 insurance total for the year ended June 30, 2022.

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, 2022.

NOTE 6: CONCENTRATIONS

New Horizons Foundation received 100% of its revenue from the College for the year ended June 30, 2022.

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

NOTE 7: 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, 2022 below.

June 30, 2022

Assets

Current assets

Cash and cash equivalents	\$	1,048
Prepaid expenses		12,704

Total current assets		13,752
----------------------	--	--------

Noncurrent assets

Intangible asset		55,380
------------------	--	--------

Total noncurrent assets		55,380
-------------------------	--	--------

Total assets	\$	69,132
--------------	----	--------

Liabilities

Current liabilities

Accounts payable	\$	1,949
------------------	----	-------

Total current liabilities		1,949
---------------------------	--	-------

Total liabilities		1,949
-------------------	--	-------

Net position

Unrestricted		67,183
--------------	--	--------

Total net position		67,183
--------------------	--	--------

Total liabilities and net position	\$	69,132
------------------------------------	----	--------

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

NOTE 7: WELLNU, LLC (Continued)

For the Year Ended June 30, 2022

Operating expenses

Legal and professional fees	\$	3,156
Research and development		525
Insurance		17,509
Amortization		1,951
<hr/>		
Total operating expenses		23,141
<hr/>		
Operating (loss)		(23,141)
<hr/>		
Non-operating revenues (expenses)		
Net transfer from New Horizons Foundation		38,170
<hr/>		
Net non-operating revenues (expenses)		38,170
<hr/>		
Change in net position		15,029
<hr/>		
Net position, beginning of year		52,154
<hr/>		
Net position, end of year	\$	67,183
<hr/>		

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

NOTE 7: WELLNU, LLC (Continued)

For the Year Ended June 30, 2022

Cash flows from operating activities

Payments to suppliers	\$	(22,056)
<hr/>		
Net cash (used in) operating activities		(22,056)
<hr/>		

Cash flows from capital financing activities

Purchase of intangible assets		(16,069)
Transfer from New Horizons Foundation		38,170
<hr/>		
Net cash provided by capital financing activities		22,101
<hr/>		

Net increase in cash and cash equivalents 45

Cash and cash equivalents - beginning of year 1,003

Cash and cash equivalents - end of year \$ 1,048

Operating (loss) \$ (23,141)

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

Amortization expense		1,951
Changes in assets and liabilities		
Prepaid expenses		(1,717)
Accounts payable		851
<hr/>		
Net cash (used in) operating activities	\$	(22,056)
<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, 2022

Account Name	Type	Lea County State Bank	Total
New Horizons Foundation	Checking	\$ 213,338	\$ 213,338
New Horizons Foundation	Checking - Wellnu	1,048	1,048
Amounts on deposit		214,386	214,386
Outstanding items		(20,668)	(20,668)
Reconciled balance		\$ 193,718	\$ 193,718
Reconciliation to the financial statements			
Cash and cash equivalents			193,718
Total deposits			\$ 193,718

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Compliance Section

INDEPENDENT AUDITOR’S 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*

Brian S. Colón, Esq.
New Mexico State Auditor
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, 2022, 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, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions 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 New Horizons' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Horizons' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
October 31, 2022

**New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Schedule of Findings and Responses
June 30, 2022**

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

2021-001 – Journal entries are not reviewed timely (Other Matter) - Resolved

New Horizons Foundation
(A Component Unit of New Mexico Junior College)
Other Disclosures
June 30, 2022

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on October 21, 2022. The following individuals were in attendance:

New Mexico Junior College Foundation Officials

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

College Officials

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

New Horizons Foundation Officials

Dr. Derek Moore	Board President
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.

NEW MEXICO JUNIOR COLLEGE

Vice President for Finance

To: **New Mexico Junior College Board Members**
From: Josh Morgan
Date: February 9, 2023
RE: Expenditure and Revenue Reports for January 2023

January is month seven or 58% of the budget for the 2022/2023 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 \$34,440,789.

The total current unrestricted fund expenditures through January are \$18,783,854, which is 58% of the projected budget. Expenses for Instruction and General are up as compared to FY 22 for the first seven months of the fiscal year. This is due to an increase in salaries and benefits. In other Current Unrestricted Funds, expenses are also up as compared to FY 22 due to an increase in salaries and benefits and increase in dual credit enrollment related to C-Tech. Internal Services which consists of the Computer Services, Motor Pool, and the Document Center continue to receive monthly credits from Instruction & General to cover the operating costs. Over all, expenditures are up as compared to January 2022.

In the Restricted Funds, the expenditures in the Grant area is tracking along as expected. The Business Office continues to monitor the expenditures in the Grants and request the drawdown from the state and federal agencies. The year-to-date Restricted Student Aid is lower as compared to January 2022. This is mainly related to HEERF awards awarded last year that are not being awarded in FY 23. Total amount of restricted funds expended through January 2023 is \$4,367,977.

Plant fund expenditures for January were \$624,045; the total year-to-date including encumbrances is \$11,288,958. Projects with on-going major expenses and encumbrances include Tech Upgrade, Fire Alarm Upgrade, Campus Wide Site Project, Watson Hall Renovation, Vestibule & Safety Project, Campus Paving, Facilities Management System Upgrade, Vocational Training Facility, Campus Housing Unit, Cafeteria Construction, Campus Security Upgrades, WHM Storage Building, Track Upgrades, and Campus Wide Access Control. Building renewal and replacement expenditures were \$150,960.

Total expenditures and or encumbrances through January 2023 were \$34,440,789.

Total current unrestricted revenue received in January 2023 was \$14,200,579, with the year-to-date total of \$63,136,506. This mostly consists of the tuition and fees, the monthly allocation from the state, the oil and gas income, oil and gas equipment tax income, property tax revenue, and auxiliary revenue. The tuition and fees collected in January 2023 for the spring semester were \$256,569. Oil and gas mill levy for the month of January was \$7,073,856 and the equipment tax revenue for January was \$367,629. The property tax revenue received in January was \$5,538,517. Looking at the past trends in property tax payout, the College should receive additional property tax revenue in June. In FY 22, the total for mill levy property tax was \$16,308,747.

Total current restricted revenue received in January 2023 was \$1,508,264. Grants drawn down was \$65,766 and student aid drawn down during January was \$1,442,498. Total current restricted fund revenue for the year is \$3,893,582.

In plant funds, the College received \$604,315 in LGIP interest.

Total revenue for the month of January 2023 is \$16,313,158, with year-to-date revenue of \$69,552,122.

The oil and gas revenues continue to be strong. Oil and Gas production revenue received during the month is \$7,073,856. The total oil and gas production and oil and gas equipment tax revenue received through January of 2023 including the accrual of \$625,000 for each of the three months of November, December, and January is \$41,696,263.

The Investment Report shows a beginning balance in LGIP funds of \$141,000,000. Funds were sent to LGIP during January in the amount of 24,000,000 leaving an ending balance in LGIP funds at the end of January of \$165,000,000. At the end of January, there was \$128,720,043 in allocated capital projects.

This concludes the Financial Report for January 2023.

NEW MEXICO JUNIOR COLLEGE

Expenditure Report

January 2023

58% of Year Completed

Fund	2021-22			2022-23			
	Final Budget	Year-to-Date Expended or Encumbered	Percentage of Budget Expended	Budget	Current Expended or Encumbered	Expended or Encumbered	Percentage of Budget Expended
CURRENT UNRESTRICTED FUND							
Instruction and General:							
Instruction	11,759,080	4,839,583	41%	11,425,267	820,497	5,696,644	50%
Academic Support	2,552,885	1,130,979	44%	2,751,554	154,811	1,306,351	47%
Student Services	2,186,039	923,879	42%	2,557,559	189,403	1,444,433	56%
Institutional Support	5,117,287	2,622,946	51%	5,458,378	523,755	3,325,984	61%
Operation & Maintenance of Plant	4,395,892	2,170,144	49%	4,615,295	359,191	2,607,009	56%
Subtotal - Instruction & General	26,011,183	11,687,531	45%	26,808,053	2,047,657	14,380,421	54%
Research	-	61,473		-	-	-	0%
Public Service	70,000	31,262	45%	59,300	297	14,274	24%
Internal Service Departments	258,365	165,571	64%	97,992	4,206	100,331	102%
Student Aid	785,880	494,194	63%	760,880	38,734	703,600	92%
Auxiliary Enterprises	2,803,560	1,798,970	64%	2,348,323	215,614	1,669,789	71%
Athletics	2,772,294	1,602,441	58%	2,536,794	643,683	1,915,439	76%
Total Current Unrestricted Fund	32,701,282	15,841,442	48%	32,611,342	2,950,191	18,783,854	58%
CURRENT RESTRICTED FUND							
Grants	5,112,076	528,535	10%	2,104,644	145,377	635,134	30%
Student Aid	5,915,395	5,022,030	85%	3,895,816	1,555,402	3,732,843	96%
Total Current Restricted Fund	11,027,471	5,550,565	50%	6,000,460	1,700,779	4,367,977	73%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	9,442,296	7,160,819	76%	69,675,330	404,505	9,532,892	14%
Projects from State GOB Funds	213,387	154,315	72%	3,825,685	63,034	391,365	10%
Projects from State STB Funds	170,870	174,104	102%	1,979,214	-	84,251	4%
Projects from General Fund	-	-	0%	353,400	5,546	100,929	29%
Projects from Private Funds	-	-	0%	-	-	-	0%
Projects from State ER&R	500,000	185,131	37%	335,000	-	336,396	100%
Projects from State BR&R	1,000,000	746,567	75%	663,671	150,960	843,125	127%
Subtotal - Capital and BR&R	11,326,553	8,420,936	74%	76,832,300	624,045	11,288,958	15%
Debt Service							
Revenue Bonds	-	-	0%	-	-	-	0%
Total Plant Funds	11,326,553	8,420,936	74%	76,832,300	624,045	11,288,958	15%
GRAND TOTAL EXPENDITURES							
	55,055,306	29,812,943	54%	115,444,102	5,275,015	34,440,789	30%

NEW MEXICO JUNIOR COLLEGE
Revenue Report
January 2023

58% of Year Completed

2021-22

2022-23

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	3,420,600	3,255,666	95%	3,805,562	256,569	3,421,680	90%
State Appropriations	6,420,500	3,707,117	58%	7,295,000	547,584	5,002,582	69%
Advalorem Taxes - Oil and Gas	58,900,000	24,233,945	41%	9,155,000	7,441,485	41,696,263	455%
Advalorem Taxes - Property	13,000,000	9,370,561	72%	10,221,168	5,538,517	10,117,616	99%
Interest Income	-	34	0%	-	-	-	0%
Other Revenues	1,006,500	139,930	14%	157,869	22,915	193,942	123%
Subtotal - Instruction & General	82,747,600	40,707,253	49%	30,634,599	13,807,070	60,432,083	197%
Research	-	-	0%	-	-	-	0%
Public Service	-	-	0%	-	-	-	0%
Internal Service Departments	20,800	2,901	14%	60,800	-	53,189	87%
Auxiliary Enterprises	2,530,762	2,135,865	84%	2,756,942	349,276	2,311,801	84%
Athletics	533,700	303,997	57%	558,600	44,233	339,433	61%
	774						
Total Current Unrestricted	85,833,636	43,150,016	50%	34,010,941	14,200,579	63,136,506	186%
CURRENT RESTRICTED FUND							
Grants	5,112,076	2,941,190	58%	2,104,644	65,766	490,490	23%
Student Aid	5,915,395	4,208,588	71%	3,895,816	1,442,498	3,403,092	87%
Total Current Restricted	11,027,471	7,149,778	65%	6,000,460	1,508,264	3,893,582	65%
PLANT FUNDS							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from State GOB Funds	154,315	-	0%	3,825,685	-	-	0%
Projects from State STB Funds	170,870	22,369	13%	1,979,214	-	84,251	4%
Projects from General Fund	70,511	168,111	238%	353,400	-	31,525	9%
Projects from BR&R	-	-	0%	65,671	-	-	0%
Projects from Private Funds	-	57,993	0%	-	-	-	0%
Interest Income (LGIP)	85,000	38,866	46%	60,000	604,315	2,406,258	4010%
Total Plant Funds	480,696	287,339	60%	6,283,970	604,315	2,522,034	40%
GRAND TOTAL REVENUES	97,341,803	50,587,133	52%	46,295,371	16,313,158	69,552,122	150%

NEW MEXICO JUNIOR COLLEGE

Oil and Gas Revenue Report

January 2023

58% of Year Completed

		OIL		GAS		COMBINED		
Month of	Sales	Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2022-23 Original Budget	Variance Over (Under) Budget
Distribution								
Actual	July	\$100.13	29,161,904	\$6.38	89,385,817	8,010,212	625,000	7,385,212
Actual	August	\$93.67	29,231,332	\$6.94	88,894,987	7,702,512	625,000	7,077,512
Actual	September	\$83.81	30,023,954	\$6.00	100,786,354	7,057,025	625,000	6,432,025
Actual	October	\$85.20	31,926,012	\$3.99	102,167,618	7,073,856	625,000	6,448,856
Actual	November					625,000	625,000	0
Actual	December					625,000	625,000	0
Actual	January					625,000	625,000	0
Actual	February						625,000	(625,000)
Actual	March						625,000	(625,000)
Accrual	April						625,000	(625,000)
Accrual	May						625,000	(625,000)
Accrual	June						625,000	(625,000)
Y.T.D. Production Tax Revenue						31,718,605	7,500,000	24,218,605
Y.T.D. Equipment Tax Revenue						9,977,658	1,655,000	8,322,658
Total Year-to-Date Oil & Gas and Equipment Tax Revenue						<u>41,696,263</u>	<u>9,155,000</u>	<u>32,541,263</u>

Source: New Mexico Taxation and Revenue Department

NEW MEXICO JUNIOR COLLEGE

Schedule of Investments

January 2023

58% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
State of New Mexico Local Government Investment Pool	141,000,000	7102-1348	4.289%	476,276
Plus deposits	24,000,000			
Less withdrawals	-			
Total LGIP investments	165,000,000			476,276

Capital Project	1/31/2022
Vehicles	533,881.03
Campus Facilities Master Plan	1,046,090.20
Chrome River	2,044.00
WHM North Gallery Renovation	655,817.00
Campus Vestibules	1,218,288.59
Voc B Airhandler	1,500,000.00
Softball Field	5,790,000.00
National Track Meet	110,577.39
Pi Day	23,487.04
Technology Upgrade	412,590.96
JASI	72,337.45
WHM Storage Building	1,067,929.46
Baseball Field	1,530,173.45
Rodeo Arena	119,434.75
Fire Alarm Upgrade	415,257.88
Landscaping	518,111.37
Smart Classrooms	513,033.51
Campus Signage	537,566.81
Campus Paving	1,145,984.91
Std Ctr & Bob Moran Roof Replacement	650,000.00
Master Landscaping Project	8,939,151.51
Dorm/Apartment Refurbish	1,638,950.08
Concrete Upgrade	1,379,714.04
Campus Construction	196,815.35
Workforce Training & Outreach	250,000.00
Higher Learning Commission	126,515.62
Public Sector	1,000,000.00
Campus Security	95,572.56
Copier Replacement	84,155.22
Non-Recurring Compensation	1,500,000.00
Athletics	114,167.01
Student Life Programming	20,432.28
Succession Plan	620,056.15
WHM Exhibits	137,065.73
Track Upgrades	1,495,199.06
Driving Range Upgrades	908,561.02
McLean Hall Renovations	66,424.22
Cafeteria Upgrade	93,539.20
Equestrian Center	2,933,949.87
Campus/Hospital Fencing	563,509.84
Turf Replacement	997,527.12
Watson Hall Renovation	3,915,773.70
Facilities Management System	610,278.25
Caster Upgrades	2,624,882.14
Vocational Training Facility	14,396,040.67
Heidel Hall Renovation	20,000,000.00
Heidel/Hagelstein Air Handlers	393,371.89
Air Handlers	2,985,247.70
Campus Housing Unit	15,361,244.77
Cafeteria Construction	10,408,370.58
Mansur Hall Remodel	4,000,000.00
Mary Hagelstein Remodel	4,000,000.00
Campus Wide Access Control	3,000,000.00
Dorm/Apartment Furniture Replacement	1,000,000.00
Roof Replacement	1,500,000.00
CORE	500,000.00
SOAR Caster Annex Remodel	500,000.00
NMJC/Lea County Quality of Life	2,500,000.00
Workforce Training Contingency	921.97
Total	128,720,043.35

New Mexico Junior College

Vice President for Finance

5317 Lovington Highway
Hobbs, NM 88240
Phone: 575-492-2770

To: New Mexico Junior College Board Members

From: Josh Morgan

RE: The Hub Project

Date: February 9, 2023

Board members,

As you may recall, at the November 2022 NMJC Board meeting, you were presented with a request to approve The Hub Project. The Board requested us to gather additional data before an approval could be granted. We gathered the data and presented it to the newly formed NMJC Board Facilities Committee on Monday, February 6, 2023.

During the NMJC Board Facilities Committee meeting, we discussed the current state of student housing at NMJC, the upcoming Student Housing Project, and the evolution of the concept of The Hub Project. A summary of this discussion is provided below.

The goals for the NMJC Housing Project are:

- to provide a strong student experience centered around a sense of community and a variety of interior and exterior community and recreation spaces
- to provide an inviting, safe/secure, and easily maintainable space.

The visions of the NMJC Housing Project are:

- to grow the NMJC Athletic programs
- to provide flexible housing to meet the future needs of the campus and the next generations of students.

Key factors about today students:

- Students want to feel they are part of a community, especially after the isolation of the pandemic
- Students embrace housing facilities that are lively, engaging, state-of-the-art, and sustainable
- Students bring with them a unique set of expectations and experiences
- Students arrive at college with a different set of privacy boundaries and lifestyle preferences
- Students value the importance of choice

Objectives of the spaces we are striving to provide in student housing should:

- Encourage social engagement
- Improve recruitment and retention
- Help students build relationships and make new connections
- Foster academic success
- Be Flexible and desirable for students to visit them
- Accommodate different types of events, both impromptu and planned

The hottest student housing amenities today are:

- Multifunctional wellness centers
- Study and co-working spaces
- Wi-Fi access
- Fresh markets

The Hub Project takes our goals and visions, looks at the students we are serving today, and strives to create spaces that will ultimately lead to better recruitment, retention, and completion for our students. According to Jillian Kinzie, Interim Co-Director for the National Survey of Student Engagement at the Indiana University Center for Postsecondary Research, “It’s not about the student fitting into existing institutional programs, it’s really about the institution creating opportunities for students to feel and be connected.” The Hub Project is NMJC’s effort to provide these opportunities for our students.

The Hub is a proposed 10,800 square foot facility located within the Student Housing Complex. Amenities offered within The Hub include:

- Study areas
- Lounge areas
- Convenience/Coffee Store
- Wellness area
- Game room
- Mailroom

The estimated construction cost of this facility developed by NMJC’s Construction Manager At-Risk, Bradbury Stamm Construction using Dekker, Perich, & Sabatini’s 50% Design Development is \$7,298,699. Total project cost including soft cost is estimated at \$9,731,599.

Today, the administration is requesting the Board’s approval to add to the NMJC Campus Master Plan, The Hub Project.

If approved today, we plan to bring back to the May Board meeting a request to take The Hub Project, based on 90% Construction Documents, to the Higher Education Department’s June Capital Outlay Committee Hearing.

Thank you.

Josh Morgan

New Mexico Junior College

5317 Lovington Highway
Hobbs, NM 88240

To: New Mexico Junior College Board
From: JoeMike Gomez
RE: Request for Proposal #141 – Thunderbird Health Center

February 16, 2023

Request for Proposal #141 – Thunderbird Health Center

Public Notice: January 27, 2023

Hobbs News-Sun

Vendor List: Covenant Hobbs Hospital, Presbyterian Medical Services,
Nor-Lea Hospital District, American Medical Group

Proposal Summary: Nor-Lea Hospital District – Initial 3-year contract

Proposal Cost YR. 1 \$521,374

Proposal Cost YR. 2 \$547,443

Proposal Cost YR. 3 \$574,815

Recommendation for award: Nor-Lea Hospital District

Initial 3 years with option to renew yearly; not to exceed 8 years total.

Sincerely,

JoeMike Gomez
Purchasing Coordinator
