



# **Northern New Mexico College**

## **Financial Statements and Supplementary Information**

**For the Year Ended June 30, 2021**

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**State of New Mexico  
Northern New Mexico College  
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**State of New Mexico  
Northern New Mexico College  
Official Roster  
June 30, 2021**

<u>Name</u>	<u>Title</u>
<b>BOARD OF REGENTS</b>	
The Honorable Michelle Lujan Grisham	Ex Officio Member, Governor of the State of New Mexico
Kate O'Neill, PhD	Ex Officio Member, Cabinet Secretary, Public Education Department of NM
Michael A. Martin	President
Erica Rita Velard, PE	Vice President
Porter Swentzell, PhD	Secretary/Treasurer
Ruben Archuleta	Member
Maria Evelyn Juarez	Member
<b>ADMINISTRATIVE OFFICIALS</b>	
Richard J. Bailery, Jr., PhD	President
Ricky A. Bejarano, CPA, CGMA	Vice President for Finance and Administration
Ivan Lopez, PhD	Vice President for Academic Affiar, Provost
Amy Pena	Executive Assistant to the President/Board Secretary
Sally Martinez	Executive Assistant to the Provost
Vince Lithgow, CGFM	Comptroller

**State of New Mexico  
Northern New Mexico College  
Official Roster  
June 30, 2021**

<u>Name</u>		<u>Title</u>
<b>FOUNDATION BOARD MEMBERS</b>		
Alfred Herrera		President
Tania Sanchez		Vice President/Secretary/Treasurer
David Eyer		Member
James Owen		Member
Richard J. Bailery, Jr., PhD		Ex Officio Member
Ricky A. Bejarano, CPA, CGMA		Ex Officio Member
<b>ADMINISTRATIVE OFFICIALS</b>		
Vacant		Executive Director
<b>EAGLE CORPORATION BOARD MEMBERS</b>		
Erica Rita Velarde, PE		President
Julianna Barbee		Vice President
Ricky A. Bejarano, CPA, CGMA		Treasurer
Richard J. Bailey, Jr., PhD		Secretary
Kathy Keith		Member

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## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Regents  
Northern New Mexico College  
Española, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and aggregate remaining fund information of the Northern New Mexico College (the "College"), as of and for the year ended June 30, 2021, 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, 2021, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Basis for Qualified Opinion***

We were unable to verify sufficient appropriate audit evidence regarding the amount of historical capital assets as well as related accumulated depreciation and depreciation expense. The amount by which this departure would affect the assets, net investment in capital assets (net position), accumulated depreciation, and depreciation expense of the business-type activities has not been determined.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the discretely presented component unit, and aggregate remaining fund information of the Northern New Mexico College, as of June 30, 2021, and the 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, the budgetary schedules of the College referred to above present fairly, in all material respects, the respective budgetary schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Reporting Entity*

As discussed in Note 1, the financial statements of the College are intended to present the net position, changes in net position and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the College and its discretely presented component unit. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2021, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *Restatement of Net Position*

As discussed in Note 2 to the basic financial statements, the prior year statements have been restated in the amount of \$284,509 in the business-type activities and \$11,912 in the fiduciary funds. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *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.

Accounting principles generally accepted in the United States of America require that the GASB required pension schedules, the GASB required other post-employment benefits schedules, and the notes to the required supplementary information on pages 70 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section, supplementary information, excluding the budgetary schedules, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, excluding the budgetary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, excluding the budgetary schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, 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  
December 20, 2021

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## **Basic Financial Statements**

**State of New Mexico  
Northern New Mexico College  
Statement of Net Position**

<b>June 30, 2021</b>	<b>Primary Government</b>	<b>Northern New Mexico College Foundation</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,276,688	\$ 326,275
Restricted cash and cash equivalents	39,535	1,303,200
Receivables, net of allowances for uncollectibles		
Grants and contracts	2,101,295	-
Student, net	1,389,661	-
Mill levy	491,457	-
Oil and gas	47,497	
Other	198,032	25,000
Due from component units	568,925	-
Deferred tax asset	2,303	-
Inventory	80,336	-
Prepaid expenses	15,079	-
<b>Total current assets</b>	<b>11,210,808</b>	<b>1,654,475</b>
Noncurrent assets		
Restricted endowment investments	-	4,102,301
Non-depreciable assets	13,688,754	-
Depreciable assets	67,203,230	-
Accumulated depreciation	(45,542,521)	-
<b>Total noncurrent assets</b>	<b>35,349,463</b>	<b>4,102,301</b>
<b>Total assets</b>	<b>46,560,271</b>	<b>5,756,776</b>
<b>Deferred outflows of resources</b>		
Deferred outflows - pension	27,317,185	-
Deferred outflows - OPEB	2,502,194	-
<b>Total deferred outflows of resources</b>	<b>29,819,379</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 76,379,650</b>	<b>\$ 5,756,776</b>

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



<b>June 30, 2021</b>	<b>Primary Government</b>	<b>Northern New Mexico College Foundation</b>
<b>Liabilities and net position</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,912,495	\$ -
Accrued expenses	984,050	-
Income taxes payable	2,303	-
Due to primary government	-	568,925
Due to State of New Mexico	504,349	-
Unearned revenue	1,477,200	-
Long-term liabilities, current	522,514	-
<b>Total current liabilities</b>	<b>5,402,911</b>	<b>568,925</b>
Noncurrent liabilities		
Long-term liabilities, net of current portion	117,805	-
Net pension liability	58,513,704	-
Net OPEB liability	7,972,467	-
<b>Total noncurrent liabilities</b>	<b>66,603,976</b>	<b>-</b>
<b>Total liabilities</b>	<b>72,006,887</b>	<b>568,925</b>
Deferred inflows of resources		
Deferred inflows - pension	388,546	-
Deferred inflows - OPEB	2,927,964	-
<b>Total deferred inflows of resources</b>	<b>3,316,510</b>	<b>-</b>
Net position		
Net investment in capital assets	35,176,011	-
Restricted for		
Endowments-nonspendable	-	4,424,978
Endowments-spendable	-	980,523
Unrestricted (deficit)	(34,119,758)	(217,650)
<b>Total net position</b>	<b>1,056,253</b>	<b>5,187,851</b>
<b>Total liabilities and net position</b>	<b>\$ 76,379,650</b>	<b>\$ 5,756,776</b>

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

**State of New Mexico**  
**Northern New Mexico College**  
**Statement of Revenues, Expenses and Changes in Net Position**

<b>For the Year Ended June 30, 2021</b>	<b>Primary Government</b>	<b>Northern New Mexico College Foundation</b>
<b>Operating revenues</b>		
Student tuition, fees and trainings	\$ 3,935,360	\$ -
Federal grants and contracts	6,772,049	-
State and local grants and contracts	1,070,802	-
Other grants and contracts	780,082	-
Sales and services of auxiliary enterprises	249,812	-
Gifts, bequests and endowments	-	684,126
Other	63,486	25,860
<b>Total operating revenues</b>	<b>12,871,591</b>	<b>709,986</b>
<b>Operating expenses</b>		
Instruction and general		
Instruction	13,720,692	-
Institutional support	9,436,955	-
Student aid, grants, and stipends	4,674,399	-
Operation and maintenance of plant	2,069,725	-
Student services	4,270,171	-
Academic support	1,376,756	-
Athletics	800,704	-
Public service	398,422	-
Student activities	9,321	-
Research	80,972	-
Scholarships	-	25,000
Other	5,780	244,382
Auxiliary enterprises	424,106	-
Depreciation	1,307,092	-
<b>Total operating expenses</b>	<b>38,575,095</b>	<b>269,382</b>
<b>Operating (loss) income</b>	<b>(25,703,504)</b>	<b>440,604</b>

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

<b>For the Year Ended June 30, 2021</b>	<b>Primary Government</b>	<b>Northern New Mexico College Foundation</b>
<b>Non-operating revenues</b>		
State general fund appropriations	11,013,400	-
Mill levy	2,292,920	-
Oil and gas revenue	257,572	
Land grant permanent fund income	146,940	-
State land income	79,503	
Investment income	15,317	471,949
Insurance proceeds	180,000	-
<b>Net non-operating revenues</b>	<b>13,985,652</b>	<b>471,949</b>
Income before capital appropriations	(11,717,852)	912,553
Capital appropriations	366,936	-
Change in net position	(11,350,916)	912,553
Net position, beginning of year, as originally stated	12,122,660	4,275,298
Net position, restatement (Note 2)	284,509	-
<b>Net position, beginning of year, as restated</b>	<b>12,407,169</b>	<b>4,275,298</b>
<b>Net position, end of year</b>	<b>\$ 1,056,253</b>	<b>\$ 5,187,851</b>

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

**State of New Mexico  
Northern New Mexico College  
Statement of Cash Flows**

<b>For the year ended June 30, 2021</b>	<b>Primary Government</b>
<b>Cash flows from operating activities</b>	
Tuition, fees and trainings	\$ 3,805,611
Grants and contracts	8,089,650
Sales and services of auxiliary enterprises	249,812
Other operating receipts	(137,048)
Payments for employee wages and benefits	(13,589,426)
Payments to suppliers for good and services	(10,730,047)
Net cash (used) by operating activities	(12,311,448)
<b>Cash flows from noncapital financing activities</b>	
State appropriations, non-capital	11,013,400
Mill levy revenue	2,161,265
Oil and gas revenue	210,075
Land grant permanent fund income	146,940
State land income	79,503
Insurance proceeds	180,000
Net cash provided by noncapital financing activities	13,791,183
<b>Cash flows from capital financing activities</b>	
State appropriations, capital	6,263
Purchase of capital assets	(894,235)
Payments of capital leases	(27,716)
Net cash provided by capital financing activities	(915,688)
<b>Cash flows from investing activities</b>	
Interest received on investments	15,317
Net cash provided by investing activities	15,317
Net increase in cash and cash equivalents	579,364
Cash and cash equivalents - beginning of year	5,748,772
Restatement (Note 2)	(11,912)
Cash and cash equivalents - beginning of year, as restated	5,736,859
Cash and cash equivalents - end of year	\$ 6,316,223
Reconciliation of end of year cash and cash equivalents to statement of net position	
Cash and cash equivalents, unrestricted	\$ 6,276,688
Cash and cash equivalents, restricted	39,535
Cash and cash equivalents, end of year	\$ 6,316,223

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

**State of New Mexico  
Northern New Mexico College  
Statement of Cash Flows**

For the year ended June 30, 2021	Primary Government
<b>Reconciliation of operating (loss) to net cash (used) by operating activities</b>	
Operating (loss)	\$ (25,703,504)
Depreciation expense	1,307,092
Noncash pension expense	13,515,175
Noncash OPEB benefit	(381,474)
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable, net	
Grants and contracts	(563,944)
Student, net	(129,749)
Other	(25,471)
Due from component units	(175,063)
Deferred tax asset	(2,303)
Inventory	(6,094)
Prepaid expenses	2,312
Deferred outflows - subsequent contributions - pension	(107,688)
Deferred outflows - subsequent contributions - OPEB	2,434
Accounts payable	76,883
Accrued expenses	140,266
Income taxes payable	2,303
Compensated absences	6,716
Due to component units	(300,000)
Unearned revenues	30,661
<b>Net cash (used) by operating activities</b>	<b>\$ (12,311,448)</b>

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

**State of New Mexico  
Northern New Mexico College  
Statement of Fiduciary Net Position  
Fiduciary Funds**

<b>June 30, 2021</b>	<b>Custodial Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,946
<b>Total assets</b>	<b>\$ 5,946</b>
<b>Net position</b>	
Restricted for	
Student organizations	\$ 5,946
<b>Total net position</b>	<b>5,946</b>
<b>Total liabilities and net position</b>	<b>\$ 5,946</b>

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

**State of New Mexico  
Northern New Mexico College  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds**

<b>For the Year Ended June 30, 2021</b>	<b>Custodial Fund</b>
<b>Additions</b>	
Miscellaneous income	\$ 3,625
<b>Total additions</b>	<b>3,625</b>
<b>Deductions</b>	
Student activities	9,591
<b>Total deductions</b>	<b>9,591</b>
<b>Net (decrease) in fiduciary net position</b>	<b>(5,966)</b>
Net position - beginning of year, as originally stated	-
Net position - restatement (note 2)	11,912
<b>Net position - beginning of year, as restated</b>	<b>11,912</b>
<b>Net position - end of year</b>	<b>\$ 5,946</b>

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

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

Northern New Mexico College (the “College”) was created under Section 21-8-1 New Mexico Statutes Annotated (NMSA) 1978, Article XII, Section 11 of the New Mexico State Constitution. Under Article XII, Section 13 of the New Mexico Constitution, the College is governed by a five-member Board of Regents appointed by the Governor, with the advice and consent of the Senate, for six-year terms.

The College was originally founded in 1909 by the New Mexico Territorial Legislature. The original mission of the College was to teach English to Spanish speaking teachers in the area. Technical-vocational programs were instituted during the 1960s. In 1969, the College became a full-time post-secondary technical-vocational school. In 1977, the New Mexico Legislature passed enabling legislation to merge the College and the Northern Branch of the University of New Mexico. In 2005, the College changed its name and it began offering four-year degree programs.

The College offers degrees in biology, business administration, elementary education, engineering, environmental science, information technology, and nursing. The College’s main campus is located in Española, New Mexico, and its branch campus is located in El Rito, New Mexico.

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***

The College is part of the primary government of the State of New Mexico; however, these basic financial statements are intended to present the net position, changes in net position and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the College and its’ discretely presented component unit. They do not purport to and do not, present fairly the net position of the State of New Mexico as of June 30, 2021, and the changes in net position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 unit.



**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Reporting Entity (Continued)***

In evaluating how to define the government for financial reporting purposes, the College has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

Blended component units, although legally separate entities, are in substance part of the College's operations. Each discretely presented component unit is reported in a separate column in the College's financial statements to emphasize that it is legally separate from the College.

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

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

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

Based upon the application of these criteria, the College has two component units required to be reported under GASB Statements No. 14, No. 39, No. 61, No. 80 and No. 90.

***Discretely Presented Component Unit***

An agreement between the Northern New Mexico College Foundation (the "Foundation") and the College was entered into on March 12, 1997. This agreement formalizes the relationship between the Foundation and the College and establishes the sole purpose of the Foundation as raising supplementary funds for 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. Separately issued financial statements can be obtained by writing to the Northern New Mexico College Foundation at 921 Paseo de Oñate, Española, NM 87532.

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Reporting Entity (Continued)***

*Blended Component Unit*

The Northern New Mexico College Eagle Corporation (the "Corporation") was formed on June 15, 2020 pursuant to the University Research Park and Economic Development Act, NMSA 1978 Section 21-28-1, et. seq (the "Research Park Act"). The Corporation is operated exclusively for the benefit and support of, to perform the functions of, and carry out the purposes of the College. The Corporation is a blended component unit of the College presented and reported upon as a part of the basic financial statements of the College. Separately issued financial statements can be obtained by writing to the Northern New Mexico College Eagle Corporation at 921 Paseo de Oñate, Española, NM 87532.

***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 and the Corporation. 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.

*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 College's fiduciary fund is used to account for the collection and payment of student clubs.

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Budgetary Information***

*Budgetary basis of accounting*

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

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

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

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

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

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.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

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

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

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and cash in banks 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.

*Receivables and Payables*

The College has the following types of receivables.

***Grants and contracts and other receivables.*** Grants and contracts and other receivables are amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grant awards. Grants and contracts receivable are recorded net of estimated uncollectible amounts.

***Student accounts receivable.*** The College records student accounts receivable at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain an adequate allowance for probable losses.

***Loan receivables.*** Loan receivables are amounts due from Perkins loans made by the College to students. Loan receivables are recorded net of estimated uncollectible amounts.

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.

*Inventory*

Inventories consist of items held for resale or exchange within the College. The bookstore inventory is valued at cost. The food service inventory is reported utilizing the average cost method.

*Prepaid Expenses*

Prepaid expenses include postage and bookstore refunds which reflect costs applicable to future accounting periods and are recorded as prepaid items.

**State of New Mexico  
Northern New Mexico 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)***

*Restricted Assets*

Certain assets of the College are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

*Perkins loan account* – The College has bank account for their Perkins loan program, which is restricted by nature of the Federal program.

*Bustos memorial account* – This account was established prior to the existence of the Foundation and is donor restricted.

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Pursuant to the College’s capitalization policy, capital assets with a unit cost greater than \$5,000 are capitalized. The College includes software purchased with a piece of equipment in the cost of capitalization. Software purchased for internal use is capitalized and depreciated. Renovations to buildings, infrastructure, or land improvements that significantly increase the value, increase the productivity, or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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.

Capital assets of the College are depreciated using the straight line method over the following estimated useful lives.

Assets	Years
Buildings and improvements	40
Furniture, fixtures, and equipment	5 to 9
Library materials	10
Vehicles and heavy equipment	5

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

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

*Deferred Outflows of Resources*

In addition to assets, the statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The College has five types of items that qualify for reporting in this category related to reporting under GASB 68 and four types that related to reporting under GASB 75, which total \$27,317,185 and \$2,502,194, respectively, in the statement of net position. The amounts are further detailed in Note 11 and Note 12. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

*Deferred Inflows of Resources*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has two 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 \$388,546 and \$2,927,964, respectively, in the statement of net position, and are further detailed in Note 11 and Note 12. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

*Unearned Revenues*

Unearned revenue relates to student tuition, fees, and bookstore sales received during the current fiscal period for classes to be held in the following period. Revenue for each academic session is reported within the fiscal year during which the session is completed. Receipts for the summer session beginning in May, and amounts charged to the accounts of students pre-registering for fall semester, are reported as unearned revenue in the accompanying financial statements.

In addition, unearned revenues relate to 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.

**State of New Mexico**  
**Northern New Mexico 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*

The College recognizes the value to the institution and to its staff for providing them the opportunity of relaxation and recreation for an extended period during the course of their employment. Regular probationary full-time, regular part-time, and temporary full-time staff hired for six months or more earn annual leave. Annual leave is earned during actual time worked and during paid sick leave and annual leave, holidays and paid leaves of absence. Annual leave is not earned during unpaid absence. Regular part-time employees earn annual leave on a prorated basis. Full-time employees accrue eight hours of annual leave per pay period or 192 hours per year (24) days. New employees are encouraged not to use annual leave during their six-month probationary period.

All regular employee will be permitted to carry over accrued annual leave from one fiscal year to the next not to exceed a total of 192 hours or 24 days for exempt staff and 240 hours or 30 days for non-exempt employees. Leave in excess of those hours will be lost if not taken before June 30 of each year. Upon discharge or other termination of employment, staff members are paid for unused annual leave based on the employee's contracted hourly pay rate to a maximum of 192 hours for exempt staff or 24 days or 240 hours of 30 days for non-exempt employees.

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.

*Long-term Obligations*

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position and include capital leases.

*Pension*

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.

**State of New Mexico**  
**Northern New Mexico 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)***

*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.

*Net Position*

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

*Net investment in capital assets* – Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The College does not have any related debt associated with its investment in capital assets.

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

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

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

***Revenues and Expenses***

*Operating revenue* include activities that have the characteristics of exchange transaction, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services; (3) federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans and other income.



**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Revenues and Expenses (Continued)***

*Non-operating revenue* include activities that have the characteristics of non-exchange transactions, such as (1) appropriations, (2) gifts, and (3) 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.

*Mill Levy*

*Santa Fe County* – Current year taxes are levied on November 1 and are payable in two equal installments on December 10<sup>th</sup> and May 10<sup>th</sup>. Mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Taxes become delinquent 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County Treasurers and is remitted to the College.

*Rio Arriba County* - Current year taxes are levied on November 1 and are payable in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup>. Mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Taxes become delinquent on May 10<sup>th</sup> after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County Treasurers and is remitted to the College.

*Taos County* - Current year taxes are levied on November 1 and are payable in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup>. Mill levies attach as an unsubordinated enforceable lien on property 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County Treasurers and is remitted to the College.

***Tax Abatements***

The College does not have any tax abatements at June 30, 2021.

***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.

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***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.

***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 certain 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. Accordingly, actual results could differ significantly from those estimates. Significant estimates for the College are management's estimate of depreciation on assets over their estimated useful lives, net pension liability, net OPEB liability, pension and OPEB 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, December 20, 2021. See note 22 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

The College implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The College has evaluated these criteria and determined that a restatement was required, see Note 2.

The College also implemented GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this Statement had no impact on the College's reporting in the current fiscal year.

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

The College also implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The 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 June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

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

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

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

In March 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.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 14, 2022, and all reporting periods thereafter.

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

**NOTE 2: NET POSITION RESTATEMENT**

In fiscal year 2021, the College has a prior period restatement in the amount of \$296,421, which was required to include the Eagle Corporation as a blended component unit. In addition, the College implemented GASB Statement No. 84, *Fiduciary Activities*. The College has a prior period adjustment of \$11,912 which has required for restating the prior period balance of fiduciary net position. The June 30, 2021 net position was previously classified within the College as a whole.

**NOTE 3: DEPOSITS AND INVESTMENTS**

***Deposits***

State statutes authorize the investment of College funds in a wide variety of instrument, 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, 2021.

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.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

***Deposits (Continued)***

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. All of the College's accounts at an insured depository institution, including non-interest bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2021, \$6,551,594 of the College's bank balances of \$7,051,594 was exposed to custodial credit risk. \$2,352,423 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name. \$724,202 of the College's deposits were uninsured and uncollateralized at June 30, 2021.

	Century Bank	New Mexico Bank & Trust	Total
Total amount of deposits	\$ 6,284,657	\$ 766,937	\$ 7,051,594
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	6,034,657	516,937	6,551,594
Collateralized by securities held by the pledging institution or by its trust department or agent other than the College's name	4,000,000	199,171	4,199,171
Uninsured and uncollateralized	\$ 2,034,657	\$ 317,766	\$ 2,352,423
Collateral requirement (50% of uninsured public funds)	\$ 3,017,329	\$ 258,469	\$ 3,275,798
Pledged security	-	199,171	199,171
Letter of credit	4,000,000	-	4,000,000
Over (under) collateralization	\$ 982,671	\$ (59,298)	\$ 724,202

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

***Deposits (Continued)***

The collateral pledged is listed on the schedule of collateral pledged by depository in 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.

***Reconciliation of Deposits and Investments to the Statement of Net Position***

Deposits	\$	7,051,594
Petty cash		2,543
Less reconciling items		(731,968)
<hr/>		
<b>Total cash and cash equivalents and investments</b>		<b>6,322,169</b>
<hr/>		
Statement of net position		
Cash and cash equivalents		6,276,688
Restricted cash and cash equivalents		39,535
Fiduciary cash and cash equivalents		5,946
<hr/>		
<b>Net deposits</b>	<b>\$</b>	<b>6,322,169</b>
<hr/>		

**NOTE 4: ACCOUNTS RECEIVABLE**

The College's accounts receivable balance at June 30, 2021 represent revenues earned from student tuition and fees, loans, advances to students, 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. 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.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 4: ACCOUNTS RECEIVABLE (Continued)**

Receivables, net of allowances for uncollectibles		
Grants and contracts receivable		\$ 2,101,295
Student accounts receivable	\$ 3,220,024	
Less allowance for doubtful accounts	<u>(1,830,363)</u>	
Student accounts receivable, net		1,389,661
Mill levy		491,457
Gas and oil		47,497
Other receivables		198,032
<b>Total receivables, net of allowances for uncollectibles</b>		<b><u>\$ 4,227,942</u></b>

**NOTE 5: DUE FROM/TO COMPONENT UNITS**

At June 30, 2021, the College had the following due from and due to component units:

	Due from Component Unit	Due to Component Unit
Northern New Mexico College Foundation	\$ 568,925	\$ 568,925

**NOTE 6: INVENTORY**

The College's inventory at June 30, 2021 are as follows.

Inventory	
Bookstore inventory	\$ 76,010
Cafeteria inventory	<u>4,326</u>
<b>Total inventory</b>	<b><u>\$ 80,336</u></b>



**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 7: CAPITAL ASSETS**

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2021. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Assets not being depreciated					
Art	\$ 55,296	\$ -	\$ -	\$ -	\$ 55,296
Land	10,156,229	-	-	-	10,156,229
Construction in progress	3,152,344	366,936	-	(42,051)	3,477,229
<b>Total assets not being depreciated</b>	<b>13,363,869</b>	<b>366,936</b>	<b>-</b>	<b>(42,051)</b>	<b>13,688,754</b>
Assets being depreciated					
Building and improvements	59,426,953	-	-	42,051	59,469,004
Furniture, fixtures, and equipment	3,637,915	440,320	(80,032)	-	3,998,203
Library materials	3,197,924	-	-	-	3,197,924
Vehicles and heavy equipment	451,120	86,979	-	-	538,099
<b>Total assets being depreciated</b>	<b>66,713,912</b>	<b>527,299</b>	<b>(80,032)</b>	<b>42,051</b>	<b>67,203,230</b>
Less accumulated depreciation					
Building and improvements	37,778,780	984,947	-	-	38,763,727
Furniture, fixtures, and equipment	2,903,911	291,079	-	-	3,194,990
Library materials	3,138,847	13,931	-	-	3,152,778
Vehicles and heavy equipment	413,891	17,135	-	-	431,026
<b>Total accumulated depreciation</b>	<b>44,235,429</b>	<b>1,307,092</b>	<b>-</b>	<b>-</b>	<b>45,542,521</b>
<b>Total assets being depreciated, net</b>	<b>22,478,483</b>	<b>(779,793)</b>	<b>(80,032)</b>	<b>42,051</b>	<b>21,660,709</b>
<b>Net capital assets</b>	<b>\$ 35,842,352</b>	<b>\$ (412,857)</b>	<b>\$ (80,032)</b>	<b>\$ -</b>	<b>\$ 35,349,463</b>

Depreciation expense for the year ended June 30, 2021 was \$1,307,092.

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**NOTE 8: LONG-TERM LIABILITIES**

During the year ended June 30, 2021, the following changes occurred in the long-term liabilities reported in the statement of net position:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due within One Year
Capital leases	\$ 213,281	\$ 201,168	\$ 240,997	\$ 173,452	\$ 55,647
Compensated absences	460,151	515,216	508,500	466,867	466,867
<b>Total long-term liabilities</b>	<b>\$ 673,432</b>	<b>\$ 716,384</b>	<b>\$ 749,497</b>	<b>\$ 640,319</b>	<b>\$ 522,514</b>

***Capital Lease***

During fiscal year 2020, the College entered into an agreement to lease copiers; however, during fiscal year 2021, the College renegotiated the leases. Under the new terms, the lease bears an interest rate of 2.75% and payments are due monthly. Capital lease debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 55,647	\$ 4,072	\$ 59,719
2023	57,197	2,522	59,719
2024	58,789	930	59,719
2025	1,819	15	1,834
<b>Total</b>	<b>\$ 173,452</b>	<b>\$ 7,539</b>	<b>\$ 180,991</b>

***Compensated Absences***

Accumulated unpaid vacation is accrued when incurred. All employees entitled to earn vacation pay both exempt and non-exempt earn it at the same rate per pay period. Up to 192 hours of vacation may be accrued and paid out upon termination for exempt staff. Up to 240 hours of vacation may be accrued and paid out to non-exempt employees. Sick leave is not paid out upon termination; accordingly, no liability for sick leave is recorded by the College.

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**NOTE 9: RISK MANAGEMENT**

New Mexico statutes (section 15-7-2 NMSA 1978) require the Risk Management Division (the “RMD”) to be responsible “for the acquisition and administration of all insurance purchased by the State.” Various statutes allowed RMD to insure, self-insure and use a combination of both for all risks administered by it.

RMD operates under the supervision of the Secretary of New Mexico, General Services Department. The College is exposed to various risks of loss related to general, automobile and aircraft liabilities, including those relating to civil rights (torts); theft of, damage to and destruction of state property assets; errors and omissions; injuries to employees; group insurance; and natural disasters, all of which are insured against by participation in the public entity risk pool described above, subject to limits of coverage set by RMD. All employees of the College are covered by a blanket fidelity bond up to \$5,000,000, with a \$1,000 deductible per occurrence, by the State of New Mexico for the period of July 1, 2020 to June 30, 2021. The College recently settled litigation in which RMD covered \$180,000 of the litigation costs.

**NOTE 10: OTHER REQUIRED DISCLOSURES**

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

- A. Deficit net position.  
The College does not maintain a deficit net position.
- B. Excess of expenses over appropriations.  
The College is not aware of any expenses in excess of budgetary authority.
- C. Designated cash appropriation in excess of available balances.  
The College is not aware of any designated cash appropriations in excess of available balances.

**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD**

The College offers three retirement plans. All eligible employees working more than 25% full-time equivalent are required to participate in one of the first two plans described below. Student employees do not participate in these plans.

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

***General Information about the Pension Plan***

*Educational Retirement Plan*

*Plan description* - The New Mexico Educational Retirement Act (“ERA”) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

*Return to Work Program* - Effective January 1, 2002, the ERB implemented a retiree Return-to-Work (RTW) program whereby the College is required to make regular employer contributions on eligible retiree wages. As of July 1, 2011, House Bill 129 was passed requiring returning retirees to contribute the employee portion.

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

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

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

***General Information about the Pension Plan (Continued)***

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 refunded all member contributions and then became, or becomes, reemployed after July 1, 2010 is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty- seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions and returned to work for an NMERB employer on or after July 1, 2013. These members must meet one of the following requirements: the member's minimum age is 55 and has earned 30 or more years of service credit; the member's age and earned service credit add up to the sum of 80 or more; or the member's age is 67 and has earned five or more years of service credit.

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10.00% COLA reduction; their average COLA will be 1.50%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5.00% COLA reduction; their average COLA will be 1.70%.

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

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

***General Information about the Pension Plan (Continued)***

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

*Contributions* - The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2021 employers contributed 14.15% of the employees' gross annual salary to the Plan. Employees earning \$24,000 or less contributed 7.9% and employees earning more than \$24,000 contributed 10.70% of the gross annual salary. For the fiscal year ended June 30, 2020 employers contributed 14.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the College was \$1,334,723 for the year ended June 30, 2021.

***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, 2019. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019. At June 30, 2020, the College reported a liability of \$58,513,704 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, 2020. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2020, the College's proportion was 0.28873 percent, which was a decrease of 0.00107 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the College recognized pension expense of \$13,059,376. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 363,251	\$ 225,625
Net difference between projected and actual earnings on pension plan investments	1,986,890	-
Changes in assumptions	23,446,941	-
Changes in proportion	185,380	162,921
Contributions subsequent to the measurement date	1,334,723	-
<b>Total</b>	<b>\$ 27,317,185</b>	<b>\$ 388,546</b>

\$1,334,723 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2020, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

<u>Year ended June 30,</u>	
2021	\$ 10,175,854
2022	10,112,054
2023	4,698,178
2024	607,830
<b>Total</b>	<b>\$ 25,593,916</b>

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, 2019. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2020 using generally accepted actuarial principles. The roll forward incorporated the recent legislation changes that were not available for the actuarial valuation performed as of June 30, 2019 but were made during the fiscal year. Specifically, the total pension liability measured as of June 30, 2020 incorporates the following changes to the Plan's provisions:

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

1. Employers contribute 0.25% more per employees,
2. Short-term substitute teachers working over quarter time and their employers make contributions,
3. Members beginning employment on or after July 1, 2020 have a new tiered retirement calculation increasing the credited service requirement to receive a full benefit,
4. Members who are New Mexico Public Employees Retirement Association are required to make non-refundable contributions,
5. Return to work members are required to make non-refundable contributions, and
6. Reduction of pay spiking in the final average salary calculation.

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	2.5%
Salary Increase	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.



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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

Mortality	Healthy males: RP-2000 Combined Mortality Table with White Collar adjustments, no set back. Generational mortality improvements with Scale BB from the table's base year of 2000.  Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
Other Information	A new set of assumptions was adopted for the June 30, 2020 actuarial valuation. These assumptions are reflected in the Total Pension Liability as of June 30, 2020, and will be reflected in the ADEC determined for the fiscal year ending 2021. These assumptions can be found in the funding valuation as of June 30, 2020 or in the 2020 experience study report.

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

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

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

**Comparative Schedule of Target Investment Allocation**

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

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

For the year ended June 30, 2020, the annual money-weighted rates of return on pension plan investments was 0.97%.

*Discount rate* - A single discount rate of 3.89% was used to measure the total ERB pension liability as of June 30, 2020. This single discount rate was based on an expected rate of return on pension plan investments of 3.89%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2046. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year 2046 and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate* - The following table shows the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2020. 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 (2.89%) or one percentage point higher (4.89%) than the single discount rate.

	<b>1.00% Decrease (2.89%)</b>	<b>Current Discount Rate (3.89%)</b>	<b>1.00% Increase (4.89%)</b>
Proportionate share of the net pension liability	\$ 73,896,445	\$ 58,513,704	\$ 46,137,288

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2020, which are publicly available at [www.nmerb.org](http://www.nmerb.org).

*Payables to the pension plan* - The College remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2021, the College recorded a payable to NMERB in the amount of \$281,224 for the contributions withheld in the month of June 2021, which is included in the accrued expense on the statement of net position.

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

*Alternative Retirement Plan*

Effective October 1991, the New Mexico legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third-party contractors for NMERB. The two administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments.

These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers as may be necessary or advisable to discharge their duties under the ARP and have certain discretionary authority to decide matters under the ARP. As the ARP trustee NMERB is responsible for selecting investment options that provide a prudent rate of return, and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.

*Eligibility* - Certain employees of the University of New Mexico, New Mexico State University, New Mexico Institute of Mining and Technology, New Mexico Highlands University, Eastern New Mexico University, Western New Mexico University, Central New Mexico Community College, Clovis Community College, Luna Community College, Mesalands Community College, New Mexico Junior College, Northern New Mexico College, San Juan College and Santa Fe Community College are eligible to make an election to participate within ninety days of employment. Information about the ARP is distributed by the employer. Those who do not elect to participate in the ARP remain members of the regular defined benefit retirement plan. Section 22-11-47(D) NMSA 1978 allows an ARP participant a one-time option to make an irrevocable switch to the defined benefit retirement plan after seven years of ARP participation.

*Form of Payment* - Retirement, death, and other benefits are based upon contributions made and earnings accumulated on those contributions, in accordance with the terms of the applicable vendor contracts and Internal Revenue Service Code. Retirement benefits shall, at the option of the employee, be paid in the form of:

- A lifetime income, if held in an annuity contract,
- Payments for a term of years, or
- A single-sum cash payment.

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**NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (Continued)**

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

*Alternative Retirement Plan (Continued)*

ARP retirement, death, and other benefits, including disability benefits, cannot be paid from the funds administered by NMERB.

*ARP Contributions*

For the year ended June 30, 2021, colleges and universities contributed 14.15% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 3.25% of the employees' gross salary to NMERB. The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors.

Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 3% contributions to the Plan.

Employer contributions reported in the statement of changes in fiduciary net position include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The 3.25% contribution remitted for fiscal year ended June 30, 2021, was \$19,901.

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN**

***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.

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**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

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

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

***Benefits provided***

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

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**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

*Employees covered by benefit terms* - At June 30, 2020, the Fund's measurement date, the following employees were covered by the benefit terms.

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

*Contributions*

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

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

**State of New Mexico  
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Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2020, the statute required each participating employer to contribute 2% of each participating employee’s annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The College’s contributions to the plan for the year ended June 30, 2021 totaled \$178,982, which equals the required contributions for the year.

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

At June 30, 2021, the College reported a liability of \$7,972,467 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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 actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the College’s proportion was 0.18987 percent, which was an increase of 0.01117 percent from June 30, 2019.

For the year ended June 30, 2021, the College recognized OPEB benefit of \$395,270. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,415,697
Net difference between projected and actual earnings on OPEB plan investments	43,475	-
Changes in proportion	714,685	96,411
Changes in assumptions	1,565,052	1,415,856
Contributions subsequent to the measurement date	178,982	-
<b>Total</b>	<b>\$ 2,502,194</b>	<b>\$ 2,927,964</b>



**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

\$178,982 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2021	\$	(532,483)
2022		(409,040)
2023		(103,510)
2024		85,145
2025		355,136
Total	\$	(604,752)

*Actuarial assumptions* - The total OPEB liability in the June 30, 2019 actuarial valuation was determined by an actuarial valuation as of June 30, 2020. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2018 and the ERB actuarial experience study as of June 30, 2019. The following actuarial assumptions were applied to the actuary’s measurement:

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB member; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)
	PERA members: RP-2000 Combined Healthy Mortality

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

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

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

<u>Asset Class</u>	<u>Tarket Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. Core Fixed Income	20%	2.1%
U.S. Equity - Large Cap	20%	7.1%
Non U.S. - Emerging Markets	15%	10.2%
Non U.S. - Developed Equities	12%	7.8%
Private Equity	10%	11.8%
Credit and Structured Finance	10%	5.3%
Real Estate	5%	4.9%
Absolute Return	5%	4.1%
U.S. Equity - Small/Mid Cap	3%	7.1%

*Discount Rate*

The discount rate used to measure the total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2040. Thus, the 7.25% discount rate, which includes the assumed inflation rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.21%) was applied. Thus, 2.86% 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, 2020.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (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 2.86%, 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 (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate.

<b>1% Decrease (1.86%)</b>	<b>Current Discount Rate (2.86%)</b>	<b>1% Increase (3.86%)</b>
\$ 9,909,809	\$ 7,972,467	\$ 6,475,102

The following table presents the net OPEB liability of the College, as well as what the College’s net OPEB liability would be if it were calculated using health cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
\$ 6,543,904	\$ 7,972,467	\$ 9,056,069

*OPEB plan fiduciary net position*

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2020. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**State of New Mexico  
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Notes to Financial Statements**

**NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (Continued)**

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

*Payables to the Pension Plan*

The NMRHCA requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month of which contributions are withheld. At June 30, 2021, the College recorded a payable to NMRHCA in the amount of \$21,692 for the contributions withheld in the month of June 2021, which is included in the accrued expense on the statement of net position.

**NOTE 13: GROUP INSURANCE PROGRAM**

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

**NOTE 14: DEFERRED COMPENSATION PLAN**

The College offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all College employees, permits them to defer a portion of their salary until future years. The plan is administered by Voya Deferred. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the individuals who participate in the deferred compensation plan and are not subject to the claims of the College's general creditors. The College does not contribute to the plan.

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

**NOTE 15: LAND GRANT PERMANENT FUND**

*Beneficial Interest.* The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the state for the purposes of establishing a permanent fund, which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The College is one of the specific entities identified that has a beneficial interest in the LGPF.

On July 1, 2016 the State of New Mexico (the “State”) changed its policy regarding the presentation of the College’s beneficial interest in the LGPF within the State’s Comprehensive Annual Financial Report. As a result of the State’s change in policy the College no longer presents its beneficial interest in the LGPF in its stand-alone statement of net position. The income received from the beneficial interest by the College continues to be presented in its stand-alone statement of revenues, expenses, and changes in net position. For more information regarding the LGPF, please refer to the New Mexico State Investment Council’s financial statements at <https://www.sic.state.nm.us/publications-reports/sic-annual-audit-reports/>.

As an entity with a beneficial interest, the College receives monthly distributions of income from the LGPF as required by law. The College’s beneficial interest and income received from this beneficial interest as of and for the year ended June 30, 2021, was as follows.

Balance of the College’s beneficial interest	\$ 4,108,733
Income received from the College’s beneficial interest in the LGPF	146,940

The amount of income received from the College’s beneficial interest in the LGPF is recorded in the accompanying financial statements under state land and permanent fund income.

**NOTE 16: CONTINGENT LIABILITIES**

During the ordinary course of its operation, the College is party to various claims, legal actions, and complaints. During fiscal year 2021, the College accrued an accounts payable in the amount of \$500,000 related to a litigation settlement, which is expected to be paid in January 2022.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 17: COMMITMENTS**

The various federal and state grants and programs are subject to audit by governmental agencies. These audits may result in disallowance of claimed reimbursable expenditures under rules and regulations of the various grants and programs. Management believes that the amounts of potential disallowances, if any, will not be material to the financial position or the operations of the College.

***Operating Leases***

The College leases certain office space, office equipment, and subscription services under lease agreements with terms ranging from one year to five years. Expenditures for operating leases for the year ended June 30, 2021, were \$37,800. Future minimum lease payments under these operating leases are as follows.

<b>Fiscal Year Ending June 30,</b>		
2022	\$	31,800
2023		28,800
2024		14,400
<b>Total</b>	<b>\$</b>	<b>75,000</b>

**NOTE 18: CONCENTRATIONS**

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

**NOTE 19: RELATED PARTY TRANSACTIONS**

The Northern New Mexico College Foundation (the "Foundation") is a not-for-profit corporation established to acquire and manage charitable gifts, including endowed funds, to be used solely for the benefit of the College. The Foundation incurs certain expenses including various scholarships and programs that are paid through the College. The Foundation will reimburse the College for these items it has paid on behalf of the Foundation.

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 19: RELATED PARTY TRANSACTIONS (Continued)**

The following transactions occurred during fiscal year ended June 30, 2021, between the College and the Foundation.

	Foundation to College
Scholarships	\$ 25,000
Total	\$ 25,000

**NOTE 20: BLENDED COMPONENT UNIT – NORTHERN NEW MEXICO COLLEGE EAGLE CORPORATION**

The Northern New Mexico College Eagle Corporation (the “Corporation”) was formed on June 15, 2020 pursuant to the University Research Park and Economic Development Act, NMSA 1978 Section 21-28-1, et. seq (the “Research Park Act”). The Corporation is operated exclusively for the benefit and support of, to perform the functions of, and carry out the purposes of the College.

The Corporation has financial accountability to the College. Financial accountability is measured through the degree to which the College can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criteria, it was determined that the Corporation is a blended component unit of the College. As such, the College has consolidated the Corporations financial statement amounts within the College. The condensed component unit information for the Corporation for the year ended June 30, 2021 was as follows:



**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 20: BLENDED COMPONENT UNIT – NORTHERN NEW MEXICO COLLEGE EAGLE CORPORATION  
(Continued)**

**Statement of Net Position - Corporation**

<b>June 30, 2021</b>	<b>Corporation</b>
<b>Assets</b>	
Current assets	
Due from primary government	\$ 300,000
Deferred tax asset	2,303
Total current assets	302,303
Total assets	\$ 302,303
<b>Liabilities and net position</b>	
Liabilities	
Current liabilities	
Due to primary government	\$ 9,359
Income taxes payable	2,303
Total current liabilities	11,662
Total liabilities	11,662
Net position	
Unrestricted	290,641
Total net position	290,641
<b>Total liabilities and net position</b>	<b>\$ 302,303</b>

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 20: BLENDED COMPONENT UNIT – NORTHERN NEW MEXICO COLLEGE EAGLE CORPORATION  
(Continued)**

**Statement of Revenues, Expenses, and Changes in Net Position - Corporation**

<b>For the year ended June 30, 2021</b>	<b>Corporation</b>
<b>Operating expenses</b>	
Other	\$ 5,780
<b>Total operating expenses</b>	<b>5,780</b>
<b>Operating (loss)</b>	<b>(5,780)</b>
Decrease in net position	(5,780)
Net position, beginning of year	296,421
<b>Net position, end of year</b>	<b>\$ 290,641</b>

**State of New Mexico  
Northern New Mexico College  
Notes to Financial Statements**

**NOTE 20: BLENDED COMPONENT UNIT – NORTHERN NEW MEXICO COLLEGE EAGLE CORPORATION  
(Continued)**

**Statement of Cash Flows - Corporation**

<b>For the year ended June 30, 2021</b>	<b>Corporation</b>
Cash flows from operating activities	
Cash received from donors and grantors	\$ -
Cash paid to beneficiaries and vendors for scholarships	-
Cash paid to NNMC for scholarships and program support	-
Cash paid for operating expenses	-
Net cash provided by operating activities	-
Increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of end of year cash and cash equivalents to statement of net position	
Cash and cash equivalents, unrestricted	\$ -
Cash and cash equivalents, restricted	-
Cash and cash equivalents, end of year	\$ -
<b>For the year ended June 30, 2021</b>	<b>Corporation</b>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (5,780)
Changes in operating assets	
Deferred tax asset	(2,303)
Changes in operating liabilities	
Due to primary government	5,780
Income taxes payable	2,303
Net cash provided by operating activities	\$ -

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Financial Statements**

**NOTE 21: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the College. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**NOTE 22: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2021, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 20, 2021, which is the date on which the financial statements were available to be issued following items occurred.

During fiscal year 2021, the College accrued an accounts payable in the amount of \$500,000 related to an additional litigation settlement. This is expected to be paid out in January 2022.

## **Required Supplementary Information**

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

	June 30,	
Fiscal Year	2021	2020
Measurement Date	2020	2019
Proportion of the net pension liability (asset)	0.28873%	0.28980%
Proportionate share of the net pension liability (asset)	\$ 58,513,704	\$ 21,959,024
Covered payroll	8,827,590	8,808,103
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	662.85%	249.30%
Plan fiduciary net position as a percentage of the total pension liability	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
0.29243%	0.27773%	0.29280%	0.31961%	0.35400%
\$ 34,773,819	\$ 30,865,435	\$ 21,071,157	\$ 20,701,991	\$ 20,198,280
8,377,976	8,117,792	8,726,377	9,820,806	9,067,933
415.06%	380.22%	241.47%	210.80%	222.74%
52.17%	52.95%	61.58%	63.97%	66.54%

*See notes to required supplementary information.*

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

<b>As of and for the Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>
Contractually required contribution	\$ 1,295,515	\$ 1,227,035
Contributions in relation to the contractually required contribution	1,295,515	1,227,035
Contribution deficiency (excess)	-	-
Covered payroll	9,623,508	8,827,590
Contributions as a percentage of covered payroll	13.46%	13.90%

\* 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.*



	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$	1,224,326	\$ 1,177,155	\$ 1,077,546	\$ 1,262,881	\$ 1,283,113
	<u>1,224,326</u>	<u>1,177,155</u>	<u>1,077,546</u>	<u>1,262,881</u>	<u>1,283,113</u>
	-	-	-	-	-
	<u>8,808,103</u>	<u>8,377,976</u>	<u>8,117,792</u>	<u>8,726,377</u>	<u>9,820,806</u>
	13.90%	14.05%	13.27%	14.47%	13.07%

*See notes to required supplementary information.*

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

	June 30,			
Fiscal Year	2021	2020	2019	2018
Measurement Date	2020	2019	2018	2017
Northern New Mexico College's proportion of the net OPEB liability	0.18987%	0.17870%	0.18143%	0.17247%
Northern New Mexico College's proportionate share of the net OPEB liability	\$ 7,972,467	\$ 5,794,149	\$ 7,889,220	\$ 7,815,776
Northern New Mexico College's covered payroll	\$ 9,098,728	\$ 8,954,050	\$ 7,891,350	\$ 7,184,492
Northern New Mexico College's proportionate share of the net OPEB liability as a percentage of its covered payroll	87.62%	64.71%	99.97%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	16.50%	18.92%	13.14%	11.34%

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

*See notes to required supplementary information .*

**State of New Mexico  
Northern New Mexico College  
Schedule of College's Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

<b>As of and for the Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 178,982	\$ 181,416	\$ 179,081	\$ 157,827
Contributions in relation to the contractually required contribution	(178,982)	(181,416)	(179,081)	(157,827)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Northern New Mexico College's covered payroll	\$ 9,779,486	\$ 9,098,728	\$ 8,954,050	\$ 7,891,350
Contributions as a percentage of covered payroll	1.84%	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, Northern New Mexico College will present information for those years for which information is available.

*See notes to required supplementary information.*

**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Required Supplementary Information**

**New Mexico Educational 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 FY20 audit available at

<https://www.nmrhca.org/wp-content/uploads/2021/05/Retiree-Health-Care-Authority-FINAL-FS-2020.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/2020/12/RPTS-05496.013-NMRHCA-6\\_30\\_2020-GAS-74-Report.pdf](https://www.nmrhca.org/wp-content/uploads/2020/12/RPTS-05496.013-NMRHCA-6_30_2020-GAS-74-Report.pdf). See the notes to the financial statements beginning on page 21 which summarizes actuarial assumptions and methods effective with the June 30, 2020 valuation.

## **Supplementary Information**

**State of New Mexico**  
**Northern New Mexico College**  
**Unrestricted and Restricted - All Operations Schedule of Revenues,**  
**Expenses and Changes in Net Position - Budget (Modified Accrual) and Actual**

<b>For the Year Ended June 30, 2021</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>(Modified Accrual)</b>	<b>Favorable (Unfavorable) Final to Actual</b>
Beginning net position	\$ 1,988,531	\$ 5,088,262	\$ 6,768,715	\$ 1,680,453
Unrestricted and restricted revenues				
Student tuition, fees and trainings	3,498,442	3,251,879	3,935,360	683,481
Federal grants and contracts	6,293,902	8,898,492	6,761,163	(2,137,329)
State and local grants and contracts	879,178	1,230,174	960,215	(269,959)
Other grants and contracts	637,800	1,228,035	775,582	(452,453)
Sales and services of auxiliary enterprises	716,784	269,946	249,792	(20,154)
Other	3,589,113	760,776	511,238	(249,538)
State general fund appropriations	12,252,100	11,013,400	11,013,400	-
Capital appropriations	2,635,000	716,861	366,936	(349,925)
Mill levy	-	3,387,945	2,292,920	(1,095,025)
State land and permanent fund income	163,525	212,156	222,683	10,527
Investment income	-	-	15,317	15,317
<b>Total unrestricted and restricted revenues</b>	<b>30,665,844</b>	<b>30,969,664</b>	<b>27,104,606</b>	<b>(3,865,058)</b>
Unrestricted and restricted expenses				
Instruction	10,639,861	9,085,671	8,744,801	340,870
Institutional support	7,304,987	5,833,788	4,876,107	957,681
Student aid, grants, and stipends	4,935,633	5,896,951	3,589,175	2,307,776
Operation and maintenance of plant	2,032,494	1,901,194	1,578,558	322,636
Student services	2,754,968	3,080,188	2,321,588	758,600
Academic support	739,064	607,863	517,557	90,306
Athletics	619,702	514,459	166,702	347,757
Public service	529,680	488,119	398,422	89,697
Student activities	112,072	28,796	18,912	9,884
Research	38,300	111,020	80,972	30,048
Auxiliary enterprises	944,930	370,068	413,941	(43,873)
Internal service	177,576	1,787,187	64,205	1,722,982
<b>Total unrestricted and restricted expenses</b>	<b>30,829,267</b>	<b>29,705,304</b>	<b>22,770,940</b>	<b>6,934,364</b>
Net transfers	-	-	-	-
Change in net position	(163,423)	1,264,360	4,333,666	3,069,306
Ending net position	\$ 1,825,108	\$ 6,352,622	\$ 11,102,381	\$ 4,749,759
Change in net position per statement of revenues, expenses and changes in net position			\$ (11,350,916)	
Capital outlay expenses capitalized			894,235	
Depreciation expense			1,307,092	
Scholarship allowance			321,838	
Net pension change			13,515,175	
Net OPEB change			(381,474)	
Lease payments			27,716	
<b>Financial statements change in net position reconciled</b>			<b>\$ 4,333,666</b>	

**State of New Mexico**  
**Northern New Mexico College**  
**Unrestricted - Instruction and General Schedule of Revenues,**  
**Expenses and Changes in Net Position - Budget (Modified Accrual) and Actual**

<b>For the Year Ended June 30, 2021</b>	<b>Budgeted Amounts</b>		<b>Actual (Modified Accrual)</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
Beginning net position	\$ 1,988,531	\$ 5,033,005	\$ 5,719,067	\$ 686,062
Unrestricted revenues				
Student tuition, fees and trainings	3,498,442	3,251,879	3,258,962	7,083
Federal grants and contracts	3,075	5,280	5,280	-
Sales and services of auxiliary enterprises	2,000	-	-	-
Other	2,920,725	171,905	298,576	126,671
State general fund appropriations	11,400,500	10,228,000	10,228,000	-
Mill levy	-	3,387,945	2,292,920	(1,095,025)
State land and permanent fund income	163,525	212,156	222,683	10,527
Investment income	-	-	15,317	15,317
<b>Total unrestricted revenues</b>	<b>17,988,267</b>	<b>17,257,165</b>	<b>16,321,738</b>	<b>(935,427)</b>
Unrestricted expenses				
Instruction	9,160,355	7,168,905	7,215,819	(46,914)
Institutional support	4,439,987	4,585,086	4,409,720	175,366
Operation and maintenance of plant	2,032,494	1,890,163	1,578,558	311,605
Student services	1,409,809	1,431,925	1,279,868	152,057
Academic support	739,064	589,725	517,557	72,168
<b>Total unrestricted expenses</b>	<b>17,781,709</b>	<b>15,665,804</b>	<b>15,001,522</b>	<b>664,282</b>
Net transfers	(369,982)	278,541	(176,398)	(454,939)
Change in net position	(163,424)	1,869,902	1,143,818	(726,084)
Ending net position	\$ 1,825,107	\$ 6,902,907	\$ 6,862,885	\$ (40,022)

**State of New Mexico**  
**Northern New Mexico College**  
**Restricted - Instruction and General Schedule of Revenues,**  
**Expenses and Changes in Net Position - Budget (Modified Accrual) and Actual**

<b>For the Year Ended June 30, 2021</b>	<b>Budgeted Amounts</b>		<b>Actual (Modified Accrual)</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
Beginning net position	\$ -	\$ 55,257	\$ 271,471	\$ 216,214
Restricted revenues				
Federal grants and contracts	2,269,144	2,585,200	2,355,261	(229,939)
State and local grants and contracts	249,423	261,121	117,065	(144,056)
Other grants and contracts	427,800	1,015,011	770,938	(244,073)
<b>Total restricted revenues</b>	<b>2,946,367</b>	<b>3,861,332</b>	<b>3,243,264</b>	<b>(618,068)</b>
Restricted expenses				
Instruction	1,479,506	1,916,766	1,528,982	387,784
Institutional support	-	87,511	42,982	44,529
Operation and maintenance of plant	-	11,031	-	11,031
Student services	1,345,159	1,648,263	1,041,720	606,543
Academic support	-	18,138	-	18,138
<b>Total restricted expenses</b>	<b>2,824,665</b>	<b>3,681,709</b>	<b>2,613,684</b>	<b>1,068,025</b>
Net transfers	(121,702)	(234,880)	180,661	415,541
Change in net position	-	(55,257)	810,241	865,498
Ending net position	\$ -	\$ -	\$ 1,081,712	\$ 1,081,712



**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2021**

Account Name	Type	Century Bank	New Mexico Bank & Trust	Total
General Fund	Checking	\$ 5,121,553	\$ -	\$ 5,121,553
Payroll	Checking	1,111,868	-	1,111,868
Student	Checking	9,799	-	9,799
Savings	Checking	1,856	-	1,856
Federal	Checking	-	-	-
Perkins	Checking	32,904	-	32,904
Bustos	Checking	6,677	-	6,677
General	Checking	-	332,341	332,341
P-Card	Checking	-	434,596	434,596
Amounts on deposit		6,284,657	766,937	7,051,594
Outstanding items		(734,996)	3,028	(731,968)
Reconciled balance		\$ 5,549,661	\$ 769,965	6,319,626

Petty cash 2,543

Total cash and cash equivalents \$ 6,322,169

Reconciliation to the financial statements

Cash and cash equivalents 6,276,688

Restricted cash and cash equivalents 39,535

Less Fiduciary cash and cash equivalents 5,946

Total cash and cash equivalents \$ 6,322,169

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**State of New Mexico  
Northern New Mexico College  
Schedule of Collateral Pledged by Depository  
June 30, 2021**

<b>Depository</b>	<b>Description of Pledged Collateral</b>	<b>Fair Market Value June 30, 2021</b>	<b>Name and Location of Safekeeper</b>
<b>Century Bank</b>			
	Letter of Credit LOC: 10001571	4,000,000	Federal Home Loan Bank of Dallas Irving, TX
	<b>Total Century Bank</b>	4,000,000	
<b>New Mexico Bank &amp; Trust</b>			
	FNMA Pool #BF0485	\$ 199,171	Raymond James
	<b>Total New Mexico Bank &amp; Trust</b>	199,171	
Total pledged collateral		\$ 4,199,171	

**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations**  
**For the Year Ended June 30, 2021**

<b>Description</b>	<b>SHARE Identifier #</b>	<b>Original Appropriation</b>
<b>Special, Deficiency, Specific and Capital Outlay Appropriations</b>		
NNMSS Critical Infra & Land-El Rito & Espanola	A5138	\$ 1,000,000
NNMSS Dormitory & Kitchen Pipes Replace	D3499	132,565
NNMSS Espanola Infra Improve Bldgs & Grounds	D3500	1,855,000
NNMSS-El Rito Fire Alarm Sys	E2881	100,000
NNMSS-Espanola Robotics & Computer Prgm Equip	E2882	35,000
NNMSS Parking Drain & Infra Improve	E5331	2,500,000
NNMSS HVAC Sys & Control Improvement	F3132	1,000,000
NNMSS Ben Lujan Library Ren	F3133	50,000
NNMSS Montoya Building Equip	F3134	100,000
<b>Total Special, Deficiency, Specific and Capital Outlay Appropriations</b>		<b>\$ 6,772,565</b>

<b>Appropriation Period</b>	<b>Expenditures To Date</b>	<b>Outstanding Encumbrances</b>	<b>Unencumbered Balances</b>
8/1/2017 to 6/30/2021	\$ 992,964	\$ -	\$ 7,036
2019 to 6/30/2023	132,565	-	-
2019 to 6/30/2023	1,498,611	-	356,389
6/29/2020 to 6/30/2024	-	-	100,000
10/27/2020 to 6/30/2023	-	-	35,000
6/30/2024	-	-	2,500,000
6/22/2021 to 6/30/2025	-	-	1,000,000
6/22/2021 to 6/30/2025	-	-	50,000
6/22/2021 to 6/30/2023	-	-	100,000
	\$ 2,624,140	\$ -	\$ 4,148,425

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## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget and  
Northern New Mexico College Board of Regent  
Northern New Mexico College  
Española, 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 the business-type activities, the discretely presented component unit, and aggregate remaining fund information, of Northern New Mexico College (the "College") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the related budgetary schedules of the College, presented as supplementary information, and have issued our report thereon dated December 20, 2021.

**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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-012, 2021-013, and 2021-016 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

### **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*.

We noted other matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as items 2021-009, 2021-010, 2021-011, 2021-014, 2021-015, and 2021-017.

### **College's Response to Findings**

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 20, 2021

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

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
Northern New Mexico College Board of Regents  
Northern New Mexico College  
Española, New Mexico

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

We have audited the Northern New Mexico College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Basis for Qualified Opinion on Student Financial Assistance Cluster and Education Stabilization Fund***

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster, assistance listing numbers 84.007, 84.033, 84.063, and 84.268 as described in finding number 2021-005 for Special Tests and Provisions. In addition, the College did not comply with requirements regarding the Education Stabilization Fund, assistance listing numbers 84.425E, 84.425F, and 84.425L as described in finding number 2021-008 for Reporting. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

### ***Qualified Opinion on Student Financial Assistance Cluster and Education Stabilization Fund***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Student Financial Assistance Cluster and the Education Stabilization Fund for the year ended June 30, 2021.

### ***Other Matters***

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-005 and 2021-008 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-006 and 2021-007 to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion in the responses.

### **Purpose of this Report**

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

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 20, 2021

**State of New Mexico  
Northern New Mexico College  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

<b>Federal Grantor/Passthrough Grantor/Program Title</b>	<b>Grant/Pass-Through Number</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
U.S. Department of Defense <i>Passed through New Mexico Institute of Mining and Technology</i>			
Research and Technical Assistance	FA9453-18-3-0073	12.615	\$ 5,000
<b>Total U.S. Department of Defense</b>			<b>5,000</b>
Research and Development Cluster National Science Foundation <i>Direct programs</i>			
Education and Human Resources		47.076	145,555
Geosciences		47.050	42,600
<i>Passed through New Mexico State University</i>			
Education and Human Resources	HRD-1826758	47.076	11,745
<b>Total National Science Foundation</b>			<b>199,900</b>
U.S. Department of Defense <i>Passed through University of New Mexico</i>			
Centers for Academic Excellence	HHM402-18-1-0005	12.598	23,488
National Institute of Health <i>Passed through New Mexico State University</i>			
Biomedical Research and Research Training	2P20GM103451	93.859	121,443
<b>Total Research and Development Cluster</b>			<b>344,831</b>

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

Funds Provided to Subrecipients	Noncash Assistance
\$ -	\$ -
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

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

**State of New Mexico  
Northern New Mexico College  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

<b>Federal Grantor/Passthrough Grantor/Program Title</b>	<b>Grant/Pass-Through Number</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
U.S. Department of Education			
<i>Direct programs</i>			
Higher Education Institutional Aid		84.031	\$ 643,374
Migrant Education High School Equivalency Program		84.141	432,163
Migrant Education College Assistance Migrant Program		84.149	352,622
COVID-19 Education Stabilization Fund			
COVID-19 Higher Education Emergency Relief Fund-Student Aid Portion		84.425E	533,222
COVID-19 Higher Education Emergency Relief Fund-Institutional Portion		84.425F	771,077
COVID-19 Higher Education Emergency Relief Fund-Minority Serving Institutions Portion		84.425L	432,939
<b>Total COVID-19 Education Stabilization Fund</b>			<b>1,737,238</b>
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grant			
		84.007	161,550
Federal Work Study Program		84.033	36,581
Federal Pell Grant Program		84.063	2,185,683
Federal Direct Student Loans-Subsidized		84.268	148,084
Federal Direct Student Loans-Unsubsidized		84.268	226,912
<b>Total Student Financial Assistance Cluster</b>			<b>2,758,810</b>
TRIO Cluster			
TRIO-Upward Bound		84.047	312,420
<b>Total TRIO Cluster</b>			<b>312,420</b>
<i>Passed through State of New Mexico</i>			
	V048A190031-18A		
Career and Technical Education - Basic Grants to State	V048A190031-19A		
	V048A200031	84.048	91,195
Adult Education - Basic Grants to States	V002A190032	84.002	92,285
<b>Total U.S. Department of Education</b>			<b>6,420,107</b>
<b>Total federal financial assistance</b>			<b>\$ 6,769,938</b>

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



Funds Provided to Subrecipients	Noncash Assistance
\$ -	\$ -
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
\$ -	\$ -

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

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**State of New Mexico**  
**Northern New Mexico College**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Northern New Mexico 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.

**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 2021 totaled \$374,996.

**INDIRECT COST RATE**

The College has elected to use a 30 percent indirect cost rate as approved by the U.S. Department of Health and Human Services. Since the College negotiated an indirect cost rate with the federal government, the College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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	\$ 6,769,938
Total expenses funded by other sources	31,805,157
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Total expenses	38,575,095
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**State of New Mexico  
Northern New Mexico College  
Schedule of Findings and Questioned Costs  
June 30, 2021**

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

***Financial Statements***

- |  |           |
|--|-----------|
| 1. Type of auditors' report issued   | Qualified |
| 2. Internal control over financial reporting:                                    |           |
| a. Material weaknesses identified?   | Yes       |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes       |
| c. Noncompliance material to the financial statements?                           | No        |

***Federal Awards***

- |   |           |
|---|-----------|
| 1. Type of auditors' report issued on compliance for major programs   | Qualified |
| 2. Internal control over major programs:  |           |
| a. Material weaknesses identified?  | Yes       |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | Yes       |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes       |
| 4. Identification of major programs:  |           |

Assistance Listing Numbers

84.063  
84.007  
84.033  
84.268

Federal Program

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

**COVID-19: Education Stabilization Fund**

84.425E  
84.425F  
84.425L

HEERF: Student Aid Portion  
HEERF: Institutional Portion  
HEERF: Minority Serving Institutions

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

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**SECTION II: FINANCIAL STATEMENT FINDINGS**

***2021-001 (2020-001) – Capital Assets – Material Weakness and Other Noncompliance – Modified and Repeated***

*Condition* - The College was not able to timely present supporting schedules and documentation to substantiate the capital assets balance at year-end. Additionally, the College did not conduct a thorough physical inventory of all capital assets.

The College did not implement their prior corrective action plan. As a result, the current year corrective action plan has been given a revised schedule.

*Criteria* - GASB Statement No. 34 paragraphs 18 to 22 require capital assets to be recorded at their historical cost and include ancillary charges necessary to place the asset into its intended location and condition for use. Further, 2.20.1.16(E) NMAC requires certification of all governmental entities capital assets at or near year-end and 2.20.1.18 NMAC has specific requirements over dispositions. Good accounting practices to ensure compliance should include formal policies and procedures over treatment of assets in accordance with 2.20.1 NMAC.

*Effect* - This resulted in the College not being in compliance with regulations over capital assets. Without proper accountability or tracking of assets, the assets and related records are more susceptible to theft and errors.

*Cause* - Lack of opinions in prior fiscal years and lack of documentation to support prior year balances. In addition, the process in place over recording the physical control over capital assets was not functioning properly.

*Auditors' Recommendation* - We recommend that the College obtain an appraisal for their buildings to help with the valuation of prior year assets. In addition, we recommend the College draft and adopt policies over the disposals and physical control of capital assets and perform a complete physical inventory count of all capital assets to ensure compliance with the applicable laws and regulations.

*Views of Responsible Officials and Planned Corrective Action* - Management concurs with the finding. Management is in the process of soliciting bids for the appraisal services. Accordingly, the College was unable to conduct a complete physical inventory due to continued limitations of staff presence on campus due to the Corona virus. Management does expect to complete such by the end of the fiscal year.

*Responsible Official* - V. P. of Finance & Administration and Comptroller

*Timeline and Estimated Completion Date* - June 30, 2022

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**SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)**

***2021-002 (2020-003) – Financial Policies and Procedures – Material Weakness – Modified and Repeated***

*Condition* - The College was able to develop and revise certain policies and procedures toward the end of the prior fiscal year pertaining to significant accounting areas; however, many of the College's policies and procedures are either outdated for current state and federal laws and regulations, or have not been formally approved by the Board of Regents. In addition, the College does not maintain a centralized location for all updated and approved policies and procedures that is easily accessible for all College employees.

The College made some progress in implementing their prior corrective action plan; however, the current year corrective action plan has been given a revised schedule.

*Criteria* - Good accounting practices require the College to implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. New policies and procedures, or changes to existing policies and procedures must be presented to the Board of Regents for final approval. A lack of appropriate policies and procedures increases the risk that unauthorized transactions could occur, funds could be inappropriately accounted for, and transactions could be inaccurately recorded and reported.

*Effect* - The College is not adhering to the proper accounting procedures to ensure reliable financial records are generated that can be utilized for reporting and decision making, as a direct result of not having updated and approved policies and procedures. The audit of the College includes a disclaimer of opinion on business-type activities, as balances may not be accurate and further noncompliance may exist.

*Cause* - The College was not able to update all existing policies and procedures, or obtain formal approval from the Board for informal policies used during the fiscal year due to the prior year's audit being submitted late, as well as some corrective action plan items extending through the current fiscal year. This resulted in outdated or incomplete policies and procedures.

*Auditors' Recommendation* - We recommend that the College continue to revise and develop policies and procedures, but begin utilizing the Policy Review Committee as described in the College's Organization Policies. This committee should meet regularly to ensure compliance with all state and federal laws and regulations, and would be responsible to review drafted and revised policies, which will ultimately be presented to the Board of Regents for final approval. Such policies include but are not limited to:

- Credit card purchases
- Athletic travel and recruitment
- Drawdowns of Federal Grants and Student Aid
- Formal Change Management Policy for items that would affect staff, students, or policy

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**SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)**

***2021-002 (2020-003) – Financial Policies and Procedures – Material Weakness – Modified and Repeated (Continued)***

*Views of Responsible Officials and Planned Corrective Action* - The College will continue to update and adjust policies, and post such on the website.

*Responsible Official* - V.P. of Finance & Administration, Comptroller, and Compliance Officer

*Timeline and Estimated Completion Date* - June 30, 2022

***2021-003 (2020-004) – Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated***

*Condition* - Several material audit adjustments were necessary to properly state balances at year-end, they include:

- The College incorrectly recorded the mill levy revenue in the wrong account code. The total amount of the revenue was \$9,445.
- The College recorded the reversion to the State of New Mexico for the Anna Age Eight Institute Program in the amount of \$504,349 in accounts payable rather than Due to State General Fund.
- The College had to propose an adjustment of \$1,607,734 to properly roll fund balance after the receipt of the final trial balance by the auditors.
- During fiscal year 2021, the College revised their lease agreement that was entered into during fiscal year 2020. As such, adjustments were necessary to properly remove the capital lease, add the new capital lease, and revise the amount of the capital asset on the books.
- The College did not include an additional amount of \$983,307 of student accounts receivable and deferred revenue related to preregistration for classes in the current fiscal year.
- An entry in the amount of \$746 was necessary to properly state transfers.
- An entry was necessary to properly reclassify the oil and gas taxes out of the mill levy account on the trial balance in the amount of \$210,075. In addition, a receivable in the amount of \$47,497 was necessary to properly record the oil and gas receivable.
- An adjustment of \$156,506 was necessary to properly state the mill levy and associated taxes.
- Two adjustments in the amount of \$15,736 and \$42,131, respectively were necessary to properly agree due to/due from component unit at year end.
- An accounts payable in the amount of \$500,000 was necessary to properly account for subsequent events.

The College made progress on their prior year corrective action plan; however, there were still issues noted in the current year, which caused the finding to be modified.



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**SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)**

***2021-003 (2020-004) – Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated (Continued)***

*Criteria* - Monthly maintenance of the trial balance 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 trial balance not being fully reconciled and ready for audit, which ultimately lead to a late audit report.

*Cause* - Internal controls were not in place to ensure that monthly general ledger account reconciliations were completed and reviewed for all significant accounts during the fiscal year.

*Auditors' Recommendation* - Management should implement a monthly or quarterly financial closing process to assure that all significant matters impacting the financial statements are evaluated for compliance with GAAP and reconciled regularly.

*Views of Responsible Officials and Planned Corrective Action* - The College continues to prepare its trial balance and submit it by the requested timeframe by the Independent Public Accountant. Management does agree that some adjustments were needed, and will continue to review the trial balance on a continued basis in order to reduce the number of year-end adjustments however small they may be.

*Responsible Official* - V. P. for Finance & Administration and Comptroller

*Timeline and Estimated Completion Date* – June 30, 2022

***2021-004 (2020-005) – Information Technology (IT) – Significant Deficiency – Modified and Repeated***

*Condition* - There are active user access accounts within Banner for former employees/contractors. The College was able to implement a significant portion of their prior year corrective action plan; however, they were unable to correct all items in a timely fashion during the audit year. As a result, the current year corrective action plan has been given a revised schedule.

*Criteria* - In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) 4.1, framework DS5 (Ensure System Security) provides that the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security and roles and responsibilities, policies, standards, and procedures. Effective security management protects all IT assets to minimize the business/financial impact of security vulnerabilities and incidents. This includes monitoring user access, implementing and testing a continuity plan, and maintaining documents.

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**SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)**

***2021-004 (2020-005) – Information Technology (IT) – Significant Deficiency – Modified and Repeated (Continued)***

*Effect* - The College's financial and other information may be at risk of theft, loss, or corruption if the above improvements are not implemented.

*Cause* - Timing of the implementation of the College's prior year management responses caused the above controls and plans to be delayed during fiscal year 2021.

*Auditors' Recommendation* - The College should review user access to BANNER and ensure that old accounts are disabled or removed.

*Views of Responsible Officials and Planned Corrective Action* - Management concurs with the finding and cause. As such, the College continues to address this issue to ensure that all access is valid and timely.

*Responsible Official* - V.P. of Finance & Administration and Director of Information Technology

*Timeline and Estimated Completion Date* – June 30, 2022

**SECTION III: FEDERAL AWARD FINDINGS**

***2021-005 (2020-006) – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated***

*Federal Program Information*

Funding Agency:	U.S. Department of Education
Federal Award Agreement Number:	Not Applicable
Award Year:	All
Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007, 84.033, 84.063, and 84.268
Pass-through Agency:	Not Applicable, Direct Program
Pass-through Identification Number:	Not Applicable, Direct Program

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-005 (2020-006) – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated (Continued)***

*Condition* - The College does not have effective controls over this compliance requirement, which resulted in the College not notifying the Department of Education and NSLDS of changes in student status in a timely and accurate manner. We noted the following instances of noncompliance:

- For 1 of 12 students tested, the student was correctly identified by the College as three quarter time; however, they were not reported to NSLDS at all, which generated in “No record found” status within NSLDS report.
- For 1 of 12 students tested, the student was not correctly identified by the College as withdrawn, resulting in the College reporting the student as active to NSLDS.
- For 1 of 12 students tested, the student was reported to NSLDS as withdrawn; however, the students were graduated.
- For 7 of 12 students tested, the student effective date of status change does not match with what was reported to NSLDS.

As noted in the prior year audit management response, the College did not anticipate this finding would be resolved during fiscal year 2021 as they did not know of the issue until late into the fiscal year.

*Criteria* - Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. In addition, the Department of Education relies on institution’s enrollments reports to determine a student’s enrollment status based on reductions or increases in attendance levels, withdrawals, graduations or approved leaves-of-absence. According to 34 CFR 690.83(b)(2) and 685.309, the College is required to submit changes in student attendance to the National Student Loan Data System (NSLDS) at a minimum of every 60 days.

*Questioned Costs* - Not applicable.

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-005 (2020-006) – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated (Continued)***

*Effect* - This resulted in inaccurate enrollment reporting during the year, which may cause a student's status to be incorrect for extended periods of time. As a result, the College did not promptly notify Department of Education, lenders, or NSLDS of changes in student status in a timely and accurate manner.

*Cause* - The College did not have controls in place to help follow the appropriate procedures in accordance with enrollment reporting requirements.

*Auditors' Recommendation* - We recommend the Student Financial Aid Office implement controls over enrollment reporting as well as the requirements under 34 CFR 690.83(b)(2) and 685.309 to ensure accurate reporting to the US Department of Education.

*Views of Responsible Officials and Planned Corrective Action* - Management concurs with the finding and the auditors note re-stating that because of the timelines of the prior year's audit resolution of a corrective action plan would not be completed until fiscal year 2022. The college will note that Management has started to address the issue and has formed a team of staff whose requisite positions will be used to correct the deficiency.

*Responsible Official* – Provost, Registrar, and Director of Institutional Research

*Timeline and Estimated Completion Date* – June 30, 2022

***2021-006 – Special Tests and Provisions – SAS Reconciliation – Significant Deficiency***

*Federal Program Information*

Funding Agency:	U.S. Department of Education
Federal Award Agreement Number:	Not Applicable
Award Year:	All
Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007, 84.033, 84.063, and 84.268
Pass-through Agency:	Not Applicable, Direct Program
Pass-through Identification Number:	Not Applicable, Direct Program

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-006 – Special Tests and Provisions – SAS Reconciliation – Significant Deficiency (Continued)***

*Condition* - The College does not have effective controls over this compliance requirement, which resulted in the College failing to perform a reconciliation of the SAS data files for one month out of three tested.

*Criteria* - Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. In addition, the Department of Education requires that institutions must report all loan disbursements and submit required records to COD within 15 days of disbursement (*OMB No. 1845-0021*). Each month, COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (34 CFR 685.102(b), 685.301, and 303).

*Questioned Costs* - Not applicable.

*Effect* - This resulted in noncompliance with compliance requirement for "Borrower Data Transmission and Reconciliation", as it requires institution to reconcile SAS data files to institution records each month to catch errors if there are any. Subsequent months' reconciliations were prepared accurately.

*Cause* - The College did not have consistent controls in place to help follow the appropriate procedures in accordance with borrower data and reconciliation requirements.

*Auditors' Recommendation* - We recommend the Student Financial Aid Office to implement consistent controls over SAS data reconciliations, so the reconciliation are performed on monthly basis as required by compliance.

*Views of Responsible Officials and Planned Corrective Action* - Management concurs with the finding. The College has been able to recruit knowledgeable and seasoned financial aid staff that will correct this reporting deficiency.

*Responsible Official* – Director of Financial Aid

*Timeline and Estimated Completion Date* – June 30, 2022

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-007 – Special Tests and Provisions – Disbursements to or on Behalf of Students – Significant Deficiency***

*Federal Program Information*

Funding Agency:	U.S. Department of Education
Federal Award Agreement Number:	Not Applicable
Award Year:	All
Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007, 84.033, 84.063, and 84.268
Pass-through Agency:	Not Applicable, Direct Program
Pass-through Identification Number:	Not Applicable, Direct Program

*Condition* - The College does not have effective controls over this compliance requirement. The College was unable to prove that award letters were sent to 33 out of 40 students tested. None of the affected students received loans for the period in question.

*Criteria* - Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. Further, In accordance with 24 CFR 668.165(a), the College notified the student or parent, in writing, of (1) the date and amount of their disbursement; (2) the student's or parent's right to cancel all or a portion of their loan or loan disbursement and have the proceeds returned to the holder of that loan (If applicable); and (3) the procedure and time by which the student or parent must notify the institution of their intent to cancel the loan (if applicable). The notification was made no earlier than 30 days before, and no later than 30 days after, crediting a student's account at the institution with direct loan.

*Questioned Costs* - Not applicable.

*Effect* - The College was unable to prove that students were notified of their award amounts prior to disbursement to student accounts.

*Cause* - The College did not have consistent controls in place to help follow the appropriate procedures in accordance with disbursement to or on behalf of students.

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-007 – Special Tests and Provisions – Disbursements to or on Behalf of Students – Significant Deficiency (Continued)***

*Auditors’ Recommendation* - We recommend the Student Financial Aid Office to implement controls over “disbursement to or on behalf of students” as well as the requirements under 24 CFR 668.165(a) to ensure award letters are sent to all student recipients of financial aid and student loan.

*Views of Responsible Officials and Planned Corrective Action* - The College agrees with the finding. Staff shortages in the Financial Aid office directly affected the Colleges’ ability to properly monitor the notifications to students. The College has been able to recruit knowledgeable and seasoned Financial Aid staff who are addressing the issue.

*Responsible Official* – Director of Financial Aid

*Timeline and Estimated Completion Date* – June 30, 2022

***2021-008 – Reporting – Quarterly Public Reporting – Material Weakness and Material Noncompliance***

*Federal Program Information*

Funding Agency:	U.S. Department of Education
Federal Award Agreement Number:	Not Applicable
Award Year:	Fiscal year 2021
Title:	COVID-19 Education Stabilization Fund
Assistance Listing Number:	84.425E, 84.425F, and 84.425L
Pass-through Agency:	Not Applicable, Direct Program
Pass-through Identification Number:	Not Applicable, Direct Program

*Condition* - The College does not have effective controls over reporting for the Education Stabilization Fund, which resulted in the College not posting quarterly reports for the HEERF within required timelines and in an accurate manner. The College could not provide evidence that student portion reports were compared to supporting documentation. We noted the following instances of noncompliance:

- For the Student Aid Portion, the College did not publically post the required reporting for the quarters ended September 30, 2020 and December 31, 2020.

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**SECTION III: FEDERAL AWARD FINDINGS (Continued)**

***2021-008 – Reporting – Quarterly Public Reporting – Material Weakness and Material Noncompliance (Continued)***

- For the Institutional Portion, the College posted reports required for the quarters ended September 30, 2020, December 31, 2020, and June 30, 2021 after the deadlines for posting. The report for September 30, 2020 was due by October 30, 2020 and was posted on January 22, 2021. The report for December 31, 2020 was due by January 10, 2021 and was posted on January 22, 2021. The report for June 30, 2021 was due by July 10, 2021 and was posted on August 10, 2021.
- For the Minority Serving Institutions portion, the College inaccurately included expenditures under this funding stream in reporting for the Institutional Reporting. Expenses totaling \$432,939 under the Minority Serving Institutions portion were not reported as expenditures of this portion.

*Criteria* - Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. The CARES Act establishing the Education Stabilization Fund required that reports be publically posted on the institution's website for the Student Aid and Institutional portions of the Higher Education Emergency Relief Fund (HEERF). The forms must be conspicuously posted on the College's primary website at certain dates throughout the year.

*Questioned Costs* - Not applicable.

*Effect* - The required information was not made available to the Department of Education and the general public in a timely manner. For the Minority Serving Institutions and Institutional portions of the funding, the amounts reported to the Department of Education and the general public were not correct.

*Cause* - The College did not have consistent controls in place to help follow the appropriate procedures in accordance with HEERF reporting requirements.

*Auditors' Recommendation* - We recommend the college's business office to implement consistent controls over public posting of quarterly reports (institutional portion), so the reports are posted within compliance timeframe.

*Views of Responsible Officials and Planned Corrective Action* - The College will be more cognizant of the due dates for posting the reports.

*Responsible Official* - Vice President of Finance and Administration, Comptroller and Director of Financial Aid

*Timeline and Estimated Completion Date* - June 30, 2022



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**SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS**

***2021-009 (2020-007) – Late Audit Report – Other Noncompliance – Modified and Repeated***

*Condition* - The required submission date of the audit report for the fiscal year ended June 30, 2021, to the New Mexico State Auditor was November 1, 2021. The audit report was not submitted by the specified due date.

The College did not implement their prior corrective action plan. As a result, the current year corrective action plan has been given a revised schedule.

*Criteria* - 2.2.2.9(A) NMAC establishes a due date of November 1 for submission of this audit report to the Office of the State Auditor.

*Effect* - The College is not in compliance with the Report Due Dates prescribed in the New Mexico Administrative Code.

*Cause* - The College was involved with significant staffing changes during the prior audit and did not have all critical positions filled during the current fiscal year.

*Auditors' Recommendation* - We recommend the College submit future audit reports timely and create a time schedule that will enable the College to become compliant with the Office of the State Auditor's deadlines.

*Views of Responsible Officials and Planned Corrective Action* - The College has obtained sufficient staff to address the accounting issues and plans to submit the next financial statement audit on or before the State Auditor due date.

*Responsible Official* - V. P. of Finance & Administration and Comptroller

*Timeline and Estimated Completion Date* – June 30, 2022

***2021-010 – Outstanding Checks and Pledged Collateral Requirements – Other Noncompliance – Modified and Repeated***

*Condition* - The College's bank balances for New Mexico Bank and Trust were not properly collateralized in the amount of \$59,298 at year end. In addition, the College had outstanding checks totaling \$16,196.93 for in excess of one year.

*Criteria* - Section 6-10-17 NMSA 1978 requires pledged collateral for deposits in banks and savings and loan associations to have an aggregate value equal to one-half of the amount of public money held by the depository. Section 6-10-57 NMSA 1978 requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. Section 6-10-57(C) NMSA 1978 states that the face amount of checks cancelled shall revert and be credited to the fund against which it was drawn.

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**SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

***2021-010 – Outstanding Checks and Pledged Collateral Requirements – Other Noncompliance – Modified and Repeated (Continued)***

*Effect* - The College could potentially lose money if the bank were to go out of business. The College's cash balance may be misstated by the amount of the stale dated checks and they are not in compliance with Statutes.

*Cause* - The College did not ensure that collateral was properly pledged at year-end. The College overlooked the stale-dated checks during the bank reconciliation process in the last few months of the year.

*Auditors' Recommendation* - We recommend that the College work with their banking institute to ensure that their balances are properly collateralized. We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented.

*Views of Responsible Officials and Planned Corrective Action* - The College continues to address state dated checks, and did either reissue valid claims or remitted such to the New Mexico Department of Taxation & Revenue – Unclaimed Property Division or the federal grantor agency. Accordingly, the College has begun to address the undercollateralized issue with its' financial institutions. The College will review the collateralization reports issued by the financial institutions against the cash balances on a monthly basis. The financial institutions will be notified of any shortages so that the proper level of collateralization will be effected.

*Responsible Official* - V.P. of Finance and Administration and Comptroller

*Timeline and Estimated Completion Date* - June 30, 2022

***2021-011 – RHCA Overpayment Employee/Employer Contributions and Documentation – Other Noncompliance***

*Condition* - The College self-reported a discrepancy between what is being remitted to RHCA for employee and employer contributions and what should be remitted. The College withheld a net amount of \$6,336.69 from employee checks and a net amount of \$62,086.60 on the employer side. The range of withholding on the employee side was between .02% and 1.26%. The range of withholding on the employer side was between 0% to 25.45%. In addition, the College should ensure they have sufficient documentation for all members contributing to the plan.

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**SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

***2021-011 – RHCA Overpayment Employee/Employer Contributions – Other Noncompliance (Continued)***

*Criteria* - Section 10-7C-15(A) NMSA 1978 requires employer's contributions for participating employees who are not members of an enhanced retirement plan to be two percent of each participating employee's salary and for participating employees who are members of an enhanced retirement plan to be two and one-half percent of each participating employee's salary. Section 10-7C-15(B) NMSA 1978 requires employee contributions for participating employees who are not members of an enhanced retirement plan to contribute one percent of the employee's salary and participating employees who are a member of an enhanced retirement plan, to contribute one and one-fourth percent of the employee's salary.

*Effect* - Expenses and withholdings were higher than they should have been at year-end.

*Cause* - The third party payroll processor updated their systems periodically throughout the year and the percentage deductions was changed during the process.

*Auditors' Recommendation* - The College should review the deduction reports on an ongoing basis to ensure that errors of this nature are caught in the future.

*Views of Responsible Officials and Planned Corrective Action* - The College continues to work with the payroll software contractor to correct this issue, which after testing for several subsequent payrolls is resolved. However, in light of the software updates which are made periodically the College will continue to monitor deduction activities during payroll processing to ensure that the applicable rates are applied.

*Responsible Official* – V.P. of Finance & Administration and Comptroller

*Timeline and Estimated Completion Date* – June 30, 2022

**SECTION V: COMPONENT UNIT FINDINGS**

***Northern New Mexico College Foundation***

***2021-012 (2020-012) – Bank Reconciliations—Timeliness and Review Process—Material Weakness – Modified and Repeated***

*Condition* - The Northern New Mexico College Foundation (the "Foundation") did not timely reconcile and review bank accounts throughout the year, which caused various accounts to not be reconciled until months after year-end. Although the Foundation bank accounts were not reconciled timely, the reconciliations were accurate and agreed to the general ledger at year-end.

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**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico College Foundation***

***2021-012 (2020-012) – Bank Reconciliations—Timeliness and Review Process—Material Weakness – Modified and Repeated (Continued)***

The Foundation did implement their prior year corrective action plan; however, it was not timely and resulted in a current year finding.

*Criteria* - Appropriate internal controls over cash require timely reconciliation and review of institutional accounts to the general ledger in order to ensure adequate control over cash receipts and disbursements. Best practices dictate that bank reconciliations should be performed monthly in order to enhance timeliness of the financial information as well as timely authorization of corrections necessary.

*Effect* - Not reconciling and reviewing cash accounts timely and thoroughly on a monthly basis creates the opportunity for errors or inappropriate transactions to occur undetected. Carrying numerous reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

*Cause* - The Foundation did not have the personnel or procedures in place to prepare the bank reconciliations on a timely basis.

*Auditors' Recommendation* - We recommend bank reconciliations be prepared for all bank accounts for the Foundation on a monthly basis with another responsible individual reviewing these reconciliations. A schedule of all bank account reconciliations should be kept in order to inform management and those in charge of governance their current status.

*Views of Responsible Officials and Planned Corrective* - Management agrees with the finding. Due to the limited activity within the Foundation along with limited staff reconciliations were not timely made. Accordingly, the Foundation will solicit assistance for this process.

*Responsible Official* - Foundation Treasurer

*Timeline and Estimated Completion Date* - June 30, 2022

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**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico College Foundation (Continued)***

***2021-013 (2020-013) – Account Reconciliation and Analysis—Material Weakness (Modified and Repeated)***

*Condition* - The following adjusting journal entries were required after the accounting records were closed at year-end.

- The Foundation made a correction for investment monies transferred to cash accounts which were recorded as foundation donation revenue, but double booked the entry. Therefore, an adjustment to properly record investment balances and revenue in the amount of \$142,312 was necessary.
- The Foundation did not properly accrue a \$25,000 entry related to receivables and revenue.
- Entries were required to amounts due from and payable to the primary government in the amounts of \$5,249 and \$15,736 in order to properly present the ending balances.

The Foundation did not implement their prior corrective action plan. As a result, the current year corrective action plan has been given a revised schedule.

*Criteria* - Accounting records must include a complete, balanced general ledger that records all transactions and permits the preparation of accurate financial statements and other information. All accounts should be analyzed, reviewed and reconciled to subsidiary ledgers and other supporting documentation at least monthly.

*Effect* - Various account balances of the Foundation were overstated or understated prior to adjustments being made.

*Cause* - The Foundation's current general ledger account reconciliation processes do not include timely reconciliation of all significant account balances.

*Auditors' Recommendation* - Implement monitoring procedures and other internal controls to ensure reconciliations are being performed and resulting adjustments are recorded correctly and timely.

*Views of Responsible Officials and Planned Corrective* - Management agrees with the finding. Due to the limited activity within the Foundation along with limited staff reconciliations were not timely made. Accordingly, the Foundation will solicit assistance for this process.

*Responsible Official* - Foundation Treasurer

*Timeline and Estimated Completion Date* - June 30, 2022

**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico College Foundation (Continued)***

***2021-014 (2020-014) – Endowment Listing—Other Noncompliance (Modified and Repeated)***

*Condition* - The Foundation does not have a complete endowment listing at June 30, 2021.

*Criteria* - The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the Foundation to implement and follow sound accounting and internal control policies and procedures.

*Effect* - The Foundation could potentially have an incomplete listing of their endowments.

*Cause* - Due to high turnover and lack of policies and procedures in the Foundation.

*Auditors' Recommendation* - We recommend the Foundation compile a complete endowment listing and have supporting documentation to support the amounts included.

*Views of Responsible Officials and Planned Corrective* - Management agrees with the finding and does note that the Foundation continues to struggle to obtain operational assistance either voluntary or paid, to perform such fiscal duties. However, management will continue to address and remedy this issue.

*Responsible Official* - Foundation President and Foundation Treasurer

*Timeline and Estimated Completion Date* - June 30, 2022

***2021-015 (2020-017) – Late Audit Report — Other Noncompliance — Modified and Repeated***

*Condition* - The required submission date of the audit report for the fiscal year ended June 30, 2021, to the New Mexico State Auditor was November 1, 2021. The audit report was not submitted by the specified due date.

The Foundation did not implement their prior corrective action plan. As a result, the current year corrective action plan has been given a revised schedule.

*Criteria* - 2.2.2.9(A) NMAC establishes a due date of November 1 for submission of this audit report to the Office of the State Auditor.

*Effect* - The Foundation is not in compliance with the Report Due Dates prescribed in the New Mexico Administrative Code.

**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico College Foundation (Continued)***

***2021-015 (2020-017) – Late Audit Report – Other Noncompliance – Modified and Repeated (Continued)***

*Cause* - The College was involved with significant staffing changes during the prior audit and did not have all critical positions filled during the current fiscal year.

*Auditors' Recommendation* - We recommend the Foundation submit future audit reports timely and create a time schedule that will enable the Foundation to become compliant with the Office of the State Auditor's deadlines.

*Views of Responsible Officials and Planned Corrective Action* - The Foundation plans to contract with a consultant to perform the requisite reconciliations and other accounting functions to ensure that books are ready for audit in anticipation of a timely submission to the Office of the State Auditor.

*Responsible Official* - Foundation President and Foundation Treasurer

*Timeline and Estimated Completion Date* - June 30, 2022

***Northern New Mexico Eagle Corporation***

***2021-016 (2020-018) – Account Reconciliation and Analysis—Material Weakness***

*Condition* - The following adjusting journal entries were required to properly state balances at year-end.

- The final balances from the prior fiscal year, which included an adjustment to due from primary government (\$300,000), due to primary government (\$3,579), and unrestricted net position (\$296,421).
- An adjustment to properly state due to primary government and organizational costs in the amount of \$5,412.
- An adjustment to properly state due to primary government and accounting software costs in the amount of \$368.
- An adjustment to record the deferred tax asset and associated taxes payable in the amount of \$2,303.

No progress was made to the prior year finding.

*Criteria* - Accounting records must include a complete, balanced general ledger that records all transactions and permits the preparation of accurate financial statements and other information. All accounts should be analyzed, reviewed and reconciled to subsidiary ledgers and other supporting documentation at least monthly.

**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico Eagle Corporation***

***2021-016 (2020-018) – Account Reconciliation and Analysis—Material Weakness***

*Effect* - Account balances of the Corporation were understated prior to adjustments being made.

*Cause* - The Corporation's current general ledger account reconciliation processes do not include timely reconciliation of all significant account balances.

*Auditors' Recommendation* - Implement monitoring procedures and other internal controls to ensure reconciliations are being performed and resulting adjustments are recorded correctly and timely.

*Views of Responsible Officials and Planned Corrective* – The Corporation agrees with the finding. Although the number of the transactions of the Corporation are a few, management will make diligent efforts to posts transactions timely.

*Responsible Official* - Corporation President and Corporation Treasurer

*Timeline and Estimated Completion* - June 30, 2022

***2021-017 (2020-019) – Late Audit Report – Other Noncompliance***

*Condition* - The required submission date of the audit report for the fiscal year ended June 30, 2021, to the New Mexico State Auditor was November 1, 2021. The audit report was not submitted by the specified due date.

Progress was made on the audit finding from the prior fiscal year as the audit report was submitted earlier than in the prior fiscal year.

*Criteria* - 2.2.2.9(A) NMAC establishes a due date of November 1 for submission of this audit report to the Office of the State Auditor.

*Effect* – The Corporation is not in compliance with the Report Due Dates prescribed in the New Mexico Administrative Code.

*Cause* - The College was involved with significant staffing changes during the prior audit and did not have all critical positions filled during the current fiscal year.

*Auditors' Recommendation* - We recommend the Corporation submit future audit reports timely and create a time schedule that will enable the Corporation to become compliant with the Office of the State Auditor's deadlines.



**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**SECTION V: COMPONENT UNIT FINDINGS (Continued)**

***Northern New Mexico Eagle Corporation***

***2021-017 (2020-019) – Late Audit Report – Other Noncompliance (Continued)***

*Views of Responsible Officials and Planned Corrective* - The Corporation agrees with the finding. Efforts will be made to prepare all regular and adjusting entries, if any, for the timely submission of the audit report.

*Responsible Official* - Corporation President and Corporation Treasurer

*Timeline and Estimated Completion* - June 30, 2022

**State of New Mexico**  
**Northern New Mexico College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

**SECTION VI: SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

***Financial Statement Findings***

- 2020-001 – Capital Assets – Material Weakness and Other Noncompliance – Modified and Repeated
- 2020-002 – Bank Reconciliations – Material Weakness – Resolved
- 2020-003 – Financial Policies and Procedures – Material Weakness – Modified and Repeated
- 2020-004 – Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated
- 2020-005 – Information Technology (IT) – Significant Deficiency – Modified and Repeated

***Federal Award Findings***

- 2020-006 – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated

***Section 12-6-5 NMSA 1978***

- 2020-007 Late Audit Report – Other Noncompliance – Modified and Repeated
- 2020-008 – Compliance Violation – Anti-Donation Clause of the New Mexico Constitution – Other Noncompliance – Resolved
- 2020-009 – Travel and Per Diem – Other Noncompliance – Resolved
- 2020-010 – Anna Age Eight Institute Program – Other Noncompliance – Resolved
- 2020-011 – Deficiencies in Internal Control over Preparation of Schedule of Expenditure of Federal Awards (SEFA) – Other Noncompliance – Resolved

***Component Unit Findings – Foundation***

- 2020-012 Bank Reconciliations – Timeliness and Review Process – Material Weakness – Modified and Repeated
- 2020-013 Account Reconciliation and Analysis – Material Weakness – Modified and Repeated
- 2020-014 – Endowment Listing – Other Noncompliance – Modified and Repeated
- 2020-015 Procurement Code Violations – Other Noncompliance – Resolved
- 2020-016 Compliance with Investment Policy – Other Noncompliance – Resolved
- 2020-017 – Late Audit Report – Other Noncompliance – Modified and Repeated

***Component Unit Findings – Corporation***

- 2020-018 – Account Reconciliation and Analysis (Material Weakness) – Modified and Repeated
- 2020-019 – Late Audit Report (Other Noncompliance) – Modified and Repeated

**State of New Mexico**  
**Northern New Mexico College**  
**Other Disclosures**  
**June 30, 2021**

**EXIT CONFERENCE**

The contents of this report and its schedules related to the College and its component units were discussed on December 14, 2021. The following individuals were in attendance:

Northern New Mexico College

Michael Martin	President, Board of Regents
Richard J. Bailey, Jr., Ph.D.	President
Ivan Lopez Hurtado, Ph.D.	Provost
Ricky A. Bejarano, CPA, CGMA	Vice President for Finance and Administration
Vince Lithgow, CGFM	Comptroller
Evette Abeyta	Budget Director
Cheryl James	Compliance Officer/CPO
Bryan Maestas, CGFM	Accountant
Stephanie Lovato	Grants Accountant
Melinda Trujillo	Accountant
Teresa Chavez	Accountant
Alfredo Lima	Accountant

Northern New Mexico College Foundation

Richard J. Bailey, Jr., Ph.D.	Ex-Officio Member
Ricky A. Bejarano, CPA, CGMA	Ex-Officio Member

Northern New Mexico College Eagle Corporation

Ricky A. Bejarano, CPA, CGMA	Treasurer, Corporation
Richard J. Bailey, Jr., Ph.D.	Secretary, Corporation

Carr, Riggs & Ingram, LLC

Alan D. Bowers, Jr., CPA, CITP	Partner
Sara Specht, CFE, CGFM	Supervising Senior

**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.