

NEW MEXICO JUNIOR COLLEGE  
BOARD MEETING

Thursday, February 20, 2025  
Zia Board Room - Pannell Library  
1:30 pm

AGENDA

A. Welcome	Pat Chappelle
B. Adoption of Agenda	Pat Chappelle
C. Approval of Minutes of January 16, 2025	Pat Chappelle
D. President's Report	Cathy Mitchell
E. Information Items	
1. Monthly Expenditure Report	Josh Morgan
2. Monthly Revenue Report	Josh Morgan
3. Oil and Gas Revenue Report	Josh Morgan
4. Schedule of Investments	Josh Morgan
F. New Business	
1. Fiscal Year June 30, 2024 Audit Report	Carr Riggs & Ingram
2. Consideration of Revision to the NMJC Employee Handbook	Josh Morgan
3. Consideration of Western Heritage Museum Exterior Improvement Project Construction Contract	Josh Morgan
4. Consideration of Appointments to the New Horizons Foundation Board	Dennis Holmberg
G. Public Comments	
H. Determination of Next Meeting	Pat Chappelle
I. Closure of Meeting	
• Limited Personnel Matters Pursuant to NMSA 1978 §10-15-1 H (2) for the discussion of hiring a new president.	
J. Adjournment	Pat Chappelle

**NEW MEXICO JUNIOR COLLEGE  
BOARD MEETING  
JANUARY 16, 2025  
MINUTES**

The New Mexico Junior College Board met on Thursday, January 16, 2025, beginning at 1:32 p.m. in the Pannell Library, Zia Board Room. Ms. Patricia Chappelle, Chair; Mr. Hector Baeza; Ms. Evelyn Rising; Mrs. Erica Jones; Mr. Guy Kesner; and Mr. Manny Gomez were present. Mr. Travis Glenn was absent.

Ms. Chappelle called the meeting to order.

Upon a motion by Mr. Gomez, seconded by Mr. Kesner, the Board unanimously adopted the agenda.

Upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved the minutes of December 18, 2024, January 3, 2025, and January 10, 2025.

***Under President's Report*** Mr. Scotty Holloman provided an NMJC Employee Update.

Mr. Holloman provided an enrollment update. He reported the current spring 2025 student headcount at 2,022, a difference of 105 (5.5% increase), as compared to the 2024 spring enrollment at 1,917. In addition, he reported the spring 2025 student credit hours is approximately 10% higher as compared to the same time last year.

Mr. Holloman reported the annual NMJC Conflict of Interest and NMJC Board Policy #304 has been distributed to the Board members. He requested the Conflict of Interest be signed and returned to Norma Faught.

Mr. Holloman announced the NMJC men's and women's basketball teams have been recognized as United Way Volunteers of the Year. Mr. Holloman thanked the basketball teams and coaches for this accomplishment and their service to the community.

***Under New Business*** Mr. Holloman provided consideration of two Retirement Resolutions. He recognized Emma Irene Cruce who has elected to retire on February 1, 2025 with twenty years of service and Christine J. Kunko who has elected to retire on February 1, 2025 with sixteen years of service. Mr. Holloman and the Board expressed their appreciation to Ms. Cruce and Mrs. Kunko for their service to NMJC.

***Under Information Items*** Mr. Manny Gomez provided a detailed report of the discussions at a Board Facilities Committee Meeting held on Monday, January 13, 2025. He reported items for discussion included direction of building signage on the NMJC campus, a Watson Hall update,

status of campus parking during the current construction, financial position on renovations and new construction, and status of the Covenant Hospital acquisition.

Mr. Josh Morgan presented the Expenditure Report, Revenue Report, Oil & Gas Revenue Report and the Schedule of Investments Report for December 2024.

***Under New Business (Cont.)*** Ms. Chappelle requested consideration of the appointment of an NMJC Interim President. Upon a motion by Mr. Kesner, seconded by Ms. Rising, the Board unanimously appointed Mrs. Cathy Mitchell as NMJC's Interim President.

Ms. Chappelle requested consideration for approval of the Interim President's Employee Agreement. Upon a motion by Mr. Gomez, seconded by Mrs. Jones, the Board unanimously approved the interim president's contract to begin January 17, 2025 until the appointment of the next president. Mrs. Mitchell thanked the Board for their confidence and support and expressed appreciation for the opportunity to work with the NMJC staff and faculty in this capacity. Mr. Holloman provided clarity of the timeframe of the agreement which will be in effect from January 17, 2025 through June 30, 2026, also dependent upon the appointment of a new president.

Mr. Morgan presented the Fiscal Watch Report for the quarter ending December 31, 2024. Upon a motion by Mr. Gomez, seconded by Ms. Rising, the Board unanimously approved the Fiscal Watch Report as presented.

Ms. Chappelle presented consideration of the structure of NMJC Board Meetings with 4 options provided. Mr. Holloman reminded the Board of the statute restriction of meeting no less than quarterly. In addition, to assist with selection of an option structure, routine annual reports, including deadlines for those required to be submitted to the Higher Education Department, were provided. Following significant consideration, Mrs. Jones made a motion to proceed with "Option 1 - continuance of monthly meetings", seconded by Mr. Kesner. The Board unanimously approved Option 1.

Mr. Holloman presented consideration of the Open Meetings Act Resolution No. 2025-001, Options 1 through 4. Upon a motion by Ms. Rising, seconded by Mrs. Jones, the Board unanimously approved the Open Meetings Act Resolution No. 2025-001, Option 1.

Mr. Dennis Holmberg presented consideration of revision of the New Horizons Foundation (NHF) Bylaws. Mr. Holmberg stated revisions would include: 1) the role of the NMJC Board in final approval of all members of the NHF Board, and 2) Clarification of the terms of individuals appointed by the NMJC Board when filling a vacancy on the NHF Board. Mr. Holloman pointed out the addition to the bylaws at Article II, Section 3, which clarifies the process of nominations from the County of Lea and the Economic Development Corporation of Lea County. Upon a motion by Mr. Gomez, seconded by Mr. Baeza, the Board unanimously approved the revision to the NHF Bylaws as presented.

Ms. Chappelle called for comments from the public. There being none, the next Regular Board Meeting was scheduled for Thursday, February 20, 2025 at 1:30 pm in the Zia Board Room.

Upon a motion by Mr. Baeza, seconded by Mr. Kesner and by unanimous consent, the meeting adjourned at 2:42 pm.

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Pat Chappelle, Chair

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Travis Glenn, Secretary

# NEW MEXICO JUNIOR COLLEGE

## Vice President for Finance

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**To:** New Mexico Junior College Board Members  
**From:** Josh Morgan  
**Date:** February 14, 2025  
**RE:** January 2025 Financial Reports

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### **Expenditure Report:**

January is the seventh month of the 2024/2025 fiscal year. The Expenditure Report represents expenditure totals that include funds expended and encumbered. The total year-to-date funds expended and/or encumbered through the month of January is \$88,338,177.

The total current unrestricted fund expenditures through January are \$28,806,497, which is 60% of the projected budget. Most of these expenses are the normal monthly payroll and benefit expenditures. Payroll expenditures reflect the 3% comp raise. Internal Services (Computer Services, Motor Pool, & Document Center) have monthly credits posted to these departments and will be back within budget by the end of the fiscal year. Auxiliary expenses are tracking as expected with expenditures for the fall semester and spring semesters. Athletics expenses are tracking as expected for this time of year.

Restricted fund expenditures through January are \$5,285,397. The expenditures in the grant area is tracking along as expected. The Business Office is monitoring the expenditures in the grants and request the drawdown from the state and federal agencies. In restricted student aid, financial aid payouts have been made for the summer and fall semesters.

Total plant fund expenditures through January are \$54,246,283. Projects with major expenditures and encumbrances include the Watson Hall Renovation, the Vestibule and Safety Project, the Industrial Training Center, Site Project – Phase 1, Rodeo Improvements, Heidel Hall Renovation, and Bob Moran & Pannell Library Air Handler Replacements. Year-to-date building renewal and replacement expenditures and encumbrances are \$406,510 and equipment renewal and replacement expenditures and encumbrances are \$412,039.

### **Revenue Report:**

Total current unrestricted revenue received in January was \$17,996,320. This mostly consists of tuition and fees for the spring semester, the state appropriation, and the monthly oil and gas production tax, property tax, and auxiliary revenue. Total year-to-date current unrestricted revenue is \$70,362,944.

Total current restricted revenue received in January for grants and student aid was \$1,724,771. Total year-to-date current restricted revenue is \$4,293,583.

Total plant fund revenue recorded in January is \$1,509,578. This consist of an STB draw on the Site Project Phase 1 and the LGIP and CDARs interest. Total year-to-date plant fund revenue is \$10,882,511.

Total revenue for the month of January is \$21,230,669. Total year-to-date revenue is \$85,539,038.

**Oil and Gas Revenue Report:**

The Oil & Gas Report reflects the fourth month of revenue for FY 25. In January, the College received \$6,279,409 in oil & gas revenue for the month of October 2024. The months of November through January reflect the monthly accrual of \$983,333 each month. Total Oil and Gas Production and Equipment tax revenue through January including the three months of accrual is \$43,627,970. In comparison to this same time last year, Oil & Gas Production revenue is down \$581,272 and Oil & Gas Equipment revenue is down \$1,751,534.

**Investment Report:**

The College began the month of January with \$269 million invested with the LGIP. There was \$7 million deposited during the month resulting in an ending balance of \$276 million with the LGIP. The College earned \$981,612 in interest at a net yield of 4.275 during the month of January.

The College has \$50 million invested in CDARs through Lea County State Bank. Interest earnings during the month of January on all CDAR accounts was \$194,878.

At the end of January, there was \$274,909,234 in allocated capital projects.

This concludes the financial report for January 2025.

**NEW MEXICO JUNIOR COLLEGE**  
**Expenditure Report**  
**January 2025**

58% of Year Completed

Fund	2023-24			2024-25			
	Final Budget	Year-to-Date Expended or Encumbered	Percentage of Budget Expended	Budget	Current Expended or Encumbered	Expended or Encumbered	Percentage of Budget Expended
<b>CURRENT UNRESTRICTED FUND</b>							
<b>Instruction and General:</b>							
Instruction	14,993,034	6,264,437	42%	14,804,936	1,716,204	8,082,948	55%
Academic Support	3,335,477	1,703,971	51%	3,393,509	358,506	2,175,505	64%
Student Services	4,281,043	1,758,874	41%	4,409,304	418,458	2,472,654	56%
Institutional Support	7,955,316	3,958,795	50%	8,318,099	809,043	4,959,020	60%
Operation & Maintenance of Plant	6,728,166	2,987,909	44%	6,347,567	516,955	3,430,499	54%
<b>Subtotal - Instruction &amp; General</b>	<b>37,293,036</b>	<b>16,673,986</b>	<b>45%</b>	<b>37,273,415</b>	<b>3,819,166</b>	<b>21,120,626</b>	<b>57%</b>
Public Service	47,658	-	0%	-	-	-	0%
Internal Service Departments	363,850	192,972	53%	243,513	15,791	275,633	113%
Student Aid	1,081,492	718,251	66%	1,050,880	266,961	907,119	86%
Auxiliary Enterprises	3,795,534	2,053,231	54%	3,343,782	380,281	2,730,304	82%
Athletics	5,720,900	3,306,149	58%	5,879,217	1,209,315	3,772,815	64%
<b>Total Current Unrestricted Fund</b>	<b>48,302,470</b>	<b>22,944,589</b>	<b>48%</b>	<b>47,790,807</b>	<b>5,691,514</b>	<b>28,806,497</b>	<b>60%</b>
<b>CURRENT RESTRICTED FUND</b>							
Grants	979,971	500,461	51%	1,111,546	78,566	551,123	50%
Student Aid	4,456,834	3,992,290	90%	4,456,834	2,048,899	4,734,274	106%
<b>Total Current Restricted Fund</b>	<b>5,436,805</b>	<b>4,492,751</b>	<b>83%</b>	<b>5,568,380</b>	<b>2,127,465</b>	<b>5,285,397</b>	<b>95%</b>
<b>PLANT FUNDS</b>							
Capital Outlay / Bldg. Renewal & Repl.							
Projects from Institutional Funds	122,828,858	28,438,409	23%	289,963,188	3,439,319	51,378,560	18%
Projects from State GOB Funds	5,331,214	5,253,858	99%	28,956	-	1,034	4%
Projects from State STB Funds	2,150,000	1,156,482	54%	888,536	-	659,321	74%
Projects from General Fund	2,125,000	-	0%	2,545,000	1,125,000	1,125,000	44%
Projects from Other State Funds	807,153	212,077	0%	1,068,230	108,955	263,819	25%
Projects from Private Funds	102,697	670	0%	1,750,000	-	-	0%
Projects from State ER&R	1,238,666	241,279	19%	1,385,259	23,973	412,039	30%
Projects from State BR&R	794,875	698,079	88%	820,799	46,169	406,510	50%
<b>Subtotal - Capital and BR&amp;R</b>	<b>135,378,463</b>	<b>36,000,854</b>	<b>27%</b>	<b>298,449,968</b>	<b>4,743,416</b>	<b>54,246,283</b>	<b>18%</b>
Debt Service Revenue Bonds	-	-	0%	-	-	-	0%
<b>Total Plant Funds</b>	<b>135,378,463</b>	<b>36,000,854</b>	<b>27%</b>	<b>298,449,968</b>	<b>4,743,416</b>	<b>54,246,283</b>	<b>18%</b>
<b>GRAND TOTAL EXPENDITURES</b>	<b>189,117,738</b>	<b>63,438,194</b>	<b>34%</b>	<b>351,809,155</b>	<b>12,562,395</b>	<b>88,338,177</b>	<b>25%</b>

**NEW MEXICO JUNIOR COLLEGE**  
**Revenue Report**  
**January 2025**

58% of Year Completed

Fund	2023-24			2024-25			
	Final Budget	Year-to-date Revenue	Percentage of Budget Received	Budget	Current Revenue	Year-to-date Revenue	Percentage of Budget Received
<b>CURRENT UNRESTRICTED FUND</b>							
<b>Instruction and General:</b>							
Tuition and Fees	4,054,596	3,835,245	95%	3,738,960	275,438	4,221,101	113%
State Appropriations	8,394,299	5,673,577	68%	9,468,549	933,292	5,751,179	61%
Advalorem Taxes - Oil and Gas	90,481,162	45,960,776	51%	16,550,000	6,297,627	43,627,970	264%
Advalorem Taxes - Property	15,000,000	10,465,640	70%	12,900,000	9,946,875	13,240,962	103%
Other Revenues	268,078	133,095	50%	163,500	25,461	131,029	80%
<b>Subtotal - Instruction &amp; General</b>	<b>118,198,135</b>	<b>66,068,333</b>	<b>56%</b>	<b>42,821,009</b>	<b>17,478,693</b>	<b>66,972,241</b>	<b>156%</b>
Internal Service Departments	58,963	58,916	100%	29,910	12	1,421	5%
Auxiliary Enterprises	2,762,798	2,521,975	91%	2,860,000	447,378	3,025,065	106%
Athletics	686,400	506,510	74%	607,230	70,237	364,217	60%
<b>Total Current Unrestricted</b>	<b>121,706,296</b>	<b>69,155,734</b>	<b>57%</b>	<b>46,318,149</b>	<b>17,996,320</b>	<b>70,362,944</b>	<b>152%</b>
<b>CURRENT RESTRICTED FUND</b>							
Grants	979,971	495,573	51%	1,019,704	99,332	570,167	56%
Student Aid	4,456,834	3,559,981	80%	4,456,834	1,625,439	3,723,416	84%
<b>Total Current Restricted</b>	<b>5,436,805</b>	<b>4,055,554</b>	<b>75%</b>	<b>5,476,538</b>	<b>1,724,771</b>	<b>4,293,583</b>	<b>78%</b>
<b>PLANT FUNDS</b>							
Capital Outlay / Bldg. Renewal & Repl. Projects from State GOB Funds	5,331,214	5,119,872	96%	42,971	-	3,000	0%
Projects from State STB Funds	2,150,000	99,689	5%	888,536	333,088	823,430	93%
Projects from General Fund	2,125,000	-	0%	2,125,000	-	-	0%
Projects from BR&R	65,671	124,386		-	-	-	0%
Projects from Private Funds	-	53,398	0%	1,750,000	-	1,750,000	100%
Interest Income (LGIP & CDARs)	10,609,323	6,843,008	64%	2,606,827	1,176,490	8,306,081	319%
<b>Total Plant Funds</b>	<b>20,281,208</b>	<b>12,240,353</b>	<b>60%</b>	<b>7,413,334</b>	<b>1,509,578</b>	<b>10,882,511</b>	<b>147%</b>
<b>GRAND TOTAL REVENUES</b>	<b>147,424,309</b>	<b>85,451,641</b>	<b>58%</b>	<b>59,208,021</b>	<b>21,230,669</b>	<b>85,539,038</b>	<b>144%</b>

# NEW MEXICO JUNIOR COLLEGE

## Oil and Gas Revenue Report

### January 2025

**58% of Year Completed**

		OIL		GAS		COMBINED		
Month of		Price per BBL	Lea County BBLs sold	Price per MCF	Lea County MCF sold	Monthly Revenue	2024-25	Variance
Sales	Distribution						Original Budget	Over (Under) Budget
Actual	July	\$78.25	34,804,208	\$1.92	133,543,061	6,747,128	983,333	5,763,795
Actual	August	\$73.67	37,985,206	\$1.65	137,518,480	6,606,221	983,333	5,622,888
Actual	September	\$67.17	34,832,927	\$1.68	122,178,292	5,730,324	983,333	4,746,991
Actual	October	\$69.69	36,822,269	\$2.28	130,477,919	6,279,409	983,333	5,296,076
Actual	November					983,333	983,333	0
Actual	December					983,333	983,333	0
Actual	January					983,333	983,333	0
Accrual	February						983,333	(983,333)
Accrual	March						983,333	(983,333)
Accrual	April						983,333	(983,333)
Accrual	May						983,333	(983,333)
Accrual	June						983,333	(983,333)
						Y.T.D. Production Tax Revenue	28,313,081	11,799,996
						Y.T.D. Equipment Tax Revenue	15,314,889	2,750,000
						Total Year-to-Date Oil & Gas and Equipment Tax Revenue	43,627,970	14,549,996
								29,077,974

**NEW MEXICO JUNIOR COLLEGE**  
**Schedule of Investments**  
**January 2025**

58% of Year Completed

Financial Institution	Amount Invested	Account Number	Interest Rate	Interest Earned
<b>State of New Mexico</b>				
Local Government Investment Pool	269,000,000	7102-1348	4.275%	981,612
Plus deposits	7,000,000			
Less withdrawals	-			
<b>Total LGIP investments</b>	<b>276,000,000</b>			<b>981,612</b>
<b>Lea County State Bank CDAR</b>				
1 Yr. 07/25/24 - 07/24/25	12,000,000	1029404123	4.860%	49,482
1 Yr. 08/01/24 - 07/31/25	12,000,000	1029441398	4.710%	47,914
1 Yr. 08/08/24 - 08/07/25	12,000,000	1029475802	4.690%	47,669
1 Yr. 08/15/24 - 08/14/25	11,000,000	1029514182	4.180%	38,927
2 Yr. 07/25/24 - 07/23/26	1,000,000	1029404077	4.270%	3,623
2 Yr. 08/01/24 - 07/30/26	1,000,000	1029441436	4.260%	3,612
2 Yr. 08/08/24 - 08/06/26	1,000,000	1029475756	4.310%	3,651
<b>Total Lea County State Bank CDAR</b>	<b>50,000,000</b>			<b>194,878</b>

Capital Project	1/31/2025
Vehicles	171,871.04
Campus Facilities Master Plan	50.29
Chroma River	11,241.00
WHM North Gallery Renovation	500,000.00
Campus Vestibules	1,187,729.31
Voc B Airhandler	500,000.00
Softball Field	8,500,000.00
National Track Meet	96,535.12
National Golf Championship	4,314.51
Technology Upgrade	351,387.15
Professional Development	48,943.48
Ben Alexander Renovation	3,000,000.00
Baseball Field	1,830,070.22
Rodeo Arena	204,811.19
Fire Alarm Upgrade	149,600.78
Landscaping	151,619.71
Smart Classrooms	68,306.01
Campus Signage	17,565.22
Campus Paving	370,142.68
Std Ctr & Bob Moran Roof Replacement	1,500,000.00
NMJC Site Improvements - Phase 1	12,451,404.58
Dorm/Apartment Refurbish	839,395.22
Concrete Upgrade	140,991.69
Campus Construction	828,510.20
Workforce Development	81,557.95
Higher Learning Commission	119,648.31
Campus Security	41,368.65
Copier Replacement	78,627.55
Non-Recurring Compensation	1,482,513.20
Athletics Post Season	250,000.00
Athletics	70,893.71
Student Life Programming	20,000.00
Succession Plan	586,528.05
WHM Exhibits	26,713.32
Track Upgrades	157,397.78
Driving Range Upgrades	150,000.00
Cafeteria Upgrade	251,591.41
Rodeo Arena Expansion	12,529,949.09
Turf Replacement	300,000.00
Watson Hall Renovation	603,859.86
Facilities Management System	11,996.37
Caster Upgrades	392,699.35
Industrial Training Center	1,702,229.10
Heidel Hall Renovation	27,113,728.04
Infrastructure Upgrades	4,226,545.48
Campus Housing Unit	25,142,686.15
Cafeteria Construction	19,655,640.21
Mansur Hall Remodel	8,562,185.11
Mary Hagelstein Remodel	9,016,750.25
Campus Wide Access Control	2,291,090.81
Dorm/Apartment Furniture Replacement	469,153.33
Roof Replacement	4,150,000.00
CORE	1,500,000.00
Tbird Health Center Caster Annex Remodel	179,130.36
NMJC/Lea County Quality of Life (ENMT)	5,177,389.20
Central Plant Expansion	4,462,579.98
Master Drainage Plan	4,441,900.87
Student Hub	9,607,790.00
NMJC/Lea County Culinary Arts	2,500,000.00
NMJC Indoor Athletic Facility	50,000,000.00
WHM Recladding	1,964,634.43
Nursing Storage	300,000.00
Bob Moran & Pannell Library Air Handler	1,147,900.97
Perimeter Security Fencing	156,263.34
Rodeo Feed/Livestock	118,753.00
Rodeo Improvements	1,235,128.49
Rodeo Equine Improvements	2,326,477.57
Campus-Wide Wireless Access Points	219,176.45
NMJC Site Improvements - Phase 2	24,000,000.00
Athletics District Entrance Roadway	1,500,000.00
Rodeo Parking (Lot C)	3,000,000.00
Sports Complex Parking - South (Lot B)	1,000,000.00
Sports Complex Parking - West (Lot A)	3,500,000.00
Plazas & Pedestrian Promenade	2,160,000.00
Covenant Hospital	2,000,000.00
Workforce Training Contingency	2,266.67
<b>Total</b>	<b>274,909,233.81</b>



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

**Financial Statements and  
Supplementary Information**

**For the Year Ended June 30, 2024**



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## INTRODUCTORY SECTION



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**June 30, 2024**

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**New Mexico Junior College**  
**Official Roster**  
**June 30, 2024**

**Name**

**Title**

**BOARD MEMBERS**

Pat Chappelle	Chairman
Travis Glenn	Secretary
Manny Gomez	Member
Erica Jones	Member
Hector Baeza	Member
Guy Kesner	Member
Evelyn Rising	Member

**ADMINISTRATIVE OFFICIALS**

Dr. Derek Moore	President
Jeff McCool	Vice President of Instruction
David Buckingham	Vice President for Student Services
Steve Saucedo	Vice-President for Workforce Development
Josh Morgan	Vice-President for Finance
William Brown	Vice-President for Institutional Research
Bill Kunko	Chief Information Officer
Rachel Gallagher	Vice-President of Advancement
Charley Carroll	Vice-President for Operations & Special Projects
Scotty Holloman	General Counsel/ Chief Community Liaison
Norma Faught	Executive Assistant to the President
Amy Coombes	Director of Human Resources
Stacey Wynn	NMJC Controller

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2024, 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, 2024, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the College, as of June 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying budgetary schedules referred to above present fairly, in all material respects, the respective budgetary position of the College, as of June 30, 2024, and the respective changes for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is cursive and fluid, with a small ampersand between "Riggs" and "Ingram".

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 29, 2024

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

For financial reporting purposes, New Mexico Junior College (the “College”) is considered a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

This report consists of Management’s Discussion and Analysis (this part), the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Assets and Liabilities and the Notes to the Financial Statements. These statements provide both long-term and short-term financial information for the College. Included in the reports and discussion is the New Mexico Junior College Foundation (the “Foundation”) and the New Horizons Foundation (“New Horizons”) as discretely presented component units for fiscal year 2024.

The discussion and analysis of the College’s financial statements provides an overview of its financial activities as of and for the year ended June 30, 2024. This discussion gives a comparative analysis of business-type activity from fiscal year 2023 to fiscal year 2024.

**Financial Highlights**

The College’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the June 30, 2024 fiscal year by \$399,314,669.

The College’s financial position increased in fiscal year 2024 as compared to prior years. The increase resulted primarily from an increase in local mill levy funding.

The College’s investments reflect \$277,000,000 at June 30, 2024 with the Local Government Investment Pool.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

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

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position report the College's net position and how they have changed. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the College's financial health, or position. Over time, increases or decreases in the College's net position are an indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment and the condition of campus facilities. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024, and includes the comparison to the prior year.

***Statement of Net Position***

	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2024	
	June 30, 2024	June 30, 2023		NMJC Foundation	New Horizons
<b>Assets</b>					
Current assets	\$ 307,857,221	\$ 227,993,189	\$ 1,556,969	\$ 1,068,283	
Noncurrent assets					
Intangible asset	-	-	-		81,862
Investments	-	-	12,938,980		-
Capital assets, net	137,384,899	118,627,256	-		-
Other assets, net	-	-	217,493		-
Deferred outflows of resources	8,723,865	9,803,500	-		-
<b>Total assets and deferred outflows</b>	<b>\$ 453,965,985</b>	<b>\$ 356,423,945</b>	<b>\$ 14,713,442</b>	<b>\$ 1,150,145</b>	
<b>Liabilities</b>					
Current liabilities	\$ 5,757,387	\$ 5,068,130	\$ 40,005	\$ 14,247	
Non-current liabilities	36,419,353	34,848,632	-		-
Deferred inflows of resources	12,474,576	25,207,461	-		-
<b>Total liabilities and deferred inflows</b>	<b>54,651,316</b>	<b>65,124,223</b>	<b>40,005</b>	<b>14,247</b>	
<b>Net position</b>					
Net investment in capital assets	136,721,476	117,789,886	-	81,862	
Restricted					
Nonexpendable endowments	-	-	7,812,903		-
Expendable grants and contributions	-	-	6,487,266		-
Unrestricted	262,593,193	173,509,836	373,268	1,054,036	
<b>Total net position</b>	<b>399,314,669</b>	<b>291,299,722</b>	<b>14,673,437</b>	<b>1,135,898</b>	
<b>Total liabilities, deferred inflows, and and net position</b>	<b>\$ 453,965,985</b>	<b>\$ 356,423,945</b>	<b>\$ 14,713,442</b>	<b>\$ 1,150,145</b>	

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Analysis of Net Position**

As noted earlier, net position may serve as a useful indicator of the College's financial position. For the College, assets and deferred outflows exceeded liabilities and deferred inflows by \$399,314,669 at the close of June 30, 2024, as compared to the \$291,299,722 as of June 30, 2023. As of June 30, 2024, net investment in capital assets totaled \$136,721,476. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Net capital assets increased in the 2024 fiscal year by \$18,757,643, net of depreciation expense of \$6,963,037. Net position also consists of unrestricted net position of \$262,593,193. Unrestricted net position includes the recording of net pension liability of \$31,569,113 and the recording of net OPEB liability of \$4,410,530. See note 11 in the notes to the financial statements for a further discussion of the pension and note 12 of the notes to the financial statements for a further discussion of the OPEB. The statement of net position indicates growth in current assets due to an increase in local mill levy funding and investment income.

The following table summarizes the College's revenues, expenses, and changes in net position for the year ending June 30, 2024 and includes a comparison to the year ended June 30, 2023.

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

The College's net position increased by \$108,014,947 during the 2024 fiscal year as compared to an increase of \$89,343,349 for the 2023 fiscal year. The increase resulted primarily from an increase in local mill levy funding and investment income. Operating revenues were \$9,357,498 in 2024, which is a decrease of \$329,825 from fiscal year 2023. Operating expenses were \$46,030,201 in fiscal year 2024, which is an increase of \$2,249,962 from fiscal year 2023.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Operating Revenues**

The following table summarizes the College's operating revenues of \$9,357,498 for the 2024 fiscal year as compared to the operating revenues of \$9,687,323 for the 2023 fiscal year. Operating revenues for Fiscal Year 2024 remained consistent since the 2023 fiscal year. The Foundation revenues for the year total \$495,390 which is an increase from fiscal year 2023. New Horizons revenues for the year total \$11,520 which is an increase from fiscal year 2023.

	June 30, 2024	June 30, 2023	NMJC Foundation	June 30, 2024	June 30, 2024
	June 30, 2024	June 30, 2023			
Student tuition, fees and trainings	\$ 4,401,653	\$ 3,961,478	\$ -	\$ -	\$ -
Federal grants and contracts	629,520	1,475,445	- -	- -	- -
State and other grants and contracts	1,268,997	1,229,288	- -	- -	- -
Auxiliary enterprises	2,870,691	2,739,140	- -	- -	- -
Other operating revenues	186,637	281,972	- -	11,520	11,520
Gifts, bequests, and endowments	- -	- -	495,390	- -	- -
<b>Total operating revenues</b>	<b>\$ 9,357,498</b>	<b>\$ 9,687,323</b>	<b>\$ 495,390</b>	<b>\$ 11,520</b>	<b>\$ 11,520</b>

**Operating Expenses**

The following table summarizes the College's operating expenses of \$46,030,201 for the fiscal year ended June 30, 2024, as compared to the operating expenses of \$43,780,239 in 2023. The increase in operating expenses is attributed to an increase in the net pension liabilities based on the actuarial reports provided by the Educational Retirement Board of New Mexico and to an increase in salaries paid in fiscal year 2024. The Foundation expenses for the year total \$808,763 which is an increase from fiscal year 2023. New Horizons expenses for the year total \$322,358 which is an increase from fiscal year 2023.

	June 30, 2024	June 30, 2023	NMJC Foundation	June 30, 2024	June 30, 2024
	June 30, 2024	June 30, 2023			
Instruction	7,862,141	\$ 8,953,641	\$ -	\$ -	\$ -
Academic support	1,698,390	1,959,932	- -	- -	- -
Student services	2,999,336	2,467,181	- -	- -	- -
Institutional support	5,360,748	5,381,186	798,596	315,250	315,250
Operations and maintenance	5,242,051	4,606,527	- -	- -	- -
Public service	112,621	132,624	- -	- -	- -
Internal service	69,927	6,832	- -	- -	- -
Student aid	4,988,087	4,561,915	- -	- -	- -
Auxiliary enterprise expenses	3,282,441	2,786,870	- -	- -	- -
Intercollegiate athletics	3,855,042	2,468,166	- -	- -	- -
Renewals and replacements	3,214,737	3,360,657	- -	- -	- -
Amortization	- -	325,343	- -	7,108	7,108
Depletion	- -	- -	10,167	- -	- -
Depreciation and Amortization	7,344,680	6,769,365	- -	- -	- -
<b>Total operating expenses</b>	<b>\$ 46,030,201</b>	<b>\$ 43,780,239</b>	<b>\$ 808,763</b>	<b>\$ 322,358</b>	<b>\$ 322,358</b>

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Non-Operating Revenues (Expenses)**

The following table summarizes the College's non-operating revenues (expenses) of \$137,915,713 for the fiscal year ended June 30, 2024. Property and oil and gas taxes remained strong in fiscal year 2024 totaling \$113,497,590, an increase of \$8,130,622 compared to fiscal year 2023. Local appropriations were higher than the budget level approved by the governing board. Investment income for the fiscal year ended June 30, 2024 was strong totaling \$12,723,736, an increase of \$6,646,748 compared to fiscal year 2023. The increase resulted primarily from an increase in investments and higher interest rates. There were no significant or unexpected changes in the other areas of non-operating revenues and expenses.

	June 30, 2024	June 30, 2023	NMJC Foundation	June 30, 2024
	June 30, 2024	June 30, 2023	NMJC Foundation	New Horizons
State appropriations, non-capital	\$ 9,138,399	\$ 8,600,896	\$ -	\$ -
Property taxes	16,909,020	16,111,770	- -	- -
Oil and gas taxes	96,588,570	89,255,198	- -	- -
Federal pell grants	2,933,595	2,602,173	- -	- -
Investment income	12,723,736	6,076,988	1,653,149	- -
(Loss) gain on disposal of capital assets	(8,459)	(102,251)	- -	- -
Other revenue sources	70,218	237,719	19,394	- -
Interest expense	(39,366)	(45,669)	- -	- -
Net transfer to New Horizons	(400,000)	(550,000)	- -	400,000
Production taxes	- -	- -	(2,279)	- -
Royalties	- -	- -	22,702	- -
 Total non-operating revenues and expenses	 \$ 137,915,713	 \$ 122,186,824	 \$ 1,692,966	 \$ 400,000

**Increase in Net Position**

The following table summarizes the College's increase in net position of \$108,014,947 for June 30, 2024 compared to the increase in net position of \$89,343,349 for June 30, 2023. The increase resulted primarily from an increase in local mill levy funding, investment income and capital appropriations.

	June 30, 2024	June 30, 2023	NMJC Foundation	June 30, 2024
	June 30, 2024	June 30, 2023	NMJC Foundation	New Horizons
Income before capital appropriations	\$ 101,243,010	\$ 88,093,908	\$ 1,379,593	\$ 89,162
State appropriations, capital	6,771,937	1,249,441	- -	- -
 Increase (decrease) in net position	 108,014,947	 89,343,349	 1,379,593	 89,162
 Net position, beginning of year	 291,299,722	 201,956,373	 13,293,844	 1,046,736
 Net position - end of year	 \$ 399,314,669	 \$ 291,299,722	 \$ 14,673,437	 \$ 1,135,898

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Capital Assets and Debt Administration**

At June 30, 2024, the College had \$136,600,184 invested in capital assets as compared to \$117,692,210 at June 30, 2023.

***Capital Assets, Net***

	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2024
	June 30, 2024	June 30, 2023	NMJC Foundation	New Horizons
Land Improvements	3,858,455	\$ 4,387,096	\$ -	\$ -
Buildings	80,923,277	83,933,309	- -	- -
Infrastructure	12,951,474	13,232,871	- -	- -
Software	316,955	453,499	- -	- -
Library books	418,450	372,454	- -	- -
Furniture and equipment	1,985,290	1,998,024	- -	- -
Vehicles	1,130,179	782,489	- -	- -
Construction in progress	\$ 34,843,541	12,359,905	- -	- -
Land	172,563	172,563	- -	- -
 Net capital assets	 \$ 136,600,184	 \$ 117,692,210	 \$ -	 \$ -

	June 30, 2024	June 30, 2023	June 30, 2023	June 30, 2023
	June 30, 2024	June 30, 2023	NMJC Foundation	New Horizons
Subscription assets, net	\$ 784,715	\$ 935,046	\$ -	\$ -

Major capital expenditures during the 2024 fiscal year include the Watson Hall Remodel and Renovation, Vocational Training Facility, Heidel Hall Renovation, Campus Vestibules and Campus Wide Access Control.

The College has no debt outstanding at June 30, 2024.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

### **Budget Comparison**

The Board of Directors approves the operating budget of the College. The budget is reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation of GASB Statement No.'s 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds and plant funds.

During the year, expenditure budgets were amended to increase and decrease as follows:

	<b>2024</b>	<b>2023</b>
Current funds		
Unrestricted Non-I&G	\$ (46,919,608)	\$ (51,085,478)
Restricted Non- I&G	4,381,669	370,334
Unrestricted I&G	4,727,111	3,885,689
Restricted I&G	(177,115)	(188,401)

### **Economic Outlook for New Mexico Junior College**

New Mexico Junior College (NMJC), a community college in southeastern New Mexico, benefits from a low tuition rate, athletic programs, student housing, workforce training, and substantial local support. NMJC has positioned itself with considerable financial resilience. Much of NMJC's operating budget is supported by a local mill levy funded by oil and gas taxes and property taxes, which introduces both stability and risk, given the volatile nature of these sectors.

### **Key Economic Drivers**

- **Local Mill Levy and Oil & Gas Dependence:** NMJC's primary source of funding through the local mill levy is tightly linked to the oil and gas sector, with the college's funding levels often directly reflecting market trends in these industries. Lea County, where NMJC is located, sits in the Permian Basin, one of the most productive oil and gas regions in the U.S. As a result, high oil prices and strong industry performance translate to increased tax revenues, which support NMJC's operating budget. NMJC's capital reserves also acts as a safeguard, allowing the college to weather market downturns in the energy sector. Nonetheless, this reliance on a single industry necessitates ongoing monitoring, as a prolonged downturn could impact both operating budgets and property tax revenue.
- **Property Tax Revenue Stability:** The stability of property tax revenue helps support NMJC, with property values in the region partly dependent on the oil and gas industry's health. A decline in the industry could negatively impact property valuations and, consequently, property tax revenues. While the college has a strong financial position, a diversified revenue approach would further stabilize its funding base and help reduce risk.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

### **Key Economic Drivers (Continued)**

- **Enrollment and Tuition Revenue:** NMJC's low tuition and comprehensive programming make it an attractive option for local students, but the college's relatively stable enrollment means it relies less on tuition for its budget than some institutions. Nevertheless, maintaining or growing enrollment will continue to be essential to ensure a steady tuition revenue stream and meet regional educational demands. Investments in high-demand programs, especially those that align with workforce needs in fields like energy, health, and technology, could help increase enrollment and enhance NMJC's regional reputation.
- **Athletic Programs and Student Housing:** NMJC's athletic programs and student housing options are significant assets that attract students and contribute to the institution's appeal. These facilities also support enrollment and create a vibrant campus experience, essential in a competitive community college landscape. Maintaining these offerings and potentially expanding them in alignment with student demand will be critical for both student satisfaction and long-term enrollment growth.
- **Workforce Training Programs:** NMJC's workforce training initiatives are a strategic strength, particularly as the demand for skilled workers in the oil, gas, and emerging renewable sectors continues to grow. By aligning its training programs with industry needs, NMJC can attract a broader student base, strengthen partnerships with local businesses, and potentially secure additional funding through state or federal workforce development grants. Workforce programs also support the college's long-term sustainability by positioning it as a key contributor to regional economic development.
- **Federal and State Funding Opportunities:** NMJC stands to benefit from state and federal funding focused on community colleges, particularly in economically crucial regions. Initiatives aimed at workforce development, energy technology, and community revitalization may bring additional funds and partnership opportunities. By aligning its programs with these trends, NMJC can capture new funding streams, further supporting its operating budget.

### **Economic Challenges and Risks**

- **Oil and Gas Market Volatility:** NMJC's dependence on oil and gas revenues presents a notable risk, as the college's budget is sensitive to market fluctuations. Significant downturns in this sector could decrease mill levy revenues, impacting the operating budget. While capital reserves provide some cushion, NMJC may want to explore alternative funding avenues to reduce dependence on these volatile industries.
- **Inflationary Pressures:** Rising costs in areas such as staff wages, utilities, and facility maintenance may put pressure on NMJC's budget. Maintaining a balanced budget will require close monitoring of these inflationary impacts, as well as consideration of cost-saving initiatives to preserve financial health.

**New Mexico Junior College**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**Economic Challenges and Risks (Continued)**

- **Demographic and Enrollment Shifts:** Shifts in regional demographics may affect NMJC's enrollment base. Declines in the local population or high school graduation rates could lead to fewer students. To counter this, NMJC may benefit from targeted recruitment efforts beyond its traditional service area and by expanding online and hybrid learning options to attract a broader student population.

**Long-Term Outlook**

NMJC's economic outlook remains strong. Its substantial funding from the local mill levy, bolstered by oil and gas tax revenues, provides a solid financial foundation, though the volatility of these revenue sources underscores the need for diversification. By leveraging state and federal funding opportunities, maintaining enrollment, and focusing on in-demand programs, NMJC can continue to strengthen its financial resilience. Strategic planning and careful management of capital reserves will be essential for NMJC's sustained success, even amid fluctuations in the oil and gas market.



## BASIC FINANCIAL STATEMENTS



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

June 30, 2024	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,516,815	\$ 572,139	\$ 243,162
Short-term investments	277,000,000	951,000	-
Accounts receivable, net	23,880,432	33,830	-
Due from New Mexico Junior College	-	-	801,948
Inventory	341,707	-	-
Prepaid expenses	805,592	-	23,093
Prepaid summer expenses	312,675	-	-
 Total current assets	 307,857,221	 1,556,969	 1,068,203
Noncurrent assets			
Intangible asset	-	-	81,862
Investments	-	12,938,980	-
Other assets, net	-	217,493	-
Subscription assets, net	784,715	-	-
Non-depreciable capital assets	35,016,105	-	-
Depreciable capital assets, net	101,584,079	-	-
 Total noncurrent assets	 137,384,899	 13,156,473	 81,862
 Total assets	 445,242,120	 14,713,442	 1,150,065
 <b>Deferred outflows of resources</b>			
Deferred outflows - pension	6,031,493	-	-
Deferred outflows - OPEB	2,692,372	-	-
 Total deferred outflows of resources	 8,723,865	 -	 -
 Total assets and deferred outflows of resources	 \$ 453,965,985	 \$ 14,713,442	 \$ 1,150,065

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

June 30, 2024	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 1,378,838	\$ 40,005	\$ 14,247
Accrued expenses	1,550,469	-	-
Due to New Horizons Foundation	801,948	-	-
Unearned revenues	1,475,651	-	-
Interest payable	27,208	-	-
Current portion of subscription liabilities	223,713	-	-
Compensated absences	299,560	-	-
<b>Total current liabilities</b>	<b>5,757,387</b>	<b>40,005</b>	<b>14,247</b>
<b>Noncurrent liabilities</b>			
Subscription liabilities, less current maturities	439,710	-	-
Net pension liability	31,569,113	-	-
Net OPEB liability	4,410,530	-	-
<b>Total noncurrent liabilities</b>	<b>36,419,353</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>42,176,740</b>	<b>40,005</b>	<b>14,247</b>
Deferred inflows of resources			
Deferred inflows - pension	5,723,708	-	-
Deferred inflows - OPEB	6,750,868	-	-
<b>Total deferred inflows of resources</b>	<b>12,474,576</b>	<b>-</b>	<b>-</b>
<b>Net position</b>			
Net investment in capital assets	136,721,476	-	81,862
Restricted for			
Nonexpendable endowments	-	7,812,903	-
Expendable grants and contributions	-	6,487,266	-
Unrestricted	262,593,193	373,268	1,053,956
<b>Total net position</b>	<b>399,314,669</b>	<b>14,673,437</b>	<b>1,135,818</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 453,965,985</b>	<b>\$ 14,713,442</b>	<b>\$ 1,150,065</b>

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

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

<b>For the Year Ended June 30, 2024</b>	<b>Primary Government</b>	<b>NMJC Foundation</b>	<b>New Horizons Foundation</b>
<b>Operating revenues</b>			
Student tuition, fees and trainings	\$ 4,401,653	\$ -	\$ -
Federal grants and contracts	629,520	-	-
State and other grants and contracts	1,268,997	-	-
Auxiliary enterprises	2,870,691	-	-
Other operating revenues	186,637	-	11,520
Gifts, bequests and endowments	-	495,390	-
 Total operating revenues	 9,357,498	 495,390	 11,520
<b>Operating expenses</b>			
Instruction	7,862,141	-	-
Academic support	1,698,390	-	-
Student services	2,999,336	-	-
Institutional support	5,360,748	798,596	315,330
Operations and maintenance	5,242,051	-	-
Public service	112,621	-	-
Internal service	69,927	-	-
Student aid	4,988,087	-	-
Auxiliary enterprise expenses	3,282,441	-	-
Intercollegiate athletics	3,855,042	-	-
Renewals and replacements	3,214,737	-	-
Amortization	-	-	7,108
Depletion	-	10,167	-
SBITA Amortization	381,643	-	-
Depreciation	6,963,037	-	-
 Total operating expenses	 46,030,201	 808,763	 322,438
 Operating (loss)	 (36,672,703)	 (313,373)	 (310,918)

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

For the Year Ended June 30, 2024	Primary Government	NMJC Foundation	New Horizons Foundation
<b>Non-operating revenues (expenses)</b>			
State appropriations, non-capital	\$ 9,138,399	\$ -	\$ -
Property taxes	16,909,020	-	-
Oil and gas taxes	96,588,570	-	-
Federal pell grants	2,933,595	-	-
Investment income	12,723,736	1,653,149	-
Loss from the disposal of capital assets	(8,459)	-	-
Other revenue and expenses	70,218	19,394	-
Interest expense	(39,366)	-	-
Net transfer to New Horizons	(400,000)	-	400,000
Production (taxes)	-	(2,279)	-
Royalties	-	22,702	-
Net non-operating revenues (expenses)	137,915,713	1,692,966	400,000
Income before capital appropriations	101,243,010	1,379,593	89,082
State appropriations, capital	6,771,937	-	-
Change in net position	108,014,947	1,379,593	89,082
Net position, beginning of year	291,299,722	13,293,844	1,046,736
Net position, end of year	\$ 399,314,669	\$ 14,673,437	\$ 1,135,818

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

**New Mexico Junior College**  
**Statement of Cash Flows**

<b>For the Year Ended June 30, 2024</b>	<b>Primary Government</b>
<b>Cash flows from operating activities</b>	
Tuition, fees and trainings	\$ 4,371,396
Federal and state grants and contracts	2,130,082
Auxiliary enterprise charges	2,870,691
Other operating revenues	186,637
Payments to employees and for employee benefits	(27,755,282)
Disbursement of net aid to students	(4,822,865)
Payments to suppliers	(16,124,133)
Net cash (used in) operating activities	<u>(39,143,474)</u>
<b>Cash flows from noncapital financing activities</b>	
State appropriations	9,138,399
Federal pell grants	2,933,595
Property taxes	16,835,938
Oil and gas taxes	93,259,168
Net cash provided by noncapital financing activities	<u>122,167,100</u>
<b>Cash flows from capital financing activities</b>	
Capital appropriations	6,771,937
Purchase of capital assets	(25,886,651)
Proceeds from sale of capital assets	7,182
Principle paid on SBITDA	(318,470)
Interest paid on leases	(57,818)
Transfer to New Horizons	(400,000)
Other revenue sources	70,218
Net cash (used in) capital financing activities	<u>(19,813,602)</u>
<b>Cash flows from investing activities</b>	
Purchase of investments	(74,000,000)
Interest received on investments	12,723,736
Net cash (used in) investing activities	<u>(61,276,264)</u>
Net change in cash and cash equivalents	1,933,760
Cash and cash equivalents - beginning of year	3,583,055
Cash and cash equivalents - end of year	<u>\$ 5,516,815</u>

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

	<b>Primary Government</b>
<b>For the Year Ended June 30, 2024</b>	
<b>Operating (loss)</b>	\$ (36,672,703)
<b>Reconciliation of operating loss to net cash (used in) operating activities</b>	
Depreciation expense	6,963,037
Amortization	381,643
Noncash pension expense	(6,986,361)
Noncash OPEB benefit	(2,003,047)
<b>Changes in assets, deferred outflows, liabilities, and deferred inflows</b>	
Accounts receivable, net	(209,718)
Prepaid expenses	(364,698)
Prepaid summer expenses	(49,722)
Inventory	96,350
Accounts payable	235,041
Accrued expenses	370,689
Deferred outflows - subsequent contributions - pension	(869,693)
Deferred outflows - subsequent contributions - OPEB	(121,706)
Unearned revenues	179,596
Interest payable	(17,486)
Compensated absences	(74,696)
<b>Net cash (used in) operating activities</b>	<b>\$ (39,143,474)</b>
<b>Supplemental cash flow information</b>	
Loss from the disposal of capital assets	\$ (15,641)
Trade-in of vehicle	\$ -

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

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## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### ***Reporting Entity***

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, the accompanying financial statements present the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows of the College and the statement of net position, statement of revenues, expenses, and changes in net position of its discretely presented component units.

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

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

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Reporting Entity (Continued)***

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

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

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

The College has two discretely presented component units that are required to be reported under GASB Statements No. 14, No. 39, No. 61, No. 80, and No. 90. The discretely presented component units have separately issued financial statements. The College does not have any related organizations, joint ventures or jointly governed organizations.

##### ***Discretely Presented Component Units***

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

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

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

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Discretely Presented Component Units (Continued)***

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

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

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

##### ***Basis of Accounting and Financial Statement Presentation***

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

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

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Basis of Accounting and Financial Statement Presentation (Continued)***

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated. The Fiduciary Funds are used to account for assets held by the College in a capacity as an agent for various student organizations and outside parties. Fiduciary Funds are custodial in nature. The College does not have any fiduciary funds as of June 30, 2023. The New Mexico Junior College Foundation does have fiduciary funds as of June 30, 2023, which are presented in its separately issued financial statement.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. The more significant estimates included in the financial statements include allowances for uncollectible accounts, net pension liability, net OPEB liability and the estimated useful lives of capital assets.

##### ***Budgetary Information***

###### ***Budgetary basis of accounting***

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

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

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

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

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

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Budgetary Information (Continued)***

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

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

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

##### ***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, cash in banks, securities subject to overnight sweep repurchase agreements, and certificates of deposit with various financial institutions. For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's bank.

##### ***Investments***

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

##### ***Receivables***

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

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

###### *Interfund Activities and Transactions*

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

###### *Inventory*

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

###### *Prepaid Expenses*

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

###### *Capital Assets*

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

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

## New Mexico Junior College Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

#### *Deferred Outflows of Resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of fund balance or net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The College has three types of items that qualify for reporting in this category related to reporting under GASB 68 and four types that relate to reporting under GASB 75, which total \$6,031,493 and \$2,692,372, respectively, in the statement of net position. The amounts are further detailed in Note 10 and Note 11. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

#### *Deferred Inflows of Resources*

In addition, the College has four types of items that qualify for reporting in this category related to reporting under GASB 68 and three types that relate to reporting under GASB 75. The deferred inflows of resources total \$5,723,708 and \$6,750,868, respectively, in the statement of net position, and are further detailed in Note 10 and Note 11. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

#### *Unearned Revenues*

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

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

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Property tax receivables are recognized in the period for which the taxes are levied, net of estimated refunds and uncollectible amounts.

#### *Compensated Absences*

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

#### *Pensions*

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

#### *Other Post-Employment Benefits (OPEB)*

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

#### *Subscription-Based Information Technology Arrangements (SBITAs)*

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

## New Mexico Junior College Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

##### *Categories and Classification of Fund Equity*

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

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

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

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

##### ***Revenues***

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

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

##### ***Revenue Recognition for Derived Tax Revenues***

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

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

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Income Tax Status***

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

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

#### ***Property Tax Calendar***

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

#### ***Economic Dependency***

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

The College receives a significant portion of their revenue from property tax revenue and oil and gas tax revenue. Property tax revenue was \$16,909,020 or 11% of total revenue in fiscal year 2024. Oil and gas production and equipment tax revenue fluctuates significantly upon demand and was \$96,588,570 or 63% of total revenue in fiscal year 2024.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the College are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, the current portion of accrued compensated absences and estimates used in accounting for subscription-based information technology arrangements leases in accordance with GASB Statement No. 96.

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

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

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

### ***Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

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

In June 2022, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

### **Note 2: DEPOSITS AND INVESTMENTS**

#### ***Deposits***

State statutes authorize the investment of College funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the College properly followed State investment requirements as of June 30, 2024.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the College. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

***Custodial Credit Risk*** - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2024, \$10,979,113 of the College's bank balances of \$11,504,346 was exposed to custodial credit risk. \$5,489,557 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name and \$936,745 of the College's deposits were uninsured and uncollateralized at June 30, 2024.

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

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

***Deposits (Continued)***

	Lea County State Bank	Wells Fargo Bank	Western Commerce Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 288,418	\$ 11,190,695	\$ 25,233	\$ 11,504,346	
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)	(25,233)	(525,233)	
<b>Total uninsured public funds</b>	<b>38,418</b>	<b>10,940,695</b>	-	<b>10,979,113</b>	
Collateralized by securities held by the pledging institution or by its trust department or agent other than the College's name	38,418	10,003,950	-	10,042,368	
<b>Uninsured and uncollateralized</b>	<b>\$ -</b>	<b>\$ 936,745</b>	<b>\$ -</b>	<b>\$ 936,745</b>	
Collateral requirement (50% of uninsured public funds)	\$ 19,209	\$ 5,470,348	\$ -	\$ 5,489,557	
Pledged security	2,029,043	10,003,950	-	12,032,993	
<b>Over collateralization</b>	<b>\$ 2,009,834</b>	<b>\$ 4,533,602</b>	<b>\$ -</b>	<b>\$ 6,543,436</b>	

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

***Investments***

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

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 2: DEPOSITS AND INVESTMENTS (Continued)**

##### ***Investments (Continued)***

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

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at amortized costs. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

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

As of June 30, 2024, the College had the following investments and maturity:

<b>Investment Type</b>	<b>Weighted Average Maturity</b>	<b>Fair Value</b>	<b>Rating*</b>
New MexiGROW LGIP	22 day WAM (R); 86 day WAM (F)	\$ 277,000,000	AAAm

\*Based off Standard & Poor's rating

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

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

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

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

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the magnitude of the College's investment in a single type of security. The College does not have a formal policy to address concentration of credit risk. The College did not have any investments at June 30, 2024, other than investments in the State Treasurer's *New MexiGROW LGIP*. Therefore, they are not subject to any concentration of credit risk.

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

Deposits	\$ 11,504,346
<i>New MexiGROW LGIP</i>	<u>277,000,000</u>
Total deposits and investments	288,504,346
Petty cash	6,396
Less reconciling items	(5,993,927)
<u>Total cash and cash equivalents and investments</u>	<u>\$ 282,516,815</u>
Statement of net position	
Cash and cash equivalents	\$ 5,516,815
Short-term investments	277,000,000
<u>Total cash and cash equivalents</u>	<u>\$ 282,516,815</u>

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 3: ACCOUNTS RECEIVABLE**

The College's accounts receivable at June 30, 2024 represent revenues earned from student tuition and fees, loans, advances to students, local tax levy, federal government grants and contracts, and State of New Mexico agencies that include pass through federal and state grants.

All amounts are expected to be collected within sixty days after year-end with the exception of oil and gas taxes, which are a derived tax revenue and assets must be recognized in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever comes first. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables.

A schedule of receivables and allowance for uncollectible accounts is as follows during the year ended June 30, 2024:

Property taxes	\$ 506,340
Oil and gas taxes	20,431,473
General receivables	2,042,447
Student receivables	2,150,787
<u>Other receivable</u>	<u>102,147</u>
	25,233,194
<u>Less allowance for uncollectible accounts</u>	<u>(1,352,762)</u>
<u>Net total accounts receivable</u>	<u>\$ 23,880,432</u>

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

**Note 4: CAPITAL ASSETS**

The following table summarizes the changes in the College's capital assets during the fiscal year ended June 30, 2024. Land and construction in progress are not subject to depreciation.

	<b>June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2024</b>
<b>Assets not being depreciated</b>				
Construction in progress	\$ 12,359,905	\$ 22,665,058	\$ (181,422)	\$ 34,843,541
Land	172,563	-	-	172,563
<b>Total assets not being depreciated</b>	<b>12,532,468</b>	<b>22,665,058</b>	<b>(181,422)</b>	<b>35,016,104</b>
<b>Assets being depreciated</b>				
Land improvements	10,472,352	-	-	10,472,352
Buildings	122,971,363	792,750	-	123,764,113
Infrastructure	24,392,975	915,244	-	25,308,219
Software	1,724,037	28,743	(162,028)	1,590,752
Library books	787,571	170,666	(167,199)	791,038
Furniture and equipment	12,407,619	856,590	(58,292)	13,205,917
Vehicles	2,750,403	639,022	(154,742)	3,234,683
<b>Total assets being depreciated</b>	<b>175,506,320</b>	<b>3,403,015</b>	<b>(542,261)</b>	<b>178,367,074</b>
<b>Less accumulated depreciation</b>				
Land improvements	(6,085,256)	(528,641)	-	(6,613,897)
Buildings	(39,038,054)	(3,802,782)	-	(42,840,836)
Infrastructure	(11,160,104)	(1,196,641)	-	(12,356,745)
Software	(1,270,538)	(160,020)	156,761	(1,273,797)
Library books	(415,117)	(124,670)	167,199	(372,588)
Furniture and equipment	(10,409,595)	(863,891)	52,859	(11,220,627)
Vehicles	(1,967,914)	(286,392)	149,802	(2,104,504)
<b>Total accumulated depreciation</b>	<b>(70,346,578)</b>	<b>(6,963,037)</b>	<b>526,621</b>	<b>(76,782,994)</b>
<b>Total assets being depreciated, net</b>	<b>105,159,742</b>	<b>(3,560,022)</b>	<b>(15,640)</b>	<b>101,584,080</b>
<b>Net capital assets</b>	<b>\$ 117,692,210</b>	<b>\$ 19,105,036</b>	<b>\$ (197,062)</b>	<b>\$ 136,600,184</b>

Depreciation expense as of June 30, 2024 was \$6,963,037.

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

**Note 4: CAPITAL ASSETS (Continued)**

The following is a summary of changes in capital assets during the year ended June 30, 2024:

	June 30, 2023	Additions	Deletions	June 30, 2024
Subscription assets, being amortized	\$ 1,260,389	\$ 231,312	\$ -	\$ 1,491,701
Less accumulated amortization for subscription-based information technology arrangements	(325,343)	(381,643)	- (706,986)	(706,986)
Total accumulated amortization	(325,343)	(381,643)	- (706,986)	(706,986)
Subscription assets being amortized, net	\$ 935,046	\$ (150,331)	\$ -	\$ 784,715

Amortization expense as of June 30, 2024 was \$381,643.

**Note 5: ACCRUED EXPENSES**

The College's accrued expenses at June 30, 2024 are as follows

Payroll	\$ 630,047
Payroll taxes and related liabilities	\$ 920,422
<b>Total accrued expenses</b>	<b>\$ 1,550,469</b>

**Note 6: COMPENSATED ABSENCES**

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on length of employment. Up to 180 hours of vacation may be accrued and paid out upon termination. Sick leave is not paid out upon termination; accordingly, no liability for sick leave is recorded by the College. The College had a liability for accrued vacations as of June 30, 2024 as follows:

	<b>6/30/2023</b>				<b>6/30/2024</b>
	<b>Accrued Vacation</b>	<b>Additions</b>	<b>Deletions</b>		<b>Accrued Vacation</b>
	\$ 374,256	\$ 333,028	\$ (407,724)		\$ 299,560

There was a policy change in vacation accrual that doubled the carry over allowance for vacation. The College estimates that the entire \$299,560 will be due within one year as employees are only allowed to carry over a certain amount of vacation.

## New Mexico Junior College

### Notes to Financial Statements

#### **Note 7: LONG-TERM LIABILITIES**

The College has fourteen software arrangements that require recognition under GASBS No. 96. The College now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use subscription asset for various software. The College used a discount rate of 5.75%, 8.75% and 9.50% for arrangements that started in 2022, 2023 and 2024, respectively, based on rates provided by the College's bank. There are no residual value guarantees in the agreements.

#### ***Changes In Long-Term Liabilities***

Subscription liabilities, right of use asset, and terms are as follows at June 30, 2024:

	Effective Date	Payments	Monthly, Annual or Quarterly Payments	Borrowing Rate	Liability	Right-to-Use Lease Asset, net	Amortization
QuickLaunch LLC	3/1/2023	3	\$ 22,912	8.75%	\$ (22,912)	\$ 52,167	
Blackboard Collaborate, Inc.	12/12/2022	5	6,853	5.75%	(22,057)	25,127	
BlackBaud	7/1/2022	2	6,881	5.75%	-	2,634	
Ellucian Company, PL	7/1/2022	5	87,695	5.75%	(295,377)	256,570	
Economic Modeling, LLC	3/22/2023	3	9,912	8.75%	(9,912)	11,478	
Insight	9/19/2022	3	6,583	5.75%	(6,583)	8,206	
QuickLaunch LLC	3/1/2024	9	6,985	9.5%	(66,521)	65,399	
ZeroEyes, Inc.	10/25/2023	5	37,109	9.25%	(118,069)	124,910	
CDW	7/1/2022	1	16,000	5.75%	-	11,456	
KnowBe4, Inc.	9/22/2022	1	24,975	5.75%	-	10,205	
LeaseQuery	7/1/2022	1	25,267	5.75%	-	6,246	
Nuventive, LLC	9/1/2022	3	34,746	5.75%	(72,941)	102,157	
Aquila, Inc.	5/1/2024	1	66,256	9.5%	-	57,173	
Laerdal Medical Corp	7/1/2022	5	10,556	5.75%	(49,050)	50,988	
					\$ (663,423)	\$ 784,715	

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

<b><i>For the years ending June 30,</i></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 223,713	\$ 32,200	\$ 255,913
2026	205,611	18,676	224,287
2027	180,489	5,497	185,986
2028	20,647	3,196	23,843
2029	20,418	2,217	22,635
Thereafter	12,545	1,125	13,670
<b>Total</b>	<b>\$ 663,423</b>	<b>\$ 62,911</b>	<b>\$ 726,334</b>

## New Mexico Junior College Notes to Financial Statements

### **Note 7: LONG-TERM LIABILITIES (Continued)**

Long-term liability activity for the year ended June 30, 2024, was as follows:

	June 30, 2023	Additions	Deletions	June 30, 2024	Due within one year
Subscription liabilities	\$ 837,370	\$ 144,523	\$ (318,470)	\$ 663,423	\$ 223,713

### **Note 8: RISK MANAGEMENT**

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

### **Note 9: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

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

### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD**

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

*Plan description* - The New Mexico Educational Retirement Act ("ERA") was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive 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 22-11-55, NMSA 1978, as amended.

## **New Mexico Junior College**

### **Notes to Financial Statements**

#### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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 nine-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, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives, the New Mexico Activities Association, and certain employees at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

***Benefits provided*** - A member's retirement benefit is determined by a formula, which includes three component parts: (1) the member's final average salary (FAS), (2) the number of years of service credit, and (3) a multiplier, which for those who began employment prior to July 1, 2019, is 0.0235. The multiplier is variable for those who began work after July 1, 2019. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows: [www.nmrrhca.org](http://www.nmrrhca.org).

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and allowable service credit add up to the sum of 75 or more and those who retire under the age of 60, and who have fewer than 25 years of earned service credit will receive reduced retirement benefits; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)**

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

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013, but terminated employment and subsequently withdrew all contributions and returned to work for an NMERB employer on or after July 1, 2013. These members must meet one of the following requirements: the member's minimum age is 55 and has earned 30 or more years of service credit and those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55; the member's age and earned service credit add up to the sum of 80 or more and those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits; or the member's age is 67 and has earned five or more years of service credit.

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

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.

While the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year.

When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

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

### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of the Final Average Salary (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. Colleges and universities contributed 10.90% of participating employees' gross salary and 7.25% of the employees' gross salary to NMERB, for a total of 18.15%. For the fiscal year ended June 30, 2024 plan members are required to contribute 10.70% of their gross salary. NMERB is required to contribute 18.15% of the gross covered salary. Plan members whose annual salary is \$24,000 or less are required to contribute 7.90% of their gross salary. Plan members whose annual salary exceeded \$24,000 are required to contribute 10.70% of their gross salary. Employers contribute 18.15% of the gross covered salary for employees whose annual salary was \$24,000 or less, and 18.15% of the gross covered salary for employees whose salary exceeded \$24,000. Contributions to the pension plan from the College was \$3,262,706 for the year ended June 30, 2024.

#### ***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, 2022. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2023, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2023. At June 30, 2024, the College reported a liability of \$31,569,113 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, 2023. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2023, the College's proportion was 0.36352 percent, which was an increase of 0.02299 percent from its proportion measured as of June 30, 2022.

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

**Note 10: PENSION PLAN - 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, 2023, the College recognized pension expense of (\$4,593,348).

At the June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 894,807	\$ 285,442
Net difference between projected and actual earnings on pension plan investments	-	197,765
Changes in assumptions	-	4,684,779
Changes in proportion	1,873,980	555,722
<b>Contributions subsequent to the measurement date</b>	<b>3,262,706</b>	-
<b>Total</b>	<b>\$ 6,031,493</b>	<b>\$ 5,723,708</b>

\$3,262,706 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2023, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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>		
2024	\$ (4,301,870)	
2025	(91,962)	
2026	1,409,539	
2027	29,372	
<b>Total</b>	<b>\$ (2,954,921)</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, 2022. The total pension liability was rolled forward from the valuation date to June 30, 2023 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the rollforward liabilities as of June 30, 2023. For purposes of projecting future benefits, it is assumed that the full COLA will be paid in all future years.

## New Mexico Junior College Notes to Financial Statements

### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

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

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

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

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

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

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

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted in August 2019.

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>After Allocation</b>	<b>Policy Target</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	11.4%	15.0%
Small- mid cap equities	2.9%	4.0%
<b>Total domestic</b>	<b>14.3%</b>	<b>19.0%</b>
<i>International Equities</i>		
Developed	4.9%	5.0%
Emerging markets	5.3%	4.0%
<b>Total international</b>	<b>10.2%</b>	<b>9.0%</b>
<b>Total equities</b>	<b>24.5%</b>	<b>28.0%</b>
<b>Fixed Income</b>		
Core fixed income	5.0%	6.0%
Opportunistic credit	17.8%	18.0%
Emerging markets debt	0.0%	0.0%
<b>Total fixed income</b>	<b>22.8%</b>	<b>24.0%</b>
<b>Alternatives</b>		
Global asset allocation	2.1%	2.0%
Risk parity	0.5%	0.0%
Other diversifying assets	6.1%	8.0%
REITs	1.5%	0.0%
Private real estate	8.1%	8.0%
Private equity	22.3%	17.0%
Inflation-linked assets	10.8%	12.0%
<b>Total alternatives</b>	<b>51.4%</b>	<b>47.0%</b>
<b>Cash</b>	<b>1.3%</b>	<b>1.0%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## New Mexico Junior College Notes to Financial Statements

### **Note 10: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)**

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

*Discount rate* - A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate* - The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the June 30, 2023. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the single discount rate.

	Current		
	1.00% Decrease	Discount Rate	1.00% Increase
	(6.00%)	(7.00%)	(8.00%)
Proportionate share of the net pension liability	\$ 42,915,525	\$ 31,569,113	\$ 22,195,642

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for the year ended June 30, 2023, which is 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 15th day of the month following the month for which contributions are withheld.

### **Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND**

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

*Plan Description* - Substantially all of the College's full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state's Retiree Health Care Act, Section 10-7C-1 through 10-7C-19, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

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

### **Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)**

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

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

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

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

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

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

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

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

*Employees covered by benefit terms* - At June 30, 2023, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefit	12,552
Current active members	93,595
	159,125
Active membership	
State general	18,462
State police and corrections	1,260
Municipal general	17,283
Municipal police	3,169
Municipal FTRE	2,419
Educational Retirement Board	51,002
	93,595

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

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2021, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

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

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

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

The College's contributions to the plan for the year ended June 30, 2023 totaled \$377,448, which equals the required contributions for the year. At June 30, 2024, the College reported a liability of \$4,410,530 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the College's proportion was 0.25900 percent which was an increase of .0155 percent from June 30, 2022.

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

For the year ended June 30, 2024, the recognized OPEB benefit of (\$1,747,277). At June 30, 2024, 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	\$ 965,137	\$ 1,594,801
Changes in proportion	489,077	983,541
Changes in assumptions	860,710	4,172,526
Contributions subsequent to the measurement date	377,448	-
 Total	 \$ 2,692,372	 \$ 6,750,868

\$377,448 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2024	\$ (1,487,889)	
2025	(1,014,711)	
2026	(1,133,285)	
2027	(653,393)	
2028	(146,666)	
 Total	 \$ (4,435,944)	

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

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

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

*Actuarial assumptions* - The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023. The mortality, retirement, disability, turnover, and salary increase assumptions for PERA members are based on the PERA actuarial valuation as of April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019, and for ERB members are based on the ERB actuarial valuation as of June 30, 2022. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB member, 2.50% for PERA members
Projected payroll increase	3.00% to 13.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	6.22%
Health care cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 8.5% graded down to 4.5% over 12 for Medicare medical plan costs. Actual premium increase for the first year, then 8.25% graded down the 4.50% over 15 years
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
	PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class.

## New Mexico Junior College Notes to Financial Statements

### **Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)**

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

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. The target allocation and projected arithmetic real rates of return for each major asset class, net of assumed inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Rate of Return</b>
U.S. core fixed income	20%	1.6%
U.S. equity - large cap	20%	6.9%
Non U.S. - emerging markets	15%	8.7%
Non U.S. - developed equities	12%	7.2%
Private equity	10%	9.9%
Credit and structured finance	10%	3.7%
Real estate	5%	3.6%
Absolute return	5%	3.2%
U.S. equity - small/mid cap	3%	6.9%

*Discount rate* - The discount rate used to measure the total OPEB liability is 6.22% as of June 30, 2023. 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 OPEB plan'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, 2070. The 7.00% assumed investment return on plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2070. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.65%) was used beyond 2070, resulting in a blended discount rate of 6.22%.

*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, 2023.

## New Mexico Junior College Notes to Financial Statements

### **Note 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RETIREE HEALTH CARE FUND (Continued)**

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

*Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate* - The following presents the College's proportionate share of the net OPEB liability, calculated using the discount rate of 6.22% 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 (5.22 percent) or 1-percentage-point higher (7.22 percent) than the current discount rate:

Current		
1% Decrease	Discount Rate	1% Increase
(5.22%)	(6.22%)	(7.22%)
\$ 5,560,590	\$ 4,410,530	\$ 3,478,298

The following presents the Net OPEB Liability of NMRHCA as of June 30, 2023, as well as what the College's Net OPEB Liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

Current Trend		
1% Decrease	Rates	1% Increase
\$ 3,651,471	\$ 4,410,530	\$ 5,282,288

*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, 2023. 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 6300 Jefferson Street NE, Suite 150, Albuquerque, NM 87109.

*Payables to the Pension Plan* - The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2024, the College recorded a payable to NMRHCA in the amount of \$47,935 for the contributions withheld in the month of June 2024, which is included in the accrued payroll on the statement of net position.

## New Mexico Junior College Notes to Financial Statements

### **Note 12: GROUP INSURANCE PROGRAM**

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

### **Note 13: COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operation, the College is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the College, the liabilities which may arise from such actions would not result in losses, which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the College or results of activities. The College has commitments as of June 30, 2024 for the following:

<b>Vendor</b>	<b>Project Description</b>	<b>Amount</b>
Bridgers and Paxton	Campus Wide Fire Alarm Upgrade Design Fee	\$ 57,639
Lynco Electric Co., Inc.	NMJC Fire Alarm System Update	83,731
Donner Plumbing & Heating	Facility Management System Upgrade	94,411
Bridgers and Paxton	Replace Airhandler	10,469
Dekker/Perich/Sabatini	Professional Services for Campus Wide Landscape	14,771
Dekker/Perich/Sabatini	Professional Service for new Student Apts	99,620
Dekker/Perich/Sabatini	NMJC Athletics Master Plan	3,857
Ellucian Company LLC	Banner Consulting	5,904
Mid-America Arts Alliance	Exhibition for Walking in Antarctica	5,250
Hohenberger Inc.	Access Control for Headend	31,500
Dekker/Perich/Sabatini	Mansur Hall Renovation Basic Services	315,958
Hohenberger Inc.	Watson Arts Cam & AC	67,009
Hohenberger Inc.	Watson Arts Data	89,390
Pettigrew and Associates PA	NMJC Master Drainage Plan	22,992
Dekker/Perich/Sabatini	Watson Hall Bidding, Negotiation & Construction	5,834
Bradbury Stamm Construction, Inc.	NMJC Vestibule & Safety Project	273,486
Bradbury Stamm Construction, Inc.	NMJC Watson Hall Renovation	568,975
Ellucian Company LLC	Cloud Software and fees	76,951
Dekker/Perich/Sabatini	Bidding & Negotiation, Construction Administration	134,697
Inceptia	Grace Calling Fees	3,380
Bradbury Stamm Construction, Inc.	Energy & Welding Technology Building	8,458,121
Ellucian Company LLC	Financial Aid Consulting	2,899
Pace Event Services, Inc.	Gymnasium Lobby AV System	20,476
Pace Event Services, Inc.	Track and Field DSP	14,842
Pace Event Services, Inc.	Rodeo Arena PA	41,335
Beynon Sports Surfaces, Inc	Pole Vault Runway Repair	9,406

(Continued)

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

**Note 13: COMMITMENTS AND CONTINGENCIES (Continued)**

<b>Vendor</b>	<b>Project Description</b>	<b>Amount</b>
Goodmans Interior Structures	Watson Hall Furniture	94,627
Lerman Senter PLLC	Professional Legal Services	1,002
Pettigrew and Associates PA	Professional Services for Watson Hall	21,731
Pettigrew and Associates PA	Professional Services for VoTech	37,319
Goodmans Interior Structures	Industrial Training Center Furniture	136,148
The HON Company	Furniture for Industrial Training Center	14,867
Hungry Horse Electrical, LLC	Library Data/Power Upgrade for Temp Offices	18,157
Matheson Tri-Gas, Inc.	Avani Welding Booths	25,806
DD2 Graphics, LLC	Petroleum Exhibit 2024	2,133
Rounds,Ralph Stanley.	Consultation Services for 2024 Legislative Session	15,375
Goodmans Interior Structures	Industrial Training Center Furniture	6,429
A.K. Sales and Consulting	Furniture for Student Services	28,843
KRS Management LLC	Service CDL gate entrance	15,000
Q Systems Music & Sound	Work Pro Lift Tower Setups	18,722
Dekker/Perich/Sabatini	Design for Heidel Hall Renovations	554,475
Hohenberger Inc.	Motorola Avigilon Unity VMS Conversion Full Campus	7,070
Master Plumbers LLC dba Water Proce	Water softener for allied health	6,527
KRS Management LLC	Service rodeo gate entrance	16,650
Dekker/Perich/Sabatini	Study to reclad the Western Heritage Museum	11,932
A.K. Sales and Consulting	Furniture for Apartments	305,849
Hohenberger Inc.	Trenching Man Gates onto NMJC Network	64,760
Hohenberger Inc.	Trenching Vehicle Gates	20,818
CharterUp 3H, LLC	Transportation	4,207
REK Investment Group Inc.	Smart Classrooms	68,374
Hohenberger Inc.	Fiber Trenching, Man Gates and vehicle gate	33,600
Pettigrew and Associates PA	Rodeo and Equine Improvements	6,887
Hustler Turf Equipment Inc.	Hyper drive kawasaki for grounds	14,834
Professional Police Supply Inc	Conversion kit S&W	4,760
BRZ Consulting, LLC	Chemical & Waste Management Consult	7,916
Bradbury Stamm Construction, Inc.	Vestible & Safety Project & Master Landscaping	9,396,050
Cooperative Educational Svc	GWC to perform asbestos abatement in H.H	94,194
ABI Attachments, Inc.	KD10-V3 10'ABI Dragmaster Elite	30,199
Tascosa Office Machines	Furniture	30,880
Yates Flooring Center	Laminate flooring for apt	51,796
Fitlogistik	Elliptical and Indoor Cycle	7,534
EA Engineering, Science, and Techno	Passive Soil Gas and Indoor Air Survey Heidel Hall	9,150
A.K. Sales and Consulting	Tablet accessory and pop up port	1,034
Hohenberger Inc.	ID cards	4,246
Transact Campus, Inc.	Ink Ribbon	2,209
The KeynoteShop, LLC	2024 Moran Lecture	3,750
<b>Total</b>		<b>\$ 21,708,763</b>

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

### **Note 14: 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 15: TAX ABATEMENTS**

The New Mexico Junior College had no tax abatements during the year ended June 30, 2024. The College is not subject to any tax abatement agreements entered into by other governmental entities.

### **Note 16: LEGISLATIVE GRANTS**

The College had the following legislative grants funded by Severance Tax Bonds (STB) and General Obligation Bonds (GOB) as of June 30, 2024:

<b>Project</b>	<b>Agency</b>	<b>Grant #</b>	<b>Effective Date</b>	<b>Reversion Date</b>
NMJC Infrastructure	Higher Education Department	STB F3082	7/15/2021	6/30/2025
NMJC Mary Hagelstein Renovation	Higher Education Department	STB H4112	9/14/2023	6/30/2026
NMJC Library Acquisitions	Higher Education Department	GOB G5374	8/4/2023	6/30/2026
NMJC Bob Moran Hall & Pannell Library Air Handlers	Higher Education Department	GF H2130	9/1/2023	6/30/2027
NMJC Bob Moran Hall & Ben Alexander Roof Replacement	Higher Education Department	GF H2131	9/1/2023	6/30/2027

(Continued)

<b>Project</b>	<b>Expenditures</b>			
	<b>Net Amount</b>	<b>to Date</b>	<b>Reverted</b>	<b>Remaining</b>
NMJC Infrastructure	1,750,000	1,090,679	-	1,750,000
NMJC Mary Hagelstein Renovation	229,215	-	-	229,215
NMJC Library Acquisitions	24,164	23,420	-	744
NMJC Bob Moran Hall & Pannell Library Air Handlers	1,125,000	-	-	1,125,000
NMJC Bob Moran Hall & Ben Alexander Roof Replacement	1,000,000	-	-	1,000,000
	\$ 4,128,379	\$ 1,114,099	\$ -	\$ 4,104,959



## REQUIRED SUPPLEMENTARY INFORMATION



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

	June 30,			
<b>Fiscal Year</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Measurement Date</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability	0.36352%	0.34053%	0.34613%	0.36921%
Proportionate share of the net pension liability	\$ 31,569,113	\$ 28,678,454	\$ 24,531,848	\$ 74,823,690
Covered payroll	14,832,877	12,367,886	12,329,776	13,019,838
Proportionate share of the net pension liability as a percentage of covered payroll	212.83%	231.88%	198.96%	574.69%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	64.87%	69.77%	39.11%

*See notes to required supplementary information.*

June 30,

2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
0.38098%	0.40443%	0.41202%	0.41659%	0.41028%	0.39594%
\$ 28,868,005	\$ 48,092,108	\$ 45,789,710	\$ 29,979,623	\$ 26,574,937	\$ 22,591,262
12,560,775	12,992,158	13,745,513	13,754,379	13,510,416	12,546,461
229.83%	370.16%	333.12%	217.96%	196.70%	180.06%
64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

*See notes to required supplementary information.*

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

<b>As of and for the Year Ended June 30,</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually required contribution	\$ 3,262,706	\$ 2,393,013	\$ 1,732,284	\$ 1,568,839
Contributions in relation to the contractually required contribution	3,262,706	2,393,013	1,732,284	1,568,839
Contribution deficiency (excess)	-	-	-	-
Covered payroll	19,361,219	14,832,877	12,367,886	12,329,776
Contributions as a percentage of covered payroll	16.85%	16.13%	14.01%	12.72%

*See notes to required supplementary information.*

2020	2019	2018	2017	2016	2015
\$ 1,699,421	\$ 1,571,101	\$ 1,566,113	\$ 1,651,563	\$ 1,654,037	\$ 1,567,745
<u>1,699,421</u>	<u>1,571,101</u>	<u>1,566,113</u>	<u>1,651,563</u>	<u>1,654,037</u>	<u>1,567,745</u>
-	-	-	-	-	-
13,019,838	12,560,775	12,992,158	13,745,513	13,754,379	13,510,416
13.05%	12.51%	12.05%	12.02%	12.03%	11.60%

*See notes to required supplementary information.*

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

	<b>June 30,</b>		
<b>Fiscal Year</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Measurement Date</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Proportion of the net OPEB liability	0.25900%	0.24350%	0.24909%
Proportionate share of the net OPEB liability	\$ 4,410,530	\$ 5,628,746	\$ 8,195,932
<u>Covered payroll</u>	<u>14,832,877</u>	<u>12,367,886</u>	<u>12,329,776</u>
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	29.73%	45.51%	66.47%
Plan fiduciary net position as a percentage of the total	44.16%	33.33%	25.39%

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

*See notes to required supplementary information.*

June 30,			
2021	2020	2019	2018
2020	2019	2018	2017
0.26571%	0.28323%	0.30294%	0.31504%
\$ 11,156,918	\$ 9,183,418	\$ 13,172,904	\$ 14,276,583
13,019,838	12,560,775	12,992,158	13,745,513
85.69%	73.11%	101.39%	103.86%
16.50%	18.92%	13.14%	11.34%

*See notes to required supplementary information.*

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

<b>As of and for the Year Ended June 30,</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Contractually required contributions	\$ 377,448	\$ 255,742	\$ 247,360
Contributions in relation to the contractually required contribution	(377,448)	(255,742)	(247,360)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
New Mexico Junior College's covered-employee payroll	\$ 19,361,219	\$ 14,832,877	\$ 12,367,886
Contributions as a percentage of covered-employee payroll	2.00%	2.00%	2.00%

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

*See notes to required supplementary information.*

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 242,598	\$ 256,229	\$ 258,718	\$ 255,779
<u>(242,598)</u>	<u>(256,229)</u>	<u>(258,718)</u>	<u>(255,779)</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ 12,329,776</u>	<u>\$ 13,019,838</u>	<u>\$ 12,560,775</u>	<u>\$ 12,992,158</u>
2.00%	2.00%	2.00%	2.00%

*See notes to required supplementary information.*

**New Mexico Junior College**  
**Notes to Required Supplementary Information**

**Education Retirement Board (ERB) Plan**

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

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

**New Mexico Retiree Health Care Authority (NMRHCA) Plan**

*Changes of benefit terms.* The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA FY23 audit available at <https://www.nmrhca.org/wp-content/uploads/2024/01/FINAL-FS-NMRHCA-2023.pdf>.

*Changes of assumptions.* The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2023 report is available at <https://www.nmrhca.org/wp-content/uploads/2024/01/GASB-74-from-Dec-2023-Board-Meetingv2.pdf>. See the notes to the financial statements beginning on page 22, which summarizes actuarial assumptions and methods effective with the June 30, 2023 valuation.



## SUPPLEMENTARY INFORMATION



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

<b>For the Year Ended June 30, 2024</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>	
	<b>Original</b>	<b>Final</b>	<b>(Non-GAAP Basis)</b>	<b>Favorable (Unfavorable)</b>	
				<b>Final to Actual</b>	
Beginning fund balance	\$ 203,724,772	\$ 223,405,974	\$ 223,405,974	\$ -	-
Unrestricted and restricted revenues					
State appropriations	8,844,600	9,080,699	9,080,699		-
State capital appropriations	6,328,600	9,606,214	6,771,937	(2,834,277)	
Investment income	1,450,000	10,609,323	12,723,736	2,114,413	
Federal revenue sources	588,729	5,009,245	3,773,162	(1,236,083)	
State grants and contracts	385,212	247,537	1,115,256	867,719	
Private grants	-	53,399	32,886	(20,513)	
Public Service	293,310	218,145	175,260	(42,885)	
Tuition and fees	3,935,027	4,054,596	4,401,654	347,058	
Local funding	24,950,000	105,481,162	113,497,590	8,016,428	
Auxiliary enterprises	2,854,642	2,762,798	2,851,059	88,261	
Internal service	66,700	58,963	58,980	17	
Other revenue	110,000	176,557	249,500	72,943	
Total unrestricted and restricted revenues	49,806,820	147,358,638	154,731,719	7,373,081	
Unrestricted and restricted expenditures					
Instruction	13,318,908	15,393,887	12,171,281	3,222,606	
Academic support	3,240,544	3,335,477	2,881,877	453,600	
Student services	4,314,492	4,642,016	3,700,574	941,442	
Institutional support	6,832,397	7,955,316	6,990,786	964,530	
Operation and maintenance of plant	5,798,525	6,728,166	5,506,594	1,221,572	
Public Service	293,310	265,803	207,768	58,035	
Internal service	198,349	351,850	368,970	(17,120)	
Student aid, grants and stipends	760,880	5,739,577	5,186,765	552,812	
Auxiliary services	3,020,182	3,795,534	3,394,633	400,901	
Intercollegiate athletics	4,567,603	5,720,900	5,324,703	396,197	
Renewal and replacement	184,949,742	135,378,463	29,463,777	105,914,686	
Other grants	-	-	32,886	(32,886)	
Total unrestricted and restricted expenditure	227,294,932	189,306,989	75,230,614	114,076,375	
Net transfers	-	-	(400,000)	(400,000)	
Change in fund balance (budgetary basis)	(177,488,112)	(41,948,351)	79,101,105	121,049,456	
Ending fund balance	\$ 26,236,660	\$ 181,457,623	\$ 302,507,079	\$ 121,049,456	
Change in net position per statement of revenues, expenses and changes in net position			\$ 108,014,947		
Instruction capital outlay			(105,163)		
Academic support capital outlay			(170,667)		
Institutional Support Capital Outlay			(90,884)		
Internal service CO			(130,634)		
Renewals and replacements capital outlay			(25,796,008)		
Net book value of capital assets disposed			15,641		
Net pension change			(7,856,054)		
Net OPEB change			(2,124,753)		
Depreciation expense			6,963,037		
Amortization expense			381,643		
Financial statements change in net position reconciled			\$ 79,101,105		

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

<b>For the Year Ended June 30, 2024</b>	<b>Budgeted Amounts</b>		<b>Actual</b> <b>(Non-GAAP Basis)</b>	<b>Variance</b> <b>Favorable</b> <b>(Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Beginning fund balance	\$198,544,339	\$219,855,302	\$ 219,855,302	\$ (5)
Unrestricted revenues				
State appropriations	686,400	686,400	686,400	-
State capital appropriations	6,328,600	9,606,214	6,771,937	(2,834,277)
Investment income	1,450,000	10,609,323	12,723,736	2,114,413
Internal service	66,700	58,963	58,980	17
Auxiliary enterprises	2,854,642	2,762,798	2,851,059	88,261
Other	-	-	72,927	72,927
Total unrestricted revenues	11,386,342	23,723,698	23,165,039	(558,659)
Unrestricted expenditures				
Public service	-	47,658	32,508	15,150
Internal services	198,349	351,850	368,970	(17,120)
Student aid	760,880	1,282,743	1,033,171	249,572
Auxiliary enterprises	3,020,182	3,795,534	3,394,633	400,901
Intercollegiate athletics	4,567,603	5,720,900	5,324,703	396,197
Renewal and replacement	184,949,742	135,378,463	29,463,777	105,914,686
Total unrestricted expenditures	193,496,756	146,577,148	39,617,762	106,959,386
Net transfers	6,418,081	78,496,214	93,763,801	15,267,587
Change in fund balance (budgetary basis)	(175,692,333)	(44,357,236)	77,311,078	121,668,314
Ending fund balance	\$ 22,852,006	\$175,498,066	\$ 297,166,380	\$121,668,309

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

For the Year Ended June 30, 2024	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Public service	293,310	218,145	175,260	(42,885)
Federal student aid	-	4,456,834	3,252,891	(1,203,943)
State student aid	-	-	900,703	900,703
Private grants	-	-	32,886	32,886
Total restricted revenues	293,310	4,674,979	4,361,740	(313,239)
Restricted expenditures				
Public service	293,310	218,145	175,260	42,885
Federal student aid	-	4,456,834	3,353,611	1,103,223
State student aid	-	-	799,983	(799,983)
Private grants	-	-	32,886	(32,886)
Total restricted expenditures	293,310	4,674,979	4,361,740	313,239
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	- - -	- - -	- - -	- - -
Ending fund balance	\$ -	\$ -	\$ -	\$ -

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

For the Year Ended June 30, 2024	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Beginning fund balance	\$5,180,433	\$ 3,550,672	\$ 3,550,672	\$ -
Unrestricted revenues				
State appropriations	8,158,200	8,394,299	8,394,299	-
Local funding	24,950,000	105,481,162	113,497,590	8,016,428
Tuition and fees	3,935,027	4,054,596	4,401,654	347,058
Federal grants and contracts	35,000	38,122	43,830	5,708
Private grants and contract	-	53,399	-	(53,399)
Other revenue	110,000	176,557	176,573	16
Total unrestricted revenues	37,188,227	118,198,135	126,513,946	8,315,811
Unrestricted expenditures				
Instruction	12,920,876	14,993,034	11,827,500	3,165,534
Academic support	3,190,536	3,335,477	2,881,877	453,600
Student services	3,873,597	4,281,043	3,353,361	927,682
Institutional support	6,782,391	7,955,316	6,990,786	964,530
Operation and maintenance	5,798,525	6,728,166	5,506,594	1,221,572
Total unrestricted expenditures	32,565,925	37,293,036	30,560,118	6,732,918
Net transfers	(6,418,081)	(78,496,214)	(94,163,801)	(15,667,587)
Change in fund balance (budgetary basis)	(1,795,779)	2,408,885	1,790,027	(618,858)
Ending fund balance	\$3,384,654	\$ 5,959,557	\$ 5,340,699	\$ (618,858)

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

<b>For the Year Ended June 30, 2024</b>	<b>Budgeted Amounts</b>		<b>Actual (Non-GAAP Basis)</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Federal government contracts/grants	553,729	514,289	476,441	(37,848)
State government contracts/grants	385,212	247,537	214,553	(32,984)
<b>Total restricted revenues</b>	<b>938,941</b>	<b>761,826</b>	<b>690,994</b>	<b>(70,832)</b>
Restricted expenditures				
Instruction	398,032	400,853	343,781	57,072
Academic support	50,008	-	-	-
Student services	440,895	360,973	347,213	13,760
Institutional support	50,006	-	-	-
<b>Total restricted expenditures</b>	<b>938,941</b>	<b>761,826</b>	<b>690,994</b>	<b>70,832</b>
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
<b>Ending fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## **SUPPORTING SCHEDULES**



**New Mexico Junior College**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2024**

Account Name	Type	Lea County	New	Wells	Western	Total
		State Bank	MexiGROW	Fargo	Commerce	
LGIP	Bank	Bank	Bank			
NMJC	Checking-interest bearing	\$ -	\$ -	\$ 25,233	\$ 25,233	
Instructional and general	Checking-non-interest bearing	-	- 11,190,695	-	11,190,695	
NMJC money market	Deposit-interest bearing	33,088	-	-	-	33,088
Pell federal account	Checking-non-interest bearing	107,132	-	-	-	107,132
Payroll dep account	Checking-non-interest bearing	127,299	-	-	-	127,299
Flexible spending account	Checking-non-interest bearing	20,899	-	-	-	20,899
NMJC	Short-Term Investment	-	277,000,000	-	-	277,000,000
Amounts on deposit		288,418	277,000,000	11,190,695	25,233	288,504,346
Outstanding items		(21,925)	-	(5,972,002)	-	(5,993,927)
Reconciled balance		\$ 266,493	\$ 277,000,000	\$ 5,218,693	\$ 25,233	282,510,419
			Petty cash			6,396
			Total deposits and investments			\$ 282,516,815
			Reconciliation to the financial statements			
			Cash and cash equivalents			\$ 5,516,815
			Short-term investment			277,000,000
			Total deposits and investments			\$ 282,516,815

**New Mexico Junior College**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2024**

<b>Depository</b>	<b>Description of Pledged Collateral</b>	<b>Fair Market Value June 30, 2024</b>	<b>Name and Location of Safekeeper</b>
<b>Lea County State Bank</b>			
	GNMA II CUSIP #CU9077, due 9/15/2027	\$ 1,104,995	The Independent Bankers Bank Farmers Branch, TX
	Los Alamos NM PSD 5% CUSIP #189414MA0, due 08/01/2024	240,338	The Independent Bankers Bank Farmers Branch, TX
	Hobbs NM SD 2.25% CUSIP #43385QBD8, due 09/15/2027	470,770	The Independent Bankers Bank Farmers Branch, TX
	University of NM Valencia County 3% CUSIP #914696DU0, due 8/1/2026	212,940	The Independent Bankers Bank Farmers Branch, TX
	<b>Total Lea County State Bank</b>	<b>2,029,043</b>	
<b>Wells Fargo Bank</b>			
	FNMA FNMS 3.000% CUSIP #3138MK4J2, due 11/1/2042	6,138	Bank of New York Mellon New York, NY
	FNMA FNMS 3.000% CUSIP #3140XFSZ5, due 7/1/2043	9,222	Bank of New York Mellon New York, NY
	GNMA G2SF 4.500% CUSIP #36179XAA4, due 11/20/2052	31,443	Bank of New York Mellon New York, NY
	FNMA FNMS 2.000% CUSIP #3140KFMH5, due 11/1/2050	6,967,018	Bank of New York Mellon New York, NY
	FNMA FNMS 3.000% CUSIP #31418CDL5, due 11/1/2046	2,990,129	Bank of New York Mellon New York, NY
	<b>Total Wells Fargo Bank</b>	<b>10,003,950</b>	
<b>Total pledged collateral</b>		<b>\$ 12,032,993</b>	

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## COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of the New Mexico Junior College (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 29, 2024. 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, 2024, as listed in the table of contents.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is fluid and cursive, with a small ampersand between "Riggs" and "Ingram".

Carr, Riggs & Ingram, LLC

Albuquerque, NM

October 29, 2024

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

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

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

***Opinion on the Major Federal Program***

We have audited the New Mexico Junior College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 29, 2024

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**New Mexico Junior College**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<b>Federal Grantor/Passthrough Grantor/Program Title</b>	<b>Grant/ Passthrough Number</b>	<b>Federal Assistance Listing Number</b>
U.S. Department of Education		
<i>Direct programs</i>		
Student Financial Assistance Cluster		
Federal Pell Grant Program	N/A	84.063
Federal Supplemental Educational Opportunity Grants	N/A	84.007
Federal Work Study Program	N/A	84.033
Federal Direct Student Loans	N/A	84.268
Total Student Financial Assistance Cluster		
TRIO Cluster		
TRIO-Student Support Services	N/A	84.042A
Total TRIO Cluster		
<i>Passed through New Mexico Higher Education Department</i>		
Adult Education - Basic Grants to States	V002A190032	84.002
Total U.S. Department of Education		
U.S. Department of the Treasury		
<i>Passed through New Mexico Higher Education Department</i>		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)		
COVID-19 (CSLFRF): Work Study High Demand Degree		
Fields	42522	21.027
COVID-19 (CSLFRF): Legislative Lottery Scholarship Awards		
42211	21.027	
COVID-19 (CSLFRF): Building Renewal and Replacement	93001	21.027
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)		
Total U.S. Department of the Treasury		
U.S. Department of the Health and Human Services		
<i>Passed through New Mexico Higher Education Department</i>		
Temporary Assistance for Needy Families (TANF) - Adult	41215	93.558
Total U.S. Department of the Health and Human Services		
Total federal financial assistance		

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

<b>Funds</b>			
<b>Federal Expenditures</b>	<b>Provided to Subrecipients</b>	<b>Noncash Assistance</b>	
\$ 2,933,595	\$ -	\$ -	
45,194	-	-	
42,537	-	-	
231,565	-	-	
<b>3,252,891</b>	<b>-</b>	<b>-</b>	
<b>347,213</b>	<b>-</b>	<b>-</b>	
<b>347,213</b>	<b>-</b>	<b>-</b>	
<b>129,228</b>	<b>-</b>	<b>-</b>	
<b>3,729,332</b>	<b>-</b>	<b>-</b>	
2,880	-	-	
100,600	-	-	
124,386	-	-	
<b>227,866</b>	<b>-</b>	<b>-</b>	
<b>227,866</b>	<b>-</b>	<b>-</b>	
<b>21,519</b>	<b>-</b>	<b>-</b>	
<b>21,519</b>	<b>-</b>	<b>-</b>	
<b>\$ 3,978,717</b>	<b>\$ -</b>	<b>\$ -</b>	

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

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**New Mexico Junior College**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**1. Basis of Presentation**

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

**2. Loans**

The College did not expend federal awards related to loans or loan guarantees during the year. Federal Direct Loans advanced to students in fiscal year 2024 totaled \$231,565.

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

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

**4. Federally Funded Insurance**

The College has no federally funded insurance.

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

Total federal awards expended per schedule of expenditures of federal awards	\$ 3,978,717
<u>Total expenditures funded by other sources</u>	<u>42,051,484</u>
<u>Total operating expenditures</u>	<u>\$ 46,030,201</u>

**New Mexico Junior College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements:*

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements?	No

*Federal Awards:*

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	None noted
4. Identification of major programs:	

Assistance Listing

Numbers

Federal Program

84.063  
84.007  
84.033  
84.268

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

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

**New Mexico Junior College**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III: FEDERAL AWARD FINDINGS**

None noted.

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

None noted

**SECTION V: COMPONENT UNIT FINDINGS**

*New Mexico Junior College Foundation*

None noted.

*New Horizons Foundation*

None noted.

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

*Financial Statement Findings*

None noted.

*Component Unit Findings*

None noted.

**New Mexico Junior College**  
**Other Disclosures**  
**June 30, 2024**

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component units were discussed on October 29, 2024. The following individuals were in attendance:

**College Officials:**

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller
Rachel Gallagher	VP for Advancement
Bill Kunko	Chief Information Officer

**New Mexico Junior College Foundation Officials:**

Tina Kunko	Director of Alumni Engagement, Scholarship & Finance
Josh Morgan	Board Member, Vice-President for Finance

**New Horizons Foundation Officials:**

Dr. Derek Moore	Board Member
Dennis Holmberg	NHF Executive Director

**Carr, Riggs & Ingram, LLC:**

Paul Garcia, CPA	Partner
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**AUDITOR PREPARED FINANCIALS**

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

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2024**

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## INTRODUCTORY SECTION



**New Mexico Junior College Foundation**  
**(A Component Unit of New Mexico Junior College)**  
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**June 30, 2024**

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**New Mexico Junior College Foundation  
(A Component Unit of New Mexico Junior College)**  
**Official Roster**  
**June 30, 2024**

<u>Name</u>	<u>Title</u>
-------------	--------------

**ADMINISTRATIVE OFFICIALS**

Rachel Gallagher	Vice President for Advancement
Tina Kunko	Controller NMJC Foundation

**BOARD**

Rosi Insilan	President
Allyson Roberts	Vice-President
Rachel Gallagher	Secretary
Josh Morgan	Treasurer
Rosa Carrillo	Member
Heather Davis	Member
Dana Escarcega	Member
Aaron Forrester	Member
Megan Gallegos	Member
Joshua Grassham	Member
Robert Guthrie	Member
Lisa Hardison	Member
Isaac Holguin	Member
Pat Chappelle	Member
Guy Kesner	Member
James Lackey	Member
Genia Miller	Member
Derek Moore	Member
Michael Raburn	Member
Bianca Salinas	Member
Gene Strickland	Member
Becca Titus	Member
David Whitten	Member
Scott Windham	Member
Summer Wright	Member

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, PE, CFE, New Mexico State Auditor and  
New Mexico Junior College Foundation Board  
New Mexico Junior College Foundation  
Hobbs, New Mexico

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of New Mexico Junior College Foundation (the "Foundation"), a component unit of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Foundation, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Emphasis of Matter***

### ***Reporting Entity***

As discussed in Note 1, the financial statements of the entity are intended to present the financial position and the changes in financial position of only the Foundation. They do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2024, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is cursive and fluid, with a small vertical mark above the 'i' in Ingram.

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 29, 2024

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## BASIC FINANCIAL STATEMENTS



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

**June 30, 2024**

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**Assets**

Current assets

Cash and cash equivalents	\$ 150,139
Investments	1,373,000
Accounts receivable	33,830
Total current assets	1,556,969

---

Noncurrent assets

Investments	12,938,980
Other assets, net	217,493
Total noncurrent assets	13,156,473

---

Total assets

\$ 14,713,442

---

**Liabilities**

Current liabilities

Accounts payable	\$ 40,005
Total current liabilities	40,005
Total liabilities	40,005

---

**Net position**

Restricted for	
Nonexpendable endowments	7,805,303
Expendable grants and contributions	6,494,866
Unrestricted	373,268
Total net position	14,673,437
Total liabilities and net position	\$ 14,713,442

---

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

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

**For the Year Ended June 30, 2024**

<b>Operating revenues</b>	
Gifts, bequests and endowments	\$ 495,390
<b>Total operating revenues</b>	<b>495,390</b>
 <b>Operating expenses</b>	
Scholarships	336,030
Workstudy	32,639
Program assistance	161,868
Salaries and benefits	196,167
Office expenses	10,095
Travel	20
Fundraising expenses	19,369
Goodwill/promotion expense	25,682
Awards	9,000
Maintenance	7,316
Depletion	10,167
<b>Total operating expenses</b>	<b>808,353</b>
 Operating (loss)	<b>(312,963)</b>
 <b>Non-operating revenues (expenses)</b>	
Investment gain	1,653,149
Other revenue	19,189
Bank fees	(205)
Production (taxes)	(2,279)
Royalties	22,702
 Net non-operating revenues (expenses)	<b>1,692,556</b>
 Change in net position	<b>1,379,593</b>
 Net position, beginning of year	<b>13,293,844</b>
 Net position, end of year	<b>\$ 14,673,437</b>

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

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

**For the Year Ended June 30, 2024**

---

**Cash flows from operating activities**

Receipts from gifts, bequests and endowments	\$ 478,576
Payments to employees and for employee benefits	(196,167)
Disbursement of net aid to students	(530,537)
Payments to suppliers	(42,342)
Net cash (used in) operating activities	<b>(290,470)</b>

---

**Cash flows from investing activities**

Proceeds from sale of investments	4,302,924
Proceeds from maturity of certificates of deposits	951,000
Purchase of certificates of deposits	(1,373,000)
Purchases of investments	(4,356,452)
Interest and fees paid on investments	(477,302)
Interest received on investments	856,950
Net cash (used in) investing activities	<b>(95,880)</b>

---

Net change in cash and cash equivalents (386,555)

Cash and cash equivalents - beginning of year 536,694

Cash and cash equivalents - end of year \$ 150,139

---

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

**For the Year Ended June 30, 2024**

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<b>Operating (loss)</b>	\$ (312,963)
-------------------------	--------------

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

Depletion expense	10,167
-------------------	--------

**Changes in assets and liabilities**

Accounts receivable	(16,814)
---------------------	----------

Accounts payable	29,140
------------------	--------

---

<b>Net cash (used in) operating activities</b>	<b>\$ (290,470)</b>
--	---------------------

---

**Supplemental cash flow information**

<b>Investment unrealized gains</b>	<b>\$ 475,253</b>
------------------------------------	-------------------

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

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

<u>June 30, 2024</u>	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 325,192
Accounts receivable	472
 Total assets	 \$ 325,664
<b>Liabilities</b>	
Accounts payable	\$ 3,008
 Total liabilities	 3,008
<b>Net position</b>	
Restricted for	
Student organizations	322,656
Total net position	322,656
 Total liabilities and net position	 \$ 325,664

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

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

<b>For the Year Ended June 30, 2024</b>	<b>Custodial Fund</b>
<b>Additions</b>	
Auction proceeds	\$ 3,623
Concession stand proceeds	4,505
Contributions	5,093
Gifts and bequests	122,563
Initiation and graduation fees	2,972
Other income	801
<b>Total additions</b>	<b>139,557</b>
<b>Deductions</b>	
Events	2,924
Program assistance	30,793
Supplies	3,220
Miscellaneous	242
Scholarships	3,245
Student travel	3,534
Fundraising	2,211
Legal	14,063
<b>Total deductions</b>	<b>60,232</b>
<b>Net increase in fiduciary net position</b>	<b>79,325</b>
<b>Net position, beginning of year</b>	<b>243,331</b>
<b>Net position, end of year</b>	<b>\$ 322,656</b>

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

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

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

New Mexico Junior College Foundation (the “Foundation”) is a legally separate, tax-exempt component unit of the New Mexico Junior College (the “College”) and was incorporated by the College in 1970. The Foundation engages in fund raising to support the College’s academic programs, scholarships, building funds and faculty/staff development. The Foundation coordinates all private capital fund raising for the College, including fund solicitations, gift acceptance, acknowledgements and asset management.

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

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

***Reporting Entity***

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

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

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

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

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

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

***Reporting Entity (Continued)***

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

Based upon the application of these criteria, the Foundation has no component units required to be included in these financial statements.

***Basis of Accounting and Financial Statement Presentation***

As a component unit of the College, the Foundation presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB). The Foundation applies the business-type activity accounting and the Foundation's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

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

***Assets, Liabilities, and Net Position***

***Cash and cash equivalents***

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

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

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

***Assets, Liabilities, and Net Position (Continued)***

***Receivables and Payables***

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

***Allowance for Doubtful Accounts***

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

***Investments***

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

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

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

***Assets, Liabilities, and Net Position (Continued)***

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

***Other Assets***

On July 25, 2018, the Foundation received a donation of oil and gas royalties in properties located in Lea County, New Mexico. All minerals are booked at either cost, donated value or acquisition value. These minerals are depleted over an expected life of 20 years and depletion is based on the percentage of minerals produced each year. The minerals are valued at \$287,503, which consisted of \$58,203 in land and \$229,300 in mineral interests with accumulated depletion of \$70,010. Depletion for the year ended June 30, 2024 was \$10,167 and the minerals and land had a net book value at June 30, 2024 of \$217,493.

***Net Position***

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

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

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

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

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

***Assets, Liabilities, and Net Position (Continued)***

***Net Position (Continued)***

The annual spending distribution is computed at the end of the year as a percentage of net interest and dividend earnings, investment fees and net capital change for the year. The Investment Committee of the Foundation sets the annual distribution. Through the endowment agreements, the donor authorizes spending in accordance with the Foundation's investment and spending policy.

***Revenues and Expenses***

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

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

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

***Income Tax Status***

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is not a private foundation. The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2023, 2022 and 2021 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Foundation is management's estimate of depletion on assets over their estimated useful lives.

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

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB issued No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

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

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

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**Note 2: DEPOSITS AND INVESTMENTS**

***Deposits***

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2024, \$0 of the Foundation's bank balances of \$567,935 was exposed to custodial credit risk. None of the Foundations deposits were uninsured and uncollateralized at June 30, 2024.

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

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

***Deposits***

	<b>Lea County State Bank</b>	<b>Merrill Lynch*</b>	<b>Total</b>
Total amount of deposits	\$ 159,582	\$ 408,353	\$ 567,935
Deposit accounts covered by the FDIC/SIPC coverage	(159,582)	(408,353)	(567,935)
Total uninsured public funds	-	-	-
Collateralized by securities held by the pledging institution or by its trust department or institution or by its trust department or agent other than the Foundation's name	-	-	-
Uninsured and uncollateralized	\$ -	\$ -	\$ -

\*The Foundation has money market mutual funds in the amount of \$408,353 which are fully insured through SIPC coverage.

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

Deposits	\$ 567,935
CDs	1,373,000
Equities	7,517,626
Fixed Income	3,219,199
Mutual funds	2,182,572
Royalty interest	19,583
Total deposits and investments	14,879,915
Petty cash	30
Less reconciling items	(92,634)
<b>Total cash and cash equivalents and investments</b>	<b>\$ 14,787,311</b>
Statement of net position	
Cash and cash equivalents	\$ 150,139
Investments	14,311,980
Cash and cash equivalents per statement of fiduciary net position	325,192
<b>Total cash and cash equivalents and investments</b>	<b>\$ 14,787,311</b>

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

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

***Investments***

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

The Foundation has presented certificates of deposit in the amount of \$1,373,000 as investments in the statement of net position; however, these are classified as deposits for disclosure purposes.

***Custodial Credit Risk – Investments***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the Foundation are members of Securities Investor Protection Corporation (SIPC) and the securities are protected up to \$408,353.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the magnitude of the Foundation's investment in a single type of security. The Foundation has a formal policy to address concentration of credit risk where the maximum equities investment in any one issue may not exceed 10% of the Foundation's total market value.

The following represents the concentration of credit risk regarding the investments of the Foundation at June 30, 2024:

<b>Investment</b>	<b>Market Value</b>	<b>Percent of Foundation's Investment</b>
Equities	\$ 7,517,626	58.1%
Fixed income	3,219,199	24.9%
Mutual funds	2,182,572	16.9%
Royalty Interest	19,583	0.2%
<b>Total Foundation investments</b>	<b>\$ 12,938,980</b>	<b>100.0%</b>

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

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

*Investments (Continued)*

*Credit Risk*

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

*Interest Rate Risk – Investments*

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

*Fair Value Measurements*

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

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

- Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2     Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement

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

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

***Investments (Continued)***

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

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

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

The Foundation maintained a balance of \$12,938,980 in investments at June 30, 2024, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Foundation's assets at fair value as of June 30, 2024:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equities	\$ 7,517,626	\$ 7,517,626	\$ -	\$ -
Fixed Income	3,219,199	3,219,199	-	-
Mutual funds	2,182,572	2,182,572	-	-
Royalty interest	19,583	-	19,583	-
	<b>\$ 12,938,980</b>	<b>\$ 12,919,397</b>	<b>\$ 19,583</b>	<b>\$ -</b>

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

**Note 3: RECEIVABLES**

The Foundation considers receivables to be 100% collectible; therefore no allowance has been made for uncollectible amounts. The receivable at June 30, 2024 consists of the following:

Accrued interest	\$ 23,910
Golf sponsorships	500
Oil and gas royalty	4,095
Student Success Center - Career Center Events	5,000
Other receivables	325
 Accounts receivable	 \$ 33,830

**Note 4: OTHER ASSETS**

The following table summarizes the changes in the Foundation's other assets during the fiscal year ended June 30, 2024. Land is not subject to depletion.

	<b>June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2024</b>
Other assets not subject to depletion				
Land	\$ 58,203	\$ -	\$ -	\$ 58,203
 Total other assets not subject to depletion	 58,203	 -	 -	 58,203
Other assets being depleted				
Minerals	229,300	-	-	229,300
 Total other assets being depleted	 229,300	 -	 -	 229,300
Less accumulated depletion				
Minerals	(59,843)	(10,167)	-	(70,010)
 Total other assets being depleted, net	 169,457	 (10,167)	 -	 159,290
 Net other assets	 \$ 227,660	 \$ (10,167)	 \$ -	 \$ 217,493

Depletion expense as of June 30, 2024 was \$10,167.

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

**Note 5: INSTITUTIONAL SUPPORT**

The Foundation provided the following institutional support to the College during the year ended June 30, 2024:

Scholarships	\$ 336,030
Workstudy	32,639
Program assistance	161,868
Salaries and benefits	196,167
Other	71,482
 <hr/>	
Total institutional support	<hr/> \$ 798,186

**Note 6: RISK MANAGEMENT**

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

**Note 7: RELATED PARTIES**

On July 7, 2003, the Foundation formed Lea County Student Housing, LLC (the LLC). The Foundation is the 100% member of the LLC which was formed for the purpose of building and renting dorm space to the College's students. The LLC has not had any activity since its formation. Refer to note 5 for the transactions with the College.

**Note 8: COMMITMENTS AND CONTINGENCIES**

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

The Foundation entered into no outstanding agreements with contractors, architects or other service providers as of June 30, 2024.

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

**Note 9: CONCENTRATIONS**

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



## **SUPPLEMENTARY INFORMATION**

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**New Mexico Junior College Foundation**  
**(A Component Unit of New Mexico Junior College)**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2024**

Account Name	Type	Lea County State Bank	Merrill Lynch	Total
NMJC Foundation	Equities	\$ -	\$ 7,517,626	\$ 7,517,626
NMJC Foundation	Fixed income	-	3,219,199	3,219,199
NMJC Foundation	Mutual Funds	-	2,182,572	2,182,572
NMJC Foundation	Royalty Interest	-	19,583	19,583
NMJC Foundation	Interest Bearing Cash Fund	-	156,745	156,745
NMJC Foundation	Interest Bearing Cash Fund	-	25,820	25,820
NMJC Foundation	Interest Bearing Cash Fund	-	11,819	11,819
NMJC Foundation	Interest Bearing Cash Fund	-	27,683	27,683
NMJC Foundation	Interest Bearing Cash Fund	-	186,286	186,286
NMJC Foundation	CD	-	1,373,000	1,373,000
NMJC Foundation	Checking-non-interest-bearing	159,582	-	159,582
Amounts on deposit		159,582	14,720,333	14,879,915
Outstanding items		(92,634)	-	(92,634)
Reconciled balance		\$ 66,948	\$ 14,720,333	14,787,281
Petty cash				30
				\$ 14,787,311
Reconciliation to the financial statements				
Cash and cash equivalents				\$ 150,139
Investments				14,311,980
Cash and cash equivalents per statement of fiduciary net position				325,192
Total deposits and investments				\$ 14,787,311

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## COMPLIANCE SECTION



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

Joseph M. Maestas, PE, CFE, New Mexico State Auditor and  
New Mexico Junior College Foundation Board  
New Mexico Junior College Foundation  
Hobbs, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of New Mexico Junior College Foundation (the "Foundation"), a component unit of New Mexico Junior College (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

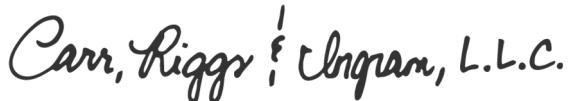
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

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Carr, Riggs & Ingram, LLC

Albuquerque, NM

October 29, 2024

**New Mexico Junior College Foundation  
(A Component Unit of New Mexico Junior College)  
Schedule of Findings and Responses  
June 30, 2024**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements:*

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses? None noted	
c. Noncompliance material to the financial statements?	No

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None noted.

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

None noted.

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

None noted.

**New Mexico Junior College Foundation  
(A Component Unit of New Mexico Junior College)  
Other Disclosures  
June 30, 2024**

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component units were discussed on October 29, 2024. The following individuals were in attendance:

**College Officials**

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller
Rachel Gallagher	VP for Advancement
Bill Kunko	Chief Information Officer

**New Mexico Junior College Foundation Officials**

Tina Kunko	Director of Alumni Engagement, Scholarship & Finance
Josh Morgan	Board Member, Vice-President for Finance

**New Horizons Foundation Officials**

Dr. Derek Moore	Board Member
Dennis Holmberg	NHF Executive Director

**Carr, Riggs & Ingram, LLC**

Paul Garcia, CPA	Partner
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**AUDITOR PREPARED FINANCIALS**

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

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2024**

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## INTRODUCTORY SECTION



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**New Horizons Foundation**  
**(A Component Unit of New Mexico Junior College)**  
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**June 30, 2024**

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**New Horizons Foundation  
(A Component Unit of New Mexico Junior College)  
Official Roster  
June 30, 2024**

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

## INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, PE, CFE, New Mexico State Auditor and  
New Horizons Foundation Board  
New Horizons Foundation  
Hobbs, New Mexico

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of New Horizons Foundation ("New Horizons"), a component unit of the New Mexico Junior College (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise New Horizons' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of New Horizons, as of June 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Horizons and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Emphasis of Matter***

### ***Reporting Entity***

As discussed in Note 1, the financial statements of New Horizons are intended to present the financial position and the changes in financial position of only New Horizons. They do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2024, or the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Horizons' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Horizons' ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of New Horizons' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Horizons' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Horizons' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is fluid and cursive, with "Carr, Riggs & " on the first line and "Ingram, L.L.C." on the second line.

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
October 29, 2024

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## FINANCIAL SECTION



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

**June 30, 2024**

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**Assets**

Current assets

Cash and cash equivalents	\$ 243,162
Due from New Mexico Junior College	801,948
Prepaid expenses	23,093
<hr/>	

Total current assets **1,068,203**

---

Noncurrent assets

Intangible asset	81,862
<hr/>	
Total noncurrent assets	81,862

Total assets **\$ 1,150,065**

---

**Liabilities**

Current liabilities

Accounts payable	\$ 14,247
<hr/>	
Total current liabilities	14,247

Total liabilities **14,247**

---

**Net position**

Net investment in capital assets	81,862
Unrestricted	1,053,956
<hr/>	
Total net position	1,135,818

Total liabilities and net position **\$ 1,150,065**

---

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

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

**For the Year Ended June 30, 2024**

---

**Operating revenues**

Hydro tool rentals	\$ 8,520
Sponsorship	3,000
<b>Total operating revenues</b>	<b>11,520</b>

---

**Operating expenses**

Salaries and wages	98,524
Payroll benefits	27,831
Supplies	3,393
Other	20,654
Research and development	3,405
Consulting	108,193
Advertising	7,558
Telephone	22
Dues and membership	800
Travel	6,577
Insurance	32,297
Hydro tool	6,076
Amortization	7,108
<b>Total operating expenses</b>	<b>322,438</b>

---

**Operating (loss)** (310,918)

---

**Non-operating revenues (expenses)**

Net transfer from New Mexico Junior College	400,000
<b>Net non-operating revenues (expenses)</b>	<b>400,000</b>
Change in net position	89,082
<b>Net position, beginning of year</b>	<b>1,046,736</b>
<b>Net position, end of year</b>	<b>\$ 1,135,818</b>

---

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

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

**For the Year Ended June 30, 2024**

---

**Cash flows from operating activities**

Receipts from Wellnu patent	\$ 8,520
Receipt from sponsorship	3,000
Payments to employees and for employee benefits	(126,355)
Payments to suppliers	(273,465)
Net cash (used in) operating activities	<u>(388,300)</u>

**Cash flows from capital financing activities**

Purchase of intangible assets	(12,441)
Transfer from New Mexico Junior College	<u>400,000</u>
Net cash provided by capital financing activities	<u>387,559</u>

Net change in cash and cash equivalents	(741)
Cash and cash equivalents - beginning of year	<u>243,903</u>

Cash and cash equivalents - end of year	\$ 243,162
---	------------

<b>Operating (loss)</b>	\$ (310,918)
-------------------------	--------------

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

Amortization expense	7,108
<b>Changes in assets and liabilities</b>	
Due from New Mexico Junior College	(68,338)
Prepaid expenses	(4,893)
Accounts payable	<u>(11,259)</u>
Net cash (used in) operating activities	<u>\$ (388,300)</u>

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

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

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

New Horizons Foundation (the “New Horizons”) is a legally separate, tax-exempt component unit of the New Mexico Junior College (the “College”) and was incorporated by the College on October 25, 2011. New Horizons is a New Mexico nonprofit corporation, organized pursuant to the University Research Park and Economic Development Act, NMSA 1978 Section 21-28-1, et. seq (“Act”). Specifically, the Research Foundation is organized to engage in cooperative ventures of innovative technological significance that will advance education, science, research, conservation, health care and/or economic development within New Mexico. New Horizons serves as a resource, source of information, conduit and liaison between educational institutions, private industry and governmental entities to promote research in numerous areas including, but not limited to education and science.

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

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

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

New Horizons has a series of agreements in place with the U.S. Army that allow New Horizons and its clients to utilize the people, facilities, and capabilities of the U.S. Department of Defense for such activities. These agreements include a Master Cooperative Research & Development Agreement (CRADA) and a Partnership Intermediary Agreement (PIA).

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

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

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

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

***Reporting Entity***

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

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

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

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

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

Based upon the application of these criteria, New Horizons has one blended component unit.

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

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

***Blended Component Unit***

Wellnu, LLC (Wellnu), wholly owned and operated by New Horizons, was formed by New Horizons to house an oil field related technology (Hydro Tool) that has been developed and refined by New Horizons and a local entrepreneur. Wellnu is operated by New Horizons and will distribute a portion of revenues and profits to the entrepreneur who originally designed the technology. New Horizons has agreed to “invest” in the technology by providing all of the costs for patenting and continued development and refinement of the technology through the New Horizons’ knowledge and expertise. New Horizons has also utilized resources of the U.S. Army Research, Engineering and Development Command (ARDEC) headquartered in Adelphi, Maryland and Rockaway, New Jersey to further improve the design and capabilities of the tool. For the year ended June 30, 2024, Wellnu’s hydro tool generated revenue in the amount of \$8,520 and they were short term rentals.

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

***Basis of Accounting and Financial Statement Presentation***

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

New Horizons applies the business-type activity accounting and New Horizons’ financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The significant accounting policies utilized by New Horizons in the preparation of the financial statements are described below.

***Assets, Liabilities, and Net Position***

***Cash and cash equivalents***

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

***Prepaid Expenses***

Prepaid expenses as of June 30, 2024 consisted of prepaid insurance of \$23,093.

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

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

***Assets, Liabilities, and Net Position (Continued)***

*Intangible Asset*

New Horizons owns the license for the hydro tool which has an approved patent in the United States. During 2024 an additional \$12,441 was spent to complete the license and as of June 30, 2024, the license to the approved patent was valued at \$77,519 and had accumulated amortization of \$12,205 for a net amount of \$65,314. Wellnu has compiled “downhole” performance data from the use of the tool along with the computer flow modeling data from previous ARDEC testing as a “Data Package” for when and if Wellnu chooses to sell the technology as an “exit strategy.” Until that time, New Horizons will manage the Wellnu operations and oversee any leasing agreements for the hydro tool to any other companies.

On March 13, 2020, a license to the muffler patent design license was approved and an agreement was created between New Horizons and the U.S. Army Combat Capabilities Development Command, Army Research Laboratory. As of June 30, 2024, the license to the patent filing was valued at \$30,000 and had accumulated amortization of \$13,452 for a net amount of \$16,548.

As of June 30, 2024, these two patent filings combined for a net intangible asset amount of \$81,862. Amortization expense for the year ended June 30, 2024, was \$7,108.

*Categories and Classification of Net Position*

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

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

*Unrestricted* – All other categories of net position. Unrestricted net position have arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net position are resources that New Horizons is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors. When an expense is incurred that can be paid using either restricted or unrestricted resources, New Horizons’ policy is to first apply the expense towards restricted, and then toward unrestricted resources.

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

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

***Revenues and Expenses***

New Horizons currently receives contributions from the College and revenue generated from the hydro tool. They also had a \$3,000 sponsorship for an entrepreneur forum sponsorship.

***Income Tax Status***

New Horizons is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization which is a private foundation. The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the New Horizons tax returns for 2023, 2022, and 2021 are subject to examination by the IRS, generally, for three years after they were filed. New Horizons recognizes tax benefits only to the extent New Horizons believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimate for the New Horizons Foundation is management's estimate of amortization on assets over their estimated useful lives.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 29, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

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

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

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

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**Note 2: DEPOSITS AND INVESTMENTS**

***Deposits***

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, New Horizons' deposits may not be returned to it. As a separate legal 501(c)(3) entity, Lobo Development is not subject to the public money act pledged collateral requirements. As of June 30, 2024, \$0 of New Horizons' bank balances of \$243,162 was exposed to custodial credit risk. None of New Horizons' deposits were uninsured and uncollateralized at June 30, 2024.

	<b>Lea County State Bank</b>
Total amount of deposits	\$ 243,162
Deposit accounts covered by the FDIC coverage	<u>(243,162)</u>
Total uninsured public funds	-
Collateralized by securities held by the pledging institution or by its trust department or institution or by its trust department or agent other than New Horizons' name	-
Uninsured and uncollateralized	<u>\$ -</u>

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

Deposits	\$ 243,162
Total deposits	243,162
Total cash and cash equivalents	<u>\$ 243,162</u>
Statement of net position	
Cash and cash equivalents	\$ 243,162
Net deposits	<u>\$ 243,162</u>

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

**Note 3: RISK MANAGEMENT**

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

**Note 4: INSURANCE**

New Horizons pays for insurance for the tools which amounted to \$30,744 of the \$32,297 insurance total for the year ended June 30, 2024.

**Note 5: COMMITMENTS AND CONTINGENCIES**

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

New Horizons entered into no agreements with contractors and architects for various projects for the year ended June 30, 2024.

**Note 6: RELATED PARTIES**

At various times in the year, New Horizons has a due from the College for money owed and as of June 30, 2024, the College owed New Horizons \$801,948. The College transferred \$400,000 to New Horizons during the year ended June 30, 2024.

**Note 7: CONCENTRATIONS**

New Horizons received 97% of its revenue from the College for the year ended June 30, 2024.

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

**Note 8: WELLNU, LLC**

New Horizons has elected to present the blended component unit, within its single column financial statements and the condensed Wellnu financial statements for the fiscal year ended June 30, 2024 below.

**June 30, 2024**

---

**Assets**

Current assets

Cash and cash equivalents	\$ 5,267
Prepaid expenses	23,093
<b>Total current assets</b>	<b>28,360</b>

Noncurrent assets

Intangible asset	65,314
<b>Total noncurrent assets</b>	<b>65,314</b>
<b>Total assets</b>	<b>\$ 93,674</b>

**Net position**

Net investment in capital assets	\$ 65,314
Unrestricted	28,360
<b>Total net position</b>	<b>93,674</b>
<b>Total liabilities and net position</b>	<b>\$ 93,674</b>

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

**Note 8: WELLNU, LLC (Continued)**

**For the Year Ended June 30, 2024**

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**Operating revenues**

Hydro tool rentals	\$ 8,520
<b>Total operating revenues</b>	<b>8,520</b>

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**Operating expenses**

Consulting	2,630
Insurance	32,297
Hydro tool	6,076
Other	5,525
Amortization	3,998
<b>Total operating expenses</b>	<b>50,526</b>

---

<b>Operating (loss)</b>	<b>(42,006)</b>
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**Non-operating revenues (expenses)**

Net transfer from New Horizons Foundation	59,555
<b>Net non-operating revenues (expenses)</b>	<b>59,555</b>
Change in net position	17,549
<b>Net position, beginning of year</b>	<b>76,125</b>
<b>Net position, end of year</b>	<b>\$ 93,674</b>

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

**Note 8: WELLNU, LLC (Continued)**

**For the Year Ended June 30, 2024**

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**Cash flows from operating activities**

Receipts from Wellnu patent	\$ 8,520
Payments to suppliers	(51,421)
<b>Net cash (used in) operating activities</b>	<b>(42,901)</b>

---

**Cash flows from capital financing activities**

Purchase of intangible assets	(12,435)
Transfer from New Horizons Foundation	59,555
<b>Net cash provided by capital financing activities</b>	<b>47,120</b>

---

Net change in cash and cash equivalents	4,219
<b>Cash and cash equivalents - beginning of year</b>	<b>1,048</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 5,267</b>

---

<b>Operating (loss)</b>	<b>\$ (42,006)</b>
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**Reconciliation of operating loss to net cash (used in) operating activities**

Amortization expense	3,998
<b>Changes in assets and liabilities</b>	
Prepaid expenses	(4,893)
<b>Net cash (used in) operating activities</b>	<b>\$ (42,901)</b>

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## **SUPPLEMENTARY INFORMATION**

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**New Horizons Foundation**  
**(A Component Unit of New Mexico Junior College)**  
**Schedule of Deposit Accounts**  
**June 30, 2024**

Account Name	Type	Lea County	State Bank	Total
New Horizons Foundation	Checking - non-interest-bearing	\$ 237,895	\$ 237,895	
New Horizons Foundation	Checking - Wellnu - non-interest-bearing	5,267		5,267
Amounts on deposit		243,162		243,162
Reconciled balance		\$ 243,162	\$ 243,162	
Reconciliation to the financial statements				
Cash and cash equivalents			\$ 243,162	
Total cash and cash equivalents			\$ 243,162	

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## COMPLIANCE SECTION

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

Joseph M. Maestas, PE, CFE, New Mexico State Auditor and  
New Horizons Foundation Board  
New Horizons Foundation  
Hobbs, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of New Horizons Foundation ("New Horizons"), a component unit of New Mexico Junior College ("College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise New Horizons' basic financial statements, and have issued our report thereon dated October 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Horizons' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Horizons' internal control. Accordingly, we do not express an opinion on the effectiveness of New Horizons' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether New Horizons' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is fluid and cursive, with a small ampersand between "Riggs" and "Ingram".

Carr, Riggs & Ingram, LLC

Albuquerque, NM

October 29, 2024

**New Horizons Foundation  
(A Component Unit of New Mexico Junior College)  
Schedule of Findings and Responses  
June 30, 2024**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements:*

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements?	No

**SECTION II: FINANCIAL STATEMENT FINDINGS**

None noted.

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

None noted.

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

None noted.

**New Horizons Foundation  
(A Component Unit of New Mexico Junior College)  
Other Disclosures  
June 30, 2024**

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component units were discussed on October 29, 2024. The following individuals were in attendance:

**College Officials:**

Pat Chappelle	Board Chair
Dr. Derek Moore	President
Josh Morgan	Vice-President for Finance
Stacey Wynn	Controller
Rachel Gallagher	VP for Advancement
Bill Kunko	Chief Information Officer

**New Mexico Junior College Foundation Officials:**

Tina Kunko	Director of Alumni Engagement, Scholarship & Finance
Josh Morgan	Board Member, Vice-President for Finance

**New Horizons Foundation Officials:**

Dr. Derek Moore	Board Member
Dennis Holmberg	NHF Executive Director

**Carr, Riggs & Ingram, LLC:**

Paul Garcia, CPA	Partner
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**AUDITOR PREPARED FINANCIALS**

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

# NEW MEXICO JUNIOR COLLEGE

## Vice President for Finance

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**To:** New Mexico Junior College Board Members  
**From:** Josh Morgan  
**Date:** February 14, 2025  
**RE:** Consideration of Employee Handbook Revisions

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The Administration has conducted a review of the current Employee Handbook. Based on the review, we are recommending updates to certain policies to ensure alignment with current practices and to address areas where we have encountered challenges since the last amendment.

Provided below is a detailed summary of the proposed revisions, including the rationale for each change.

### **6.18 Work Week and Schedules**

#### **Summary:**

The proposed revision clarifies the maximum weekly hours for part-time employees and aligns the policy with established practices. In the past, some adjunct instructors have held multiple positions on campus, and part-time employees, such as bus drivers, CDL instructors, and Continuing Education instructors, are compensated through stipends.

### **10.1 Vacation**

#### **Summary:**

Under the current policy, retiring or resigning employees have been required to use all their vacation time before their departure to avoid losing it. This has created challenges, as employees have been absent for extended periods, impacting operations. Additionally, employees were restricted from using vacation during their final two weeks of employment. This restriction is unnecessary since the college ultimately pays out unused vacation time. Allowing employees to use their vacation before retiring or resigning reduces the total payout.

### **10.9 Leave Without Pay**

#### **Summary:**

Prior to the most recent revision of the NMJC Employee Handbook, employees did not accrue Sick Leave or Vacation Leave benefits while on FMLA. Since the revision, employees continue to accrue leave while on FMLA meaning the employee is never truly classified as absent and still appears in the payroll

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process. Additionally, due to the way the college's system is configured, employees on leave without pay do not automatically accrue the full leave amount per pay period. As a result, Payroll must manually adjust the employees leave balances, causing discrepancies in the leave balance history displayed in the employee's record, which does not accurately reflect accruals per pay period.

Respectfully,

Josh Morgan

# **NEW MEXICO JUNIOR COLLEGE**

## **EMPLOYEE HANDBOOK**



**Approved by NMJC Board**

**July 18, 2024**

## **6.18 Work Week and Schedules**

**Adoption Date:** July 18, 2024

**Revision Date:**

The work week begins on Sunday at 12:00 am and ends on Saturday at 11:59 pm, and consists of seven days. A standard weekly work schedule consists of five 8-hour work days. Supervisors may direct, and employees may request a temporary adjustment of work hours to meet business needs. Also, employees may request a temporary adjustment of work hours to meet non-recurring personal needs. The College is not required to approve any requested adjustments of work hours.

### **Staff employees**

Work hours flexed cannot be carried over from one work week into the following work week. Staff employees are not eligible for stipends or additional compensation outside of their authorized work hours.

### **Exempt employees**

While the workweek for full-time regular exempt employees is normally considered to be 40 hours, greater emphasis is placed on meeting the responsibilities assigned to the position than on working a specified number of hours. Due to the nature of exempt positions, work beyond the basic workweek may be required to meet legitimate business needs. The supervisor may grant exempt employees an occasional non-routine brief absence from the workday for any purpose with pay without requiring the use of leave. In such cases, the employee should be able to take this time off at a mutually convenient time.

### **Faculty employees**

Faculty workweek and hours are fully explained in the NMJC Faculty Handbook.

### **Part-time employees**

Part-time employees may work no more than 29 hours per week, **or up to .75 FTE (equivalent to 9 credit hours)**, **and may not hold more than one job position on campus**. **Part-time employees are not eligible for stipends or additional compensation outside of their authorized work hours.**

### **Alternative work schedules**

Alternative work schedules encompass a variety of options that create workplace flexibility when employees work. Alternative work schedules may be necessary and temporary, and may be

assigned by the supervisor to efficiently meet workloads of a department. Supervisors shall provide reasonable notice, generally two weeks in advance. Alternative work schedules are subject to change at any time based on the business needs of the College.

### **Work Locations**

In general, employees are assigned to work at a specific College location. Alternative work sites on a temporary or permanent basis may be established by the supervisor, subject to review by the area administrator.

### **Telecommute**

Telecommuting is a work arrangement, requiring supervisor approval and administrative concurrence, in which some or all of the work assigned to an eligible employee is conducted at a non-College worksite (e.g., employee's home). Occasional work off-site, including work while traveling on College business, does not constitute telecommuting and does not require the formal arrangement described in this procedure. Telecommuting arrangements are subject to change at any time based on the business needs of the College.

### **Meal Period**

Full-time employees shall normally receive a 60-minute unpaid meal period to be taken around the middle of the employee's scheduled workday. An employee may request an occasional departure from their designated lunch period. Such requests must be made by the employee in advance and obtain supervisory approval. In all cases, the employee must receive a minimum of a one-half hour unpaid break.

## **10 LEAVES**

### **10.1 Vacation**

**Adoption Date:** July 18, 2024

**Revision Date:** 10-20-2022

NMJC provides paid vacation time to full-time professional and staff employees, excluding faculty. Employees are encouraged to take vacation during the year. Employees may not take paid vacation until they actually have earned or accrued the vacation time.

Faculty on nine-month contracts shall observe leave as established for students in the College calendar, with the exception that the beginning of duty in the fall and the spring shall start with the date specified on the College calendar when faculty reports, which is generally approximately one week prior to the beginning of classes for a semester and continues through submission of final grades and attendance at commencement.

Excluding Faculty, full-time employees accrue a total of five (5) days of vacation the first year (3.33 hours per month), a total of ten (10) days the second year (6.67 hours per month) and a total of fifteen (15) days (10.00 hours per month) thereafter.

All vacation time shall be coordinated with the employee's immediate supervisor and approved in advance. Employees should submit requested vacation time to their supervisor as early in advance of the requested vacation date as possible. Vacation may be scheduled in increments of 1/2 workdays up to a maximum of two weeks in a row. Supervisors have the right to designate when some or all of vacation days may be taken.

Employees shall turn in the leave form on Self-Service Banner for the period in which vacation was taken. ***Failure to turn in an Electronic Leave Form after being on vacation or away from work is grounds for discipline up to and including termination of employment.***

Vacation should be used in the year it is earned. However, if accrued vacation leave is not used by December 31 and an employee earns one week's vacation the employee can carry over up to 40 hours, if the employee earns two weeks' vacation, the employee can carry over up to 80 hours and an employee who earns three weeks' vacation can carry over up to 120 hours. In the event an employee retires, resigns, is terminated, or is not re-employed, the employee will only be paid **up to the maximum accrual for unused vacation time that has accrued** during the calendar year of the termination. **Employees may not utilize Vacation Leave during their final two (2) weeks of employment.** Employees with less than three (3) months of employment, however, are not eligible for vacation pay at termination.

## **10.9 Leave Without Pay**

**Adoption Date:** July 18, 2024

**Revision Date:**

When possible, request for Leave Without Pay shall be requested in writing and in advance to the Payroll Coordinator, who will forward to the President for approval or denial. In most cases, all accrued leave shall be exhausted before unpaid leave will be submitted.

Employees on leave without pay (**other than FMLA**) and/or long- term disability shall not accrue Sick Leave or Vacation Leave benefits during the leave without pay. When a scheduled holiday occurs during the time an employee is on an unpaid leave or long-term disability status, he/she shall not be eligible for holiday pay. Misuse of unpaid leave is subject to Corrective Action Policy, up to and including termination of employment.

### **Reinstatement**

1. **Reinstatement other than Military service (USERRA) is not guaranteed. Operating conditions or needs may make reinstatement impractical when requested.**
  - a. Where practical, the College attempts to fill the employee's position with a contingent employee during the leave without pay but reserves the right to eliminate the position or fill it with another employee.
  - b. **Reinstatement is not an employee's right. The determination of**

reinstatement or non-reinstatement shall be at the discretion of the appropriate Vice President and the President.

2. An employee returning from a leave without pay shall contact the Human Resources Office prior to expiration of the leave. Failure to do so shall be treated as a resignation.
3. An effort shall be made to reinstate an employee to the same or equivalent job and salary held at the time of leaving, if such a position is available and with the approval of the President.
4. If the employee's previous position is no longer available and he/she is not placed in another similar position within three (3) months, or if the employee refuses a position offered to him/her, NMJC has no further reinstatement obligation. The employee shall then be terminated as a resignation.

#### **Other General Considerations**

1. Group insurance shall be continued while the employee is on leave without pay, provided the full payment for the insurance is made with no contribution being paid by the College during the leave.

2. The Educational Retirement Board prohibits the payment of retirement contributions if the employee does not receive a salary. Payments for retirement credits shall be discontinued during the time of the leave without pay.
3. An employee reinstated from leave of absence within one (1) year shall be given credit for prior service in computing the accrual rate for Vacation, Sick Leave, and other benefits.

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## NEW MEXICO JUNIOR COLLEGE

### Vice President for Finance

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**To:** New Mexico Junior College Board Members  
**From:** Josh Morgan  
**Date:** February 14, 2025  
**RE:** WHM Exterior Improvements

---

Board Members,

At the October 2024 NMJC Board Meeting, the board approved the Western Heritage Museum Exterior Improvements project to be taken to the Higher Education Department for their approval at the November 13 New Mexico Higher Education Department Capital Projects hearing. This project was presented and approved by the NMHED Capital Projects Committee at that hearing.

Since that time, the Administration has been working with Dekker Architects and Bradbury Stamm Construction to finalize the proposal for the Western Heritage Museum Exterior Improvements project. The proposal received from Bradbury Stamm Construction using a CES contract is \$1,576,881.

The Western Heritage Museum Exterior Improvements project will cover the failing stucco on the Western Heritage Museum building with high-quality 22-gauge steel panels that meet industry standards for durability and aesthetics. Any loose or damaged stucco will be removed to create a solid foundation for the steel panels and the existing stucco surface will be cleaned to remove debris that could affect installation. Insulation panels to enhance thermal efficiency and soundproofing will be installed. The 22-gauge steel panels will be securely attached over the existing stucco using appropriate fasteners. The panels will be installed in a staggered pattern to minimize seams and enhance aesthetics. Panels will be installed from the bottom and working upwards ensuring proper overlap for water drainage. Weatherproof sealant will be applied along all seams and edges to prevent water infiltration. Any openings such as windows and doors will be properly flashed and sealed.

Funding for this project will come from \$200,000 in State General Funds and \$1,376,881 in Institutional Funds. There is \$1,957,817 allocated in Institutional Capital funding for the Western Heritage Museum Exterior Improvements project.

We are requesting the board's approval of the proposal submitted by Bradbury Stamm Construction using a CES contract for the Western Heritage Museum Exterior Improvements project at \$1,576,881.

Respectfully,



Josh Morgan



## **Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum**

**AGREEMENT** made as of the Seventeenth day of December in the year Two Thousand Twenty-Four  
(In words, indicate day, month and year.)

**BETWEEN** the Owner:

(Name, legal status, address and other information)

New Mexico Junior College (NMJC)  
1 Thunderbird Circle  
Hobbs, NM 88240  
(575) 392-4510

and the Contractor:

(Name, legal status, address and other information)

Bradbury Stamm Construction, Inc.  
7110 Second Street NW  
Albuquerque, New Mexico 87107

for the following Project:  
(Name, location and detailed description)

I2090: Western Heritage Museum Improvements/Recladding  
The Architect:  
(Name, legal status, address and other information)

Dekker, Ltd  
7601 Jefferson NE Suite 100  
Albuquerque, NM 87109  
(505) 761-9700

The Owner and Contractor agree as follows.

**ADDITIONS AND DELETIONS:**

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

The parties should complete A101®-2017, Exhibit A, Insurance and Bonds, contemporaneously with this Agreement. AIA Document A201®-2017, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

## TABLE OF ARTICLES

- 1 THE CONTRACT DOCUMENTS
- 2 THE WORK OF THIS CONTRACT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 TERMINATION OR SUSPENSION
- 8 MISCELLANEOUS PROVISIONS
- 9 ENUMERATION OF CONTRACT DOCUMENTS

## EXHIBIT A INSURANCE AND BONDS

### ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary, and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations, or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

### ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others. Reference attachment A

### ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be:  
(Check one of the following boxes.)

The date of this Agreement.

A date set forth in a notice to proceed issued by the Owner.

Established as follows:  
(Insert a date or a means to determine the date of commencement of the Work.)

If a date of commencement of the Work is not selected, then the date of commencement shall be the date of this Agreement.

§ 3.2 The Contract Time shall be measured from the date of commencement of the Work.

#### § 3.3 Substantial Completion

§ 3.3.1 Subject to adjustments of the Contract Time as provided in the Contract Documents, the Contractor shall achieve Substantial Completion of the entire Work:  
(Check one of the following boxes and complete the necessary information.)

Init.

Not later than One Hundred Eighty ( 180 ) calendar days from the date of commencement of the Work.  
 By the following date:

§ 3.3.2 Subject to adjustments of the Contract Time as provided in the Contract Documents, if portions of the Work are to be completed prior to Substantial Completion of the entire Work, the Contractor shall achieve Substantial Completion of such portions by the following dates:

Portion of Work	Substantial Completion Date
Not Applicable	Not Applicable

§ 3.3.3 If the Contractor fails to achieve Substantial Completion as provided in this Section 3.3, liquidated damages, if any, shall be assessed as set forth in Section 4.5.

#### ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be One Million Five Hundred Seventy Six Thousand, Eight Hundred and Eighty Eight Dollars and no cents 1,576,881.00 ), Including NMGRT for location code 06-006 at the current rate of 5.2500%, subject to additions and deductions as provided in the Contract Documents.

#### § 4.2 Alternates

§ 4.2.1 Alternates, if any, included in the Contract Sum:

Item	Price
Not Applicable	Not Applicable

§ 4.2.2 Subject to the conditions noted below, the following alternates may be accepted by the Owner following execution of this Agreement. Upon acceptance, the Owner shall issue a Modification to this Agreement.  
*(Insert below each alternate and the conditions that must be met for the Owner to accept the alternate.)*

Item	Price	Conditions for Acceptance
Not Applicable	Not Applicable	Not Applicable

§ 4.3 Allowances, if any, included in the Contract Sum:  
*(Identify each allowance.)*

Item	Price
Not Applicable	Not Applicable

#### § 4.4 Unit prices, if any:

*(Identify the item and state the unit price and quantity limitations, if any, to which the unit price will be applicable.)*

Item	Units and Limitations	Price per Unit (\$0.00)
Not Applicable	Not Applicable	Not Applicable

#### § 4.5 Liquidated damages, if any:

*(Insert terms and conditions for liquidated damages, if any.)*

Not Applicable.

#### § 4.6 Other:

*(Insert provisions for bonus or other incentives, if any, that might result in a change to the Contract Sum.)*

Not Applicable.

Init.

## ARTICLE 5 PAYMENTS

### § 5.1 Progress Payments

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the Thirtieth day of a month, the Owner shall make payment of the amount certified to the Contractor not later than the Fifteenth day of the Following month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than Fifteen (15) days after the Architect receives the Application for Payment.

*(Federal, state or local laws may require payment within a certain period of time.)*

§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form, and supported by such data to substantiate its accuracy, as the Architect may require. This schedule of values shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.

§ 5.1.6 In accordance with AIA Document A201™-2017, General Conditions of the Contract for Construction, and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

#### § 5.1.6.1 The amount of each progress payment shall first include:

- .1 That portion of the Contract Sum properly allocable to completed Work;
- .2 That portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction, or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing; and
- .3 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment, to be reasonably justified.

#### § 5.1.6.2 The amount of each progress payment shall then be reduced by:

- .1 The aggregate of any amounts previously paid by the Owner;
- .2 The amount, if any, for Work that remains uncorrected and for which the Architect has previously withheld a Certificate for Payment as provided in Article 9 of AIA Document A201-2017;
- .3 Any amount for which the Contractor does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Contractor intends to pay;
- .4 For Work performed or defects discovered since the last payment application, any amount for which the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201-2017; and
- .5 Retainage withheld pursuant to Section 5.1.7.

### § 5.1.7 Retainage

§ 5.1.7.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold the following amount, as retainage, from the payment otherwise due:

*(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)*

Zero Percent

**§ 5.1.7.1.1** The following items are not subject to retainage:

*(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)*

Not Applicable

**§ 5.1.7.2** Reduction or limitation of retainage, if any, shall be as follows:

*(If the retainage established in Section 5.1.7.1 is to be modified prior to Substantial Completion of the entire Work, including modifications for Substantial Completion of portions of the Work as provided in Section 3.3.2, insert provisions for such modifications.)*

Not Applicable

**§ 5.1.7.3** Except as set forth in this Section 5.1.7.3, upon Substantial Completion of the Work, the Contractor may submit an Application for Payment that includes the retainage withheld from prior Applications for Payment pursuant to this Section 5.1.7. The Application for Payment submitted at Substantial Completion shall not include retainage as follows:

*(Insert any other conditions for release of retainage upon Substantial Completion.)*

Not Applicable

**§ 5.1.8** If final completion of the Work is materially delayed through no fault of the Contractor, the Owner shall pay the Contractor any additional amounts in accordance with Article 9 of AIA Document A201–2017.

**§ 5.1.9** Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

**§ 5.2 Final Payment**

**§ 5.2.1** Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Article 12 of AIA Document A201–2017, and to satisfy other requirements, if any, which extend beyond final payment; and
- .2 a final Certificate for Payment has been issued by the Architect.

**§ 5.2.2** The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

Not Applicable

**§ 5.3 Interest**

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

*(Insert rate of interest agreed upon, if any.)*

1.5 % per month per NM Prompt Payment Act

**ARTICLE 6 DISPUTE RESOLUTION**

**§ 6.1 Initial Decision Maker**

The Architect will serve as the Initial Decision Maker pursuant to Article 15 of AIA Document A201–2017, unless the parties appoint below another individual, not a party to this Agreement, to serve as the Initial Decision Maker.

*(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)*

Init.

## § 6.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by, mediation pursuant to Article 15 of AIA Document A201–2017, the method of binding dispute resolution shall be as follows:

*(Check the appropriate box.)*

Arbitration pursuant to Section 15.4 of AIA Document A201–2017

Litigation in a court of competent jurisdiction

Other *(Specify)*

If the Owner and Contractor do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.

## ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201–2017.

§ 7.1.1 If the Contract is terminated for the Owner's convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Contractor a termination fee as follows:

*(Insert the amount of, or method for determining, the fee, if any, payable to the Contractor following a termination for the Owner's convenience.)*

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017.

## ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 The Owner's representative:

*(Name, address, email address, and other information)*

Josh Morgan  
Vice President for Finance  
1 Thunderbird Circle  
Hobbs, NM 88240  
jmorgan@nmjc.edu

§ 8.3 The Contractor's representative:

*(Name, address, email address, and other information)*

Dennis H. Towne  
7110 2<sup>nd</sup> St. NW  
Albuquerque, NM 87107  
dtowne@bradburystamm.com  
(505) 250-2174 Mobile, (505) 765-1200 Main Office

§ 8.4 Neither the Owner's nor the Contractor's representative shall be changed without ten days' prior notice to the other party.

Init.

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User Notes:

(861219687)

### § 8.5 Insurance and Bonds

§ 8.5.1 The Owner and the Contractor shall purchase and maintain insurance as set forth in AIA Document A101™-2017, Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, Exhibit A, Insurance and Bonds, and elsewhere in the Contract Documents.

§ 8.5.2 The Contractor shall provide bonds as set forth in AIA Document A101™-2017 Exhibit A, and elsewhere in the Contract Documents.

§ 8.6 Notice in electronic format, pursuant to Article 1 of AIA Document A201-2017, may be given in accordance with AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:

*(If other than in accordance with AIA Document E203-2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)*

AIA Document E203-2013 is not applicable. BIM and CAD indemnification and Release Forms will be provided by the Architect for the Contractor to sign.

### § 8.7 Other provisions:

#### Article XV – Required Non-Appropriations Clause

"The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, the New Mexico Junior College may immediately terminate this Agreement by giving Contractor written notice of such termination. The New Mexico Junior College's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. Contractor hereby waives any rights to assert an impairment of contract claim against the New Mexico Junior College or the NMHED or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the New Mexico Junior College or the Department."

#### Article XVI – Required Termination Clause

"This contract is funded in whole or in part by funds made available under a NMHED Grant Agreement. Should the NMHED early terminate the grant agreement, the New Mexico Junior College may early terminate this contract by providing Contractor written notice of such termination. In the event of termination pursuant to this paragraph, the New Mexico Junior College only liability shall be to pay Contractor for acceptable goods delivered and services rendered before the termination date."

## ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

### § 9.1 This Agreement is comprised of the following documents:

- .1 AIA Document A101™-2017, Standard Form of Agreement Between Owner and Contractor
- .2 AIA Document A101™-2017, Exhibit A, Insurance and Bonds
- .3 AIA Document A201™-2017, General Conditions of the Contract for Construction
- .4 AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:

*(Insert the date of the E203-2013 incorporated into this Agreement.)*

Not Applicable

### .5 Drawings

Number	Title	Date
AE101	Floor and Roof Plan	08.06.2024
AE201	Exterior Elevations	08.06.2024
AE321	Wall Sections	08.06.2024
AE322	Wall Sections	08.06.2024

Init.

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User Notes:

(861219687)

AE341 Details 08.06.2024

.6 Specifications

Section	Title	Date	Pages
Not Applicable.			

.7 Addenda, if any:

Number	Date	Pages
001	08.26.2024	One (1) 8 1/2" x 11" page

Portions of Addenda relating to bidding or proposal requirements are not part of the Contract Documents unless the bidding or proposal requirements are also enumerated in this Article 9.

.8 Other Exhibits:

*(Check all boxes that apply and include appropriate information identifying the exhibit where required.)*

AIA Document E204™-2017, Sustainable Projects Exhibit, dated as indicated below:  
*(Insert the date of the E204-2017 incorporated into this Agreement.)*

Not Applicable

The Sustainability Plan:

Title	Date	Pages
Not Applicable		

Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages
Not Applicable			

.9 Other documents, if any, listed below:

*(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201™-2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Contractor's bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)*

Not Applicable

This Agreement entered into as of the day and year first written above.

OWNER (Signature)

Cathy Mitchell, Interim President  
(Printed name and title)

CONTRACTOR (Signature)

Cynthia Schultz, CEO  
(Printed name and title)

## Additions and Deletions Report for AIA® Document A101® – 2017

This Additions and Deletions Report, as defined on page 1 of the associated document, reproduces below all text the author has added to the standard form AIA document in order to complete it, as well as any text the author may have added to or deleted from the original AIA text. Added text is shown underlined. Deleted text is indicated with a horizontal line through the original AIA text.

Note: This Additions and Deletions Report is provided for information purposes only and is not incorporated into or constitute any part of the associated AIA document. This Additions and Deletions Report and its associated document were generated simultaneously by AIA software at 10:41:02 ET on 12/17/2024.

PAGE 1

**AGREEMENT** made as of the Seventeenth day of December in the year Two Thousand Twenty-Four

...

New Mexico Junior College (NMJC)  
1 Thunderbird Circle  
Hobbs, NM 88240  
(575) 392-4510

...

Bradbury Stamm Construction, Inc.  
7110 Second Street NW  
Albuquerque, New Mexico 87107

...

I2090: Western Heritage Museum Improvements/Recladding

...

Dekker, Ltd  
7601 Jefferson NE Suite 100  
Albuquerque, NM 87109  
(505) 761-9700

PAGE 2

A date set forth in a notice to proceed issued by the Owner.  
PAGE 3

Not later than One Hundred Eighty ( 180 ) calendar days from the date of commencement of the Work.

...

Not Applicable

Not Applicable

...

**§ 4.1** The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be ( \$— ), One Million Five Hundred Seventy Six Thousand, Eight Hundred and Eighty Eight Dollars and no cents 1,576,881.00  ), Including NMGRT for location code 06-006 at the current rate of 5.2500%, subject to additions and deductions as provided in the Contract Documents.

...

Not Applicable

Not Applicable

...

Not Applicable

Not Applicable

Not Applicable

...

Not Applicable

Not Applicable

...

Not Applicable

Not Applicable

Not Applicable

...

Not Applicable.

...

Not Applicable.

**PAGE 4**

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the Thirtieth day of a month, the Owner shall make payment of the amount certified to the Contractor not later than the Fifteenth day of the Following month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than Fifteen ( 15 ) days after the Architect receives the Application for Payment.

...

Zero Percent

**PAGE 5**

...

Not Applicable

...

Not Applicable

...

Not Applicable

...

Not Applicable

...

1.5 % per month per NM Prompt Payment Act

**PAGE 6**

Litigation in a court of competent jurisdiction

...

Josh Morgan  
Vice President for Finance  
1 Thunderbird Circle  
Hobbs, NM 88240  
jmorgan@nmjc.edu

...

Dennis H. Towne  
7110 2<sup>nd</sup> St. NW  
Albuquerque, NM 87107  
dtowne@bradburystamm.com  
(505) 250-2174 Mobile, (505) 765-1200 Main Office

PAGE 7

§ 8.6 Notice in electronic format, pursuant to Article 1 of AIA Document A201–2017, may be given in accordance with a building information modeling exhibit, AIA Document E203<sup>TM</sup>–2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:

*(If other than in accordance with a building information modeling exhibit, AIA Document E203–2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)*

AIA Document E203-2013 is not applicable. BIM and CAD indemnification and Release Forms will be provided by the Architect for the Contractor to sign.

...

#### Article XV – Required Non-Appropriations Clause

"The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, the New Mexico Junior College may immediately terminate this Agreement by giving Contractor written notice of such termination. The New Mexico Junior College's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. Contractor hereby waives any rights to assert an impairment of contract claim against the New Mexico Junior College or the NMHED or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the New Mexico Junior College or the Department."

#### Article XVI – Required Termination Clause

"This contract is funded in whole or in part by funds made available under a NMHED Grant Agreement. Should the NMHED early terminate the grant agreement, the New Mexico Junior College may early terminate this contract by providing Contractor written notice of such termination. In the event of termination pursuant to this paragraph, the New Mexico Junior College only liability shall be to pay Contractor for acceptable goods delivered and services rendered before the termination date."

...

.4 Building information modeling exhibit, AIA Document E203<sup>TM</sup>–2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:

*(Insert the date of the building information modeling exhibit E203-2013 incorporated into this Agreement.)*

Not Applicable

<u>AE101</u>	<u>Floor and Roof Plan</u>	<u>08.06.2024</u>
<u>AE201</u>	<u>Exterior Elevations</u>	<u>08.06.2024</u>
<u>AE321</u>	<u>Wall Sections</u>	<u>08.06.2024</u>
<u>AE322</u>	<u>Wall Sections</u>	<u>08.06.2024</u>
<u>AE341</u>	<u>Details</u>	<u>08.06.2024</u>

PAGE 8

Not Applicable.

...

001 08.26.2024 One (1) 8 1/2" x 11" page

...

Not Applicable

...

Not Applicable

...

Not Applicable

...

Not Applicable

...

Cathy Mitchell, Interim President

Cynthia Schultz CEO

## **Certification of Document's Authenticity**

**AIA® Document D401™ – 2003**

I, , hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 10:41:02 ET on 12/17/2024 under Order No. 2114424315 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A101™ – 2017, Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, other than those additions and deletions shown in the associated Additions and Deletions Report.

**Matt McKim**

Digitally signed by Matt McKim  
DN C=US,  
E=mmckim@dekkerdesign.org,  
O=Dekker, CN=Matt McKim  
Reason: I am approving this document  
Date: 2025.02.03 11:31:57-07'00'

---

*(Signed)*

**Design Leader/Principal, Education + Science**

---

*(Title)*

**2/3/2025**

---

*(Dated)*

**Design Documents - (Reference Attachment A)**

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Per the NMJC Western Heritage Cladding 100% CD Drawings dated August 6<sup>th</sup>, 2024, as provided by DPS.

- See list of plans and specifications for further details.
- Cover Sheet
- AE101
- AE201
- AE321
- AE322
- AE341

## **SCOPE OF WORK**

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**General Clarifications**

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The following cost estimate narrative is intended to provide a more descriptive characterization of our interpretations and assumptions made in preparing this estimate. All work is per the documents listed above. Clarifications to those documents are included within.

Wage rates included per State of NM Type B Street, General Building, effective January 1, 2024. The official wage decision has not yet been provided by DPS.

Pricing assumes that construction will begin 6/1/2025 and is expected to last 6 months. See attachment B for further details.

- Owner/developer furnished equipment and materials not included.
- Development costs are not included.
- Materials testing and special inspections are not included.
- Design costs are not included.
- Certified Surveys are not included.
- Abatement costs are not included. The owner is required to ensure the building is hazmat free.

**DIVISION 7 – BUILDING INSULATION**

- Building insulation per the construction documents

**DIVISION 7 – METAL WALL PANELS/COPING**

**METAL WALL PANEL/COPING**

- Costs to install new metal wall panels and coping per the construction documents



## Memorandum

**To:** New Mexico Junior College Board

**From:** Dennis Holmberg, Executive Director  
New Horizons Foundation (NHF)

**Date:** February 12, 2025

**RE:** Appointment of Cathy Mitchell and Erin McMath to the NHF Board of Directors

The bylaws of the NHF state that the President of New Mexico Junior College will serve on the Board of the NHF. With the hiring of Cathy Mitchell as interim President of New Mexico Junior College, we ask that you appoint Cathy Mitchell as a Board member of the NHF, as called for in Section 3 (b) of the NHF By-Laws, "Directors shall be elected to the Board of Directors by the affirmative vote of a majority of the Board of Directors of New Mexico Junior College".

Ms. Mitchell would fill out the term of Dr. Moore (which ends 11/1/25).

Tres Hicks has been on the NHF Board since 2019, as a representative of the Economic Development Corporation of Lea County (EDCLC). Tres wishes to resign from the NHF Board, effective February 28, 2025. NHF has reached out to the EDCLC and asked them to recommend a replacement. The EDCLC recommendation is Erin McMath, an engineer for Mewbourne Oil in Hobbs. The NHF Board believes that Erin will be a great addition to the NHF Board, and unanimously recommend Erin McMath be appointed as a member of the NHF Board, to fill out the remaining term of Tres Hicks (which ends 11/1/27).

Thank you for your consideration in this matter.