Northern New Mexico College

Financial Statements and Supplementary Information

For the Year Ended June 30, 2020

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Introductory Section

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COMPLIANCE SECTION

FEDERAL FINANCIAL ASSISTANCE

State of New Mexico
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Official Roster
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Name	**Title**
	BOARD OF REGENTS
The Honorable Michelle Lujan Grisham	Ex Officio Member, Governor of the State of New Mexico
Kate O'Neill, PhD	Ex Officio Member, Cabinet Secretary, Public Education Department of NM
Michael A. Martin	President
Erica Rita Velard, PE	Vice President
Porter Swentzell, PhD	Secretary/Treasurer
Damian L. Martinez, Esq.	Member
Tomas Rodriguez	Member (Student)
	ADMINISTRATIVE OFFICIALS
Richard J. Bailery, Jr., PhD	President
Ricky A. Bejarano, CPA, CGMA	Vice President for Finance and Administration
Ivan Lopez, PhD	Vice President for Academic Affiar, Provost
Vince Lithgow, CGFM	Comptroller

State of New Mexico
Northern New Mexico College
Official Roster
June 30, 2020

FOUNDATION BOARD MEMBERS

Name	Title
Alfred Herrera	President
Tania Sanchez	Vice President/Secretary/Treasurer
Catherine Rosacker	Member
Dr. Dorian Newton	Member
David Eyler	Member
James Owen	Member
Richard J. Bailery, Jr., PhD	Ex Officio Member
Ricky A. Bejarano, CPA, CGMA	Ex Officio Member

ADMINISTRATIVE OFFICIALS

Name	Title
Vacant	Executive Director

EAGLE CORPORATION BOARD MEMBERS

Name	Title
Erica Rita Velarde, PE	President
Julianna Barbee	Vice President
Ricky A. Bejarano, CPA, CGMA	Treasurer
Richard J. Bailey, Jr., PhD	Secretary
Kathy Keith	Member

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Financial Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
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Albuquerque, NM 87110

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(505) 884-6719 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Northern New Mexico College (the "College"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budgetary schedules presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2020, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary schedule of the College referred to above present fairly, in all material respects, the respective budgetary schedules for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the College are intended to present the net position, changes in net position and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the College and its discretely presented component units. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2020, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restatement of Net Position

As discussed in Note 2 to the basic financial statements, the prior year statements have been restated in the amount of ($1,927,655) in the business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the GASB required pension schedules, the GASB required other post-employment benefits schedules, and the notes to the required supplementary information on pages 64 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
June 1, 2021

Basic Financial Statements

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

June 30, 2020	Primary Government	Northern New Mexico College Foundation	Northern New Mexico Eagle Corporation
Assets			
Current assets			
Cash and cash equivalents	$ 5,359,237	$ 28,657	$ -
Restricted cash and cash equivalents	389,535	677,877	-
Receviables, net of allowances for uncollectibles			
Grants and contracts	1,537,351	-	-
Capital grants	6,263	-	-
Student	1,259,912	-	-
Mill levy	359,802	-	-
Other	172,561	-	-
Due from component units	393,862	-	-
Due from primary government	-	-	300,000
Inventory	74,242	-	-
Prepaid expenses	17,391	-	-
Total current assets	9,570,156	706,534	300,000
Noncurrent assets			
Restricted endowment investments	-	3,959,047	-
Non-depreciable assets	13,363,865	-	-
Depreciable assets	66,713,921	-	-
Accumulated depreciation	(44,235,434)	-	-
Total noncurrent assets	35,842,352	3,959,047	-
Total assets	45,412,508	4,665,581	300,000
Deferred outflows of resources			
Deferred outflows - pension	4,837,535	-	-
Deferred outflows - OPEB	505,583	-	-
Total deferred outflows of resources	5,343,118	-	-
Total assets and deferred outflows of resources	$ 50,755,626	$ 4,665,581	$ 300,000

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

June 30, 2020	Primary Government	Northern New Mexico College Foundation	Northern New Mexico Eagle Corporation
Liabilities and net position			
Liabilities			
Current liabilities			
Accounts payable	$ 1,835,612	$ -	$ -
Accrued expenses	843,784	-	-
Due to component units	300,000	-	-
Due to primary government	-	390,283	3,579
Due to State of New Mexico	504,349	-	-
Unearned revenue	1,813,475	-	-
Long-term liabilities, current	529,301	-	-
Total current liabilities	5,826,521	390,283	3,579
Noncurrent liabilities			
Long-term liabilities, net of current portion	144,131	-	-
Net pension liability	21,959,024	-	-
Net OPEB liability	5,794,149	-	-
Total noncurrent liabilities	27,897,304	-	-
Total liabilities	33,723,825	390,283	3,579
Deferred inflows of resources			
Deferred inflows - pension	1,404,200	-	-
Deferred inflows - OPEB	3,504,941	-	-
Total deferred inflows of resources	4,909,141	-	-
Net position			
Net investment in capital assets	35,629,071	-	-
Restricted for			
Endowments-nonspendable	-	4,128,168	-
Endowments-spendable	-	508,756	-
Unrestricted	(23,506,411)	(361,626)	296,421
Total net position	12,122,660	4,275,298	296,421
Total liabilities and net position	$ 50,755,626	$ 4,665,581	$ 300,000

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

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

For the Year Ended June 30, 2020	Primary Government	Northern New Mexico College Foundation	Northern New Mexico Eagle Corporation
Operating revenues			
Student tuition, fees and trainings	$ 3,938,429	$ -	$ -
Federal grants and contracts	5,881,328	-	-
State and local grants and contracts	1,186,852	-	-
Other grants and contracts	550,048	-	-
Sales and services of auxiliary enterprises	485,349	-	-
Gifts, bequests and endowments	-	528,133	-
Other	231,802	-	-
Total operating revenues	12,273,808	528,133	-
Operating expenses			
Instruction and general			
Instruction	3,034,295	-	-
Institutional support	2,388,129	151,394	-
Student aid, grants, and stipends	5,251,653	-	-
Operation and maintenance of plant	729,298	-	-
Student services	1,106,163	-	-
Academic support	358,710	-	-
Athletics	588,625	-	-
Public service	889,997	-	-
Student activities	66,079	-	-
Research	96,347	-	-
Scholarships	-	49,736	-
Other	-	60,225	3,579
Auxiliary enterprises	797,135	-	-
Depreciation	1,346,833	-	-
Total operating expenses	16,653,264	261,355	3,579
Operating (loss) income	(4,379,456)	266,778	(3,579)
Non-operating revenues			
State general fund appropriations	12,642,700	-	-
Reversion - 2020	(504,349)	-	-
Mill levy	2,262,343	-	-
State land and permanent fund income	187,701	-	-
Investment income	24,258	53,870	-
Investment in 3rd party	(300,000)	-	-
Miscellaneous income	-	-	300,000
Net non-operating revenues	14,312,653	53,870	300,000
Income before capital appropriations	9,933,197	320,648	296,421
Capital appropriations	1,458,543	-	-
Change in net position	11,391,740	320,648	296,421
Net position, beginning of year, as originally stated	2,658,575	3,954,650	-
Net position, restatement (Note 2)	(1,927,655)	-	-
Net position, beginning of year, as restated	730,920	3,954,650	-
Net position, end of year	$ 12,122,660	$ 4,275,298	$ 296,421

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

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

For the year ended June 30, 2020	Primary Government
Cash flows from operating activities	
Tuition, fees and trainings	$ 4,218,861
Grants and contracts	6,636,989
Sales and services of auxiliary enterprises	485,349
Other operating receipts	324,300
Payments for employee wages and benefits	(22,351,822)
Payments to suppliers for good and services	(1,083,432)
Net cash (used) by operating activities	(11,769,755)
Cash flows from noncapital financing activities	
State appropriations, non-capital	12,642,700
Mill levy revenue	1,902,541
State land and permanent fund income	187,701
Net cash provided by noncapital financing activities	14,732,942
Cash flows from capital financing activities	
State appropriations, capital	2,506,969
Purchase of capital assets	(1,731,385)
Payments of capital leases	(67,919)
Net cash provided by capital financing activities	707,665
Cash flows from investing activities	
Interest received on investments	24,258
Investment in Corporation	(300,000)
Net cash (used) by investing activities	(275,742)
Net increase in cash and cash equivalents	3,395,110
Cash and cash equivalents - beginning of year	2,634,575
Restatement (Note 2)	(280,913)
Cash and cash equivalents - beginning of year, as restated	2,353,662
Cash and cash equivalents - end of year	$ 5,748,772
Reconciliation of end of year cash and cash equivalents to statement of net position	
Cash and cash equivalents, unrestricted	$ 5,359,237
Cash and cash equivalents, restricted	389,535
Cash and cash equivalents, end of year	$ 5,748,772

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

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

For the year ended June 30, 2020	Primary Government
Reconciliation of operating (loss) to net cash (used) by operating activities:	
Operating (loss)	$ (4,379,456)
Depreciation expense	1,346,833
Noncash pension benefit	(8,419,971)
Noncash OPEB benefit	(543,752)
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable, net	
Grants and contracts	(607,784)
Student	313,886
Federal Perkins loans	103,446
Other	(116,541)
Due from component units	209,039
Inventory	(3,155)
Prepaid expenses	38,819
Accounts payable	312,567
Accrued expenses	93,925
Compensated absences	92,744
Due to component units	300,000
Unearned revenues	(510,355)
Net cash (used) by operating activities	$ (11,769,755)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The College is a two-year and four-year degree granting institution of higher learning. The College offers degrees in biology, business administration, elementary education, engineering, environmental science, information technology, and nursing. The College's main campus is located in Española, New Mexico, and its branch campus is located in El Rito, New Mexico.

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

Reporting Entity

The College is part of the primary government of the State of New Mexico; however, these basic financial statements are intended to present the net position, changes in net position and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the College and its discretely presented component units. They do not purport to and do not, present fairly the net position of the State of New Mexico as of June 30, 2020, and the changes in net position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

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

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

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

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

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

Discretely Presented Component Units

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

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

Basis of Accounting and Financial Statement Presentation

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

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

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

Budgetary basis of accounting (Continued)

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in banks with various financial institutions. For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables

The College has the following types of receivables.

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

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

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

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

Inventory

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

Prepaid Expenses

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

Restricted Assets

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets (Continued)

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

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

Procurement card account – The College is required to maintain a minimum balance of $350,000 in a bank account as a requirement for having their procurement card.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources

In addition to assets, the statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The College has three types of items that qualify for reporting in this category related to reporting under GASB 68 and two types that related to reporting under GASB 75, which total $4,837,535 and $505,583, respectively, in the statement of net position. The amounts are further detailed in Note 11 and Note 12. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has three types of items present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and four types that related to reporting under GASB 75. The deferred inflows of resources total $1,404,200 and $3,504,941, respectively, in the statement of net position, and are further detailed in Note 11 and Note 12. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Unearned Revenues

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

In addition, unearned revenues relate to property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property tax receivables are recognized in the period for which the taxes are levied, net of estimated refunds and uncollectible amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

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

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

According to College policy, conversion of sick leave accrual to cash is not permitted and no liability is recorded for non-vesting accumulating rights to receive sick leave.

Long-term Obligations

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

Pension

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Post-Employment Benefits (OPEB)

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

Net Position

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

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

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

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

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

Revenues and Expenses

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (Continued)

Non-operating revenue include activities that have the characteristics of non-exchange transactions, such as 1) appropriations, 2) gifts, and 3) investment income. These revenue streams are recognized under GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met.

Mill Levy

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

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

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

Tax Abatements

The College does not have any tax abatements at June 30, 2020.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Dependency

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 1, 2021. See note 20 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

The College has implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which became effective immediately upon issuance by GASB in May 2020. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of Statements No. 84, 89, 90, 91, 92, and 93 by twelve months and Statement No. 87 by eighteen months.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

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

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

NOTE 2: NET POSITION RESTATEMENT

The College has a prior period restatement in the amount of ($1,927,655), which was required to properly state various account balances as identified below. This was primarily due to the College not having sufficient appropriate audit evidence during previous fiscal years.

NOTE 2: NET POSITION RESTATEMENT (Continued)

	Restatement
Net position, beginning of the year	$ 2,658,575
Cash and cash equivalents	(280,913)
Accounts receivable	(1,850,442)
Prepaid	49,247
Deferred outflows of resources	(19,844)
Accounts payable	63,032
Accrued liabilities	182,913
Long-term debt	(3,755)
Unearned revenue	(44,769)
Funds held for others	(23,124)
Net position, beginning of the year, as restated	$ 730,920

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

State statutes authorize the investment of College funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the College properly followed State investment requirements as of June 30, 2020.

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

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2020, $5,459,709 of the College's bank balances of $5,959,709 was exposed to custodial credit risk. $4,247,913 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name. $1,211,796 of the College's deposits were uninsured and uncollateralized at June 30, 2020.

	Century Bank	New Mexico Bank & Trust	Total
Total amount of deposits	$ 5,243,050	$ 716,659	$ 5,959,709
Deposit accounts covered by the FDIC coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	4,993,050	466,659	5,459,709
Collateralized by securities held by the pledging institution or by its trust department or agent other than the College's name	4,000,000	247,913	4,247,913
Uninsured and uncollaterized	$ 993,050	$ 218,746	$ 1,211,796
Collateral requirement (50% of uninsured public funds)	$ 2,496,525	$ 233,330	$ 2,729,855
Pledged security	4,000,000	247,913	4,247,913
Over collateralization	$ 1,503,475	$ 14,583	$ 1,518,058

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Deposits and Investments to the Statement of Net Position

Deposits	$	5,959,709
Petty cash		2,543
Less reconciling items		(213,480)
Total cash and cash equivalents and investments		5,748,772
Statement of net position		
Cash and cash equivalents		5,359,237
Restricted cash and cash equivalents		389,535
Net deposits	$	5,748,772

NOTE 4: ACCOUNTS RECEIVABLE

The College's accounts receivable balance at June 30, 2020 represent revenues earned from student tuition and fees, loans, advances to students, federal government grants and contracts, and State of New Mexico agencies that include pass through federal and state grants. All amounts are expected to be collected within sixty days after year-end. An allowance for uncollectible accounts has been established for student accounts judged to be uncollectible due to the age of the receivables. A schedule of receivables and allowance for uncollectible accounts is as follows.

Receivables, net of allowances for uncollectibles				
Grants and contracts receivable			$	1,537,351
Capital grants				6,263
Student accounts receivable	$	2,900,626		
Less allowance for doubtful accounts		(1,640,714)		
Student accounts receivable, net				1,259,912
Mill levy				359,802
Other receivables				172,561
Total receivables, net of allowances for uncollectibles			$	3,335,889

NOTE 5: DUE FROM/TO COMPONENT UNITS

At June 30, 2020, the College had the following due from and due to component units:

	Due from Component Unit	Due to Component Unit
Northern New Mexico College Foundation	$ 390,283	$ -
Northern New Mexico College Eagle Corporation	3,579	300,000

NOTE 6: INVENTORY

The College's inventory at June 30, 2020 are as follows.

Inventory	
Bookstore inventory	$ 66,224
Cafeteria inventory	8,018
Total inventory	$ 74,242

NOTE 7: CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Transfers	Balance June 30, 2020
Assets not being depreciated				
Art	$ 55,296	$ -	$ -	$ 55,296
Land	10,156,229	-	-	10,156,229
Construction in progress	2,802,658	777,209	(427,527)	3,152,340
Total assets not being depreciated	13,014,183	777,209	(427,527)	13,363,865
Assets being depreciated				
Building and improvements	58,323,574	675,852	427,527	59,426,953
Furniture, fixtures, and equipment	3,086,401	551,524	-	3,637,925
Library materials	3,197,924	-	-	3,197,924
Vehicles and heavy equipment	443,119	8,000	-	451,119
Total assets being depreciated	65,051,018	1,235,376	427,527	66,713,921
Less accumulated depreciation				
Building and improvements	36,787,338	991,442	-	37,778,780
Furniture, fixtures, and equipment	2,578,818	325,094	-	2,903,912
Library materials	3,122,449	16,398	-	3,138,847
Vehicles and heavy equipment	399,996	13,899	-	413,895
Total accumulated depreciation	42,888,601	1,346,833	-	44,235,434
Total assets being depreciated, net	22,162,417	(111,457)	427,527	22,478,487
Net capital assets	$ 35,176,600	$ 665,752	$ -	$ 35,842,352

Depreciation expense for the year ended June 30, 2020 was $1,346,833.

NOTE 8: LONG-TERM LIABILITIES

During the year ended June 30, 2020, the following changes occurred in the long-term liabilities reported in the statement of net position:

	Balance July 1, 2019 (As restated)	Additions	Retirements	Balance June 30, 2020	Due within One Year
Capital leases	$ -	$ 281,200	$ 67,919	$ 213,281	$ 69,150
Compensated absences	367,407	576,832	484,088	460,151	460,151
Total long-term liabilities	$ 367,407	$ 858,032	$ 552,007	$ 673,432	$ 529,301

Capital Lease

The College has entered into an agreement to lease copiers. The leases bears an interest rate of 2.75% and payments are due monthly. Capital lease debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	$ 69,150	$ 4,998	$ 74,148
2022	71,076	3,072	74,148
2023	73,055	1,093	74,148
Total	$ 213,281	$ 9,163	$ 222,444

Compensated Absences

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

NOTE 9: RISK MANAGEMENT

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

NOTE 9: RISK MANAGEMENT (Continued)

The College is exposed to various risks of loss related to general, automobile and aircraft liabilities, including those relating to civil rights (torts); theft of, damage to and destruction of state property assets; errors and omissions; injuries to employees; group insurance; and natural disasters, all of which are insured against by participation in the public entity risk pool described above, subject to limits of coverage set by RMD. All employees of the College are covered by a blanket fidelity bond up to $5,000,000, with a $1,000 deductible per occurrence, by the State of New Mexico for the period of July 1, 2019 to June 30, 2020. The College is currently a party to litigation claims in the ordinary course of business and which is anticipated to be within the coverage provided by RMD.

NOTE 10: OTHER REQUIRED DISCLOSURES

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

A. Deficit net position.
   The College does not maintain a deficit net position.

B. Excess of expenses over appropriations.
   The College is not aware of any expenses in excess of budgetary authority.

C. Designated cash appropriation in excess of available balances.
   The College is not aware of any designated cash appropriations in excess of available balances.

NOTE 11: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD

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

General Information about the Pension Plan

Educational Retirement Plan

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

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

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

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

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

General Information about the Pension Plan (Continued)

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

Contributions - The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2020 employers contributed 14.15% of the employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.9% and employees earning more than $20,000 contributed 10.70% of the gross annual salary. For the fiscal year ended June 30, 2019 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the College was $1,227,035 for the year ended June 30, 2020.

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

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018. At June 30, 2019, the College reported a liability of $21,959,024 for its proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2019. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2019, the College's proportion was .2898 percent, which was a decrease of .00263 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the College recognized pension expense of $7,204,327. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 575,517
Net difference between projected and actual earnings on pension plan investments	-	467,654
Changes in assumptions	3,094,079	-
Changes in proportion	516,421	361,029
Contributions subsequent to the measurement date	1,227,035	-
Total	$ 4,837,535	$ 1,404,200

$1,227,035 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30,	
2020	$ (2,503,525)
2021	86,398
2022	149,867
2023	60,960
Total	$ (2,206,300)

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

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

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

1. Employers contribute 0.25% more per employees,

2. Short-term substitute teachers working over quarter time and their employers make contributions,

3. Members beginning employment on or after July 1, 2019 have a new tiered retirement calculation increasing the credited service requirement to receive a full benefit,

4. Members who are New Mexico Public Employees Retirement Association are required to make non-refundable contributions,

5. Return to work members are required to make non-refundable contributions, and

6. Reduction of pay spiking in the final average salary calculation.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market
Inflation	2.5%
Salary Increase	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.

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

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

Mortality	Healthy males: RP-2000 Combined Mortality Table with White Collar adjustments, no set back. Generational mortality improvements with Scale BB from the table's base year of 2000.
	Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
Other Information	House Bill 360 enacted several changes effective July 1, 2019. The changes included benefit provision for new hires and employer contributions.

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

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

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

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

Comparative Schedule of Target Investment Allocation

Asset Class	**After Allocation**	**Policy Target**
Equities		
Domestic Equities		
Large cap equities	15.1%	16%
Small- mid cap equities	2.2%	3%
Total domestic	17.3%	19.00%
International Equities		
Developed	4.8%	5%
Emerging markets	9.2%	9%
Total international	14.0%	14.00%
Total equities	31.3%	33.00%
Fixed Income		
Opportunistic credit	17.8%	18%
Core fixed income	6.4%	6%
Emerging markets debt	1.7%	2%
Total fixed income	25.9%	26%
Alternatives		
Real estate - REITS	6.8%	7%
Real assets	7.8%	8%
Private equity	15.2%	13%
Global asset allocation	4.1%	4%
Risk parity	5.4%	3%
Other	2.5%	5%
Total alternatives	41.8%	40%
Cash	1.0%	1%
Total	100.0%	100.00%

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

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

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

Discount rate - A single discount rate of 7.25% was used to measure the total ERB pension liability as of June 30, 2019. This single discount rate was based on an expected rate of return on pension plan investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year 2050 and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate - The following table shows the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2019. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate share of the net pension liability	$ 29,642,999	$ 21,959,024	$ 15,603,644

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2019, which are publicly available at www.nmerb.org.

Payables to the pension plan - The College remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2020, the College recorded a payable to NMERB in the amount of $216,248 for the contributions withheld in the month of June 2020, which is included in the accrued expense on the statement of net position.

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

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

Alternative Retirement Plan

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

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

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

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

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

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

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

Alternative Retirement Plan (Continued)

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

ARP Contributions

For the year ended June 30, 2020, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 3.25% of the employees' gross salary to NMERB. The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors.

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

Employer contributions reported in the statement of changes in fiduciary net position include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The 3.25% contribution remitted for fiscal year ended June 30, 2020, was $15,953.

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

General Information about the Other Post-Employment Benefits Plan

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

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

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

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

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

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

Benefits provided

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

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

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

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

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

Contributions

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

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

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

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

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The College's contributions to the plan for the year ended June 30, 2019 totaled $181,416, which equals the required contributions for the year.

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

At June 30, 2019, the College reported a liability of $5,794,149 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2019, the College's proportion was .1787 percent, which was a decrease of .00273 percent from June 30, 2018.

For the year ended June 30, 2020, the College recognized OPEB benefit of ($360,829). At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,458,102
Net difference between projected and actual earnings on OPEB plan investments		53,871
Changes in proportion	324,167	122,897
Changes in assumptions	-	1,870,071
Contributions subsequent to the measurement date	181,416	-
Total	$ 505,583	$ 3,504,941

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

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

$181,416 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2020	$	(855,196)
2021		(855,196)
2022		(739,016)
2023		(452,896)
2024		(278,470)
Total	$	(3,180,774)

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

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

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

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB member; 2.25% for PERA members
Projected payroll increases	3.25% to 13.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)
	PERA members: RP-2000 Combined Healthy Mortality

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

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

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

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

Asset Class	Tarket Allocation	Long-Term Rate of Return
U.S. Core Fixed Income	20%	2%
U.S. Equity - Large Cap	20%	7%
Non U.S. - Emerging Markets	15%	10%
Non U.S. - Developed Equities	12%	8%
Private Equity	10%	12%
Credit and Structured Finance	10%	5%
Real Estate	5%	5%
Absolute Return	5%	4%
U.S. Equity - Small/Mid Cap	3%	7%

Discount Rate

The discount rate used to measure the total OPEB liability is 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate, which includes the assumed inflation rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2039, resulting in a blended discount rate of 4.16%.

Basis for Allocation

The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2019.

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

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

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

1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
$ 7,087,640	$ 5,794,149	$ 4,777,343

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

1% Decrease	Current Trend Rates	1% Increase
$ 4,824,002	$ 5,794,149	$ 6,570,888

OPEB plan fiduciary net position

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2019. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

Payables to the Pension Plan

The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month of which contributions are withheld. At June 30, 2020, the College recorded a payable to NMRHCA in the amount of $20,252 for the contributions withheld in the month of June 2020, which is included in the accrued expense on the statement of net position.

NOTE 13: GROUP INSURANCE PROGRAM

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

NOTE 14: DEFERRED COMPENSATION PLAN

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

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

NOTE 15: LAND GRANT PERMANENT FUND

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

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

As an entity with a beneficial interest, the College receives monthly distributions of income from the LGPF as required by law. The College's beneficial interest and income received from this beneficial interest as of and for the year ended June 30, 2020, was as follows.

Balance of the College's beneficial interest	$ 3,435,656
Income received from the College's beneficial interest in the LGPF	143,412

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

NOTE 16: CONTINGENT LIABILITIES

During the ordinary course of its operation, the College is party to various claims, legal actions, and complaints. 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.

NOTE 17: COMMITMENTS

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

Operating Leases

The College leases certain office space, office equipment, and subscription services under lease agreements with terms ranging from one year to five years. Expenditures for operating leases for the year ended June 30, 2020, were $46,897. Future minimum lease payments under these operating leases are as follows.

Fiscal Year Ending June 30,		
2021	$	40,310
2022		30,853
2023		16,111
Total	$	87,274

NOTE 18: CONCENTRATIONS

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

NOTE 19: RELATED PARTY TRANSACTIONS

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

During the fiscal year ended June 30, 2020, the College made an investment in the New Mexico College Eagle Corporation (the "Corporation"). In addition, the College paid invoices related to startup costs for 6the Corporation.

NOTE 19: RELATED PARTY TRANSACTIONS (Continued)

The College provides contributed services at no charge to the Corporation for personnel dedicated partially or fully in support of the Corporation's operations. The College also allows the Corporation to occupy office space in its buildings for its administrative and program related activities at no charge.

The following transactions occurred during fiscal year ended June 30, 2020, between the College and the Foundation as well as the College and the Corporation.

	Foundation to College	College to Corporation	Corporation to College
Scholarships	$ 49,736	$ -	$ -
Investment in 3rd Party	-	300,000	-
Attorney fees for startup	-	-	3,579
Total	$ 49,736	$ 300,000	$ 3,579

NOTE 20: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2020, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is June 1, 2021 which is the date on which the financial statements were available to be issued following items occurred.

During fiscal year 2020, the College accrued an accounts payable in the amount of $1,415,000 related to a litigation settlement. On May 4, 2021, the College paid $732,854 to a Trust related to a litigation settlement and $239,451 directly to the plaintiff for wages.

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Required Supplementary Information

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

	June 30,	
Fiscal Year	**2020**	**2019**
Measurement Date	**2019**	**2018**
Proportion of the net pension liability (asset)	0.28980%	0.29243%
Proportionate share of the net pension liability (asset)	$ 21,959,024	$ 34,773,819
Covered payroll	8,808,103	8,377,976
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	249.30%	415.06%
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%

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

See notes to required supplementary information.

June 30,			
2018	2017	2016	2015
2017	2016	2015	2014
0.27773%	0.29280%	0.31961%	0.35400%
$ 30,865,435	$ 21,071,157	$ 20,701,991	$ 20,198,280
8,117,792	8,726,377	9,820,806	9,067,933
380.22%	241.47%	210.80%	222.74%
52.95%	61.58%	63.97%	66.54%

See notes to required supplementary information.

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

As of and for the Year Ended June 30,	**2020**	**2019**
Contractually required contribution	$ 1,227,035	$ 1,224,326
Contributions in relation to the contractually required contribution	1,227,035	1,224,326
Contribution deficiency (excess)	-	-
Covered payroll	8,827,590	8,808,103
Contributions as a percentage of covered payroll	13.90%	13.90%

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

See notes to required supplementary information.

2018	2017	2016	2015
$ 1,177,155	$ 1,077,546	$ 1,262,881	$ 1,283,113
1,177,155	1,077,546	1,262,881	1,283,113
-	-	-	-
8,377,976	8,117,792	8,726,377	9,820,806
14.05%	13.27%	14.47%	13.07%

See notes to required supplementary information.

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

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

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

See notes to required supplementary information .

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

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

See notes to required supplementary information.

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

New Mexico Educational Retirement Board (ERB) Plan

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

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

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY19 audit available at https://www.nmrhca.org/wpcontent/uploads/2020/08/FY19_Financial_Audit.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2019 report is available at https://www.nmrhca.org/wpcontent/uploads/2020/08/NMRHCA_GASB74_Report_as_of_June_30_2019___FINAL.pdf. See the notes to the financial statements beginning on page 25 which summarizes actuarial assumptions and methods effective with the June 30, 2019 valuation.

Supplementary Information

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

For the Year Ended June 30, 2020	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Modified Accrual)	Variance Favorable (Unfavorable) Final to Actual
Beginning net position	$ 2,228,874	$ 2,799,702	$ 2,799,702	$ -
Unrestricted and restricted revenues				
Student tuition, fees and trainings	3,180,442	3,171,723	3,938,429	766,706
Federal grants and contracts	6,193,908	6,670,068	5,881,328	(788,740)
State and local grants and contracts	868,620	1,266,527	1,186,852	(79,675)
Other grants and contracts	451,300	968,598	550,048	(418,550)
Sales and services of auxiliary enterprises	1,345,490	1,126,560	485,349	(641,211)
Other	375,123	423,271	231,802	(191,469)
State general fund appropriations	12,642,700	12,642,700	12,642,700	-
Capital appropriations	1,987,565	2,062,117	1,458,543	(603,574)
Mill levy	-	-	2,262,343	2,262,343
State land and permanent fund income	163,525	163,525	187,701	24,176
Investment income	-	-	24,258	24,258
Total unrestricted and restricted revenues	27,208,673	28,495,089	28,849,353	354,264
Unrestricted and restricted expenses				
Instruction	6,692,100	7,449,134	6,610,821	838,313
Institutional support	6,477,236	6,917,895	6,816,638	101,257
Student aid, grants, and stipends	5,067,156	5,291,867	4,176,125	1,115,742
Operation and maintenance of plant	1,937,442	1,924,154	1,768,891	155,263
Student services	2,757,587	2,964,364	2,259,429	704,935
Academic support	1,459,101	1,155,931	789,486	366,445
Athletics	644,442	607,185	583,298	23,887
Public service	1,579,633	1,584,641	881,359	703,282
Student activities	98,735	103,768	66,077	37,691
Research	-	128,623	91,633	36,990
Auxiliary enterprises	957,028	795,854	795,683	171
Internal service	177,576	170,389	40,900	129,489
Total unrestricted and restricted expenses	27,848,036	29,093,805	24,880,340	4,213,465
Net transfers	-	-	-	-
Change in net position	(639,363)	(598,716)	3,969,013	4,567,729
Ending net position	$ 1,589,511	$ 2,200,986	$ 6,768,715	$ 4,567,729

Change in net position per statement of revenues, expenses and changes in net position	$ 11,391,740
Capital outlay expenses capitalized	(1,731,385)
Scholarship allowance	1,131,080
Net pension change	(8,428,033)
Net OPEB change	(545,571)
Reversion	504,349
Investment in Corporation	300,000
Depreciation expense	1,346,833
Financial statements change in net position reconciled	$ 3,969,013

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

For the Year Ended June 30, 2020	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Modified Accrual)	Variance Favorable (Unfavorable) Final to Actual
Beginning net position	$ 1,997,246	$ 2,586,649	$ 3,212,189	$ 625,540
Unrestricted revenues				
Student tuition, fees and trainings	3,180,442	3,171,723	3,266,771	95,048
Federal grants and contracts	3,075	3,074	9,833	6,759
Sales and services of auxiliary enterprises	2,000	1,286	1,286	-
Other	294,640	340,819	144,680	(196,139)
State general fund appropriations	10,687,200	10,687,200	10,687,200	-
Mill levy	-	-	2,262,343	2,262,343
State land and permanent fund income	163,525	163,525	187,701	24,176
Investment income	-	-	24,048	24,048
Total unrestricted revenues	14,330,882	14,367,627	16,583,862	2,216,235
Unrestricted expenses				
Instruction	5,550,651	5,629,782	5,512,706	117,076
Institutional support	4,259,671	4,324,289	4,921,930	(597,641)
Operation and maintenance of plant	1,937,442	1,919,196	1,768,607	150,589
Student services	1,424,420	1,423,735	1,224,977	198,758
Academic support	1,459,101	1,145,482	789,202	356,280
Total unrestricted expenses	14,631,285	14,442,484	14,217,422	225,062
Net transfers	(345,378)	(523,261)	140,438	663,699
Change in net position	(645,781)	(598,118)	2,506,878	3,104,996
Ending net position	$ 1,351,465	$ 1,988,531	$ 5,719,067	$ 3,730,536

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

For the Year Ended June 30, 2020	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Modified Accrual)	Variance Favorable (Unfavorable) Final to Actual
Beginning net position	$ 28,891	$ -	$ -	$ -
Restricted revenues				
Federal grants and contracts	2,112,417	2,412,447	1,293,824	(1,118,623)
State and local grants and contracts	248,412	507,047	418,714	(88,333)
Other grants and contracts	241,300	685,598	550,048	(135,550)
Investment income	-	-	210	210
Total restricted revenues	2,602,129	3,605,092	2,262,586	(1,342,296)
Restricted expenses				
Instruction	1,141,448	1,819,351	1,098,115	721,236
Institutional support	-	60,051	-	60,051
Operation and maintenance of plant	-	4,958	284	4,674
Student services	1,333,167	1,540,629	1,034,452	506,177
Academic support	-	10,449	284	10,165
Total restricted expenses	2,474,615	3,435,438	2,133,135	1,302,303
Net transfers	(127,514)	(169,654)	142,020	311,674
Change in net position	-	-	271,471	271,471
Ending net position	$ 28,891	$ -	$ 271,471	$ 271,471

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

Account Name	Type	Century Bank	New Mexico Bank & Trust	Total
General Fund	Checking	$ 4,820,729	$ -	$ 4,820,729
Payroll	Checking	372,071	-	372,071
Student	Checking	8,754	-	8,754
Savings	Checking	1,915	-	1,915
Federal	Checking	-	-	-
Perkins	Checking	32,904	-	32,904
Bustos	Checking	6,677	-	6,677
General	Checking	-	233,386	233,386
P-Card	Checking	-	483,273	483,273
Amounts on deposit		5,243,050	716,659	5,959,709
Outstanding items		(200,718)	(12,761)	(213,479)
Reconciled balance		$ 5,042,332	$ 703,898	5,746,230

Petty cash	2,542
Total cash and cash equivalents	$ 5,748,772
Reconciliation to the financial statements	
Cash and cash equivalents	$ 5,748,772
Total cash and cash equivalents	$ 5,748,772

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

Depository	Description of Pledged Collateral	Fair Market Value June 30, 2020	Name and Location of Safekeeper
Century Bank			
	Letter of Credit LOC: 10001564	4,000,000	Federal Home Loan Bank of Dallas Irving, TX
	Total Century Bank	4,000,000	
New Mexico Bank & Trust			
	SBA Pool #522327	$ 247,913	Raymond James
	Total New Mexico Bank & Trust	247,913	
Total pledged collateral		$ 4,247,913	

State of New Mexico
Northern New Mexico College
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
For the Year Ended June 30, 2020

Description	SHARE Identifier #	Original Appropriation
Special, Deficiency, Specific and Capital Outlay Appropriations		
NNMSS Critical Infra & Land-El Rito & Espanola	A5138	$ 1,000,000
NNMSS Dormitory & Kitchen Pipes Replace	D3499	132,565
NNMSS Espanola Infra Improve Bldgs & Grounds	D3500	1,855,000
NNMSS-El Rito Fire Alarm Sys	E2881	100,000
Total Special, Deficiency, Specific and Capital Outlay Appropriations		$ 3,087,565

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
8/1/2017 to 6/30/2021	$ 55,475	$ -	$ 944,525
2019 to 6/30/2023	132,565	-	-
2019 to 6/30/2023	1,264,240	-	590,760
6/29/2020 to 6/30/2024	-	-	100,000
	$ 1,452,280	$ -	$ 1,635,285

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with 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 Northern New Mexico College (the "College") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the related budgetary schedules of the College, presented as supplementary information, and have issued our report thereon dated June 1, 2021.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, 2020-004, 2020-012, 2020-013, and 2020-018 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2020-005 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-006.

We noted other matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as items 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-014, 2020-015, 2020-016, 2017-017 and 2020-019.

College's Response to Findings

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
June 1, 2021

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

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited the Northern New Mexico College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2020. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster, CFDA numbers 84.007, 84.033, 84.063, and 84.268 as described in finding number 2020-006 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2020.

Other Matters

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

Report on Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned cost as item 2020-006 to be a material weakness.

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
June 1, 2021

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

Federal Grantor/Passthrough Grantor/Program Title	Grant/Pass-Through Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through New Mexico State University			
Hispanic Servicing Institutions Education Grants	Q01820	10.223	$ 7,961
Total U.S. Department of Agriculture			7,961
U.S. Department of Defense			
Passed through New Mexico Institute of Mining and Technology			
Research and Technical Assistance	FA9453-18-3-0073	12.615	11,056
Passed through University of New Mexico			
Centers for Academic Excellence	HHM402-18-1-0005	12.598	23,282
Total U.S. Department of Defense			34,338
Research and Development Cluster			
National Science Foundation			
Direct programs			
Education and Human Resources		47.076	222,707
Geosciences		47.050	2,530
Passed through University of South Carolina			
Education and Human Resources	1822567	47.076	2,594
Passed through New Mexico State University			
Education and Human Resources	HRD-1305011 HRD-1826758	47.076	18,999
Total National Science Foundation			246,830
National Institute of Health			
Passed through New Mexico State University			
Biomedical Research and Research Training	2P20GM103451	93.859	114,849
Total Research and Development Cluster			361,679

See accompanying notes to schedule of expenditures of federal awards.

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

See accompanying notes to schedule of expenditures of federal awards.

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

Federal Grantor/Passthrough Grantor/Program Title	Grant/Pass-Through Number	Federal CFDA Number		Federal Expenditures
U.S. Department of Education				
Direct programs				
Higher Education Institutional Aid		84.031	$	415,183
Migrant Education High School Equivalency Program		84.141		394,635
Migrant Education College Assistance Migrant Program		84.149		379,462
CARES Act: Higher Education Emergency Relief Fund				
COVID-19 Education Stabilization Fund-Student Aid Portion		84.425E		518,340
Student Financial Assistance Cluster				
Federal Supplemental Education Opportunity Grant		84.007		90,179
Federal Work Study Program		84.033		100,303
Federal Pell Grant Program		84.063		2,692,382
Federal Direct Student Loans-Subsidized		84.268		259,385
Federal Direct Student Loans-Unsubsidized		84.268		222,772
Total Student Financial Assistance Cluster				3,365,021
TRIO Cluster				
TRIO-Upward Bound		84.047		296,421
Total TRIO Cluster				296,421
Passed through State of New Mexico				
Career and Technical Education - Basic Grants to State	V048A190031-19A V048A190031	84.048		81,803
Adult Education - Basic Grants to States	V002A190032	84.002		42,418
Total U.S. Department of Education				5,493,283
Total federal financial assistance			$	5,897,261

See accompanying notes to schedule of expenditures of federal awards.

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

See accompanying notes to schedule of expenditures of federal awards.

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

BASIS OF PRESENTATION

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

LOANS

The College did not expend federal awards related to loans or loan guarantees during the year. Federal Direct Loans advanced to students in fiscal year 2020 totaled $482,157.

INDIRECT COST RATE

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

FEDERALLY FUNDED INSURANCE

The College has no federally funded insurance.

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

Total federal awards expended per schedule of expenditures of federal awards	$	5,897,261
Total expenses funded by other sources		10,756,003
Total expenses	$	16,653,264

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State of New Mexico
Northern New Mexico College
Schedule of Findings and Questioned Costs
June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1.	Type of auditors' report issued	Qualified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiencies identified not considered to be material weaknesses?	Yes
	c. Noncompliance material to the financial statements?	Yes

Federal Awards

1.	Type of auditors' report issued on compliance for major programs	Qualified
2.	Internal control over major programs:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
4.	Identification of major programs:	

CFDA Numbers	Federal Program
	Student Financial Assistance Cluster
84.063	Federal PELL Grant program
84.007	Federal SEOG program
84.033	Federal Work Study program
84.268	Federal Direct Loans

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

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001 (2019-002) – Capital Assets – Material Weakness and Other Noncompliance – Modified and Repeated

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

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the finding. The College was unable to locate historical documents to support the original costs of infrastructure that was completed in the 1980's and 1990's. The College plans to contract with a commercial appraiser to perform appraisals of the buildings on the Espanola campus. Accordingly, the College had planned to perform a complete year-end capital asset inventory; however, the full closure of the campus due to the Covid-19 pandemic essentially made it impossible to conduct a thorough inventory. The college allowed only a 5-person footprint for the campus at any given time during the complete closure. Additionally, only a limited number of buildings were allowed to be entered. Staff has begun to plan the annual inventory for the current fiscal year.

Responsible Official: V.P. of Finance and Administration and Comptroller

Timeline and Estimated Completion Date: June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2020-002 (2019-001) – Bank Reconciliations – Material Weakness – Modified and Repeated

Condition - The College did not timely reconcile and review bank accounts throughout the year, which caused various accounts to not be reconciled until months after year-end. In addition, the College had account balances that did not accurately reconcile to the general ledger at year-end. Further, the College had outstanding checks totaling $66,876.96 for years prior to fiscal year 2020.

For one of the bank accounts, the reconciliations did not include a listing of outstanding checks for any month except for June 2020. Additionally, for another bank account “Agency”, the College did not have it recorded on their trial balance. The amount of this account was $1,076 and was closed out during fiscal year 2020.

The College implemented their prior corrective action plan; however, it did not occur until after fiscal year-end; therefore, the finding has been modified.

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

Effect - Not reconciling and reviewing cash accounts timely and thoroughly on a monthly basis creates the opportunity for errors or inappropriate transactions to occur undetected. Carrying numerous reconciling items could result in a misstatement in the accounting records or related misappropriation of funds. The College did not implement an internal control policy to account for stale dated outstanding checks and did not void or escheat these checks on a timely basis.

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the finding. The College did solicit and acquire the services of an outside accounting firm. The outside firm performed a trial balance assessment to aid in the reconciliation of general ledger and bank accounts, which was completed during the subsequent fiscal year. The College has a complete listing of outstanding checks on its monthly reconciliations of the General Operating account. The College has obtained additional staff who perform monthly reconciliations of all active bank accounts and the hire of additional staff is anticipated.

Responsible Official: V.P. of Finance and Administration and Comptroller

Timeline and Estimated Completion Date: June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2020-003 (2019-003) – Financial Policies and Procedures – Material Weakness – Modified and Repeated

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

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

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

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

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

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2020-003 (2019-003) – Financial Policies and Procedures – Material Weakness – Modified and Repeated (Continued)

Views of Responsible Officials and Planned Corrective Action - The College continues to update and modify policies especially those most critical to the College. The College has identified and tasked certain staff with the responsibility to review and recommend enhancements and/or deletions to all policies.

Responsible Official: V.P. of Finance and Administration, Comptroller, and Compliance Officer

Timeline and Estimated Completion Date: June 30, 2022

2020-004 (2019-005) – Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated

Condition - The College restated beginning fund balance in the amount of $1,927,655 related to cash and cash equivalents, receivables, prepaids, deferred outflows of resources, accounts payable, accrued expenses, long-term liabilities, unearned revenues, and funds held for others. In addition, several material audit adjustments were necessary to properly state balances at year-end, they include:

The College did not record entries related to the investment ($300,000) that they made in the Northern New Mexico Eagle Corporation (a component unit) prior to fiscal year end.

- The College did not record the mill levy receivable at year-end, which totaled $359,802.
- The College did not reverse a prior year accounts payable in the amount of $30,313. In addition, the College had recorded their litigation settlement at year-end; however, the amount was still understated by $317,527. An audit adjustment was made to properly accrue the expense and liability.
- The College entered into a lease agreement during fiscal year 2020 that was a capital lease. The total amount of the lease was $281,200.
- The College did not include $1,055,955 of student accounts receivable and deferred revenue related to preregistration for classes.
- The College did not book the reversion to the State of New Mexico for the Anna Age Eight Institute Program in the amount of $504,349.
- The College double booked a receivable and revenue associated with scholarship expenses ($9,000).

The College implemented their prior corrective action plan; however, it did not occur until after fiscal year-end; therefore, the finding has been modified.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2020-004 (2019-005) – Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated (Continued)

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

Effect - The trial balance not being fully reconciled and ready for audit, which ultimately lead to a late audit report.

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the findings. The College did solicit trial balance reconciliation services, which were completed during the subsequent fiscal year. Because of the Disclaimer of Opinion on the four previous audits this process was thoroughly conducted to ensure that cash and cash equivalent accounts were accurately reconciled. The College did anticipate that some of the adjustments from this process would be material in nature. Reconciliations for accounts are performed monthly, and the College has an established timeframe for month end closings.

The College does note that the investment to the Corporation occurred at late fiscal year-end and the lack of a journal entry to record the investment was an oversight. No receivable for the mill levy was recorded, because this was the first year the College received the funding. As such although the mill levy funding source was known and it would be collectible within 60 days of year end the amount was not known, since there was no historical data to support a reasonable amount.

The reversion for the Anna Age Eight appropriation was not made because the College self-reported to the Office of the State Auditor (OSA) its concerns regarding the financial activities of the program. Accordingly, the College was aware the OSA had tasked the Independent Public Accounting firm with additional testing for this program. The College was determined to make an accurate and appropriate reversion upon completion of the financial statement audit. Last, the College will review financial processes and procedures to ensure accounts are reclassified and recorded accurately and timely.

Responsible Official: V.P. of Finance and Administration and Comptroller

Timeline and Estimated Completion Date: June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2020-005 (2019-007) – Information Technology (IT) – Significant Deficiency – Modified and Repeated

Condition - There are active user access accounts within Banner for former employees/contractors.

The College was able to implement a significant portion of their prior year corrective action plan; however, they were unable to correct all items. As a result, the current year corrective action plan has been given a revised schedule.

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

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

Cause - Timing of the implementation of the College's prior year management responses caused the above controls and plans to be delayed during fiscal year 2020.

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

Views of Responsible Officials and Planned Corrective Action - Management concurs with the finding and does note that with the pandemic and switch to full online learning information technology staff's efforts were redirected to ensure education services continued. Resources will be directed to perform another formal review of Banner access by the end of the fiscal year.

Responsible Official: V.P. of Finance and Administration and the Director of Information Technology

Timeline and Estimated Completion Date: June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS

2020-006 (2019-010) – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated

Federal Program Information

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

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

- For 1 of 28 samples selected, the student was correctly identified by the College as withdrawn; however, they were reported as active to NSLDS.
- For 1 of 28 samples selected, the student was not correctly identified by the College as withdrawn, resulting in the College reporting the student as active to NSLDS.
- For 5 of 28 samples selected, the student was reported to NSLDS as full time; however, the students were graduated.

As noted in the prior year audit management response, the College did not anticipate this finding would be resolved during fiscal year 2020 as they did not know of the issue until late into the fiscal year.

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

Questioned Costs - Not applicable.

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2020-006 (2019-010) – Special Tests and Provisions – Enrollment Reporting – Material Weakness and Material Noncompliance – Modified and Repeated (Continued)

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

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

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

Views of Responsible Officials and Planned Corrective Action - Management concurs with the finding and does also note that because of the lateness of the audit in the prior year proper internal controls would not meet its anticipated corrective action until the end of fiscal year 2021. However, due to staff shortages in the Registrars' office, where the source of the data originates a cohesive solution and plan of corrective action was not implemented. The College has put together a base team of staff resources from the various departments including Institutional Research, Registrar and Information Technology to address and correct the reporting process. The corrective action plan will be to address the resolution by the end of the subsequent fiscal year.

Responsible Official: Provost, Registrar, and Director of Institutional Research

Timeline and Estimated Completion Date: June 30, 2022

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

2020-007 (2019-013) – Late Audit Report — Other Noncompliance — Modified and Repeated

Condition - The required submission date of the audit report for the fiscal year ended June 30, 2020, to the New Mexico State Auditor was November 1, 2020. The audit report was not submitted by the specified due date.

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

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

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

2020-007 (2019-013) – Late Audit Report — Other Noncompliance — Modified and Repeated (Continued)

Effect - This ultimately caused the audit report to be late.

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the finding, and notes that the College chose to delay the submission of the audit report past the OSA deadline knowing that a significant amount of financial and staff resources was devoted to reconciling accounts in order to obtain an opinion of the fair presentation of the financial statements. The fact the College did receive an opinion for this fiscal year was a result of the efforts put forth to accomplish such. The College does anticipate being compliant with the submission date for the subsequent audit.

Responsible Official: V.P. of Finance and Administration and Comptroller

Timeline and Estimated Completion Date: June 30, 2021

2020-008 (2019-014) – Compliance Violation – Anti-Donation Clause of the New Mexico Constitution — Other Noncompliance — Modified and Repeated

Condition - A violation of the Anti-Donation Clause was noted with regards to the Anna Age Eight Institute (AAEI) program:

- The College paid for equipment, food service, etc. related to the Doña Ana County Resilience Leaders conference that was put on by the AAEI program. However, since there were fees charged for attendance to the conference these fees should have been deposited in the College as program income. It is unknown the dollar amount of such revenues that were collected.

While the College did implement their prior corrective action plan. A new audit finding was noted and has revised the corrective action plan accordingly.

Criteria - New Mexico Constitution Article IX, Section 14 states, "neither the state, nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a "gift," an allocation or appropriation of something of value, without consideration." This section is commonly referred to as the Anti-Donation Clause.

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

2020-008 (2019-014) – Compliance Violation – Anti-Donation Clause of the New Mexico Constitution — Other Noncompliance — Modified and Repeated (Continued)

Effect - Noncompliance with the State Constitution subjects the College officials to penalties as required by state statutes.

Cause - The Directors of the AAEI program committed the revenue to a not-for-profit, which caused the program income to not be remitted to the College.

Auditors' Recommendation - We recommend College staff, including all department heads, review its policies and procedures and the Anti-Donation Clause to ensure the College is not benefiting a particular individual or organization without an exchange transaction (i.e. receiving something in return).

Views of Responsible Officials and Planned Corrective Action - Management does agree with the finding and notes that the Comptroller self-reported such concerns to the Office of the State Auditor based on the activities of the staff of the Anna Age Eight Institute (AAEI). The College collaborated with the OSA to address the concerns. The program ceased with the College at the end of Fiscal Year Ended June 30, 2020 and it is anticipated there should be no other action forthcoming.

Responsible Official: V.P. of Finance and Administration and Comptroller

Timeline and Estimated Completion Date: June 30, 2021

2020-009 (2019-015) – Travel and Per Diem — Other Noncompliance — Modified and Repeated

Condition - During our testing of travel and per diem the following exceptions were noted:

- For 2 of 5 travel and per diem reimbursements tested, the College is treating the return from overnight travel as taxable wages. As this per diem is "return from overnight travel" it is not subject to taxation. The total amount of the payments was $24. In addition, during our review of AAEI expenses, we noted that 2 additional transactions for partial day per diem with an overnight stay were noted, which resulted in a total $44 being incorrectly taxed as payroll.
- For 1 of 5 travel and per diem reimbursements tested, the College did not reimburse the employee for the tips paid on 12/3 or 12/4 as "other expenses." Therefore, this employee was under reimbursed $6 related to this travel voucher.

The College did implement their prior corrective action plan; however, a different type of finding was noted in the current year.

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

2020-009 (2019-015) – Travel and Per Diem — Other Noncompliance — Modified and Repeated (Continued)

Criteria - Per IRS Publication 463, since the College operates under an accountable plan, when the College reimburses employees' partial day per diem when returning from an overnight travel, taxes should not be withheld from their reimbursement. In addition, 2.42.2.12(A) NMAC allows employees to be reimbursed without receipts up to $6.00 per day not to exceed a total of $30.00 per trip for taxi or other transportation fare, gratuities as allowed by the agency; and parking fees.

Effect - Noncompliance with IRS Publication 463 and provisions of NMAC.

Cause - Staff is not familiar with the IRS Publication 463 and New Mexico Per Diem and Mileage Act which resulted in taxes being withheld inappropriately and individuals not being reimbursed appropriately.

Auditors' Recommendation - We recommend the College train employees on the rules and regulations regarding mileage and per diem and to review details carefully before submitting and approving travel reimbursements to avoid erroneous per diem payments.

Views of Responsible Officials and Planned Corrective Action - The College had relied on a previous guidance from the United States Internal Revenue Service in the determination of taxable Partial Day Per Diem. The College will modify its processes to not tax the Partial Day Per Diem in accordance with current the IRS publication.

Responsible Official: V.P. of Finance and Administration, Comptroller, and Compliance Officer

Timeline and Estimated Completion Date: June 30, 2021

2020-010 – Anna Age Eight Institute Program — Other Noncompliance

Condition - Per review of the Anna Age Eight Institute program, the following items were noted:

- The computer purchased with AAEI program funds was transferred by the program to New Mexico State University. However, the College owns the computer and not the program.
- Per review of a reimbursement request, an employee was reimbursed $44.17 for "Travel ABQ for National Conf of State Legislators" with travel dates of August 4, 2019 to August 8, 2019, in which the supporting documentation indicates "only drove one way." Per review of a different reimbursement request, the same individual was reimbursed a total of $147.22 of which $44.17 was for "Travel ABQ for National Conference of State Legislator" with the same travel dates of August 4, 2019 to August 8, 2019. Therefore, the employee filed the same reimbursement request twice.

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

2020-010 – Anna Age Eight Institute Program — Other Noncompliance (Continued)

- CRI reviewed the lease agreement for a "Commercial Lease" for two offices in Santa Fe, NM for the AAEI program. The amount of the lease is $1,000 per month prorated for the first month of rent. Total expenses during fiscal year 2020 were $12,870.96. As the College had space for the AAEI program to be onsite at the College campus in Española, it appears that this could be construed as potential abuse.
- The College processed an employee's payroll check for the gross amount through the accounts payable function as they were not entirely sure if the individual should have been considered an employee or a contractor as they were located outside of the State. However, after further determination the employee was classified as an employee; however, the previously paid check did not have the proper withholdings, such as taxes, fica, medicare, etc.
- Upon review of documentation, the State Co-Directors of the AAEI program are utilizing an email address with the extension of "@annaageeight.org" for official communication of the program within the College instead of the "@nnmc.edu" extension.
- After review of the job description of the AAEI Information Technology (IT) Director, part of their duties included the following: "3. Creating Institute web sites and learning management systems housing courses", "8. Enable and compile email, website, app and software performance metrics and distribute to co-directors", and "13. Oversee contractors relating to creating, managing and supporting technology solutions" among various other items. Based on this it appears that part of the IT Director's duties is to update the website owned by the AAEI program that is facilitated through the College. It is unknown why another individual was hired to perform these duties.

  CRI also viewed a payment to a vendor in the amount of $1,471.23, which was for the "PSC: Anna Age Eight website review/recommendations." The majority of the work performed was in regards to "logo updates and file preparation; design, writing, and production of postcard and Dona Ana Resilience Leaders Summit materials; website consulting; writing; and proofreading; and in-person meetings for these projects, as well as subject matter expert consulting for communications and marketing." This was under Professional Service Contract (PSC) 20020. The College also had another contract with this vendor as well.

  It was noted that AAEI had two websites (www.annaageeight.org and www.annaageeight.com), which had copyright dates of 2020 Anna, Age Eight, LLC and 2019 Anna, Age Eight, LLC, respectively. As such, it appears that both websites are owned and operated by the domestic limited liability corporation, even though the College paid fees related to the website.

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

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

2020-010 – Anna Age Eight Institute Program — Other Noncompliance (Continued)

Effect - The College is not adhering to proper accounting procedures to ensure that reliable financial records can be utilized for reporting and decision making. Without adequate records, the entity cannot effectively control fiscal operations through standard budgetary and fiscal reporting processes.

Cause - The College did not design or implement a system of internal controls to maintain the integrity and reporting of their financial data and did not require that activity was properly and timely monitored.

Auditors' Recommendation - The College should continue its efforts to establish policies and procedures over their financial reporting and closing process and ensure these policies are followed.

Views of Responsible Officials and Planned Corrective Action - Management notes that the Comptroller self-reported to the Office of the State Auditor (OSA) the list of concerns regarding the operation of the program by the AAEI staff. The College through its internal controls did quash a plethora of procurement and payable requests so that resources were not in violation of the New Mexico Procurement Code. The AAEI staff were directed to follow the College's policies and procedures; however, the direction and training provided did not result in compliance by program staff. Through its adherence to the COSO framework the College noted and provided sufficient evidence to the OSA of concerns for the multiple web-sites, contracts, etc. The property transferred to the succeeding of a New Mexico institution of higher education was made as the program and its functions transferred with AAEI program. The College does not anticipate any further activity for this program in the subsequent year.

Responsible Official: V.P. of Finance and Administration, Comptroller, and Compliance Officer

Timeline and Estimated Completion Date: June 30, 2021

2020-011 – Deficiencies in Internal Control over Preparation of Schedule of Expenditure of Federal Awards (SEFA) — Other Noncompliance

Condition - The College's Accountant III-Grants prepares, reviews and tracks the request for reimbursements. The Comptroller reviews the completed SEFA before providing to the auditor; however, there is no verification that the Comptroller is reviewing the SEFA as there is not a sign-off or initials indicating a review.

Criteria - 2 CFR 200.303 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management have procedures in place for identifying federal, state, and other awards, properly classifying expenditures in the correct programs and under the correct CFDA numbers, and ensuring that expenditures reported for federal programs are accurate. 2 CFR 200.510 requires auditees to prepare a complete and accurate schedule of expenditures of federal awards.

Effect - An inaccurate SEFA results in an incomplete picture of the College's federal grant activities.

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

2020-011 – Deficiencies in Internal Control over Preparation of Schedule of Expenditure of Federal Awards (SEFA) — Other Noncompliance (Continued)

Cause - The College should have a control in place to provide reasonable assurance that information in the SEFA is accurate and complete, and that all federal expenditures are reported and classified properly for SEFA classification and financial reporting.

Auditors' Recommendation - The College should ensure that a comprehensive internal control structure is designed, documented and implemented to ensure all grant transactions are properly tracked and documented accurately on the SEFA and the College documents the review of the Comptroller's review over the SEFA.

Views of Responsible Officials and Planned Corrective Action - The Comptroller reviewed both the draft (8/21/2020 via email response) and final SEFA (2/23/2021) prepared by the Grants Accountant as had been performed in past year's audits. The Grants Accountant has been directed to submit such SEFAs to the IPA in prior audits with review but not with a formal sign off as this had been performed via either verbally or email. The Comptroller will from this point forward direct the Grants Accountant to prepare a signature line on the draft and final SEFA reports and the Comptroller will sign such prior to submission to the IPA.

Responsible Official: Comptroller

Timeline and Estimated Completion Date: November 1, 2021

SECTION V – COMPONENT UNT FINDINGS

NORTHERN NEW MEXICO COLLEGE FOUNDATION

2020-012 (2019-001) – Bank Reconciliations—Timeliness and Review Process—Material Weakness – Modified and Repeated

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

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

SECTION V – COMPONENT UNT FINDINGS (Continued)

NORTHERN NEW MEXICO COLLEGE FOUNDATION (Continued)

2020-012 (2019-001) – Bank Reconciliations—Timeliness and Review Process—Material Weakness – Modified and Repeated (Continued)

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

2020-012 (2019-001) – Bank Reconciliations—Timeliness and Review Process—Material Weakness – Modified and Repeated (Continued)

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

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with this finding. Since the previous fiscal year, the activities of the Foundation have been limited due to reorganization and realignment of the Foundation's structure and activities. At the time, the Foundation was materially indebted to the College; as such, activities were immediately limited to allow the Foundation to begin reimbursing the College. The Foundation currently has no director or other staff in order to allow it build savings to reimburse the College. Lack of resources has caused delay in the bank reconciliations. The plan is for the V.P. of Finance and Administration for the College to assume accounting duties for the Foundation. This will begin July 1, 2021.

Responsible Official: Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

SECTION V – COMPONENT UNT FINDINGS (Continued)

2020-013 (2019-006) – Account Reconciliation and Analysis—Material Weakness (Modified and Repeated)

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

- The Foundation did not recognize the revenues related to a grant received in the prior fiscal year. The total amount of the entry was $243,900. In addition, the Foundation did not recognize the expense associated with a portion of the grant that was received in a request for reimbursement in the amount of $60,225.
- An adjustment to properly record cash and revenue in the amount of $7,500 was necessary due to the checks being received prior to fiscal year end, but deposited subsequently.
- An adjustment was necessary to properly state revenues and expenses at year-end. The amount of the entry was $97,865.
- An adjustment was necessary to properly state cash and scholarship expense in the amount of $15,736.

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with this finding. Since the previous fiscal year, the activities of the Foundation have been limited due to reorganization and realignment of the Foundation's structure and activities. At the time, the Foundation was materially indebted to the College; as such, activities were immediately limited to allow the Foundation to begin reimbursing the College. The Foundation currently has no director or other staff in order to allow it build savings to reimburse the College. Lack of resources has caused delay in the bank reconciliations. The plan is for the V.P. of Finance and Administration of the College to assume accounting duties for the Foundation. This will begin July 1, 2021.

SECTION V – COMPONENT UNT FINDINGS (Continued)

2020-013 (2019-006) – Account Reconciliation and Analysis—Material Weakness (Modified and Repeated) (Continued)

Responsible Official: Foundation President and Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

2020-014 – Endowment Listing—Other Noncompliance

Condition - The Foundation does not have a complete endowment listing at June 30, 2020.

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

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

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with this finding. Since the previous fiscal year, the activities of the Foundation have been limited due to reorganization and realignment of the Foundation's structure and activities. At the time, the Foundation was materially indebted to the College; as such, activities were immediately limited to allow the Foundation to begin reimbursing the College. The Foundation currently has no director or other staff in order to allow it build savings to reimburse the College. Lack of resources has caused delay in posting appropriate accounting entries as previously mentioned in Finding 2020-002. The plan is for the V.P. of Finance and Administration of the College to assume accounting duties for the Foundation. This will begin July 1, 2021.

Responsible Official: Foundation President and Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

SECTION V – COMPONENT UNT FINDINGS (Continued)

2020-015 (2019-016) – Procurement Code Violations—Other Noncompliance (Modified and Repeated)

Condition - The Foundation has been using the services of the same investment manager since calendar year 2014. During fiscal year 2020, the Foundation started the process of procuring a new investment manager through the appropriate bidding process; however, due to the pandemic the procurement was halted.

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

Criteria - The Foundation has adopted the College's procurement policy as they have a central purchasing function. Therefore, the Foundation is required to adhere to the State procurement code. According to 13-1-102 NMSA 1978, procurement shall be achieved by competitive sealed bid pursuant to Sections 13-1-103 through 13-1-110 NMSA 1978.

Effect - This resulted in a violation of the State of New Mexico's procurement code and may have not obtained the best price for the service received during the year.

Cause - Although the exact cause is unknown, the Foundation did not have appropriate segregation of duties over procurement compliance.

Auditors' Recommendation - We recommend the Foundation follow the Procurement Code (13-1-1 to 13-1-199 NMSA 1978) to ensure compliance with the rules and regulations over procurement. In addition, there should be an official process in place to initiate purchases and contracts to ensure management override of controls does not exist.

Auditors' Recommendation - We recommend the Foundation follow the Procurement Code (13-1-1 to 13-1-199 NMSA 1978) to ensure compliance with the rules and regulations over procurement. In addition, there should be an official process in place to initiate purchases and contracts to ensure management override of controls does not exist.

Views of Responsible Officials and Planned Corrective Action - The Foundation's investment portfolio has performed well under the current investment management firm. In light of this and the uncertainty of the pandemic and economic issues, the Board of Directors for the Foundation chose to remain with this firm at this time. The Board will review policies and the requirements of procurement code in order to determine whether or not to revise its investment policies in order to allow it.

Responsible Official: Foundation President and Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

SECTION V – COMPONENT UNT FINDINGS (Continued)

2020-016 (2019-017) – Compliance with Investment Policy—Other Noncompliance (Modified and Repeated)

Condition - At June 30, 2020, the Foundation's investment allocation was not in compliance with the Foundation's approved investment policy. Corrective action was initiated during fiscal year 2020; however, the Foundation was unable to implement corrective action before year-end.

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

Criteria - The Foundation's investment policy states that investments should be divided between fixed income and equity securities with a target allocation of 60% (plus or minus 10%) fixed income and 30% (plus or minus 10%) equity (investments in Real Estate Investment Trusts will be weighted at 50% fixed income and 50% equity).

Effect - Internal controls are not in place to monitor the Foundation's investments in accordance with their approved policy.

Cause - There have been no changes implemented to the Foundation's policy or investment allocation.

Auditors' Recommendation - We recommend that the Foundation modify their policies and procedures to reflect their current practice or comply with their Investment Policy.

Views of Responsible Officials and Planned Corrective Action - As mentioned in response to Finding 2020-004, the Foundation's investment portfolio has performed well under the current investment management firm. In light of this and the uncertainty of the pandemic and economic issues, the Board of Directors for the Foundation chose to remain with this firm at this time. The Board will review policies and the requirements of procurement code in order to determine whether or not to revise its investment policies in order to allow it.

Responsible Official: Foundation President and Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

2020-017 (2019-013) – Late Audit Report — Other Noncompliance — Modified and Repeated

Condition - The required submission date of the audit report for the fiscal year ended June 30, 2020, to the New Mexico State Auditor was November 1, 2020. The audit report was not submitted by the specified due date.

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

SECTION V – COMPONENT UNT FINDINGS (Continued)

2020-017 (2019-013) – Late Audit Report — Other Noncompliance — Modified and Repeated (Continued)

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

Effect - This ultimately caused the audit report to be late.

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the finding, and notes that the College chose to delay the submission of the audit report past the OSA deadline knowing that a significant amount of financial and staff resources was devoted to reconciling accounts in order to obtain an opinion of the fair presentation of the financial statements. The Foundation does anticipate being compliant with the submission date for the subsequent audit.

Responsible Official: Foundation President and Foundation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

NORTHERN NEW MEXICO EAGLE CORPORATION

2020-018 – Account Reconciliation and Analysis—Material Weakness

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

- The Corporation did not record entries related to the investment ($300,000) that was committed to them by the College (primary government) prior to fiscal year end.
- The Corporation did not record an adjustment to properly state due to primary government and organizational costs in the amount of $3,579.

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

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

SECTION V – COMPONENT UNIT FINDINGS (Continued)

2020-018 – Account Reconciliation and Analysis—Material Weakness (Continued)

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with this finding. The Eagle Corporation was established at the end of the fiscal year. The initial investment has not been transferred from the College to the Corporation. Management agrees that a receivable should have been recorded on the Corporation's books and a payable should have been recorded on the College's books. This will be corrected in the subsequent fiscal year.

Responsible Official: Corporation President and Corporation Treasurer

Timeline and Estimated Completion: June 30, 2021

2020-019 – Late Audit Report — Other Noncompliance

Condition - The required submission date of the audit report for the fiscal year ended June 30, 2020, to the New Mexico State Auditor was November 1, 2020. The audit report was not submitted by the specified due date.

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

Effect - This ultimately caused the audit report to be late.

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

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

Views of Responsible Officials and Planned Corrective Action - Management agrees with the finding, and notes that the College chose to delay the submission of the audit report past the OSA deadline knowing that a significant amount of financial and staff resources was devoted to reconciling accounts in order to obtain an opinion of the fair presentation of the financial statements. The Corporation does anticipate being compliant with the submission date for the subsequent audit.

Responsible Official: Corporation President and Corporation Treasurer

Timeline and Estimated Completion Date: June 30, 2021

State of New Mexico
Northern New Mexico College
Schedule of Findings and Questioned Costs
June 30, 2020

SECTION VI – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

- 2019-001 Bank Reconciliations – Timeliness and Review Process – Material Weakness – Modified and Repeated
- 2019-002 Capital Assets – Material Weakness and Other Noncompliance – Modified and Repeated
- 2019-003 Financial Policies and Procedures – Material Weakness – Modified and Repeated
- 2019-004 Segregation of Duties – Material Weakness – Resolved
- 2019-005 Trial Balance Maintenance and Account Reconciliation – Material Weakness – Modified and Repeated
- 2019-007 Information Technology (IT) – Significant Deficiency – Modified and Repeated

Federal Award Findings

- 2019-009 Cash Management – Material Weakness and Program Qualification – Resolved
- 2019-010 Special Tests and Provisions – Enrollment Reporting – Material Weakness and Program Qualification – Modified and Repeated
- 2019-011 Special Tests and Provisions – Disbursements to or on Behalf of Students – Material Weakness and Program Qualification – Resolved
- 2019-012 Special Tests and Provisions – Gramm Leach Bliley Act – Material Weakness and Program Qualification – Resolved

Section 12-6-5 NMSA 1978

- 2019-013 Late Audit Report and Late Submission of Unsigned Audit Contract – Other Noncompliance – Modified and Repeated
- 2019-014 Compliance Violation – Anti-Donation Clause of the New Mexico Constitution – Other Noncompliance – Modified and Repeated
- 2019-015 Travel and Per Diem – Other Noncompliance – Modified and Repeated

Component Unit Findings – Foundation

- 2019-001 Bank Reconciliations – Timeliness and Review Process – Material Weakness – Modified and Repeated
- 2019-006 Account Reconciliation and Analysis – Material Weakness – Modified and Repeated
- 2019-008 Administrative Fee Reduction – Significant Deficiency – Resolved
- 2019-013 Late Audit Report and Late Submission of Unsigned Audit Contract – Other Noncompliance – Modified and Repeated

SECTION VI – SUMMARY OF PRIOR YEAR AUDIT FINDINGS (Continued)

- 2019-016 Procurement Code Violations – Other Noncompliance – Modified and Repeated
- 2019-017 Compliance with Investment Policy – Other Noncompliance – Modified and Repeated

Component Unit Findings – Corporation

Corporation did not exist in the prior fiscal year.

State of New Mexico
Northern New Mexico College
Other Disclosures
June 30, 2020

EXIT CONFERENCE

The contents of this report and its schedules related to the component units were discussed on May 20, 2021. The following individuals were in attendance:

Northern New Mexico College

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

Northern New Mexico College Foundation

Alfred Herrera	President, Foundation

Northern New Mexico College Eagle Corporation

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

Carr, Riggs & Ingram, LLC

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

AUDITOR PREPARED FINANCIALS

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