

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2024**

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
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NORTHERN NEW MEXICO COLLEGE
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**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
OFFICIAL ROSTER (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

BOARD OF REGENTS

Michael A. Martin Board President

Erica Rita Velarde, PE, Board Vice-President

Dr. Porter Swentzell, PhD, Board Secretary/Treasurer

Ruben Archuleta Board Member

Casandra Batista-Duaz Student Regent and Member

ADMINISTRATIVE OFFICIALS

Hector Balderas, JD, CFE President

Vacant Chief of Staff/VP for Finance and Administration

Dr. Larry Guerrero, E.d.D. Interim Provost and Associate VP for Student Success

Theresa Storey Chief Financial Officer

Matthew Baca General Counsel

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
OFFICIAL ROSTER (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

FOUNDATION BOARD MEMBERS

Alfred Herrera Board President
Tania Sanchez Board Vice-President/Treasurer/Secretary
James Owen Board Member
Leo Valdez Board Member
Hector Balderas Ex-Officio Board Member
Vacant Ex-Officio Board Member

ADMINISTRATIVE OFFICIALS

Hector Balderas Interim Executive Director

FINANCIAL SECTION



Independent Auditors' Report

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
The Board of Regents
Northern New Mexico College
Española, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Northern New Mexico College (College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budgetary schedules presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2024, as listed in the table of contents.

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



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Basis for Opinions

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

Emphasis of Matter

As discussed in *Note 1*, the financial statements of the College are intended to present the net position, and the changes in net position and cash flows of only that portion of the business-type activities and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Northern New Mexico College. They do not purport to, and do not, present fairly the net position of the State of New Mexico as of June 30, 2024, and the changes in its 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. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the *Schedule of the Proportionate Share of Net Pension Liability*, and the *Schedule of Proportionate Share of Net OPEB Liability* on pages 66 and 69, the *Schedule of Contributions (ERB)*, and the *Schedule of Contributions (NMRHCA)* on pages 67 and 70, and the notes to the required supplementary information on pages 68 and 71 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 identified above in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

TKM, LLC
TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
October 28, 2024

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Overview of Financial Statements

The following discussion and analysis provides an overview of the financial position and activities of Northern New Mexico College (College) as of and for the fiscal years ended June 30, 2024 and 2023. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the basic financial statements, notes, and this discussion are the responsibility of College management. This Management's Discussion and Analysis (MD&A) includes comparative financial information of the primary institution for fiscal years 2024 and 2023. The MD&A does not include information of the discretely presented component unit, for which separately issued financial statements are available.

The College has one supporting Foundation, Northern New Mexico College Foundation, a not-for-profit organization. The financial information of the Foundation is presented in the financial statements as a "discretely presented component unit."

Financial Highlights

The College received several capital appropriations and was able to commence work on both roofing repairs and parking lot/drainage enhancement projects throughout the Espanola campus along with increases in several grants, which was an increase of operating revenue of \$1,885,840 over the prior period.

The College received additional appropriations totaling \$425,000 for enhancements to student outreach, recruitment, career development and for minority success programs.

During the current period the enhanced New Mexico Opportunity Scholarships amended by the New Mexico Legislature expanded opportunity scholarships amounts that were distributed to eligible students. The increase over the prior year in available funding was \$1,092,944.

Student enrollment continued to increase and did so significantly during the current period. The increases were 15.6% in headcount and a 16.8% increase in student credit hours.

Using the Basic Financial Statements

The Statement of Net Position presents the assets, liabilities and net position of the College as of the end of the fiscal year 2024. It is a point-in-time financial statement, the purpose of which is to give readers a quick view of the financial condition of the College. The statement presents end of year data concerning current and non-current assets, current and non-current liabilities and net position.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenue, Expenses and Changes in Net Position. The purpose of this statement is to present the revenue received by the College as well as the expenses, gains and losses received or incurred.

The Statement of Cash Flows presents the inflows of cash, summarized by operating, capital, financing and investing activities. The statement is prepared using the direct method of cash flows, presenting gross amounts for the year's activities.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Restatement for Correction of an Error

During fiscal year 2024, the College identified an error related to the over accrual of payroll liabilities as of June 30, 2023. This error resulted in an overstatement of accrued payroll liabilities and expenses by \$284,145 in the prior year's financial statements. This error was corrected by restating the summarized 2023 financial statements included in the College's MD&A. See *Note 21* of the notes to the financial statements for further clarification.

**CONDENSED SUMMARY OF COMPARATIVE NET POSITION
AS OF JUNE 30:**

	2024	Restated 2023
ASSETS		
Current Assets	\$ 21,243,116	\$ 14,140,656
Noncurrent Assets	40,936,360	38,208,981
Deferred Outflows of Resources	<u>5,021,614</u>	<u>8,806,927</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 67,201,090</u>	<u>\$ 61,156,564</u>
LIABILITIES		
Current Liabilities (<i>Note 21</i>)	\$ 8,232,379	\$ 4,655,326
Noncurrent Liabilities	28,383,724	28,663,385
Deferred Inflows of Resources	<u>9,679,557</u>	<u>19,754,648</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>46,295,660</u>	<u>53,073,359</u>
Investment in Capital Assets	39,092,090	36,641,576
Restricted - Endowments	-	-
Unrestricted (Deficit) (<i>Note 21</i>)	<u>(18,186,660)</u>	<u>(28,558,371)</u>
TOTAL NET POSITION	<u>20,905,430</u>	<u>8,083,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 67,201,090</u>	<u>\$ 61,156,564</u>

Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The current assets of the College as of June 30, 2024, increased over the prior year by \$7,102,460. Non-current assets include capital assets, net of accumulated depreciation, of \$40,936,360 which is an increase of \$2,727,379 over fiscal year 2023.

Current liabilities are generally defined as amounts due collectively within one year, and include accounts payable, payroll accruals and accrued annual leave, which collectively increased by \$3,577,053 over the prior year.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Net position may serve as a useful indicator of the College's financial position. For the College, assets exceeded liabilities by \$20,905,430 at the close of June 30, 2024, as compared to \$8,083,205 as of June 30, 2023.

At June 30, 2024, the College's current ratio, the amount of current assets of \$21,243,116 available to cover current liabilities of \$8,232,379, was 2.58.

**CONDENSED SUMMARY OF COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED:**

	2024	Restated 2023
OPERATING REVENUES	\$ 20,944,008	\$ 19,058,168
OPERATING EXPENSES (NOTE 21)	(30,000,819)	(32,726,235)
NON-OPERATING REVENUES AND EXPENSES		
State General Fund / Capital Appropriations	18,684,987	13,776,139
Mill Levy	2,795,929	3,003,004
Gain (Loss) on Investments	398,120	570,922
TOTAL NON-OPERATING REVENUES AND EXPENSES	<u>21,879,036</u>	<u>17,350,065</u>
CHANGE IN NET POSITION	12,822,225	3,681,998
NET POSITION, BEGINNING OF YEAR (NOTE 21)	<u>8,083,205</u>	<u>4,401,207</u>
NET POSITION, END OF YEAR	<u>\$ 20,905,430</u>	<u>\$ 8,083,205</u>

Current year operating revenues, shown by the source of funding increased by \$1,885,840 over the prior period with the significant increases in grants and from funding for the enhanced opportunity scholarship the College received during the year. Other sources of funding are the non-operating revenues from state appropriations and mill levy for the Trades program.

Operating expenses for the College are grouped by function with the majority of expenditures being related to instruction, student support and student financial aid. The decrease over the prior fiscal year of \$2,725,416 was mainly attributable to pension expense with reduced outlays associated for the implementation of the new financial management, payroll and human resources system that were concluded in FY2023.

Total net position is classified by the College's ability to use those assets to meet operating needs. Net position that is restricted as to their use is generally made by an awarding entity (i.e. a federal grant or third-party scholarship award, etc.). The difference of unrestricted net position is generally used to meet the operating needs of the College. The net position increased by \$12,822,225 over the prior year.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Economic Outlook

The College is largely dependent upon appropriations made by the state legislature for both operating and student financial aid. The College has been able to secure long-term federal grant funding over the course of five years, which has increased its ability to provide additional student programs. Expenditures are conservative given the schools dependence upon legislative funding, the current local and national economic conditions and New Mexico's dependence upon crude oil and natural gas extractions.

Component Unit

Northern New Mexico College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College and is discretely presented in the College's financial statements. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs

Contacting the College's Financial Management

The financial report is designed to provide the public, customers, and creditors with a general overview of the College's finances and demonstrate the College's accountability for the money it receives. For any questions regarding this report, contact the NNMC Chief Financial Officer at:

Northern New Mexico College
Attention: Chief Financial Officer
921 N. Paseo De Onate
Espanola, NM 87532

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2024**

	Primary Government	Northern New Mexico College Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 15,568,731	\$ 121,250
Restricted Cash and Cash Equivalents	-	838,773
Receivables:		-
Accounts Receivable	4,981,558	-
Student, Net	345,343	-
Due From Component Units	288,545	-
Due From Custodial Fund	6,449	-
Prepaid Expenses	21,765	-
Lease Receivable, Current	21,468	-
Inventory	9,257	-
Total Current Assets	<u>21,243,116</u>	<u>960,023</u>
Noncurrent Assets		
Restricted Endowment Investments	-	9,762,354
Lease Receivable, Noncurrent	1,253,900	-
Lease Right-to-Use Assets, Net	150,422	-
Subscription Assets, Net	438,758	-
Capital Assets, Net	39,093,280	-
Total Noncurrent Assets	<u>40,936,360</u>	<u>9,762,354</u>
TOTAL ASSETS	<u>62,179,476</u>	<u>10,722,377</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	3,257,594	-
Deferred Outflows - OPEB	1,764,020	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,021,614</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 67,201,090</u>	<u>\$ 10,722,377</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
JUNE 30, 2024**

	Primary Government	Northern New Mexico College Foundation
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,070,440	\$ -
Accrued Expenses	1,107,299	-
Due to Primary Government	-	288,545
Interest Payable	9,482	-
Unearned Revenue	5,169,080	-
Compensated Absences, Current	545,625	-
Lease Liability, Current	52,270	-
Subscription Liability, Current	278,183	-
Total Current Liabilities	<u>8,232,379</u>	<u>288,545</u>
Noncurrent Liabilities		
Lease Liability, Noncurrent	99,342	-
Subscription Liability, Noncurrent	144,499	-
Net Pension Liability	24,708,528	-
Net OPEB Liability	3,431,355	-
Total Noncurrent Liabilities	<u>28,383,724</u>	<u>-</u>
TOTAL LIABILITIES	<u>36,616,103</u>	<u>288,545</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	4,263,518	-
Deferred Inflows - OPEB	4,104,171	-
Deferred Inflows - Leases	1,311,868	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,679,557</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>46,295,660</u>	<u>288,545</u>
NET POSITION		
Investment in Capital Assets	39,092,090	-
Restricted - Endowments	-	10,601,127
Unrestricted (Deficit)	(18,186,660)	(167,295)
TOTAL NET POSITION	<u>20,905,430</u>	<u>10,433,832</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 67,201,090</u>	<u>\$ 10,722,377</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
– PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Primary Government	Northern New Mexico College Foundation
OPERATING REVENUES		
Student Tuition, Fees and Trainings	\$ 4,821,222	\$ -
Grants and Contracts	15,501,827	-
Sales and Services - Auxiliary Enterprises	353,345	-
Gifts Bequests and Endowments	-	258,118
Other	267,614	-
TOTAL OPERATING REVENUES	<u>20,944,008</u>	<u>258,118</u>
OPERATING EXPENSES		
Instruction and General:		
Institutional Support	27,764,385	198,923
Student Aid Grants and Stipends	7,278,970	-
Scholarships	-	82,500
Pension Expense (Income)	(5,858,630)	-
OPEB Expense (Income)	(976,619)	-
Amortization	388,882	-
Depreciation	1,403,831	-
TOTAL OPERATING EXPENSES	<u>30,000,819</u>	<u>281,423</u>
NET OPERATING INCOME (LOSS)	<u>(9,056,811)</u>	<u>(23,305)</u>
NON-OPERATING REVENUES AND EXPENSES		
State General Fund Appropriations / Capital Appropriations	18,684,987	-
Mill Levy	2,795,929	-
Investment Income	398,120	838,416
TOTAL NON-OPERATING REVENUES AND EXPENSES	<u>21,879,036</u>	<u>838,416</u>
CHANGE IN NET POSITION	12,822,225	815,111
NET POSITION, BEGINNING OF YEAR	7,799,060	9,618,721
RESTATEMENT (Note 21)	284,145	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>8,083,205</u>	<u>9,618,721</u>
NET POSITION, END OF YEAR	<u>\$ 20,905,430</u>	<u>\$ 10,433,832</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities	Northern New Mexico College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition, Fees and Trainings	\$ 4,544,701	\$ -
Grants and Contracts	19,925,008	258,118
Sales and Services of Auxiliary Enterprises	353,345	-
Other Operating Receipts	214,481	-
Payments for Employee Wages and Benefits	(19,695,614)	-
Payments to Suppliers for Good and Services	(16,177,127)	(300,561)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(10,835,206)</u>	<u>(42,443)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations, Non-Capital	18,684,987	-
Mill Levy	2,795,929	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>21,480,916</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(3,851,506)	-
Payments of Leases and Subscriptions	(407,798)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,259,304)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(356,565)
Investment Management Fees	-	(133,435)
Interest and Dividends Received on Investments	401,373	342,356
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>401,373</u>	<u>(147,644)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,787,779	(190,087)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,780,952	1,150,110
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 15,568,731</u>	<u>\$ 960,023</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities	Northern New Mexico College Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net Operating Income (Loss)	\$ (9,056,811)	\$ (23,305)
Adjustments to reconcile operating income (loss) to Net cash used by operating activities:		
Depreciation Expense	1,403,831	-
Amortization Expense	388,882	-
Noncash Pension Expense (Income)	(5,858,630)	-
Noncash OPEB Expense (Income)	(976,619)	-
Restatement (<i>Note 21</i>)	284,145	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase) / Decrease in Receivables	(350,111)	-
(Increase) / Decrease in Due To/From Component Units	19,138	(19,138)
(Increase) / Decrease in Prepaid Expenses	6,195	-
(Increase) / Decrease in Inventory	9,650	-
Increase / (Decrease) in Accounts Payable	(813,246)	-
Increase / (Decrease) in Accrued Expenses	(284,549)	-
Increase / (Decrease) in Unearned Revenue	4,423,181	-
Increase / Decrease in Lease / Subscription Activity	-	-
Increase / (Decrease) in Compensated Absences	(30,262)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (10,835,206)</u>	<u>\$ (42,443)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ -
Total Assets	<u><u>\$ -</u></u>
LIABILITIES	
Due to College	<u>8,888</u>
Total Liabilities	<u>8,888</u>
NET POSITION	
Restricted for:	
Student Activities	<u>(8,888)</u>
Total Net Position	<u>(8,888)</u>
Total Liabilities and Net Position	<u><u>\$ -</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Custodial Funds
ADDITIONS	
Miscellaneous Revenue	\$ 5,990
Total Additions	<u>5,990</u>
DEDUCTIONS	
Student Activities	<u>8,429</u>
Total Deductions	<u>8,429</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>(2,439)</u>
Net Position, Beginning of Year	<u>(6,449)</u>
Net Position, End of Year	<u><u>\$ (8,888)</u></u>

See Independent Auditors' Report and Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS

Northern New Mexico College (the “College”) was created under Section 21-4-1 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 postsecondary technical-vocational school. In 1977, the New Mexico Legislature passed enabling legislation to merge the College and the Northern Branch of the University of New Mexico. In 2005, the College changed its name and it began offering four-year degree programs.

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

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

Reporting Entity

The College is part of the primary government of the State of New Mexico; however, these basic financial statements are intended to present the net position, changes in net position and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the College and its’ discretely presented component unit. They do not purport to and do not, present fairly the net position of the State of New Mexico as of June 30, 2024, and the changes in net position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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 one component unit required to be reported under GASB Statements No. 14, No. 39, No. 61, No. 80, and No. 90.

Discretely Presented Component Unit

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

Basis of Accounting and Financial Statement Presentation

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

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

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

Budgetary basis of accounting

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

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

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

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

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

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

Cash and cash equivalents

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

Receivables

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 possible losses.

Lease Receivables. Lease receivables are amounts leased to Companies for the utilization of solar panels and telecommunications. 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.

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:

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. 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.

Beginning with fiscal year 2024, in accordance with GASB Implementation Guide No. 2021-1, the College has implemented a policy to capitalize capital asset acquisitions based on aggregate costs. Capital assets will be capitalized if the total acquisition cost of similar assets exceeds \$200,000, even if individual asset costs fall below the state's \$5,000 threshold. This policy ensures large-scale acquisitions are appropriately reflected in the College's financial statements.

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 -9
Library Materials	10
Vehicles and Heavy Equipment	5

Right of Use (ROU) Lease Assets

ROU lease assets are intangible assets that represents a lessee's, the College, right to use an underlying asset over the lease term. This ROU asset is recognized on the lessee's financial statements at the commencement of the lease. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right to use lease assets are amortized on a straight-line basis over the term of the related lease or useful life, whichever is shorter. See Note 6 for more information.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

Subscription Assets

The College accounts for Subscriptions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription assets is measured at the present value of subscription expected to be made during the subscription term payments (initial subscription liability), adding any payments made to the vendor at or before the commencement of the subscription term, and subtracting any vendor incentives received.

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 transactions that qualify for reporting in this category related to reporting under GASB 68 and reporting under GASB 75, which total \$3,257,594 and \$1,764,020, respectively, in the statement of net position. The amounts are further detailed in Note 10 and Note 11. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

Deferred Inflows of Resources

In addition 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 transactions present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and reporting under GASB 75. The deferred inflows of resources total \$4,263,518 and \$4,104,171, respectively, in the statement of net position, and are further detailed in Note 10 and Note 11. In addition, the College has deferred inflows of \$1,311,868 of rent revenue at June 30, 2024. This item is further detailed in Note 3. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

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 April 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.

Long-term Liabilities

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). All regular employees 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 nonexempt 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.

Leases. The College has entered into lease agreements for equipment and facilities. A lease liability is recognized for leases at the commencement of the lease term with a present value of \$5,000 or more and a minimum noncancelable lease term of 12 months or more. Leases that do not meet these criteria are considered immaterial and are expensed as incurred. The lease liability is measured at the present value of these payments. See *Note 7* for more information.

Subscription Liability. The College has entered into SBITAs for IT software. A subscription liability is recognized for SBITAs at the commencement of the subscription term with a present value of \$5,000 or more and a minimum noncancelable subscription term of 12 months or more. SBITAs that do not meet these criteria are considered immaterial and are expensed as incurred. The subscription liability is measured at the present value of these payments. See *Note 7* for more information.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

Long-term Liabilities (Continued)

Incremental Borrowing Rate (IBR). An IBR reflects the rate of interest that the Office would have to pay to borrow funds over a similar term and with similar security to obtain an amount equal to the subscription payments in a similar economic environment. When the interest rate in a SBITA or lease contract is not readily determinable, the College use an IBR to discount the related payments to their present value. The College has adopted the following IBRs:

<u>Lease Term</u>	<u>2023</u>	<u>2024</u>
> 1 year to 5 years	2.21%	2.13%
>5 years to 10 years	2.86%	2.06%
Over 10 years	3.27%	2.41%

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.

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.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

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

Net Position

The College's net position is classified into the following 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.

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

Mill Levy

Santa Fe County – Current year taxes are levied on November 1 and are payable in two equal installments on December 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.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: ORGANIZATION AND OPERATIONS (CONTINUED)

Revenues and Expenses (Continued)

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, 2024.

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.

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, the current portion of accrued compensated absences and estimates related to lease and subscription terms, discount rates, and variable payments.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

State statutes authorize the investment of College funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the College properly followed State investment requirements as of June 30, 2024. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the College. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2024, \$15,068,731 of the College's bank balances of \$15,568,731 were exposed to custodial credit risk. \$15,068,731 was uninsured and collateralized by the collateral held by the pledging bank's trust department, not in the College's name.

	Century Bank	New Mexico Bank & Trust	Total
Checking Accounts	\$ 15,859,011	\$ 419,094	\$ 16,278,105
Reconciling Items	(711,140)	1,766	(709,374)
	15,147,871	420,860	15,568,731
Less: FDIC Coverage	(250,000)	(250,000)	(500,000)
Total Uninsured Public Funds	\$ 14,897,871	\$ 170,860	\$ 15,068,731
50% Collateralization Requirement	7,448,936	85,430	7,534,366
Pledged Securities	16,184,079	277,980	16,462,059
(Over) Under Collateralized	\$ (8,735,143)	\$ (192,550)	\$ (8,927,693)

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.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 3: RECEIVABLES

Accounts receivable. The College's accounts receivable balance at June 30, 2024 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:

	Balance June 30, 2024
Receivables	
Grants and Contracts Receivable	\$ 4,733,369
Student Accounts Receivable 2,335,087	
Less: Allowance for Doubtful Accounts (1,989,744)	
Student Accounts Receivable, Net	345,343
General	209,584
Other Receivables	38,605
Total Receivables, Net	\$ 5,326,901

Lease Receivables. The College has recorded a lease receivable as a result of the implementation of GASB Statement No. 87. The lease receivable is initially measured at an amount equal to the initial measurement of the related deferred inflows of resources. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. The following lease agreements were in effect on July 1, 2023:

Description	Term (Years)	Interest Rate	Lease Receivable Balance June 30, 2024	Deferred Inflows- Leases June 30, 2024
<i>Lease receivables</i>				
Tower Structure	43	1.75%	\$ 430,685	\$ 417,155
Tower Structure	25	1.75%	34,084	23,706
Tower Structure	30	2.41%	500,099	495,899
Solar	45	1.80%	310,500	375,108
Total Lease Receivables			\$ 1,275,368	\$ 1,311,868

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 3: RECEIVABLES (CONTINUED)

Lease Receivables (Continued)

During the year ended June 30, 2024, the following changes occurred in lease receivables reported in the statement of net position:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease Receivables	<u>\$ 788,981</u>	<u>\$ 501,455</u>	<u>\$ (15,068)</u>	<u>\$ 1,275,368</u>	<u>\$ 21,468</u>

The future minimum lease payments to be received as June 30, 2024 are as follows:

Year Ended June 30,	Lease Revenue	Interest Revenue	Total
2025	\$ 21,468	\$ 25,388	\$ 46,856
2026	22,350	24,962	47,312
2027	23,260	24,516	47,776
2028	24,201	24,051	48,252
2029	25,281	23,565	48,846
2030-2034	142,839	109,718	252,557
2035-2039	150,265	95,030	245,295
2040-2044	180,379	77,974	258,353
2045-2049	215,372	57,300	272,672
2050-2054	246,230	32,451	278,681
2059-2059	120,564	14,532	135,096
2060-2064	103,159	3,768	106,927
Total	<u>\$ 1,275,368</u>	<u>\$ 513,255</u>	<u>\$ 1,788,623</u>

NOTE 4: DUE FROM/TO COMPONENT UNITS

At June 30, 2024, the College had the following due from and due to component units:

	Due from Component Unit
Northern New Mexico College Foundation	<u>\$ 288,545</u>

NOTE 5: INVENTORY

The College's inventory at June 30, 2024 is as follows:

Inventory	
Bookstore Inventory	\$ 9,257
Total Inventory	<u>\$ 9,257</u>

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6: CAPITAL ASSETS / LEASE AND SUBSCRIPTION RIGHT-TO-USE ASSETS

Capital Assets, Net

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

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated:					
Art	\$ 55,296	\$ -	\$ -	\$ -	\$ 55,296
Land	10,156,231	-	-	-	10,156,231
Construction in Progress	3,508,841	3,111,087	-	(3,444,514)	3,175,414
Total Capital Assets Not Being Depreciated	<u>13,720,368</u>	<u>3,111,087</u>	<u>-</u>	<u>(3,444,514)</u>	<u>13,386,941</u>
Capital Assets Being Depreciated:					
Buildings	62,708,035	57,692	-	3,444,514	66,210,241
Furniture, Fixtures, and Equipment	4,592,693	412,157	-	-	5,004,850
Library Materials	3,197,924	22,048	-	-	3,219,972
Vehicles and Heavy Equipment	613,121	248,522	-	-	861,643
Total Capital Assets Being Depreciated	<u>71,111,773</u>	<u>740,419</u>	<u>-</u>	<u>3,444,514</u>	<u>75,296,706</u>
Total Capital Assets	<u>84,832,141</u>	<u>3,851,506</u>	<u>-</u>	<u>-</u>	<u>88,683,647</u>
Accumulated Depreciation:					
Buildings	(40,879,976)	(1,011,826)	-	-	(41,891,802)
Furniture, Fixtures, and Equipment	(3,638,186)	(343,453)	-	-	(3,981,639)
Library Materials	(3,175,228)	(9,878)	-	-	(3,185,106)
Vehicles and Heavy Equipment	(493,146)	(38,674)	-	-	(531,820)
Total Accumulated Depreciation	<u>(48,186,536)</u>	<u>(1,403,831)</u>	<u>-</u>	<u>-</u>	<u>(49,590,367)</u>
Capital Assets, Net	<u>\$ 36,645,605</u>	<u>\$ 2,447,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,093,280</u>

Depreciation expense for the year ended June 30, 2024, was \$1,403,831.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 6: CAPITAL ASSETS / LEASE AND SUBSCRIPTION RIGHT-TO-USE ASSETS
(CONTINUED)**

Lease Right-To-Use Assets, Net

The following table summarizes the changes in the College's lease right-to-use assets during the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Lease Right-to-Use Assets				
Leased Copiers	\$ 188,186	\$ 183,072	\$ 188,186	\$ 183,072
Leased Vehicles	85,773	-	85,773	-
Leased Postage Meter	34,791	-	-	34,791
Total Lease Right-to-Use Assets	<u>308,750</u>	<u>183,072</u>	<u>273,959</u>	<u>217,863</u>
Accumulated Amortization for:				
Leased Copiers	(153,478)	(80,476)	(188,186)	(45,768)
Leased Vehicles	(69,095)	(16,678)	(85,773)	-
Leased Postage Meter	(14,829)	(6,844)	-	(21,673)
Total Accumulated Amortization	<u>(237,402)</u>	<u>(103,998)</u>	<u>(273,959)</u>	<u>(67,441)</u>
Lease Right-to-Use Assets, Net	<u>\$ 71,348</u>	<u>\$ 79,074</u>	<u>\$ -</u>	<u>\$ 150,422</u>

Lease right-to-use assets amortization expense for the year ended June 30, 2024, was \$103,998.

Subscription Right-To-Use Assets, Net

The following table summarizes the changes in the College's subscription right-to-use assets during the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Subscription Right-to-Use Assets				
IT Subscriptions	\$ 999,653	\$ -	\$ -	\$ 999,653
Total Subscription Right-to-Use Assets	<u>999,653</u>	<u>-</u>	<u>-</u>	<u>999,653</u>
Accumulated Amortization for:				
IT Subscriptions	(276,010)	(284,885)	-	(560,895)
Total Accumulated Amortization	<u>(276,010)</u>	<u>(284,885)</u>	<u>-</u>	<u>(560,895)</u>
Subscription Right-to-Use Assets, Net	<u>\$ 723,643</u>	<u>\$ (284,885)</u>	<u>\$ -</u>	<u>\$ 438,758</u>

Subscription right-to-use assets amortization expense for the year ended June 30, 2024, was \$284,885.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 7: LONG-TERM LIABILITIES

Lease Liability

During the year ended June 30, 2024, the following changes occurred in lease liabilities reported in the statement of net position:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease Liability	\$ 97,208	\$ 183,072	\$ (128,668)	\$ 151,612	\$ 52,270

The College's was party to the following lease agreements during the year ending June 30, 2024:

Copiers

On July 1, 2019, the College entered into a lease agreement for copiers for use in its central operations. The lease was for a 4-year term with no option to renew. The College has recorded this lease liability on a retroactive basis. The College is responsible for monthly lease payments of \$6,179. There are no escalating or variable payments related to this lease. There are no residual value guarantees that are not included in the lease liability calculation. Pursuant to MAPs, the incremental borrowing rate of 2.75% was used to calculate the present value of the future payments. This lease has terminated and was paid off as of June 30, 2024.

Copiers

The College leases copiers for its central operations on July 1, 2023. The lease is for a 4-year term. There are no escalating or variable payments related to this lease. There are no residual value guarantees that are not included in the lease liability calculation. The College is responsible for monthly principal and interest payments of \$3,975.12 at the end of each month. The College utilized the IBR of 2.13% to calculate the present value of the future payments.

Postage Meter

The College leases a postage meter for its central operations on May 26, 2021. The lease is for a 5-year term. The College has recorded this lease liability on a retroactive basis. There are no escalating or variable payments related to this lease. There are no residual value guarantees that are not included in the lease liability calculation. The College is responsible for monthly principal and interest payments of \$587.00 at the end of each month. P The College utilized the IBR of 0.50% to calculate the present value of the future payments.

Vehicles

The College leases vehicles for its central operations on February 1, 2021. The lease is for a 3-year term. The College has recorded this lease liability on a retroactive basis. There are no escalating or variable payments related to this lease. There are no residual value guarantees that are not included in the lease liability calculation. The College is responsible for monthly principal and interest payments of \$2,400.00 at the end of each month. The College utilized the IBR of 0.50% to calculate the present value of the future payments.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Lease Liability (Continued).

The future minimum lease payments as of June 30, 2024 are as follows:

Year Ended June 30,	Principal	Interest	Total Lease Payment
2025	\$ 52,270	\$ 2,491	\$ 54,761
2026	52,104	1,468	53,572
2027	47,238	462	47,700
2028	-	-	-
2029	-	-	-
Total	\$ 151,612	\$ 4,421	\$ 156,033

Subscription Liability

The following is a summary of the changes in the subscription liability:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Subscription Liability	\$ 701,812	\$ -	\$ (279,130)	\$ 422,682	\$ 278,183

The College has entered into IT subscription agreements for various software applications. The subscription agreements have been recorded at the present value of the future subscription payments as of the date of their inception or, for subscriptions existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. These subscriptions are for periods between 36 to 72 months. The College utilizes the adopted IBRs listed in *Note 1*. The College has not identified any renewal options that it is certain of exercising. There are no applicable variable payments or annual escalation clauses included in the College's calculations.

The future minimum subscription payments as of June 30, 2024 are as follows:

Year Ended June 30,	Principal	Interest	Total Lease Payment
2025	\$ 278,183	\$ 5,519	\$ 283,702
2026	82,554	3,999	86,553
2027	61,945	286	62,231
2028	-	-	-
2029	-	-	-
Total	\$ 422,682	\$ 9,804	\$ 432,486

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

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.

	Balance			Balance	Due Within
Compensated Absences	July 1, 2023	Additions	Deletions	June 30, 2024	One Year
Payable	<u>\$ 550,148</u>	<u>\$ 572,420</u>	<u>\$ 576,943</u>	<u>\$ 545,625</u>	<u>\$ 545,625</u>

NOTE 8: 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 the New Mexico General Services Department.

The College is exposed to various risks of loss related to general, automobile and aircraft liabilities, including those relating to civil rights (torts); theft of, damage to and destruction of state property assets; errors and omissions; injuries to employees; group insurance; and natural disasters, all of which are insured against by participation in the public entity risk pool described above, subject to limits of coverage set by RMD. All employees of the College are covered by a blanket fidelity bond up to \$5,000,000, with a \$1,000 deductible per occurrence, by the State of New Mexico for the period of July 1, 2022 to June 30, 2024.

NOTE 9: 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.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10: 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 annual comprehensive financial report. The report can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

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

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

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

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

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

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10: 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.

Forms of Payment - 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.

Disability Benefit – A member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's FAS multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Contributions – For the fiscal years ended June 30, 2024 and 2023, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2024	7/1/23 to 6/30/24	Over \$24K	10.70%	18.15%	28.85%	1.00%
2024	7/1/23 to 6/30/24	\$24K or less	7.90%	18.15%	26.05%	1.00%
2023	7/1/22 to 6/30/23	Over \$24K	10.70%	17.15%	27.85%	2.00%
2023	7/1/22 to 6/30/23	\$24K or less	7.90%	17.15%	25.05%	2.00%

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, 2024, the College paid employee and employer contributions of \$2,330,647, which equal the amount of the required contributions for the fiscal year.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10: 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

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2022. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2023, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022. At June 30, 2024, the College reported a liability of \$24,708,528 for its proportionate share of the net pension liability. The College's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2023. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2023, the College's proportion was 0.28452 percent, which was a increase of 0.00278 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the College recognized pension income of \$3,827,983. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 700,348	\$ 223,410
Changes of assumptions	-	3,666,685
Net difference between projected and actual earnings on pension plan investments	-	154,787
Changes in proportion and differences between the School's contributions and proportionate share of contributions	226,599	218,636
Employer contributions subsequent to the measurement date	2,330,647	-
Total	\$ 3,257,594	\$ 4,263,518

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10: 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)

\$2,330,647 was reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date of June 30, 2023, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Year ending June 30,	Amount
2025	\$ (3,698,389)
2026	(607,344)
2027	946,173
2028	22,989
2029	-
Total	<u>\$ (3,336,571)</u>

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2022. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2023, 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, 2023 but were made during the fiscal year. Specifically, the total pension liability measured as of June 30, 2023, incorporates the following changes to the Plan's provisions:

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 10: 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)

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

Asset Valuation Method	5-year smoothed market
Inflation	2.30%
Salary Increases	Composed of 2.30% inflation, 0.70% productivity increase rate, plus step-rate promotional increases for less than 15 years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates based on age and service. Adopted by the Board on April 17, 2020, in conjunction with the six-year experience study for the period ending June 30, 2019.
Mortality	Healthy Males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. Healthy Females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The 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 2019:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	25%	
Fixed Income	23%	
Alternatives	51%	
Cash	1%	
Total	100.0%	7.0%

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10: 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)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
The College's proportionate share of the net pension liability	\$ 33,589,143	\$ 24,708,528	\$ 17,372,095

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, 2021, 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, 2024, the College recorded a payable to NMERB in the amount of \$194,900 for the contributions withheld in the month of June 2024, which is included in the accrued expense on the statement of net position.

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.

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NOTE 10: 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)

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:

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

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

ARP Contributions

For the year ended June 30, 2024, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 7.25% of the employees' gross salary to NMERB, for a total of 18.15%. 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 7.25% contributions to the Plan.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 10: PENSION PLAN – NEW MEXICO EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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 7.25% contribution remitted for fiscal year ended June 30, 2024, was \$55,498.

NOTE 11: 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 postemployment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state's Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

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

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

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

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.

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NOTE 11: 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, 2023, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefits	12,552
Current Active Members	<u>93,595</u>
	<u>159,125</u>
Active Membership	
State General	18,462
State Police and Corrections	1,260
Municipal General	17,283
Municipal Police	3,169
Municipal FTRE	2,419
Educational Retirement Board	<u>51,002</u>
	<u>93,595</u>

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.

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2021, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to 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.

**STATE OF NEW MEXICO
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FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

The College's contributions to the plan for the year ended June 30, 2024, totaled \$260,086, 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, 2024, the College reported a liability of \$3,431,355 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2023. At June 30, 2023, the College's proportion was 0.19461 percent, which was an decrease of 0.00790 percent from June 30, 2022.

For the year ended June 30, 2024, the College recognized OPEB benefit of \$977,377. At June 30, 2024, 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	\$ 58,007	\$ 621,248
Changes of assumptions	660,352	3,236,918
Net difference between projected and actual earnings on OPEB plan investments	73,367	-
Changes in proportion and differences between the School's contributions and proportionate share of contributions	712,208	246,005
The College's contributions subsequent to the measurement date	260,086	-
Total	\$ 1,764,020	\$ 4,104,171

\$260,086 reported as deferred outflows of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

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NOTE 11: 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 assumptions - The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2023 and the ERB actuarial experience study as of June 30, 2023. The following actuarial assumptions were applied to the actuary's measurement.

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB members; 2.50% for PERA members
Projected payroll increases	3.00% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

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NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

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

<u>Asset Class</u>	<u>Long-term Rate of Return</u>
U.S core fixed income	1.6%
U.S equity - large cap	6.9%
Non U.S. - emerging markets	8.7%
Non U.S - developed equities	7.2%
Private equity	10.0%
Credit and structured finance	3.7%
Real estate	3.6%
Absolute return	3.2%
U.S equity - small / mid cap	6.9%

Discount Rate

The discount rate used to measure the total OPEB liability is 6.22% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the 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, 2070. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2070. Beyond 2070, the index rate for 20- year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.65%) was applied. Thus, 6.22% is the blended discount rate.

Basis for Allocation

The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2023.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
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NOTE 11: 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 6.22%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.22 percent) or 1-percentage-point higher (7.22 percent) than the current discount rate:

	1% Decrease (5.22%)	Current Discount (6.22%)	1% Increase (7.22%)
The College's proportionate share of the net OPEB liability	\$ 4,326,092	\$ 3,431,355	\$ 2,706,087

The following 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
The College's proportionate share of the net OPEB liability	\$ 2,840,814	\$ 3,431,355	\$ 4,109,576

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, 2021. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 6300 Jefferson St, Suite 150, Albuquerque, NM 87109.

Payables to the OPEB 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, 2024, the College recorded a payable to NMRHCA in the amount of \$26,384 for the contributions withheld in the month of June 2024, which is included in the accrued expense on the statement of net position.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 12: GROUP INSURANCE PROGRAM

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

NOTE 13: 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 14: 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 Annual Comprehensive 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/sicannual-audit-reports>.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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NOTE 14: LAND GRANT PERMANENT FUND (CONTINUED)

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, 2024, was as follows:

Balance of the College's beneficial interest	\$ 4,029,880
Income received from the College's beneficial interest in the LGPF	\$ 153,742

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 15: CONTINGENT LIABILITIES

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

NOTE 16: 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.

NOTE 17: CONCENTRATIONS

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

NOTE 19: RELATED PARTY TRANSACTIONS

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
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FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 19: RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions occurred during fiscal year ended June 30, 2024, between the College and the Foundation:

	Foundation to College	College to Foundation
Scholarships	\$ 66,500	\$ -
ECMC Grant Reimbursement	-	86,878
Investment Direct Payments to College	-	47,000
Other Expenses	1,168	-
Total	\$ 67,668	\$ 133,878

NOTE 20: NEW ACCOUNTING STANDARDS

The College conforms to the pronouncements of the Governmental Accounting Standards Board (GASB), which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

The following pronouncements have been issued but are not yet effective and will be evaluated in year of implementation:

- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*

The following pronouncements that are issued and effective and have been adopted by the College but do not impact the College's financial statements:

- GASB Statement No. 99, *Omnibus 2022, (paragraphs 4 – 10)*

The following pronouncements that are issued and effective and have been adopted by the College and have an impact on the College's financial statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 21: RESTATEMENT

Restatement for Correction of an Error

During fiscal year 2024, the College identified and corrected an error related to the over accrual of its payroll liability as of June 30, 2023. The error resulted in an overstatement of accrued payroll liabilities and related expenses by \$284,145 in the financial statements for the fiscal year ended June 30, 2023.

Nature of the Error and Its Correction:

The error occurred due to the over accrual of payroll expenses, which led to an overstatement of liabilities and expenses in the prior year's financial statements. This overstatement did not reflect the actual payroll obligations of the College as of June 30, 2023.

Effect on Financial Statements:

As a result of correcting this error, the beginning net position as of July 1, 2023, has been restated. The correction decreases the accrued payroll liabilities and increases the net position by \$284,145. The restated amounts are as follows:

- | | |
|--|--------------|
| • Net Position as of July 1, 2023, as previously reported: | \$ 7,799,060 |
| • Adjustment for correction of error: | \$ 284,145 |
| • Net Position as of July 1, 2023, as restated: | \$ 8,083,205 |
| • Cumulative Effect on fiscal year 2024 Changes in Net Position: | \$ - |

The cumulative effect of this correction is an increase in the net position of \$284,145 for periods prior to fiscal year 2024.

Restatement of Prior Periods:

Due to the impracticality of restating the financial statements for the fiscal year ended June 30, 2023, the prior period financial statements have not been restated. The adjustment has been reflected as a restatement of the beginning net position in the fiscal year 2024 financial statements, in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

NOTE 22: SUBSEQUENT EVENTS

The College has evaluated subsequent events through October 28, 2024, which is the date the financial statements were available to be issued. There are no other matters identified for recognition in the accounts.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS

FOUNDATION NOTE 1: ORGANIZATION

Northern New Mexico College Foundation (the “Foundation”) is a legally separate, tax-exempt component unit of the Northern New Mexico College (the “College”). The Foundation acts primarily as a fund raising organization to supplement the resources that are available to the College in support of its programs. The five member board of the Foundation consists of community members and friends of the Foundation as well as the President of the College and the Vice President for Finance and Administration. Although the College does not control the timing or amount of receipts from the Foundation, the majority of its resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by donors.

The Foundation is a component unit of Northern New Mexico College. Northern New Mexico College issues separately issued financial statements. Additional information regarding Northern New Mexico College may be obtained directly from their administrative office as follows: 921 N. Paseo de Oñate, Española, New Mexico 87532.

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

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In evaluating how to define the Foundation for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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NOTES TO FINANCIAL STATEMENTS
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NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

Basis of Accounting and Financial Statement Presentation

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

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

Budgetary Information

The Foundation does not have a legally adopted budget; and therefore, does not present budgets.

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Receivables and Payables

The Foundation has the following types of receivables:

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

Allowance for Doubtful Accounts

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible. The Foundation’s use of the direct write-off method does not result in a material change to the financial statements in comparison to the valuation method. The Foundation does not have any receivables that might require an allowance as of June 30, 2024.

Investments

Investments are presented in the financial statements in accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

The Foundation also reports investments under the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement for financial report purposes. The statement also provides guidance for applying fair value to certain investments and disclosures. Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the statement of revenues, expenses, and changes in net position.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Investments (Continued)

The Foundation originally records marketable securities purchased at cost. Marketable securities received by gift are recorded at estimated fair value at the date of donation. Marketable securities are carried by the Foundation at fair value. Third-party investment managers administer substantially all marketable securities of the Foundation. Gains and losses resulting from securities transactions are recorded in investment income.

Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Management of Institutional Funds Act (46-9-1 to 46-9-12 NMSA), except where a donor has specified otherwise.

Endowments

The Foundation's endowments consist of funds established for tuition assistance and institutional support. As required by generally accepted accounting principles, restricted assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment policy requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor restricted endowment fund is classified as restricted assets until those amounts are appropriated for expense by the Foundation in a manner consistent with State laws and internal policies.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Categories and Classification of Net Position

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

Restricted Net Position

Endowments. Restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. In addition, these balances consists of resources that the Foundation is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

Unrestricted Net Position

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position has risen from exchange transactions and receipt of unrestricted contributions.

Revenues and Expenses

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

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

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no material unrelated business income during the year ended June 30, 2024; therefore, no provision for income taxes has been included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates. Significant estimates of the Foundation include the allowance for promises to give not considered collectible.

FOUNDATION NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

A summary of cash and cash equivalents as of June 30, 2024, is as follows:

	<u>Total</u>
Cash and Cash Equivalents	
Deposits with Financial Institutions	\$ 711,008
Money Market Mutual Funds	259,015
Less: Reconciling Items	<u>(10,000)</u>
Total Cash and Cash Equivalents	<u>\$ 960,023</u>
 Statement of Net Position	
Cash and Cash Equivalents	\$ 121,250
Restricted Cash and Cash Equivalents	<u>838,773</u>
Total Investment	<u>\$ 960,023</u>

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of a depository institution failure, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2024, the Foundation's deposits in the Century Bank accounts had carrying amounts of \$711,008 and bank balances of \$711,108. The Foundation does not have a policy for custodial credit risk. However, as of June 30, 2024, the Foundation's deposits with Century Bank were insured up to \$250,000 and the remaining uninsured balance of \$461,008 was fully collateralized by \$834,678 in pledged collateral.

In addition, at June 30, 2024, the Foundation had money market mutual funds invested through Asset Mark in the amount of \$259,015, which were fully insured through the Securities Investor Protection Corporation (SIPC).

Restricted Cash - At June 30, 2024, \$838,773 was restricted based on donor restrictions.

Investments

Investment Policy - The Foundation's investment policy authorizes monies to be invested in equity and fixed income securities of United States institutions, corporate and government securities. All investments the Foundation has are less than one year.

Credit Risk - Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Presented below is the credit rating for each type of investment:

Rating	Equity	EFTs & CEFs	Mutual Funds	Corporate Fixed Income	REIT	Total
AAA	\$ -	\$ -	\$ -	\$ 506,089	\$ -	\$ 506,089
AA+	-	-	-	-	-	-
AA	-	-	-	103,820	-	103,820
AA-	-	-	-	-	-	-
A+	-	-	-	321,293	-	321,293
A	-	-	-	240,210	-	240,210
A-	-	-	-	376,559	-	376,559
BBB+	-	475,848	-	242,216	-	718,064
BBB	-	-	-	275,126	-	275,126
BBB-	-	-	-	-	-	-
BB-	-	172,978	-	-	-	172,978
B+	-	230,803	-	-	-	230,803
Unrated	4,405,815	33,356	2,338,117	-	40,124	6,817,412
Total	\$ 4,405,815	\$ 912,985	\$ 2,338,117	\$ 2,065,313	\$ 40,124	\$ 9,762,354

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Foundation does not have formal investment policies that limit investment maturities as a means of managing its exposure to changing interest rates.

The Foundation's investments were not interest-bearing obligations, so they were not subject to interest rate risk at June 30, 2024.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the Foundation's investment in a single issuer. Investments in any one investment type that represent 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At June 30, 2024, the Foundation did not have any investments exposed to concentrated credit risk.

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. Of the investments in federal agency and corporate obligations and marketable securities, the Foundation had custodial credit risk exposure at June 30, 2024, because the related securities are held by the Foundation's brokerage firm, which is also the counterparty for these securities.

Fair Value Measurements - The Foundation adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which establishes fair value standards for certain investments held by governmental entities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

U.S. generally accepted accounting principles establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies.

Investments held in cash and cash equivalents, certificates of deposit, and money market funds were valued using quoted market prices in active markets for identical assets under Level 1 of the hierarchy.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Investments in common stock, mutual funds, and debt securities are valued using quoted market prices in active markets for identical assets under Level 1 of the hierarchy.

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

Investments held in Level 3 of the hierarchy are valued at a pass-through of the Fund's published NAV per share at June 30, 2024 for Class E shares.

The following table presents the fair value measurements of the assets at June 30, 2024:

	Level 1	Level 2	Level 3	Balances at June 30, 2024
Equity	\$ 4,405,815	\$ -	\$ -	\$ 4,405,815
ETFs & CEFs	912,985	-	-	912,985
Mutual Funds	2,338,117	-	-	2,338,117
Fixed Income Securities	-	2,065,313	-	2,065,313
Real Estate Investment Trust (REIT)	40,124	-	-	40,124
Total Investments at				
Fair Market Value	<u>\$ 7,697,041</u>	<u>\$ 2,065,313</u>	<u>\$ -</u>	<u>\$ 9,762,354</u>

FOUNDATION NOTE 4: ENDOWMENTS

Donor restricted endowment disbursements of net appreciation of investments are permitted in accordance with the Uniform Prudent Management of Institutional Funds Act (46-9A-1 to 46-9A-12 NMSA 1978), except where a donor has specified otherwise. The Board of Directors of the Foundation review the investment earnings designed to support distributions from the Endowment and to protect the purchasing power of the endowment principal. Distributions from the Endowment are made available to students through scholarships.

The Foundation has not made any distributions from the Maley, SERPA or General Endowments in the fiscal year. The College and Board of Directors set the annual distribution from the Endowments each year.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 5: RELATED PARTY TRANSACTIONS

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. The following transactions occurred during fiscal year ended June 30, 2024, between the College and the Foundation related to expenditures.

	Foundation to College	College to Foundation
Scholarships	\$ 66,500	\$ -
ECMC Grant Reimbursement	-	86,878
Investment Direct Payments to College	-	47,000
Other Expenses	1,168	-
Total	<u>\$ 67,668</u>	<u>\$ 133,878</u>

The Foundation owes the College money related to scholarship expenses from both previous fiscal years and the current year, software expense, reimbursement for a grant, etc. The following transactions were outstanding as of June 30, 2024, between the College and the Foundation.

	Due to Northern New Mexico College
Various Items	\$ 288,545
Total	<u>\$ 288,545</u>

FOUNDATION NOTE 6: RISK MANAGEMENT

The Foundation is physically housed within the College that provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage. The College uses the Risk Management Division (RMD), which operates under the supervision of the Secretary of New Mexico, General Services Department (GSD). Settled claims have not exceeded this coverage in any of the three preceding years.

FOUNDATION NOTE 7: CONTINGENT LIABILITIES

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 23: NORTHERN NEW MEXICO COLLEGE FOUNDATION – NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOUNDATION NOTE 8: COMMITMENTS

The Foundation did not enter into any agreements with contractors or architects on any projects for the year ended June 30, 2024.

FOUNDATION NOTE 9: CONCENTRATIONS

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

FOUNDATION NOTE 10: NEW ACCOUNTING STANDARDS

The Foundation conforms to the pronouncements of the Governmental Accounting Standards Board (GASB), which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

The following pronouncements have been issued but are not yet effective and will be evaluated in year of implementation:

- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*

The following pronouncements that are issued and effective and have been adopted by the Foundation but do not impact the Foundation's financial statements:

- GASB Statement No. 93, *Replacement of Interbank Offered Rates (Paragraph 11b)*
- GASB Statement No. 99, *Omnibus 2022, (paragraphs 4 – 10)*

The following pronouncements that are issued and effective have been adopted by the Foundation and have an impact on the Foundation's financial statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

FOUNDATION NOTE 11: SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 28, 2024, which is the date the financial statements were available to be issued. There are no other matters identified for recognition in the accounts.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY
(ERB)
LAST 10 FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
The College's proportion of the net pension liability	0.28452%	0.28174%	0.28559%	0.28873%
The College's proportion of the net pension liability	\$ 24,708,528	\$ 23,727,330	\$ 20,241,096	\$ 58,513,704
The College's covered employee payroll	\$ 13,319,542	\$ 11,521,493	\$ 9,623,508	\$ 8,827,590
The College's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>185.51%</u>	<u>205.94%</u>	<u>210.33%</u>	<u>662.85%</u>
Plan fiduciary net position as a percentage of the total pension liability	65.19%	64.87%	69.77%	39.11%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
The College's proportion of the net pension liability	0.28980%	0.2924%	0.2777%	0.2928%
The College's proportion of the net pension liability	\$ 21,959,024	\$ 34,773,819	\$ 30,865,435	\$ 21,071,157
The College's covered employee payroll	\$ 8,808,103	\$ 8,377,976	\$ 8,117,792	\$ 8,726,377
The College's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>249.30%</u>	<u>415.06%</u>	<u>380.22%</u>	<u>241.47%</u>
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%	52.95%	61.58%
	<u>2016</u>	<u>2015</u>		
The College's proportion of the net pension liability	0.3196%	0.35400%		
The College's proportion of the net pension liability	\$ 20,701,991	\$ 20,198,280		
The College's covered employee payroll	\$ 9,820,806	\$ 9,067,933		
The College's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>210.80%</u>	<u>222.74%</u>		
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%		

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF CONTRIBUTIONS
(ERB)
LAST 10 FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,417,497	\$ 1,745,506	\$ 1,446,230	\$ 1,295,515
Contributions in relation to the contractually required contribution	<u>2,330,647</u>	<u>1,745,506</u>	<u>1,446,230</u>	<u>1,295,515</u>
Contributions deficiency (excess)	\$ 86,850	\$ -	\$ -	\$ -
The College's covered employee payroll	\$ 13,319,542	\$ 11,521,493	\$ 10,108,129	\$ 9,623,508
Contributions as a percentage of covered employee payroll	18.15%	15.15%	14.31%	13.46%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,227,035	\$ 1,224,326	\$ 1,177,155	\$ 1,077,546
Contributions in relation to the contractually required contribution	<u>1,227,035</u>	<u>1,224,326</u>	<u>1,177,155</u>	<u>1,077,546</u>
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
The College's covered employee payroll	\$ 8,827,590	\$ 8,808,103	\$ 8,377,976	\$ 8,117,792
Contributions as a percentage of covered employee payroll	13.90%	13.90%	14.05%	13.27%
	<u>2016</u>	<u>2015</u>		
Contractually required contribution	\$ 1,262,881	\$ 1,283,113		
Contributions in relation to the contractually required contribution	<u>1,262,881</u>	<u>1,283,113</u>		
Contributions deficiency (excess)	\$ -	\$ -		
The College's covered employee payroll	\$ 8,726,377	\$ 9,820,806		
Contributions as a percentage of covered employee payroll	14.47%	13.07%		

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(ERB)
FOR THE YEAR ENDED JUNE 30, 2024**

Pension Plan

Changes in benefit provisions: Other than the employer contribution increases attributable to Senate Bill 42, there were no modifications to the benefit provisions with an actuarial impact that were reflected in the actuarial valuation as of June 30, 2021.

Changes in assumptions and methods: Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. The Board adopted new assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019. No changes have been made to the assumptions since the prior valuation. The calculation of the funding policy contribution has been updated to reflect an open group projection, recognizing new hire benefits as well as anticipated cost-of-living adjustments less than the assumed 1.80% while the plan is less than fully funded.

Additional Financial and Actuarial Information: Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer, including the disclosure of the net pension liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Educational Retirement Board's Annual Report for the fiscal year ended June 30, 2021. The supporting actuarial information is included in the GASB Reporting and Disclosure Information for NMERB's Fiscal Year Ending June 30, 2021 actuarial valuation for the retirement plan. The additional financial and actuarial information is available at www.nmerb.org or by contacting the Educational Retirement Board at 701 Camino de los Marquez, P.O. Box 26129, Santa Fe, New Mexico 87502-0129.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY
(NMRHCA)
LAST 10 FISCAL YEARS***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
The College's proportion of the net OPEB liability	0.20150%	0.19461%	0.20251%	0.18987%
The College's proportionate share of the net OPEB liability	\$ 3,431,355	\$ 4,498,696	\$ 6,663,287	7972467
The College covered employee payroll	\$ 9,978,131	\$ 9,234,644	\$ 9,779,486	9098728
The College's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	34.39%	48.72%	68.14%	0.8762
Plan fiduciary net position as a percentage of the total OPEB liability	44.16%	33.33%	25.39%	0.165
	<u>2020</u>	<u>2019</u>	<u>2018</u>	
The College's proportion of the net OPEB liability	0.17870%	0.18143%	0.0017247	
The College's proportionate share of the net OPEB liability	\$ 5,794,149	\$ 7,889,220	7815776	
The College covered employee payroll	\$ 8,954,050	\$ 7,891,350	7184492	
The College's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	64.71%	99.97%	1.0879	
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	0.1134	

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF CONTRIBUTIONS
(NMRHCA)
LAST 10 FISCAL YEARS***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 260,075	\$ 230,799	\$ 197,467	178982
Less: Contributions in relation to the contractually required contributions	<u>260,086</u>	<u>230,799</u>	<u>197,467</u>	178982
Contribution Deficiency (Excess)	\$ (11)	\$ -	\$ -	0
The College's covered employee payroll	\$ 13,003,767	\$ 11,539,979	\$ 9,887,204	9779486
Contributions as a percentage of covered employee payroll	2.00%	2.00%	2.01%	0.0184

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 181,416	\$ 179,081	\$ 157,827
Less: Contributions in relation to the contractually required contributions	<u>181,416</u>	<u>179,081</u>	<u>157,827</u>
Contribution Deficiency (Excess)	\$ -	\$ -	0
The College's covered employee payroll	\$ 9,098,728	\$ 8,954,050	7891350
Contributions as a percentage of covered employee payroll	2.00%	2.00%	0.02

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

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(NMRHCA)
FOR THE YEAR ENDED JUNE 30, 2024**

In the total OPEB liability measured as of June 30, 2023, changes in assumptions include adjustments resulting from an increase in the discount rate from 3.62% to 6.22%.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) –
UNRESTRICTED INSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable)
Beginning net position	\$ 11,084,031	\$ 14,670,627	14,670,627	-
Unrestricted and restricted revenues:				-
Student tuition, fees and trainings	4,523,995	5,049,161	4,821,223	(227,938)
Federal grants and contracts	8,199,563	10,900,982	8,931,840	(1,969,142)
State and local grants and contracts	850,309	5,925,503	5,561,160	(364,343)
Other grants and contracts	273,205	676,246	624,974	(51,272)
Sales and services of auxiliary enterprises	312,876	291,763	642,800	351,037
Other	198,334	319,315	379,728	60,413
State general fund appropriations	16,035,865	16,035,865	16,035,865	-
Capital appropriations	10,950,000	11,061,000	2,649,123	(8,411,877)
Mill levy	2,420,583	2,400,000	2,795,929	395,929
State land and permanent fund income	289,990	250,364	380,402	130,038
Investment income	-	-	-	-
Total unrestricted and restricted revenues	44,054,720	52,910,199	42,823,044	(10,087,155)
Unrestricted and restricted expenses:				
Instruction	10,130,890	12,826,149	11,135,485	1,690,664
Institutional support	5,780,048	6,690,092	5,483,823	1,206,269
Student aid, grants, and stipends	4,850,935	7,925,867	7,607,570	318,297
Operation and maintenance of plant	2,366,901	2,491,802	2,397,790	94,012
Student services	5,825,067	6,412,813	5,082,444	1,330,369
Academic support	845,106	738,703	681,570	57,133
Intercollegiate Athletics	666,531	747,096	775,417	(28,321)
Public service	899,818	960,802	918,081	42,721
Student activities	111,538	120,677	80,354	40,323
Research	55,138	427,322	265,554	161,768
Auxiliary enterprises	436,698	423,466	397,163	26,303
Internal service	1,505,829	1,809,851	984,722	825,129
Renewal and Replacement	605,070	561,281	66,450	494,831
Capital outlay	10,950,000	11,061,000	151,653	10,909,347
Total unrestricted and restricted expenses	45,029,569	53,196,921	36,028,076	17,168,845
Net transfers	-	-	-	-
Change in net position	(974,849)	(286,722)	6,794,968	
Ending net position	\$ 10,109,182	\$ 14,383,905	\$ 21,465,595	
Change in Net Position (Budgetary Basis)			6,794,968	
Depreciation			(1,403,831)	
Amortization			(388,883)	
Internal Service			984,722	
Pension Income			5,858,630	
Retiree Health Care Income			976,619	
Change in Net Position (GAAP Basis)			\$ 12,822,225	

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) –
UNRESTRICTED INSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable)
Beginning net position	\$ 9,659,764	\$ 12,724,077	\$ 12,724,077	\$ -
Unrestricted revenues:				
Student tuition, fees and trainings	3,731,329	4,150,259	4,434,685	284,426
Federal grants and contracts	3,075	3,075	40,928	37,853
Sales and services of auxiliary enterprises	643	-	600	600
Other grants and contracts				-
Other	82,331	198,967	383,853	184,886
State general fund appropriations	14,778,665	14,778,665	14,566,100	(212,565)
Local Government Appropriations	-	-	-	-
Mill levy	2,420,583	2,400,000	2,795,929	395,929
State land and permanent fund income	289,990	250,364	380,402	130,038
Investment income	-	-	-	-
Total unrestricted revenues	21,306,616	21,781,330	22,602,497	821,167
Unrestricted expenses:				
Instruction	9,264,834	8,977,971	8,299,740	678,231
Institutional support	5,780,048	6,465,092	5,324,595	1,140,497
Operation and maintenance of plant	2,366,901	2,311,802	2,217,802	94,000
Student services	2,350,390	2,140,884	1,809,701	331,183
Academic support	845,106	738,703	681,570	57,133
Total unrestricted expenses	20,607,279	20,634,452	18,333,408	2,301,044
Net transfers	(1,063,628)	(1,378,059)	(406,830)	(971,229)
Change in net position	(364,291)	(231,181)	3,862,259	
Ending net position	\$ 9,295,473	\$ 12,492,896	\$ 16,586,336	

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) –
RESTRICTED INSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Favorable (Unfavorable)
Beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Federal grants and contracts	4,237,929	6,335,003	5,963,687	(371,316)
State and local grants and contracts	217,988	2,087,193	5,776,351	3,689,158
Other grants and contracts	63,205	453,246	666,450	213,204
Investment income	-	-	-	-
Total restricted revenues	4,519,122	8,875,442	12,406,488	3,531,046
Restricted expenses:				
Instruction	866,056	3,848,178	2,825,252	1,022,926
Institutional support	-	225,000	146,224	78,776
Operation and maintenance of plant	-	180,000	179,988	12
Student services	3,474,677	4,271,929	3,272,744	999,185
Academic support	-	-	-	-
Total restricted expenses	4,340,733	8,525,107	6,424,208	2,100,899
Net transfers	(178,389)	(350,335)	(255,874)	-
Change in net position	-	-	5,726,406	
Ending net position	\$ -	\$ -	\$ -	

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF DEPOSIT ACCOUNTS
JUNE 30, 2024**

Account Name	Type	Century Bank	New Mexico Bank & Trust	Total
Restricted and Unrestricted Cash				
General Fund	Checking	\$ 14,864,023	\$ -	\$ 14,864,023
Payroll	Checking	994,988	-	994,988
Bustos	Checking	-	-	-
General	Checking	-	219,048	219,048
P-Card *	Money Market	-	200,046	200,046
Total Amounts on Deposit		<u>15,859,011</u>	<u>419,094</u>	<u>16,278,105</u>
Reconciling Items		<u>(711,140)</u>	<u>1,766</u>	<u>(709,374)</u>
Reconciled Balance		<u>\$ 15,147,871</u>	<u>\$ 420,860</u>	<u>15,568,731</u>
Total Cash and Cash Equivalents				<u>\$ 15,568,731</u>
Reconciliation to the financial statements				
Cash and Cash Equivalents				\$ 15,568,731
Restricted Cash and Cash Equivalents				-
Total Cash and Cash Equivalents				<u>\$ 15,568,731</u>

* Interest-bearing account

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULES OF COLLATERAL PLEDGED BY DEPOSITORY
JUNE 30, 2024**

Northern New Mexico College

Name of Depository	Description of Pledged Collateral	CUSIP	Maturity Date	Fair / Par Market Value at June 30, 2024	Name and Location of Safekeeper
New Mexico Bank & Trust	FNMA Pool #BF0485	3140FXRF1	1/1/2050	\$ 95,967	Raymond James; Santa Fe, NM
New Mexico Bank & Trust	FNMA Pool #BF0141	3140FXEP3	9/1/2056	182,013	Raymond James; Santa Fe, NM
Total New Mexico Bank & Trust				<u>277,980</u>	
Century Bank	FHLBD-1441 Century Bank- 3RD	013519AQ6		1,855,560	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	249015C89		1,024,480	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	41423PAZ0		1,371,633	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	454898TY3		1,208,688	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	14169FAM6		226,499	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	3133KYV48		2,037,562	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	3133KYWT2		2,214,112	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	3137A1GQ0		225,123	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	3137H0GE2		1,244,266	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	3137H6AV7		1,948,231	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	43232RBR0		1,521,477	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	517462HD2		275,883	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	67920QWC8		213,130	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	694138FB9		300,465	FHL BANK Dallas
Century Bank	FHLBD-1441 Century Bank- 3RD	801901LG2	1/1/2037	516,970	FHL BANK Dallas
Total Century Bank				<u>16,184,079</u>	
Total Pledged Collateral				<u>\$ 16,462,059</u>	

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULES OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Northern New Mexico College Foundation

Name of Depository	Description of Pledged Collateral	CUSIP	Fair / Par Market Value at June 30, 2024	Name and Location of Safekeeper
Century Bank	FHLBD-1441 Century Bank- 3RD	0000024672	834,678	FHL BANK Dallas
Total pledged collateral			\$ 834,678	

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

Description	SHARE Identifier #	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered balance
Special, Deficiency, Specific and Capital Outlay Appropriations						
NNMSS-El Rito Fire Alarm Sys	E2881	\$ 100,000	6/29/2020 TO 6/30/2024	\$ 71,398	\$ -	\$ 28,602
NNMSS Parking Drain & Infra Improve	E5331	2,500,000	2020 to 6/30/24	143,579	2,356,421	-
NNMSS HVAC Sys & Control Improve	F3132	1,000,000	2021 to 6/30/25	-	-	1,000,000
NNMSS Ben Lujan Library Ren	F3133	50,000	2021 to 6/30/25	50,000	-	-
NNMSS Infra & Roofs Improve	G3243	3,000,000	2023 to 6/30/26	2,501,606	-	498,394
NNMSS Espanola Sportsplex Bleachers Improve	G3244	100,000	2023 to 6/30/26	-	-	100,000
NNMSS Sostenga Farm Equipment	G3245	150,000	2023 to 6/30/24	150,000	-	-
NNMSS Campuswide Infra Upgrade	G5398	3,000,000	2023 to 6/30/26	-	-	3,000,000
NNMSS-Espanola Campus Beautification Plan	H3434	100,000	2023 to 6/30/25	-	-	100,000
NNMSS-Espanola Campus Improve	H3435	500,000	2023 to 6/30/27	-	-	500,000
NNMSS-Espanola Office & Classroom Improve	H3436	500,000	2023 to 6/30/27	-	-	500,000
Total Special, Deficiency, Specific and Capital Outlay Appropriations		\$ 11,000,000		\$ 2,916,583	\$ 2,356,421	\$ 5,726,996

SINGLE AUDIT SECTION

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Agency/Pass-Through Agency/Name of Program	Pass-Through Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Commerce			
<i>Passed-through Northern New Mexico Economic Development District</i>			
Economic Adjustment Assistance	GJC-2023-07	11.307	\$ 76,523
Total U.S. Department of Commerce			<u>76,523</u>
U.S. Department of the Treasury			
<i>Passed-through State of New Mexico</i>			
Coronavirus Local Fiscal Recovery Fund *		21.027	696,833
Total U.S. Department of the Treasury			<u>696,833</u>
Research and Development Cluster *			
National Institutes of Health			
<i>Passed-through New Mexico State University</i>			
Biomedical Research and Research Training *	5P20GM103451	93.859	374,830
Total National Institutes of Health			<u>374,830</u>
National Science Foundation			
<i>Direct programs</i>			
Geosciences *		47.050	47,269
Biological Sciences *		47.074	50,273
<i>Passed-through New Mexico State University</i>			
Education and Human Resources *	HRD-1826758	47.076	16,356
Total National Science Foundation			<u>113,898</u>
U.S. Department of Energy			
<i>Passed-through Northern New Mexico Consortium</i>			
Academic Programs	NA0004103	81.252	111,058
Total U.S. Department of Energy			<u>111,058</u>
U.S. Department of Education			
<i>Direct Programs</i>			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grant *		84.007	100,505
Federal Work Study Program *		84.033	110,410
Federal Pell Grant Program *		84.063	2,507,687
Federal Direct Student Loans-Subsidized *		84.268	143,333
Federal Direct Student Loans-Unsubsidized *		84.268	200,554
Total Student Financial Assistance Cluster			<u>3,062,489</u>
Higher Education Emergency Relief Fund Institutional Portion *		84.425F	366,427
Higher Education Emergency Relief Fund Minority Serving Institutions *		84.425L	9,519
Total Higher Education Emergency Relief Fund			<u>375,946</u>

* - Denotes Major Program

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Agency/Pass-Through Agency/Name of Program	Pass-Through Number	Assistance Listing Number	Federal Expenditures
Higher Education Institutional Aid *		84.031	2,361,948
TRIO Upward Bound (TRIO Cluster)		84.047	284,894
TRIO EOC Program		84.066	241,733
Migrant Education High School Equivalency Program		84.141	470,230
Migrant Education College Assistance Migrant Program		84.149	610,876
<i>Passed-through State of New Mexico</i>			
Career and Technical Education - Basic Grants to State Grants		84.048	201,498
Adult Education Basic Grants to States		84.002	106,393
Total U.S. Department of Education Programs			<u>7,716,007</u>
U.S. Department of Health and Human Services			
<i>Passed-through State of New Mexico</i>			
Every Student Succeeds Act		93.434	12,772
Temporary Assistance for Needy Families		93.558	51,171
Total U.S. Department of Health and Human Services			<u>63,943</u>
Total schedule of expenditures of federal awards			\$ <u>9,153,092</u>

* - Denotes Major Program

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards contains federal grant activity of the College was prepared using the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2: NON-CASH ASSISTANCE

The College did not receive any federal awards in the form of noncash assistance during the year.

NOTE 3: RECONCILIATION OF EXPENDITURES

The following is a reconciliation of expenditures reported on the schedule of expenditures of federal awards to the expenditures reported in the governmental fund financial statements:

Federal Expenditures	\$ 9,153,092
Other Expenditures	<u>20,847,727</u>
Total Expenditures	<u>\$ 30,000,819</u>

NOTE 4: SUBRECIPIENTS

There are no sub-recipients of federal funds as of and for the year ended June 30, 2024.

NOTE 5: INDIRECT COST RATE

The College did not elect to utilize the 10% minimum indirect cost rate.

NOTE 6: LOANS

The College did not expend federal awards related to loans or loan guarantees for the year ended June 30, 2024.

COMPLIANCE SECTION



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

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
The Board of Regents
Northern New Mexico College
Española, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Northern New Mexico College's (College) basic financial statements, and have issued our report thereon dated October 28, 2024. We also have audited the budgetary schedules presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2024, as listed in the table of contents.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 of the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters


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

The College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
October 28, 2024



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

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
The Board of Regents
Northern New Mexico College
Española, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern New Mexico College's (College), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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



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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
October 28, 2024

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? No

Type of auditors' report issued on compliance
for major programs:..... Unmodified

Any audit findings disclosed that are required
to be reported in accordance with section 200.516
of OMB Uniform Guidance – Subpart F?..... No

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Section I. Summary of Auditors' Results (Continued)

Identification of major programs:

Assistance Listing Number	Name of Program
21.027	Coronavirus Local Fiscal Recovery Fund
	Research and Development Cluster
47.050	Geosciences
47.074	Biological Sciences
47.076	Education and Human Resources
84.031	Higher Education Institutional Aid
93.859	Biomedical Research and Research Training
	Student Financial Assistance Cluster
84.007	Federal Supplemental Education Opportunity Grant
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
	COVID-19 Higher Education Emergency Relief Fund
84.425F	Higher Education Emergency Relief Fund Institutional Portion
84.425L	Higher Education Emergency Relief Fund Minority Serving Institutions

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee under 200.520 of OMB
Uniform Guidance – Subpart F?.....No

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II. FINANCIAL STATEMENT FINDINGS

2024-001 – Improper Accrual of Payroll Expenses (Material Weakness)

Condition: During fiscal year 2024, the College corrected a \$284,145 error related to the over accrual of its payroll liability at June 30, 2023, and related expenses for the year then ended.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls to ensure accurate financial reporting, which includes controls surrounding the College's accrual of its year-end payroll liability.

Cause: The Office did not identify through its internal controls the over accrual of its payroll liability at June 30, 2023, and related expenses for the year then ended.

Effect: A restatement of \$284,148 was made to net position to properly state the College's payroll liability at June 30, 2023, and related expenses for the year then ended.

Auditors' Recommendations: The Department should design and implement internal controls to accurately accrue its year-end payroll liability.

Management's Response: Management concurs with the finding, and as stated reported such through its continuous process of evaluating controls in accordance with the COSO framework. Additionally, the College implemented a new financial accounting management system and was not fully familiar with the systems' payroll reporting process, which has been rectified.

Management's Timeline to Correct: Fiscal Year 2025.

Responsible Party: Chief Financial Officer and accountants.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION III. FEDERAL AWARD FINDINGS

None.

SECTION IV. NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS

None.

SECTION V. COMPONENT UNIT FINDINGS

Northern New Mexico College Foundation

None.

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION VI. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

<u>Prior Year Audit Findings</u>	<u>Status</u>
<i>Financial Statement Findings</i>	
2023-001 (2021-003) – Trial Balance Maintenance and Account Reconciliation – (Material Weakness)	Resolved
<i>Federal Award Findings</i>	
2023-002 (2022-012) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance – Payroll – (Material Weakness and Material Noncompliance)	Resolved
2023-002 (2022-012) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance – Payroll – (Material Weakness and Material Noncompliance)	Resolved
2023-003 (2022-013) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance – Payroll – (Significant Deficiency)	Resolved
2023-004 – Special Tests and Provisions – Gramm-Leach-Bliley Act - Student Information Security – (Significant Deficiency and Other Noncompliance)	Resolved
<i>New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings</i>	
2023-005 (2022-014) – Late Audit Report – (Other Noncompliance)	Resolved
<i>Component Unit Findings - Foundation</i>	
2023- 006 (2022- 022) – Late Audit Report – (Other Noncompliance)	Resolved

Chief Financial Officer
NORTHERN New Mexico College



CORRECTIVE ACTION PLAN June 30, 2024

Northern New Mexico College respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

TKM, LLC

6747 Academy Rd NE STE A

Albuquerque, NM 87109

Audit period: Year ended June 30, 2024.

The findings from the June 30, 2024 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001 – Improper Accrual of Payroll Expenses – Material Weakness

Condition: During fiscal year 2024, the College corrected a \$284,145 error related to the over accrual of its payroll liability at June 30, 2023, and related expenses for the year then ended.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls to ensure accurate financial reporting, which includes controls surrounding the College's accrual of its year-end payroll liability.

Cause: The Office did not identify through its internal controls the over accrual of its payroll liability at June 30, 2023, and related expenses for the year then ended.

Effect: A restatement of \$284,148 was made to net position to properly state the College's payroll liability at June 30, 2023, and related expenses for the year then ended.

Auditors' Recommendation: The Department should design and implement internal controls to accurately accrue its year-end payroll liability.

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2024-001 – Improper Accrual of Payroll Expenses – Material Weakness (Continued)

Management's Response: Management concurs with the finding, and as stated reported such through its continuous process of evaluating controls in accordance with the COSO framework. Additionally, the College implemented a new financial accounting management system and was not fully familiar with the systems' payroll reporting process, which has been rectified.

Timeline to Correct: Fiscal Year 2025.

Responsible Party: Chief Financial Officer and accountants.

If there are questions regarding this plan, please contact Theresa Storey, Chief Financial Officer, at 505-927-0161.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Storey', with a stylized flourish at the end.

Theresa Storey
Chief Financial Officer Northern New
Mexico College

**STATE OF NEW MEXICO
NORTHERN NEW MEXICO COLLEGE
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2024**

An exit conference was held on October 28, 2024, to discuss the results of the audit.

Representing the Northern New Mexico College:

Michael A. Martin, Board of Regents, Chair
Hector Balderas, JD, CFE - President
Dr. Larry Guerrero, EdD, Interim Provost / Associate Vice President for Student Success
Theresa Storey, Chief Financial Officer / Compliance Officer
C. Vince Lithgow III, CGFM, Accountant IV
Stephanie Lovato, Grants Accountant
Jessica Ortiz, CPO, CPFP, Accountant III
Josephine Velasquez, Chief Procurement Officer
Nick Eckert, Grants Manager & Special Projects
Scott Stokes, Chief Information Officer
Matthew Baca, General Counsel

Representing the Northern New Mexico College Foundation:

Alfredo Herrera, Board President

Representing the Independent Auditors:

Mark Santiago, CPA - Audit Manager
Jose "Joe" J. Ortiz, CPA – Audit Manager
Saudy Moreno Esparza – Senior Auditor

Preparation of Financial Statements

The audited financial statements of the Northern New Mexico College were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring the books and records adequately support the preparation of the financial statements in accordance with generally accepted accounting principles and that the information is current and in balance. Management has reviewed and approved the financial statements as presented.