

AUDIT REPORT 2022

Year Ending June 30, 2022



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New Mexico Institute of Mining and Technology
Official Roster
June 30, 2022

Board of Regents

Ex-Officio Members

The Honorable Michelle Lujan Grisham	Governor of the State of New Mexico
Stephanie Rodriguez	Cabinet Secretary, Higher Education Department

Appointed Members

Deborah Peacock	President
Jerry A. Armijo	Secretary-Treasurer
Dr. Yolanda Jones King	Member
Dr. David Lepre, Sr.	Member
Veronica Espinoza	Member

Principal Administrative Officials

Dr. Stephen G. Wells	President
Dr. Cleve McDaniel	Vice President for Administration and Finance
Dr. David L. Greene	Vice President for Student Life/ Chief Diversity Officer
Dr. Douglas Wells	Vice President for Academic Affairs
Dr. Nelia Dunbar	Interim Vice President for Research
Dr. Michael Jackson	Associate Vice President for Academic Affairs
Dr. Peter Phaiah	Assistant Vice President for Student Life/ Title IX Coordinator
Shaojie “Jenny” Ma	Associate Vice President for Administration and Finance/Budget Director
Carlos Romero	Associate Vice President for Research
Dr. Mike Timmons	Interim Director, New Mexico Bureau of Geology and Mineral Resources
Dr. Robert Balch	Director, New Mexico Petroleum Recovery Research Center
Joel Haley	Acting Director, Energetic Materials Research and Testing Center
JoAnn Salome	Director, Human Resources
Daniel Lunceford	Director, Information Technology and Communications
Gayle Bailey	Director, Sponsored Projects
Carrie Marsyla	Director, Cost Accounting and Reporting
Melissa Tull	Controller
Emma Aafloy	Associate Director for Budget and Analysis

Report of Independent Auditors

The Board of Regents
New Mexico Institute of Mining and Technology
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of New Mexico Institute of Mining and Technology (the Institute) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the New Mexico Institute of Mining and Technology as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute 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 Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Institute are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the Institute. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2022, the change in its financial position, or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 2, the Institute adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 Institute's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Institute'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 Institute'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, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions, Notes to Defined Benefit Retirement Plan RSI, Schedule of Employer Contributions – Other Postemployment Benefits (OPEB), Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Investment Returns as referenced in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Mexico Institute of Mining and Technology's basic financial statements. The accompanying budgetary comparisons, schedule of pledged collateral, schedule of individual deposit and investment accounts, multiple-year capital projects funded by general obligation bond and severance tax bond capital outlay appropriations from the state required by 2.2.2 NMAC, schedule of joint powers agreements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 accompanying budgetary comparisons, schedule of pledged collateral, schedule of individual deposit and investment accounts, multiple-year capital projects funded by general obligation bond and severance tax bond capital outlay appropriations from the state required by 2.2.2 NMAC, schedule of joint powers agreements, and the schedule of expenditures of federal awards, is 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, 2022 on our consideration of New Mexico Institute of Mining and Technology's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Mexico Institute of Mining and Technology'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 New Mexico Institute of Mining and Technology's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2022

New Mexico Institute of Mining and Technology

Management's Discussion and Analysis

Year Ended June 30, 2022

The New Mexico Institute of Mining and Technology (New Mexico Tech, NMIMT, NMT, or the Institute) Management's Discussion and Analysis (MDA) of annual financial statements provides an overview of New Mexico Tech's financial activities for the fiscal year ending June 30, 2022. Included for comparison purposes is the 2021 financial summary. This annual report is presented in the Governmental Accounting Standard Board Statements (GASB) 34 and 35 reporting format. New Mexico Tech, as does all of New Mexico colleges and universities, uses the Business Type Activity (BTA) format to report the financial statements.

The purpose of the MDA is to provide users of this report with a brief overview of the year's activities as they relate to the funds and assets administered by New Mexico Tech. The MDA is a written discussion of the primary financial statements included in the annual report. It also provides the reader with a discussion of the major activities that occurred during the year and the effect of the activities to New Mexico Tech.

A brief summary is provided for the following financial reports:

The MDA gives New Mexico Tech's management a forum to analyze the activities for the fiscal year; including, but not limited to, a comparison of current fiscal year to last year's financial summary, enrollment data, research activities and capital projects. The report gives the reader a written assessment of the impact of the decisions made during the year that support the mission of New Mexico Tech. Therefore, the MDA begins with a brief description of the primary financial statements.

Statement of Net Position (SNP)

The Statement of Net Position is a report of the financial and capital resources managed by New Mexico Tech. The SNP is a summary of New Mexico Tech's assets and liabilities, and it is a *snapshot* of New Mexico Tech at the close of business at the date of the statement, in this case, June 30, 2022.

The statement format used by New Mexico Tech is Assets plus Deferred Outflows minus Liabilities minus Deferred Inflows equals Net Position. GASB 68 requires New Mexico Tech financial statements to report its pro rata share of pension liability even though the New Mexico Educational Retirement Board manages and oversees the retirement assets and administration of the funds dedicated to New Mexico Tech.

New Mexico Tech adopted Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units*. New Mexico Tech also adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 2022

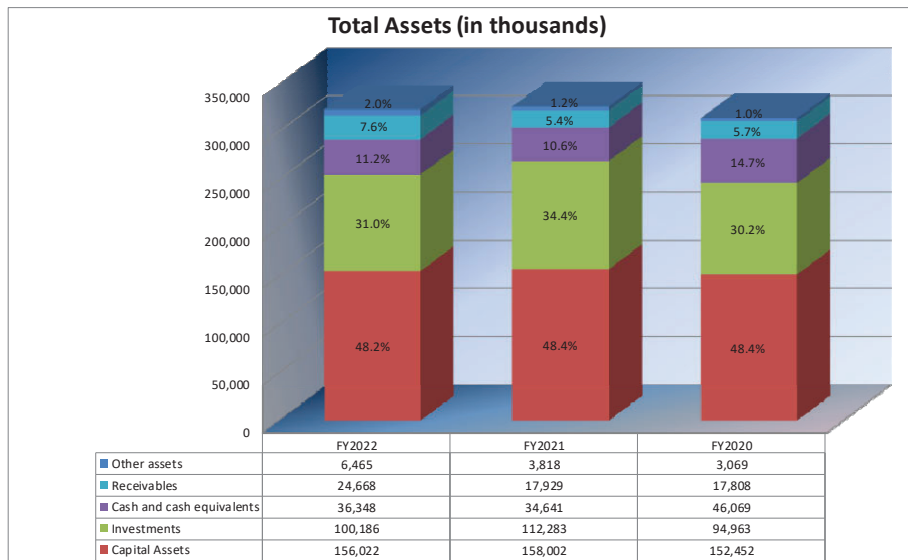
The following table summarizes the Institute's assets, deferred outflows, liabilities, deferred inflows, and net position as of:

	Balance June 30, 2022 (In Thousands)	Balance June 30, 2021 (In Thousands)	Difference	Percentage Change
Current assets	\$ 84,843	\$ 74,166	\$ 10,677	14.4%
Capital assets, net	156,022	158,002	(1,980)	-1.3%
Other noncurrent assets	82,824	94,505	(11,681)	-12.4%
Total assets	<u>323,689</u>	<u>326,673</u>	<u>(2,984)</u>	<u>-0.9%</u>
Deferred outflows	<u>99,510</u>	<u>128,181</u>	<u>(28,671)</u>	<u>-22.4%</u>
Total assets and deferred outflows	<u>\$ 423,199</u>	<u>\$ 454,854</u>	<u>\$ (31,655)</u>	<u>-7.0%</u>
Current liabilities	\$ 18,630	\$ 14,563	\$ 4,067	27.9%
Non-current liabilities	175,509	329,026	(153,517)	-46.7%
Total liabilities	<u>194,139</u>	<u>343,589</u>	<u>(149,450)</u>	<u>-43.5%</u>
Deferred inflows	136,356	8,989	127,367	1416.9%
Net position				
Capital assets, net of related debt	139,654	139,780	(126)	-0.1%
Restricted net position	47,130	57,608	(10,478)	-18.2%
Unrestricted net position	<u>(94,080)</u>	<u>(95,112)</u>	<u>1,032</u>	<u>-1.1%</u>
Total net position	<u>92,704</u>	<u>102,276</u>	<u>(9,572)</u>	<u>-9.4%</u>
Total assets, liabilities, deferred inflows, and net position	<u>\$ 423,199</u>	<u>\$ 454,854</u>	<u>\$ (31,655)</u>	<u>-7.0%</u>

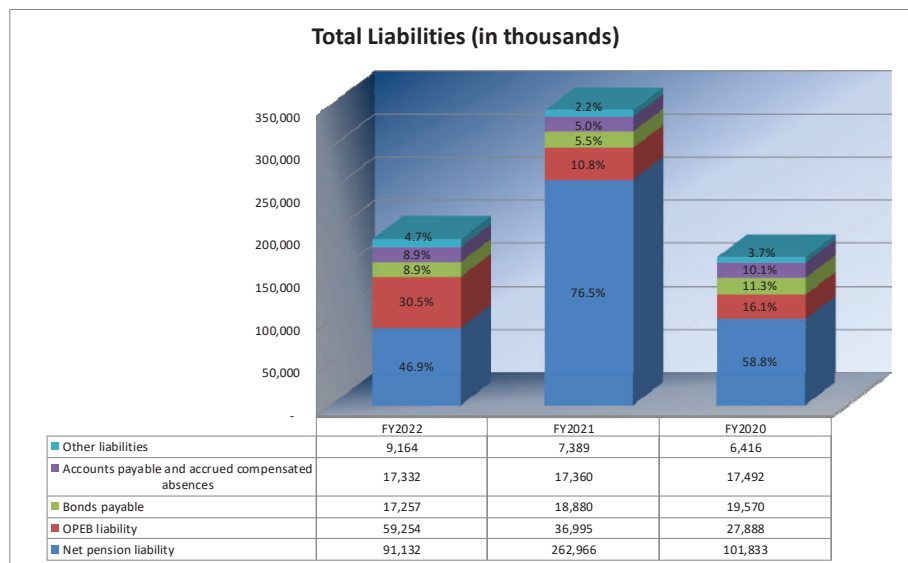
Total assets decreased by \$3.0 million, or 0.9 percent. Several categories in the asset classification changed during the fiscal year.

- Current assets increased by \$10.7 million, or 14.4 percent, due to normal operating activities.
- Capital assets decreased by \$2.0 million, or 1.3 percent. This is primarily due to the net of capital assets acquired throughout the fiscal year and the recording of depreciation.
- Other noncurrent assets decreased by \$11.7 million, or 12.4 percent. The decrease was mainly due to the investment market volatility in the year.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022



Total liabilities decreased by \$149.5 million, or 43.5 percent. The net pension liability decreased by \$171.8 million and liabilities related to OPEB increased by \$22.3 million due to the changes in actuarial reporting related to GASB statements No. 68 and 75 and New Mexico Educational Retirement Board (NMERB) schedules of employer allocations.



New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 2022

Net position is divided into three categories:

- Capital assets, net of related debt: This category consists of capital assets reduced by outstanding debt and the accumulated depreciation. The net decrease is \$126 thousand. Decreases in assets were due to annual depreciation.
- Restricted net position: This category is subdivided into non-expendable and expendable. Non-expendable are restricted assets earmarked for investment purposes only, such as endowments. Expendable restricted assets are available for expenditures restricted by the creditor, donor, or other external sources such as grants and contracts. The restricted net position category decreased by \$10.5 million.
- Unrestricted net position: This category reports the assets available to New Mexico Tech for any lawful purpose. These funds decreased by \$1.0 million.

Statement of Revenue, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (SRECNP) is a report of New Mexico Tech's economic activity for the twelve-month period or fiscal year ending June 30, 2022. The SRECNP reports the revenues and expenses for one year of activity, unlike the Statement of Net Position (SNP), which is a snapshot of New Mexico Tech's financial position as of the date of the statement. Operating and non-operating revenues and expenditures are reported in this statement.

Comparative Statement of Revenues and Expenses (in thousands) for the two years ending:

	June 30, 2022 <u>(In Thousands)</u>	June 30, 2021 <u>(In Thousands)</u>	<u>Difference</u>	<u>Percentage</u>
Operating revenue	\$ 105,352	\$ 73,908	\$ 31,444	42.5%
Operating expense	<u>166,477</u>	<u>196,692</u>	<u>(30,215)</u>	<u>-15.4%</u>
Operating loss	(61,125)	(122,784)	61,659	-50.2%
Non-operating revenue	<u>32,257</u>	<u>40,029</u>	<u>(7,772)</u>	<u>-19.4%</u>
Loss before other revenues and expenses	(28,868)	(82,755)	53,887	-65.1%
Other revenues and capital items	<u>19,297</u>	<u>29,602</u>	<u>(10,305)</u>	<u>-34.8%</u>
Increase (decrease) in net position	<u>\$ (9,571)</u>	<u>\$ (53,153)</u>	<u>\$ 43,582</u>	<u>-99.9%</u>

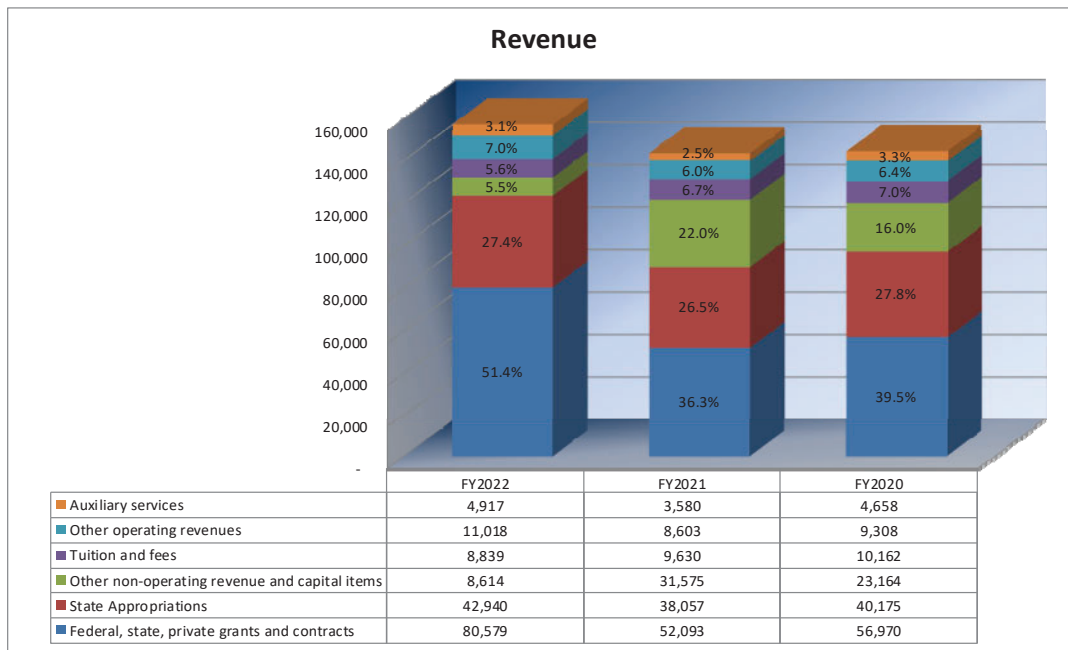
Operating revenues are received in order to provide goods and services to the constituencies of New Mexico Tech. Operating revenue includes tuition, federal, state and private grants and contracts, and auxiliary service fees.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022

Compared to the fiscal year 2021, total operating revenue increased by \$31.4 million. Year to year changes of the individual components included within the total operating revenue are:

- Net tuition and fee revenue decreased by \$791 thousand.
- Net sale of auxiliary service increased by \$1.3 million.
- Grants and contracts revenue increased by \$28.5 million.

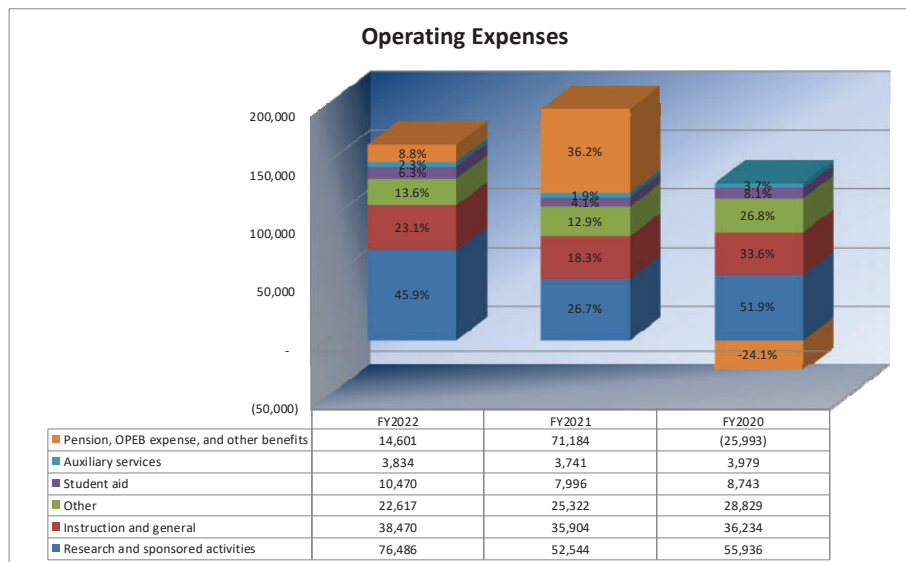
Other operating income primarily related to service center sales increased by \$2.4 million.



New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022

Operating expenses are the cost of providing the goods and services for the operating revenue received.

- Total operating expenses decreased by \$30.2 million including the decrease in the pension and OPEB expenses of \$56.6 million.
- Research and other sponsored expenditures increased by \$23.9 million.



State appropriations, including Instruction and General (I&G) and Research and Public Service Projects (RPSPs), were \$42.9 million compared to \$38.1 million in the fiscal year 2021.

The net operating loss for this fiscal year is \$61.1 million compared to the net operating loss of \$122.8 million in the fiscal year 2021. The GASB-required reporting format is mandated to exclude state support as operating revenue. New Mexico Tech and all state universities do report an operating loss from operations.

Non-operating revenues are funds or commitments received in support of the Institute, but which do not provide for the operation of the Institute, such as interest income, gifts and endowments. The one major exception for public colleges and universities is state appropriations. GASB 34 and 35 require state appropriations to be included as non-operating revenues, even though those revenues are in direct support of the educational mission of the Institute. Instruction and general expenses are reported as operating expenses; therefore, because of this anomaly, an operating loss is reported each year. Non-operating expenses are the expenditure or investment of the funds received from non-operating sources.

Non-operating revenues decreased by \$7.7 million compared to last year. Other revenues and capital items decreased by \$10.3 million compared to last year. Compared to the fiscal year 2021, state land grant and permanent fund distributions and income increased by \$1.4 million.

New Mexico Institute of Mining and Technology

Management's Discussion and Analysis (continued)

Year Ended June 30, 2022

Statement of Cash Flows

The Statement of Cash Flows is a summary of the sources and uses of funds received by New Mexico Tech. The statement is presented in four sections within the accompanying reconciliations. Each section is a summary of the funds received correlated to that particular activity and the funds used for the activity. The Statement of Cash Flows includes:

- Cash flows from operating activities;
- Cash flows from noncapital financing activities;
- Cash flows from capital and related financing activities;
- Cash flows from investment activities; and
- Reconciliation of operating income (loss) to net cash provided by (used in) operating activities.

Note: The New Mexico Tech Foundation is included as a component unit, but its operations are not managed or controlled by New Mexico Tech.

Comparison of Budget to Actual

Included in this audit report is a Budget Comparison Summary of the original budget to the final budget to actual revenue and expenses for current unrestricted funds and current restricted funds. This report is written in a format required by the New Mexico State Auditor called 'fund accounting format,' which is used for accounting and budgeting by the State of New Mexico.

The Original Budget and the Final Budget are compared to Actual Revenues and Expenditures to reflect the changes in the original budget at New Mexico Tech as compared to the final outcome.

A reconciliation of the budget to actual revenues and expenditures is added to ensure that the budgeted and actual numbers agree with the financial statements in accordance with US GAAP. The budget is adjusted during the year with a Budget Adjustment Request (BAR) that is submitted to, and approved by, the New Mexico Higher Education Department (HED) and the New Mexico Department of Finance (DFA).

The restricted current funds revenues and expenditures budget comparisons are presented in accordance with state auditor standards. Unlike the unrestricted current fund, the activity for restricted current funds does not coincide with the New Mexico Tech fiscal year.

Capital Assets

The Deju House construction has been completed.

A campus-wide energy audit was completed in September 2021. All energy savings measures have been installed and a third party conducted their project review to ensure that everything installed is working as intended.

The handover of the donated property from the Bursum Family to NMT was completed. It is now in use as the President's Residence.

The Brown Hall renovation project is proceeding as scheduled. Construction on Brown Hall is anticipated to be completed in February 2023.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022

The overall design of Kelly Hall towards completing. This project is being funded by several sources including General Obligation Bond and NMT internal reserves. The estimated cost of this project is \$16.6 million.

The campus roof repair and replacement project and the campus infrastructure upgrades project received approval from the State Board of Finance in July 2022. These projects will move forward in fiscal year 2023.

Debt Administration

The refinancing of the Revenue Bond Series 2011 was completed in the fiscal year 2022. This refinancing will save the institution approximately \$1.8 million over the term of the bond issue.

Currently Known Facts

Enrollment

Compared to Fall 2020, total enrollment in Fall 2021 has increased slightly by 48.

<u>School Year</u>	<u>Head Count</u>	<u>Credit Hours (CH)</u>	<u>End of Course</u>	<u>(EOCCH)</u>
2021-22	2,003	43,348	42,225	97.40%
2020-21	1,882	42,657	41,893	98.20%
2019-20	2,123	44,159	43,200	97.80%
2018-19	2,099	46,853	45,930	98.00%
2017-18	2,262	48,049	46,887	97.60%

As the chart above demonstrates, head count and credit hours have increased in the 2021-22 school year. The end-of-course completion rates continue to hover around 98%. The End of Course is a measure used to calculate the higher education funding formula. The percentage of EOCCH to CH indicates increased performance is directly related to the quality of the student, faculty and staff at NMT.

The New Mexico Tech faculty, staff, and administration have continued to deliver quality education to the students. Additional faculty have been hired for the current school year replacing many vacant positions that were on hold because of past budget reductions.

New Mexico Tech graduates with bachelor's degrees continue to obtain entry-level employment in the \$60,000 and above pay range. This level is a testament to the quality of the education received by New Mexico Tech graduates and the increasing demand for highly qualified students with science, technology, engineering, and math (STEM) degrees.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022

Higher Education Funding Formula

The funding formula for higher education in New Mexico was updated in the fiscal year 2016. Instead of funding universities for student credit hours at the census date, the third week of classes, the new formula now funds universities on outcomes, end-of-course completion, awards (diplomas and certificates), workforce incentives (STEM), at-risk student enrollment (Pell-eligible) and sector-specific measures, which for the research universities is calculated as research expenditures. The HED is leading in reviewing and evaluating the state's higher education funding formula, which determines annual funding recommendations for state appropriations to the operational budgets of the state's public colleges and universities. Tuition increases have helped offset some of the Institute's increased costs such as health insurance, risk management insurance, utilities, etc.

Concern for future enrollment is based on the same circumstances that existed for several years; i.e., the forecast for high school graduation rates in New Mexico continues to be discouraging because of smaller graduating classes and low high school graduation rates. Smaller high school graduating classes means fewer students are in the pipeline to attend New Mexico colleges and universities. New Mexico Tech has been successful in recruiting and enrolling New Mexico high school graduates. The Fall 2021 undergraduate enrollment of New Mexico students is 88.8 percent.

Research

While RPSPs and some grants and contracts are funded through the State, most other research functions are not. Most are funded through federal resources.

Research continues to provide a public service to the community and enhances the educational experience for students. By the time they graduate, most students have practical hands-on experience in their major field of study because of the research programs at New Mexico Tech. This is an important discriminator for employers that seek students with valuable research experience, and it is provided by only a select few universities in the world. Our students have an advantage when they go into the workforce. The effort pays off with the overwhelming majority of students finding employment in their chosen field of study.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2022

New Mexico Tech's Incurred Cost report demonstrates externally funded research and other sponsored activity has increased in fiscal year 2022. External funding award amounts are indicated below (in thousands):

Fiscal year 2022	\$ 76,486
Fiscal year 2021	52,545
Fiscal year 2020	55,842
Fiscal year 2019	56,398
Fiscal year 2018	56,565

The Bureau of Geology and Mineral Resources (NMBGMR, the Bureau), Geophysical Research Center (GRC) and Institute of Complex Additive Systems Analysis (ICASA) are mainly funded by the State of New Mexico through the RPSPs line item in the higher education budget. In addition to funding by the state, the Bureau receives between \$1 and \$2 million per year in grant, contract and gift funding. Funding sources included the National Science Foundation, Department of Energy, United States Geological Survey, National Park Service, State agencies and philanthropic organizations, among others.

The Petroleum Research and Recovery Center is also partially funded via the RPSP budget. However, a Department of Energy carbon sequestration project has been in place for several years bringing in approximately \$90 million dollars. Additional awards with DOE and the Bureau of Reclamation brought in the funding of over \$20 million dollars.

The Energetic Materials Research and Testing Center (EMRTC) continues to work with the Department of Homeland Security training program. Grant and Contract activities remain at an average of \$5 million per annum.

The Magdalena Ridge Observatory (MRO) 2.4-meter telescope continues to be NASA's flagship telescope for near-Earth object observations. In the past year, the telescope conducted numerous campaigns to track and characterize close approaching asteroids. Funding for the 2.4-meter telescope comes from NASA (80%) and the Department of Defense (20%).

The construction of the Interferometer at MRO continues. The first telescope was installed on the array and the Air Force Research Lab (AFRL) continues to fund this project. They have steady funding from NASA at \$1.4 million every three years.

The IRIS/PASSCAL seismic center continues to support National Science Foundation and other projects around the world. IRIS was awarded funding to continue supporting US seismology for the next two years. Funding for this program continues to be stable.

COVID-19 Impact

The impact of the COVID-19 pandemic continues. The institution has to increase expenditures relative to providing instruction and minimizing the risk of the spread of COVID-19 to our campus community and increasing funds for student financial aid. It is estimated only 50% of the costs can be recovered from Federal stimulus funds due to the limitation of the available funding source. The institution has spent more than \$1 million to support technological costs and necessary resources, as well as provide students with additional financial aid funding. The impact of the COVID-19 pandemic is expected to last for years.

New Mexico Institute of Mining and Technology

Management's Discussion and Analysis (continued)

Year Ended June 30, 2022

Economic Outlook

The economic outlook for New Mexico Tech continues to be closely monitored by the administration. Decisions by the NMT administration are dependent on actions taken by the state and federal governments. Proactive financial and budget actions were taken early in the global economic downturn to reduce budgets. Overall appropriations from the state for fiscal year 2022 increased by approximately 7.0%. Funding for higher education will be offset by continued increased operational costs and by unfunded mandates placed on higher education by the State. New Mexico Tech staff has been very collaborative in managing their departmental budgets, and have picked up additional duties in order to continue to provide a quality educational experience for our students through ongoing student support services and facilities.

New Mexico Tech's national and international reputation as an outstanding research university has made it a go-to organization for many federal, state and private companies to address their needs. The research programs enhance the teaching, research and economic development missions of New Mexico Tech, the local community, the State of New Mexico, and the United States of America.

The longevity and the success of the established programs at New Mexico Tech have helped solidify their funding; however, their budgets for future funding continue to be scrutinized by both the state and federal grantors.

The New Mexico Tech Admissions Office shall continue to increase its recruitment efforts in states such as Texas, California and Arizona. These states are excellent opportunities for recruitment because their universities are at or near full capacity, and they have a large Hispanic population. New Mexico Tech continues to be recognized as a Hispanic Serving Institution. By qualifying as a Hispanic Serving Institution, additional research and grants, plus other funding opportunities, are available to New Mexico Tech.

The total entering first-time full-time freshmen for fall 2022 was 299 compared to 296 in fall 2021.

Requests for Information

Questions concerning any of the financial information provided in this report or requests for additional information should be addressed to Dr. Cleve McDaniel, Vice President for Administration and Finance, New Mexico Institute of Mining and Technology, 801 Leroy Place, Socorro, New Mexico 87801-4796. There are separately issued financial statements available for the New Mexico Institute of Mining and Technology Employee Benefit Trust, the New Mexico Tech Foundation, and New Mexico Tech University Research Park Corporation, the component units of the Institute. These are available at the same location.

New Mexico Institute of Mining and Technology
Statement of Net Position – Proprietary Funds
As of June 30, 2022

ASSETS	<u>Institute</u>	<u>Component Unit Foundation</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 36,259,048	\$ 1,755,041
Short-term investments	19,552,022	23,295,503
Contract and grant billed and unbilled receivables	16,506,193	-
Student accounts receivable, net of allowance for doubtful accounts	719,676	-
Due from state agencies and other accounts receivables	4,728,104	1,190,088
Due from component unit	1,503,264	-
Inventories	1,949,388	-
Other assets	<u>3,625,584</u>	<u>8,877</u>
Total current assets	<u>84,843,279</u>	<u>26,249,509</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	89,172	-
Endowment investments	60,832,912	8,535,993
Other long-term investments	19,801,175	-
Capital assets, net of accumulated depreciation and amortization	156,021,998	1,263,535
Other non-current receivables	1,210,866	2,449,537
Other non-current assets	<u>889,201</u>	<u>-</u>
Total noncurrent assets	<u>238,845,324</u>	<u>12,249,065</u>
TOTAL ASSETS	<u><u>\$ 323,688,603</u></u>	<u><u>\$ 38,498,574</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	\$ 74,426,240	\$ -
Related to other post employment benefits	<u>25,084,005</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 99,510,245</u></u>	<u><u>\$ -</u></u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Consolidated Statement of Net Position – Proprietary Funds (continued)
As of June 30, 2022

	Institute	Component Unit Foundation
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 9,435,083	\$ 23,148
Bonds payable, current portion	970,000	-
Accrued compensated absences, current portion	4,903,744	-
Due to primary government	-	1,503,264
Deposits	250,780	-
Unearned revenue	3,070,724	-
	<u>18,630,331</u>	<u>1,526,412</u>
NONCURRENT LIABILITIES		
Accrued compensated absences, net of current portion	2,992,749	-
Bonds payable, net	16,287,450	-
Net pension liability	91,132,064	-
Net OPEB liability	59,253,702	-
Other noncurrent liabilities	5,842,662	-
	<u>175,508,627</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>\$ 194,138,958</u></u>	<u><u>\$ 1,526,412</u></u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	\$ 128,956,719	\$ -
Related to other post employment benefits	6,366,163	-
Related to leases	1,032,673	334,862
	<u>136,355,555</u>	<u>334,862</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 136,355,555</u></u>	<u><u>\$ 334,862</u></u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	\$ 139,653,749	\$ 1,263,535
RESTRICTED FOR		
Nonexpendable		
Endowments and all other nonexpendable	68,340,379	11,830,942
Inventory	1,949,388	-
Expendable		
Scholarships, research, instruction, and other	12,151,271	2,747,033
Other postemployment benefits	(40,535,860)	-
Employee benefit trust	4,379,433	-
Loans	845,778	-
UNRESTRICTED NET (DEFICIT) POSITION	<u>(94,079,803)</u>	<u>20,795,790</u>
TOTAL NET POSITION	<u><u>\$ 92,704,335</u></u>	<u><u>\$ 36,637,300</u></u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Year Ended June 30, 2022

	Institute	Component Unit Foundation
OPERATING REVENUES		
Tuition and fees, net of discounts and allowances of \$5,186,312	\$ 8,838,529	\$ -
Federal grants and contracts	60,234,275	-
State and local grants and contracts	3,118,506	-
Private grants and contracts	12,068,187	-
Other grants and contracts	5,158,025	-
Sales and services of auxiliary enterprises, net of scholarship allowances of \$2,017,048	4,916,553	-
Other	10,807,916	1,684,567
Benefit trust contributions	210,448	-
Total operating revenues	105,352,439	1,684,567
EXPENSES		
Instruction and general		
Instruction	17,857,100	-
Institutional support	8,100,097	-
Operations and maintenance support	6,118,824	-
Student services	2,426,051	-
Academic support	3,967,426	-
Other sponsored activities	46,103,296	-
Research	30,383,057	-
Student aid grants and stipends, net of tuition discounts and allowances of \$5,186,312	10,469,578	18,000
Depreciation and amortization	11,640,988	65,134
Auxiliary enterprises, net of discounts and allowances of \$2,017,048	3,833,609	-
Change in value of pension liability	8,512,378	-
Other postemployment benefits expense	5,506,944	-
Other operating expenses	10,976,266	3,074,884
Benefit trust expenses	582,115	-
Total operating expenses	166,477,729	3,158,018
Operating loss	(61,125,290)	(1,473,451)

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds (continued)
For the Year Ended June 30, 2022

	Institute	Component Unit Foundation
NONOPERATING REVENUES		
State appropriations	\$ 39,893,730	\$ -
Gifts	2,852,656	-
Interest and investment loss, net	<u>(10,489,179)</u>	<u>(2,775,826)</u>
Net nonoperating revenues	<u>32,257,207</u>	<u>(2,775,826)</u>
Loss before other revenues and expenses	<u>(28,868,083)</u>	<u>(4,249,277)</u>
OTHER REVENUES AND EXPENSES		
Other revenues	10,297,277	87,900
Additions to permanent endowments	2,424,595	-
State land grant permanent fund income	3,377,550	-
Capital gifts and grants	151,068	-
Capital project appropriations from state issued bonds and other	<u>3,046,434</u>	<u>-</u>
Net other revenues	<u>19,296,924</u>	<u>87,900</u>
Change in net position	(9,571,159)	(4,161,377)
NET POSITION, beginning of year	<u>102,275,494</u>	<u>40,798,677</u>
NET POSITION, end of year	<u>\$ 92,704,335</u>	<u>\$ 36,637,300</u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Statement of Cash Flows
For the Year Ended June 30, 2022

	Institute	Component Unit Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 8,723,355	\$ -
Grants and contracts	80,345,064	-
Sales and services of auxiliary enterprises	4,916,553	-
Other receipts	6,285,793	1,634,622
Payments to employees	(67,585,017)	-
Payments to suppliers	(80,748,151)	(281,807)
Other payments	-	(1,361,394)
Net cash used in operating activities	<u>(48,062,403)</u>	<u>(8,579)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	39,893,730	-
Gifts for other than capital purposes	2,852,656	-
Other nonoperating receipts	<u>8,652,351</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>51,398,737</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(9,661,461)	-
Payments on leases	(568,894)	-
Proceeds from issuance of bonds	8,470,000	-
Payments of principal on bond obligations	(10,033,427)	-
Capital project appropriations from state issued bonds and other	3,046,434	-
Capital gifts and grants	<u>151,068</u>	<u>-</u>
Net cash used in capital and relating financing activities	<u>(8,596,280)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from lease payments	115,209	103,812
Proceeds from sales of investments, net	2,419,808	1,559,104
Investment purchases	(2,732,779)	(419,489)
Additions to endowments	2,424,595	-
Distributions received from land grant permanent fund	3,377,550	-
Cash paid for patents	(227,232)	-
Interest, dividend, and realized investment income	<u>1,589,184</u>	<u>78,658</u>
Net cash provided by investing activities	<u>6,966,335</u>	<u>1,322,085</u>
NET INCREASE in cash and cash equivalents	1,706,389	1,313,506
CASH AND CASH EQUIVALENTS, beginning of year	<u>34,641,831</u>	<u>441,535</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 36,348,220</u>	<u>\$ 1,755,041</u>
CASH AND CASH EQUIVALENTS		
Unrestricted	\$ 36,259,048	\$ 1,755,041
Restricted	<u>89,172</u>	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 36,348,220</u>	<u>\$ 1,755,041</u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Statement of Cash Flows (continued)
For the Year Ended June 30, 2022

	Institute	Component Unit Foundation
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (61,125,290)	\$ (1,473,451)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense	11,640,988	65,134
Donated stock	-	(1,089,500)
Amortization of bond premium	(59,389)	-
Changes in assets and liabilities		
Student accounts receivable	(173,154)	-
Contract and grant billed and unbilled receivables	(2,538,123)	-
Other accounts receivable	(4,422,403)	1,038,736
Inventories	(19,678)	-
Other assets	(419,229)	(8,877)
Deferred outflows of resources	28,670,730	-
Accounts payable and accrued expenses	1,312,582	22,950
Student and other deposits	57,980	-
Unearned revenue	2,304,194	-
Compensated absences	(1,083,312)	-
Deferred inflows of resources	127,367,312	(24,907)
Net pension liability	(171,834,069)	-
Net OPEB liability	22,258,458	-
Other payables	-	1,461,336
NET CASH USED IN OPERATING ACTIVITIES	\$ (48,062,403)	\$ (8,579)

Supplemental Disclosure of Cash Flow Information

During 2022, investments held by the Institute decreased in value in the amount of \$11,437,840.

During 2022, investments held by the Foundation decreased in value in the amount of \$2,820,743.

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 1 – Description of Business

Organization

The New Mexico Institute of Mining and Technology (the Institute, NMIMT, or NMT) is declared to be and is confirmed as a state educational institution by Section 11 of Article XII of the Constitution of the State of New Mexico, as amended. The Institute was founded in 1889 under the New Mexico Territorial Laws of 1889.

According to the Constitution of the State of New Mexico, the legislature shall provide for the control and management by a Board of Regents consisting of five members appointed by the Governor and confirmed by the State Senate for overlapping terms of six years. Section 21-11-4 of the New Mexico Statutes Annotated, 1978 Compilation (NMSA 1978), also vests this control and management in the Board of Regents.

The Institute offers both graduate and undergraduate degree programs in many fields. Major programs offered include earth sciences, physical and biological sciences, mineral engineering disciplines, mathematics, and computer science. The Institute is also involved in numerous research projects, many of which are performed under government or private contracts.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

(A) Basis of Presentation

The Institute and its component units present their financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The statement presentation required by GASB Statement 35, *Basic Financial Statements – and Management’s Discussion and Analysis – an amendment of GASB Statement No. 34*, provides a comprehensive entity-wide perspective of the Institute’s assets, liabilities, and net position, revenues, expenses and changes in net position, and cash flows.

GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement 61, *The Financial Reporting Entity – Omnibus*, and GASB Statement 80, *Blending Requirements for Certain Component Units*, provides guidance in determining whether certain organizations are component units and the presentation of these component units in the financial statements. Criteria for determining whether related organizations are component units include the following circumstances:

- Appointment of a voting majority of an organization’s governing authority and the ability of the Institute to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Institute, or;
- An organization is fiscally dependent on the Institute and provides specific financial benefits to, or imposes specific financial burdens on, the Institute, or;

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

- It is determined that it would be misleading to exclude the related organization from the Institute's financial statements because of the nature of the entity or because the entity is closely related to or financially integrated with the Institute.

In evaluating how to define the Institute for financial reporting purposes, management has evaluated the Institute's potential component units. The basic, but not the only, criterion for including a potential component unit as part of the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of this ability include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the Institute. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing or fiduciary relationships, regardless of whether the Institute is able to exercise oversight responsibilities and Institute being the sole corporate member of the component unit.

The following entities are presented in the financial statements as component units:

Discretely Presented Component Unit

In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Institute. Based on the application of these criteria, the New Mexico Tech Foundation is included in these financial statements as discretely presented component unit.

The New Mexico Tech Foundation (the Foundation) is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Foundation is organized to solicit, receive, hold, invest, and transfer funds to the New Mexico Institute of Mining and Technology by making available funds for institutional support, scholarships, and other benefits. The Foundation has no component units.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Blended Component Unit

The inclusion of the assets, liabilities, and net income of the Foundation as a discretely presented component unit of the Institute, for accounting purposes only, has been directed by generally accepted accounting principles as applied to governmental units. The Foundation has no obligation to provide resources and earnings to the Institute, except by action of the Foundation's Board of Trustees. The Foundation's Board of Trustees is appointed by the Institute and is made up of five members with no employment relationship with the Institute and only one member with an employment relationship.

New Mexico Institute of Mining and Technology Employee Benefit Trust (the Trust) is a single-employer benefit plan organized as a legally formed trust that is tax exempt under section 501(c)(9) of the Internal Revenue Code. The Trust was established to provide a funding vehicle to which participants and the Institute contribute to prefund, in part, the cost of other postemployment benefits for eligible retirees of the Institute.

The Trust has been informed by legal opinion and accepted by management that the Plan is a legally-formed independent trust and is therefore recognized as a blended component unit in the Institute's financial statements. The Trust accounts are separately audited as required under GASB 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*.

The New Mexico Tech University Research Park Corporation (the Corporation) is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Corporation is organized to assist the Institute by making available funds to pursue technology research and other programs being carried out by the Institute. The Corporation has no component units. The Institute is the sole member of the Corporation and appoints the board of the Corporation, as a result determined to be a blended component unit of the Institution.

The financial statements of the Foundation, Corporation, and Trust can be obtained directly at the Institute's office at the following address: New Mexico Institute of Mining and Technology, 801 Leroy Place, Socorro, New Mexico 87801.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

(B) Impact of Recently Issued Accounting Standards

GASB Statement No. 87 – *Leases* (GASB 87), defines a lease as a contract that conveys control of the right to use another Corporation’s nonfinancial asset (e.g., buildings, land, vehicles, equipment) as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources (revenues), or outflows of resources (expenses) based on the payment provisions of the contract. A lessee is required to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible right-to-use lease asset, measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessor is required to recognize a lease receivable, measured at the present value of lease payments expected to be received during the lease term, and a deferred inflow of resources, measured at the value of the lease receivable, plus any payments received at or before the commencement of the lease term that relate to future periods. This statement includes an exception for short-term leases (those with a maximum possible term of 12 months or less), contracts that transfer ownership, leases of assets that are investments, and certain regulated leases.

The Institute adopted GASB 87 during the year ended June 30, 2022, using the retrospective approach. The Institute evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The Institute has entered into lease agreements as both the lessor and lessee, and as such has recognized the corresponding receivables, payables, capital assets, and deferred inflows required under this statement. Implementation of GASB 87 impacted previously reported fiscal year 2021 balances. A reconciliation of the previous balances with the GASB 87 adjustments are shown below:

	June 30, 2021		
	Original Amount	Lease Adjustment	Restated Amount
ASSETS			
Due from state agencies and other accounts receivables	\$ 2,212,712	\$ 117,176	\$ 2,329,888
Capital assets, net of accumulated depreciation and amortization	156,548,122	1,453,403	158,001,525
Noncurrent receivables	-	1,080,171	1,080,171
LIABILITIES			
Accounts payable and accrued liabilities	7,792,601	610,746	8,403,347
Other noncurrent liabilities	5,434,223	971,506	6,405,729
DEFERRED INFLOWS OF RESOURCES	7,805,581	1,182,662	8,988,243
NET POSITION	102,389,658	(114,164)	102,275,494

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

(C) Basis of Accounting

For financial reporting purposes, the Institute is considered a special-purpose government engaged only in business-type activities in conformity with accounting principles generally accepted in the United States of America. Accordingly, the Institute's primary institution financial statements have been presented in a single column 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. All significant intra-entity transactions have been eliminated.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB) and the Higher Education Department's Financial Reporting for Public Institutions in New Mexico.

For the Trust, plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

(D) Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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 expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the following:

- a) Net pension liability
- b) Net other postemployment benefits (OPEB) obligation
- c) Unfunded accrued actuarial liability (UAAL) for postemployment benefits
- d) Depreciation
- e) Tuition discounts and allowances
- f) Environmental cleanup liability reserves
- g) Incurred cost rate audit adjustments
- h) Fair value measurements on investments

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Budgetary Basis and Control

The Institute 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 an appropriation has been made to the Institute, its Board of Regents can, in general, adopt an operating budget within the limits of available income. Operating budgets are approved via the following procedures:

- a) The institution will submit an original copy that has been approved by the Institution's regents to the HED's office by May 1st.
- b) The HED meets in June and acts on approval of the budgets.
- c) The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for use by the Institute in subsequent years, per the General Appropriation Act.

Under Title 5 of the New Mexico Administrative Code, Chapter 3, part 4, paragraph 10 – *Items of Budgetary Control* – total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary basis 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; (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; and (5) each individual item of transfer between funds and/or functions.

Budget revisions must be approved by the executive secretary of the New Mexico Department of Higher Education and then by the Budget Division of the Department of Finance and Administration.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or reach their original maturity date within three months. Cash restricted by grants and collected for auxiliary projects is included in cash and cash equivalents. The Institute accounts for its investments at fair value in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and GASB No. 72, *Fair Value Measurement and Application*.

Restricted Cash and Cash Equivalents

This cash constitutes resources that the Institute is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Investments

Investments are made in accordance with the Constitution of the State of New Mexico and the policies of the Board of Regents. The investment policy has incorporated the provisions of the State of New Mexico Uniform Prudent Management of Institutional Funds Act (Chapter 46, Article 9A NMSA 1978) in accounting for net appreciation/depreciation of endowments. The Institute accounts for its investment portfolio at fair value on June 30 of each fiscal year.

Stocks, bonds, real estate held for sale or investment, and similar investments are generally reported at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations from over-the-counter markets. In the case of pooled funds or mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as publicly quoted. The income from the Institute's interest in the Land Grant Permanent Fund, which interests are managed by the New Mexico State Investment Council, is distributed monthly to the Institute.

Endowments

The Institute accounts for its endowed investment portfolio at fair value on June 30 of each fiscal year. Additions to endowments are reported each year based on the fair value of the investments. The investments are managed on a total return basis with 4.5% of the average five-year market value being made available for expenditure, and the remaining returns retained in the funds to compensate for inflationary growth. State statute 46-9-6 NMSA 1978 provides the Institution with the authority to use the net appreciation of restricted endowments as established by the donor. An institution may appropriate for expenditures or accumulate as much as it determines prudent for the uses, benefits, purposes, and duration of the endowment. Each institution sets the amounts and/or percentage of net appreciation on endowment investments that are authorized for expenditure in its spending plan. In the case of reserve, allocated, and agency funds, the total returns will remain with the funds until these funds are authorized to be expended for the purposes for which they were established.

Accounts Receivable

The Institute records student tuition and fees and student accounts receivable at rates established at the time a student registers for classes. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Institute's grants and contracts. A provision for uncollectible student accounts is recorded to maintain an adequate allowance for anticipated losses. The allowance for doubtful accounts includes consideration for the credit risk associated with the various receivables. There were no accounts receivable due from the Federal, state and local governments or private sources deemed to be uncollectible.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Other Receivables

Other receivables consist of amounts due under various agreements not related to grants or contracts and amounts due from component units. Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are their primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. In the opinion of management, there was no allowance necessary at year-end.

Inventories

Inventories of supplies and materials held for sale or use are stated substantially at average weighted cost. Golf course inventory is stated at cost.

Income Taxes

The Institute, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the Institute are deductible by donors as provided under Section 170 of the Internal Revenue Code. The Foundation and Research Park Corporation are both exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and the Employee Benefit Trust is exempt from taxes under Section 501(c)(9) of the Internal Revenue Code for normal activities not unrelated to their exempt purpose.

Other Assets

Other assets primarily consist of student loans outstanding under the federal Perkins loan program.

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

Capital Assets

Capital assets purchased or acquired at a value of \$5,000 or greater are capitalized per Section 12-6-10 NMSA 1978. All capital assets are valued at historical cost or estimated historical cost if actual history is not available. Donated assets, or those contributed by other governmental entities, are valued at their estimated fair value on the date donated. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized in the year in which the project was considered completed. The Institute does not capitalize historical treasures or works of art as they are immaterial. Other costs incurred for repairs and maintenance are expensed as incurred.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Depreciation on all assets is calculated on the straight-line basis over estimated useful lives with no salvage value. Estimated useful lives and capitalization thresholds of capital assets are as follows:

	<u>Life (in years)</u>	<u>Threshold</u>
Land improvements	30	\$ 100,000
Building	30	\$ 100,000
Infrastructure	30	\$ 100,000
Computers	3	\$ 5,000
Equipment	5	\$ 5,000
Vehicles	7	\$ 5,000
Heavy equipment	12	\$ 5,000
Library books	10	All
Software - minor	5	\$ 5,000
Software - major	10	\$ 50,000

Compensated Absences

The Institute accounts for the accumulated vacation leave on the accrual basis. Accrued vacation up to 240 hours for employees with 10 years of service and 336 hours thereafter is recorded at 100% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour.

Unearned Revenue

Revenue for each academic session is reported within the fiscal year during which the session is completed. Revenues for the summer session starting in May 2022 are shown as unearned revenue in the accompanying financial statements since the session was not completed at June 30, 2022.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Institute in one period that is applicable to future periods.

Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets in one period that is applicable to future periods.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP, 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and addition to/deduction from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

The Institute's net position is classified as follows:

Net Investment in Capital Assets – Net investment in capital assets represents the Institute's capital assets, less related accumulated depreciation and debt attributable to the acquisition, construction, or improvement of these assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The Institute has outstanding bond obligations of \$18,880,266 for purposes of constructing a dormitory, an educational building and energy efficient improvements on the facilities.

Restricted Net Position-Nonexpendable – Nonexpendable 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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Restricted Net Position-Expendable – Expendable restricted net position includes resources which the Institute is obligated to spend in accordance with restrictions imposed by external parties. Restrictions imposed on asset use can be imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party to use resources created by enabling legislation only for purposes specified by the legislation.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, auxiliary enterprises, other exchange transactions and unrestricted grants. These resources are used for transactions relating to the educational and general operations of the Institute, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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

Deferred outflows of resources consumed and deferred inflows of resources received and available are included in the statement of net position.

There were deferred outflows and inflows of resources to separately report at June 30, 2022.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Revenues and Revenue Recognition

The Institute has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most federal, state and local grants and contracts, and Federal appropriations, and (3) interest on institutional student loans.

Non-Operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income, bond proceeds appropriations and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Appropriations are recognized in the year they are appropriated, regardless of when actually received. Gifts are recognized when all eligibility requirements have been met. Interest and investment income is recognized in the period when it is earned.

The Institute engages in federal grant, contract, and cooperative agreement programs commonly referred to as *reimbursement type* programs. These programs require that the recipient (the Institute) must incur allowable costs as defined by the agreement types in order to draw down funds against the particular project. This is the principal eligibility requirement for the recognition of the revenue. Contract and grant revenues are recognized when the underlying exchange transaction has occurred, that is when all eligibility requirements have been met. Upon incurring an allowable cost, the Institute simultaneously recognizes a receivable and revenue in the amount of the expenditures incurred. All other eligibility requirements or grants, as applicable, must also be satisfied.

The Institute received an annual state General Fund appropriation of \$39,893,730 for fiscal year 2022, under the General Appropriation Act of 2016 as amended by subsequent bills. In general, unexpended state appropriations to the Institute do not revert at the end of each fiscal year (NMSA 1978 6-4-2).

The Institute periodically receives severance tax and general obligation bond appropriations for capital asset projects on the campus. Bond revenue from these appropriations is recorded only when eligibility requirements have been met. The eligibility requirements for capital projects financed by bonds are satisfied when all required documentation to support a drawdown of a bond fund is submitted and approved by the Board of Finance. See Supplementary Schedule 7 for details of current year bond activity and amounts remaining.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

The Institute is a beneficiary of the Ferguson legislation (1898) whereby lands of the State of New Mexico were allocated to the benefit of state educational institutions including income derived therefrom. NMSA 1978 19-1-17 is the enabling legislation to allocate specific lands to educational institutions including the Institute. Currently oil and gas royalties, coal royalties, and grazing fees produce investment income which is distributed monthly to beneficiaries based on their allocated lands and is shown as State Land Grant Permanent Fund Income in the Statement of Revenues Expenses and Changes in Net Position.

Classification of Expenses

The Institute has classified its expenses as either operating or non-operating expenses according to the following criteria:

Operating Expenses – Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) utilities, supplies, and other services; (3) professional fees; (4) depreciation expenses related to Institute property, plant, and equipment, (5) pension and other postemployment benefit costs, and (6) all other cash flows from transactions that do not result from transactions defined as capital and related financing, noncapital financing.

Non-Operating Expenses – Non-operating expenses include activities that have the characteristics of non-exchange transactions that are consistently applied as non-operating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Recently Issued Accounting Standards

GASB Statement No. 91 – *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuer and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objective by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement is effective for periods beginning after December 15, 2021 (fiscal year 2023), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement 91 will have on its financial statements.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined by this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB Statement 94 is effective for periods beginning after June 15, 2022 (fiscal year 2023), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement 94 will have on its financial statements.

GASB Statement No. 96 – *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement 96 is effective for periods beginning after June 15, 2022 (fiscal year 2023), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement 96 will have on its financial statements.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before the financial statements are issued or are available to be issued. The Institute recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The Institute's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position, but arose after the statement of net position date and before the financial statements are available to be issued.

The Institute has evaluated subsequent events through October 28, 2022, which is the date the financial statements are available to be issued. See Note 16.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 3 – Cash and Investments

Cash

A detail of the cash accounts at June 30, 2022, is included below:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Reconciled Balance
First State Bank	Comptroller Cash on Deposit	Checking	\$ 34,685,834	\$ (217,764)	\$ 34,468,070
First State Bank	Payroll Cash on Deposit	Checking	179,781	(169,792)	9,989
First State Bank	NMEAF Cash on Deposit	Checking	95,837	(6,665)	89,172
Wells Fargo	Vendor Cash on Deposit	Checking	5,524,731	(5,232,987)	291,744
Wells Fargo	Employee Benefits Trust Operating	Checking	920,420	(2,415)	918,005
Wells Fargo	Employee Benefits Trust Claims	Checking	277,033	-	277,033
First State Bank	Research Park Corp Checking	Checking	267,978	-	267,978
			<u>41,951,614</u>	<u>(5,629,623)</u>	<u>36,321,991</u>
	Petty Cash	Cash	26,229	-	26,229
	Total cash accounts		<u>\$ 41,977,843</u>	<u>\$ (5,629,623)</u>	<u>\$ 36,348,220</u>

Custodial Credit Risk – Cash

Custodial credit risk is the risk that in the event of a bank failure, the Institution's deposits may not be returned to it. The Institution does not have a deposit policy for custodial credit risk. As of June 30, 2022, the Institute's custodial credit risk was as follows:

Bank balance uninsured and uncollateralized	\$ 7,874,259
Bank balance insured and collateral held (not in Institute's name)	<u>32,827,355</u>
Total custodial credit risk - cash	<u>\$ 40,701,614</u>

The Institute is required to comply with Section 6-10-16 and 6-10-17 NMSA 1978, which requires that 50% of the uninsured balance of public deposits be secured by pledges of qualifying securities of the depository. The Institute's pledged collateral as of June 30, 2022 was as follows:

Total deposits all banks	\$ 41,951,614
Less: FDIC coverage	<u>(1,250,000)</u>
Uninsured public funds	40,701,614
50% collateral required	20,350,807
Pledged collateral held by pledging banks' agent in the name of the Institute	<u>32,827,355</u>
Excess of pledge collateral over the required amount	<u>\$ 12,476,548</u>

The Institute, under the terms of its automated clearinghouse (ACH) origination agreement with its primary financial institution, has a requirement to maintain a minimum balance in its accounts with that financial institution of \$30 million. The Institute may access all deposits with this institution at any time.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 3 – Cash and Investments (continued)

Investments

Investments of the Institute consist of the following at June 30, 2022:

	Market Value
Short-term LGIP	\$ 19,552,022
Endowments	60,832,912
Other long-term	19,801,175
 Total investments	 \$ 100,186,109

There are no other restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) to disclose in accordance with GASB 79 – *Certain External Investment Pools and Pool Participants*.

As the Institute's investment in LGIP is under \$30 million, the Trust's only restriction on withdrawals is 24 hours of notice to the New Mexico State Treasurer's Office (NMSTO).

	Reconciled Balance per Books	Balance per Custodial Statement
Investment accounts		
Morgan Stanley		
Langmuir endowment		
Money market funds	\$ 66,586	\$ 66,586
Mutual funds	437,615	437,615
U.S. government and corporate debt securities	60,808	60,808
Common stocks	2,497,609	2,497,609
NMT Capital Campaign		
Money market funds	115,536	115,536
Mutual funds	333,771	333,771
Common stocks	367,924	367,924
TD Ameritrade		
Student investment club		
Cash	886	886
Common stocks	258,780	258,780
State Investment Council Pooled Fund	76,494,572	76,463,093
State Treasurer - LGIP	19,552,022	19,552,022
 Total investments	 \$ 100,186,109	 \$ 100,154,630

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

External Investment Pool

The New Mexico Local Government Investment Pool (LGIP) is an investment pool established by the State Treasurer for the purpose of investing funds of municipal, county, tribal, and quasi-governmental bodies. There are no requirements for governments to participate in the LGIP. Participating governments may withdraw up to \$30 million within one business day, and withdrawals in various ranges between \$30 million and over \$100 million require notice from 2-10 business days.

The LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner consistent with GASB 79, *Certain External Investment Pools and Pool Participants*. LGIP has met the criteria outlined in GASB Statement No. 79 to permit the election to report its investments at amortized cost which approximates fair value. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested.

Section 6-10-10, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Institute does not have custodial credit risk policies for investments and does not have investments subject to custodial credit risk.

An acceptable method of reporting interest rate risk is the weighted average maturity (WAM).

The Institute has no control over the State Treasurer's Investment pools and provides the following disclosure provided by the State Treasurer's Office concerning the Institute's investment in the New Mexico LGIP:

New Mexico LGIP	AAAm Rated	\$19,552,022	49 day WAM (R); 89 day WAM (F)
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New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The Institute is required to disclose credit ratings of their debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the Institute does have a policy that restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations. The policy states that cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof; money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Moody's, time deposits in U.S. banks. Exclusive of the U.S. government and agency issues, all other fixed income portfolio will be "A" or better rated as established by a recognized rating service and further reinforced by independent in-house credit analyses.

A summary of the Institute's investments at June 30, 2022, and its exposure to credit risk are as follows:

Investments	WAM Years	Rating	Fair Value
<i>Items subject to credit risk</i>			
Money market funds	-	not rated	\$ 182,122
Cash	-	not rated	886
Corporate debt securities	0.62	AA	60,671
Government debt securities	6.40	not rated	137
State Treasurer - LGIP	0.24	AAAm	19,552,022
Investments not subject to categorization			
State Investment Council Pooled Funds	-	not rated	<u>76,494,572</u>
Total items subject to credit risk			96,290,410
<i>Items not subject to credit risk</i>			
Mutual funds			771,386
Common stocks			<u>3,124,313</u>
Total items not subject to credit risk			<u>3,895,699</u>
Total investments			<u><u>\$ 100,186,109</u></u>

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 Institute does not have a formal policy to limit its exposure to interest rate risk.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

A summary of the investments and their respective maturities at June 30, 2022, and their exposure to interest rate risk are as follows:

	Investment Maturities				Fair Value
	Less than 1 Year	1 to 5 Years	6 to 10 Years	Greater Than 10 Years	
<i>Items subject to interest rate risk</i>					
Money market funds	\$ 182,122	\$ -	\$ -	\$ -	\$ 182,122
U.S. Government and corporate debt securities	60,671	-	137	-	60,808
State Treasurer LGIP	19,552,022	-	-	-	19,552,022
	<u>\$ 19,794,815</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ -</u>	19,794,952
Investments not subject to categorization					
State Investment Council Pooled fund					<u>76,494,572</u>
Total items subject to interest rate risk					96,289,524
<i>Items not subject to interest rate risk</i>					
Cash					886
Common stocks					3,124,313
Mutual funds					<u>771,386</u>
Total items not subject to interest rate risk					3,896,585
Total investments					<u>\$ 100,186,109</u>

Fair Value Measurements

US GAAP requires certain assets and liabilities to be measured at fair value. 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.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. The fair value hierarchy 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 Plan has the ability to access.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

The investment portfolio is comprised of equity securities (common stock), mutual funds, debt securities, and pooled investments and is recorded in the financial statements at fair value. The corresponding unrealized gain or loss in the fair value in relation to cost is accounted for as investment income in the statement of revenues, expenses, and changes in net position.

During 2021, the Institute used quoted market prices in an active market to determine the fair value of debt and equity securities and mutual funds. These measurements are classified within Level 1 of the fair value hierarchy. The Institute uses the classifications of investment pools provided by the SIC. These measurements are classified within levels of the fair value hierarchy as follows:

- Investments in the Large Cap Index Pool – Level 1
- Investments in Small/Mid Cap Active Pool – Level 1
- Investments in Non-US Developed Markets Index Pool – Level 1
- Investments in Non-US Emerging Markets Index Pool – Level 1
- Investments in Core Plus Bonds Pool – Level 2
- Investments in Credit & Structured Finance Pool – Net Asset Value as a practical expedient (NAV practical expedient)
- Investments in Private Equity Pool – NAV practical expedient
- Investments in Real Estate Pool – NAV practical expedient

The State Treasurer LGIP is excluded from fair value accounting and is recorded in the financial statements at amortized cost.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

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.

The following table presents the fair value measurements of assets and liabilities at June 30, 2022.

	Fair Value Measurements Using			Fair Value
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	
Held at Morgan Stanley and TD Ameritrade				
Common stocks	\$ 3,124,313	\$ -	\$ -	\$ 3,124,313
Money market funds	182,122	-	-	182,122
Corporate debt securities	60,671	-	-	60,671
Government debt securities	137	-	-	137
Mutual funds	771,386	-	-	771,386
Investments held with the New Mexico				
State Investment Council (SIC) pooled funds:				
U.S. Large Cap Index Pool	17,567,910	-	-	17,567,910
U.S. Small/Mid Cap Pool	4,381,166	-	-	4,381,166
Non U.S. Developed Markets Pool	14,561,876	-	-	14,561,876
Non U.S. Emerging Markets Pool	7,457,018	-	-	7,457,018
Core Bonds Pool	-	15,668,336	-	15,668,336
State Treasurer Office (STO) LGIP	-	19,552,022	-	19,552,022
Total	\$ 48,106,599	\$ 35,220,358	\$ -	83,326,957
Investments Measured at NAV Practical Expedient				
Investments held with the New Mexico State Investment Council pooled funds:				
Credit & Structured Finance Pool				4,154,991
Private Equity Pool				8,293,980
Real Estate Pool				4,409,295
Cash				886
Total Investments				\$ 100,186,109

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 3 – Cash and Investments (continued)

GASB 72 requires additional disclosure for certain types of investments that calculate net asset value per share but are not publicly traded to assist in understanding the nature and risk of these investments by major category. The table below summarizes the fair value and other pertinent liquidity information of investments at June 30:

Investment	Fair Value	Redemption Frequency	Redemption Notice Period
U.S. Large Cap Index Pool	\$ 17,567,910	Daily	5 Business Days
U.S. Small/Mid Cap Pool	4,381,166	Daily	5 Business Days
Non U.S. Developed Markets Pool	14,561,876	Daily	5 Business Days
Non U.S. Emerging Markets Pool	7,457,018	Daily	5 Business Days
Core Bonds Pool	15,668,336	Daily	5 Business Days
State Treasurer Office (STO) LGIP	19,552,022	Daily	1 Business Day
Credit & Structured Finance	4,154,991	4 times per year	3 months
Private Equity Pool	8,293,980	2 times per year	9 months
Real Estate Pool	4,409,295	2 times per year	3 months

Note 4 – Receivable

Receivable consists of the following at June 30, 2022:

Grant and contracts billed and unbilled	\$ 16,506,193
Student accounts	1,165,901
Due from state agencies and other accounts receivable	4,793,115
Total receivables	<u>22,465,209</u>
Allowance for doubtful accounts	<u>(511,236)</u>
Total receivables billed and unbilled, net	<u><u>\$ 21,953,973</u></u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 5 – Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Transfers	Retirements	Balance June 30, 2022
Capital assets not being depreciated					
Land	\$ 4,334,219	\$ -	\$ -	\$ -	\$ 4,334,219
Construction in progress	10,062,435	6,525,731	(8,814,255)	-	7,773,911
Total assets not depreciating	<u>\$ 14,396,654</u>	<u>\$ 6,525,731</u>	<u>\$ (8,814,255)</u>	<u>\$ -</u>	<u>\$ 12,108,130</u>
Depreciable capital assets					
Non-major infrastructure networks	\$ 30,482,618	\$ -	\$ 5,979,799	\$ -	\$ 36,462,417
Land improvements	7,128,046	-	-	-	7,128,046
Buildings	226,795,110	1,000,000	2,834,456	-	230,629,566
Furniture, fixtures, and equipment	54,551,838	2,126,042	-	(1,430,259)	55,247,621
Software	1,780,118	-	-	-	1,780,118
Library materials	12,114,190	9,688	-	(5,953)	12,117,925
Right-to-use assets	2,413,760	-	-	-	2,413,760
Total depreciating capital assets	<u>\$ 335,265,680</u>	<u>\$ 3,135,730</u>	<u>\$ 8,814,255</u>	<u>\$ (1,436,212)</u>	<u>\$ 345,779,453</u>
Accumulated depreciation and amortization					
Non-major infrastructure networks	\$ (18,541,717)	\$ (932,977)	\$ -	\$ -	\$ (19,474,694)
Land improvements	(4,322,164)	(179,859)	-	-	(4,502,023)
Buildings	(111,648,449)	(6,697,353)	-	-	(118,345,802)
Furniture, fixtures, and equipment	(47,182,506)	(2,384,789)	-	1,430,259	(48,137,036)
Software	(1,757,994)	(15,817)	-	-	(1,773,811)
Library materials	(7,247,622)	(847,995)	-	5,953	(8,089,664)
Right-to-use assets	(960,357)	(582,198)	-	-	(1,542,555)
Total accumulated depreciation and amortization	<u>\$ (191,660,809)</u>	<u>\$ (11,640,988)</u>	<u>\$ -</u>	<u>\$ 1,436,212</u>	<u>\$ (201,865,585)</u>
Capital assets summary					
Capital assets not depreciating	\$ 14,396,654	\$ 6,525,731	\$ (8,814,255)	\$ -	\$ 12,108,130
Depreciating capital assets, at cost	335,265,680	3,135,730	8,814,255	(1,436,212)	345,779,453
Total cost capital assets	349,662,334	9,661,461	-	(1,436,212)	357,887,583
Accumulated depreciation and amortization	(191,660,809)	(11,640,988)	-	1,436,212	(201,865,585)
Capital assets, net	<u>\$ 158,001,525</u>	<u>\$ (1,979,527)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,021,998</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 6 – Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 is as follows:

Noncurrent Liabilities	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion (Due in 2023)
Accrued compensated absences	\$ 8,979,805	\$ 4,676,196	\$ (5,759,508)	\$ 7,896,493	\$ 4,903,744
Bonds payable	18,880,266	8,470,000	(10,092,816)	17,257,450	970,000
Environmental remediation	5,434,223	-	-	5,434,223	-
Lease liability	1,575,233	-	(568,894)	1,006,339	597,900
Net pension liability	262,966,133	-	(171,834,069)	91,132,064	-
Net OPEB obligation	36,995,244	22,258,458	-	59,253,702	-
Total noncurrent liabilities	\$ 334,830,904	\$ 35,404,654	\$ (188,255,287)	\$ 181,980,271	\$ 6,471,644

Environmental Remediation

As part of the Government's weapons and munitions research and development during the years 1972 to 1992, munitions containing depleted uranium (DU), which is a heavy metal and has very low level radioactivity, were tested at the Energetic Materials Research and Testing Center (EMRTC). The Institute's Radioactive Material License issued by the State of New Mexico for possession of the DU requires decommissioning of sites and facilities. The Institute had submitted its claim for breach of express contracts, pursuant to the Contract Disputes Act (CDA) breach of implied contracts, and negligence requiring restoration of property, to the contracting officers of various US government and military related organizations in May 2011. The claim under the CDA was denied on April 13, 2012. A claim was also submitted to Government contracting officers for cleanup of DU at the Institute under the Federal Tort Claims Act. The Government's agency handling the claim did not respond to the claim within the prescribed time which may be deemed by the Institute a final denial of the claim.

NMT/EMRTC elected not to pursue the Tort Claim filed in accordance with the Contract Disputes Act of 1978 for breach of contract, breach of implied contract, negligence, violation of Federal Tort Claims Act (FTCA), equitable claims, and damages. EMRTC determined that costs involved in this activity have little or no probability of being recovered.

The Institute may be liable for all or part of the cleanup cost. The cleanup cost has not been definitely estimated, but preliminary estimates range from approximately \$5,000,000 to \$19,000,000. It is uncertain at the date of these financial statements as to the outcome of the Institute's recovery actions against the United States or the potential cleanup amount that might be ultimately required. The Institute has accrued \$5,434,223 as a non-current liability as of June 30, 2022.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 6 – Long-Term Liabilities (continued)

Lease Liability

Future principal and lease payments required as of June 30, 2022, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Minimum Payments</u>
2023	\$ 597,900	\$ 20,567	\$ 618,467
2024	176,380	8,828	185,208
2025	127,131	4,845	131,976
2026	96,372	1,690	98,062
2027	8,556	209	8,765
	<u>\$ 1,006,339</u>	<u>\$ 36,139</u>	<u>\$ 1,042,478</u>

Note 7 – Bonds Payable

Long-term debt of the Institute at June 30, 2022, consists of revenue bonds. On December 18, 2019, the Institute issued System Revenue Bonds, Series 2019, in the par amount of \$8,555,000, maturing December 2040, and carrying interest of 4%. These bonds were issued in accordance with the provisions of resolution adopted by the Board of Regents in October 2019, for the purpose of acquiring, installing, constructing and equipping energy efficiency improvements on the facilities of NMIMT.

On December 3, 2021, the Institute issued System Refunding Revenue Bonds, Series 2021, in the par amount of \$8,470,000, maturing June 2031, and carrying interest of 1.0097%. These bonds were issued in accordance with the provisions of resolution adopted by the Board of Regents in September, 2021, for the purpose of refinancing System Revenue Bonds, Series 2011.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Capital improvements	1.01%-4.00%	\$ 17,257,450

Annual debt service requirements for the institute's revenue bonds to maturity are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 970,000	\$ 397,822
2024	1,084,120	389,312
2025	1,109,120	379,058
2026	1,139,120	366,476
2027	1,169,120	351,447
2028-2032	5,545,867	1,443,832
2033-2037	2,976,945	903,400
2038-2041	3,263,158	258,500
Total	<u>\$ 17,257,450</u>	<u>\$ 4,489,847</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 7 – Bonds Payable (continued)

The Institute has pledged future net income and net revenues received from Institute-owned Auxiliary Enterprises and from the System; all gross proceeds of student tuition and fees except student social and cultural activities fees; the gross amount received by the Institute from the income from the Permanent fund and Income fund; and all income or revenues received by the Institute as indirect cost recovery and fixed fee reimbursement from restricted grants and contracts to repay the bond debt. Annual principal and interest payments on the bond are expected to require about 17% of pledged revenues. Interest paid during the current year totaled \$533,603. Pledged revenues received during 2022 were \$9,220,766.

A bond premium of \$237,846 remains unamortized as of June 30, 2022, with \$59,389 being amortized during the year. Amortization of the bond premium in future years is approximately \$29,731 per year.

Note 8 – Other Postemployment Benefits Plan

The Board of Regents authorized the creation of the New Mexico Tech Employee Benefit Trust (Trust or Plan), a contributory benefit plan, to operate, control and maintain a program to provide certain health and life insurance benefits to the employees of the Institute and their families. Retired employees may participate in the Plan. The Plan is considered a postemployment benefit plan as defined by GASB 74, *Financial Reporting for Postemployment Benefit Other than Pension Plans*. The Trust is recorded as a blended component unit. The Board of Regents serves as trustee and has delegated the day-to-day operations of the Trust to the executive staff of the Institute. The Trustees and Institute management have designated a third-party administrator to process the claims submitted by covered participants.

Effective January 1, 2019, the Institute is no longer using the Trust, a contributory benefit plan, to operate, control and maintain a program to provide the health insurance benefits to the employees of the Institute and their families. The Board of Regents made a resolution approving an agreement for participating with New Mexico Public School Insurance Authority (NMPSIA), for employee health benefits for its employees, retirees and their families. The Trust will continue to operate, control and maintain the life insurance and flexible benefits to the employees of the Institute and their families.

The Trust issues standalone audited financial statements that can be obtained by request or via the Office of the State Auditor's website at www.saonm.org.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

Plan Description

Benefits Provided – Eligible retirees of the Institute are offered \$10,000 of retiree basic life insurance.

In addition, the Trust is used to pay premiums for life insurance coverage on eligible participants and to administer the Flexible Benefits Plan (the Flex Plan). The Flex Plan, which is fully funded by employees, provides reimbursement of certain employee health and dependent care expenses.

The Trust also holds Employee Assistance Plan (EAP) and Commuter Benefits Holding funds.

Contributions – The Trust is funded by contributions from both the Institute and employees of the Institute. Flex Plan contributions consist of employee-only contributions and are based on amounts elected by the employees up to specified limits, and are withheld from employee pay. All other contributions, including employee and employer contributions, are based on amounts determined by the Trust Committee as necessary to cover the expenses of the Trust. Contributions are funded on a monthly basis.

Net Other Postemployment Benefits Liability

The Institute's net OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

The components of the Institute's net OPEB liability at June 30, were as follows:

<u>Component of the Institute's Net OPEB Liability</u>	<u>June 30, 2022</u>
Total OPEB liability	\$ 64,293,784
Plan fiduciary net position	5,040,082
The Institute's net OPEB liability	\$ 59,253,702
Plan fiduciary net position as a percentage of total OPEB liability	8%

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement, unless otherwise specified:

Salary increases	3.0%
Investment rate of return	6.0%
Healthcare cost trend rates	Medical Pre-Medicare: 7.00% initially, reduced by decrements to a rate of 4.50% after nine years Medical Post-Medicare: 6.50% % initially, reduced by decrements to a rate of 4.50% after nine years Pharmacy: 8.500% initially, reduced by decrement to a rate of 4.50% after nine years Dental and Vision: 3.00%

Mortality rate was based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%, which is a blended rate of the Institute’s long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index. A blended discount rate was calculated based on separating the projected future payments between those paid from the Trust and those paid from general assets. The Trust assets were projected using the expected long-term rate of return. Payments from the Trust were assumed to begin when the projected assets value is fully-funded and all future projected benefit payments will be paid from the Trust.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021 (based on July 1, 2020 measurement date)	\$ 41,323,584	\$ 4,328,340	\$ 36,995,244
Changes for the year:			
Service cost	2,993,435	N/A	2,993,435
Interest on the total OPEB liability	1,377,260	N/A	1,377,260
Changes of benefit terms	-	N/A	-
Differences between expected and actual experience	12,356,550	N/A	12,356,550
Changes of assumptions*	7,720,129	N/A	7,720,129
Gross benefit payments	(1,477,174)	(1,477,174)	-
Contributions from the employer	N/A	689,092	(689,092)
Contributions from the employee	N/A	735,022	(735,022)
Net investment income	N/A	714,655	(714,655)
Administrative expense	N/A	(97,012)	97,012
Other changes	N/A	147,159	(147,159)
Net changes	22,970,200	711,742	22,258,458
Balance at June 30, 2022 (based on July 1, 2021 measurement date)	\$ 64,293,784	\$ 5,040,082	\$ 59,253,702

* The assumed discount rate decreased from 3.16% at June 30, 2021 to 2.17% at June 30, 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Institute's net OPEB liability at June 30, 2022, which was measured using the discount rate of 3.16 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

Changes in Discount Rate	1% Decrease (1.17%)	Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 73,012,067	\$ 59,253,702	\$ 48,582,541

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Institute's net OPEB liability at June 30, 2022, which was measured using the current healthcare cost trend rate of (Pre-Medicare: 7.00% decreasing to 4.50%, Post-Medicare: 6.50% decreasing to 4.50%, Pharmacy: 8.50% decreasing to 4.50%, and Dental and Vision: 3%), as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Institute's net OPEB liability at June 30, 2022, which was measured using the current healthcare cost trend rate of (Pre-Medicare: 7.00% decreasing to 4.50%, Post-Medicare: 6.50% decreasing to 4.50%, Pharmacy: 8.50% decreasing to 4.50%, and Dental and Vision: 3%), as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

Changes in the Healthcare Cost Trend Rates	1% Decrease (Pre-Medicare: 6.00% decreasing to 3.50%, Post-Medicare: 5.50% decreasing to 3.50%, Pharmacy: 7.50% decreasing to 3.50%, Dental & Vision: 2.00%)	Current Discount Rate (Pre-Medicare: 7.00% decreasing to 4.50%, Post-Medicare: 6.50% decreasing to 4.50%, Pharmacy: 8.50% decreasing to 4.50%, Dental & Vision: 3.00%)	1% Increase (Pre-Medicare: 8.00% decreasing to 5.50%, Post-Medicare: 7.50% decreasing to 5.50%, Pharmacy: 9.50% decreasing to 5.50%, Dental & Vision: 4.00%)
Net OPEB liability	\$ 47,636,950	\$ 59,253,702	\$ 74,708,670

OPEB Plan Fiduciary Net Position

The Institute is the fiduciary of the Trust, and detailed information about the Trust's fiduciary net position is included in this financial report.

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

For the year ended June 30, 2022, the Institute recognized OPEB expense of \$5,506,944. At June 30, 2022, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Year Ended June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 10,892,504	\$ 3,801,497
Net difference between projected and actual earnings on OPEB plan investments	-	208,981
Changes in assumptions	13,388,223	2,355,685
Institute contribution subsequent to the measurement date	803,278	-
Total	<u>\$ 25,084,005</u>	<u>\$ 6,366,163</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

The \$803,278 reported as deferred outflows of resources related to OPEB resulting from Institute contributions subsequent to the measurement date of July 1, 2021 will be recognize as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2023	\$ 2,185,628
2024	2,173,722
2025	2,153,077
2026	2,119,125
2027	2,525,776
Thereafter	6,757,236
Total	\$ 17,914,564

Note 9 – Defined Benefit Retirement Plan

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

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

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

Pension Benefit – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

<u>Years of Service</u>	<u>Benefit Percentage Earned</u>
1-10	1.35%
11-20	2.35%
21-30	3.35%
31 Plus	2.40%

The FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earnings for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility by Tier

Tier 1: Membership prior to July 1, 2020

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 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on or after July 1, 2010, but before July 1, 2013 — or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member’s age and earned service credit add up to the sum of 80 or more,
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

Tier 3: Membership beginning on or after July 1, 2013

Section 22-11-23.2, 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 ERB 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. Those who retire earlier than age 55, but with 30 years of earned service credit, will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.
- Or the member's age is 67 and has earned five or more years of service credit.

Tier 4: Membership beginning on or after July 1, 2019

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or the member's age is 67 and the member has earned five or more years of service credit.

Forms of Payments – 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.

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

Disability Benefit – An NMERB 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 Final Average Salary (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.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for COLA
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund’s funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

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

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

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

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2022, 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
2022	7-1-21 to 6-30-2022	Over \$24K	10.70%	15.15%	25.85%	1.00%
2022	7-1-21 to 6-30-2022	\$24K or Less	7.90%	15.15%	23.05%	1.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For fiscal year ended June 30, 2022, the Institute paid employee and employer contributions of \$6,603,452 which equal the amount of the required contribution for fiscal year.

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

At June 30, 2022, the Institute reported a liability of \$91,132,064 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021, using generally accepted actuarial principles.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

On April 17, 2020, NMERB's Board of Trustees adopted new assumptions presented in the 2020 Actuarial Experience Study. Those new assumptions have been reflected in the roll-forward and in the projections used to determine the single discount rate.

The Institute's proportion of the net pension liability was based on a projection of the Institute's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2021, actuarially determined. At June 30, 2021, the Institute's proportion was 1.29%, which was a decrease of 0.01% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Institute recognized pension expense of \$8,512,378. At June 30, 2022, the Institute reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Resources Reported	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 7,160,617	\$ 224,415
Changes of assumptions	60,662,171	103,784,929
Net difference between projected and actual earnings on pension plan investments	-	22,662,695
Changes in proportion and differences between Institute contributions and proportionate share of contributions	-	2,284,680
Institute contributions subsequent to the measurement date	6,603,452	-
Total	<u>\$ 74,426,240</u>	<u>\$ 128,956,719</u>

The \$6,603,452 reported as deferred outflows of resources related to pensions resulting from Institute contributions subsequent to the measurement date - will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense
2023	\$ (4,594,712)
2024	(28,392,438)
2025	(20,585,069)
2026	(7,561,712)
Total	<u>\$ (61,133,931)</u>

Actuarial Assumptions – Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. On April 17, 2020, the Board adopted the new assumptions presented in the 2020 Actuarial Experience Study.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

The total pension liability as of June 30, 2020 was based on an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, and was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	Composed of 2.30% inflation, plus 0.70% productivity increase rate, plus step-rate promotional increases for less than ten years of service
Investment rate of return	7.00% compounded annually, net of expenses. This is composed of an assumed 2.30% inflation rate and a 4.70% real rate of return.
Mortality	<p><i>Healthy Males:</i> 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p> <p><i>Healthy Females:</i> 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p>

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

The target allocation for each major asset class and the long-term expected rate of return are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	31%	
Fixed Income	24	
Alternatives	44	
Cash	1	
Total	100%	7%

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

Discount Rate – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This is an increase of 3.11% from June 30, 2020. The 7.00% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 1.92%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Additionally, contributions received through Alternative Retirement Plan (APR) are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five-year contribution history.

Sensitivity of the Institute’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Institute’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Institute’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Institute's proportionate share of the net pension liability	\$ 129,032,864	\$ 91,132,064	\$ 59,810,838

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

At June 30, 2022, the Institute had an outstanding payable to the Plan of \$852,529, which consisted of statutory employee and employer contributions for the month of June 2022.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 10 – Defined Contribution Retirement Plan

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

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

Eligibility – Certain eligible employees of the Institute are eligible to make an election to participate within ninety days of employment. 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 Code. Retirement benefits shall, at the option of the employee, be paid in the form of:

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

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

ARP Contributions – A participating employer must contribute on behalf of each employee participant an amount of the participant's salary equal to the contribution that would be required of the employer if the participant were, instead, a regular member. For the year ended June 30, 2022, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 4.25% of the employees' gross salary to NMERB, for a total of 15.15%. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 4.25% contributions to NMERB.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 10 – Defined Contribution Retirement Plan (continued)

The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors and NMERB.

Employer contributions reported in the Institute financial statements include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The Institute's 4.25% contribution remitted for fiscal year ended June 30, 2022 was \$373,537.

Note 11 – Commitments and Contingencies

Contingencies

The Institute is liable or contingently liable in connection with certain claims that arise in the normal course of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the Institute's financial position or operations.

The Institute receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Institute administration believes that the liability, if any, for reimbursement that may arise as the results of audits, would not be material to the financial position or operations of the Institute.

State Risk Management Pool

The Institute, as a state institute defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. Annual premiums are paid to the Office of Risk Management for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the Institute.
- Coverage to protect the Institute's property and assets.

The Institute participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance. The Institute pays premiums for its participation. From time-to-time the Institute is subject to lawsuits including personnel and student liability matters in the ordinary course of business. Currently, no lawsuit settlements or outcomes have exceeded insurance coverage for the last three years.

The Institute is a defendant in legal actions arising from normal business activities. Management believes that those actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Institute's financial position or results of operations.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 11 – Commitments and Contingencies (continued)

Other Commitments

At June 30, 2022, the Institute had issued purchase orders for materials and services which were not received and thus not reflected as liabilities in the accompanying basic financial statements. The amount of such commitments is \$36,796,938.

Total construction commitments of \$6,251,940 are not presented in the financial statements. These commitments represent unfinished contracts with various entities at June 30, 2022.

Note 12 – Endowments

The Institute has donor-restricted and unrestricted endowments with the authority to use interest, income, dividends, or profits of endowments for specified purposes for the benefit of the Institute and its students. Expendable funds are those funds that may be expended for either a stated purpose or for a general purpose as per the endowment gift terms. Nonexpendable funds are those required to be retained in perpetuity.

Endowment income is reported each year based on investment activity for the year as *additions to endowments* on the statement of revenues, expenses and changes in net position. Each institution sets the amounts and/or percentage of net appreciation on endowment investments that are authorized for expenditure in its spending plan. Endowment income made available for distribution for the established purpose was \$2,410,448.

Note 13 – State Bond Appropriation Accounting

The Institute has periodically received severance tax and general obligation bond appropriations from the State of New Mexico for capital asset projects on the campus of the Institute. Bond revenue from these appropriations is recorded only when eligibility requirements have been met. The eligibility requirements for capital projects financed by bonds are satisfied when all required documentation to support a drawdown of a bond fund is submitted and approved by the Board of Finance.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 14 – Reconciliation of Budget Basis to GAAP

Total Unrestricted and Restricted Revenues:

Budgetary Basis	<u>\$ 172,921,204</u>
Reconciling items	
Tuition discounts and allowances	(7,203,360)
Indirect cost recovery	(8,038,114)
Cost share adjustment	(226,967)
Bank adjustment	(1,280,401)
Deposits held for others	24,688
Payable adjustment	2,600,606
Restricted internal service adjustment	(7,720,405)
Internal service cost recovery adjustment	3,748,289
Unbudgeted exhibits	586,188
Benefit trust revenue	(68,299)
Blended component unit (amount not in budgetary basis)	1,573,374
Other adjustments	(10,233)
Total reconciling items	<u>(16,014,634)</u>
Total reconciled unrestricted and restricted revenues per budgetary basis	<u><u>\$ 156,906,570</u></u>
Basic Financial Statements	
Operating revenue	\$ 105,352,439
Nonoperating revenue	32,257,207
Capital contributions and other	<u>19,296,924</u>
Total unrestricted and restricted revenue per financial statements	<u><u>\$ 156,906,570</u></u>

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 14 – Reconciliation of Budget Basis to GAAP (continued)

Total Unrestricted and Restricted Expenditures:

Budgetary Basis	<u>\$ 169,558,632</u>
Reconciling items	
Tuition discounts and allowances	(7,203,360)
Indirect cost recovery	(8,038,114)
Capital expenditures	(8,682,106)
Depreciation expense	11,640,988
Deposit held for others	(22,476)
Unbudgeted exhibits	3,987,831
Restricted internal service adjustment	(7,720,405)
Payable adjustment	2,331,629
Internal service cost recovery adjustment	3,748,289
Bank adjustment	(405,123)
Benefit Trust expenses	592,350
OPEB expense	4,703,664
Pension expense	1,908,754
Payable and other adjustments	-
Blended component unit (amount not in budgetary basis)	86,743
Other adjustments	<u>(9,567)</u>
Total reconciling items	<u>\$ (3,080,903)</u>
Total reconciled unrestricted and restricted expenditures per budgetary basis	<u><u>\$ 166,477,729</u></u>
 Basic Financial Statements	
Operating expenditures	<u>\$ 166,477,729</u>
 Total unrestricted and restricted expenditures per financial statements	<u><u>\$ 166,477,729</u></u>

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation

Summary of Significant Accounting Policies

Revenue and Cost Recognition – The Foundation's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

Operating revenues and contributions are those received by the Foundation for events and activities that relate directly to the Foundation, and operating expenses are those incurred for events and activities that relate to administration, scholarships, and awards for students. Revenues, expenses, gains, and losses from investments are considered non-operating.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Classification of Revenues – The Foundation has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions such as nonexchange transactions such as gifts and contributions. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred. Contributions of donated noncash assets are recorded at their fair values in the period received.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, including other revenue sources that are consistently applied as nonoperating revenues, such as lease income, investment, and interest income.

When both restricted and unrestricted resources are available for use, generally it is the Foundation's policy to use the restricted resources first.

Net Position – Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions, receipt of unrestricted contributions, and expirations of existing restrictions. Restricted expendable contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period.

Restricted expendable net position represents resources whose use is limited by donors for the support of the academic activities of the Institute faculty and/or students. Such restrictions are legally enforceable or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted expendable net position is released from restriction as the purpose restrictions are met.

Restricted nonexpendable assets represent those that cannot be expended based on donor restriction. Nonexpendable 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. When both restricted and unrestricted funds are available, restricted funds are expended first.

Net investment in capital assets is intended to reflect the portion of net position, which is associated with nonliquid, capital assets. There is no related debt.

Deferred outflows of resources consumed and deferred inflows of resources received and available are elements of the Statement of Net Position. There were deferred inflows of resources of \$334,862 at June 30, 2022. There were no deferred outflow of resources at June 30, 2022. The deferred inflows of resources will be amortized over the life of the lease.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers cash on hand, cash held in banks, and highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

Promises to Give – Promises to give, which are nonendowed, are recognized as increases in assets and nonoperating revenues upon receipt of a signed commitment, so long as collectability is probable, and when all applicable eligibility requirements are met. An allowance for doubtful promises to give is recorded when the promise is recorded. The allowance is based on loss experience and other factors that management considers necessary in estimating losses on promises to give. Noncurrent promises to give are discounted between 0.46%-0.87% which is the U.S. prime rate in effect coinciding with the date of the promise. All promises to give are for nonendowed donations. No allowance for doubtful accounts related to such promises was deemed necessary at June 30, 2022.

Investments – The Board of Trustees has the sole authority and responsibility to make changes to the Foundation's investment policies. There were no significant changes to its investment policy during the year. In conformity with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Chapter 46, Article 9A 1-10 NMSA 1978), the Foundation primarily invests through the New Mexico State Investment Council's (NMSIC) investment funds or in various mutual funds held and managed by a national brokerage firm.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet in accordance with GASB 72. Mutual funds are based on the Foundation's pro-rata share of unit value of the mutual funds. Investment transactions are recorded on the trade date basis. Dividends are recognized as income when declared. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) are reported as increases or decreases in net position on the statement of revenues, expenses, and changes in net position.

The Foundation has no limitations on the types of investments or deposits it can make within the scope of its investment policy. The following are the target allocations for the investments:

Asset Class	Long-Term Target	Allowable Range
Fixed income	30%	25 - 50%
Equity	70%	50 - 70%

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Due to the nature of the investments, it is reasonable that changes in the value of investments will occur in the near future and could materially affect the amounts reported. The determination of fair values includes, among other things, published market prices, prices obtained from pricing services, and prices quoted by independent brokers at current exchange rates.

The Foundation has an agreement with the Institute for investment of the majority of the Foundation's funds. Income is allocated based on the proportionate market value of the investment of each participating fund.

Information relating to the NMSIC's use of derivatives is not made available to the Foundation. For GASB 40 disclosure information related to the investments held at the NMSIC, the reader should refer to the separate audit report and required supplementary information of the NMSIC for the fiscal year ended June 30, 2022. That report may be obtained by writing to the New Mexico State Investment Council, 41 Plaza la Prensa, Santa Fe, New Mexico 87507. The report is also available on the NMSIC website at www.sic.state.nm.us.

Net appreciation/depreciation on donor restricted endowments and related investment income are recorded as an increase in restricted, expendable net position until the amount is expended in accordance with donor specifications.

Capital Assets – The Foundation records tangible and intangible capital assets purchased at cost, and donations at their estimated fair value on the date of donation. The building, which is the only depreciable asset, is depreciated using a straight-line method over a twenty-seven and a half year estimated useful life. The Foundation capitalizes real property over \$100,000 and equipment purchases with a cost over \$5,000.

Long-Lived Assets – The Foundation reviews its long-lived assets (property) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment of such assets as of June 30, 2022.

Leases – The Foundation recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future receipts on the contract exceed \$25,000 that meet the definition of an other than short-term lease. The Foundation uses the same interest rate it charges to lessee as the discount rate or that is implicit in the contract to the lessee. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Endowments – The endowment spending policy is in alignment with the long-term endowment management philosophy of the Foundation, which is to preserve the permanent viability of the endowment. The Foundation supports vital scholarship and other programs from the earnings of its endowment. These programs are in concert with provisions established by the donors of the endowment. Net appreciation/depreciation on donor-restricted endowments and related investment income are recorded as an increase in restricted, expendable net position and are available for expenditure in accordance with donor specifications and in accordance with the State of New Mexico Uniform Prudent Management of Institutional Funds Act (46-9A 1-10 NMSA 1978).

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the estimated useful life of capital assets and the valuation of investments.

Income Taxes – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as a public charity. The Foundation is exempt from income taxation on its normal activities. The Foundation is classified as a supporting organization of the Institute and not a private foundation.

The Foundation adopted GASB 87 during the year ended June 30, 2022. The Foundation evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The Foundation has entered into lease agreements as the lessor and, as such, has recognized the corresponding receivables and deferred inflows required under this statement.

Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2022, the Foundation's deposits were exposed to custodial credit risk as follows:

	First State Bank	Wells Fargo	Total
Total of deposits in the bank	\$ 1,687,074	\$ 68,533	\$ 1,755,607
FDIC coverage	(250,000)	(68,533)	(318,533)
Total uninsured funds	\$ 1,437,074	\$ -	\$ 1,437,074

Deposit classification in the financial statements at June 30, 2022 follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	\$ 1,643,985	\$ (566)	\$ 1,643,419
First State Bank	Savings	Cash	43,089	-	43,089
Wells Fargo	Checking	Cash	68,533	-	68,533
Total cash and cash equivalents			\$ 1,755,607	\$ (566)	\$ 1,755,041

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Investments

A summary of the investments at June 30, 2022, are as follows:

Investments	Ratings	Fair Value
Investments held with the New Mexico State Investment Council (SIC) pooled funds		
Large Cap Index Fund	Not rated	\$ 2,234,555
Core Plus Bonds Pool	A1	3,987,447
Non-US Emerging Markets Active Pool	Not rated	2,640,515
US SMID Cap Alternative Weighted Index Pool	Not rated	1,771,406
US Large Cap Active Pool	Not rated	6,191,759
Non-US Developed Markets Index Pool	Not rated	5,746,591
Investments not subject to categorization		
State Investment Council Pooled Funds		<u>9,259,223</u>
Total investments		<u>\$ 31,831,496</u>

The NMSIC provides investment services in accordance with its policies and statutory requirements of NMSA 1978 Section 6-8-9.

Interest Rate Risk – Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2022, the Foundation had fixed income and bond type investments subject to interest rate risk.

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2022, none of the above investments were subject to credit risk.

Fair Value of Investments

US 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 Foundation has the ability to access.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

The investment portfolio is comprised of pooled investments with the NMSIC and is recorded in the financial statements at fair value. The corresponding unrealized gain or loss in the fair value in relation to cost is accounted for as a separate item in the statement of revenues, expenses, and changes in net position.

During 2022, the Foundation used the net asset value provided by the NMSIC as an approximation of the fair value of NMSIC investments. These investments are classified within Level 2 of the fair value hierarchy. This approach has not changed from previous periods.

The method 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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

The following table presents the fair value measurements of assets and liabilities at June 30, 2022:

	Fair Value Measurements Using			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments held with the New Mexico State Investment Council (SIC) pooled funds				
Large Cap Index Fund	\$ 2,234,555	\$ -	\$ -	\$ 2,234,555
Core Plus Bonds Pool	-	3,987,447	-	3,987,447
Non-US Emerging Markets Active Pool	2,640,515	-	-	2,640,515
US SMID Cap Alternative Weighted Index Pool	1,771,406	-	-	1,771,406
US Large Cap Active Pool	6,191,759	-	-	6,191,759
Non-US Developed Markets Index Pool	5,746,591	-	-	5,746,591
Total investments	<u>\$ 18,584,826</u>	<u>\$ 3,987,447</u>	<u>\$ -</u>	22,572,273
Investments Measured at NAV Practical Expedient				
Investments held with the New Mexico State Investment Council Pooled Funds:				
Credit & Structured Finance				1,994,858
Private Equity Pool				4,805,564
Real Estate Pool				2,458,801
				<u>\$ 31,831,496</u>

Promise to Give

Promise to give consist of the following at June 30, 2022:

Amounts receivable in less than one year	\$ 1,104,333
Amount receivable in more than one year	3,272,000
Total promise to give	<u>4,376,333</u>
Discount to net present value	(1,081,384)
Promise to give, net	3,294,949
Less current portion	<u>(1,104,333)</u>
Noncurrent portion	<u>\$ 2,190,616</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Capital Assets

Capital assets consist of the following at June 30, 2022:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Capital assets not depreciating					
Land and building held for investment	\$ 645,164	\$ -	\$ -	\$ (208,063)	\$ 437,101
Artwork	130,500	-	-	-	130,500
Total assets not depreciating	<u>775,664</u>	<u>-</u>	<u>-</u>	<u>(208,063)</u>	<u>567,601</u>
Capital assets depreciating					
Building	1,648,127	-	-	208,063	1,856,190
Accumulated depreciation					
Building	(1,095,122)	(65,134)	-	-	(1,160,256)
Capital assets, net	<u>\$ 1,328,669</u>	<u>\$ (65,134)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,263,535</u>

Related Party Transactions and Donated Services

The Institute provides the Foundation's office space in exchange for property management services provided to the Institute by the Foundation. These transactions are not recorded in the Foundation's financial statements, as they are not significant and the value is not subject to reasonable estimation. The Institute did not charge the Foundation for accounting and management services during the year ended June 30, 2022.

The Foundation leases an apartment building to the Institute. The lease is classified as an operating lease on a month-to-month basis. Additionally, the Foundation leases a residential building to a third party. Lease revenues were \$13,500 for 2022.

The Foundation funded \$18,000 in scholarships and awards which were provided through the Institute during the year ended June 30, 2022. The funding for these scholarships comes primarily from assets held by the Foundation from which the Institute is entitled to 4.5% of the income, but has no title to the assets themselves. However, income earned on such assets upon which the Institute has claim is recorded in the accompanying basic financial statements.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Risk Management

The Foundation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Foundation is insured under the Institute's risk management program for liability and casualty insurance, and through a private carrier for director and officer liability insurance. There have been no significant reductions in coverage from prior years.

Donor Restricted Endowments

The Foundation solicits contributions to support the activities of the Institute. Contributions received may be unrestricted, restricted for a certain time or for a certain purpose, or restricted in perpetuity. Amounts which are restricted in perpetuity are classified as restricted, nonexpendable on the statement of net position, and were \$11,830,942 at June 30, 2022.

Net appreciation/depreciation on donor restricted endowments and related investment income are recorded as an increase or decrease in restricted, expendable net position until the amount is expended in accordance with donor specifications. The investment policy is in accordance with the State of New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Chapter 46, Article 9A 1-10 NMSA 1978). The investment income, including realized gains, from the restricted, nonexpendable net position as well as the balance of the unrestricted net position is generally available for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. During the current year, donor-restricted endowments had investment losses of \$3,467,121.

The Board of Trustees of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original contribution as of the contribution date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as restricted, nonexpendable net position (a) the original value of contribution to the endowment, (b) the original value of subsequent contribution to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor agreement at the time the contribution is added to the fund. There were no donor endowments whose fair value was less than the original value (under water) during 2022.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate income from the restricted, nonexpendable endowment funds:

1. The duration and preservation of the various funds,
2. The purpose of the donor-restricted funds,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Foundation,
7. The Foundation's investment policies.

Spending Policy – The Foundation has available for distribution in any given year, all amounts in the unrestricted net position. However, the actual number of scholarships given out may be limited by the number of qualified applicants for the various scholarships. The decisions to award scholarships depends on the scholarship, with some being decided by the Board of Trustees, and others being decided by the Institute. The Foundation also may provide general support to the Institute by way of supporting fundraising and promotional activities.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a consistent stream of funding for scholarships and related activities, while seeking to maintain the purchasing power of the endowment assets and minimizing their exposure to significant market fluctuations. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period.

Endowment Composition by Type of Fund – All funds in the Endowment are donor-restricted for the use of providing scholarships and support activities for the Institute.

Strategies Employed for Achieving Objectives – To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation investments are either held by the NMSIC, or in a variety of mutual funds to achieve its long-term return objectives within prudent risk constraints.

The following is a summary of endowments at June 30, 2022:

<u>Restricted Endowments</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Restricted, non-expendable	\$ 11,352,480	\$ 478,462	\$ -	\$ 11,830,942
Restricted, expendable	4,115,346	-	(1,368,313)	2,747,033
Total restricted endowments	<u>\$ 15,467,826</u>	<u>\$ 478,462</u>	<u>\$ (1,368,313)</u>	<u>\$ 14,577,975</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 15 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Adoption of GASB 87

The Foundation GASB No. 87 Leases (GASB 87) as of July 1, 2021. The Foundation evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts related to the lease of their buildings met the definition of a lease and the Foundation calculated and recognized a lease receivable of \$418,063 and deferred inflows of resources \$418,063 as of July 1, 2021.

Leases

The Foundation is a lessor for noncancellable leases of an apartment complex and a residential building with lease terms through June 30, 2026 and June 30, 2023, respectively. For the year ending June 30, 2022, the Foundation recognized \$87,900 in lease revenue released from the Deferred Inflows of Resources related to the leases. The Foundation recognized interest revenue of \$25,122 for the year ending June 30, 2022. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year.

The future principal and interest lease receipts as of June 30, 2022, were as follows:

Years Ending June 30,	Principal	Interest	Total
2023	\$ 85,551	\$ 8,895	\$ 94,446
2024	83,524	6,427	89,951
2025	86,082	3,863	89,945
2026	88,700	1,239	89,939
	<u>\$ 343,857</u>	<u>\$ 20,424</u>	<u>\$ 364,281</u>

Note 16 – Subsequent Events

Employee Benefits

The Employee Benefit Trust Committee approved to move the employee Flexible Spending Account (FSA) to a third-party provider, during their Board of Trustee meeting held on August 26, 2021. The change will be effective beginning January 2023.

Foundation

On August 31, 2022, the Foundation received proceeds of approximately \$5.6 million from a donor. Of the \$5.6 million, the donor had an outstanding pledge receivable of \$3 million at June 30, 2022. The Foundation is awaiting instruction from the donor regarding the purpose of the remaining funds.

Required Supplementary Information

New Mexico Institute of Mining and Technology
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
June 30, 2022

Fiscal Year-June 30, Measurement Date-June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
	2021	2020	2019	2018	2017	2016	2015	2014	2014
Institute's proportion of the net pension liability (asset)	1.28582%	1.29758%	1.34392%	1.34475%	1.28524%	1.30892%	1.30317%	1.30317%	1.30317%
Institute's proportionate share of the net pension liability	\$ 91,132,064	\$ 262,966,133	\$ 101,832,884	\$ 159,908,673	\$ 142,834,689	\$ 94,195,558	\$ 84,363,804	\$ 74,355,364	\$ 74,355,364
Institute's covered payroll	\$ 39,241,686	\$ 39,489,483	\$ 35,849,654	\$ 34,954,101	\$ 35,751,781	\$ 35,561,330	\$ 41,456,404	\$ 41,456,404	\$ 35,272,861
Institute's proportionate share of the net pension liability as a percentage of its covered-employee payroll	232.23%	665.91%	284.06%	457.48%	399.52%	264.88%	203.50%	203.50%	210.80%
Plan fiduciary net position as a percentage of the total pension liability	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%	63.97%	66.54%

**Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Institute is not available prior to fiscal year 2015, the year the statement's requirements became effective.

New Mexico Institute of Mining and Technology
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
June 30, 2022

	2021	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 6,603,452	\$ 5,832,682	\$ 5,864,890	\$ 5,461,995	\$ 5,230,496	\$ 5,010,002	\$ 5,146,388	\$ 5,135,439
Contribution in relation to the statutorily required contributions	\$ 6,603,452	\$ 5,832,682	\$ 5,864,890	\$ 5,461,995	\$ 5,230,496	\$ 5,010,002	\$ 5,146,388	\$ 5,135,439
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Institute covered payroll	\$ 39,241,686	\$ 39,489,483	\$ 37,509,750	\$ 35,849,654	\$ 34,954,101	\$ 35,751,781	\$ 35,561,330	\$ 41,456,404
Contributions as a percentage of covered payroll	16.83%	14.77%	15.64%	15.24%	14.96%	14.01%	14.47%	12.39%

**Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Institute is not available prior to fiscal year 2015, the year the statement's requirements became effective.

New Mexico Institute of Mining and Technology
Notes to Defined Benefit Retirement Plan RSI
For Year Ended June 30, 2022

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, 2020.

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.

**New Mexico Institute of Mining and Technology
Schedule of Employer Contributions –
Other Postemployment Benefits (OPEB)
For Year Ended June 30, 2022**

The schedule of the Institute's contributions presents multiyear trend information for the last 10 fiscal years. Fiscal year 2017 was the first year of implementation, therefore only five years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be present.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 803,278	\$ 689,092	\$ 3,952,245	\$ 2,239,377	\$ 3,997,035	\$ 4,998,780
Contributions in relation to the actuarially determined contribution	<u>803,278</u>	<u>689,092</u>	<u>3,952,245</u>	<u>2,239,377</u>	<u>3,997,035</u>	<u>4,998,780</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 48,652,784	\$ 31,792,971	\$ 30,618,535	\$ 29,915,918	\$ 28,337,003	\$ 28,142,927
Contributions as a percentage of payroll	1.7%	2.2%	12.9%	7.5%	14.1%	17.8%

Notes to Schedule

Valuation date January 1, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal – level % of salary
Asset valuation method	Market value of assets
Healthcare cost trend rates	Medical Pre-Medicare: 7.00% initially, reduced by decrements to a rate of 4.50% after nine years Medical Post-Medicare: 6.50% initially, reduced by decrements to a rate of 4.50% after nine years Pharmacy: 8.50% initially, reduced by decrement to a rate of 4.50% after nine years Dental and Vision: 3.00%
Salary increases	3.0%
Investment rate of return	6.0%
Retirement age	64
Mortality	PUB-2010 "General" classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2021

New Mexico Institute of Mining and Technology
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

The schedule of changes in the Institute's net OPEB liability and related ratios presents multiyear trend information for the last 10 fiscal years. Fiscal year 2017 was the first year of implementation; therefore, only five years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 2,993,435	\$ 2,182,385	\$ 1,999,196	\$ 2,317,188	\$ 2,697,731	\$ 2,149,935
Interest cost	1,377,260	1,387,770	1,517,674	1,377,760	1,225,228	1,194,327
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	12,356,550	-	(5,897,910)	-	-	-
Changes of assumptions	7,720,129	6,895,230	2,050,286	(1,486,903)	(3,354,656)	3,706,743
Benefit payments	(1,477,174)	(1,273,462)	(61,287)	(649,187)	(1,490,341)	(930,054)
Net change in total OPEB liability	22,970,200	9,191,923	(392,041)	1,558,858	(922,038)	6,120,951
Total OPEB liability, beginning	41,323,584	32,131,661	32,523,702	30,964,844	31,886,882	25,765,931
Total OPEB liability, ending ^(a)	<u>64,293,784</u>	<u>41,323,584</u>	<u>32,131,661</u>	<u>32,523,702</u>	<u>30,964,844</u>	<u>31,886,882</u>
Plan fiduciary net position						
Contributions: employer	689,092	705,438	2,239,377	3,997,035	4,998,780	4,936,193
Contributions: member	735,022	650,373	1,631,735	3,386,902	3,706,201	3,628,635
Net investment income	714,655	84,850	148,836	173,859	208,410	29,580
Benefit payments	(1,477,174)	(1,273,462)	(61,287)	(649,187)	(1,490,341)	(930,054)
Administrative expenses	(97,012)	(88,179)	(306,363)	(359,518)	(378,843)	(388,416)
Other	147,159	5,952	(3,713,586)	(5,899,903)	(6,132,822)	(5,963,176)
Net change in plan fiduciary position	711,742	84,972	(61,288)	649,188	911,385	1,312,762
Plan fiduciary net position, beginning	4,328,340	4,243,368	4,304,656	3,655,468	2,744,083	1,431,321
Plan fiduciary net position, ending ^(b)	<u>5,040,082</u>	<u>4,328,340</u>	<u>4,243,368</u>	<u>4,304,656</u>	<u>3,655,468</u>	<u>2,744,083</u>
Net OPEB liability, ending ^{(a) - (b)}	<u>\$ 59,253,702</u>	<u>\$ 36,995,244</u>	<u>\$ 27,888,293</u>	<u>\$ 28,219,046</u>	<u>\$ 27,309,376</u>	<u>\$ 29,142,799</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.8%	10.5%	13.2%	13.2%	11.8%	8.6%
Covered-employee payroll	\$ 48,652,784	\$ 30,618,535	\$ 29,915,918	\$ 28,337,003	\$ 28,142,927	\$ 27,958,526
Institute's net OPEB liability as a percentage of covered-employee payroll	122%	121%	93%	100%	97%	104%

New Mexico Institute of Mining and Technology
Schedule of OPEB Investment Returns
Last 10 Fiscal Years*

Notes to Schedule

Benefit Changes: None

Changes in Assumptions: The \$7,720,129 increase in the liability from June 30, 2021 to June 30, 2022 is due mainly to the decrease in the assumed discount rate, changes to the mortality table and trend rates. The \$9,191,923 increase in liability from the fiscal year ending June 30, 2020 to the fiscal year ending June 30, 2021 is due to the decrease in the assumed discount rate.

The schedule of the Institute's OPEB investment returns present multiyear trend information for the last 10 fiscal years. Fiscal year 2017 was the first year of implementation, therefore, only five years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-11.83%	36.75%	3.70%	7.10%	9.40%	11.30%

Supplementary Information

New Mexico Institute of Mining and Technology
Budget Comparison – Unrestricted and Restricted – All Operations (Schedule 1)
For Year Ended June 30, 2022

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Over (Under) Budget
Unrestricted and restricted beginning net position	\$ 34,376,813	\$ 56,395,609	\$ 56,395,609	\$ -
Unrestricted and restricted revenues:				
State general fund appropriations	49,731,281	50,018,881	42,940,164	(7,078,717)
Restricted revenue sources	74,742,798	77,842,798	93,005,850	15,163,052
Tuition and fees	15,932,912	15,963,565	14,024,841	(1,938,724)
Land and permanent fund	1,050,000	3,450,000	3,377,550	(72,450)
Endowment earnings/private gifts	-	-	116,535	116,535
Other	15,089,885	17,189,885	19,456,264	2,266,379
Total unrestricted and restricted revenues	<u>156,546,876</u>	<u>164,465,129</u>	<u>172,921,204</u>	<u>8,456,075</u>
Total unrestricted and restricted revenues and net position budgeted	<u>190,923,689</u>	<u>220,860,738</u>	<u>229,316,813</u>	<u>8,456,075</u>
Unrestricted and restricted expenditures:				
Instruction and general	44,663,754	50,122,135	41,585,916	(8,536,219)
Student social and cultural	743,497	1,573,722	1,102,432	(471,290)
Research	67,363,670	68,882,207	82,566,448	13,684,241
Public service	1,699,396	2,435,090	688,537	(1,746,553)
Internal service departments	9,232,500	9,215,869	7,277,148	(1,938,721)
Student aid	11,133,845	14,752,880	13,235,873	(1,517,007)
Auxiliary enterprises	6,096,336	6,104,421	5,986,541	(117,880)
Intercollegiate athletics	-	-	-	-
Independent operations	6,606,817	8,706,117	7,524,637	(1,181,480)
Capital outlay	9,144,000	9,144,000	7,426,101	(1,717,899)
Renewal and replacements	1,302,000	1,302,000	1,533,588	231,588
Retirement of indebtedness	1,183,250	1,183,250	631,411	(551,839)
Total unrestricted and restricted expenditures	<u>159,169,065</u>	<u>173,421,691</u>	<u>169,558,632</u>	<u>(3,863,059)</u>
Net transfers	<u>(119,980)</u>	<u>(52,000)</u>	<u>(47,196)</u>	<u>4,804</u>
Change in net (deficit) position (budgetary basis)	<u>(2,742,169)</u>	<u>(9,008,562)</u>	<u>3,315,376</u>	<u>12,323,938</u>
Ending net position	<u>\$ 31,634,644</u>	<u>\$ 47,387,047</u>	<u>\$ 59,710,985</u>	<u>\$ 12,323,938</u>

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10- Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures, B. Instruction and general, C. Each budget function in current funds other than instruction and general, D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements and dent service, and E. Each individual items of transfer between funds and/or functions.

See accompanying independent auditor's report.

New Mexico Institute of Mining and Technology
Unrestricted Revenues and Expenditures – Budget Comparisons (Schedule 2)
For Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	Final Budget vs Actuals Over (Under) Budget
Unrestricted beginning net position	\$ 34,376,813	\$ 58,868,160	\$ 58,868,160	\$ -
Unrestricted revenues:				
Tuition	11,077,386	11,123,881	11,131,792	7,911
Miscellaneous fees	4,855,526	4,839,684	2,893,049	(1,946,635)
Government appropriation, federal	-	-	-	-
Government appropriation, state	49,478,300	49,765,900	42,940,164	(6,825,736)
Government appropriation, local	-	-	-	-
Government grants, federal	-	-	151,068	151,068
Government grants, state	252,981	252,981	-	(252,981)
Contracts, local	-	-	-	-
Private contracts	-	-	-	-
Endowments	-	-	33,202	33,202
Land and permanent fund	1,050,000	1,050,000	3,377,550	2,327,550
Private gifts	525,000	525,000	83,333	(441,667)
Sales and service	5,447,399	5,447,399	8,255,473	2,808,074
Other sources	9,117,486	11,217,486	11,049,723	(167,763)
Total unrestricted revenues	<u>81,804,078</u>	<u>84,222,331</u>	<u>79,915,354</u>	<u>(4,306,977)</u>
Total unrestricted revenues and net position budgeted	<u>116,180,891</u>	<u>141,090,491</u>	<u>138,783,514</u>	<u>(4,306,977)</u>
Unrestricted expenditures:				
Instruction and general	44,663,754	50,122,135	41,585,916	(8,536,219)
Student social and cultural	743,497	1,573,722	1,102,432	(471,290)
Research	10,038,670	13,368,489	7,805,725	(5,562,764)
Public service	1,699,396	2,435,090	688,537	(1,746,553)
Internal service departments	867,000	850,369	900,514	50,145
Student aid	4,081,547	6,461,851	6,065,269	(396,582)
Auxiliary enterprises	6,096,336	6,104,421	5,986,541	(117,880)
Intercollegiate athletics	-	-	-	-
Independent operations	4,606,817	5,506,117	4,359,197	(1,146,920)
Capital outlay	9,144,000	9,144,000	7,426,101	(1,717,899)
Renewal and replacements	1,302,000	1,302,000	1,533,588	231,588
Retirement of indebtedness	1,183,250	1,183,250	631,411	(551,839)
Total unrestricted expenditures	<u>84,426,267</u>	<u>98,051,444</u>	<u>78,085,231</u>	<u>(19,966,213)</u>
Net transfers	<u>(119,980)</u>	<u>(52,000)</u>	<u>(490,098)</u>	<u>(438,098)</u>
Change in net (deficit) position (budgetary basis)	<u>(2,742,169)</u>	<u>(13,881,113)</u>	<u>1,340,025</u>	<u>15,221,138</u>
Ending net position	<u>\$ 31,634,644</u>	<u>\$ 42,987,047</u>	<u>\$ 60,208,185</u>	<u>\$ 15,221,138</u>

See accompanying independent auditor's report.

New Mexico Institute of Mining and Technology
Restricted Current Funds – Revenues and Expenditures
Budget Comparisons (Schedule 3)
For Year Ended June 30, 2022

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Over (Under) Budget
Restricted beginning net position	\$ -	\$ (2,472,551)	\$ (2,472,551)	\$ -
Restricted revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation, federal	202,298	202,298	291,383	89,085
Government appropriation, state	-	-	-	-
Government appropriation, local	-	-	-	-
Government grants, federal	48,550,000	49,750,000	64,141,661	14,391,661
Government grants, state	2,600,000	2,600,000	3,482,888	882,888
Contracts, other	500,000	2,400,000	5,074,113	2,674,113
Private contracts	10,775,000	10,775,000	12,295,154	1,520,154
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and service	8,365,500	8,365,500	7,720,652	(644,848)
Other sources	3,750,000	3,750,000	-	(3,750,000)
Total restricted revenues	74,742,798	77,842,798	93,005,851	15,163,053
Cash balance, budgeted	-	(2,472,551)	(2,472,551)	-
Total restricted revenues and net position budgeted	74,742,798	75,370,247	90,533,300	15,163,053
Restricted expenditures:				
Instruction and general	-	-	-	-
Student social and cultural	-	-	-	-
Research	57,325,000	55,513,718	74,760,723	19,247,005
Public service	-	-	-	-
Internal service departments	8,365,500	8,365,500	6,376,634	(1,988,866)
Student aid	7,052,298	8,291,029	7,170,604	(1,120,425)
Auxiliary enterprises	-	-	-	-
Intercollegiate athletics	-	-	-	-
Independent operations	2,000,000	3,200,000	3,165,439	(34,561)
Capital outlay	-	-	-	-
Renewal and replacements	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total restricted expenditures	74,742,798	75,370,247	91,473,400	16,103,153
Net transfers	-	-	442,902	442,902
Change in net (deficit) position (budgetary basis)	-	2,472,551	1,975,353	(497,198)
Ending net position	\$ -	\$ -	\$ (497,198)	\$ (497,198)

See accompanying independent auditor's report.

New Mexico Institute of Mining and Technology
Unrestricted Current Funds – Summary of Instruction and General
Budget Comparisons (Schedule 4)
For Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	Final Budget vs Actuals Over (Under) Budget
Unrestricted beginning net position	\$ 1,141,796	\$ 11,053,197	\$ 11,053,197	\$ -
Unrestricted revenues:				
Tuition	11,077,386	11,123,881	11,131,792	7,911
Miscellaneous fees	1,946,657	1,930,815	1,976,567	45,752
Government appropriation, federal	-	-	-	-
Government appropriation, state	29,091,415	29,277,915	29,277,915	-
Government appropriation, local	-	-	-	-
Government grants, federal	-	-	-	-
Government grants, state	-	-	-	-
Contracts, local	-	-	-	-
Private gift/contracts	-	-	-	-
Endowment earnings	-	-	900	900
Land and permanent fund	1,050,000	1,050,000	3,377,550	2,327,550
Private gifts	-	-	-	-
Sales and service	-	-	-	-
Other sources	6,317,486	6,317,486	7,531,619	1,214,133
Total unrestricted revenues	<u>49,482,944</u>	<u>49,700,097</u>	<u>53,296,343</u>	<u>3,596,246</u>
Unrestricted expenditures:				
Instruction	20,147,983	23,439,186	19,099,632	(4,339,554)
Academic support	4,617,214	4,861,655	4,795,388	(66,267)
Student services	1,992,730	2,288,456	1,983,808	(304,648)
Institutional support	10,173,578	12,178,098	9,102,726	(3,075,372)
Operation and maintenance of plant	7,732,249	7,354,740	6,604,362	(750,378)
Total unrestricted expenditures	<u>44,663,754</u>	<u>50,122,135</u>	<u>41,585,916</u>	<u>(8,536,219)</u>
Net transfers	<u>(4,920,431)</u>	<u>(8,852,451)</u>	<u>(12,443,763)</u>	<u>(3,591,312)</u>
Change in net (deficit) position (budgetary basis)	<u>(101,241)</u>	<u>(9,274,489)</u>	<u>(733,336)</u>	<u>8,541,153</u>
Ending net position	<u>\$ 1,040,555</u>	<u>\$ 1,778,708</u>	<u>\$ 10,319,861</u>	<u>\$ 8,541,153</u>

See accompanying independent auditor's report.

New Mexico Institute of Mining and Technology
Schedule of Pledged Collateral (Schedule 5)
June 30, 2022

	Pledged Collateral		Maturity Date	First State Bank	Wells Fargo	Total
	Safekeeping Location	Type of Security		Socorro, NM	Socorro, NM	
Funds on deposit						
Deposits				\$ 35,229,430	\$ 6,722,184	\$ 41,951,614
FDIC insurance						
Demand deposits				(250,000)	(1,000,000)	(1,250,000)
Total uninsured public funds				<u>\$ 34,979,430</u>	<u>\$ 5,722,184</u>	<u>\$ 40,701,614</u>
Fifty percent collateral requirement per Section 6-10-17 NMSA 1978				\$ 17,489,715	\$ 2,861,092	\$ 20,350,807
Pledged collateral	Federal Reserve Bank	FFCB 3.620% CUSIP #31131KUD0	2/11/2025	3,642,000	-	3,642,000
		FFCB Non CBL CUSIP #31331VKU9	4/16/2025	3,029,445	-	3,029,445
		FCCB 2.63% CUSIP #3133EAG44	8/3/2026	1,965,965	-	1,965,965
		FHLB 3.00% CUSIP #3130A2VE3	9/11/2026	5,951,250	-	5,951,250
		FFCB 3.06% CUSIP #3133EJDF3	2/16/2027	8,979,889	-	8,979,889
		FFCB 4.23% CUSIP #31331KNC0	6/8/2028	1,344,804	-	1,344,804
		FFCB 2.96% CUSIP #3133EHQV8	7/7/2031	4,209,230	-	4,209,230
		FFCB 3.62% CUSIP #3133EAGW2	3/9/2034	843,680	-	843,680
	BNY Mellon	FMAC FEPC 2.50% CUSIP #3133ARVD4	9/1/2051	-	676,827	676,827
		FNMA FNMS 2.50% CUSIP #3140F2HY9	6/1/2031	-	303,819	303,819
		FNMA FNMS 2.50% CUSIP #3140K0W46	11/1/2049	-	342,498	342,498
		GNMA G2SF 4.50% CUSIP #36179T7L3	8/20/2048	-	1,385,191	1,385,191
		GNMA G2SF 2.00% CUSIP #3617UCJE9	2/20/2051	-	152,757	152,757
Total collateral				<u>29,966,263</u>	<u>2,861,092</u>	<u>32,827,355</u>
Excess of pledged collateral over the required amount				<u>\$ 12,476,548</u>	<u>\$ -</u>	<u>\$ 12,476,548</u>

New Mexico Institute of Mining and Technology
Schedule of Individual Deposit and Investment Accounts – Institute (Schedule 6)
June 30, 2022

Financial Institution: Account name	Account Type	Bank Balance	Outstanding (Checks) Deposits	Book Balance
Deposits:				
First State Bank				
Comptroller cash on deposit	Checking	\$ 34,685,834	\$ (217,764)	\$ 34,468,070
Payroll cash on deposit	Checking	179,781	(169,792)	9,989
NMEAF cash on deposit	Checking	95,837	(6,665)	89,172
Research park corporation	Checking	267,978	-	267,978
		<u>35,229,430</u>	<u>(394,221)</u>	<u>34,835,209</u>
Wells Fargo				
Vendor cash on deposit	Checking	5,524,731	(5,232,987)	291,744
Benefit trust operating	Checking	920,420	(2,415)	918,005
Benefit trust claims	Checking	277,033	-	277,033
		<u>6,722,184</u>	<u>(5,235,402)</u>	<u>1,486,782</u>
Total deposit accounts		<u>41,951,614</u>	<u>(5,629,623)</u>	<u>36,321,991</u>
Other:				
Petty cash		<u>26,229</u>	-	<u>26,229</u>
Total cash		<u>41,977,843</u>	<u>(5,629,623)</u>	<u>36,348,220</u>
Investments:				
Morgan Stanley				
Langmuir endowment	Investment	3,062,618	-	3,062,618
NMT capital campaign	Investment	817,232	-	817,232
		<u>3,879,850</u>	-	<u>3,879,850</u>
TD Ameritrade				
New Mexico Institute of Mining and Technology	Investment	259,666	-	259,666
New Mexico State Investment Council				
New Mexico Institute of Mining and Technology	Investment	76,463,092	31,479	76,494,571
New Mexico State Treasurer - LGIP				
New Mexico Institute of Mining and Technology	Investment	18,612,903	(30,181)	18,582,722
New Mexico Benefit Trust	Investment	970,598	(1,298)	969,300
		<u>19,583,501</u>	<u>(31,479)</u>	<u>19,552,022</u>
Total investments		<u>100,186,109</u>	-	<u>100,186,109</u>
Total cash and investments		<u>\$ 142,163,952</u>	<u>\$ (5,629,623)</u>	<u>\$ 136,534,329</u>
Cash and investments on statement of net position				<u>\$ 136,534,329</u>

New Mexico Institute of Mining and Technology
Schedule of Individual Deposit and Investment Accounts –
Discretely Presented Component Unit (Schedule 7)
June 30, 2022

Financial Institution: Account name	Account Type	Bank Balance	Outstanding (Checks) Deposits	Book Balance
Deposits:				
First State Bank				
Checking	Checking	\$ 1,643,985	\$ (566)	\$ 1,643,419
Saving	Saving	43,089	-	43,089
		1,687,074	(566)	1,686,508
Wells Fargo				
Checking	Checking	68,533	-	68,533
Total deposit accounts		1,755,607	(566)	1,755,041
Total cash		1,755,607	(566)	1,755,041
Investments:				
New Mexico State Investment Council				
New Mexico Tech Research Foundation	Investment	31,831,496	-	31,831,496
Total investments		31,831,496	-	31,831,496
Total cash and investments		<u>\$ 33,587,103</u>	<u>\$ (566)</u>	<u>\$ 33,586,537</u>
Cash and investments on statement of net position				<u>\$ 33,586,537</u>

New Mexico Institute of Mining and Technology
Schedule of Multiple-Year Capital Projects Funded by General Obligation Revenue Bond and Severance Tax Bond
Capital Outlay Appropriations from the State (Schedule 8)
For Year Ended June 30, 2022

Project Description	Authority/ Chapter	Laws	Appropriation Period	Expiration	Total Appropriation	Bonds Sold to Date	Bonds Unsold	Amount Available	Prior Year Expenditures	Current Year Expenditures	Art in Public Places	Current Year Reversion Amount	Unencumbered Balance
General Obligation Revenue Bond													
General Fund													
NMIMT Brown Hall Renovation	Ch 67, Sect 10D	2018	2019	6/30/2023	\$ 7,100,000	\$ 7,100,000	\$ -	\$ 7,100,000	\$ 826,978	\$ 3,525,817	\$ 71,000	\$ -	\$ 2,676,205
Parking & Safety Lights	Ch 67, Sect 10B	2018	2019	6/30/2023	71,492	71,492	-	71,492	39,705	-	-	-	31,787
Academic Library Acquisitions	Ch 84, Sect 10	2020	2021	6/30/2024	10,000,000	10,000,000	-	10,000,000	-	-	100,000	-	9,900,000
NMIMT Kelly Hall Construction													
Total General Obligation Revenue Bonds					\$17,171,492	\$17,171,492	\$ -	\$17,171,492	\$ 866,683	\$ 3,525,817	\$ 171,000	\$ -	\$ 12,607,992
Severance Tax Bond													
NMIMT Electronic Door Lock System Upgrade Campuswide	Ch 81, Sect 42	2020	2021	6/30/2024	\$ 300,000	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
NMIMT Vehicles & Research Purchases & Equipment	Ch 81, Sect 42	2020	2021	6/30/2022	100,000	100,000	-	100,000	-	99,989	-	-	11
NMIMT Infrastructure Upgrades	Ch 138, Sect 38	2021	2022	6/30/2025	2,520,000	2,520,000	-	2,520,000	-	-	-	-	2,520,000
NMIMT Kelly Hall Construction	Ch 138, Sect 38	2021	2022	6/30/2025	351,000	351,000	-	351,000	-	-	3,510	-	347,490
NMIMT Vehicle Purchases & Equipment	Ch 138, Sect 38	2021	2022	6/30/2023	150,000	150,000	-	150,000	-	-	-	-	150,000
Total Severance Tax Bonds					\$ 3,421,000	\$ 3,421,000	\$ -	\$ 3,421,000	\$ -	\$ 99,989	\$ 3,510	\$ -	\$ 3,317,501
Total Capital Appropriation					\$20,592,492	\$20,592,492	\$ -	\$20,592,492	\$ 866,683	\$ 3,625,806	\$ 174,510	\$ -	\$ 15,925,493

**New Mexico Institute of Mining and Technology
Schedule of Joint Powers Agreements (Schedule 9)
For Year Ended June 30, 2022**

Other Participant(s)	Party Responsible for Operations	Description	Beginning Date	Ending Date	Total Estimated Cost	FY 2022 Contributions	Audit Responsibility	Fiscal Responsibility	Equity Reporting Cost
Socorro County	Socorro County	County to use equipment owned by NIMIMT for the construction and maintenance of the landfill	4/12/1994	Ongoing	None	None	Both	Both	Both
City of Socorro	City of Socorro	County to use equipment owned by NIMIMT for the construction and maintenance of the landfill	7/18/1994	Ongoing	None	None	Both	Both	Both
City of Socorro	Both	City to maintain the road from the ramp on Interstate 25 (Escondida Exit) to NIMIMT property line approximately 3400 feet to the north of the current EMRTC parking lot. NIMIMT will provide an ingress and egress easement to the City and maintain the portion of EMRTC roadway that lies on NIMIMT property	2/7/1996	Ongoing	None	None	Both	Both	Both
Public educational institutions within State of New Mexico	Department of Finance and Administration	The participating members may cooperate on a equitable cost basis in securing services	12/18/1984	Ongoing	None	None	Both	Both	Both
New Mexico State Investment Council (SIC)	Both	SIC appointed as the fiduciary authorized to invest the long-term reserves of the Institute through SIC Long-term Pooled Investment Funds.	10/21/2021	10/20/2025 (Plus optional 4-year renewal period)	None	None	SIC	Both	Both

New Mexico Institute of Mining and Technology Schedule of Expenditures of Federal Awards (Schedule 10) For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER						
U.S. Department of Agriculture						
Direct Awards					\$ 17,139	\$ 96,687
Agriculture and Food Research Initiative (AFRI)	RAAD		2022-67020-36265	10,310	<u>17,139</u>	<u>96,687</u>
Total Direct U.S. Department of Agriculture						
U.S. Department of Defense						
Direct Awards						154,304
Basic and Applied Scientific Research	NTCI		N00014-20-1-2135	12,300	-	1,084,898
Basic Scientific Research	AFAM		W911NF2020190	12,431	-	7,928
Basic Scientific Research	AFMD		W911NF2020032	12,431	-	149,676
Basic, Applied, and Advanced Research in Science and Engineering	ASDC		W911NF2110214	12,630	-	128,104
Air Force Defense Research Sciences Program	FPAS		FA9550-21-1-0252	12,800	-	281,667
Air Force Defense Research Sciences Program	FSDP		FA9550-19-10379	12,800	-	129
Research and Technology Development	FAIR		FA9453-15-2-0086	12,910	-	<u>1,806,706</u>
Total Direct U.S. Department of Defense						
Pass-through						13,799
Scientific Research - Combating Weapons of Mass Destruction	MTME	University of New Mexico	023317-8746	12,351	-	29,401
Basic, Applied, and Advanced Research in Science and Engineering	MDMT	Johns Hopkins University	2001645111	12,630	-	586
Basic, Applied, and Advanced Research in Science and Engineering	PREA	MSI STEM Research & Development Consortium	W911SR20F0018 (#0041)	12,630	-	2,459
Basic, Applied, and Advanced Research in Science and Engineering	TAOD	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0036	12,630	-	203,919
Basic, Applied, and Advanced Research in Science and Engineering	TDJIM	MSI STEM Research & Development Consortium	W911SR19F0050 (0054)	12,630	-	707
Basic, Applied, and Advanced Research in Science and Engineering	TDPD	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0034	12,630	541	1,457
Basic, Applied, and Advanced Research in Science and Engineering	TERT	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0032	12,630	-	1,250,598
Basic, Applied, and Advanced Research in Science and Engineering	TMIL	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0033	12,630	1,233,566	743,497
Basic, Applied, and Advanced Research in Science and Engineering	TMRA	MSI STEM Research & Development Consortium	W911SR21F0011 (0050)	12,630	4,697	107,938
Basic, Applied, and Advanced Research in Science and Engineering	TUAV	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0046	12,630	-	18,008
Basic, Applied, and Advanced Research in Science and Engineering	TWBB2	MSI STEM Research & Development Consortium	W911SR-14-2-0001-#0049	12,630	-	<u>2,372,369</u>
Total Pass-through U.S. Department of Defense					<u>1,238,804</u>	<u>4,179,075</u>
Total U.S. Department of Defense					<u>1,238,804</u>	<u>4,179,075</u>

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior						
Direct Awards						
Recreation and Visitor Services	RWWC		L15AC00125	15.225	-	23,075
Rangeland Resource Management	RVEG		L20A C00237	15.237	-	44,730
Water Desalination Research and Development	RDWP		R21AC10268	15.506	-	77,397
Water Desalination Research and Development	RGMD		R18AC00107	15.506	-	22,535
Water Desalination Research and Development	RHOH		R21AC10154	15.506	53,122	125,205
Water Desalination Research and Development	RTPF		R19AC00108	15.506	-	8,065
SECURE Water Act - Research Agreements	RETS		R16AC00025	15.560	-	4,526
SECURE Water Act - Research Agreements	RP2P		R21AC10212	15.560	-	56,169
SECURE Water Act - Research Agreements	RSBW		R19AC00082	15.560	-	105,812
SECURE Water Act - Research Agreements	RWDI		R19AP00290	15.560	-	86,940
U.S. Geological Survey Research and Data Collection	UAZT		G21AC10864	15.808	-	19,934
U.S. Geological Survey Research and Data Collection	UMRI		G20AC00170	15.808	-	66,085
U.S. Geological Survey Research and Data Collection	UREE		G19AC00258	15.808	-	39,507
National Cooperative Geologic Mapping	UGET		G20AC00250	15.810	-	23,754
National Cooperative Geologic Mapping	UGST		G21AC10770	15.810	-	343,484
National Geological and Geophysical Data Preservation	UPGA		G22AP00221	15.814	-	675
National Geological and Geophysical Data Preservation	UGDM		G20AP00105	15.814	-	20,635
National Geological and Geophysical Data Preservation	UPGG		G21AP10434	15.814	-	62,794
Natural Resource Stewardship	RGMO		P19AC00994	15.944	-	48,423
Natural Resource Stewardship	RLAS		P16AC01716	15.944	-	3,148
Natural Resource Stewardship	RPOK		P19AC01051	15.944	28,247	40,369
Natural Resource Stewardship	RPCM		P21AC10633	15.944	11,198	377,239
Natural Resource Stewardship	RPCN		P20AC00630	15.944	38,875	498,777
Cooperative Research and Training Programs & Resources of the National Park System	RLCD		P21AC11161-00	15.945	-	11,638
Cooperative Research and Training Programs & Resources of the National Park System	RPVC		P21AC11175	15.945	622,501	664,153
National Ground-Water Monitoring Network	UNGW3		G20AC00173	15.980	-	10,712
National Ground-Water Monitoring Network	UNGW4		G21AC10405	15.980	-	15,762
Total Direct U.S. Department of the Interior					753,943	2,801,543
Pass-through Assistance to State Water Resources Research Institutes	MIGM	Water Resources Research Institute	Q02304	15.805	-	13,552
Total Pass-through U.S. Department of the Interior					-	13,552
Total U.S. Department of the Interior					753,943	2,815,095

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice						
Pass-through						
National Institute of Justice Research, Evaluation, and Development Project Grants	MSCN	South Dakota School of Mines & Technology	SDSMT-NMT 19-02	16.560	-	5,008
Total Pass-through U.S. Department of Justice					-	5,008
Total U.S. Department of Justice						
					-	5,008
U.S. Department of Transportation						
Direct Awards						
Air Transportation Centers of Excellence	RCOE1		15-C-CST-NMT-01,TASK 303	20.109	-	100,000
Air Transportation Centers of Excellence	RCOE5		15-C-CST-NMT-022	20.109	-	73,662
Air Transportation Centers of Excellence	RCOE7		15-C-CST-NMT-07 TASK 377	20.109	-	(595)
Total Direct U.S. Department of Transportation					-	173,067
Total U.S. Department of Transportation						
					-	173,067
National Aeronautics & Space Administration						
Direct Awards						
Science	YAGD		80NSSC21K1547	43.001	-	35,693
Science	YGHB		80NSSC20K0619	43.001	90,026	159,737
Science	YNEO2		80NSSC19K0425	43.001	-	249,012
Science	YORG		80NSSC21M0214	43.001	-	23,468
Space Technology	YADP		80NSSC19K1188	43.012	-	19,783
Unknown	YMND		LETTER 1/28/21-EBRAHIMKHANLOU	43.RD	-	1,141
Unknown	YMND2		LETTER 1/28/21-HASSANALIAN	43.RD	-	2,097
Total Direct National Aeronautics & Space Administration					90,026	490,931
Pass-through						
Science	MDVO	Regents of New Mexico State University	Q02148	43.001	-	20,112
Office of Stem Engagement (OSTEM)	MCOM	Regents of New Mexico State University	Q02190	43.008	-	748
Office of Stem Engagement (OSTEM)	MMPA	Regents of New Mexico State University	Q02174	43.008	-	3,320
Office of Stem Engagement (OSTEM)	MMRS	Regents of New Mexico State University	Q02189	43.008	-	922
Office of Stem Engagement (OSTEM)	MMSD	Regents of New Mexico State University	Q02152	43.008	-	838
Office of Stem Engagement (OSTEM)	MNGA	Regents of New Mexico State University	Q02210	43.008	-	65,848
Office of Stem Engagement (OSTEM)	MNGU	Regents of New Mexico State University	Q01923	43.008	-	17,641
Office of Stem Engagement (OSTEM)	MOHS	Regents of New Mexico State University	Q01922	43.008	-	5,829
Office of Stem Engagement (OSTEM)	MRDT	Regents of New Mexico State University	Q02355	43.008	-	2,592
Office of Stem Engagement (OSTEM)	MSI	Regents of New Mexico State University	Q02271	43.008	-	42,500
Unknown	MSOF	Universities Space Research Association	SOFIA GRANT 08-0194	43.RD	-	17,716
Total Pass-through National Aeronautics & Space Administration					90,026	178,066
Total National Aeronautics & Space Administration						
					90,026	668,997

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation						
Direct Awards						
Engineering	SIES		1757793	47.041	-	95,181
Engineering	SSTW		1607711	47.041	-	688
Mathematical and Physical Sciences	SDBA		2046670	47.049	-	57,499
Mathematical and Physical Sciences	SFBT		2104755	47.049	-	37,906
Geosciences	SAFZ		2026858	47.050	-	46,659
Geosciences	SASR		EAR-1516680	47.050	-	94,907
Geosciences	SCAR		2046043	47.050	-	96,498
Geosciences	SCAS		2034896	47.050	-	113,554
Geosciences	SCOR		1543454	47.050	-	1,987
Geosciences	SCPR		1644234	47.050	-	86,767
Geosciences	SEFO		1949185	47.050	-	23,896
Geosciences	SGMW		1745015	47.050	-	19,914
Geosciences	SIOZ		1650355	47.050	38,316	38,316
Geosciences	SMAD		2111939	47.050	-	24,456
Geosciences	SMAT		AST-1814011	47.050	-	56,107
Geosciences	SMBT		1852794	47.050	-	129,654
Geosciences	SOTP		2034817	47.050	-	74,247
Geosciences	SOTR		1758813	47.050	-	121,605
Geosciences	SRAM		2117061	47.050	-	371,439
Geosciences	SRED		1917069	47.050	-	137,777
Geosciences	SREE		2032761	47.050	-	12,085
Geosciences	SREE2		2039674	47.050	2,239	191,498
Geosciences	SRES		1925974	47.050	-	229,592
Geosciences	SSLH		2022465	47.050	-	33,717
Geosciences	SSTS		1720600	47.050	-	161,015
Geosciences	STEC		1824557	47.050	-	26,492
Geosciences	SSEA		EAR 2054299	47.050	-	98,728
Computer and Information Science and Engineering	SCYS		2150145	47.070	-	68,523
Computer and Information Science and Engineering	SEIC		1757945	47.070	-	70,185
Biological Sciences	SGCP		2145811	47.074	-	136,921
Education and Human Resources	SCCE		1946650	47.076	-	43,118
Education and Human Resources	SCYC		DGE-1303051	47.076	-	32,182
Education and Human Resources	SGR2		2041852	47.076	-	47,060
Education and Human Resources	SSCH		2030677	47.076	-	114,564
Education and Human Resources	SSFS		1946650	47.076	-	315,144
Polar Programs	SWAE		2122248	47.078	-	23,368
Integrative Activities	SHPE		1832813	47.083	-	61,179
Total Direct National Science Foundation					40,555	3,294,428

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
Pass-through						
Engineering	MRUS	University of New Mexico	358007-8746	47.041	-	13,221
Mathematical and Physical Sciences	MTYL	National Radio Astronomy Observatory	PO 370274	47.049	-	37,810
Mathematical and Physical Sciences	MDTC		PO 374753	47.049	-	1,349
Mathematical and Physical Sciences	MGJD	National Radio Astronomy Observatory	1519126	47.049	-	5,861
Mathematical and Physical Sciences	MNTD	National Radio Astronomy Observatory	367864	47.049	-	5,610
Mathematical and Physical Sciences	MNTE	National Radio Astronomy Observatory	PO 369461	47.049	-	32,737
Geosciences	MEIG	University of Wisconsin Madison	806K400	47.050	-	11,317
Geosciences	MGEM	University Of Florida	SUB00002033	47.050	-	58,812
Geosciences	MIGR	University of Utah	10050352/U000319890	47.050	-	72,723
Geosciences	MMDV	University of North Carolina at Charlotte	20170784-01-NMI	47.050	-	(63)
Geosciences	MSSP2	The Trustees of Columbia University in the City of New York	51B(GG009393)/G11717	47.050	-	9,567
Geosciences	MVAN	Vanderbilt University	60300/P19014830	47.050	-	74,269
Geosciences	MWHE	The Trustees of Wheaton College	180801	47.050	-	47,294
Geosciences	PGLS2	Incorporated Research Institutions for Seismology	95-NMT-GLISN2	47.050	-	68,948
Geosciences	PNGE	Incorporated Research Institutions for Seismology	SU-19-1001-04-NMT	47.050	-	(10)
Geosciences	PNGE3	Incorporated Research Institutions for Seismology	SU-19-1001-04-NMT	47.050	-	1,295,719
Geosciences	PNGE4	Incorporated Research Institutions for Seismology	SU-19-1001-04-NMT	47.050	-	2,658,201
Geosciences	PSAG	Incorporated Research Institutions for Seismology	04-NMT-SAGE	47.050	-	28,200
Education and Human Resources	MHQS	Regents of New Mexico State University	Q02015	47.076	8,543	218,853
Education and Human Resources	MAMT6	Regents of New Mexico State University	Q02003	47.076	-	44,997
Integrative Activities	MGRD	University of New Mexico	063049-8746	47.083	-	335,933
Integrative Activities	MHAN	University of New Mexico	063053-8746	47.083	-	50,093
Integrative Activities	MOMO	University of New Mexico	063051-8746	47.083	-	16,622
Total Pass-through National Science Foundation					8,543	5,088,063
Total National Science Foundation					49,098	8,382,491

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Energy						
Direct Awards						
Office of Science Financial Assistance Program	DDRT		DE-SC0022261	81,049	-	145,053
Office of Science Financial Assistance Program	DIPR		DE-SC0019411	81,049	-	(5,604)
Office of Science Financial Assistance Program	DREE		DE-SC0022269	81,049	442	163,899
Office of Science Financial Assistance Program	DTDB		DE-SC0021106	81,049	-	317,335
Fossil Energy Research and Development	DACF		DE-FE0032064	81,089	204,707	364,007
Fossil Energy Research and Development	DBRS		DE-FE0031684	81,089	-	115,978
Fossil Energy Research and Development	DCAR		DE-FE0031890	81,089	429,840	2,275,837
Fossil Energy Research and Development	DCOR		DE-FE0032051	81,089	81,032	252,309
Fossil Energy Research and Development	DCUS		DE-FE0031837	81,089	1,566,658	2,228,392
Fossil Energy Research and Development	DSWT		DE-FC26-05NT42591	81,089	493,884	1,216,944
Total Direct U.S. Department of Energy					2,776,563	7,074,160
Pass-through						
Fossil Energy Research and Development	MFEF	University of Alaska	UAF 19-0012	81,089	-	154,114
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	MTED	Texas Tech University	21E002-02	81,123	-	352,913
Unknown	PCRF	NMC, Inc.	28857	81,123	-	9,732
Unknown	PCRH	NMC, Inc.	32657	81,123	-	19,929
Unknown	PRIT	NMC, Inc.	31332	81,123	-	18,139
Unknown	PRIT2	NMC, Inc.	32699	81,123	-	7,637
Unknown	PULP	NMC, Inc.	032150, 031664	81,123	-	38,504
Total Pass-through U.S. Department of Energy					-	600,968
Total U.S. Department of Energy					2,776,563	7,675,118
U.S. Department of Health and Human Services						
Direct Awards						
Occupational Safety and Health Program	RMER		1 U60OH012351-01-00	93,859	57,464	441,067
Biomedical Research and Research Training	RPRL		1R15GM128071-01A1	93,859	-	68,980
Biomedical Research and Research Training	RSAR		1R15GM124620-01A1	93,859	18,364	87,113
Total Direct U.S. Department of Health and Human Services					75,828	597,160
Pass-through						
Biomedical Research and Research Training	M68F	Regents of New Mexico State University	Q02068F	93,859	-	119,895
Biomedical Research and Research Training	M68G	Regents of New Mexico State University	Q02068G	93,859	-	26,178
Biomedical Research and Research Training	M68H	Regents of New Mexico State University	Q02068H	93,859	-	34,456
Biomedical Research and Research Training	M68K	Regents of New Mexico State University	Q02068K	93,859	-	13,960
Biomedical Research and Research Training	M68J	Regents of New Mexico State University	Q02068J	93,859	-	6,662
Total Pass-through U.S. Department of Health and Human Services					-	201,151
Total U.S. Department of Health and Human Services					75,828	798,311
TOTAL RESEARCH AND DEVELOPMENT CLUSTER					5,001,401	24,793,849

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Defense						
Direct Awards						
Research and Technical Assistance						
Air Force Defense Research Sciences Program	FT2C		FA9453-18-3-0073	12.615	(5,298)	1,103,849
Air Force Defense Research Sciences Program	FSTO		FA9453-17-3-0072	12.800	111,799	1,575,486
Air Force Defense Research Sciences Program	FSWI		FA9453-22-3-0002	12.800	-	1,188,142
Research and Technology Development	FITP		FA9453-22-2-0040	12.910	20,615	334,103
Research and Technology Development	FMRO		FA9453-22-2-0040	12.910	7,546	1,389,345
Total Direct U.S. Department of Defense					134,662	5,590,925
Pass-through						
Economic Adjustment Assistance for State Governments	MPIC	NM Economic Development Division	41900-00000-10220	12.617	10,663	301,370
Total Pass-through U.S. Department of Defense					10,663	301,370
Total U.S. Department of Defense					145,325	5,892,295
U.S. Department of the Interior						
Direct Awards						
U.S. Geological Survey Research and Data Collection	URSG		G21AC10572	15.808	-	143,262
Total Direct U.S. Department of the Interior					-	143,262
Total U.S. Department of the Interior					-	143,262
U.S. Department of Labor						
Direct Awards						
Occupational Safety and Health Susan Harwood Training Grants	RSHT		SH99056SH0	17.502	-	39,439
Occupational Safety and Health Susan Harwood Training Grants	RTDG		SH-37202-21-60-F-35	17.502	-	35,084
Mine Health and Safety Grants	RFMM		MS-35387-20-55-R-35	17.600	-	46,234
Mine Health and Safety Grants	RFMN		MS-36794-21-55-R-35	17.600	-	101,562
Total Direct U.S. Department of Labor					-	222,319
Total U.S. Department of Labor					-	222,319
National Aeronautics & Space Administration						
Pass-through						
Office of Stem Engagement (OSTEM)	MRMC		Q02285	43.008	-	5,094
Office of Stem Engagement (OSTEM)	MRSC		Q02311	43.008	-	8,661
Total Pass-through National Aeronautics & Space Administration					-	13,755
Total National Aeronautics & Space Administration					-	13,755
U.S. Small Business Administration						
COVID-19 - Shuttered Venue Operators Grant Program	RMAC		SBAHQ21SV012702	59.075	-	23,728
COVID-19 - Shuttered Venue Operators Grant Program	RSVO		SBAHQ21SV012338	59.075	-	7,691
Total Direct U.S. Small Business Administration					-	31,419

New Mexico Institute of Mining and Technology

Schedule of Expenditures of Federal Awards (Schedule 10 – continued)

For Year Ended June 30, 2022

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER						
U.S. Department of Education						
Direct Awards						
Supplemental Educational Opportunity grant (SEOG)				84.007	-	288,971
College Work Study				84.033	-	114,832
Perkins Loan				84.038	-	944,321
Pell Grant				84.063	-	2,005,848
Direct Subsidized Stafford Loans				84.268	-	682,940
Direct Unsubsidized Stafford Loans				84.268	-	1,386,927
Direct Parent Loan for Undergraduate Students				84.268	-	143,924
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					-	5,567,763
TRIO CLUSTER						
U.S. Department of Education						
Direct Awards						
TRIO Upward Bound	RMSA		P047M180465	84.047	-	340,441
TRIO Upward Bound	RMSA		P047M170452	84.047	-	313,668
TOTAL TRIO CLUSTER					-	654,109
U.S. Department of Education						
Direct Awards						
Higher Education Institutional Aid	RTHE		P031S180079	84.031	-	549,788
COVID-19 - Education Stabilization Fund				84.425E	-	245,662
COVID-19 - Education Stabilization Fund				84.425E	-	1,873,666
COVID-19 - Education Stabilization Fund	RCAR		P425F201268	84.425F	-	606,386
COVID-19 - Education Stabilization Fund	RCAR2		P425L200302	84.425L	-	359,602
Subtotal, COVID-19 - Education Stabilization Fund					-	3,085,316
Total Direct U.S. Department of Education					-	9,856,976
U.S. Department of Homeland Security						
Direct Awards						
State and Local Homeland Security National Training Program	RF10		EMW-2018-CA-APP-00048-S01	97.005	-	(912,868)
State and Local Homeland Security National Training Program	RF20		EMW-2019-CA-00024	97.005	-	20,154,500
State and Local Homeland Security National Training Program	RF30		EMW-2020-CA-00044	97.005	-	102,690
State and Local Homeland Security National Training Program	RF40		EMW-2021-CA-00081	97.005	-	1,252
Total Direct U.S. Department of Homeland Security					-	19,345,574
Pass-through						
Disaster Grants - Public Assistance	MARP		21-795-002	97.036	-	69,385
Emergency Management Performance Grants	MEMT7		22-795-004	97.042	-	868
Emergency Management Performance Grants	MEMT6		21-795-0001	97.042	-	4,612
Total Pass-through U.S. Department of Homeland Security					-	74,865
Total U.S. Department of Homeland Security					-	19,420,439
Total Expenditures of Federal Awards					\$ 5,146,726	\$ 60,374,314

New Mexico Institute of Mining and Technology
Notes to Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2022

Note 1 – General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Institute under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute. The Institute receives annual Facilities and Administrative Forward Indirect Cost Rates approved by the Office of Naval Research before the beginning of each year.

Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Amounts related to pass-through grants are classified as private grants and contracts in the accompanying statement of revenues, expenses, and changes in net position.

Note 3 – Indirect Cost Rate

The Institute uses a facilities and administrative (indirect) rate that is negotiated with their cognizant agency, The Office of Naval Research and as such, the Institute has not elected to use the 10% de minimis cost rate.

Note 4 – Federal Loan Program

The Perkins Loan Program (Assistance Listing #84.038) is administered directly by the Institute and balances and transactions relating to this program are included in the Institute's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. Total outstanding loans under this U.S. Department of Education program at June 30, 2022, were \$721,750.

Report of Independent Auditors 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*

The Board of Regents
New Mexico Institute of Mining and Technology
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of New Mexico Institute of Mining and Technology as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise New Mexico Institute of Mining and Technology's basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978, that we have described in the accompanying schedule of findings and questioned costs under other matters as required by section 12-6-5 NMSA 1978 as items 2022-004, 2022-005, and 2022-006.

New Mexico Institute of Mining and Technology's Response to Findings

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

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2022

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Regents
New Mexico Institute of Mining and Technology
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Mexico Institute of Mining and Technology's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Mexico Institute of Mining and Technology's major federal programs for the year ended June 30, 2022. New Mexico Institute of Mining and Technology's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Mexico Institute of Mining and Technology complied, in all material respects, with the 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, 2022.

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

We are required to be independent of New Mexico Institute of Mining and Technology 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 New Mexico Institute of Mining and Technology'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 New Mexico Institute of Mining and Technology's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Mexico Institute of Mining and Technology'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 GAAS, *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 New Mexico Institute of Mining and Technology's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 New Mexico Institute of Mining and Technology'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 New Mexico Institute of Mining and Technology'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 New Mexico Institute of Mining and Technology'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on New Mexico Institute of Mining and Technology's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. New Mexico Institute of Mining and Technology's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on New Mexico Institute of Mining and Technology's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. New Mexico Institute of Mining and Technology's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2022

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
Multiple	Student Financial Assistance Cluster	Unmodified
12.615	Research and Technical Assistance	Unmodified
12.800	Air Force Defense Research Science Program	Unmodified
84.425	Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 1,811,229

Auditee qualified as low-risk auditee? Yes No

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022

Section II – Financial Statement Findings

2022-001 (2021-001) – Bank Reconciliations (Significant Deficiency)

Condition: The Institute's bank accounts were not reconciled timely, resulting in an aggregate audit adjustment to cash of approximately \$700,000. Additionally, reconciliations were not properly segregated which resulted in the same individual both preparing and reviewing reconciliations.

Management's Progress: Management made progress during the year and were caught up with bank reconciliations through April 2022; however, due to accounting staff turnover, the timeliness of bank reconciliations fell behind and the June 2022 reconciliations were not completed timely.

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts is a key component of effective internal control over financial reporting. Additionally, Section 6-10-2 NMSA requires all public bodies to "maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business."

Cause: The accounting policies, procedures, and controls to ensure an effective system of internal control over financial reporting the Institute's cash balances were not functioning as intended.

Effect: Cash accounts were not reconciled timely, leading to a financial statement misstatement.

Repeat Finding: This is a repeat finding, previously reported as 2021-001.

Recommendation: We recommend management implement existing controls to ensure that bank reconciliations are prepared and reviewed timely. Any adjustments should be recorded prior to closing.

Views of Responsible Officials and Planned Corrective Actions: NMT has general internal controls in place to ensure the cash is maintained properly. Current controls included the continued review of all transactions and cash balances daily within the banking systems to ensure that all transactions were approved. Monthly cash balance reports are provided to the Associate Vice President for Administration and Finance.

During the year-end period, staff turnover issues occurred, resulting in an extended time to hire and train qualified staff in preparation for year-end bank reconciliations. Additional staff has been brought in to ensure the segregation of duties and a detailed review of the bank reconciliations to ensure accuracy.

Additional verification controls will be implemented that can be used in the reviewing process to verify that the daily banking and internal activity control sheets are updated in a timely manner and to ensure the unadjusted trial balance is reconciled within a reasonable adjustment range when sent to the auditor for review. These changes will be implemented by November 30, 2022.

Responsible Person: Controller

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022

Section II – Financial Statement Findings

2022-002 – Contract and Grant Receivables (Significant Deficiency)

Condition: The Institute's receivable balances included approximately \$3,000,000 of credit balances that should have been classified as a liability or recorded as income, causing an understatement of contract and grant receivables.

Criteria: 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; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Cause: The accounting policies, procedures, and controls to ensure an effective system of internal control over financial reporting the receivable balances were not functioning as intended.

Effect: An adjusting entry was necessary to properly reflect contract and grant receivable balances in the financial statements.

Repeat Finding: This is a not a repeat finding.

Recommendation: We recommend management implement a regular reconciliation process to identify and investigate unusual balances and adjust as necessary.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges this and has already taken corrective action. As of October 14, 2022, procedures were put into effect to run a billing on scheduled payment/firm-fixed-price awards on a monthly basis to minimize credit balances at fiscal year-end. Monthly billed aging reports are being sent to all research administrators to review both credit and debit balances and take appropriate action. Prior to fiscal year-end, Sponsored Projects will request a review of the trial balance data from the business office to determine if there are any unusual, outstanding balances that require further adjustment.

Responsible Person: Director of Sponsored Projects

**New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022**

Section III – Federal Award Findings and Questioned Costs

2022-003 – Special Tests and Provisions – Gramm-Leach-Bliley Act, Significant Deficiency and Instance of Noncompliance

<i>Federal Assistance Listing Number(s)</i>	<i>Federal Agency/Pass-through Entity – Program Name</i>	<i>Award Number</i>	<i>Award Year</i>	<i>Questioned Costs</i>
Multiple	Student Financial Assistance Cluster	Multiple	Multiple	None

Criteria: Per 16CFR 314.4, the Institute shall base an information security program on a risk assessment that identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information, and assesses the sufficiency of any safeguards in place to control these risks. The risk assessment shall be written and shall include:

- (i) Criteria for the evaluation and categorization of identified security risks or threats faced;
- (ii) Criteria for the assessment of the confidentiality, integrity, and availability of information systems and customer information, including the adequacy of the existing controls in the context of the identified risks or threats faced; and
- (iii) Requirements describing how identified risks will be mitigated or accepted based on the risk assessment and how the information security program will address the risks.

Condition/Context: Per the Gramm-Leach-Bliley Act, the Institute has not completed a risk assessment as required.

Cause: The Institute has not completed a risk assessment as required.

Effect: Noncompliance with federal regulations.

Questioned Costs: Unknown

Repeat Finding: This is not a repeat finding.

Recommendation: Management should complete a risk assessment to determine the organizational risks and design and implement safeguards to control identified risks.

**New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022**

Section III – Federal Award Findings and Questioned Costs

2022-003 – Special Tests and Provisions – Gramm-Leach-Bliley Act, Significant Deficiency and Instance of Noncompliance (continued)

Views of Responsible Officials and Planned Corrective Actions: A risk assessment is currently in process, which will provide a holistic plan that includes Gramm-Leach-Bliley Act requirements. This assessment is scheduled for completion by December 2022, as committed in the fiscal year 2021 audit response. It is currently on track for that completion date. Once the assessment is completed, a technical suitability evaluation will be conducted to provide the most appropriate technical solutions to meet the overall needs based on the assessment findings/determinations. This will address the current deficiencies and control gaps.

Responsible Person: Director of Information Technology and Communications

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022

Section IV – Other Matter Findings as Required by Section 12-6-5 NMSA 1978

2022-004 (2021-004) – Information Technology General Controls – Security and Access (Other Matter)

Condition: During our review of Information Technology (IT) general controls with respect to cybersecurity, we noted the Institute does not have the following cybersecurity process and procedure in place:

- Management has not secured employee mobile devices, PCs, etc., with encryption or implemented a tool to remotely wipe organizational information.
- Management has not drafted a formal cyber security policy.
- Management has not performed a formal risk assessment to identify cyber security risk.
- Management does not have tools to disable or destroy information remotely on employee mobile devices, laptops, PCs, etc.
- Management does not have cybersecurity insurance.

Management’s Progress: Management has started the risk assessment process with an estimated completion date of December 2022.

Criteria: The entities’ system processes, records, and stores information that is vital to its daily operations. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring and data from being lost, and to prevent unauthorized access to information through employee devices that have access to the system, through proper security controls related to cyber security.

Cause: The Entity does not have a formal cybersecurity policy.

Effect: Without security protocols to protect sensitive data, the Organization poses the risk of a potential breach to their environment.

Repeat Finding: Previously reported as 2021-004.

Recommendation: Management should complete a cyber risk assessment to determine the organizational needs and cyber programs that should be instituted to prevent or mitigate potential cyber security threats.

Views of Responsible Officials and Planned Corrective Actions: The deficiencies within the finding were identified the previous year and it was agreed by NMT in the previous audit that the first steps should be a risk assessment so a holistic plan could be put in place. We agreed that the assessment would be completed by December 2022 and is on track for that completion date. Once the assessment is completed, a technical fit evaluation will be performed to provide the most appropriate technical solutions to fit the overall needs based on the assessment findings/determinations.

A cyber security policy framework (which includes the program and governing documentation) is over 50% completed and will be ready to present to the administration early 2023.

**New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022**

Section IV – Other Matter Findings as Required by Section 12-6-5 NMSA 1978

2022-004 (2021-004) – Information Technology General Controls – Security and Access (Other Matter) (continued)

An Information Security Officer (ISO) has been hired and is leading the above activities. Also, as part of the initial discovery phase the ISO has performed an initial gap-assessment to identify critical missing controls.

We have also upgraded our Microsoft environment from A3 to the more secure A5. We have also upgraded Google Suite services to include the advanced security tools.

We have successfully obtained some of the one-time funding requested last year and are currently working to get those funds applied to current critical needs.

Responsible Person: Director of Information Technology and Communications

**New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022**

Section IV – Other Matter Findings as Required by Section 12-6-5 NMSA 1978

2022-005 – Direct Loan Program Eligibility (Other Matter)

Condition: Out of 25 students tested for eligibility, one student was eligible for but was not offered a direct subsidized loan.

Criteria: 34 CFR 685.200 defines borrower eligibility for Direct Subsidized Loans/

Cause: Due to changes in a student's eligibility throughout the year, the student's eligibility for direct subsidized loan was not reevaluated after they became eligible.

Effect: Noncompliance with federal direct loan regulations

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the Institute implement procedures for reevaluating eligibility following a change in students' outside aid received.

Views of Responsible Officials and Planned Corrective Actions: There are instances where students receive additional scholarship funding during the course of an academic year, which necessitates adjustments to their financial aid package in order to remain within the school's cost of attendance. This finding is a result of such an instance. Additional training to identify appropriate adjustments will be implemented and documented.

Responsible Person: Director of Financial Aid

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022

Section IV – Other Matter Findings as Required by Section 12-6-5 NMSA 1978

**2022-006 (2021-008, 2020-006, and 2019-006) – Financial Close and Reporting – Material Weakness
(At the Individual Component Unit Level – University Research Park Corporation)**

Condition: We noted the following items that indicated a material weakness in controls over the financial close and reporting process:

- During our testing, we noted that the schedule used to track patent activity did not include some capitalized legal costs for invoices received that related to fiscal year 2022. An audit adjustment of approximately \$5,600 was required to capitalize the additional patent costs and associated payable. We also noted certain inconsistencies in the accumulated amortization calculations for certain patents in addition to three new patent awards that were not amortized until fiscal year 2022 although they were awarded in fiscal year 2021. There was a similar issue in the prior year related to the patent schedule accuracy and a material weakness was documented.
- The impairment of a patent during fiscal year 2022 was recorded to legal fees instead of a loss on impairment account. An audit adjustment of approximately \$3,000 was required to be posted to properly classify the impairment loss.
- The market value of the investment in Socorro Ventures Fund I LP was not adjusted for unrealized losses incurred as of year-end. An audit adjustment of approximately \$3,700 was required to be posted to accurately state the investment balance.
- Amortization expense was not properly accrued as of year-end. An audit adjustment of approximately \$35,600 was required to be posted to accurately state amortization expense.

Management's Progress: As of October 20, 2022, the RPC manager has made correcting adjustments to accurately reflect the RPC's patent-related account balances and RPC investments at year-end. The RPC will require timely and accurate information from the patent legal firm to ensure the accuracy of patent assets. As of October 27, 2022, the RPC's patent tracker is up-to-date and all legal expense invoices through September 30, 2022 service dates have been received by the legal firms and reviewed. As of July 30, 2022, an Intellectual Property (IP) Management software program has been implemented to track and manage all RPC IP, including new patents and applications. The market value of Investments will be reviewed and adjusted in a timely manner.

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial close and reporting. Section 2.20.5.8 NMAC requires all public bodies to maintain an internal control structure and that all reporting of financial information must be timely, complete, and accurate.

Cause: Insufficient training, lack of knowledge related to accounting principles, and lack of effective review and approval by management over the financial close and reporting process.

Effect: Misstatements of the financial statements and untimely financial reporting.

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2022

Section IV – Other Matter Findings as Required by Section 12-6-5 NMSA 1978

**2022-006 (2021-008, 2020-006, and 2019-006) – Financial Close and Reporting – Material Weakness
(At the Individual Component Unit Level – University Research Park Corporation) (continued)**

Repeat finding: Yes, this is a modification of repeat finding previously noted as 2021-001, 2020-001, and 2019-001.

Recommendation: We recommend that the Corporation's accounting policies, procedures, and internal controls be re-examined to establish effective internal controls and procedures to ensure timely and accurate financial statements.

Views of Responsible Officials and Planned Corrective Actions: As of October 20, 2022, the RPC manager has made correcting adjustments to accurately reflect the RPC's patent-related account balances and RPC investments at year-end. The RPC will require timely and accurate information from the patent legal firm to ensure the accuracy of patent assets. As of October 27, 2022, the RPC's patent tracker is up-to-date and all legal expense invoices through September 30, 2022 service dates have been received by the legal firms and reviewed. As of July 30, 2022, an Intellectual Property (IP) Management software program has been implemented to track and manage all RPC IP, including new patents and applications. The market value of Investments will be reviewed and adjusted in a timely manner. A review of the accounting policies, procedures, and controls will be performed to determine if any additional controls or processes are necessary. The effective date for implementation of the corrective action plan is March 31, 2023.

Responsible Person: RPC Manager, Interim Chief Operating Officer

New Mexico Institute of Mining and Technology
Summary Schedule of Prior Audit Findings
For Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 – Bank Reconciliations (Significant Deficiency) – Repeated and modified as 2022-001

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-002 – Equipment Tracking, Significant Deficiency and Instance of Noncompliance – Resolved

2021-003 – Reporting, Significant Deficiency and Instance of Noncompliance – Resolved

SECTION IV – OTHER MATTER FINDINGS AS REQUIRED BY 12-6-5 NMSA 1978

2021-004 – Information Technology Controls – Security and Access – Repeated and modified as 2022-004

2021-005 – Bank Reconciliations – Significant Deficiency (At the individual Component Unit Level – New Mexico Institute of Mining and Technology Employee Benefit Trust) – Resolved

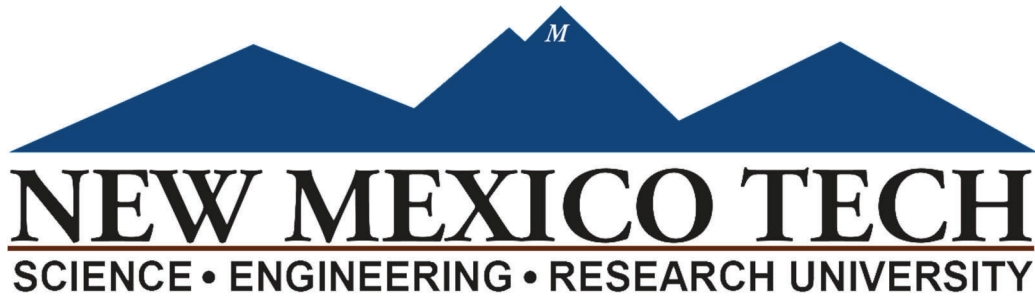
2021-006 – Promises to Give – Material Weakness (At the Individual Component Unit Level – New Mexico Tech Foundation) – Resolved

2021-007 – Revenue Classification Error – Material Weakness (At the Individual Component Unit Level – New Mexico Tech Foundation) – Resolved

2021-008 – Intangible Assets Tracking and Analysis Process – Material Weakness (At the Individual Component Unit Level – University Research Park Corporation) – Repeated and modified as 2022-006

2021-009 – Beginning Net Position – Material Weakness (At the Individual Component Unit Level – University Research Park Corporation) – Resolved

2021-010 – Timeliness of Bank Reconciliations – Other Matter (At the Individual Component Unit Level – University Research Park Corporation) – Resolved



**Corrective Action Plan
Year Ended June 30, 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001 (2021-001)	<p>NMT has general internal controls in place to ensure the cash is maintained properly. Current controls included the continued review of all transactions and cash balances daily within the banking systems to ensure that all transactions were approved. Monthly cash balance reports are provided to the Associate Vice President for Administration and Finance.</p> <p>During the year-end period, staff turnover issues occurred, resulting in an extended time to hire and train qualified staff in preparation for year-end bank reconciliations. Additional staff has been brought in to ensure the segregation of duties and a detailed review of the bank reconciliations to ensure accuracy.</p> <p>Additional verification controls will be implemented that can be used in the reviewing process to verify that the daily banking and internal activity control sheets are updated in a timely manner and to ensure the unadjusted trial balance is reconciled within a reasonable adjustment range when sent to the auditor for review.</p> <p>These changes will be implemented by November 30, 2022.</p>	November 30, 2022	Controller
2022-002	<p>Management acknowledges this and has already taken corrective action. As of October 14, 2022, procedures were put into effect to run a billing on scheduled payment/firm-fixed-price awards on a monthly basis to minimize credit balances at fiscal year-end. Monthly billed aging reports are being sent to all research administrators to review both credit and debit balances and take appropriate action. Prior to fiscal year-end, Sponsored Projects will request a review of the trial balance data from the business office to determine if there are any unusual, outstanding balances that require further adjustment.</p>	October 14, 2022	Director of Sponsored Projects
2022-003	<p>A risk assessment is currently in process, which will provide a holistic plan that includes Gramm-Leach-Bliley Act requirements. This assessment is scheduled for completion by December 2022, as committed in the FY21 audit response. It is currently on track for that completion date. Once the assessment is completed, a technical suitability evaluation will be conducted to provide the most appropriate technical solutions to meet the overall needs based on the assessment findings/determinations. This will address the current deficiencies and control gaps.</p>	December 31, 2022	Director of Information Technology and Communications
2022-004 (2021-004)	<p>The deficiencies within the finding were identified the previous year and it was agreed by NMT in the previous audit that the first steps should be a risk assessment so a holistic plan could be put in place. We agreed that the assessment would be completed by December 2022 and is on track for that</p>	October 31, 2023	Director of Information Technology and Communications

	<p>completion date. Once the assessment is completed, a technical fit evaluation will be performed to provide the most appropriate technical solutions to fit the overall needs based on the assessment findings/determinations.</p> <p>A cyber security policy framework (which includes the program and governing documentation) is over 50% completed and will be ready to present to the administration early 2023.</p> <p>An Information Security Officer (ISO) has been hired and is leading the above activities. Also, as part of the initial discovery phase the ISO has performed an initial gap-assessment to identify critical missing controls.</p> <p>We have also upgraded our Microsoft environment from A3 to the more secure A5. We have also upgraded Google Suite services to include the advanced security tools.</p> <p>We have successfully obtained some of the one-time funding requested last year and are currently working to get those funds applied to current critical needs.</p>		
2022-005	There are instances where students receive additional scholarship funding during the course of an academic year, which necessitates adjustments to their financial aid package in order to remain within the school's cost of attendance. This finding is a result of such an instance. Additional training to identify appropriate adjustments will be implemented and documented.	December 31, 2022	Director of Financial Aid
2022-006 (2021-008, 2020-006, 2019-006)	<p>As of October 20, 2022, the RPC manager has made correcting adjustments to accurately reflect the RPC's patent-related account balances and RPC investments at year-end. The RPC will require timely and accurate information from the patent legal firm to ensure the accuracy of patent assets. As of October 27, 2022, the RPC's patent tracker is up-to-date and all legal expense invoices through September 30, 2022 service dates have been received by the legal firms and reviewed. As of July 30, 2022, an Intellectual Property (IP) Management software program has been implemented to track and manage all RPC IP, including new patents and applications. The market value of Investments will be reviewed and adjusted in a timely manner.</p> <p>A review of the accounting policies, procedures, and controls will be performed to determine if any additional controls or processes are necessary. The effective date for implementation of the corrective action plan is March 31, 2023.</p>	March 31, 2023	RPC Manager, Interim Chief Operating Officer

Document prepared by:

Melissa Tull

Date 10/27/2022

Melissa Tull

Controller

New Mexico Institute of Mining and Technology

New Mexico Institute of Mining and Technology
Exit Conference
For Year Ended June 30, 2022

An exit conference was held on October 28, 2022, for the New Mexico Institute of Mining and Technology and all component units with the following in attendance:

Jerry Armijo, Regent, Secretary/Treasurer
Dr. Stephen Wells, President
Dr. Cleve McDaniel, Vice President for Administration and Finance
Shaojie (Jenny) Ma, Associate Vice President for Administration and Finance/ Budget Director
Kenneth Aerts, Director of Financial Aid
Gayle Bailey, Director of Sponsored Projects
Daniel Lunceford, Director, Information Technology and Communications
Melissa Tull, Controller
Emma Aafloy, Associate Director of Budget and Analysis
Angie Gonzales, Associate Director of Human Resources
Carrie Marsyla, Director, Cost Accounting and Reporting
JoAnn Salome, Director, Human Resources

Moss Adams LLP

Lisa Todd, CPA, Partner
Kevin Jankowski, CPA, Manager

The financial statements were prepared by Moss Adams LLP, with the assistance of the Institute. The Institute is responsible for the contents of these financial statements.