

NEW MEXICO TECH
SCIENCE • ENGINEERING • RESEARCH UNIVERSITY

AUDIT REPORT 2021

Year ending June 30, 2021

Table of Contents

	PAGE
Official Roster	i
Report of Independent Auditors	1–3
Management’s Discussion and Analysis	4–15
Basic Financial Statements	
Consolidated Statement of Net Position – Proprietary Funds	16–17
Consolidated Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	18–19
Consolidated Statement of Cash Flows – Proprietary Funds	20–21
Notes to Financial Statements	22–74
Required Supplementary Information (unaudited)	
Schedule of Proportionate Share of the Net Pension Liability	75
Schedule of Contributions	76
Notes to Defined Benefit Retirement Plan RSI	77
Schedule of Employer Contributions – Other Postemployment Benefits (OPEB)	78
Schedule of Changes in Net OPEB Liability and Related Ratios	79
Schedule of OPEB Investment Returns	80
Supplementary Information	
Budget Comparisons – Unrestricted and Restricted – All Operations (Schedule 1)	81
Unrestricted Revenues and Expenditures – Budget Comparisons (Schedule 2)	82
Restricted Current Funds – Revenues and Expenditures – Budget Comparisons (Schedule 3)	83
Unrestricted Current Funds – Summary of Instruction and General Budget Comparisons (Schedule 4)	84
Schedule of Pledged Collateral (Schedule 5)	85
Schedule of Individual Deposit and Investment Accounts – Institute (Schedule 6)	86
Schedule of Individual Deposit and Investment Accounts – Discretely Presented Component Unit (Schedule 7)	87
Schedule of Multiple Year Capital Projects Funded by General Obligation Revenue Bond and Severance Tax Bond Capital Outlay Appropriations from the State (Schedule 8)	88
Schedule of Joint Powers Agreements (Schedule 9)	89
Schedule of Expenditures of Federal Awards (Schedule 10)	90–97
Notes to the Schedule of Expenditures of Federal Awards	98

Table of Contents

	PAGE
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 <i>Government Auditing Standards</i>	99–100
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance	101–103
Schedule of Findings and Questioned Costs	104–117
Summary Schedule of Prior Audit Findings	118
Corrective Action Plan	119–122
Summary of Auditor’s Results (As Required by 2.2.10 NMAC L (1) (f))	123
Exit Conference	124

New Mexico Institute of Mining and Technology
Official Roster
June 30, 2021

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 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. Douglas Wells	Vice President for Academic Affairs
Dr. Peter Phaiah	Acting Vice President for Office of Student Life
Dr. Van Romero	Vice President for Research
Michael Jackson	Associate Vice President for Academic Affairs
Shaojie “Jenny” Ma	Associate Vice President for Administration and Finance/Budget Director
Dr. Nelia Dunbar	Director, New Mexico Bureau of Geology and Mineral Resources
Dr. Robert Balch	Director, New Mexico Petroleum Recovery Research Center
Mike Stanley	Director, Energetic Materials Research and Testing Center
Gayle Bailey	Director, Sponsored Projects
Daniel Lunceford	Director, Information Technology and Communications
Melissa Tull	Controller
JoAnn Salome	Director, Human Resources
Emma Aafloy	Associate Director for Budget and Analysis
Carrie Marsyla	Associate Director, Sponsored Projects and Cost Accounting

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 Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the New Mexico Institute of Mining and Technology as of June 30, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, 2021, 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.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute'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.

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

The 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 Principals, and Audit Requirements for Federal Awards has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2021

New Mexico Institute of Mining and Technology

Management's Discussion and Analysis

Year Ended June 30, 2021

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, 2021. Included for comparison purposes is the 2020 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, 2021.

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, 2021

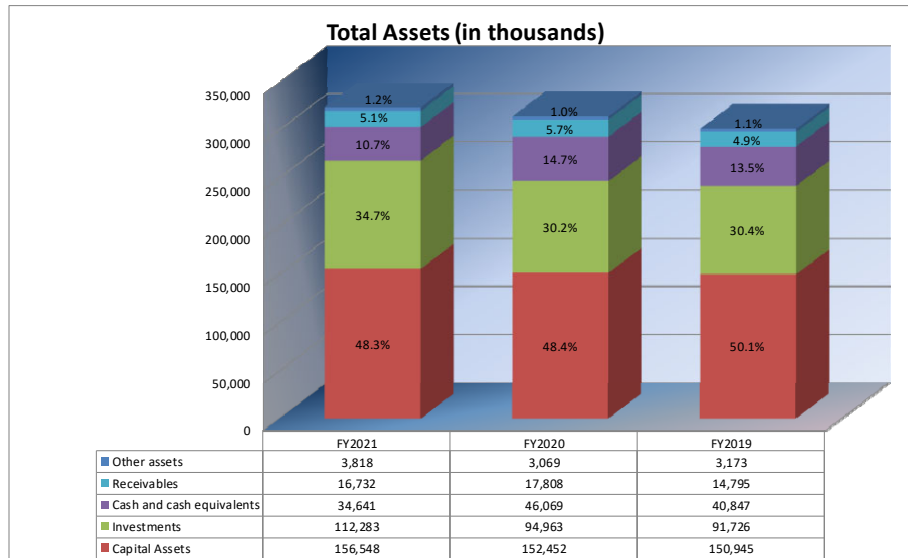
The following table summarizes the Institute's assets, deferred outflows, liabilities, deferred inflows, and net position as of:

	Balance June 30, 2021 (In Thousands)	Balance June 30, 2020 (In Thousands)	Difference	Percentage Change
Current assets	\$ 74,049	\$ 86,250	\$ (12,201)	-14.1%
Capital assets, net	156,548	152,452	4,096	2.7%
Other noncurrent assets	93,425	75,659	17,766	23.5%
Total assets	<u>324,022</u>	<u>314,361</u>	<u>9,661</u>	<u>3.1%</u>
Deferred outflows	<u>128,181</u>	<u>26,365</u>	<u>101,816</u>	<u>386.2%</u>
Total assets and deferred outflows	<u>\$ 452,203</u>	<u>\$ 340,726</u>	<u>\$ 111,477</u>	<u>32.7%</u>
Current liabilities	\$ 13,952	\$ 14,106	\$ (154)	-1.1%
Non-current liabilities	<u>328,055</u>	<u>159,093</u>	<u>168,962</u>	<u>106.2%</u>
Total liabilities	<u>342,007</u>	<u>173,199</u>	<u>168,808</u>	<u>97.5%</u>
Deferred inflows	7,806	11,984	(4,178)	-34.9%
Net position				
Capital assets, net of related debt	138,327	133,340	4,987	3.7%
Restricted net position	57,608	45,554	12,054	26.5%
Unrestricted net position	<u>(93,545)</u>	<u>(23,351)</u>	<u>(70,194)</u>	<u>300.6%</u>
Total net position	<u>102,390</u>	<u>155,543</u>	<u>(53,153)</u>	<u>-34.2%</u>
Total assets, liabilities, deferred inflows, and net position	<u>\$ 452,203</u>	<u>\$ 340,726</u>	<u>\$ 111,477</u>	<u>32.7%</u>

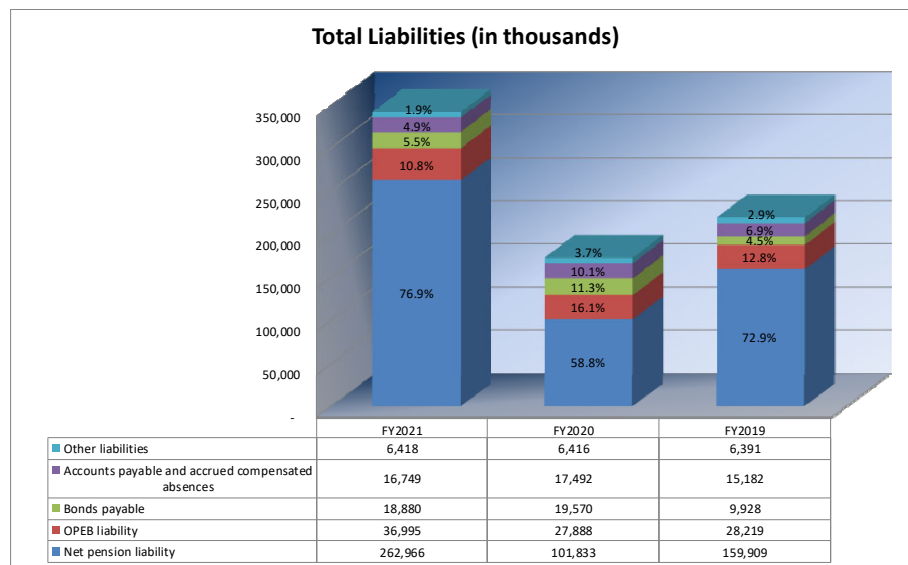
Total assets increased \$9.7 million or 3.1 percent. Several categories in the asset classification changed during the fiscal year.

- Current assets decreased \$12.2 million, or 14.1 percent, due to normal operating activities.
- Capital assets increased \$4.1 million or 2.7 percent. This is primarily due to the net of capital assets acquired throughout the fiscal year and the recording of depreciation.

**New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 2021**



Total liabilities increased \$168.8 million or 97.5 percent. The net pension liability increased \$161.1 million and liabilities related to OPEB increased \$9.1 million due to the changes in actuarial reporting related to GASB Statement No. 68 and 75 and New Mexico Educational Retirement Board (NMERB) adopted new assumptions and methods in fiscal year 2020.



New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 2021

Net position is divided into three categories:

- Capital assets, net of related debt: This category consists of capital assets reduced by outstanding debt and accumulated depreciation. The net increase is \$5.0 million. Increases in assets were investments in equipment during the year.
- 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 source such as grants and contracts. The restricted net position category increased by \$12.1 million.
- Unrestricted net position: This category reports the assets available to New Mexico Tech for any lawful purpose. These funds decreased by 70.2 million, which includes the increase in the pension liability of \$161.1 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, 2021. The SRECNP reports the revenues and expenses for one-year's 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:

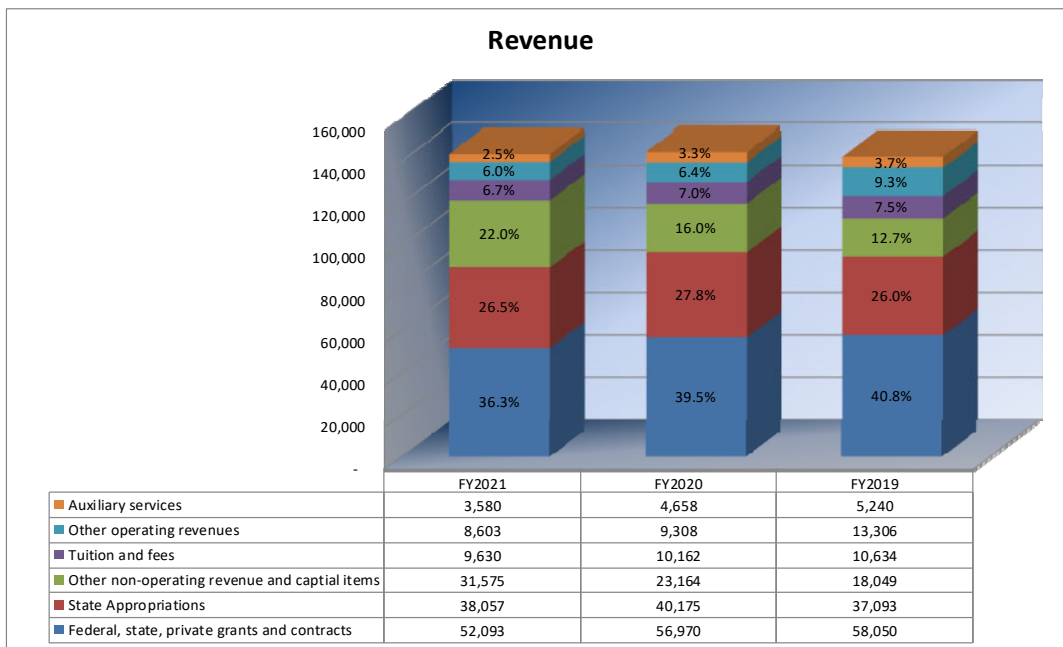
	June 30, 2021 <u>(In Thousands)</u>	June 30, 2020 <u>(In Thousands)</u>	<u>Difference</u>	<u>Percentage</u>
Operating revenue	\$ 73,908	\$ 81,098	\$ (7,190)	-8.9%
Operating expense	<u>196,692</u>	<u>107,728</u>	<u>88,964</u>	<u>82.6%</u>
Operating loss	(122,784)	(26,630)	(96,154)	361.1%
Non-operating revenue	<u>40,029</u>	<u>42,186</u>	<u>(2,157)</u>	<u>-5.1%</u>
Loss before other revenues and expenses	(82,755)	15,556	(98,311)	-632.0%
Other revenues and capital items	<u>29,602</u>	<u>21,154</u>	<u>8,448</u>	<u>39.9%</u>
Increase (decrease) in net position	<u>\$ (53,153)</u>	<u>\$ 36,710</u>	<u>\$ (89,863)</u>	<u>-592.0%</u>

Operating revenues are received in order to provide goods and services to the constituencies of New Mexico Tech. Operating revenue include 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, 2021**

Compared to fiscal year 2020, total operating revenue decreased \$7.2 million. The decrease of revenue is partly due to COVID-19 pandemic travel restrictions and cancellation of service requests. Year to year changes of the individual components included within the total operating revenue are:

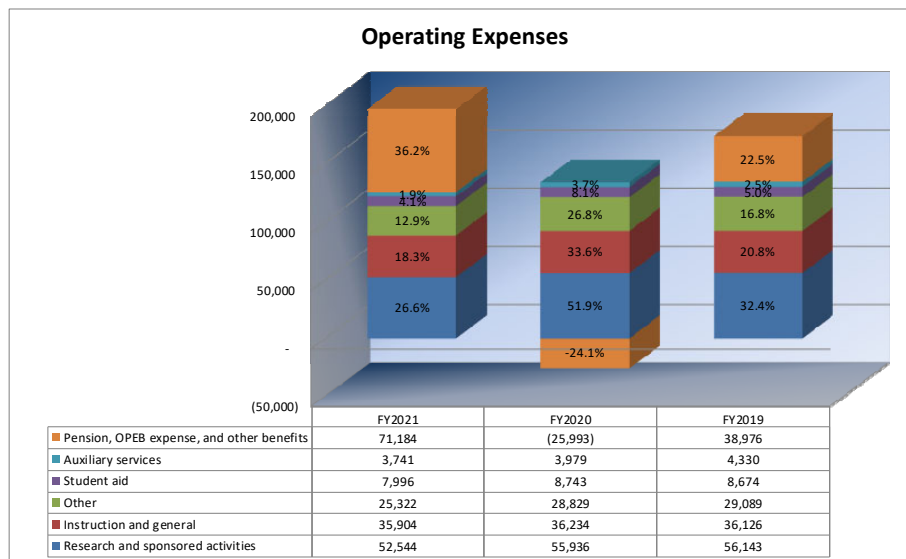
- Net tuition and fee revenue decreased \$532 thousand.
- Net sale of auxiliary service decreased \$1.1 million.
- Grants and contracts revenue decreased \$4.9 million.
- Other operating income primarily related to service center sales decreased \$705 thousand.



New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2021

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

- Total operating expenses increased \$88.9 million includes the increase in the pension expense of \$95.6 million and OPEB expense increased by \$1.2 million.
- Research and other sponsored expenditures decreased \$3.4 million (included in total operating expenses).



State appropriations, including Instruction and General (I&G) and Research and Public Service Projects (RPSP), were \$38.1 million compared to last year's \$40.2 million.

The net operating loss for this fiscal year is \$122.8 million compared to last year's net operating loss of \$26.6 million. 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 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 \$2.1 million compared to last year. Other revenues and capital items increased \$8.4 million compared to last year. Capital appropriations decreased \$7.2 million. State land grant and permanent fund distributions and income increased \$247.9 thousand in the current year.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2021

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 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 Brown Hall renovation project is moving forward. The Brown Hall construction is scheduled to begin in January 2022.

A campus wide energy audit has completed the project review. A report is scheduled for October 2021.

Work of the Deju House continues. Construction is expected to be completed in late fall 2021.

The Board of Regents approved the donation of a property from the Bursum Family Trust to NMT and the Higher Education Department approved the donation at their meeting in September 2021. The handover is scheduled to take place in September 2021. Renovation plans were developed and are now underway.

**New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 2021**

It is anticipated that the design of the Kelly Hall will take approximately eight months. The design is approximately 30% complete. 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.

Debt Administration

The Board of Regents approved to move forward with an application of refinancing a Revenue Bond, Series 2011. This refinancing is expected to save \$1.8 million.

Currently Known Facts

Enrollment

Enrollment at New Mexico Tech declined from Fall fiscal year 2017 to Fall fiscal year 2021.

The Fall 2021 new student and transfer enrollment is 342 compared to 337 last year.

<u>School Year</u>	<u>Head Count</u>	<u>Credit Hours (CH)</u>	<u>End of Course</u>	<u>(EOCCH)</u>
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%
2016-17	2,471	52,232	51,268	98.20%

As the chart above demonstrates, head count and credit hours have decreased from the 2019-20 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 New Mexico Tech.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2021

Funding from the State continues to be an issue. Compared to fiscal year 2020, appropriations for Instruction and General have decreased 4.5% for the fiscal year ending June 30, 2021.

The New Mexico Tech faculty 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.

Higher Education Funding Formula

The funding formula for higher education in New Mexico was updated in fiscal year 2013. Instead of funding universities for student credit hours at the census date, third week of classes, the new formula now funds universities on outcomes, end-of-course completion, awards (diplomas and certificates), work force incentives (STEM), at-risk student enrollment (Pell eligible) and sector-specific measures, which for the research universities is calculated as research expenditures. Despite the University's increased productivity in the formula metrics described above, due to declines in State revenue, the formula funding is unlikely to produce increased appropriations to the University. The HED is leading a review and evaluation of 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. The NMT administration is addressing faculty salaries in order to be comparable to New Mexico peer institutions over a three-year period.

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

Research expenditures are not affected by the state budget, but they are highly dependent on the federal budget.

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, 2021**

New Mexico Tech's Incurred Cost report demonstrates externally funded research and other sponsored activity has decreased in fiscal year 2021 due to restriction of the COVID-19 pandemic. External funding award amounts are indicated below (in thousands):

Fiscal year 2021	\$ 52,545
Fiscal year 2020	55,842
Fiscal year 2019	56,398
Fiscal year 2018	56,565
Fiscal year 2017	53,356

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 Research and Public Service Projects (RPSP) 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. In fiscal year 2021 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 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 funding of over \$2 million dollars.

The Energetic Materials Research and Testing Center (EMRTC) continues to work with the Department of Homeland Security training program. External funding has decreased slightly due to completion of several projects.

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 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 \$1.4million 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.

New Mexico Institute of Mining and Technology Management's Discussion and Analysis (continued) Year Ended June 30, 2021

COVID-19 Impact

There is considerable impact of the COVID-19 pandemic. Due to the travel restriction and cancellation of services, our revenue streams are affected. The impact on the State appropriation support includes a state budget reduction for fiscal year 2021. Meanwhile, we have to increase expenditures relative to provide instruction and minimize the risk of the spread of COVID-19 to our campus community. It is estimated only 50% of the costs can be recovered from Federal stimulus funds due to the limitation of the available funding source. NMT has spent more than \$580 thousand to support technological costs for switching to online instruction and providing students with necessary resources. It is expected that these costs will increase as the coronavirus pandemic wears on.

Economic Outlook

The economic outlook for New Mexico Tech continues to be closely monitored by administration. Decisions by the NMT administration are dependent on actions taken by the state and federal government. Proactive financial and budget actions were taken early in the global economic downturn to reduce budgets. In fiscal year 2021, state appropriations have been reduced by 4.5%. An increase for compensation from the state has not been included in the funding formula for many years. Funding for higher education will be offset by continued increased operational costs and unfunded mandates placed on higher education by all levels of government, students and those served by colleges and universities. New Mexico Tech staff has been very cooperative 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 reach its goal of being 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.

Total entering first-time full-time freshmen for the school year 2020-21 was 301 compared to 284 in the prior year.

New Mexico Institute of Mining and Technology
Management's Discussion and Analysis (continued)
Year Ended June 30, 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
Consolidated Statement of Net Position – Proprietary Funds
As of June 30, 2021

	Institute	Component Unit Foundation
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,942,407	\$ 441,535
Short-term investments	19,557,317	27,634,263
Contract and grant billed and unbilled receivables	13,968,070	-
Student accounts receivable, net of allowance for doubtful accounts	546,522	-
Due from state agencies and other accounts receivables	2,212,712	-
Due from primary government	-	41,928
Inventories	1,929,710	-
Other assets	1,892,255	1,094,333
Total current assets	74,048,993	29,212,059
NONCURRENT ASSETS		
Restricted cash and cash equivalents	699,424	-
Endowment investments	69,156,170	-
Other long-term investments	22,910,462	7,017,976
Capital assets, net of accumulated depreciation	156,548,122	1,328,669
Other non-current assets	658,695	3,240,171
Total noncurrent assets	249,972,873	11,586,816
TOTAL ASSETS	\$ 324,021,866	\$ 40,798,875
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	\$ 122,517,625	\$ -
Related to other post employment benefits	5,663,350	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 128,180,975	\$ -

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, 2021

	Institute	Component Unit Foundation
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,792,601	\$ 198
Bonds payable, current portion	785,000	-
Accrued compensated absences, current portion	4,415,208	-
Deposits	192,800	-
Unearned revenue	766,530	-
Total current liabilities	<u>13,952,139</u>	<u>198</u>
NONCURRENT LIABILITIES		
Accrued compensated absences, net of current portion	4,564,597	-
Bonds payable, net	18,095,266	-
Net pension liability	262,966,133	-
Net OPEB liability	36,995,244	-
Other noncurrent liabilities	5,434,223	-
Total noncurrent liabilities	<u>328,055,463</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>\$ 342,007,602</u></u>	<u><u>\$ 198</u></u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	\$ 3,305,280	\$ -
Related to other post employment benefits	4,500,301	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 7,805,581</u></u>	<u><u>\$ -</u></u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	\$ 138,326,551	\$ 1,328,669
RESTRICTED FOR		
Nonexpendable		
Endowments and all other nonexpendable	75,311,587	11,352,480
Inventory	1,929,710	-
Expendable		
Scholarships, research, instruction and other	10,092,949	4,115,346
Other postemployment benefits	(35,832,195)	-
Employee benefit trust	5,040,082	-
Loans	1,065,370	-
UNRESTRICTED NET (DEFICIT) POSITION	<u>(93,544,396)</u>	<u>24,002,182</u>
Total net position	<u><u>\$ 102,389,658</u></u>	<u><u>\$ 40,798,677</u></u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Consolidated Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Year Ended June 30, 2021

	Institute	Component Unit Foundation
OPERATING REVENUES		
Tuition and fees, net of discounts and allowances of \$4,251,853	\$ 9,630,017	\$ -
Federal grants and contracts	36,119,887	-
State and local grants and contracts	3,263,545	-
Private grants and contracts	8,841,476	-
Other grants and contracts	3,868,399	-
Sales and services of auxiliary enterprises, net of scholarship allowances of \$1,220,345	3,580,483	-
Other	8,190,157	6,908,952
Benefit trust contributions	414,147	-
Total operating revenues	73,908,111	6,908,952
EXPENSES		
Instruction and general		
Instruction	17,634,893	-
Institutional support	7,526,171	-
Operations and maintenance support	5,300,625	-
Student services	2,455,947	-
Academic support	2,986,628	-
Other sponsored activities	27,525,380	-
Research	25,019,145	-
Student aid grants and stipends, net of tuition discounts and allowances of \$4,251,853	7,995,603	1,036,028
Depreciation and amortization	10,856,154	59,932
Auxiliary enterprises, net of discounts and allowances of \$1,220,345	3,740,708	-
Change in value of pension liability	64,879,804	-
Other postemployment benefits expense	5,887,494	-
Other operating expenses	14,466,650	1,496,308
Benefit trust expenses	417,042	-
Total operating expenses	196,692,244	2,592,268
Operating gain (loss)	(122,784,133)	4,316,684

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Consolidated Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds (continued)
For the Year Ended June 30, 2021

	Institute	Component Unit Foundation
NONOPERATING REVENUES		
State appropriations	\$ 38,056,512	\$ -
Gifts	1,986,732	-
Interest and investment income (loss), net	(14,362)	8,111,108
Net nonoperating revenues	40,028,882	8,111,108
 Gain (loss) before other revenues and expenses	 (82,755,251)	 12,427,792
OTHER REVENUES AND EXPENSES		
Other revenues	9,155,967	-
Additions to permanent endowments	17,317,948	-
State land grant permanent fund income	1,941,460	-
Capital project appropriations from state issued bonds and other	1,187,124	-
Net other revenues	29,602,499	-
 Change in net position	 (53,152,752)	 12,427,792
 NET POSITION, beginning of year	 155,542,410	 28,370,885
 NET POSITION, end of year	 \$ 102,389,658	 \$ 40,798,677

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Consolidated Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2021

	Institute	Component Unit Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 9,537,783	\$ -
Grants and contracts	47,420,720	-
Sales and services of auxiliary enterprises	3,580,483	-
Other receipts	14,436,469	1,218,014
Payments to employees	(66,815,614)	-
Payments to suppliers	(56,375,539)	(212,558)
Other payments	-	(3,020,464)
Net cash used in operating activities	<u>(48,215,698)</u>	<u>(2,015,008)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	38,056,512	-
Gifts for other than capital purposes	1,986,732	-
Other nonoperating receipts	9,155,967	-
Net cash provided by noncapital financing activities	<u>49,199,211</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(15,118,656)	-
Proceeds from sale of capital assets	200,652	-
Payments of principal on bond obligations	(590,000)	-
Capital project appropriations from state issued bonds and other	1,187,124	-
Net cash used in capital and relating financing activities	<u>(14,320,880)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments, net	2,294,012	2,329,598
Investment purchases	(3,967,865)	(1,191,719)
Additions to endowments	1,872,057	-
Distributions received from land grant permanent fund	1,941,460	-
Cash received for notes receivable, net	-	10,863
Cash paid for patents	(215,032)	-
Interest, dividend, and realized investment income	(14,362)	1,056,630
Net cash provided by investing activities	<u>1,910,270</u>	<u>2,205,372</u>
NET (DECREASE) INCREASE, in cash and cash equivalents	(11,427,097)	190,364
CASH AND CASH EQUIVALENTS, beginning of year	<u>46,068,928</u>	<u>251,171</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 34,641,831</u>	<u>\$ 441,535</u>
CASH AND CASH EQUIVALENTS		
Unrestricted	\$ 33,942,407	\$ 441,535
Restricted	699,424	-
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 34,641,831</u>	<u>\$ 441,535</u>

See accompanying notes to these financial statements.

New Mexico Institute of Mining and Technology
Consolidated Statement of Cash Flows – Proprietary Funds (continued)
For the Year Ended June 30, 2021

	Institute	Component Unit Foundation
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (122,784,133)	\$ 4,316,684
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense	10,856,154	59,932
Gain on sale of assets and patents	(34,495)	-
Donated stock	-	(1,392,372)
Amortization of bond premium	(100,077)	-
Changes in assets and liabilities		
Student accounts receivable	(123,009)	-
Contract and grant billed and unbilled receivables	(4,648,847)	-
Other accounts receivable	5,832,165	-
Inventories	(295,427)	-
Other assets	(422,049)	(4,298,566)
Deferred outflows of resources	(101,815,812)	-
Accounts payable and accrued expenses	(514,344)	(29,141)
Student and other deposits	30,775	-
Unearned revenue	(23,740)	-
Compensated absences	(234,195)	-
Deferred inflows of resources	(4,178,864)	-
Net pension liability	161,133,249	-
Net OPEB liability	9,106,951	-
Other payables	-	(671,545)
	<u>\$ (48,215,698)</u>	<u>\$ (2,015,008)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (48,215,698)</u>	<u>\$ (2,015,008)</u>

Supplemental Disclosure of Cash Flow Information

During 2021, investments held by the Institute increased in value in the amount of \$15,343,583.

During 2021, investments held by the Foundation increased in value in the amount of \$3,544,781.

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.

(B) 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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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.

(C) 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

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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 2021 are shown as unearned revenue in the accompanying financial statements since the session was not completed at June 30, 2021.

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.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

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.

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. The amount of net position restricted by enabling legislation and the amount of restricted net position from state sources was \$0 at June 30, 2021.

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, 2021.

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 \$38,056,512 for fiscal year 2021, 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

The Institute adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It describes four fiduciary funds that should be reported, if applicable: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds. The New Mexico Institute of Mining and Technology Employee Benefit Trust (the Trust), a fiduciary fund of the Institute, is currently presented as a blended component unit of the Institute. Therefore, there was no impact to the financial statements upon adoption.

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. 87 – *Leases*. This Statement defines a lease as a contract that conveys control of the right to use another entity'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. GASB Statement No. 87 is effective for periods beginning after June 15, 2021 (fiscal year 2022), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement No. 87 will have on its financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 is effective for periods beginning after December 15, 2020 (fiscal year 2022), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement 89 will have on its financial statements.

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.

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

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2022), and earlier application is encouraged. The Institute is currently evaluating the impact GASB Statement 97 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, 2021, which is the date the financial statements are available to be issued. See Note 17.

Note 3 – Cash and Investments

Cash

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 3 – Cash and Investments (continued)

A detail of the cash accounts at June 30, 2021, 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	\$ 31,082,973	\$ 765,129	\$ 31,848,102
First State Bank	Payroll Cash on Deposit	Checking	195,420	(175,895)	19,525
First State Bank	NMEAF Cash on Deposit	Checking	699,424	-	699,424
Wells Fargo	Vendor Cash on Deposit	Checking	1,906,552	(1,406,552)	500,000
Wells Fargo	Employee Benefits Trust Operating	Checking	1,281,179	(13,038)	1,268,141
Wells Fargo	Employee Benefits Trust Claims	Checking	277,033	(7,935)	269,098
First State Bank	Research Park Corp Checking	Checking	72,172	(60,927)	11,245
			<u>35,514,753</u>	<u>(899,218)</u>	<u>34,615,535</u>
	Petty Cash	Cash	26,296	-	26,296
	Total cash accounts		<u>\$ 35,541,049</u>	<u>\$ (899,218)</u>	<u>\$ 34,641,831</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, 2021, the Institute's custodial credit risk was as follows:

Bank balance uninsured and uncollateralized	\$ (5,221,677)
Bank balance insured and collateral held (not in Institute's name)	<u>40,236,430</u>
Total custodial credit risk - cash	<u>\$ 35,014,753</u>

The Institute's pledged collateral as of June 30, 2021 was as follows:

Total deposits all banks	\$ 35,514,753
Less: FDIC coverage	<u>(500,000)</u>
Uninsured public funds	35,014,753
50% collateral required	17,507,377
Pledged collateral held by pledging banks' agent in the name of the Institute	<u>40,236,430</u>
Excess of pledge collateral over the required amount	<u>\$ 22,729,053</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, 2021:

	Market Value
Short-term LGIP	\$ 19,557,317
Endowments	69,156,170
Other long-term	22,910,462
 Total investments	 \$ 111,623,949

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	\$ 57,652	\$ 57,652
Mutual funds	478,405	478,405
U.S. government and corporate debt securities	114,864	114,864
Common stocks	2,849,237	2,849,237
NMT Capital Campaign		
Money market funds	101,621	101,621
Mutual funds	379,046	379,046
Common stocks	430,082	430,082
TD Ameritrade		
Student Investment Club		
Cash	13,263	13,263
Common stocks	315,688	315,688
State Investment Council Pooled Fund	87,326,774	87,326,774
State Treasurer - LGIP	19,557,317	19,557,317
 Total investments	 \$ 111,623,949	 \$ 111,623,949

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	\$19,557,317	48 day WAM (R); 78 day WAM (F)
-----------------	------------	--------------	--------------------------------

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, 2021, 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	\$ 159,273
Cash	-	not rated	13,263
Corporate debt securities	1.32	AA	114,671
Government debt securities	8.40	not rated	193
State Treasurer - LGIP	0.21	AAAm	19,557,317
Investments not subject to categorization			
State Investment Council Pooled Funds	-	not rated	87,326,774
Total items subject to credit risk			<u>107,171,491</u>
<i>Items not subject to credit risk</i>			
Mutual funds			857,451
Common stocks			3,595,007
Total items not subject to credit risk			<u>4,452,458</u>
Total investments			<u><u>\$ 111,623,949</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, 2021, 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	\$ 159,273	\$ -	\$ -	\$ -	\$ 159,273
U.S. Government and corporate debt securities	51,370	63,301	193	-	114,864
State Treasurer LGIP	19,557,317	-	-	-	19,557,317
	<u>\$ 19,767,960</u>	<u>\$ 63,301</u>	<u>\$ 193</u>	<u>\$ -</u>	19,831,454
Investments not subject to categorization					
State Investment Council					
Pooled fund					87,326,774
Total items subject to interest rate risk					<u>107,158,228</u>
<i>Items not subject to interest rate risk</i>					
Cash					13,263
Common stocks					3,595,007
Mutual funds					<u>857,451</u>
Total items not subject to interest rate risk					4,465,721
Total investments					<u>\$ 111,623,949</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, 2021.

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 Core Plus Bonds Pool – Level 2

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, 2021.

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Held at Morgan Stanley and TD Ameritrade				
Common stocks	\$ 3,595,007	\$ 3,595,007	\$ -	\$ -
Money market funds	159,273	159,273	-	-
Corporate debt securities	114,671	114,671	-	-
Government debt securities	193	193	-	-
Mutual funds	857,451	857,451	-	-
Investments held with the New Mexico State Investment Council (SIC) pooled funds:				
Core Plus Bonds Pool	38,933,518	-	38,933,518	-
Large Cap Index Pool	47,965,155	47,965,155	-	-
Non-US Developed Market Index Pool	151,845	-	-	-
Small/Mid Cap Active Pool	276,256	-	-	-
State Treasurer Office (STO) LGIP	19,557,317	-	19,557,317	-
Total	111,610,686	<u>\$ 52,691,750</u>	<u>\$ 58,490,835</u>	<u>\$ -</u>
Cash	<u>13,263</u>			
Total Investments	<u>\$ 111,623,949</u>			

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
SIC Non-US Developing	\$ 151,845	Daily	5 Business Days
SIC Mid/Small Cap	276,256	Daily	5 Business Days
SIC Large Cap Index Fund	47,965,155	Daily	5 Business Days
SIC Core Plus Bond Fund	38,933,518	Daily	5 Business Days
STO LGIP	19,557,317	Daily	1 Business Day

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 4 – Receivable

Receivable consists of the following at June 30, 2021:

Grant and contracts billed and unbilled	\$ 13,968,070
Student accounts	1,941,405
Due from state agencies	1,187,124
Other receivables	1,025,588
Total receivables	18,122,187
Allowance for doubtful accounts	(1,394,883)
Total receivables billed and unbilled, net	\$ 16,727,304

Note 5 – Capital Assets

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated					
Land	\$ 4,334,219	\$ -	\$ -	\$ -	\$ 4,334,219
Construction in progress	12,040,300	12,553,879	(14,531,744)	-	10,062,435
Total assets not depreciating	\$ 16,374,519	\$ 12,553,879	\$ (14,531,744)	\$ -	\$ 14,396,654
Depreciable capital assets					
Non-major infrastructure networks	\$ 30,482,618	\$ -	\$ -	\$ -	\$ 30,482,618
Land improvements	7,128,045	-	-	-	7,128,045
Buildings	212,263,365	-	14,531,744	-	226,795,109
Furniture, fixtures, and equipment	52,601,788	2,381,491	-	(431,440)	54,551,839
Software	1,780,118	-	-	-	1,780,118
Library materials	12,097,278	17,129	-	(216)	12,114,191
Total depreciating capital assets	\$ 316,353,212	\$ 2,398,620	\$ 14,531,744	\$ (431,656)	\$ 332,851,920
Accumulated depreciation					
Non-major infrastructure networks	\$ (17,617,849)	\$ (923,868)	\$ -	\$ -	\$ (18,541,717)
Land improvements	(4,091,910)	(230,254)	-	-	(4,322,164)
Buildings	(105,249,601)	(6,398,848)	-	-	(111,648,449)
Furniture, fixtures, and equipment	(45,176,340)	(2,437,606)	-	431,440	(47,182,506)
Software	(1,740,411)	(17,583)	-	-	(1,757,994)
Library materials	(6,399,843)	(847,995)	-	216	(7,247,622)
Total accumulated depreciation	\$ (180,275,954)	\$ (10,856,154)	\$ -	\$ 431,656	\$ (190,700,452)
Capital assets summary					
Capital assets not depreciating	\$ 16,374,519	\$ 12,553,879	\$ (14,531,744)	\$ -	\$ 14,396,654
Depreciating capital assets, at cost	316,353,212	2,398,620	14,531,744	(431,656)	332,851,920
Total cost capital assets	332,727,731	14,952,499	-	(431,656)	347,248,574
Accumulated depreciation	(180,275,954)	(10,856,154)	-	431,656	(190,700,452)
Capital assets, net	\$ 152,451,777	\$ 4,096,345	\$ -	\$ -	\$ 156,548,122

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, 2021 is as follows:

<u>Noncurrent Liabilities</u>	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion (Due in 2021)
Accrued compensated absences	\$ 9,214,000	\$ 4,427,666	\$ (4,661,861)	\$ 8,979,805	\$ 4,415,208
Environmental remediation	5,434,223	-	-	5,434,223	-
Bonds payable	19,570,343	-	(690,077)	18,880,266	785,000
Net pension liability	101,832,884	166,998,139	(5,864,890)	262,966,133	-
Net OPEB obligation	<u>27,888,293</u>	<u>13,059,197</u>	<u>(3,952,246)</u>	<u>36,995,244</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 163,939,743</u>	<u>\$ 184,485,002</u>	<u>\$ (15,169,074)</u>	<u>\$ 333,255,671</u>	<u>\$ 5,200,208</u>

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, 2021.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 7 – Bonds Payable

Long-term debt of the Institute at June 30, 2021, consists of revenue bonds. On August 5, 2011, the Institute issued the NMIMT System Revenue Bonds, Series 2011, in the par amount of \$13,395,000, maturing July 2031, and carrying interest rates from 3.00% to 5.00%. These bonds were board approved in 2011 to fund the acquisition, construction, and equipping of a student housing facility, the construction of facilities to house a telescope and related improvements including the purchase of equipment and furnishings at the Magdalena Ridge Observatory, and other improvements to the facilities of the Institute.

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 on October 2019, for the purpose of acquiring, installing, constructing and equipping energy efficiency improvements on the facilities of NMIMT.

Purpose	Interest Rates	Amount
Capital improvements	3.00-5.00%	\$ 18,880,266

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

Years Ending June 30,	Principal	Interest
2022	\$ 885,077	\$ 665,523
2023	895,077	627,523
2024	950,077	587,948
2025	1,015,077	545,598
2026	1,070,077	500,498
2027-2031	6,400,385	1,721,340
2032-2036	3,771,338	730,137
2036-2041	3,893,158	216,343
Total	<u>\$ 18,880,266</u>	<u>\$ 5,594,910</u>

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 6% of pledged revenues. Principal due for 2021 was paid in advance in 2020. Interest paid during the current year totaled \$699,501. Pledged revenues received during 2021 were \$10,438,841.

A bond premium of \$1,480,266 remains unamortized as of June 30, 2021, with \$100,077 being amortized during the year. Amortization of the bond premium in future years is approximately \$100,077 per year.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

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.

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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

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, 2021</u>
Total OPEB liability	\$ 41,323,584
Plan fiduciary net position	4,328,340
The Institute's net OPEB liability	\$ 36,995,244
Plan fiduciary net position as a percentage of total OPEB liability	10%

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, 2020, 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: 5.75% initially, reduced by decrements to a rate of 5.00% after seven years Medical Post-Medicare: 5.00% consistent for next seven years Pharmacy: 7.00% initially, reduced by decrement to a rate of 5.00% after eight years Dental and Vision: 3.00%

Mortality rate were based on the RP-2006 headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.16%, 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, 2020 (based on July 1, 2019 measurement date)	\$ 32,131,661	\$ 4,243,368	\$ 27,888,293
Changes for the year:			
Service cost	2,182,385	N/A	2,182,385
Interest on the total OPEB liability	1,387,770	N/A	1,387,770
Changes of benefit terms	-	N/A	-
Differences between expected and actual experience	-	N/A	-
Changes of assumptions*	6,895,230	N/A	6,895,230
Gross benefit payments	(1,273,462)	(1,273,462)	-
Contributions from the employer	N/A	705,438	(705,438)
Contributions from the employee	N/A	650,373	(650,373)
Net investment income	N/A	84,850	(84,850)
Administrative expense	N/A	(88,179)	88,179
Other changes	N/A	5,952	(5,952)
Net changes	<u>9,191,923</u>	<u>84,972</u>	<u>9,106,951</u>
Balance at June 30, 2021 (based on July 1, 2020 measurement date)	<u>\$ 41,323,584</u>	<u>\$ 4,328,340</u>	<u>\$ 36,995,244</u>

* The assumed discount rate decreased from 4.12% at June 30, 2020 to 3.16% at June 30, 2021.

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

The following presents the Institute's net OPEB liability at June 30, 2021, 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

Changes in Discount Rate	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Net OPEB liability	\$ 45,344,521	\$ 36,995,244	\$ 30,480,889

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, 2021, which was measured using the current healthcare cost trend rate of (Pre-Medicare: 5.75% decreasing to 5.00%, Post-Medicare: 5.00%, Pharmacy: 7.00% decreasing to 5.00%, 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 (Pre-Medicare: 4.75% decreasing to 4.00%, Post-Medicare: 4.00%, Pharmacy: 6.00% decreasing to 4.00%, and Dental and Vision: 2%), or 1-percentage-point higher (Pre-Medicare: 6.75% decreasing to 6.00%, Post-Medicare: 6.00%, Pharmacy: 8.00% decreasing to 6.00%, and Dental and Vision: 4%) than the current rate:

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

	1% Decrease (Pre-Medicare: 4.75% decreasing to 4.00%, Post-Medicare: 4.00% Pharmacy: 6.00% decreasing to 4.00%, Dental & Vision: 2.00%)	Current Discount Rate (Pre-Medicare: 5.75% decreasing to 5.00%, Post-Medicare: 5.00% Pharmacy: 7.00% decreasing to 5.00%, Dental & Vision: 3.00%)	1% Increase (Pre-Medicare: 6.75% decreasing to 6.00%, Post-Medicare: 6.00% Pharmacy: 8.00% decreasing to 6.00%, Dental & Vision: 4.00%)
Changes in the Healthcare Cost Trend Rates			
Net OPEB liability	\$ 29,551,585	\$ 36,995,244	\$ 46,896,914

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 this financial report.

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

For the year ended June 30, 2021, the Institute recognized OPEB expense of \$5,887,494. At June 30, 2021, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Year Ended June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 4,500,301
Net difference between projected and actual earnings on OPEB plan investments	216,958	-
Changes in assumptions	4,757,300	-
Institute contribution subsequent to the measurement date	689,092	-
Total	<u>\$ 5,663,350</u>	<u>\$ 4,500,301</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 8 – Other Postemployment Benefits Plan (continued)

The \$689,092 reported as deferred outflows of resources related to OPEB resulting from Institute contributions subsequent to the measurement date of July 1, 2020 will be recognize as a reduction of the net OPEB liability in the year ending June 30, 2022. 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>		
2022	\$	(106,714)
2023		(102,117)
2024		(114,023)
2025		(134,668)
2026		(168,620)
Thereafter		<u>1,100,099</u>
Total	\$	<u><u>473,957</u></u>

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, 2021, 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
2021	7-1-20 to 6-30-2021	Over \$24K	10.70%	14.15%	24.85%	0.25%
2021	7-1-20 to 6-30-2021	\$24K or Less	7.90%	14.15%	22.05%	0.25%

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, 2021, the Institute paid employee and employer contributions of \$5,832,682 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, 2021, the Institute reported a liability of \$262,966,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020, 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, 2020, actuarially determined. At June 30, 2020, the Institute's proportion was 1.30 %, which was a decrease of 0.04% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institute recognized pension expense of \$64,874,197. At June 30, 2021, 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	\$ 1,632,485	\$ 1,013,980
Changes of assumptions	105,372,777	-
Net difference between projected and actual earnings on pension plan investments	8,929,273	-
Changes in proportion and differences between Institute contributions and proportionate share of contributions	750,408	2,291,300
Institute contributions subsequent to the measurement date	<u>5,832,682</u>	<u>-</u>
Total	<u>\$ 122,517,625</u>	<u>\$ 3,305,280</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

The \$5,832,682 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For Years Ended June 30,	Pension Expense
2022	\$ 45,114,915
2023	44,776,718
2024	20,756,386
2025	2,731,644
Total	\$ 113,379,663

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.

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%
Mortality	<p>Healthy males: RP-2000 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>Healthy females: 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>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

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:

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

Discount Rate – A single discount rate of 3.89% was used to measure the total pension liability as of June 30, 2020. This is a 3.36% percent decrease from the 7.25% rate used in the prior measurement year. The 3.89% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.45%. 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 the benefit payments through the year 2045. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2045 and the municipal bond rate was applied to all benefit payments after that date.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 9 – Defined Benefit Retirement Plan (continued)

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 (ARP) 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 3.89 percent, 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Institute's proportionate share of the net pension liability	\$ 332,097,633	\$ 262,966,133	\$ 207,345,348

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, 2021, the Institute had an outstanding payable to the Plan of \$771,319 which consisted of statutory employee and employer contributions for the month of June 2021.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 10 – Defined Contribution Retirement Plan (continued)

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, 2021, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 3.25% of the employees' gross salary to NMERB, for a total of 14.15%. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 3.25% contributions to NMERB.

The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors 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 3.25% contribution remitted for fiscal year ended June 30, 2021 was \$277,883.

Note 11 – Commitments and Contingencies

Operating Leases

The Institute is obligated under certain lease (rental) agreements, which are accounted for as operating leases. Incorporated in each lease agreement is a fiscal funding clause, which allows the Institute to cancel the operating lease if funding for future periods is not appropriated. The likelihood of such an occurrence is considered to be remote by the Institute. Total rent expense for the year ended June 30, 2021 was \$1,398,949.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 11 – Commitments and Contingencies (continued)

Future minimum rental payments required under operating leases are as follows for the years ending June 30:

For Years Ending June 30,	Minimum Rental Payments
2022	\$ 268,969
2023	167,121
2024	157,718
2025	138,471
2026	126,150
2027-2031	<u>258,150</u>
Total	<u>\$ 1,116,579</u>

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, 2021, 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 \$31,483,903.

Total construction commitments of \$3,267,737 are not presented in the financial statements. These commitments represent unfinished contracts with various entities at June 30, 2021.

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 \$1,939,742.

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.

Note 14 – Uncertainty of COVID-19 Pandemic

During the year, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally resulting in a variety of negative economic consequences, the scope of which are currently known or quantifiable. The duration and intensity of the impact of the pandemic and resulting impact to the Institute is unknown.

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 15 – Reconciliation of Budget Basis to GAAP

Total Unrestricted and Restricted Revenues:

Budgetary Basis	<u>\$ 132,501,951</u>
Reconciling items	
Tuition discounts and allowances	(5,472,197)
Indirect cost recovery	(6,382,113)
Receivable adjustment	3,264,142
Deposits held for other	3,500
Restricted internal service adjustment	(4,118,004)
Internal service cost recovery adjustment	3,456,128
Unbudgeted exhibits	20,321,837
Benefit trust revenue	1,128,785
Blended component unit (amount not in budgetary basis)	1,000
Other adjustments	<u>(1,165,537)</u>
Total reconciling items	<u>11,037,541</u>
Total reconciled unrestricted and restricted revenues per budgetary basis	<u><u>\$ 143,539,492</u></u>
 Basic Financial Statements	
Operating revenue	\$ 73,908,111
Nonoperating revenue	40,028,882
Capital contributions and other	<u>29,602,499</u>
 Total unrestricted and restricted revenue per financial statements	<u><u>\$ 143,539,492</u></u>
 Difference	<u><u>\$ -</u></u>

New Mexico Institute of Mining and Technology
Notes to Financial Statements

Note 15 – Reconciliation of Budget Basis to GAAP (continued)

Total Unrestricted and Restricted Expenditures:

Budgetary Basis	<u>\$ 141,041,864</u>
Reconciling items	
Tuition discounts and allowances	(5,472,197)
Indirect costs	(6,382,113)
Capital expenditures	(14,952,500)
Depreciation expense	10,856,154
Deposit held for others	137,151
Restricted internal service adjustment	(4,118,004)
Pension expense	59,047,122
OPEB expense	5,198,403
Internal service cost recovery adjustment	3,454,048
Payable and other adjustments	2,181,748
Benefit Trust expenses	417,043
Unbudgeted exhibits	5,134,813
Blended component unit (amount not in budgetary basis)	114,219
Other adjustments	34,493
Total reconciling items	<u>\$ 55,650,380</u>
Total reconciled unrestricted and restricted expenditures per budgetary basis	<u>\$ 196,692,244</u>
Basic Financial Statements	
Operating expenditures	<u>\$ 196,692,244</u>
Total unrestricted and restricted expenditures per financial statements	<u>\$ 196,692,244</u>
Difference	<u>\$ -</u>

Note 16 – 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 16 – 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 lease income on the Foundation’s capital assets and nonexchange transactions such as gifts and contributions. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred.

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 investment and interest income.

Gifts and contributions are recognized when all applicable eligibility requirements have been met.

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 no deferred outflows or inflows of resources to separately report at June 30, 2021.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – 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, 2021.

Notes Receivable – Notes receivable are stated at net realizable value. Management reviews the collectability of notes receivable and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are the primary basis for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There is no allowance for doubtful accounts deemed necessary at June 30, 2021.

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:

<u>Asset Class</u>	<u>Long-Term Target</u>	<u>Allowable Range</u>
Fixed Income	30%	25 - 50%
Equity	70%	50 - 70%

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – 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, 2021. 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 property 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, 2021.

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).

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

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.

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, 2021, the Foundation's deposits were exposed to custodial credit risk as follows:

	First State Bank	Wells Fargo	Total
Total of deposits in the bank	\$ 1,524,835	\$ 68,526	\$ 1,593,361
FDIC Coverage	(250,000)	(68,526)	(318,526)
Total uninsured funds	\$ 1,274,835	\$ -	\$ 1,274,835
Custodial credit risk-deposits			
Account balance			\$ 1,593,361
FDIC insured			(318,526)
Total uninsured and uncollateralized			\$ 1,274,835

Deposit classification in the financial statements at June 30, 2021 follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	\$ 1,481,759	\$ (1,151,826)	\$ 329,933
First State Bank	Savings	Cash	43,076	-	43,076
Wells Fargo	Checking	Cash	68,526	-	68,526
Total cash and cash equivalents			\$ 1,593,361	\$ (1,151,826)	\$ 441,535

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Investments

A summary of the investments at June 30, 2021 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	\$ 24,406,914
Core Plus Bonds Pool	Not Rated	<u>10,245,325</u>
Total investments		<u>\$ 34,652,239</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, 2021, 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, 2021, 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.

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.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

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, 2021.

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 2021, 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.

The following table presents the fair value measurements of assets and liabilities at June 30, 2021:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in 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	\$ 24,406,914	\$ -	\$ 24,406,914	\$ -
Core Plus Bonds Pool	10,245,325	-	10,245,325	-
Total investments	<u>\$ 34,652,239</u>	<u>\$ -</u>	<u>\$ 34,652,239</u>	<u>\$ -</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Promise to Give

Promise to give consist of the following at June 30, 2021:

Amounts receivable in less than one year	\$ 1,094,333
Amount receivable in more than one year	<u>3,272,000</u>
Total promise to give	<u>4,366,333</u>
Discount to net present value	(31,829)
Promise to give, net	4,334,504
Less current portion	<u>(1,094,333)</u>
Noncurrent portion	<u><u>\$ 3,240,171</u></u>

Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciating				
Land and building held for investment	\$ 645,164	\$ -	\$ -	\$ 645,164
Artwork	<u>130,500</u>	<u>-</u>	<u>-</u>	<u>130,500</u>
Total assets not depreciating	<u>775,664</u>	<u>-</u>	<u>-</u>	<u>775,664</u>
Capital assets depreciating				
Building	<u>1,648,127</u>	<u>-</u>	<u>-</u>	<u>1,648,127</u>
Accumulated depreciation				
Building	<u>(1,035,190)</u>	<u>(59,932)</u>	<u>-</u>	<u>(1,095,122)</u>
Capital assets, net	<u><u>\$ 1,388,601</u></u>	<u><u>\$ (59,932)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,328,669</u></u>

The Foundation will not obtain the benefits of ownership of the land and building held for investment until after the grantors' passing, in accordance with the life estate agreement. The agreement stipulates that the grantors maintain the benefits of the property and incur costs related to maintenance of the property. The Foundation does not have right of use of the property during the grantors' lifetime. As a result, the house, land, and parking lot are all real estate held for investment not subject to depreciation.

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, 2021.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – Discretely Presented Component Unit – The New Mexico Tech Foundation (continued)

Several of the Foundation's board members are also officers of the Institute. One of the Foundation's board members is also a board member of RiskSense.

The Foundation leases an apartment building to the Institute. The lease is classified as an operating lease on a month-to-month basis. Lease revenues were \$90,150 for 2021.

The Foundation funded \$1,036,028 in scholarships and awards which were provided through the Institute during the year ended June 30, 2021. 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.

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 \$11,352,480 at June 30, 2021.

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 gains of \$1,601,789.

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 2021.

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 16 – 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, 2021:

<u>Restricted Endowments</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Restricted, non-expendable	\$ 5,499,898	\$ 5,852,582	\$ -	\$ 11,352,480
Restricted, expendable	2,093,412	2,316,328	(294,394)	4,115,346
Total restricted endowments	<u>\$ 7,593,310</u>	<u>\$ 8,168,910</u>	<u>\$ (294,394)</u>	<u>\$ 15,467,826</u>

New Mexico Institute of Mining and Technology

Notes to Financial Statements

Note 17 – Subsequent Events

RiskSense

The New Mexico Tech University Research Park Corporation (the Corporation) owned 30% of RiskSense and held four unsecured note receivables from RiskSense having outstanding principal and interests balances of \$1,488,393 as of June 30, 2021. These balances were written off in fiscal year 2020, due to lack of collectability.

In July 2021, RiskSense was merged into Ivanti, Inc. The Corporation entered into an agreement with RiskSense in which the Corporation contributed the unsecured notes held as capital contributions for no consideration. Additionally, as an equity holder, the Corporation received a distribution of \$1,574,506 from the merger.

After the one year anniversary of the closing date of the merger, the Corporation may receive additional funds that could be released from the balance of the Representative and Indemnity Escrow Amounts of \$500,000.

Employee Benefits

The Employee Benefit Trust Committee approved to move the employee and retiree non-health insurance to the New Mexico Public Schools Insurance Authority (NMPSIA) non-health insurance plans, during their Board of Trustee meeting held on August 26, 2021. This includes basic life, accidental death and dismemberment insurance, with options of additional life, spouse and child life insurance, retiree life, and a long term disability plan. The change will be effective beginning January 2022.

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, 2021

Fiscal Year-June 30, Measurement Date-June 30,	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Institute's proportion of the net pension liability (asset)	1.29758%	1.34392%	1.34475%	1.28524%	1.30892%	1.30317%	1.30317%
Institute's proportionate share of the net pension liability	\$ 262,966,133	\$ 101,832,884	\$ 159,908,673	\$ 142,834,689	\$ 94,195,558	\$ 84,363,804	\$ 74,355,364
Institute's covered payroll	\$ 37,509,750	\$ 35,849,654	\$ 34,954,101	\$ 35,751,781	\$ 35,561,330	\$ 41,456,404	\$ 35,272,861
Institute's proportionate share of the net pension liability as a percentage of its covered-employee payroll	701.06%	284.06%	457.48%	399.52%	264.88%	203.50%	210.80%
Plan fiduciary net position as a percentage of the total pension liability	39.11%	64.13%	52.17%	52.95%	61.58%	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, 2021

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 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	\$ 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	\$ 39,489,483	\$ 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	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, 2021

Changes in Benefit Provisions

There were no modifications to the benefit provisions 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 Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

New Mexico Institute of Mining and Technology
Schedule of Employer Contributions –
Other Postemployment Benefits (OPEB)
For Year Ended June 30, 2021

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

Notes to Schedule

Valuation date January 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal – level % of salary
Asset valuation method	Market value of assets
Inflation	3.0%
Healthcare cost trend rates	Medical Pre-Medicare: 5.75% initially, reduced by decrements to a rate of 5.00% after seven years Medical Post-Medicare: 5.00% consistent for next seven years Pharmacy: 7.00% initially, reduced by decrement to a rate of 5.00% after eight years Dental and Vision: 3.00%
Salary increases	3.0%
Investment rate of return	6.0%
Retirement age	64
Mortality	RP-2006 headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2019.

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.

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 2,182,385	\$ 1,999,196	\$ 2,317,188	\$ 2,697,731	\$ 2,149,935
Interest cost	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	-	(5,897,910)	-	-	-
Changes of assumptions	6,895,230	2,050,286	(1,486,903)	(3,354,656)	3,706,743
Benefit payments	(1,273,462)	(61,287)	(649,187)	(1,490,341)	(930,054)
Net change in total OPEB liability	9,191,923	(392,041)	1,558,858	(922,038)	6,120,951
Total OPEB liability, beginning	32,131,661	32,523,702	30,964,844	31,886,882	25,765,931
Total OPEB liability, ending ^(a)	41,323,584	32,131,661	32,523,702	30,964,844	31,886,882
Plan fiduciary net position					
Contributions: employer	705,438	2,239,377	3,997,035	4,998,780	4,936,193
Contributions: member	650,373	1,631,735	3,386,902	3,706,201	3,628,635
Net investment income	84,850	148,836	173,859	208,410	29,580
Benefit payments	(1,273,462)	(61,287)	(649,187)	(1,490,341)	(930,054)
Administrative expenses	(88,179)	(306,363)	(359,518)	(378,843)	(388,416)
Other	5,952	(3,713,586)	(5,899,903)	(6,132,822)	(5,963,176)
Net change in plan fiduciary position	84,972	(61,288)	649,188	911,385	1,312,762
Plan fiduciary net position, beginning	4,243,368	4,304,656	3,655,468	2,744,083	1,431,321
Plan fiduciary net position, ending ^(b)	4,328,340	4,243,368	4,304,656	3,655,468	2,744,083
Net OPEB liability, ending ^{(a) - (b)}	<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	10.5%	13.2%	13.2%	11.8%	8.6%
Covered-employee payroll	\$ 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	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 \$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 \$392,041 decrease in liability from the fiscal year ending June 30, 2019 to the fiscal year ending June 30, 2020 is due to the increase in the assumed discount rate, changes to the mortality table and trend rates.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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, 2021

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Over (Under) Budget
Unrestricted and restricted beginning net position	\$ 39,106,734	\$ 58,484,140	\$ 58,484,140	\$ -
Unrestricted and restricted revenues:				
State general fund appropriations	42,780,782	39,265,782	39,243,636	(22,146)
Restricted revenue sources	77,013,820	79,413,820	61,411,957	(18,001,863)
Tuition and fees	14,257,245	14,111,452	13,881,870	(229,582)
Land and permanent fund	1,050,000	1,050,000	1,941,460	891,460
Endowment earnings/private gifts	-	-	61,631	61,631
Other	16,533,891	14,827,815	15,961,397	1,133,582
Total unrestricted and restricted revenues	<u>151,635,738</u>	<u>148,668,869</u>	<u>132,501,951</u>	<u>(16,166,918)</u>
Total unrestricted and restricted revenues and net position budgeted	<u>190,742,472</u>	<u>207,153,009</u>	<u>190,986,091</u>	<u>(16,166,918)</u>
Unrestricted and restricted expenditures:				
Instruction and general	45,271,421	47,981,793	39,094,042	(8,887,751)
Student social and cultural	746,720	1,334,008	595,489	(738,519)
Research	71,934,394	74,619,349	57,229,694	(17,389,655)
Public service	1,920,654	2,349,847	407,645	(1,942,202)
Internal service departments	7,549,168	7,719,621	7,326,762	(392,859)
Student aid	10,973,845	11,203,121	10,242,311	(960,810)
Auxiliary enterprises	6,134,509	6,112,671	5,085,536	(1,027,135)
Intercollegiate athletics	-	-	-	-
Independent operations	6,564,340	7,333,444	6,741,144	(592,300)
Capital outlay	2,705,000	13,865,152	14,481,424	616,272
Renewal and replacements	1,693,962	1,693,962	(877,381)	(2,571,343)
Retirement of indebtedness	1,068,250	1,068,250	715,198	(353,052)
Total unrestricted and restricted expenditures	<u>156,562,263</u>	<u>175,281,218</u>	<u>141,041,864</u>	<u>(34,239,354)</u>
Net transfers	<u>(119,980)</u>	<u>(119,980)</u>	<u>(1,658,339)</u>	<u>(1,538,359)</u>
Change in net (deficit) position (budgetary basis)	<u>(5,046,505)</u>	<u>(26,732,329)</u>	<u>(10,198,252)</u>	<u>16,534,077</u>
Ending net position	<u>\$ 34,060,229</u>	<u>\$ 31,751,811</u>	<u>\$ 48,285,888</u>	<u>\$ 16,534,077</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	Final Budget vs Actuals Over (Under) Budget
Unrestricted beginning net position	<u>\$ 39,106,734</u>	<u>\$ 60,911,561</u>	<u>\$ 60,911,561</u>	<u>\$ -</u>
Unrestricted revenues:				
Tuition	11,231,862	11,164,226	11,174,108	9,882
Miscellaneous fees	3,025,383	2,947,226	2,707,762	(239,464)
Government appropriation, federal	-	-	-	-
Government appropriation, state	42,537,801	39,022,801	39,243,636	220,835
Government appropriation, local	-	-	-	-
Government grants, federal	-	-	-	-
Government grants, state	242,981	242,981	-	(242,981)
Contracts, local	-	-	-	-
Private contracts	-	-	-	-
Endowments	-	-	(21,702)	(21,702)
Land and permanent fund	1,050,000	1,050,000	1,941,460	891,460
Private gifts	441,200	441,200	83,333	(357,867)
Sales and service	7,465,055	7,725,055	5,683,599	(2,041,456)
Other sources	<u>8,627,636</u>	<u>6,661,560</u>	<u>10,277,798</u>	<u>3,616,238</u>
Total unrestricted revenues	<u>74,621,918</u>	<u>69,255,049</u>	<u>71,089,994</u>	<u>1,834,945</u>
Total unrestricted revenues and net position budgeted	<u>113,728,652</u>	<u>130,166,610</u>	<u>132,001,555</u>	<u>1,834,945</u>
Unrestricted expenditures:				
Instruction and general	45,271,421	47,981,793	39,094,042	(8,887,751)
Student social and cultural	746,720	1,334,008	595,489	(738,519)
Research	10,175,894	13,283,052	8,418,594	(4,864,458)
Public service	1,920,654	2,349,847	407,645	(1,942,202)
Internal service departments	896,146	1,066,599	899,081	(167,518)
Student aid	3,971,547	4,206,041	4,079,939	(126,102)
Auxiliary enterprises	6,134,509	6,112,671	5,085,536	(1,027,135)
Intercollegiate athletics	-	-	-	-
Independent operations	4,964,340	5,333,444	4,292,663	(1,040,781)
Capital outlay	2,705,000	13,865,152	14,481,424	616,272
Renewal and replacements	1,693,962	1,693,962	(877,381)	(2,571,343)
Retirement of indebtedness	<u>1,068,250</u>	<u>1,068,250</u>	<u>715,198</u>	<u>(353,052)</u>
Total unrestricted expenditures	<u>79,548,443</u>	<u>98,294,819</u>	<u>77,192,230</u>	<u>(21,102,589)</u>
Net transfers	<u>(119,980)</u>	<u>(119,980)</u>	<u>(4,118,497)</u>	<u>(3,998,517)</u>
Change in net (deficit) position (budgetary basis)	<u>(5,046,505)</u>	<u>(29,159,750)</u>	<u>(10,220,733)</u>	<u>18,939,017</u>
Ending net position	<u>\$ 34,060,229</u>	<u>\$ 31,751,811</u>	<u>\$ 50,690,828</u>	<u>\$ 18,939,017</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Final Budget vs Actuals Over (Under) Budget</u>
Restricted beginning net position	\$ -	\$ (2,427,421)	\$ (2,427,421)	\$ -
Restricted revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation, federal	202,298	202,298	293,296	90,998
Government appropriation, state	-	-	-	-
Government appropriation, local	-	-	-	-
Government grants, federal	55,300,000	56,200,000	39,472,477	(16,727,523)
Government grants, state	3,975,000	3,975,000	3,652,747	(322,253)
Contracts, other	-	-	3,868,395	3,868,395
Private contracts	10,771,000	10,771,000	10,007,038	(763,962)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and service	6,653,022	8,153,022	4,118,004	(4,035,018)
Other sources	112,500	112,500	-	(112,500)
Total restricted revenues	77,013,820	79,413,820	61,411,957	(18,001,863)
Cash balance, budgeted	-	(2,427,421)	(2,427,421)	-
Total restricted revenues and net position budgeted	77,013,820	76,986,399	58,984,536	(18,001,863)
Restricted expenditures:				
Instruction and general	-	-	-	-
Student social and cultural	-	-	-	-
Research	61,758,500	61,336,297	48,811,100	(12,525,197)
Public service	-	-	-	-
Internal service departments	6,653,022	6,653,022	6,427,681	(225,341)
Student aid	7,002,298	6,997,080	6,162,372	(834,708)
Auxiliary enterprises	-	-	-	-
Intercollegiate athletics	-	-	-	-
Independent operations	1,600,000	2,000,000	2,448,481	448,481
Capital outlay	-	-	-	-
Renewal and replacements	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total restricted expenditures	77,013,820	76,986,399	63,849,634	(13,136,765)
Net transfers	-	-	2,460,159	2,460,159
Change in net (deficit) position (budgetary basis)	-	2,427,421	22,482	(2,404,939)
Ending net position	\$ -	\$ -	\$ (2,404,939)	\$ (2,404,939)

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, 2021

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Over (Under) Budget
Unrestricted beginning net position	<u>\$ 1,789,627</u>	<u>\$ 11,692,603</u>	<u>\$ 11,692,603</u>	<u>\$ -</u>
Unrestricted revenues:				
Tuition	11,231,862	11,164,226	11,174,108	9,882
Miscellaneous fees	2,013,514	1,935,357	1,896,187	(39,170)
Government appropriation, federal	-	-	-	-
Government appropriation, state	29,969,800	27,364,900	27,364,900	-
Government appropriation, local	-	-	-	-
Government grants, federal	-	-	-	-
Government grants, state	-	-	-	-
Contracts, local	-	-	-	-
Private gift/contracts	-	-	-	-
Endowment earnings	-	-	-	-
Land and permanent fund	1,050,000	1,050,000	1,941,460	891,460
Private gifts	-	-	-	-
Sales and service	-	-	-	-
Other sources	<u>6,419,136</u>	<u>4,453,060</u>	<u>5,850,990</u>	<u>1,397,930</u>
Total unrestricted revenues	<u>50,684,312</u>	<u>45,967,543</u>	<u>48,227,645</u>	<u>2,260,102</u>
Unrestricted expenditures:				
Instruction	20,855,892	22,674,819	19,139,638	(3,535,181)
Academic support	4,842,585	4,780,062	3,977,660	(802,402)
Student services	2,015,262	2,242,678	1,837,109	(405,569)
Institutional support	10,123,183	11,248,922	8,385,011	(2,863,911)
Operation and maintenance of plant	<u>7,434,499</u>	<u>7,035,312</u>	<u>5,754,624</u>	<u>(1,280,688)</u>
Total unrestricted expenditures	<u>45,271,421</u>	<u>47,981,793</u>	<u>39,094,042</u>	<u>(8,887,751)</u>
Net transfers	<u>(5,844,361)</u>	<u>(8,236,558)</u>	<u>(9,685,509)</u>	<u>(1,448,951)</u>
Change in net (deficit) position (budgetary basis)	<u>(431,470)</u>	<u>(10,250,808)</u>	<u>(551,906)</u>	<u>9,698,902</u>
Ending net position	<u>\$ 1,358,157</u>	<u>\$ 1,441,795</u>	<u>\$ 11,140,697</u>	<u>\$ 9,698,902</u>

See accompanying independent auditor's report.

New Mexico Institute of Mining and Technology
Schedule of Pledged Collateral (Schedule 5)
June 30, 2021

	Pledged Collateral		Maturity Date	First State Bank Socorro, NM	Wells Fargo Socorro, NM	Total
	Safekeeping Location	Type of Security				
Funds on deposit						
Deposits				\$ 32,049,989	\$ 3,464,764	\$ 35,514,753
FDIC insurance						
Demand deposits				(250,000)	(250,000)	(500,000)
Total uninsured public funds				<u>\$ 31,799,989</u>	<u>\$ 3,214,764</u>	<u>\$ 35,014,753</u>
Fifty percent collateral requirement per Section 6-10-17 NMSA 1978				\$ 15,899,995	\$ 1,607,382	\$ 17,507,377
Pledged collateral	Federal Reserve Bank	FFCB 2.200% CUSIP #3133ECK94	3/2/2023	5,013,409	-	5,013,409
		FFCB Non CBL CUSIP #3133X8EW8	8/15/2024	1,053,134	-	1,053,134
		FHLB 2.875% CUSIP #3130A2UW4	9/13/2024	5,027,099	-	5,027,099
		FCCB 3.62% CUSIP #31331KUD0	2/11/2025	3,658,085	-	3,658,085
		FFCB Non CBL CUSIP #3133VKU9	4/16/2025	3,039,993	-	3,039,993
		FFCB 2.630% CUSIP #3133EAG44	8/3/2026	1,957,305	-	1,957,305
		FHLB 3.00% CUSIP #3130A2VE3	9/11/2026	5,939,628	-	5,939,628
		FFCB 3.060% CUSIP #3133EJDF3	2/16/2027	8,975,541	-	8,975,541
		FFCB 4.230% CUSIP #31331KNC0	6/8/2028	1,367,513	-	1,367,513
	BNY Mellon	FMAC FEPC 3.50% CUSIP #3132A5D77	8/1/1945	-	1,188,375	1,188,375
		FMAC FEPC 3.50% CUSIP #3132A5EB7	9/1/1945	-	402,145	402,145
		FMAC FEPC 3.00% CUSIP #3133A0DT8	12/1/1949	-	56,760	56,760
		FNMA FNMS 2.50% CUSIP #3138WG5A8	5/1/1931	-	1,942,371	1,942,371
		FNMA FNMS 3.50% CUSIP #3140F5DA8	12/1/1946	-	232,197	232,197
		FNMA FNMS 2.50% CUSIP #3140K0W46	11/1/1949	-	382,875	382,875
Total collateral				<u>36,031,707</u>	<u>4,204,723</u>	<u>40,236,430</u>
Excess of pledged collateral over the required amount				<u>\$ 20,131,712</u>	<u>\$ 2,597,341</u>	<u>\$ 22,729,053</u>

New Mexico Institute of Mining and Technology
Schedule of Individual Deposit and Investment Accounts – Institute (Schedule 6)
June 30, 2021

Financial Institution: Account name	Account Type	Bank Balance	Outstanding (Checks) Deposits	Book Balance
Deposits:				
First State Bank				
Comptroller cash on deposit	Checking	\$ 31,082,973	\$ 765,129	\$ 31,848,102
Payroll cash on deposit	Checking	195,420	(175,895)	19,525
NMEAF cash on deposit	Checking	699,424	-	699,424
Research park corp	Checking	72,172	(60,927)	11,245
		<u>32,049,989</u>	<u>528,307</u>	<u>32,578,296</u>
Wells Fargo				
Vendor cash on deposit	Checking	1,906,552	(1,406,552)	500,000
Benefit trust operating	Checking	1,281,179	(13,038)	1,268,141
Benefit trust claims	Checking	277,033	(7,935)	269,098
		<u>3,464,764</u>	<u>(1,427,525)</u>	<u>2,037,239</u>
Total deposit accounts		<u>35,514,753</u>	<u>(899,218)</u>	<u>34,615,535</u>
Other:				
Petty cash		26,296	-	26,296
Total cash		<u>35,541,049</u>	<u>(899,218)</u>	<u>34,641,831</u>
Investments:				
Morgan Stanley				
Langmuir endowment	Investment	3,500,158	-	3,500,158
NMT capital campaign	Investment	910,749	-	910,749
		<u>4,410,907</u>	<u>-</u>	<u>4,410,907</u>
TD Ameritrade				
New Mexico Institute of Mining and Technology	Investment	328,951	-	328,951
New Mexico State Investment Council				
New Mexico Institute of Mining and Technology	Investment	87,326,774	-	87,326,774
New Mexico State Treasurer - LGIP				
New Mexico Institute of Mining and Technology	Investment	18,588,017	-	18,588,017
New Mexico Benefit Trust	Investment	969,300	-	969,300
		<u>19,557,317</u>	<u>-</u>	<u>19,557,317</u>
Total investments		<u>111,623,949</u>	<u>-</u>	<u>111,623,949</u>
Total cash and investments		<u>\$ 147,164,998</u>	<u>\$ (899,218)</u>	<u>\$ 146,265,780</u>
Cash and investments on statement of net position				<u>\$ 146,265,780</u>

New Mexico Institute of Mining and Technology
Schedule of Individual Deposit and Investment Accounts –
Discretely Presented Component Unit (Schedule 7)
June 30, 2021

Financial Institution: Account name	Account Type	Bank Balance	Outstanding (Checks) Deposits	Book Balance
Deposits:				
First State Bank				
Checking	Checking	\$ 1,481,759	\$ (1,151,826)	\$ 329,933
Saving	Saving	43,076	-	43,076
		<u>1,524,835</u>	<u>(1,151,826)</u>	<u>373,009</u>
Wells Fargo				
Checking	Checking	68,526	-	68,526
Total deposit accounts		<u>1,593,361</u>	<u>(1,151,826)</u>	<u>441,535</u>
Total cash		<u>1,593,361</u>	<u>(1,151,826)</u>	<u>441,535</u>
Investments:				
New Mexico State Investment Council				
New Mexico Tech Research Foundation	Investment	34,652,239	-	34,652,239
Total investments		<u>34,652,239</u>	<u>-</u>	<u>34,652,239</u>
Total cash and investments		<u>\$ 36,245,600</u>	<u>\$ (1,151,826)</u>	<u>\$ 35,093,774</u>
Cash and investments on statement of net position				<u>\$ 35,093,774</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, 2021

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 Jones Hall	Ch 82, Sec 10C	2016	2017	6/30/2021	\$ 5,500,000	\$ 5,500,000	\$ -	\$ 5,500,000	\$ 5,149,558	\$ 295,442	\$ 55,000	\$ -	\$ -
NMIMT Brown Hall Renovation Parking & Safety Lights	Ch 67, Sect 10D	2018	2019	6/30/2023	7,100,000	7,100,000	-	7,100,000	-	826,978	71,000	-	6,202,022
Academic Library Acquisitions	Ch 67, Sect 10B	2018	2019	6/30/2023	71,492	71,492	-	71,492	-	39,705	-	-	31,787
NMIMT Kelly Hall Construction	Ch 84, Sect 10	2020	2021	6/30/2024	10,000,000	10,000,000	-	10,000,000	-	-	100,000	-	9,900,000
Total General Obligation Revenue Bonds					<u>\$22,671,492</u>	<u>\$22,671,492</u>	<u>\$ -</u>	<u>\$22,671,492</u>	<u>\$ 5,149,558</u>	<u>\$ 1,162,125</u>	<u>\$ 226,000</u>	<u>\$ -</u>	<u>\$16,133,809</u>
Severance Tax Bond													
NMIMT Miners Fabrication Lab	Ch 81, Sect 42	2020	2021	6/30/2024	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -
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	-	-	-	-	100,000
Total Severance Tax Bonds					<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,000</u>
Total Capital Appropriation					<u>\$23,096,492</u>	<u>\$23,096,492</u>	<u>\$ -</u>	<u>\$23,096,492</u>	<u>\$ 5,149,558</u>	<u>\$ 1,187,125</u>	<u>\$ 226,000</u>	<u>\$ -</u>	<u>\$16,533,809</u>

New Mexico Institute of Mining and Technology
Schedule of Joint Powers Agreements (Schedule 9)
For Year Ended June 30, 2021

Other Participant(s)	Party Responsible for Operations	Description	Beginning Date	Ending Date	Total Estimated Cost	FY 2020 Contributions	Audit Responsibility	Fiscal Responsibility	Equity Reporting Cost
Socorro County	Socorro County	County to use equipment owned by NMIMT 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 NMIMT 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 NMIMT property line approximately 3400 feet to the north of the current EMRTC parking lot. NMIMT will provide an ingress and egress easement to the City and maintain the portion of EMRTC roadway that lies on NMIMT 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 an equitable cost basis in securing services	12/18/1984	Ongoing	None	None	Both	Both	Both

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER						
U.S. Department of Defense						
Direct Awards						
Air Force Defense Research Sciences Program	FDUR		FA9550-19-1-0094	12.800	\$ -	\$ 6,797
Air Force Defense Research Sciences Program	FSDP		FA9550-19-10379	12.800	-	(43,578)
Basic and Applied Scientific Research	NTCI		N00014-20-1-2135	12.300	-	150,342
Basic Scientific Research	AFAM		W911NF2020190	12.431	-	790,601
Research and Technology Development	FAIR		FA9453-15-2-0086	12.910	-	31,405
Basic Scientific Research	AFMD		W911NF2020032	12.431	-	72,045
Total Direct U.S. Department of Defense					-	1,007,612
Pass-through						
Basic, Applied, and Advanced Research in Science and Engineering	MDMT	Johns Hopkins University	2001645111	12.630	-	71,046
Scientific Research - Combating Weapons of Mass Destruction	PGEO	Applied Research Associates	NMT-1183-001	12.351	-	(1,732)
Economic Adjustment Assistance for State Governments	MPIC	NM Economic Development Division	41900-00000-10220	12.617	4,392	160,136
Scientific Research - Combating Weapons of Mass Destruction	MTME	University of New Mexico	023317-8746	12.351	-	86,735
Total Pass-through U.S. Department of Defense					4,392	316,185
Total U.S. Department of Defense					4,392	1,323,797
U.S. Department of Energy						
Direct Awards						
Fossil Energy Research and Development	DBRS		DE-FE0031684	81.089	-	273,906
Fossil Energy Research and Development	DCAR		DE-FE0031890	81.089	78,289	2,818,767
Fossil Energy Research and Development	DCUS		DE-FE0031837	81.089	1,165,121	1,559,579
Fossil Energy Research and Development	DSWT		DE-FC26-05NT42591	81.089	1,260,443	2,484,433
Office of Science Financial Assistance Program	DIPR		DE-SC0019411	81.049	-	74,226
Office of Science Financial Assistance Program	DTDB		DE-SC0021106	81.049	-	136,145
Total Direct U.S. Department of Energy					2,503,853	7,347,056
Pass-through						
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	MTED	Texas Tech University	21E002-02	81.123	-	1,315
Fossil Energy Research and Development	MFEP	University of Alaska	UAF 19-0012	81.089	-	88,134
Total Pass-through U.S. Department of Energy					-	89,449
Total U.S. Department of Energy					2,503,853	7,436,505

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
National Aeronautics & Space Administration						
Direct Awards						
Science	YCLC		NNX17AG82G	43.001	-	25,611
Science	YGHB		80NSSC20K0619	43.001	38,000	114,318
Science	YNEO2		80NSSC19K0425	43.001	-	276,853
Space Technology	YADP		80NSSC19K1188	43.012	-	60,625
Total Direct National Aeronautics & Space Administration					38,000	477,407
Pass-through						
Office of Stem Engagement (OSTEM)	MCOM	Regents of New Mexico State University	Q02190	43.008	-	23,538
Office of Stem Engagement (OSTEM)	MEDT	Regents of New Mexico State University	Q02175	43.008	-	25,000
Office of Stem Engagement (OSTEM)	MEUT	Regents of New Mexico State University	Q02146	43.008	-	695
Office of Stem Engagement (OSTEM)	MMPA	Regents of New Mexico State University	Q02174	43.008	-	12,052
Office of Stem Engagement (OSTEM)	MMRS	Regents of New Mexico State University	Q02189	43.008	-	23,925
Office of Stem Engagement (OSTEM)	MMSD	Regents of New Mexico State University	Q02152	43.008	-	12,881
Office of Stem Engagement (OSTEM)	MNGA	Regents of New Mexico State University	Q02210	43.008	-	11,225
Office of Stem Engagement (OSTEM)	MNGU	Regents of New Mexico State University	Q01923	43.008	-	38,995
Office of Stem Engagement (OSTEM)	MOHS	Regents of New Mexico State University	Q01922	43.008	-	8,417
Office of Stem Engagement (OSTEM)	MPCC	Regents of New Mexico State University	Q02051	43.008	-	(925)
Science	MSOF	Universities Space Research Association	SOFIA GRANT 08-0194	43.RD	-	4,303
Total Pass-through National Aeronautics & Space Administration					-	160,106
Total National Aeronautics & Space Administration					38,000	637,513
National Science Foundation						
Direct Awards						
Computer and Information Science and Engineering	SEIC		1757945	47.070	-	46,351
Education and Human Resources	SCYC		DGE-1303051	47.076	-	224,022
Education and Human Resources	SGR2		2041852	47.076	-	44,946
Education and Human Resources	SSCH		2030677	47.076	-	12,453
Education and Human Resources	SSFS		1946650	47.076	-	124,985
Engineering	SIES		1757793	47.041	-	38,097
Engineering	SSTW		1607711	47.041	-	1,771
Geosciences	SAFZ		2026858	47.050	-	10,722
Geosciences	SASR		EAR-1516680	47.050	-	99,660
Geosciences	SCAS		2034896	47.050	-	22,162
Geosciences	SCCS		1917682	47.050	-	(1,434)
Geosciences	SCOR		1543454	47.050	-	19,342
Geosciences	SCPR		1644234	47.050	-	86,604
Geosciences	SCRL		1561084	47.050	-	(380)
Geosciences	SCTB		AGS-1546698	47.050	-	7,722
Geosciences	SCVD		1643952	47.050	-	(98)
Geosciences	SEFO		1949185	47.050	-	19,711
Geosciences	SFCP		1557232	47.050	-	(1,206)

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
Geosciences	SGMW		1745015	47.050	-	27,050
Geosciences	SIOZ		1650355	47.050	106,491	113,270
Geosciences	SISH		1643798	47.050	-	8,029
Geosciences	SMAT		AST-1814011	47.050	-	80,622
Geosciences	SMBT		1852794	47.050	-	117,841
Geosciences	SOTP		2034817	47.050	-	11,608
Geosciences	SOTR		1758513	47.050	-	140,292
Geosciences	SRED		1917069	47.050	-	109,236
Geosciences	SREE		2032761	47.050	-	38,491
Geosciences	SREE2		2039674	47.050	19,462	117,433
Geosciences	SRES		1925974	47.050	-	133,337
Geosciences	SSLH		2022465	47.050	-	22,920
Geosciences	SSTS		1720600	47.050	-	217,163
Geosciences	STEC		1824557	47.050	-	24,063
Integrative Activities	SHPE		1832813	47.083	-	64,280
Mathematical and Physical Sciences	SDBA		2046670	47.049	-	2,935
Total Direct National Science Foundation					125,953	1,984,000
Pass-through						
Geosciences	MEIG	University of Wisconsin Madison	806K400	47.050	-	10,659
Geosciences	MGEM	University Of Florida	SUB00002033	47.050	-	12,002
Geosciences	MIGR	University of Utah	10050352/U000197725	47.050	-	70,852
Geosciences	MMDV	University of North Carolina at Charlotte The Trustees of Columbia University in the City of New York	20170784-01-NMI	47.050	-	23,891
Geosciences	MSSP2	New York	51B(GG009393)G11717	47.050	-	3,988
Geosciences	MVAN	Vanderbilt University	UNIV60300	47.050	-	46,875
Geosciences	MWHE	The Trustees of Wheaton College	180801	47.050	-	33,313
Mathematical and Physical Sciences	MNTC	National Radio Astronomy Observatory	PO 362032	47.049	-	(90)
Mathematical and Physical Sciences	MNTD	National Radio Astronomy Observatory	367864	47.049	-	20,925
Mathematical and Physical Sciences	MNTE	National Radio Astronomy Observatory	PO 369461	47.049	-	24,536
Mathematical and Physical Sciences	MTYL	National Radio Astronomy Observatory	PO 370274	47.049	-	30,587
Geosciences	PGLS2	Incorporated Research Institutions for Seismology	95-NMT-GLISN2	47.050	-	15,999
Education and Human Resources	MHQS	Regents of New Mexico State University	Q02015	47.076	16,028	207,587
Integrative Activities	MESG	University of New Mexico	063050-8746	47.083	-	649
Integrative Activities	MESG	University of New Mexico	063052-8746	47.083	-	7,903
Integrative Activities	MGRD	University of New Mexico	063049-8746	47.083	-	404,932
Education and Human Resources	MAMT6	Regents of New Mexico State University	Q02003	47.076	-	46,320
Geosciences	MECB	UNAVCO, Inc.	S16-ICER1639709-S1	47.050	-	2,472
Geosciences	PNGE2	Incorporated Research Institutions for Seismology	SU-19-1001-04-NMT	47.050	-	1,178,150
Geosciences	PNGE3	Incorporated Research Institutions for Seismology	SU-19-1001-04-NMT	47.050	-	2,915,648
Total Pass-through National Science Foundation					16,028	5,057,198
Total National Science Foundation					141,981	7,041,198

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Interior						
Direct Awards						
Cooperative Ecosystem Studies Units	RTWC		F18AC00957	15.678	-	15,796
National Cooperative Geologic Mapping	UGES		G19AC00226	15.810	-	(26,121)
National Cooperative Geologic Mapping	UGET		G20AC00250	15.810	-	385,532
National Geological and Geophysical Data Preservation	UGDM		G20AP00105	15.814	-	141,197
National Geological and Geophysical Data Preservation	UPDG		G19AP00098	15.814	-	(4,296)
National Ground-Water Monitoring Network	UNGW2		G19AC00180	15.980	-	29,611
National Ground-Water Monitoring Network	UNGW3		G20AC00173	15.980	-	890
Natural Resource Stewardship	RGMO		P19AC00994	15.944	-	2,820
Natural Resource Stewardship	RLAS		P16AC01716	15.944	-	27,954
Natural Resource Stewardship	RNCK		P18AC00792 - P14AC00029	15.944	-	(7)
Natural Resource Stewardship	RPCK		P19AC01051	15.944	20,938	274,011
Natural Resource Stewardship	RPCN		P20AC00630	15.944	11,013	292,703
Rangeland Resource Management	RVEG		L20AC00237	15.237	-	5,425
Recreation and Visitor Services	RMWC		L15AC00125	15.225	-	25,282
SECURE Water Act – Research Agreements	RETS		R16AC00025	15.560	-	45,733
SECURE Water Act – Research Agreements	RSBW		R19AC00082	15.560	-	215,455
SECURE Water Act – Research Agreements	RWDI		R19AP00290	15.560	-	70,738
U.S. Geological Survey Research and Data Collection	UMRI		G20AC00170	15.808	-	9,185
U.S. Geological Survey Research and Data Collection	UREE		G19AC00258	15.808	-	51,447
Water Desalination Research and Development	RGMD		R18AC00107	15.506	-	152,585
Water Desalination Research and Development	RHOH		R21AC10154	15.506	-	5,850
Water Desalination Research and Development	RTPF		R19AC00108	15.506	-	14,827
Unknown	RGMN		140P2118P0108	15.RD	-	7,512
Total Direct U.S. Department of the Interior					31,951	1,744,129
Pass-through						
Assistance to State Water Resources Research Institutes	MCPA	Water Resources Research Institute	Q02096	15.805	-	23
Total Pass-through U.S. Department of the Interior					-	23
Total U.S. Department of the Interior					31,951	1,744,152
U.S. Department of Transportation						
Direct Awards						
Air Transportation Centers of Excellence	RCOE5		15-C-CST-NMT-022	20.109	-	68,672
Total Direct U.S. Department of Transportation					-	68,672
Pass-through						
Highway Planning and Construction	MCAM	New Mexico Department of Transportation	C06333	20.205	-	47,244
Highway Research and Development Program	MTPE	New Mexico Department of Transportation	C06026	20.200	-	34,316
Total Pass-through U.S. Department of Transportation					-	81,560
Total U.S. Department of Transportation					-	150,232

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services						
Direct Awards						
Biomedical Research and Research Training	RPRL		1R15GM128071-01A1	93.859	-	116,294
Biomedical Research and Research Training	RSAR		1R15GM124620-01A1	93.859	-	91,192
Total Direct U.S. Department of Health and Human Services					-	207,486
Pass-through						
Biomedical Research and Research Training	M68F	Regents of New Mexico State University	Q02068F	93.859	-	8,009
Biomedical Research and Research Training	M68G	Regents of New Mexico State University	Q02068G	93.859	-	25,072
Biomedical Research and Research Training	MRRR	Regents of New Mexico State University	Q02068/Q02068C	93.859	-	113,962
Biomedical Research and Research Training	MRRRA	Regents of New Mexico State University	Q02068A/Q02068D	93.859	-	33,733
Biomedical Research and Research Training	MRRRB	Regents of New Mexico State University	Q02068B/Q02068E	93.859	-	(4,779)
Occupational Safety and Health Program	MRSD	University of Texas	SA001292	93.262	-	8,782
Total Pass-through U.S. Department of Health and Human Services					-	184,779
Total U.S. Department of Health and Human Services					-	392,265
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	-	5,036
Total Pass-through U.S. Department of Justice					-	5,036
Total U.S. Department of Justice					-	5,036
U.S. Environmental Protection Agency						
Pass-through						
Water Pollution Control State, Interstate, and Tribal Program Support	MAAR	NM Environment Dept	PO66700-0000031424	66.419	-	2,646
Total Pass-through U.S. Environmental Protection Agency					-	2,646
Total U.S. Environmental Protection Agency					-	2,646
TOTAL RESEARCH AND DEVELOPMENT CLUSTER					2,720,177	18,733,344
U.S. Department of Defense						
Direct Awards						
Research and Technical Assistance	FPIC1		PIA FA9453-11-3-0001/@2/CPO #1	12.615	-	6,319
Air Force Defense Research Sciences Program	FSTO		FA9453-17-3-0072	12.800	21,503	1,262,864
Basic and Applied Scientific Research	NMV1		N00173-01-2-C902	12.300	-	199
Research and Technical Assistance	FT2C		FA9453-18-3-0073	12.615	466,182	2,358,106
Total Direct U.S. Department of Defense					487,685	3,627,488

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
Pass-through Scientific Research - Combating Weapons of Mass Destruction	MTME	University of New Mexico	023317-8746	12.351	-	118
Total Pass-through U.S. Department of Defense					<u>-</u>	<u>118</u>
Total U.S. Department of Defense					<u>487,685</u>	<u>3,627,606</u>
National Aeronautics & Space Administration						
Pass-through Office of Stem Engagement (OSTEM)	MSSH	Regents of New Mexico State University	Q02198	43.008	-	45,000
Total Pass-through National Aeronautics & Space Administration					<u>-</u>	<u>45,000</u>
Total National Aeronautics & Space Administration					<u>-</u>	<u>45,000</u>
U.S. Department of Energy						
Pass-through Unknown	MORS	Oak Ridge Associated Universities	APPOINTMENT LETTER 08/01/2018	81.U01	-	3,429
Total Pass-through U.S. Department of Energy					<u>-</u>	<u>3,429</u>
Total U.S. Department of Energy					<u>-</u>	<u>3,429</u>
U.S. Department of Justice						
Direct Awards Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	RSBT		2009-DG-BX-K002	16.580	(27)	(27)
Total Direct U.S. Department of the Interior					<u>(27)</u>	<u>(27)</u>
Total U.S. Department of the Interior					<u>(27)</u>	<u>(27)</u>
U.S. Department of Labor						
Direct Awards Mine Health and Safety Grants	RFML		MS-03501-19-55-35	17.600	-	27,822
Mine Health and Safety Grants	RFMM		MS-35387-20-55-R-35	17.600	-	154,931
Occupational Safety and Health Susan Harwood Training Grants	RSHT		SH99056SH0	17.502	-	37,591
Total Direct U.S. Department of Labor					<u>-</u>	<u>220,344</u>
Total U.S. Department of Labor					<u>-</u>	<u>220,344</u>
U.S. Department of Transportation						
Direct Awards Air Transportation Centers of Excellence	RCOE7		15-C-CST-NMT-07 TASK 377	20.109	-	4,879
Total Direct U.S. Department of Transportation					<u>-</u>	<u>4,879</u>

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
Pass-through Highway Research and Development Program	MPMS	New Mexico Department of Transportation	C06281	20.200	-	80,655
Total Pass-through U.S. Department of Transportation					<u>-</u>	<u>80,655</u>
Total U.S. Department of Transportation					<u>-</u>	<u>85,534</u>
U.S. Department of Health and Human Services						
Pass-through Substance Abuse and Mental Health Services Projects of Regional and National Significance	PRFS	Falling Colors	BE70:PFS2015	93.243	-	13,886
Total U.S. Department of Health and Human Services					<u>-</u>	<u>13,886</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER						
U.S. Department of Education						
Direct Awards						
Federal Pell Grant Program				84.063	-	1,926,021
Federal Supplemental Educational Opportunity Grants				84.007	-	280,819
Federal Work-Study Program				84.033	-	110,734
Perkins Loan-CFDA has been Archived 2010				84.038	-	1,288,164
Federal Direct Student Loans				84.268	-	1,000,155
Federal Direct Student Loans				84.268	-	1,654,097
Federal Direct Student Loans				84.268	-	160,784
Total Direct U.S. Department of Education					<u>-</u>	<u>6,420,774</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					<u>-</u>	<u>6,420,774</u>
TRIO CLUSTER						
U.S. Department of Education						
Direct Awards						
TRIO Upward Bound	RMSA		P047M180465	84.047	-	230,372
TRIO Upward Bound	RMSS		P047M170452	84.047	-	261,181
Total Direct U.S. Department of Education					<u>-</u>	<u>491,553</u>
TOTAL TRIO CLUSTER					<u>-</u>	<u>491,553</u>

New Mexico Institute of Mining and Technology
Schedule of Expenditures of Federal Awards (Schedule 10 – continued)
For Year Ended June 30, 2021

Federal Grantor/Program Title	Award Number	Pass-Through Entity	Funding Agency Identification Number/Contract ID	Federal Assistance Listing Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education						
Direct Awards						
Higher Education Institutional Aid	RTHE		P031S180079	84.031	-	555,067
COVID-19 - Education Stabilization Fund	RCAR		P425F201268	84.425F	-	1,804,965
COVID-19 - Education Stabilization Fund	RCAR2		P425L200302	84.425L	-	122,136
COVID-19 - Education Stabilization Fund				84.425E	-	518,759
COVID-19 - Education Stabilization Fund				84.425E	-	103,777
Total Direct U.S. Department of Education					<u>-</u>	<u>3,104,704</u>
Pass-through						
COVID-19 - Education Stabilization Fund	MCGF	University of New Mexico	315011-8746 NM COMP SCIENCE RFA	84.425C	-	5,383
Unknown	MCSA	NM Public Education Department	AWARD	84.U01	-	11,904
Unknown	MRRS	University of New Mexico	208089-8746	84.U02	-	13,180
Total Pass-through U.S. Department of Education					<u>-</u>	<u>30,467</u>
Total U.S. Department of Education					<u>-</u>	<u>10,047,498</u>
U.S. Small Business Administration						
Direct Awards						
Shuttered Venue Operators Grant Program	RSVO		SBAHQ21SV012338	59.075	-	14,438
Total Direct U.S. Small Business Administration					<u>-</u>	<u>14,438</u>
Total U.S. Small Business Administration					<u>-</u>	<u>14,438</u>
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	-	7,372,654
State and Local Homeland Security National Training Program	RF20		EMW-2019-CA-00024	97.005	-	592,510
State and Local Homeland Security National Training Program	RT20		2010-NA-T0-K016	97.005	(1,270)	(1,270)
Total Direct U.S. Department of Homeland Security					<u>(1,270)</u>	<u>7,963,894</u>
Pass-through						
COVID -19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	MEMA	New Mexico DHSEM	FEMA-4529-NM	97.036	-	96,954
Emergency Management Performance Grants	MEMT5	New Mexico DHSEM	AGREEMENT 6/9/2020	97.042	-	8,192
Total Pass-through U.S. Department of Homeland Security					<u>-</u>	<u>105,146</u>
Total U.S. Department of Homeland Security					<u>(1,270)</u>	<u>8,069,040</u>
Total Expenditures of Federal Awards					<u>\$ 3,206,565</u>	<u>\$ 40,860,092</u>

New Mexico Institute of Mining and Technology
Notes to Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2021

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, 2021. 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, 2021, were \$944,321.

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 the New Mexico Institute of Mining and Technology (the Institute) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, and 2021-010.

The Institute's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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, 2021

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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 items *2021-002 and 2021-003*. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items *2021-002 and 2021-003*, that we consider to be significant deficiencies.

The Institute's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The Institute's response was not subjected to the 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, 2021

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2021

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>Federal 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	Research and Development Cluster	Unmodified
84.425	Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 1,225,803

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, 2021

Section II – Financial Statement Findings

2021-001 – Bank Reconciliations (Significant Deficiency)

Condition: The Institute's bank accounts were not reconciled timely. A combination of deposits, payments, and transfers were recorded in the bank but not on the Institute's books. This resulted in an aggregate audit adjustment to cash of approximately \$1,100,000.

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 not a repeat finding.

Recommendation: We recommend management implement 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.

Additional verification controls were implemented July 15, 2021, to verify that the department-level recording of transactions in Banner is completed timely within the financial system. These transactions are already reflected in the bank. The bank reconciliations are reviewed monthly by the Senior Accounting Analyst and quarterly by the Controller.

We will increase the frequency of reviewing the function of internal control over cash balances and compliance with Section 6-10-2 NMSA. The process for the reconciliation will be updated to include all areas involved and include the following:

- Request Departments give advance notice of money deposit.
- Establish an immediate cash control receipt for all deposits.
- Increase communication to real-time as possible for all cash entries.

These changes will be implemented by June 30, 2022.

Responsible Person: Controller

**New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021**

Section III – Federal Award Findings and Questioned Costs

2021-002 – Equipment Tracking, 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	Research and Development Cluster	Multiple	Multiple	Unknown

Criteria: Per 2 CFR 200.313(d)(2), management must meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Condition/Context: During our test work of equipment, we noted the following:

- (a) The Institute was not able to provide an equipment listing which included all the requirements listed in 2 CFR 200.313(d)(2)(1).
- (b) Six out of the 13 assets selected did not have a physical inventory taken within two years.

Cause: The Institute failed to implement a proper tracking system that complied with federal requirements.

Effect: The Institute was not maintaining proper record of federally funded property as required by statute.

Questioned Costs: Unknown

Repeat Finding: This is not a repeat finding.

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs

2021-002 – Equipment Tracking, Significant Deficiency and Instance of Noncompliance (continued)

Recommendation: We recommend the Institute review and revise their established policies and procedures for maintaining federally funded property records in order to comply with requirements of 2 CFR 200.313(d)(2).

Views of Responsible Officials and Planned Corrective Actions: NMT Property maintains a current policy and procedure for the tracking of equipment in support of all regulations. All changes were implemented October 21, 2021.

- (a) Equipment Listing – NMT Property runs and reviews the equipment listings regularly. A listing is not generated monthly that encompasses every piece of equipment. Request for reporting is limited to smaller subsets of the listing that is driven by a single equipment custodian, usually as they are leaving NMT as their employer. As a corrective action for future support of the research equipment filing, a list of the full research equipment report will be provided to the Associate Director of Sponsored Projects for reference.

- (b) In 2019, a 100% equipment inventory was completed. It is NMT Property's error for not having the date fields populated with the correct dates. Since 2020, due to State of New Mexico's executive order to work from home and Covid-19 travel restriction, a full inventory has not been completed. The discrepancy for the date field errors was that during inventory, not all equipment is available to be scanned. Some of the inventory is maintained at off campus research locations that are out of state and are accounted for by receiving an affidavit from the equipment manager who had to cancel trips due to Covid-19 travel restrictions. The step in the process that was missed was populating the affidavit date into the date field prior to uploading the inventory results back into Banner fixed assets. For future inventories, all last inventory dates will be populated with the correct date.

Responsible Person: Director of Property & Recycling

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs

2021-003 – Reporting, 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>
84.425	U.S. Department of Education – Education Stabilization Fund	Multiple	Multiple	Unknown

Criteria: Per Higher Education Emergency Relief Fund guidance, a quarterly public report must be uploaded to the Institution’s website no later than 10 days after the end of each calendar quarter for both the Institutional Portion and the Student Aid Portion.

Condition/Context: During our test work of the Institute’s compliance over reporting requirements, we noted the following:

- (a) One out of three of the selected quarterly public reporting (Institutional Portion) was posted after the due date
- (b) For two out of two of the selected quarterly public reporting (Student Aid Portion), we were unable to obtain supporting documentation for the posting date. We were therefore unable to verify timely posting.

Cause: The Institute failed to implement a proper system of internal controls to ensure timely posting of public reporting requirements that complied with federal requirements.

Effect: Noncompliance with public reporting requirements.

Questioned Costs: None

Repeat Finding: This is not a repeat finding.

Recommendation: The Institute should ensure their established control system is operating effectively in order to ensure all reports are prepared and submitted in accordance with the federal requirements.

Views of Responsible Officials and Planned Corrective Actions: The NMT financial system did not close the month until two days later. We assume that providing and posting accurate information is more important than delaying the release by a few days. This information has been provided to the federal agent. In the future, we will make certain that the required reporting date is met.

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs

2021-003 – Reporting, Significant Deficiency and Instance of Noncompliance (continued)

The CARES Act was an entirely new process, and the reporting requirements were not clear until later period. Therefore, we had to make adjustments accordingly. Initially, the website was set up to list the report information directly on the webpage. As further guidance was given, it became apparent that the webpage alone would not work as the information would be mixed together and difficult to understand. After further reading related guides and articles, it was determined that separate reports for each quarter would be necessary to effectively report the information. Moving forward, separate reports will be created and posted for each quarter and, in addition, additional steps will be taken to capture information regarding the date that it is posted for compliance.

These changes were implemented July 1, 2021.

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, 2021

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

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 require employees to attend regular (annual, semi-annual, etc.) training on cybersecurity or issue is written communications regarding cybersecurity periodically to raise awareness of cybersecurity threats.
- Management does not have cybersecurity insurance.

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: This is not a repeat finding.

Recommendation: Management should perform 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: New Mexico Tech will perform a cybersecurity risk assessment that will review all the conditions described in this finding. We will start to develop this process by December of 2021, and we target to have the results of the assessment by the end of December of 2022.

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

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

Management has been working with various groups at the university to compile a list of cybersecurity needs and address them accordingly. Below are some of the actions taken and expected milestones:

- Formed a Cybersecurity Maturity Model Certification (CMMC) working group to address the Research Cybersecurity needs;
- Added Cybersecurity Insurance requirements to the CMMC working group mission;
- Performed an initial gap-assessment to identify critical missing controls;
- Are working with the Cybersecurity Center of Excellence to identify minimum needs for a security training video and to use the training developed by the Center across campus for employee and student security training; the Estimated deployment is May 2022;
- NMT has been working with Cybersecurity Insurance underwriters for the last since March 2020 to get an appropriate policy in place, but as the landscape changes for Cybersecurity Insurance, so have the requirements;
- Are working with vendors, such as Google, Microsoft and others, to leverage existing and obtain enhanced security controls that are required by the Cybersecurity Insurance underwriters and the CMMC certification(s);
- The CMMC working group has developed an initial budget to and timeline to address the most critical requirements;
- A position for an Information Security Officer for the main campus has been defined and is being created as of October 2021;
- The above position will write policies and procedures that define and support the cybersecurity initiatives defined by the CMMC working group;
- Are working with the New Mexico Department of Higher Education through the Council for Higher Education Computing/Communication Services (CHECS) group to obtain one-time funds to help obtain and implement technology controls.

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, 2021

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

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

Condition: The Trust's bank accounts were not reconciled timely. A combination of deposits, payments, and transfers were recorded in the bank but not on the Trust's books. This resulted in an aggregate adjustment to cash of approximately \$10,500, an adjustment to insurance premiums of approximately \$15,000, and general administrative expense of approximately \$4,500.

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 not a repeat finding.

Recommendation: We recommend management implement 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: Benefit Trust 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.

Additional verification controls were implemented July 15, 2021, to verify that the department-level recording of transactions in Banner is completed timely within the financial system. These transactions are already reflected in the bank. The bank reconciliations are prepared monthly by the Senior Accounting Analyst and reviewed monthly by the Controller. A monthly cash balance report will also be provided to the Controller.

These changes will be fully implemented by November 30, 2021.

Responsible Person: Controller

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

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

Condition and Context: During our testing, we noted that the Foundation had received unconditional promises to give commitment letters and emails of \$4,333,333 that were not recorded.

Criteria: Per GASB 33 *Accounting and Financial Reporting for Nonexchange Transactions*, promises to give are nonreciprocal transactions and a determination should be performed to determine if there is a donor-imposed condition or no conditions. If the promise is conditional, then revenue is recognized when the condition is met. If there is a possibility that a condition will not be met is remote, a conditional promise to give is considered unconditional, and contribution revenue is recognized immediately. If the promise is deemed unconditional, then revenue is recognized immediately.

Cause: During the fiscal year, there was a breakdown of communication with the Foundation regarding the promises to give and the accounting treatment of the contribution. Additionally, a promise to give letter was provided to the University, of which the Foundation was not aware.

Effect: The promises to give receivable and the donation and promises to give revenue was understated by \$4,333,333, resulting in a material audit adjustment.

Recommendation: We recommend that the Foundation meet with the contracted fundraisers and various other University staff to ensure that parties understand that the Foundation needs to obtain the written notification or contact information of the donor to verbally obtain an understanding of the promise. The Foundation should establish written policies and internal controls over the receipt of promises to give, and identifying if the promise is conditional or unconditional. Additional controls should be established to track any conditional promises and the milestones outlined in the promises and the Foundation's status if the condition has been met.

Management Views and Planned Corrective Action: The Foundation Executive Director will work closely with her team to ensure that communications between fundraisers, campaign manager and our accountants are open and clear in regards to all pledged gifts in order for them to be properly counted. In addition to the "causes" listed above, I would add that this is the first year we have actively sought out pledges, so this was new to everyone concerned. Moving into the future, proper reporting to all essential personnel will be instituted.

Effective 07/01/2021.

Responsible Persons: Foundation President, Accountant, Fundraising Members

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

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

Condition and Context: During our testing, we noted that the Foundation received two distributions from the State Investment Council investment and the Foundation classified revenue of \$1,425,000 in contributions and other revenue instead of crediting the State Investment Council investment account.

Criteria: General accepted accounting principles related to the accounting for investment distributions should be applied.

Cause: The Foundation accounting staff were updating the fund accounting to be similar to the Institute and misclassified the distribution.

Effect: Revenue was classified in the incorrect revenue accounts by \$1,425,000, resulting in a material audit adjustment to classify the revenue to the Change in Investment general ledger account.

Recommendation: We recommend internal controls be established to reconcile the State Investment Council investment summary and the related income and expenses on a monthly basis to ensure that information is recorded accurately.

Management views and Planned Corrective Action: The Foundation accountants have made the appropriate fiscal year 2021 adjustments to the revenue accounts to recognize the reduction to the State Investment Council (SIC) market value and will continue to follow the same documented process for booking withdrawals as NMT does by decreasing the SIC investment account.

Effective 07/01/2021.

Responsible Persons: Foundation President, Accountant, Fundraising Members

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

2021-008 (2019-006) – Intangible Assets Tracking and Analysis Process – Material Weakness (At the Individual Component Unit Level – University Research Park Corporation) (Previously Reported as 2020-006 and 2019-006)

Condition and Context: During our testing, we noted that the schedule used to track patent activity for the prior year did not include some capitalized legal costs for invoices received in fiscal year 2021. After the matter was investigated by management, adjustments totaled \$21,014 to capitalize additional patent costs. There was a similar issue related to the patent schedule accuracy in the prior year and a material weakness was documented.

Management's Progress: Although patents are now being tracked throughout the year, management is not receiving legal invoices timely from the attorney and the attorney is not providing an accurate estimate of legal expenses to be accrued at year end.

Criteria: In order to provide an accurate accounting in compliance with U.S. generally accepted accounting principles, the intangible assets (patents) of the Corporation should be tracked throughout the year with adjustments recorded for additional capitalized patent costs, amortization expense, and if applicable, write-offs for impairment.

Cause: Management is not receiving legal invoices timely from the attorney and the attorney is not providing an accurate estimate of legal expenses to be accrued at year end.

Repeat Finding: Yes, issues with the patent schedule were previously reported as 2020-001 and 2019-001. This finding has been modified for the current year.

Effect: The Corporation's net intangible assets were understated by \$21,014.

Recommendation: We recommend that the Corporation work communicate with the legal attorney to obtain invoices more timely, as well as, address billings that are outside of the current fiscal year. Obtain a written letter from the attorney at year end identifying unbilled services for the fiscal year.

Management Views and Planned Corrective Action: The Interim Chief Operating Officer will work with the legal attorney to address all billings that are outside the current monthly billing period, including disputing any prior fiscal year charging. Additionally, the Interim Chief Operating Officer will request a written letter from the legal attorney at year end to identify unbilled services at fiscal year-end for accuracy and that all invoices are sent to a unique email for the NMT University Research Park Corporation (NMTURPC) to indicate/verify date received. The effective date for implementation of the corrective action plan is November 1, 2021.

Responsible Persons: Interim Chief Operating Officer, Board Treasurer, and Board President

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

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

Condition and Context: During our testing of net position, it was noted that the net position did not agree to the prior year audited financial statements by \$11,493.

Criteria: In order to provide an accurate accounting, the Corporation's records should be kept open for a reasonable period of time after year-end to ensure vendor invoices and other items that represent a liability at year end, but are not received until after year-end, are recorded in the general ledger in the proper fiscal year.

Cause: The Corporation received an estimate for legal invoices from the patent attorney and the actual billed invoices exceeded the estimate.

Effect: The Corporation's net position was understated by \$11,493 at June 30, 2021.

Recommendation: We recommend that the Corporation's accounting policies, procedures and controls be re-examined and improvements should be made to ensure vendor invoices received after year-end, and related expenses are recorded in the appropriate period.

Management Views and Planned Corrective Action: The Interim Chief Operating Officer has made corrections of the prior years' transactions and they are recorded in the proper fiscal year. Additional electronic processes will be implemented to facilitates the proper recording of transactions in the appropriate period. A review of the accounting policies, procedures, and controls will be preformed to determine if any additional controls or process are necessary. The effective date for implementation of the corrective action plan is March 31, 2022.

Responsible Persons: Board Treasurer, Interim Chief Operating Officer, and Board President

New Mexico Institute of Mining and Technology
Schedule of Findings and Questioned Costs (continued)
For Year Ended June 30, 2021

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

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

Condition and Context: During our fieldwork over cash, we noted that the bank reconciliation for June 2021 was completed on September 24, 2021.

Criteria: The Corporation should implement a policy to complete bank reconciliations within 30 days of month end.

Cause: The controls over bank reconciliation was not operating effectively.

Effect: When the bank reconciliations are not performed timely, it is difficult for management to recognize if there are errors or other problems to be resolved on a timely basis.

Recommendation: We recommend that bank reconciliations be performed within 30 days of month end and be approved by someone other than the preparer.

Management Views and Planned Corrective Action: The Interim Chief Operating Officer will make certain that bank reconciliations will be performed in a timely manner. The effective date for implementation of the corrective action plan is October 22, 2021.

Responsible Persons: Board Treasurer, Interim Chief Operating Officer, and Board President

New Mexico Institute of Mining and Technology
Summary Schedule of Prior Audit Findings
For Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001 – Information Technology Controls – Security and Access (Significant Deficiency) – Resolved

2020-002 – Information Technology General Controls – Change Management Segregation of Duties (Significant Deficiency) – Resolved

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

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

2020-003 – Other Non-Compliance – Enrollment Reporting (Previously reported as 2019-001) – Resolved

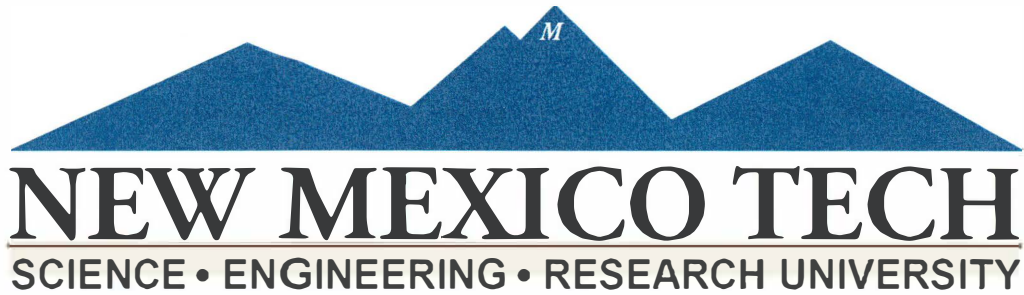
2020-004 – Other Non-Compliance – Subrecipient Monitoring (Previously reported as 2019-003) – Resolved

2020-005 – Other Non-Compliance – Procurement – Resolved

2020-006 – Material Weakness (At the Individual Component Unit Level – University Research Park Corporation) – Intangible Assets Tracking and Analysis Process (Previously Reported as 2019-006) – Repeated and modified as 2021-008

2020-007 – Significant Deficiency (At the Individual Component Unit Level – University Research Park Corporation) – Accounts Payable Process (Previously Reported as 2019-009) – Resolved

2020-008 – Significant Deficiency (At the Individual Component Unit Level – University Research Park Corporation) – Segregation of Duties and Access to Accounting Software – Resolved



Corrective Action Plan
Year Ended June 30, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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>Additional verification controls were implemented July 15, 2021, to verify that the department-level recording of transactions in Banner is completed timely within the financial system. These transactions are already reflected in the bank. The bank reconciliations are reviewed monthly by the Senior Accounting Analyst and quarterly by the Controller.</p> <p>We will increase the frequency of reviewing the function of internal control over cash balances and compliance with Section 6-10-2 NMSA. The process for the reconciliation will be updated to include all areas involved and include the following:</p> <ul style="list-style-type: none"> • Request Departments give advance notice of money deposit. • Establish an immediate cash control receipt for all deposits. • Increase communication to real-time as possible for all cash entries. <p>These changes will be implemented by June 30, 2022.</p>	June 30, 2022	Controller
2021-002	<p>NMT Property maintains a current policy and procedure for the tracking of equipment in support of all regulations. All changes were implemented October 21, 2021.</p> <p>(a) Equipment Listing – NMT Property runs and reviews the equipment listings regularly. A listing is not generated monthly that encompasses every piece of equipment. Request for reporting is limited to smaller subsets of the listing that is driven by a single equipment custodian, usually as they are leaving NMT as their employer. As a corrective action for future support of the research equipment filing, a list of the full research equipment report will be provided to the Associate Director of Sponsored Projects for reference.</p>	October 21, 2021	Director of Property & Recycling

	<p>(b) In 2019 a 100% equipment inventory was completed. It is NMT Property's error for not having the date fields populated with the correct dates. Since 2020, due to State of New Mexico's executive order to work from home and Covid-19 travel restriction, a full inventory has not been completed. The discrepancy for the date field errors was that during inventory, not all equipment is available to be scanned. Some of the inventory is maintained at off campus research locations that are out of state and are accounted for by receiving an affidavit from the equipment manager who had to cancel trips due to Covid-19 travel restrictions. The step in the process that was missed was populating the affidavit date into the date field prior to uploading the inventory results back into Banner fixed assets. For future inventories, all last inventory dates will be populated with the correct date.</p>		
2021-003	<p>The NMT financial system did not close the month until two days later. We assume that providing and posting accurate information is more important than delaying the release by a few days. This information has been provided to the federal agent. In the future, we will make certain that the required reporting date is met.</p> <p>The CARES Act was an entirely new process, and the reporting requirements were not clear until later period. Therefore, we had to make adjustments accordingly. Initially, the website was set up to list the report information directly on the webpage. As further guidance was given, it became apparent that the webpage alone would not work as the information would be mixed together and difficult to understand. After further reading related guides and articles, it was determined that separate reports for each quarter would be necessary to effectively report the information. Moving forward, separate reports will be created and posted for each quarter and, in addition, additional steps will be taken to capture information regarding the date that it is posted for compliance.</p> <p>These changes were implemented July 1, 2021.</p>	Jul 1, 2021	Director of Financial Aid
2021-004	<p>New Mexico Tech will perform a cybersecurity risk assessment that will review all the conditions described in this finding. We will start to develop this process by December of 2021, and we target to have the results of the assessment by the end of December of 2022.</p> <p>Management will review the assessment and take appropriate actions based on the result of the assessment.</p> <p>Management has been working with various groups at the university to compile a list of cybersecurity needs and address them accordingly. Below are some of the actions taken and expected milestones:</p> <ul style="list-style-type: none"> • Formed a Cybersecurity Maturity Model Certification (CMMC) 	May 31, 2021	Director of ITC

	<p>working group to address the Research Cybersecurity needs;</p> <ul style="list-style-type: none"> • Added Cybersecurity Insurance requirements to the CMMC working group mission; • Performed an initial gap-assessment to identify critical missing controls; • Are working with the Cybersecurity Center of Excellence to identify minimum needs for a security training video and to use the training developed by the Center across campus for employee and student security training; the Estimated deployment is May 2022; • NMT has been working with Cybersecurity Insurance underwriters for the last since March 2020 to get an appropriate policy in place, but as the landscape changes for Cybersecurity Insurance, so have the requirements; • Are working with vendors, such as Google, Microsoft and others, to leverage existing and obtain enhanced security controls that are required by the Cybersecurity Insurance underwriters and the CMMC certification(s); • The CMMC working group has developed an initial budget to and timeline to address the most critical requirements; • A position for an Information Security Officer for the main campus has been defined and is being created as of October 2021; • The above position will write policies and procedures that define and support the cybersecurity initiatives defined by the CMMC working group; <ul style="list-style-type: none"> • Are working with the New Mexico Department of Higher Education through the Council for Higher Education Computing/Communication Services (CHECS) group to obtain one-time funds to help obtain and implement technology controls. 		
2021-005	<p>Benefit Trust 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.</p> <p>Additional verification controls were implemented July 15, 2021, to verify that the department-level recording of transactions in Banner is completed timely within the financial system. These transactions are already reflected in the bank. The bank reconciliations are prepared monthly by the Senior Accounting Analyst and reviewed monthly by the Controller. A monthly cash balance report will also be provided to the Controller. These changes will be fully</p>	November 30, 2021	Controller

	implemented by November 30, 2021.		
2021-006	The Foundation Executive Director will work closely with her team to ensure that communications between fundraisers, campaign manager and our accountants are open and clear in regards to all pledged gifts in order for them to be properly counted. In addition to the "causes" listed above, I would add that this is the first year we have actively sought out pledges, so this was new to everyone concerned. Moving into the future, proper reporting to all essential personnel will be instituted. Effective July 1, 2021.	July 1, 2021	Foundation President, Accountant, Fundraising Members
2021-007	The foundation accountants have made the appropriate fiscal year 2021 adjustments to the revenue accounts to recognize the reduction to the State Investment Council (SIC) market value and will continue to follow the same documented process for booking withdrawals as NMT does by decreasing the SIC investment account. Effective July 1, 2021.	July 1, 2021	Foundation President, Accountant, Fundraising Members
2021-008	The Interim Chief Operating Officer will work with the legal attorney to address all billings that are outside the current monthly billing period, including disputing any prior fiscal year charging. Additionally, the Interim Chief Operating Officer will request a written letter from the legal attorney at year end to identify unbilled services at fiscal year-end for accuracy and that all invoices are sent to a unique email for the NMT University Research Park Corporation (NMTURPC) to indicate/verify date received.	November 1, 2021	Board Treasurer, Interim Chief Operating Officer, and Board President
2021-009	The Interim Chief Operating Officer has made corrections of the prior years' transactions and they are recorded in the proper fiscal year.	November 1, 2021	Board Treasurer, Interim Chief Operating Officer, and Board President
2021-010	The Interim Chief Operating Officer will make certain that bank reconciliations will be performed in a timely manner.	October 22, 2021	Board Treasurer, Interim Chief Operating Officer, and Board President

Document prepared by:



Melissa Tull

Controller

New Mexico Institute of Mining and Technology

Date 10/27/2021

New Mexico Institute of Mining and Technology
Exit Conference
For Year Ended June 30, 2021

An exit conference was held on October 28, 2021, 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
Patricia Landavazo	Director of Finance and Business Operations
Daniel Lunceford	Network Manager and Associate Director of ITC
Melissa Tull	Controller
Emma Aafloy	Associate Director of Budget and Analysis
Angie Gonzales	Associate Director of Human Resources
Carrie Marsyla	Associate Director of Sponsored Projects
Valerie Montgomery	EMRTC Associate Director of Finance

Moss Adams LLP

Lisa Todd, CPA	Partner
Kevin Jankowski, CPA	Manager
Jason Ellis, CPA	Manager
Alexis Chaidez	Senior

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.