



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS WITH REQUIRED
SUPPLEMENTARY INFORMATION

**NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY
EMPLOYEE BENEFIT TRUST**
(A Blended Component Unit of the New Mexico Institute
of Mining and Technology)

June 30, 2020

Table of Contents

	PAGE
Official Roster (Unaudited)	1
Report of Independent Auditors	2–4
Financial Statements	
Statement of fiduciary net position	5
Statement of changes in fiduciary net position	6
Notes to financial statements	7–17
Required Supplementary Information	
Schedule of changes in net OPEB liability and related ratios – Schedule 1	18
Schedule of employer contributions – Schedule 2	19
Schedule of investment returns – Schedule 3	20
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>	21–22
Summary of auditor’s results (as required by 2.2.2.10 NMAC L(1) (f))	23
Schedule of findings and responses	24
Summary schedule of prior audit findings	25
Exit conference	26

**New Mexico Institute of Mining and Technology Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of Mining and
Technology)**

OFFICIAL ROSTER (Unaudited)

June 30, 2020

Board of Regents

Ex Officio Members:

The Honorable Michelle Lujan Grisham
Dr. Kate O'Neill

Governor of the State of New Mexico
Cabinet Secretary, Higher
Education Department

Appointed Members:

Deborah Peacock
Jerry A. Armijo
David Gonzales
Dr. Yolanda Jones King
Veronica Espinoza

President
Secretary/Treasurer
Trustee
Trustee
Student Regent

Principal Administrative Officials

Dr. Stephen Wells
Dr. Cleve McDaniel

President
Vice President for Administration and
Finance

Shaojie Ma

Associate Vice President for
Administration and Finance/ Budget
Director

JoAnn Salome
Melissa Tull

Director of Human Resources
Controller

Report of Independent Auditors

To the Board of Trustees
New Mexico Institute of Mining and Technology
Employee Benefit Trust
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Institute of Mining and Technology Employee Benefit Trust (the Trust), a blended component unit of the New Mexico Institute of Mining and Technology (the Institute), as of and for the year ended June 30, 2020, which comprise the statement of fiduciary net position, and the related statement of changes in fiduciary net position, and the related notes to the financial statements, which collectively comprise the Trust'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 an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust'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 Trust'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2020, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Trust's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2020

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Statement of Fiduciary Net Position
June 30, 2020**

ASSETS

Cash and cash equivalents	\$	1,539,476
Employee contributions receivable		10,980
Investments at fair value, restricted expendable		
New Mexico State Treasurer Local Government Investment Pool		967,883
New Mexico State Investment Council		
Large Cap Active Pool		1,175,174
Core Plus Bond Pool		382,357
Mid/Small Cap Pool		169,350
Non U.S. Developed Pool		112,596
		<hr/>
Total investments		2,807,360
Total assets	\$	<u><u>4,357,816</u></u>

LIABILITIES

Flexible benefits payable	\$	<u>29,476</u>
Fiduciary Net Position	\$	<u><u>4,328,340</u></u>

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020**

ADDITIONS

Contributions	
Employee	\$ 150,710
Employer	275,718

Total contributions	426,428
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Investment income	
Net increase in fair value of investments	74,217
Interest	10,633

Total investment income	84,850
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Refund on claims	18,150
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Total additions	529,428
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DEDUCTIONS

Insurance premiums	409,011
General and administrative	35,444

Total deductions	444,455
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FIDUCIARY NET INCREASE IN NET POSITION	84,973
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FIDUCIARY NET POSITION, BEGINNING OF YEAR	4,243,367
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FIDUCIARY NET POSITION, END OF YEAR	\$ 4,328,340
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New Mexico Institute of Mining and Technology Employee Benefit Trust (A Blended Component Unit of the New Mexico Institute of Mining and Technology) Notes to Financial Statements

Note 1 – General Description of Trust and Benefit Plan

Organization

The Board of Regents of the New Mexico Institute of Mining and Technology (the Institute) created the New Mexico Institute of Mining and Technology Employee Benefit Trust (the Trust or Plan), a Blended Component Unit of the New Mexico Institute of Mining and Technology, to operate, control and maintain a self-funded program to provide certain health benefits to eligible Institute employees and certain members of their families. The Board of Regents of the Institute serve as Trustees (Trust Committee) and has delegated the 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.

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.

Effective January 1, 2019, the Institute is no longer using the Trust to operate, control, and maintain their self-funded program to provide health benefits. The Board of Regents of the Institute made a resolution approving an agreement for participation with New Mexico Public Schools Insurance Authority (NMPSIA). Under the agreement, NMPSIA will provide health insurance benefits for the Institute's employees and retirees.

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.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Trust have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities acting as fiduciaries. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared on the accrual basis.

The Trust adopted Governmental Accounting Standards Board Statement No. 72 Fair Value Measurements and Application (GASB 72) in fiscal year 2016, to address the change in requirements for certain assets and liabilities to be measured at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques.

The Trust adopted Governmental Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefits Other than Pension Plans (GASB 74) in fiscal year 2017, to address the change in requirements to provide information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general-purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. In fiscal year 2020, GASB 74 is no longer applicable to the Trust since the majority of the retiree benefits were moved out of the Trust in fiscal year 2019. There remains an immaterial amount of life insurance offered to retirees who still remain in the Trust.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and all highly liquid investments with maturities of three months or less when purchased. The Trust maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits requirements. The Trust has not experienced any losses in such accounts.

Employee Contributions Receivable

Contributions receivable are stated at net realizable value. Management reviews the collectability of its contributions receivable and, if necessary, records an allowance for its estimate of uncollectible accounts. Because all contributions receivables are from the Institute's payroll, there is no allowance for doubtful accounts deemed necessary at June 30, 2020.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 2 – Summary of Significant Accounting Policies (continued)

Investments

The Board of Trustees has the sole authority and responsibility to make changes to the Trust's investment policies. There were no significant changes to 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 Trust primarily invests through The New Mexico State Investment Council (SIC) and New Mexico Local Government Investment Pool (LGIP).

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. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future and changes 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 Trust has no limitations on the types of investments or deposits it can make within the scope of its investment policy. The following are the target allocations for the investments:

Asset Class	Long-term Target	Allowable Range
Fixed income securities	30%	25-50%
Equity securities	70%	50-75%

Investments in debt and equity securities with readily determinable fair values and all investments in debt securities are measured at fair value as recorded on the statement of fiduciary net position. Mutual funds are based on the Trust's pro-rata share of unit value of the mutual funds. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are reported as increases or decreases in fiduciary net position.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 2 – Summary of Significant Accounting Policies (continued)

Investments are stated at fair value, with increases or decreases in fair value recognized in the statement of changes in fiduciary net position at the end of each month. Investment transactions are recorded on the trade date basis. Dividends are recognized as income when declared. Current fair value of investments may fluctuate markedly from what is recorded at June 30 each year.

The Trust has an agreement with the Institute for investment of the majority of the Trust's funds. The majority of investments of the Trust are held by the New Mexico State Investment Council (NMSIC). The Trust's funds are combined with those of several other funds of the Institute. Income is allocated based on the proportionate market value of the investment of each participating fund.

The NMSIC's investments are reported by the NMSIC in the following categories: private-purpose trust fund and external investment funds. Both types of funds participate in the NMSIC's Large Cap. Active, Core Plus Bond, Mid/Small Cap., and Non-U.S. Developed Pool. Interest rate risk, custodial risk, credit risk, and risk of uncertainty of these investments are described in detail within the NMSIC's financial report.

Flexible Benefits Payable

Flexible benefits payable represents the Trust's liability for employee contributions to the Flex Plan. Employees have the option to participate in the Flex Plan by making pre-tax contributions from their salaries up to defined maximum limits. The Institute has no obligations under the Flex Plan. The Trust administers the Flex Plan and any unclaimed amounts in the flexible benefits payable at the end of the calendar year revert to the Trust for use at its discretion.

Revenue and Cost Recognition

The Trust'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 are those received by the Trust for events and activities that relate directly to the Trust; and operating expenses are those incurred for events and activities that relate to paying for insurance premiums and administration costs.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 2 – Summary of Significant Accounting Policies (continued)

Income Tax Status

The Internal Revenue Service has determined and informed the Trust by letter dated January 26, 1984, that the Trust is tax-exempt, under Section 501(c)(9) of the Internal Revenue Code. The Trust has been amended since receiving the determination letter. However, the Trust Committee believes that the Trust is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the Trust Committee believes that the Trust was tax exempt during the period covered by the accompanying financial statements.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 28, 2020, the date at which the financials were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2020. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

Note 3 – Cash and Cash Equivalents

Cash

The Trust 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.

Deposit classification in the financial statements at June 30, 2020, follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Statement of Fiduciary Net Position Balance
Wells Fargo Bank	Operating	Cash	\$ 1,286,447	\$ (5,535)	\$ 1,280,912
Wells Fargo Bank	Claims	Cash	277,033	(18,469)	258,564
			<u>\$ 1,563,480</u>	<u>\$ (24,004)</u>	<u>\$ 1,539,476</u>

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 3 – Cash and Cash Equivalents (continued)

Custodial Credit Risk

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 Trust does not have a deposit policy for custodial credit risk. As of June 30, 2020, the Trust's deposits were exposed to custodial credit risk as follows:

Custodial credit risk - deposits	
Wells Fargo account balances	\$ 1,563,480
FDIC insured	<u>(250,000)</u>
Total uninsured	<u>\$ 1,313,480</u>

The Trust's pledged collateral as of June 30, 2020 was as follows:

Total uninsured	<u>\$ 1,313,480</u>
50% collateral required	656,740
Pledged collateral held by pledging banks' agent in the name of the Institute	<u>1,557,167</u>
Excess of pledge collateral over the required amount	<u>\$ 900,427</u>

Note 4 – Interest in the Local Government Investment Pool

The investment in the New Mexico State Treasurer's Local Government Investment Pool (LGIP) is valued at amortized cost which approximates fair value. The State Treasurer's interpretation of GASB 31, as amended by GASB 79, is that LGIP currently meets all of the necessary criteria to elect to measure all of the investments in LGIP at amortized cost. The LGIP is not Securities and Exchange Commission (SEC) registered. Section 6-10-10 I, 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. The LGIP 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 funds were invested.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 4 – Interest in the Local Government Investment Pool (continued)

Participation in the LGIP is voluntary. The Trust has no control over the New Mexico State Treasurer's investment pools and provides the following disclosure provided by the State Treasurer's Office concerning the Trust's investment in the New Mexico LGIP:

New Mexico LGIP AAAM Rated; \$967,883; 25 day WAM (R); 77 day WAM (F)

There were no 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.

As the Institute's investment in LGIP is under \$30 million, the Trust's only withdrawal limitation on its balance is to provide 24-hour notice to the New Mexico State Treasurer.

Note 5 – Investments in New Mexico State Investment Council (NMSIC)

Investments are principally held at the New Mexico State Investment Council (NMSIC) which provides investment services in accordance with its policies and statutory requirements Section 6-8-9 NMSA. Information relating to NMSIC's use of derivatives is not made available to the Trust. For additional GASB 40 disclosure information related to the above investments held at NMSIC, the reader should refer to the separate audit report of the NMSIC for the fiscal year ended June 30, 2020. That report may be obtained by writing to State Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507 or on the SIC's website at www.sic.state.nm.us.

A summary of investments at June 30, 2020, follows:

Investments	Ratings	Fair Value
Investments not subject to categorization		
New Mexico State Investment Council pooled funds		
Fixed income securities	Not rated	\$ 382,357
Equity securities	Not rated	1,457,120
Total investments		<u>\$ 1,839,477</u>

As of June 30, 2020, fixed income securities were 4% below the allowable range limit of the asset allocation and equity securities were 4% above the allowable range limit.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 6 – Fair Value of Investments

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

The asset's 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, 2020.

The investment portfolio is comprised of equity securities (common stock), fixed income, and pooled investments with the LGIP classified by management 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 fiduciary net position and statement of changes in fiduciary net position.

The Trust 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 Trust uses the classifications of investment pools provided by the SIC.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 6 – Fair Value of Investments (continued)

These measurements are classified within levels of the fair value hierarchy as follows:

- Investments in the Large Cap Active Pool – Level 1
- Investments in Mid/Small Cap Pool – Level 1
- Investments in Non U.S. Developed Pool – Level 1
- Investments in Core Plus Bond Pool – Level 2

The net asset value provided by the State Treasurer Office LGIP as an approximation of the fair value of LGIP investments and bonds. These measurements are classified within Level 2 of the fair value hierarchy.

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

The following table presents the fair value measurements of assets and liabilities at June 30, 2020:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments held with the New Mexico State Investment Council (SIC):				
Large Cap Active Pool	\$ 1,175,174	\$ 1,175,174	\$ -	\$ -
Core Plus Bond Pool	382,357	-	382,357	-
Mid/Small Cap Pool	169,350	169,350	-	-
Non U.S. Developed Pool	112,596	112,596	-	-
State Treasurer Office (STO) LGIP	967,883	-	967,883	-
	<u>\$ 2,807,360</u>	<u>\$ 1,457,120</u>	<u>\$ 1,350,240</u>	<u>\$ -</u>

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 6 – Fair Value of Investments (continued)

GASB 72 requires additional disclosure for certain types of investments that calculate net asset value per share but are not publicly traded to assist with 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:

<u>Investment</u>	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Large Cap Active Pool	\$ 1,175,174	Daily	5 Business Days
Core Plus Bonds Pool	382,357	Daily	5 Business Days
Mid/Small Cap Pool	169,350	Daily	5 Business Days
Non U.S. Developed Pool	112,596	Daily	5 Business Days
State Treasurer Office (STO) LGIP	967,883	Daily	1 Business Day

Note 7 – Transactions with the Institute

Certain employees of the Institute provide administrative and accounting services for the Benefit Plan at no charge to the Plan.

Note 8 – Concentrations

The Trust's investments in the LGIP with the New Mexico State Treasurer and pooled investments with the NMSIC both exceed 5% of net position restricted for postemployment benefits other than pensions at the custodial level.

Note 9 – Funding Policy

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.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Notes to Financial Statements**

Note 9 – Funding Policy (continued)

The Plan and Trust received its initial actuarial valuation during fiscal year 2015. July 1, 2014, was selected as the valuation date. As of the July 1, 2015, actuarial valuation, the Institute's plan is still considered to be unfunded. The Institute began increasing funding of its OPEB benefits with a Trust in which plan assets are established and dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan effective July 1, 2014. Since the plan assets started accumulating as of July 1, 2014, they were first recognized by the actuary in the actuarial valuation.

Effective January 1, 2019, the Trust no longer provides health care benefits to Institute employees and retirees and now only provides other non-healthcare related benefits.

Note 10 – Termination Provisions

The Trust may be terminated upon sixty (60) days' notice by an instrument in writing duly executed by the Institute and delivered to the Trust Committee. Upon termination, all monies remaining in the Trust will be used to continue benefits described in the Trust document until all such monies have been exhausted. In no event, upon termination, shall any assets of the Trust revert back to the Institute. The Institute is not legally committed or obligated to fund deficits in the Trust but has advanced funds on an as needed basis as determined by the sole discretion of the Trust Committee.

Required Supplementary Information

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Component Unit of the New Mexico Institute of
Mining and Technology)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years***

SCHEDULE 1

	2020	2019	2018	2017	2016	2015
Total OPEB Liability						
Service cost	\$ -	\$ 1,133,021	\$ 1,336,954	\$ 1,883,445	\$ 1,354,443	\$ 1,732,469
Interest cost	-	934,290	795,268	2,234,168	2,116,515	2,640,118
Changes of benefit terms	-	(26,482,164)	-	-	-	-
Differences between expected and actual experience	-	-	(38,278,983)	(712,784)	4,075,509	(16,659,685)
Changes of assumptions including plan investments	-	(1,094,865)	10,160,068	(929,743)	-	-
Benefit payments	-	(61,287)	(649,187)	(1,490,341)	(930,054)	(424,956)
Net change in total OPEB liability	-	(25,571,005)	(26,635,880)	984,745	6,616,413	(12,712,054)
Total OPEB liability - beginning	-	32,523,701	59,159,581	58,174,836	51,558,423	64,270,477
Total OPEB liability - ending (a)	-	6,952,696	32,523,701	59,159,581	58,174,836	51,558,423
Plan Fiduciary Net Position						
Contributions: Employer	275,718	2,239,377	3,997,035	2,193,286	2,156,937	1,358,071
Contributions: Employee	150,710	1,631,735	3,386,902	-	-	-
Net investment income	84,850	148,836	173,858	208,440	85,879	28,200
Administrative expenses	(444,455)	(306,363)	(359,518)	-	-	-
Other	-	(3,713,586)	(5,899,903)	-	-	-
Benefit refunds (payments)	18,150	(61,287)	(649,187)	(1,490,341)	(930,054)	(424,956)
Net change in plan fiduciary net position	84,973	(61,288)	649,187	911,385	1,312,762	961,315
Plan fiduciary net position - beginning	4,243,367	4,304,655	3,655,468	2,744,083	1,431,321	470,006
Plan fiduciary net position - ending (b)	4,328,340	4,243,367	4,304,655	3,655,468	2,744,083	1,431,321
Institute's net OPEB liability - ending (a) - (b)	\$ 4,328,340	\$ 2,709,329	\$ 28,219,046	\$ 55,504,113	\$ 55,430,753	\$ 50,127,102
Plan fiduciary net position as a percentage of total OPEB liability	0.0%	61.0%	13.2%	6.2%	4.7%	2.8%
Covered employee payroll	\$ -	\$ 14,433,122	\$ 28,337,003	\$ 28,520,796	\$ 25,058,577	\$ 28,644,568
Institute's net OPEB liability as a percentage of covered employee payroll	0.0%	18.8%	99.6%	194.6%	221.2%	175.0%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: Healthcare benefits are no longer included in the benefit trust; therefore, there is no OPEB liability for 2020

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Component Unit of the New Mexico Institute of
Mining and Technology)
Schedule of Employer Contributions
Last 10 Fiscal Years***

SCHEDULE 2

<u>Actual Valuation Date</u>	<u>Actuarially Determined Contribution (ARC)</u>	<u>Contributions in Relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
1/1/2020	n/a	n/a	n/a	n/a	0.0%
1/1/2019	2,239,377	2,239,377	-	14,433,122	15.5%
1/1/2018	3,997,035	3,997,035	-	28,337,003	14.1%
7/1/2016	4,823,150	2,193,286	(2,629,864)	28,520,796	7.7%
7/1/2015	4,390,249	2,156,937	(2,233,312)	25,058,577	8.6%
7/1/2014	5,518,536	1,358,071	(4,160,465)	28,644,568	4.7%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Healthcare benefits are no longer included in the Benefit Trust.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Component Unit of the New Mexico Institute of
Mining and Technology)
Schedule of Investment Returns
Last 10 Fiscal Years***

SCHEDULE 3

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	3.7%	7.1%	9.4%	11.3%	1.3%	2.8%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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*

Board of Trustees
New Mexico Institute of Mining and Technology Employee Benefit Trust
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 New Mexico Institute of Mining and Technology Employee Benefit Trust (the Trust), as of and for the year ended June 30, 2020, and have issued our report thereon dated October 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 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 by governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2020

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Summary of Auditor's Results (As Required by 2.2.2.10 NMAC L(1) (f))
June 30, 2020**

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?
- Significant deficiency(ies) identified?

Yes

No

Yes

None reported

Compliance and other matters noted?

Yes

No

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Schedule of Findings and Responses
June 30, 2020**

No matters were reported.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Blended Component Unit of the New Mexico Institute of
Mining and Technology)
Summary Schedule of Prior Audit Findings
June 30, 2020**

No prior year matters reported.

**New Mexico Institute of Mining and Technology
Employee Benefit Trust
(A Component Unit of the New Mexico Institute of
Mining and Technology)
Exit Conference
June 30, 2020**

An exit conference was held on October 27, 2020, and attended by the following:

New Mexico Institute of Mining and Technology Employee Benefit Trust:

Dr. Stephen Wells	President
Dr. Cleve McDaniel	Vice President for Administration and Finance
Jerry Armijo	Trustee/Secretary/Treasurer
Shaojie (Jenny) Ma	Associate Vice President for Administration and Finance
JoAnn Salome	Director of Human Resources
Angie Gonzales	Associate Director of Human Resources
Melissa Tull	Controller

Moss Adams LLP:

Lisa Todd, CPA	Audit Partner
Corrine Zajac-Clarkson, CPA	Senior Manager
Kevin Jankowski, CPA	Senior

The basic financial statements have been prepared by Moss Adams LLP with the assistance of the Trust. The content in this report is the responsibility of the Trust.