


# KENW-TV
# A DEPARTMENT OF EASTERN NEW MEXICO UNIVERSITY

## Financial Statements with Independent Auditor's Report

**June 30, 2021 and 2020**

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## JUNE 30, 2021 and 2020

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**OFFICIAL ROSTER**
**JUNE 30, 2021**

## Board of Regents

| Ex-Officio Member | |
|---|---|
| The Honorable Michelle Lujan-Grisham | Governor of the State of New Mexico |

| Appointed Members | Term Expires | Position |
|---|---|---|
| Dr. Dan Patterson | December 2022 | President |
| Mr . Lance Pyle | December 2024 | Vice President |
| Ms. Chandler Head (student Regent) | December 2022 | Secretary/Treasurer |
| Ms. Trish Ruiz | December 2026 | Member |
| Mr. Phillip Bustos | December 2026 | Member |

## University Officials

| | |
|---|---|
| Dr. Patrice Caldwell | System Chancellor - Portales Campus President |
| Dr. Shawn Powell | President - Roswell Campus |
| Mr. Ryan Trosper | President - Ruidoso Campus |
| Dr. Jeff Long | Vice President for Student Affairs |
| Mr. Scott Smart | ENMU System Chief Financial Officer Vice President for Business Affairs |
| Dr. Jamie Laurenz | Vice President for Academic Affairs |
| Mr. Clark Elswick | ENMU System Chief Information Officer Vice President for Technology |
| Mr. Benito Gonzales | ENMU Executive Director of Human Resources Executive Director of Planning and Analysis (contract began June 5, 2021) |



JAG JARAMILLO ACCOUNTING GROUP

CREATING CLARITY FROM COMPLEXITY

# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

JARAMILLO ACCOUNTING GROUP
CREATING CLARITY FROM COMPLEXITY
*Audit, Tax, Fraud, Consulting*

# INDEPENDENT AUDITOR'S REPORT

**The Board of Regents**
Eastern New Mexico University
Portales, New Mexico

## REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) and the budgetary comparisons, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the 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 audits. We conducted our audits 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 audits 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 KENW-TV'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 KENW-TV'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 KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof and the budgetary comparisons for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## EMPHASIS OF MATTER

As described in Note 1, the financial statements of KENW-TV are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of Eastern New Mexico University that is attributable to the transactions of KENW-TV. They do not purport to, and do not, present fairly the financial position of Eastern New Mexico University as of June 30, 2021 and 2020 and the changes in its financial position or its cash flows for the years then ended in conformity 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 Management's Discussion and Analysis on pages 4-7 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 audits 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*

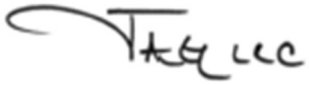
Our audits were conducted for the purpose of forming an opinion on KENW-TV's financial statements and budgetary comparison.

The Introductory Section has not been subjected to the auditing procedures applied in the audits 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 November 23, 2021 on our consideration of KENW-TV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that

report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audits performed in accordance with *Government Auditing Standards* in considering KENW-TV's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 23, 2021

# Management's Discussions and Analysis (Unaudited)

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

This section of the financial report presents our discussion and analysis of KENW-TV's (the Station), a public telecommunications entity operated by Eastern New Mexico University (the University) financial performance during the year ended June 30, 2021. Please read it in conjunction with the Station's financial statements, which follow this section.

Since 1974, KENW has been a leader in public television with a distinguished history of innovative service. KENW continues to pursue our passion for community service, responding to the changing needs of the people of rural New Mexico and West Texas. KENW connects the people of New Mexico and facilitates citizenship and participation in community.

The Station is located on the campus of Eastern New Mexico University. The Station broadcasts a wide variety of programs, which includes programs for primary, secondary, and college level students, as well as for the general public. In addition to the full PBS programming schedule, a broad range of local programming is produced at KENW on topics of interest and importance to the people of the region. There are also "How-to" programs that provide instruction in many arts and crafts areas as well as the full Public Broadcasting System schedule of outstanding public television programs.

## FINANCIAL HIGHLIGHTS

During the year, net position increased by **$703,832** from **$2,153,620** in 2020 to **$2,857,452** in 2021.

- At June 30, 2021 and 2020, the Station's total assets were $4,421,902 and $3,080,830, respectively. During the year, net position increased by $703,832 from $2,153,620 in 2020 to $2,857,452 in 2021.
- Total current liabilities for 2021 were $1,564,450. These liabilities are comprised of accrued compensated absences of $71,575, unearned revenue of $1,289,721, and other payables totaling $203,154. This is a $637,240 increase from last year's current liabilities of $927,210.
- Operating revenues totaled $1,370,845 for 2021 while operating expenses totaled $2,507,038. Non-operating revenues were $1,676,785 and state bond capital appropriations were a one-time amount of $163,240. For 2020, operating revenues totaled $1,337,707, while operating expenses totaled $2,852,833. Non-operating revenues were $1,195,160 and state capital appropriations were a one-time $250,000. State appropriation is the main component of non-operating revenues.



## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following:

| | | | | | |
|---|---|---|---|---|---|
| 1 | Management's discussion and analysis (this section) | 2 | The basic financial statements | 3 | Required supplementary information—budgetary comparison schedule |

### THE STATION'S BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- The statement of net position provides information about the Station's financial condition at fiscal year-end. It presents both a current year synopsis and longer-term view of the Station's assets, liabilities, and net position.
- The statement of revenues, expenses and changes in net position should be used to review the results of the current year's operations.
- The statement of cash flows provides a summary of the sources and uses of cash within the Station during the year.
- Footnote information provides additional detail on the Station's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the ENMU System Chief Financial Officer, Scott W. Smart, at (575) 562-2611.

### FINANCIAL ANALYSIS OF THE STATION AS A WHOLE

***Net Position.*** The Station's total net position increased $703,832 from $2,153,620 in 2020 to $2,857,452 in 2021. Table 1 summarizes the Station's net position (in thousands of dollars):

| Table 1 | 2021 | 2020 |
|---|---|---|
| Current assets | **$ 3,987** | $ 2,682 |
| Capital assets, net | **434** | 399 |
| **Total assets** | **4,421** | 3,081 |
| Current liabilities | **1,564** | 927 |
| **Total liabilities** | **1,564** | 927 |
| **Net position** | | |
| Net investment in capital assets | **434** | 399 |
| Unrestricted | **2,423** | 1,755 |
| **Total net position** | **$ 2,857** | $ 2,154 |

***Changes in Net Position.*** Total operating revenues for the years ended June 30, 2021 and 2020 were $1,370,845 and $1,337,707, respectively, compared with operating expenses of $2,507,038 and $2,582,833, respectively. Non-operating revenues increased $481,625 due to an increase in income on investments and a slight decrease in state appropriations. Table 2 summarizes the Station's changes in net position for the years (in thousands of dollars):

| Table 2 | 2021 | 2020 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Private grants and contracts | **$ 835** | $ 819 |
| Other | **536** | 519 |
| **Total operating revenues** | **1,371** | 1,338 |
| **OPERATING EXPENSES** | | |
| Program services | **1,785** | 1,897 |
| Supporting services | **722** | 686 |
| **Total operating expenses** | **2,507** | 2,583 |
| Operating loss | **(1,136)** | (1,245) |
| **NON-OPERATING REVENUES** | | |
| State appropriation | **1,007** | 1,072 |
| Investment income | **597** | 45 |
| Other revenue | **72** | 78 |
| **Total non-operating revenues** | **1,676** | 1,195 |
| **Income before capital contributions** | **540** | (50) |
| **CAPITAL CONTRIBUTIONS** | | |
| State capital appropriation | **163** | 250 |
| **Increase in net position** | **$ 703** | $ 200 |

## BUDGETARY HIGHLIGHTS

The Board of Regents approves the operating budget of the Station. The budget is reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation on GASB Statements No. 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds, and plant funds. During the year, there were no expenditure budget amendments.

## CAPITAL ASSETS

As of June 30, 2021, and 2020, the Station had $434,345 and $398,830, respectively, invested in broadcasting and production equipment.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Corporation for Public Broadcasting receives much of its funding from the federal government, which, in turn, distributes to member stations. Funding for the 2021-2022 fiscal year is expected to be approximately the same as for 2020-2021. Funding from the state appropriation decreased 1.9% for 2021-2022 after a decrease of 6% in 2020-2021. The State's economy continues to rely heavily on the price of oil and at this time, cuts are anticipated for fiscal year 2023.

## CONTACTING THE STATION'S FINANCIAL MANAGEMENT

The financial report is designed to provide the public, customers, and creditors with a general overview of the Station's finances and demonstrate the Station's accountability for the money it receives. If you have any questions about this report, contact the University's Controller at the University Offices:

Board of Regents
Eastern New Mexico University
Business Affairs Station #4
Portales, NM 88130



# Basic Financial Statements

## STATEMENTS OF NET POSITION

**JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Due from Eastern New Mexico University | **$ 3,812,901** | $ 2,667,569 |
| Receivables from the State of New Mexico | **163,240** | - |
| Membership and pledges receivable | **11,416** | 13,106 |
| Miscellaneous receivables | **-** | 1,325 |
| **Total current assets** | **3,987,557** | 2,682,000 |
| **Non-Current Assets** | | |
| Capital assets, net | **434,345** | 398,830 |
| **Total assets** | **4,421,902** | 3,080,830 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Other payables | **203,154** | 134,751 |
| Accrued compensated absences | **71,575** | 66,267 |
| Unearned revenue | **1,289,721** | 726,192 |
| **Total current liabilities** | **1,564,450** | 927,210 |
| **NET POSITION** | | |
| Net investment in capital assets | **434,345** | 398,830 |
| Unrestricted net position | **2,423,107** | 1,754,790 |
| **Total net position** | **$ 2,857,452** | $ 2,153,620 |

*See Accompanying Notes*.

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
**JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Subscriptions and memberships | **$ 158,676** | $ 103,421 |
| Administrative support from the University | **188,059** | 224,200 |
| Grants from Corporation for Public Broadcasting | **835,122** | 818,857 |
| Other sources | **188,988** | 191,229 |
| **Total operating revenues** | **1,370,845** | 1,337,707 |
| **OPERATING EXPENSES** | | |
| Program services | | |
| Local programming and production | **813,853** | 991,010 |
| Broadcasting | **852,459** | 780,970 |
| Program information | **119,138** | 124,728 |
| Supporting services | | |
| Fund raising and membership development | **56,395** | 56,730 |
| Management and general | **665,193** | 629,395 |
| **Total operating expenses** | **2,507,038** | 2,582,833 |
| **Operating loss** | **(1,136,193)** | (1,245,126) |
| **NON-OPERATING REVENUES** | | |
| State appropriations | **1,007,400** | 1,071,700 |
| Investment income | **596,915** | 45,460 |
| Infrastructure fee | **72,470** | 78,000 |
| **Total non-operating revenues** | **1,676,785** | 1,195,160 |
| **Income (loss) before capital contributions** | **540,592** | (49,966) |
| **CAPITAL CONTRIBUTIONS** | | |
| State capital contributions | **163,240** | 250,000 |
| **Increase in net position** | **703,832** | 200,034 |
| Net position, beginning of year | **2,153,620** | 1,953,586 |
| **Net position, end of year** | **$ 2,857,452** | $ 2,153,620 |

*See Accompanying Notes.*

## STATEMENTS OF CASH FLOWS
**JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash from subscriptions, members, and grants | **$ 1,934,374** | $ 1,618,956 |
| Cash paid to suppliers | **(3,576,164)** | (2,814,737) |
| **Net cash used in operating activities** | **(1,641,790)** | (1,195,781) |
| | | |
| **Cash flows from non-capital financing activities** | | |
| State appropriations | **1,007,400** | 1,071,700 |
| Other | **72,470** | 78,000 |
| **Net cash provided by non-capital financing activities** | **1,079,870** | 1,149,700 |
| | | |
| **Cash flows from capital and related financing activities** | | |
| State capital appropriations | **163,240** | 250,000 |
| Purchase of capital assets | **(198,235)** | (249,377) |
| **Net cash (used in) provided by capital and related financing activities** | **(34,995)** | 623 |
| | | |
| **Cash flows from investing activities** | | |
| Interest and appreciation on investments | **596,915** | 45,458 |
| | | |
| **Change in cash** | **-** | - |
| Cash, beginning of year | **-** | - |
| **Cash, end of year** | **$ -** | $ - |
| | | |
| **Reconciliation of operating loss to net cash used in operating activities** | | |
| Operating loss | **$ (1,136,193)** | $ (1,245,126) |
| Adjustment to reconcile operating loss to net cash provided by (used in) operating activities | | |
| Depreciation | **162,720** | 137,489 |
| Change in assets and liabilities | | |
| Receivables | **(1,305,557)** | (463,535) |
| Accrued compensated absences | **68,403** | 90,561 |
| Other payables | **5,308** | 3,578 |
| Unearned revenue | **563,529** | 281,252 |
| **Net cash used in operating activities** | **$ (1,641,790)** | $ (1,195,781) |

*See Accompanying Notes.*

# Notes to the Financial Statements

**JUNE 30, 2021 AND 2020**

## NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KENW-TV (the Station) (a department of and a public broadcasting entity operated by Eastern New Mexico University) in Portales, New Mexico, operates to disseminate educational and cultural TV programs to the public. The Station is part of the University; however, these financial statements include only the financial information related to the Station and do not include other financial information of the University.

This summary of significant accounting policies of the Station is presented to assist in the understanding of the department's financial statements. The financial statements and notes are the representation of the Station's management who is responsible for the integrity and objectivity.

### A. FINANCIAL REPORTING ENTITY

The Station operates to disseminate educational and cultural TV programs to the public. The Station is part of the University; however, these financial statements include only the financial information related to the Station and do not include other financial information of the University.

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

KENW-TV was incorporated by Eastern New Mexico University.

Component units can also be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entities financial statements to be misleading or incomplete. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a primary unit. Because of the closeness of their relationships with the primary organization, some component units are blended as though they are part of the primary organization. KENW-TV was incorporated by Eastern New Mexico University. The Station is a blended component unit of the University and is presented and reported upon as a part of the basic financial statements of the University.

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, KENW-TV does not have any component units required to be reported under GASB Statements No. 14, 39, or 61.

### B. BASIS OF PRESENTATION

The Station's accounting policies conform with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) including all applicable GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

### C. BASIS OF ACCOUNTING

The Station's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenue and expenses are those incurred which relate directly to the primary operations of the Station, including programming, production, and broadcasting services. All other revenue and expenses are considered non-operating.

### D. DEPOSITS AND INVESTMENTS

The Station does not maintain any accounts that are considered cash, cash equivalents or investments.

### E. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

### F. CAPITAL ASSETS

Capital assets are recorded at cost or, in the case of donated assets, at their fair market value at the date of receipt and are depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over five to 12 years estimated useful lives. The Station's capitalization policy for moveable equipment includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Information technology equipment including software is being capitalized in accordance with 2.20.1.9(C)(5) NMAC [9-30-99, recompiled 10/01/01].

### G. IN-KIND CONTRIBUTIONS

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense based on the allocable portion of original cost of the building and an estimated useful life, in accordance with instructions of the Corporation for Public Broadcasting.

Administrative support from the University consists of allocated finance department costs and certain other expenses incurred by the University on behalf of the Station.

### H. DUE FROM EASTERN NEW MEXICO UNIVERSITY

This account classification includes certain cash and investment accounts that the station has a claim on but is maintained in University accounts.

### I. GRANTS RECEIVABLE

Grants receivable represents the unfunded portion of awards earned by the Station. Management believes these amounts to be fully collectible and, therefore, has provided no allowance for doubtful grant accounts as of June 30, 2021. There were no grants receivable at June 30, 2021 and 2020.

### J. MEMBERSHIP AND PLEDGES RECEIVABLE

Membership receivable at June 30, 2021 and 2020 was $11,416 and $13,106, respectively. Management believes these amounts to be fully collectible and therefore, has provided no allowance for doubtful membership and pledge accounts as of June 30, 2021.

### K. UNEARNED REVENUE

Unearned revenue represents cash advances received from third parties, which have eligibility requirements. The unearned revenue will be recognized as revenue once all eligibility requirements have been met.

### L. NET POSITION

Net position is classified into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- ***Net Investment in Capital Assets*** - This component of net position consists of capital assets, net of accumulated depreciation.
- ***Restricted*** - This component of net position consists of funds on which external restrictions have been imposed that limit the purpose for which such funds can be used. The Station has no restricted net position at June 30, 2021 and 2020.
- ***Unrestricted*** - *This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."*

### M. BUDGETARY POLICY

The budget is established within the University's public service function of its current funds. The University may allocate funds between different departments or line items within the public service function without approval from the Budget Division of the State of New Mexico Department of Finance and Administration provided the total approved budget for the public service function is not exceeded. Budgets, as presented, are used as a management tool and represent the approved budgets for functional expenditures only, excluding capital outlay

The budget is established within the University's public service function of its current funds.

### N. USE OF ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### O. INCOME TAXES

As an instrumentality of the State of New Mexico, the income generated by Eastern New Mexico University in the exercise of its essential govern mental functions is excluded from federal income tax under Internal Revenue Code (IRC) Section 115. However, income generated from activities unrelated to the exempt purpose of Eastern New Mexico University would be subject to tax under IRC Section 511(a)(2)(B).

## NOTE 2. CAPITAL ASSETS

A summary of changes in capital assets are as follows:

| | Balance at June 30, 2020 | Additions | Deletions | **Balance at June 30, 2021** |
|---|---|---|---|---|
| Equipment | $ 9,771,281 | $ 198,235 | $ - | **$ 9,969,516** |
| Accumulated depreciation | (9,372,451) | (162,720) | - | **(9,535,171)** |
| **Net capital assets** | $ 398,830 | $ 35,515 | $ - | **$ 434,345** |

| | Balance at June 30, 2019 | Additions | Deletions | Balance at June 30, 2020 |
|---|---|---|---|---|
| Equipment | $ 9,539,591 | $ 249,377 | $ (17,687) | $ 9,771,281 |
| Accumulated depreciation | (9,252,649) | (137,489) | 17,687 | (9,372,451) |
| **Net capital assets** | $ 286,942 | $ 111,888 | $ - | $ 398,830 |

Depreciation expense of $162,720 and $137,489 was charged to local programming and production for the years ended June 30, 2021 and 2020, respectively.

## NOTE 3. INTERFUND TRANSACTIONS

The Station administrative support is based on an allocation of actual indirect costs from ENMU and the related expense of $188,059 and $224,200 for 2021 and 2020, respectively, is included in management and general expense. This method of reporting indirect costs conforms to CPB guidelines.

## NOTE 4. CONTINGENCIES

***Insurance Coverage.*** The Station 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 Station is insured under the Eastern New Mexico University's Risk Management for liability and casualty insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

## NOTE 5. STATE AND PRIVATE GRANTS

The Station participates in state assisted grant programs. The disbursements of funds received under these programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Station. In the opinion of management, however, any such disallowed claims will not have a material effect on the financial statements of KENW-TV as of and for the year ended June 30, 2021.

## NOTE 6. RETIREMENT PLAN

As required by Government Accounting Standards Board Statement No. *68, Accounting and Financial Reporting for Pensions,* the University has implemented the standard for the fiscal year ending June 30, 2021.

KENW-TV, a Department of the primary government of the University, is a contributing employer to a cost-sharing multiple employer-defined benefit pension plan administered by the Educational Retirement Board (ERB). Overall, total pension liability exceeds ERB Plan net position resulting in a net pension liability. The University has determined the University's share of the net pension liability to be a liability of the University as a whole, rather than the Department of the University and is not to be reported in the department level financial statements of the University. All required disclosures are presented in the University's financial statements.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government are contained in the University financial statement and is available, when issued, from the University Controller, Business Affairs Station #4, 1500 S Ave K, Portales New Mexico 88130.

## NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE

As required by Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, the University has implemented this standard for the fiscal year ended June 30, 2021.

KENW-TV, a Department of the primary government of the University, is a contributing employer to a cost-sharing multiple-employer defined benefit post-employment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other post-employment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The University has determined the University's share of the net OPEB liability to be a liability of the University as a whole, rather than any department of the University and the liability will not be reported in the department level financial statements of the University. All required disclosures will be presented in the financial statements of the University.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the University financial statements for the year ended June 30, 2021 and will be available, when issued, from the University Controller, Business Affairs Station #4, 1500 S Ave K, Portales New Mexico 88130.

## NOTE 8. SUBSEQUENT EVENTS

The Station has evaluated events subsequent to June 30, 2021 that would possibly require adjustment or disclosure in these financial statements, through November 23, 2021, the date that these statements were available to be issued. There were no events identified that requires adjustment or disclosure as of June 30, 2021.

## SCHEDULES OF BUDGETED AND ACTUAL EXPENSES
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

| June 30, 2021 | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Program services** | | | | |
| Local programming and production | $ - | $ 1,237,769 | $ 813,853 | $ 423,916 |
| Broadcasting | - | 1,018,750 | 852,459 | 166,291 |
| Program Information | - | 181,132 | 119,138 | 61,994 |
| **Total program services** | - | 2,437,651 | 1,785,450 | 652,201 |
| **Supporting services** | | | | |
| Fund raising and membership development | - | 119,810 | 56,395 | 63,415 |
| Management and general | - | 504,163 | 665,193 | (161,030) |
| **Total supporting services** | - | 623,973 | 721,588 | (97,615) |
| **Total operating funds** | $ - | $ 3,061,624 | $ 2,507,038 | $ 554,586 |

| June 30, 2020 | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Program services** | | | | |
| Local programming and production | $ - | $ 1,190,521 | $ 991,010 | $ 199,511 |
| Broadcasting | - | 865,899 | 780,970 | 84,929 |
| Program Information | - | 118,585 | 124,728 | (6,143) |
| **Total program services** | - | 2,175,005 | 1,896,708 | 278,297 |
| **Supporting services** | | | | |
| Fund raising and membership development | - | 101,597 | 56,730 | 44,867 |
| Management and general | - | 529,435 | 629,395 | (99,960) |
| **Total supporting services** | - | 631,032 | 686,125 | (55,093) |
| **Total operating funds** | $ - | $ 2,806,037 | $ 2,582,833 | $ 223,204 |

*See Accompanying Notes.*


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SECTION

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

**The Board of Regents**
Eastern New Mexico University
Portales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and budgetary comparisons of KENW-TV (a department of and a public broadcasting entity operated by Eastern New Mexico University) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise KENW-TV's basic financial statements and have issued our report thereon dated November 23, 2021.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the KENW-TV's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the KENW-TV's internal control. Accordingly, we do not express an opinion on the effectiveness of the KENW-TV's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audits, 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.

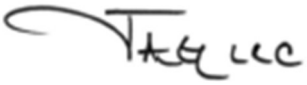
The Board of Regents
Eastern New Mexico University

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the KENW-TV's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 KENW-TV's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KENW-TV's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 23, 2021

# Summary Schedule of Prior Audit Findings

**FOR THE YEAR ENDED JUNE 30, 2021**

| FINANCIAL STATEMENT FINDINGS |
| --- |
| NONE |
| |
| |

# Schedule of Findings and Responses

**FOR THE YEAR ENDED JUNE 30, 2021**

## SECTION I: SUMMARY OF AUDITOR'S RESULTS

| FINANCIAL STATEMENTS: | | |
|---|---|---|
| 1. | Type of auditor's report issued<br>Unmodified | |
| 2. | Internal Control over Financial Reporting | |
| | a. Material Weakness Identified? | No |
| | b. Significant Deficiencies not considered to be material weakness? | No |
| | c. Non-compliance Material to the financial statements noted? | No |

