

Annual Financial Report

2011-2012



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*Interim Assistant Vice President for
Human Resource Services*



October 22, 2012

Members of the Board of Regents
New Mexico State University

We are pleased to submit the annual financial report of New Mexico State University (the University) for the fiscal year ended June 30, 2012. The accompanying financial statements of the University include a separate column entitled Discrete Component Unit representing the New Mexico State University Foundation, Inc. Moss Adams LLP, independent auditors, have examined the financial statements and their unqualified opinion is displayed on pages 3 through 5 of the report.

The University continued to manage through reductions in state appropriations and other budgetary impacts related to the economic instability during fiscal year ended June 30, 2012. As we have relied on during the past few years, the University benefitted greatly from the underlying soundness of our financial position. Assets in total increased by 1 percent, and total net assets increased by \$6.9 million, despite a decline in state appropriations of 7 percent and operating revenues of 5 percent. The impact of the decline in revenues is offset by a reduction in operating expenses of 3 percent over the same period.

We have recently completed a number of construction projects including the second phase of the Chamisa Village student apartment complex, the infrastructure portion of the Satellite Chilled Water Plant, the Dona Ana Community College education center in the Village of Hatch, New Mexico, and further expansion of the East Mesa Campus. With an expected capital outlay of at least \$95 million by early fiscal year 2015, we look forward to completion of the Center for the Arts and the Satellite Chilled Water Plant followed by completion of the Institute for Public Policy. These facilities demonstrate our strong commitment to delivering the highest quality educational experience in the furtherance of our mission.

The revenue outlook at the state level is improving and state forecasts reflect increased total revenue collections providing new funds available for the upcoming year. The University benefited from the state's economic growth and a new higher education funding formula through increased general fund appropriations for fiscal year 2013. The continued commitment of state level support for higher education and our conservative fiscal management, will allow us to maintain our focus on strategic goals supporting our core mission of instruction, research, extension and public service. With the combined expertise, dedication and support of our Regents, sponsors, friends, faculty and staff, even amid uncertain macroeconomic conditions at the federal, state and local level, we can continue to make a positive difference in higher education and beyond.

Sincerely,



Manuel T. Pacheco
Interim President

REPORT OF INDEPENDENT AUDITORS

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Mexico State University (the "University") as of and for the years ended June 30, 2012 and 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. We have also audited the combining statements of net assets – primary institution as of June 30, 2012 and 2011, and the combining statements of revenues expenses and changes in net assets – primary institution for the years then ended, and the budget comparison for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the financial statements, the financial statements of New Mexico State University are intended to present the financial position, and the changes in net assets and cash flows for only that portion of the business-type activities of the State of New Mexico which are attributable to the transactions of New Mexico State University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2012 and 2011, or 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.

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

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 University as of June 30, 2012 and 2011, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the combining statements of net assets – primary institution as of June 30, 2012 and 2011, and the combining statements of revenues, expenses and changes in net assets – primary institution for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the budgetary comparison for the year ended June 30, 2012 in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012 on our consideration of the University'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *schedule of funding progress* on pages 6 through 16 and page 63 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

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's financial statements and the budget comparisons. The accompanying *Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution, and Schedule of Joint Powers Agreements (JPA) and Memorandums of Understanding (MOU)* as required by the New Mexico State Audit Rule and the *Schedule of Expenditures of Federal Awards* as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying *Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution, Schedule of Joint Powers Agreement (JPA) and Memorandums of Understanding (MOU)* and *Schedule of Expenditures of Federal Awards* are fairly stated in all material respects in relation to the financial statements as a whole.

Mess Adams LLP

Albuquerque, New Mexico
October 22, 2012

Management's Discussion and Analysis
For the Year Ended June 30, 2012
(Unaudited)

Overview of Financial Statements and Financial Analysis

Management's Discussion and Analysis is designed to provide an easily readable analysis of New Mexico State University's (the University's) financial activities for the fiscal years ended June 30, 2012, 2011 and 2010. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Please read this analysis in conjunction with the University's financial statements and accompanying notes, which begin on page 17. Separately issued component unit financial statements are available as detailed in Note 11.

Using This Annual Report

The Statement of Net Assets provides information about the University's financial condition at fiscal year end. It presents both a current year synopsis and a longer-term view of the University's assets, liabilities and net assets.

The Statement of Revenues, Expenses, and Changes in Net Assets should be used to review the results of the current year's operations. Changes in total net assets, as presented in the Statement of Net Assets, are based on the activities presented in this statement. The purpose of the statement is to present the revenues earned by the University and the expenses incurred by the University and any other revenues, expenses, gains and losses earned or incurred by the University. Non-operating revenues include state appropriations revenue, gift revenue and interest earned on operating balances. The line item entitled "Income (loss) before other revenues, expenses, gains or losses" may give a more complete picture of the results of the University's operations during the year, including income resulting from non-exchange transactions. A non-exchange transaction is one in which the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the fiscal year.

Footnote information provides additional detail on the University'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 Office of the Senior Vice President for Administration and Finance at 575-646-2431 or boffice@nmsu.edu.

Financial Highlights

For the years ended June 30, 2012, 2011, and 2010, the University's financial position was as follows (in thousands):

Condensed Statement of Net Assets

	June 30, 2012	June 30, 2011	June 30, 2010
ASSETS			
Current assets	\$ 140,188	\$ 107,055	\$ 120,293
Capital assets	479,347	420,774	396,104
Other non-current assets	<u>183,762</u>	<u>268,352</u>	<u>255,485</u>
TOTAL ASSETS	803,297	796,181	771,882
LIABILITIES			
Current liabilities	74,958	67,326	69,196
Non-current liabilities	<u>162,765</u>	<u>170,190</u>	<u>180,829</u>
TOTAL LIABILITIES	237,723	237,516	250,025
NET ASSETS			
Invested in capital assets, net of related debt	313,787	283,895	282,244
Restricted	117,632	138,763	113,859
Unrestricted	<u>134,155</u>	<u>136,007</u>	<u>125,754</u>
TOTAL NET ASSETS	\$ 565,574	\$ 558,665	\$ 521,857

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

OPERATING REVENUES			
Federal appropriations, grants, and contracts	\$ 162,959	\$ 188,977	\$ 180,898
Student tuition and fees (net)	66,542	64,871	60,468
Other operating revenues	<u>111,320</u>	<u>106,521</u>	<u>113,613</u>
TOTAL OPERATING REVENUES	340,821	360,369	354,979
OPERATING EXPENSES			
Instruction	135,444	133,883	133,293
Research	116,099	119,795	125,752
Other operating expenses	<u>294,072</u>	<u>308,047</u>	<u>291,711</u>
TOTAL OPERATING EXPENSES	545,615	561,725	550,756
Net operating loss	(204,794)	(201,356)	(195,777)
Non-operating revenues and expenses	<u>180,515</u>	<u>193,924</u>	<u>198,669</u>
Income (loss) before other revenue, expenses, gains or losses	(24,279)	(7,432)	2,892
Other revenues, expenses, gains or losses	<u>31,188</u>	<u>44,240</u>	<u>41,163</u>
Increase in net assets	6,909	36,808	44,055
Net assets at beginning of year	558,665	521,857	477,802
Net assets at end of year	\$ 565,574	\$ 558,665	\$ 521,857

General Overview for 2012 and 2011

In fiscal year 2012, the total assets of the institution increased by \$7.1 million and liabilities increased by \$0.2 million. Changes in the Statement of Net Assets include:

- Increase in Cash and cash equivalents held in trust and Accounts receivable based on timing of receipt of funds by the Foundation and for student loans.
- Continuation of the ongoing increase in Capital assets, as several major construction and infrastructure projects progressed throughout the year.

The revenue and expense operations discussed below contribute to the increase in net assets of \$6.9 million. Primary components of this change in net assets include:

- Decrease in operating revenue line of Federal appropriations, grants and contracts primarily due to a decrease in federal funding from Federal Pell, Department of Defense, Health and Human Services and US AID.
- Decrease in operating expense line of Public service due primarily to a decrease in expenses related to funding from Health and Human Services and US AID.

The Statement of Cash Flows shows a net decrease in cash. The largest reduction of cash from operating activities was from Grant and Contract revenues, followed by Tuition and Fees. The most significant uses of cash were for payments to suppliers, to employees and for employee benefits and for construction of capital assets.

General Overview for 2011 and 2010

In fiscal year 2011, the total assets of the institution increased by \$24.3 million and liabilities decreased by \$12.5 million. Changes in the Statement of Net Assets include:

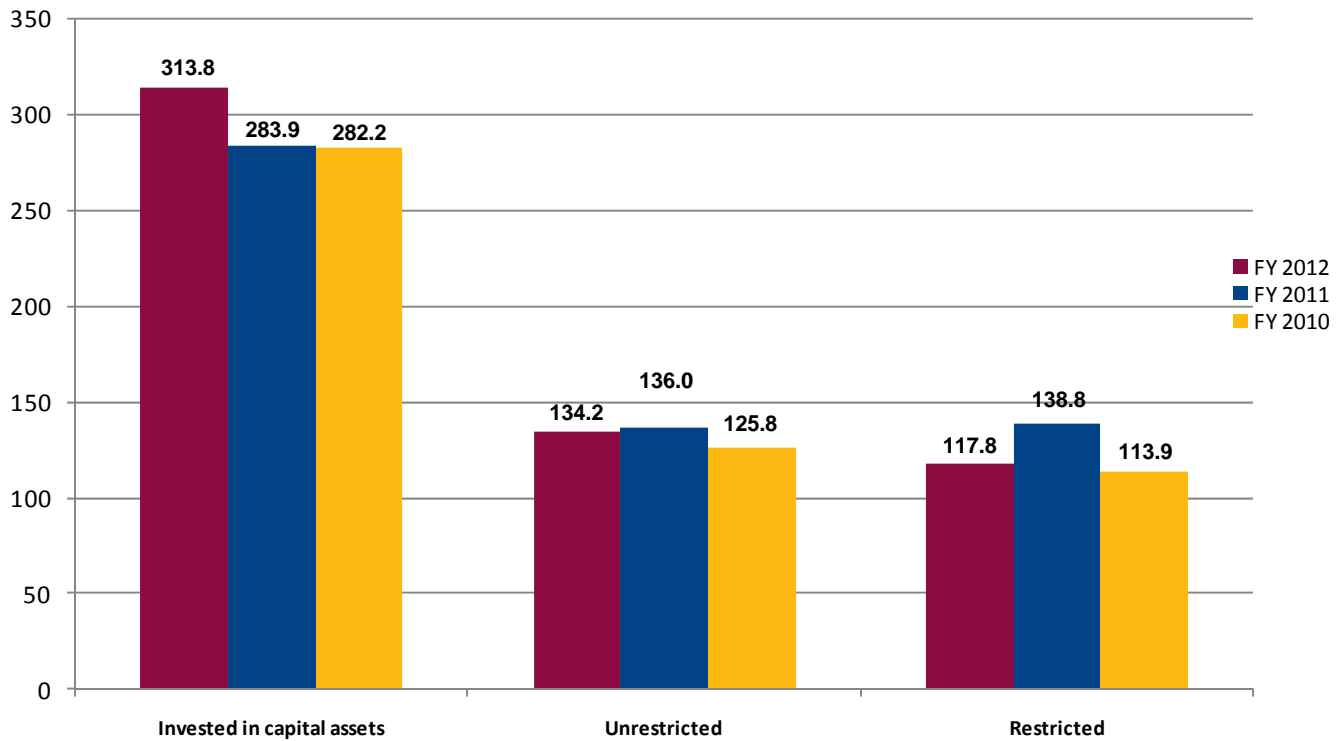
- Conversion of investments and accounts receivable contributed into an increase in cash.
- Increase in Capital assets, as several major construction and infrastructure projects continued throughout the year.
- Decrease in Other long-term liabilities due to repayment of bonds during the year.

The operations discussed below contributed to the \$36.8 million increase in net assets. Primary components of this change in net assets include:

- Increase in Student tuition and fees due to increased tuition.
- Increase in Federal appropriations, grants and contracts due primarily to increase in federal funding from Federal Pell, National Institutes of Health, US AID and the American Recovery Reinvestment Act funding.
- Increase in Gifts related to contributions from donors and an increase in Permanent endowment income related to the land grant endowment.

Accordingly, the Statement of Cash Flows shows a net increase in cash. The largest source of cash from operating activities was from Grant and Contract revenues, followed by Tuition and Fees, while the largest source of cash from non-operating activities was from State Appropriations. The most significant uses of cash were for payments to suppliers and to employees and for employee benefits.

The following graph illustrates the comparison of net assets (in millions) by category for fiscal years 2012, 2011 and 2010.



Operating Revenues for 2012 and 2011

Federal appropriations, grants and contracts, the largest Operating revenue sources, decreased in fiscal year 2012. The decrease in this source was offset by an increase in Student tuition and fees and State grants and contracts.

The operating loss for fiscal year 2012 of \$204.8 million increased by \$3.4 million from the \$201.4 million loss in fiscal year 2011. Operating revenues decreased by \$19.6 million. The most significant changes in Operating revenues were as follows:

- Decrease in Federal appropriations, grants and contracts of \$26.0 million (13.8%). This decrease is due to a decrease of Federal Pell funding of \$5.4 million, Department of Defense funding of \$7.1, US AID funding of \$6.5 and Health and Human Services funding of \$7.0.
- Continued increase in Student tuition and fees, net of Scholarship allowances, of \$4.4 million (7.0%), due to increased tuition and fees rates.
- Increase in State grants and contracts of \$2.8 million (10.7%). This increase is due to an increase of New Mexico Environment Department funding of \$0.4 million, New Mexico Legislative Lottery funding of \$1.8 million and New Mexico Children, Youth and Families Division funding of \$0.6 million.

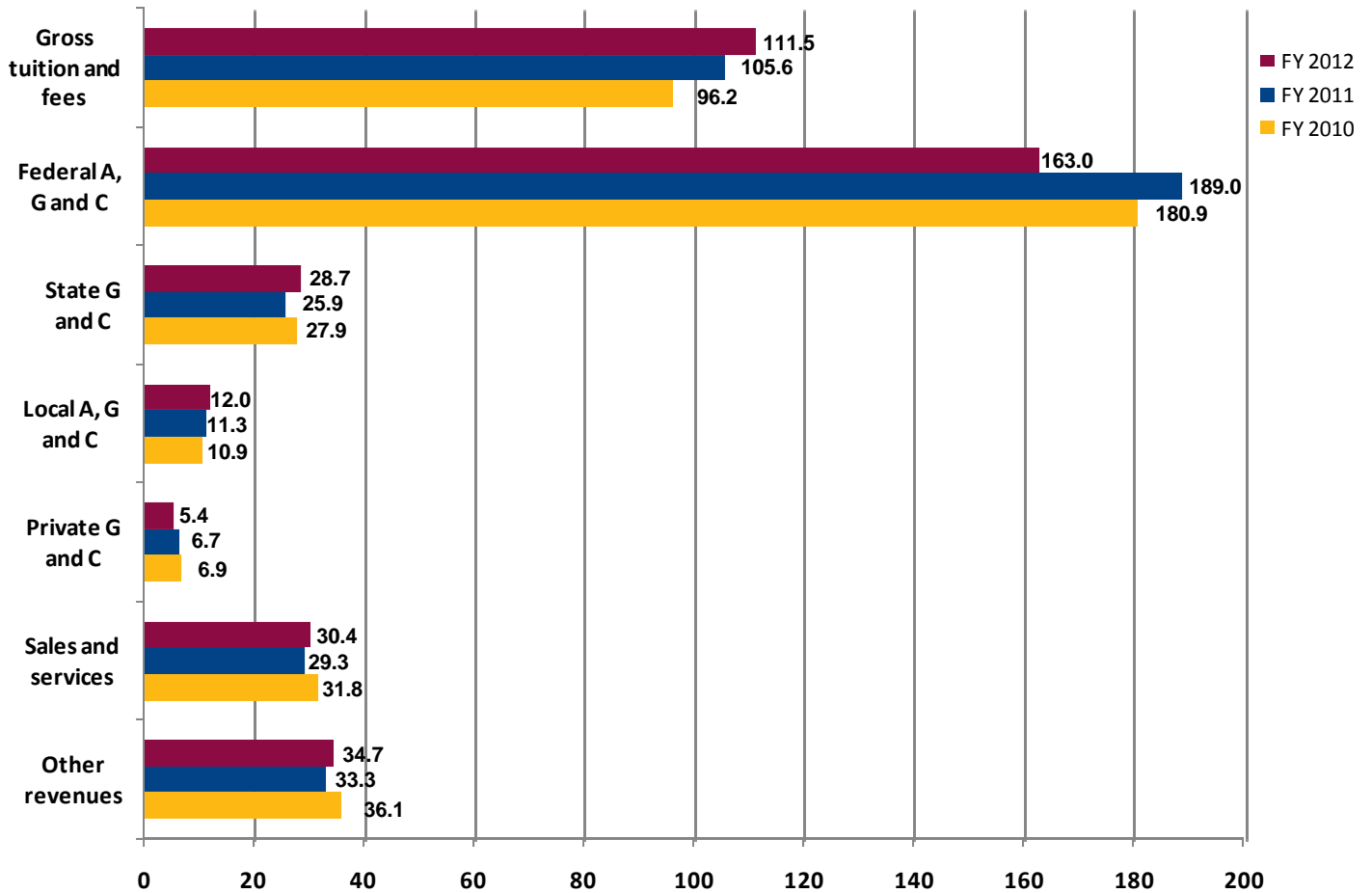
Operating Revenues for 2011 and 2010

Student tuition and fees (net) and Federal appropriations, grants and contracts, two of the largest Operating revenue sources, increased in fiscal year 2011. The increase in these two sources was offset by a decrease in State grants and contracts, Sales and services and Other operating revenues.

The operating loss for fiscal year 2011 of \$201.4 million increased by \$5.6 million from the \$195.8 million loss in fiscal year 2010. Operating revenues increased by \$5.4 million. The most significant changes in Operating revenues were as follows:

- Continued increase in Student tuition and fees, net of Scholarship allowances, of \$4.4 million (7.0%), due to increased tuition and fees rates.
- Increase in Federal appropriations, grants and contracts of \$8.0 million (4.2%). This increase is due to an increase of Federal Pell funding of \$8.0 million.
- Decrease of \$2.0 million (7.7%) in State grants and contracts, related primarily to State funded scholarship program funding and New Mexico Department of Transportation funding.
- Decrease of \$2.4 million (7.8%) in Sales and services, related primarily to athletic events, special events, livestock sales and housing.
- Decrease of \$2.8 million (8.0%) in Other operating revenues, related primarily to lower recovery of indirect costs and NCAA conference revenues.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2012, 2011 and 2010.



Operating Expenses for 2012 and 2011

The largest dollar decreases in operating expense were as follows:

- Decrease in Public service expense of \$15.5 million (26.5%). This decrease is due to the completion of grant-funded projects awarded by US AID and Health and Human Services.
- Decrease in Scholarships and fellowships expense of \$6.7 million (12.9%). This decrease is due to an decrease of expenses related to Federal Pell grant and scholarship programs.

Operating Expenses for 2011 and 2010

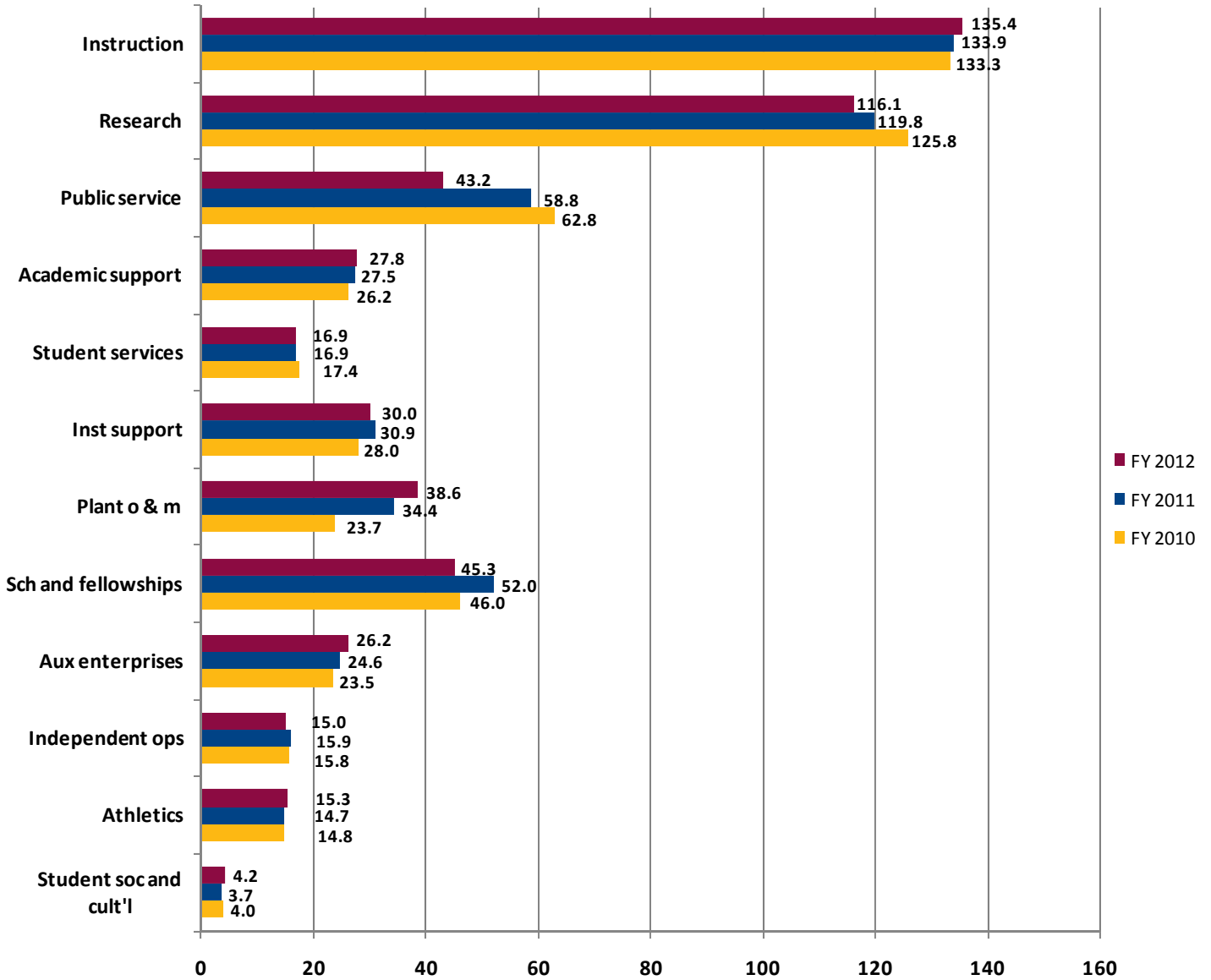
The largest dollar increases in operating expense were as follows:

- Increase in Operation and maintenance of plant expenses of \$10.7 million (31.2%). This increase is due to an increase of expenses related primarily to maintenance of capital assets and renewal and replacement of non-capitalizable equipment.
- Increase in Scholarships and fellowships expense of \$6.0 million (11.6%). This increase is due to an increase of expenses related to Federal Pell grant and scholarship programs.

The above mentioned increase was offset by a reduction in the following expense line item:

- Decrease in Research expenses of \$6.0 million (5.0%). This decrease is due to a reduction in research related to programs with the Food Safety Center, NM Department of Transportation and defense-based programs at the Physical Science Laboratory.

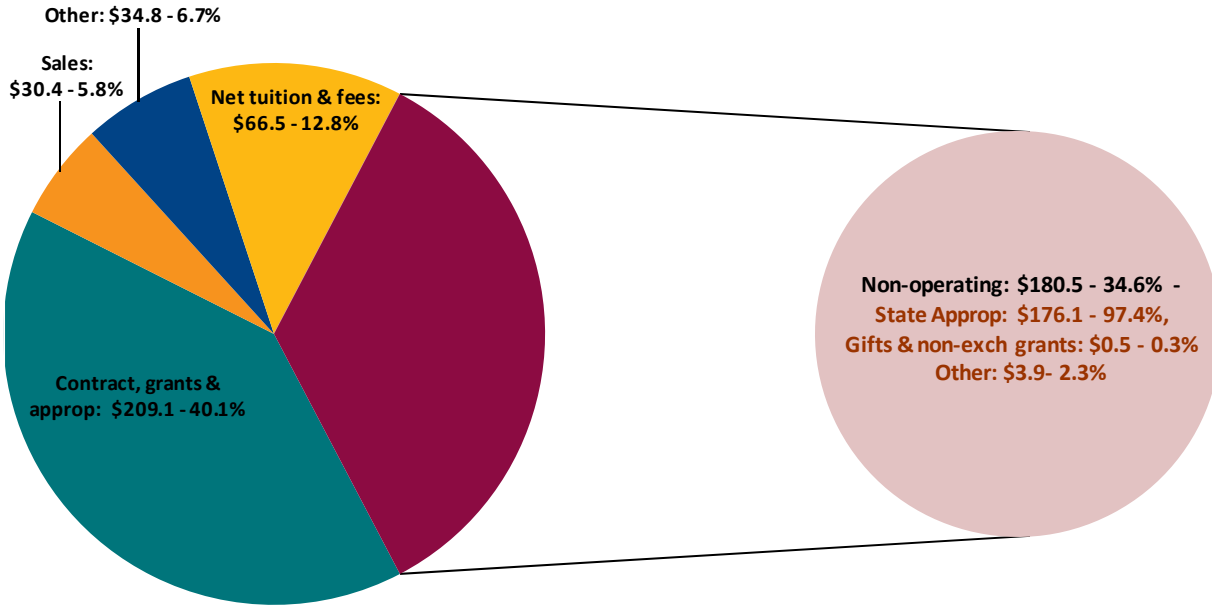
The following graph illustrates a comparison of operating expenses (in millions) by function (excluding depreciation and loan administration) for fiscal years 2012, 2011 and 2010.



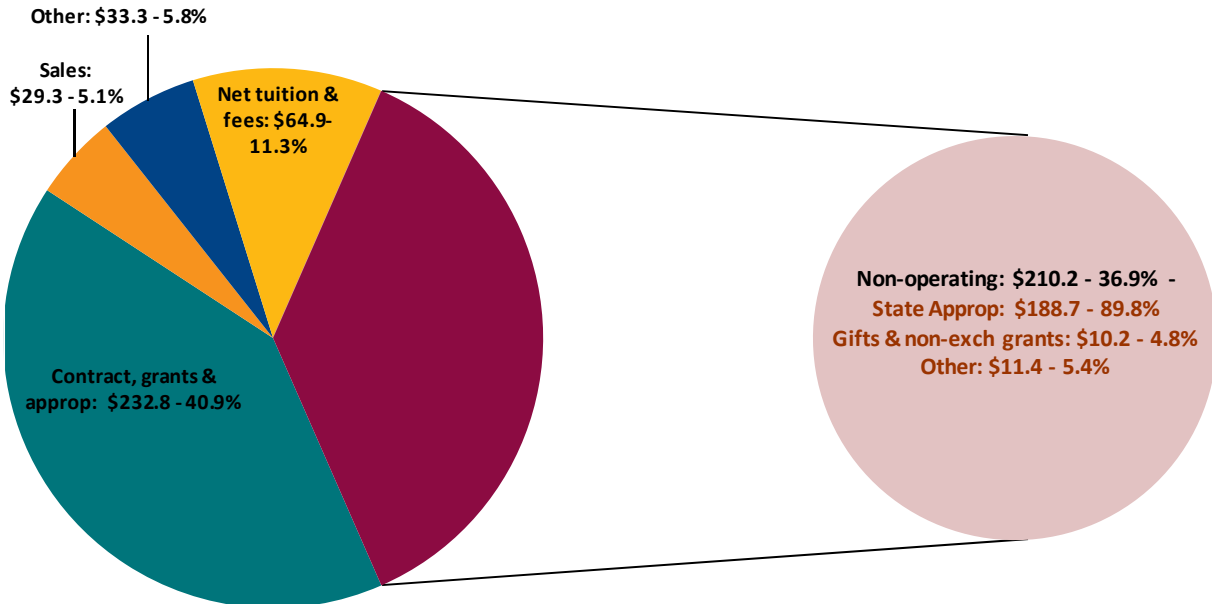
The Statement of Revenues, Expenses, and Changes in Net Assets reflects an Income/(loss) before other revenues, expenses, gains or losses of (\$24.3 million), \$8.9 million and \$2.9 million in 2012, 2011 and 2010, respectively.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2012, 2011 and 2010.

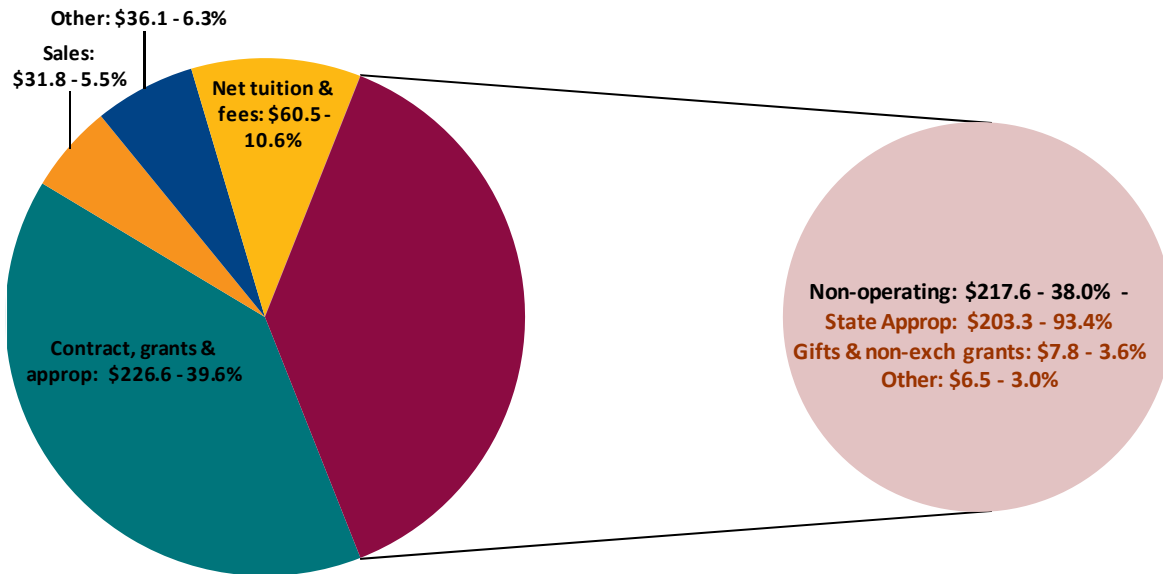
2012 Total Operating and Non-operating revenues



2011 Total Operating and Non-operating revenues



2010 Total Operating and Non-operating revenues



Capital Asset and Debt Administration

During fiscal year 2012, the Net Capital Assets increase of \$58.6 million was largely the result of the completion of Phase 2 of the Chamisa Village Student Apartments (\$14.1 million), the completion of phases 6 and 7 of the Dona Ana Community College East Mesa Campus (\$10 million), completion of the infrastructure portion of the Satellite Chilled Water Plant (\$9.7 million). Construction In Progress (CIP) for the Center for the Arts continued through FY 2012, accumulating additional future capitalizable expenditures of \$18.5 million. The remaining components of the Satellite Chilled Water Plant incurred CIP expenditures of \$6.5 million in FY12.

During fiscal year 2011, the Net Capital Assets increase of \$24.7 million originated from five projects that were in the construction work in progress phase – the new Bookstore (\$10.5 million), Phase 2 Chamisa Village Student Apartments (\$6.1 million), the Carlsbad Allied Health Facility (\$4.1 million), the Center for the Arts (\$4.1 million) and the Satellite Chilled Water Plant (\$3.7 million). This increase was offset by a decrease in spending for capital equipment, which was \$2.6 million less in fiscal year 2011 than that of fiscal year 2010. This trend will likely continue in the foreseeable future, since the equipment capitalization threshold was changed in fiscal year 2006, and now aging capital equipment is being replaced by equipment valued below the capitalization threshold.

During fiscal year 2010, Net Capital Assets increased by \$17.4 million primarily from six projects – renovation of Gardiner Hall – Physics Building (\$6.8 million), the construction of the American Indian Student Center (\$2.8 million), Phase 5 of the Dona Ana Community College East Mesa Campus (\$2.6 million), the addition to the Dona Ana Community College Gadsden Center (\$1.8 million), an addition to the College of Health and Social Science building (\$1.5 million) and renovations to the Carlsbad Campus Main Building (\$1.5 million).

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2012, there was a net decrease of approximately \$4.3 million, and an increase of approximately \$9.0 million in the revised budgeted expenditures. The most significant changes to revenues were anticipated decreases related to Federal government grants and contracts, offset in part by anticipated increases in Other Sources of Revenue. The anticipated increase in expenditures related primarily to expenditures for Capital Outlay and Instruction and General, offset in part by decreases to Student Financial Aid and Public Service. There were less significant changes in several of the other functional expense categories.

Actual revenues earned in fiscal year 2012 were lower than the revised budget by \$25.3 million and actual expenditures were lower than the revised budget by \$43.8 million. The main contributor to the revenue budget variance was Federal Revenue Sources (58% of the change) and the main contributors to the expense budget variance were the Instruction, Research, Student Financial Aid and Plant fund categories (67% of the change). Because the University budgets capital projects in their entirety, multi-year projects may result in mismatches of budget to actual revenues and expenses in any one year. Total operating expenditures were greater than revenues, resulting in a decrease in the overall fund balance of \$20.8 million. Of this amount, approximately \$5.6 million generally reflects the use of balances that had been held in anticipation of future cuts in State Appropriations. As the budget situation at the State has stabilized for the University, some of those balances were spent. The remainder is associated with capital projects, which often receive funding that is spent over the project life which often exceeds one year.

Factors Impacting Future Periods

The New Mexico Higher Education Department presented a revised funding formula for higher education to Governor Susana Martinez and the Legislative Committee during fiscal year 2012. The new formula which incorporated fundamental changes to the existing funding formula calculation was used to determine the fiscal year 2013 general fund appropriations for higher education for instruction and general purposes. The University received an increase of approximately \$6.3 million in state appropriations directly related to the final approved formula calculation. Additional formula modifications are expected to be presented by the New Mexico Higher Education Department during fiscal year 2013.

The University is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the 2012-2013 fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University will maintain close oversight of resources to ensure the University's ability to react to unknown internal and external issues.

New Mexico State University

Statement of Net Assets

As of June 30, 2012

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 62,379,889	\$ 6,792,824
Cash and cash equivalents held in trust by Component Unit for NMSU	1,913,282	1,913,282
Short-term investments	11,100	2,256,120
Accounts receivable, net	67,975,995	991,717
Due from Component Unit	1,998,203	-
Inventories	2,342,109	14,508
Prepaid expenses	2,078,291	52,839
Student loans receivable - current portion, net	1,489,024	-
Total current assets	140,187,893	12,021,290
Non-current assets		
Restricted cash and cash equivalents	3,981,699	1,525,130
Investments held by others	53,913,594	2,879,084
Investments held in trust by Component Unit for NMSU	37,461,679	37,461,679
Investments held in trust for others	-	649,908
Other long-term investments	74,624,266	91,093,572
Student loans receivable, net	13,401,218	-
Prepaid expenses and other assets	379,246	179,110
Capital assets, net	479,347,262	424,771
Total non-current assets	663,108,964	134,213,254
TOTAL ASSETS	803,296,857	146,234,544
LIABILITIES		
Current liabilities		
Accounts payable	20,010,258	904,088
Due to NMSU	-	1,998,203
Other accrued liabilities	21,795,036	-
Accrued interest payable	2,014,169	-
Held in trust for NMSU	-	1,913,282
Unearned revenue	17,769,422	-
Long-term liabilities - current portion	13,369,374	204,351
Total current liabilities	74,958,259	5,019,924
Non-current liabilities		
Accrued benefit reserves	679,656	-
Held in trust for NMSU	-	37,461,679
Other long-term liabilities	162,085,045	3,114,369
Total non-current liabilities	162,764,701	40,576,048
TOTAL LIABILITIES	237,722,960	45,595,972
NET ASSETS		
Invested in capital assets, net of related debt	313,786,615	424,771
Restricted for:		
Non-expendable:		
Endowments	77,904,586	69,357,386
Expendable:		
General activities	1,749,116	30,503,583
Federal student loans	17,170,976	-
Capital projects	13,725,110	-
Related entity activities	7,082,185	-
Unrestricted	134,155,309	352,832
TOTAL NET ASSETS	\$ 565,573,897	\$ 100,638,572

The notes to the financial statements are an integral part of the financial statements.

New Mexico State University

Statement of Net Assets

As of June 30, 2011

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 103,218,583	\$ 3,240,401
Cash and cash equivalents held in trust by Component Unit for NMSU	276,604	276,604
Short-term investments	2,011,100	6,130,644
Accounts receivable, net	63,099,882	742,190
Due from Component Unit	2,287,417	-
Inventories	1,979,001	23,467
Prepaid expenses	2,781,764	43,233
Student loans receivable - current portion, net	1,456,250	-
Total current assets	177,110,601	10,456,539
Non-current assets		
Restricted cash and cash equivalents	4,376,646	3,615,514
Investments held by others	53,079,459	2,560,951
Investments held in trust by Component Unit for NMSU	39,408,834	39,408,834
Investments held in trust for others	-	623,467
Other long-term investments	87,893,238	93,543,382
Student loans receivable, net	13,106,247	-
Prepaid expenses and other assets	432,273	179,109
Capital assets, net	420,773,681	184,175
Total non-current assets	619,070,378	140,115,432
TOTAL ASSETS	796,180,979	150,571,971
LIABILITIES		
Current liabilities		
Accounts payable	15,944,665	566,998
Due to NMSU	-	2,287,417
Other accrued liabilities	21,290,300	-
Accrued interest payable	2,128,606	-
Held in trust for NMSU	-	276,604
Unearned revenue	15,128,585	-
Long-term liabilities - current portion	12,834,148	223,469
Total current liabilities	67,326,304	3,354,488
Non-current liabilities		
Accrued benefit reserves	679,656	-
Held in trust for NMSU	-	39,408,834
Other long-term liabilities	169,510,410	2,645,483
Total non-current liabilities	170,190,066	42,054,317
TOTAL LIABILITIES	237,516,370	45,408,805
NET ASSETS		
Invested in capital assets, net of related debt	283,895,401	184,175
Restricted for:		
Non-expendable:		
Endowments	82,651,490	65,556,758
Expendable:		
General activities	2,847,906	35,335,492
Federal student loans	16,981,814	-
Capital projects	26,765,662	-
Related entity activities	9,516,151	-
Unrestricted	136,006,185	4,086,741
TOTAL NET ASSETS	\$ 558,664,609	\$ 105,163,166

The notes to the financial statements are an integral part of the financial statements.

New Mexico State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 111,462,937	\$ -
Less: scholarship allowances	(44,920,464)	-
Student tuition and fees (net)	66,542,473	-
Federal appropriations, grants and contracts	162,959,350	-
State grants and contracts	28,711,470	-
Local appropriations, grants and contracts	12,036,837	-
Non-governmental grants and contracts	5,391,344	10,125,153
Sales and services	30,422,018	3,307,437
Other operating revenues	34,757,082	-
Total operating revenues	340,820,574	13,432,590
EXPENSES		
Operating expenses:		
Instruction	135,444,177	-
Research	116,099,299	-
Public service	43,199,392	-
Academic support	27,859,255	-
Student services	16,870,468	-
Institutional support	29,972,426	-
Operation and maintenance of plant	38,642,783	-
Scholarships and fellowships	45,343,397	-
Auxiliary enterprises	26,159,951	-
Independent operations	14,950,301	-
Intercollegiate athletics	15,336,944	-
Student social and cultural	4,200,371	-
Loan administration (net)	84,296	-
Depreciation	31,452,068	52,531
Other operating expenses	-	12,425,051
Total operating expenses	545,615,128	12,477,582
Net operating (loss) income	(204,794,554)	955,008
Non-operating revenues (expenses):		
State appropriations	176,119,345	-
Gifts and non-exchange grants	474,426	-
Investment income (loss)	7,027,348	(5,332,630)
Interest and other expenses on capital asset-related debt	(6,528,377)	-
Other non-operating revenues (expenses)	3,422,729	(146,972)
Net non-operating revenues	180,515,471	(5,479,602)
Income (loss) before other revenues, expenses, gains or losses	(24,279,083)	(4,524,594)
Capital appropriations	21,500,633	-
Capital grants, gifts and other income	4,957,940	-
Building fees	5,872,346	-
Loss on disposal of plant	(2,394,375)	-
Additions to permanent endowments	1,251,827	-
Increase (decrease) in net assets	6,909,288	(4,524,594)
NET ASSETS		
Beginning of year	558,664,609	105,163,166
End of year	\$ 565,573,897	\$ 100,638,572

The notes to the financial statements are an integral part of the financial statements.

New Mexico State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 105,550,872	\$ -
Less: scholarship allowances	(40,680,269)	-
Student tuition and fees (net)	64,870,603	-
Federal appropriations, grants and contracts	188,977,167	-
State grants and contracts	25,930,868	-
Local appropriations, grants and contracts	11,280,138	-
Non-governmental grants and contracts	6,657,568	11,464,616
Sales and services	29,305,952	3,050,470
Other operating revenues	33,346,367	-
Total operating revenues	360,368,663	14,515,086
EXPENSES		
Operating expenses:		
Instruction	133,882,866	-
Research	119,795,451	-
Public service	58,767,296	-
Academic support	27,492,786	-
Student services	16,924,147	-
Institutional support	30,856,688	-
Operation and maintenance of plant	34,420,962	-
Scholarships and fellowships	52,038,437	-
Auxiliary enterprises	24,601,058	-
Independent operations	15,936,298	-
Intercollegiate athletics	14,671,364	-
Student social and cultural	3,683,625	-
Loan administration (net)	238,046	-
Depreciation	28,415,521	49,980
Other operating expenses	-	14,221,291
Total operating expenses	561,724,545	14,271,271
Net operating (loss) income	(201,355,882)	243,815
Non-operating revenues (expenses):		
State appropriations	188,649,785	-
Gifts and non-exchange grants	10,187,535	-
Investment income	18,983,004	17,606,913
Interest and other expenses on capital asset-related debt	(7,233,757)	-
Other non-operating revenues (expenses)	(340,615)	(130,204)
Net non-operating revenues	210,245,952	17,476,709
Income (loss) before other revenues, expenses, gains or losses	8,890,070	17,720,524
Capital appropriations	11,256,833	-
Capital grants, gifts and other income	12,830,303	-
Building fees	5,454,995	-
Loss on disposal of plant	(2,003,565)	-
Additions to permanent endowments	378,448	-
Increase in net assets	36,807,084	17,720,524
NET ASSETS		
Beginning of year	521,857,525	87,442,642
End of year	\$ 558,664,609	\$ 105,163,166

The notes to the financial statements are an integral part of the financial statements.

New Mexico State University

Statement of Cash Flows

For the Year Ended June 30, 2012

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 64,960,749
Grants and contracts received	202,017,293
Payments to suppliers	(106,995,523)
Payments for travel	(14,047,291)
Payments to employees and for employee benefits	(337,667,300)
Disbursement of net aid to students	(50,816,970)
Receipts from sales and services	30,422,018
Other operating revenues	39,837,774
NET CASH USED BY OPERATING ACTIVITIES	(172,289,250)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	176,119,345
Gifts for other than capital purposes	474,426
Private gifts for endowment	1,251,827
Other non-operating revenue	3,422,729
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	181,268,327
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital gifts, grants and contracts	26,458,573
Purchases/construction/renovation of capital assets	(89,900,791)
Principal paid on capital debt and leases	(9,409,372)
Interest and fees paid on capital debt and leases	(6,642,814)
Building fees received from students	5,872,346
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(73,622,058)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	85,000,000
Interest on investments	624,480
Purchase of investments	(75,045,000)
Realized gain on investments	12,829,860
NET CASH PROVIDED BY INVESTING ACTIVITIES	23,409,340
Net decrease in cash and cash equivalents	(41,233,641)
Cash and cash equivalents - beginning of year	107,595,229
Cash and cash equivalents - end of year	\$ 66,361,588
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (204,794,554)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	31,452,068
Change in assets and liabilities:	
Increase in accounts receivable	(6,223,577)
Decrease in prepaid expenses	756,500
Increase in inventory	(363,108)
Increase in loans receivable	(327,745)
Increase in accounts payable	4,065,593
Increase in other accrued liabilities	504,736
Increase in unearned revenue	2,640,837
NET CASH USED BY OPERATING ACTIVITIES	\$ (172,289,250)

The notes to the financial statements are an integral part of the financial statements.

New Mexico State University

Statement of Cash Flows

For the Year Ended June 30, 2011

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 81,868,071
Grants and contracts received	227,021,407
Payments to suppliers	(100,486,853)
Payments for travel	(14,057,187)
Payments to employees and for employee benefits	(355,763,099)
Disbursement of net aid to students	(59,177,656)
Receipts from sales and services	32,589,213
Other operating revenues	28,191,433
NET CASH USED BY OPERATING ACTIVITIES	(159,814,671)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	188,649,785
Gifts for other than capital purposes	10,993,713
Private gifts for endowment	3,488,823
Other non-operating revenue	834,813
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	203,967,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital gifts, grants and contracts	32,002,155
Purchases/construction/renovation of capital assets	(29,423,918)
Principal paid on capital debt and leases	(11,947,776)
Interest and fees paid on capital debt and leases	(7,796,494)
Building fees received from students	5,454,995
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,711,038)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	63,469,328
Interest on investments	4,183,378
Purchase of investments	(58,037,500)
Realized gain on investments	5,824,420
NET CASH PROVIDED BY INVESTING ACTIVITIES	15,439,626
Net increase in cash and cash equivalents	47,881,051
Cash and cash equivalents - beginning of year	59,714,178
Cash and cash equivalents - end of year	\$ 107,595,229
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (201,355,882)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	28,415,521
Change in assets and liabilities:	
Decrease in accounts receivable	13,011,694
Decrease in prepaid expenses	3,169,812
Increase in inventory	(1,706)
Decrease in loans receivable	761,097
Increase in accounts payable	2,424,416
Decrease in other accrued liabilities	(1,966,163)
Decrease in unearned revenue	(4,273,460)
NET CASH USED BY OPERATING ACTIVITIES	\$ (159,814,671)

The notes to the financial statements are an integral part of the financial statements.

Note 1 – Organization

New Mexico State University (the University) was created under Section 21-8-1 New Mexico Statutes Annotated (NMSA), Article XII, Section 11, of the New Mexico State Constitution. Under Article XII, Section 13 of the New Mexico Constitution, the University is governed by the Board of Regents, a group of five members, one of whom is a student, is appointed by the Governor of New Mexico. Members may serve more than one term. The President of the University acts as Chief Executive Officer.

The University was originally founded in 1888, and in 1889 was established as a land-grant college, in accordance with the provisions of the Morrill Act of 1862. As such, the University continues to provide a liberal and practical education for students and to sustain programs of research, extension education, and public service. The University offers a broad program of instruction at the undergraduate and advanced degree levels in Agricultural, Consumer and Environmental Sciences, Arts and Sciences, Business, Education, Engineering, and Health and Social Services. Other programs include Intercollegiate Athletics, the Agricultural Experiment Stations, the Physical Science Laboratory for Contract Research, the Cooperative Extension Service, the New Mexico Department of Agriculture and community colleges at Alamogordo, Carlsbad, Doña Ana County, and Grants.

New Mexico State University Foundation, Inc. (Foundation), is the “Discrete Component Unit” referred to throughout this document. The Foundation is a not-for-profit corporation established to acquire and manage charitable gifts, including endowed funds, to be used solely for the benefit of the University.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation. The Governmental Accounting Standards Board’s (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provides additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government.

Under GASB 39 criteria, the Foundation meets the criteria for discrete component unit presentation. Arrowhead Center, Inc. meets the criteria for blended presentation. The University and its blended component unit are shown as the University column in the financial statements. The component units have separately audited financial statements, which can be obtained at their administrative offices. Addresses for the component units are in Note 11.

Basis of Accounting. 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), the American Institute of Certified Public Accountants’ (AICPA) guide, and the New Mexico Higher Education Department’s Financial Reporting for Public Institutions in New Mexico.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University’s 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 inter-agency transactions between Arrowhead Center, Inc. and the University have been eliminated. Eliminations are not performed between the University and the Foundation. The University is an agency of the State of New Mexico and, as such, is included in the State of New Mexico’s Comprehensive Annual Financial Report.

The University has the option of applying Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB pronouncement conflicts with GASB

guidance. The University has elected not to apply FASB pronouncements issued after the applicable date.

Statement of Net Assets. Current assets consist of unrestricted assets which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are classified as non-current assets. Current liabilities consist of those liabilities that are due within one year including the current portion of any long-term liabilities.

Cash and Investments. Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or which have an original maturity date of three months or less.

The University accounts for its investments at fair value. Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the Statement of Revenues, Expenses, and Changes in Net Assets.

The Foundation records purchased marketable securities at cost and marketable securities received by gift at estimated fair value on the date of donation. Marketable securities are carried by the Foundation at fair value based on quoted market prices, except for certain alternative investments for which quoted market prices are not available. The estimated fair value of these alternative investments is based on the most recent valuations provided by the external investment managers. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of the fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities of the Foundation. Gains and losses resulting from securities transactions are recorded in investment income.

The Foundation manages a Common Endowment Pool (Pool), consisting of assets invested to support programs of the University. A portion of these assets belongs to the University and is shown in the University's Statement of Net Assets as Investments held in trust by Component Unit for NMSU. The Foundation owns the remainder, which consists of endowments and charitable gift annuities. These are included in other long-term investments in the Foundation's financial statements. The liabilities related to the charitable gift annuities are included in the Foundation's other long-term liabilities.

Disbursements of the net appreciation of investments in donor restricted endowments are permitted in accordance with the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA), except where a donor has specified otherwise. The Investment Committee of the Foundation establishes a target investment allocation designed to support distributions from the Pool and to protect the purchasing power of the endowment principal. The Foundation Investment Committee sets the annual distribution rate, which may vary between four and six percent, in accordance with agreements with some endowment donors. The spending formula used is described in the Investment Policy and is composed of two factors: 80% of the distribution is based on the previous year's distribution amount adjusted for the Higher Education Price Index, and 20% of the distribution is based on the market value of the endowment at the end of each fiscal quarter. This amount is then distributed at the end of each fiscal year. The distribution of the annual calculation is based on the unitized system ownership of each fund.

Accounts Receivable. Accounts receivable primary categories are: 1) Tuition and fees; 2) Amounts due for auxiliary enterprise services provided to students, faculty and staff; and, 3) Amounts due from federal, state, local governments, and others in connection with reimbursement of allowable expenditures made pursuant to the University's sponsored awards. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories. Inventories are generally stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in-first-out method. Inventories consist of items which are available for resale to individuals and/or other University departments, including research supplies, and livestock items. Departmental inventories, comprised of such items as classroom and laboratory supplies, teaching materials and office supply items, which are consumed in the teaching and administrative process, are expensed when purchased.

Investments Held in Trust. Trust assets held by the Foundation are measured at fair value as of the date of receipt. The corresponding trust liability, included in other long-term liabilities, is measured at the present value of expected future cash flows to be paid to the beneficiary. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes.

The Foundation holds several irrevocable charitable remainder trusts and a pooled income fund; these instruments are shown in the accompanying financial statements as investments held in trust for others. Charitable remainder trusts designate the Foundation as both trustee and remainder beneficiary. The Foundation is required to pay to the donor, or another donor-designated income beneficiary, either a fixed amount or the lesser of a fixed percentage of the fair market value of the trust's assets or the trust's income during the beneficiary's life.

The pooled income fund was formed with contributions from several donors. The contributed assets are invested and managed by the Foundation. Each donor, or designated beneficiary, periodically receives, during his or her life, a share of the income earned on the fund proportionate to the value of the contribution to the fund. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes. Contribution revenue is measured at the fair value of the assets received, discounted for a term equal to the life expectancy of the beneficiary.

Capital Assets. Capital assets are recorded at cost as of the date of acquisition, or in the case of gifts, fair market value as of the date of donation. The University's capitalization threshold for equipment acquired after July 1, 2005, is \$5,000; for equipment acquired prior to that date, the threshold was \$1,000. Software is capitalized at \$5,000. Infrastructure and land improvements that significantly increase the value, productivity, or extend the useful life of the structure are capitalized at \$50,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The University's depreciation is computed using the straight-line method. Land and land improvements are not depreciated. Estimated useful lives for major asset classes:

Category	Useful Life
Software	5 or 10 years
Equipment	6 or 15 years
Infrastructure	10 or 20 years
Componentized buildings	12 to 50 years
Library books	15 years
Non-componentized buildings	50 years

The Foundation's capital assets are stated at cost, except for works of art that the Foundation intends to hold indefinitely, which are recorded at fair value on the date of donation. Additions and major improvements are capitalized and repairs and maintenance are charged to expense as incurred.

The Foundation uses the straight-line depreciation method for capital assets. Depreciation expense is recorded over the approximate useful life of each class of asset:

Category	Useful Life
Computer equipment	5 years
Software	5 years
Automobiles	5 years
Furniture and equipment	7 years
Other items	10 to 15 years

Accrued Liabilities. Accrued liabilities include accrued current payroll and fringe benefits. These benefits consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings.

Unearned Revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2012 and 2011. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events.

Current and Non-Current Liabilities. The University did not have any outstanding short-term debt for the years ended June 30, 2012 and 2011. Non-current liabilities include principal amounts of revenue bonds payable, contracts payable and the non-current portion of accrued compensated absences and other liabilities.

The Foundation's other long-term liabilities consist of the liabilities related to charitable gift annuities and charitable remainder unitrusts for which the Foundation serves as trustee. These liabilities are recorded at the present value of anticipated payments to the income beneficiaries. These are computed using the estimated life of each income beneficiary at June 30 each year and the applicable IRS discount interest rates.

Annual and Sick Leave Policies. Regular full-time exempt and non-exempt employees earn annual leave at a rate of 22 working days per year and sick leave at a rate of 12 working days per year. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Accumulated annual leave is paid upon termination. Employees may carry forward up to 100 days (800 hours) of sick leave. Upon termination, employees will be paid for earned sick leave over 600 hours (not to exceed 200 hours). The sick leave payment will be made at a rate of 50 percent of the employee's straight-time hourly salary.

Net Assets. The University's net assets are classified as follows:

- *Invested in capital assets, net of related debt* – Invested in capital assets, net of related debt represent the University's total capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. Debt that has been incurred but not yet expended for capital assets is not included as a component of invested in capital assets, net of related debt.
- *Restricted net assets, expendable* – Restricted net assets - expendable include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Restricted net assets, non-expendable* – Restricted net assets, non-expendable consist of endowment and similar type assets for 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.

- *Unrestricted net assets* – Unrestricted net assets represent all other resources, including those derived from student tuition and fees, state appropriations, and sales and services. These resources are used for transactions relating to the educational and general operations of the University 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. Unrestricted net assets of the Component Unit represent resources that may be used at the discretion of the governing board of the Component Unit to meet current expenses for any purpose.

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

Elimination Entries. Eliminations have been made in the Statement of Revenues, Expenses, and Changes in Net Assets to remove the effect of internal charges incurred for service activities in excess of the cost of providing those services and for revenue recognized by the Auxiliary Service departments for sales to other University departments. Elimination entries are not recorded between the University and the Discrete Component Unit.

Income Taxes. The income generated by the University, as an instrumentality of the State of New Mexico, generally is excluded from federal income taxes under section 115(a) of the Internal Revenue Code. However, the University is subject to taxation on income derived from business activities not substantially related to the University's exempt function (unrelated business income under Internal Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

The Foundation is exempt from federal income taxes under Internal Revenue Code section 501(c)(3).

Classification of Revenues. The University classifies its revenues as either operating or non-operating revenues according to the following criteria:

- *Operating revenues:* Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most federal, state and local grants and contracts and federal appropriations; and (4) interest on institutional student loans. Operating revenues of the Discrete Component Unit consists of gifts, grants, and fundraising activities in support of Foundation and University programs.
- *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, and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34. These revenue streams are recognized under GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met.

Classification of Expenses. The University classifies 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) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expenses related to property, plant, and equipment.

- **Non-operating expenses:** Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34.

Scholarship Discounts and Allowances. Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell grants and other federal, state or non-governmental programs, may be recorded as either operating or non-operating revenues in the University's financial statements. These determinations are made based on definitions in GASB 9 and GASB 34. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded scholarship discount and allowance as a contra-revenue.

Budgetary Process. Operating budgets are submitted for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the New Mexico Department of Finance and Administration - State Budget Division (DFA). Similarly, budget requests are submitted to and approved by the Board of Regents, then forwarded to the HED and DFA. These state agencies develop consolidated funding recommendations for all higher education institutions which are considered for appropriation during the annual legislative sessions. The legal level of budgetary control is at the functional level, in accordance with NMAC 5.3.4.10. There were no violations in fiscal years 2012 and 2011. Cash basis of accounting is used for budgetary comparison. If total expenditures by campus are expected to exceed the approved budget, the University is required to submit a Board of Regents approved budget adjustment request to the HED which is subsequently forwarded to the DFA. In accordance with House Bill 2, in general, unexpended state appropriations to the University do not revert at the end of each fiscal year. All state appropriations are accounted for separately in the accounting system.

Use of 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 expenses during the reporting period. Actual results could differ from those estimates.

Student Loans Receivable. Student loans receivable are shown net of allowance for doubtful accounts in the accompanying Statements of Net Assets. Federal Perkins Loans make up approximately 99% of the student loans receivable at both June 30, 2012 and 2011. Under this program, the federal government provides funds for approximately 75% of the total contribution for student loans, with the University providing the balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University 10% for the amounts cancelled on loans originated prior to July 1, 1993, under the Federal Perkins Loan Program.

Reclassifications. Certain reclassifications were made to 2011 information to conform to 2012 presentation.

Other Significant Accounting Policies. Other significant accounting policies are set forth in the following notes.

Note 3 - Cash and Investments

The University is authorized by the Board of Regents to invest all available University cash. The classification "Cash and cash equivalents" includes cash in banks (deposits), cash on hand, petty cash change funds, certificates of deposit and money market funds.

The Foundation (see Note 11) invests endowment and similar funds for the benefit of the University under the terms of a revocable agreement. These assets are invested in a common pool and as of June 30, 2012 and 2011, the University owned 386,244 and 385,598 shares which represented 29.09% and 28.94% of the total shares in the pool, respectively. The fair value per share as of June 30, 2012 and 2011, was \$96.99 and \$100.00, respectively.

Cash. The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2012 and 2011.

Investments. The Senior Vice President for Administration and Finance, the Controller, the Associate Controller and the Investment and Tax Manager are authorized to purchase and to sell investments of the University. Investments are required to be made in a prudent manner so as to ensure an acceptable yield with a minimum risk within the guidelines of the University's investment policy, which requires investment in securities or other financial instruments which are not contrary to Section 6-10-10 and 46-9-1 through 46-9-12 NMSA 1978, existing bond covenants or other externally placed restrictions. At June 30, 2012 and 2011, all investments are either held in the name of the University by its agent, or held by the University. The investments not held by the Foundation consisted of certificates of deposit and U.S. agency securities at June 30, 2012 and 2011. The Foundation's short-term investments in marketable securities consisted entirely of domestic stocks and bonds at June 30, 2012 and 2011.

Endowment investments were \$91,375,326 and \$92,488,294 at June 30, 2012 and 2011, respectively, and represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2012 and 2011, the investments of the University and its Component Unit consisted of the following:

	2012		2011	
	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)	Fair Value
University				
U.S. agency securities	4.53	\$ 74,257,741	3.88	\$ 87,541,587
Certificates of deposit	1.00	11,100	1.00	2,011,100
Corporate stocks and bonds		366,472		351,650
Permanent land fund		52,000,365		53,079,459
Pooled cash and investments held by others		39,374,961		39,408,835
Total investments		<u>\$ 166,010,639</u>		<u>\$ 182,392,631</u>
Foundation				
U.S. government and agency securities		\$ 8,708,949		\$ 17,238,689
Certificates of deposit		2,030,200		5,817,495
Corporate stocks and bonds		62,023,814		59,128,889
Alternative investments		19,556,604		16,231,937
Other investments		1,030,125		1,257,016
Total investments		<u>\$ 93,349,692</u>		<u>\$ 99,674,026</u>

Investments held in trust by the Foundation for the University are shown in the University section of the table above and not in the Component Unit section. Investments held in trust for others by the Foundation are not included in this note.

In accordance with state statutes, the Land Grant Permanent Fund is held by the State of New Mexico for the benefit of the University.

The following is a schedule of the makeup of pooled cash and investments, held by the Discrete Component Unit for the University at June 30, 2012 and 2011:

	2012	2011
Equities	73%	78%
Fixed income	17%	18%
Cash and cash equivalents	9%	3%
Investments not securities	1%	1%
	<u>100%</u>	<u>100%</u>

Collateralization of Deposits. At June 30, 2012 and 2011, the recorded values of the University's cash and time deposits with financial institutions were \$53,114,853 and \$72,802,880, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2012	2011
University		
Amount insured by the Federal Deposit Insurance Corporation	\$ 25,761,103	\$ 35,290,516
Amount collateralized with securities held by the pledging financial institution	30,126,953	41,252,843
Uncollateralized	-	-
Total cash and time deposit bank balances	55,888,056	76,543,359
Time deposits	(11,100)	(2,011,100)
Cash equivalents	13,257,835	36,803,449
Other reconciling items	(2,773,203)	(3,740,479)
Total reported cash balance	<u>\$ 66,361,588</u>	<u>\$ 107,595,229</u>
Foundation		
Amount insured by the Federal Deposit Insurance Corporation	\$ 300,326	\$ 418,070
Amount in excess of FDIC coverage	285,119	1,045,614
Amount at Merrill Lynch insured by Security Investor Protection Corporation (SIPC) and the Federal Deposit Insurance Corporation	7,732,509	5,392,231
Total reported cash balance	<u>\$ 8,317,954</u>	<u>\$ 6,855,915</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2012:

Account	Type of Account	Bank Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Checking	\$ 83,581	\$ (85)	\$ 83,496
Operational	Debt service	626,673	-	626,673
East Texas National Bank				
Operational	Checking	30,378	-	30,378
Standard Chartered Bank				
Operational	Checking	-	-	-
Grants State Bank				
Operational	Checking	48,421	-	48,421
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(2,754,318)	(2,754,318)
Operational	Student ACH	-	6,863	6,863
Operational	Direct loan	4,312,479	-	4,312,479
Operational	General	-	211,003	211,003
Operational	Payroll	-	(411,532)	(411,532)
Operational	Credit card	-	79,467	79,467
Operational	Debt service	3,202,967	-	3,202,967
Operational	Deposit	-	5,718	5,718
Operational	Savings	30,376,953	-	30,376,953
Operational	Cash management	17,110,839	-	17,110,839
Operational	Money market	9,126	-	9,126
Western Commerce Bank of Carlsbad				
Operational	Checking	78,781	(4,375)	74,406
Operational	Deposit	5,884	619	6,503
Cash on Hand				
Cash on hand	Cash	-	93,437	93,437
Federated Investment Manager				
Dividend reinvestment	Money market	13,248,709	-	13,248,709
Total cash and cash equivalents		<u>\$ 69,134,791</u>	<u>\$ (2,773,203)</u>	<u>\$ 66,361,588</u>

The following table provides information on the University's investments, including reconciling items, at June 30, 2012:

Account	Type of Account	Bank Balance	Reconciling Items	Book Balance
Wells Fargo				
U.S. agency securities	Investment	\$ 15,045,054	\$ -	\$ 15,045,054
Morgan Keegan				
U.S. agency securities	Investment	27,000,000	-	27,000,000
FTN Financial				
U.S. agency securities	Investment	32,106,255	-	32,106,255
Legacy Treasury Direct				
U.S. agency securities	Investment	106,432	-	106,432
Forensic Testing and Laboratory				
Corporate stocks and bonds	Investment	138,942	-	138,942
Principal Funds				
Corporate stocks and bonds	Investment	108,200	-	108,200
A.G. Edwards				
Corporate stocks and bonds	Investment	80,423	-	80,423
Franklin Templeton				
Corporate stocks and bonds	Investment	33,391	-	33,391
Eberhardt Memorial				
Corporate stocks and bonds	Investment	5,516	-	5,516
Citizen's Bank of Las Cruces				
Certificate of deposit	Investment	11,100	-	11,100
New Mexico State Investment Council				
Permanent land fund	Investment	52,000,365	-	52,000,365
New Mexico State University Foundation, Inc.				
NMSU endowments	Investment	39,374,961	-	39,374,961
Total investments		<u>\$ 166,010,639</u>	<u>\$ -</u>	<u>\$ 166,010,639</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2012, is provided below:

Account	Type of Account	Bank Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operational	Checking	\$ 139,332	\$ (14,396)	\$ 124,936
Program	ACH	25,615	-	25,615
Program	Checking	314,503	33,270	347,773
Program - Transfer to Merrill Lynch	Transfer	36,795	-	36,795
Operational - NMSU Sports Enterprises	Checking	55,636	(12,224)	43,412
Citizens Bank of Las Cruces				
Program	Checking	3,072	-	3,072
Program	Money market	3,842	-	3,842
Merrill Lynch				
Operational	Checking	1,250	-	1,250
Operational	Money market	28,851	(32,914)	(4,063)
Program	Checking	3	-	3
Program	Money market	6,239,710	(82,420)	6,157,290
Program - Cash Gift Annuity	Money market	28,952	(11,044)	17,908
Program - Private Equity	Money market	34,991	-	34,991
Due to Endowment Pool for operations	Money market	(258,926)	-	(258,926)
Due to CGA Pool	Money market	(126,304)	-	(126,304)
Hedge Access	Money market	1,138,183	-	1,138,183
Eagle	Money market	277,625	-	277,625
McDonnell	Money market	519,807	-	519,807
Global Templeton	Money market	1,527	-	1,527
Earnest	Money market	108,766	-	108,766
NWQ	Money market	84,840	-	84,840
Fred Alger	Money market	148,363	-	148,363
Oppenheimer	Money market	7,964	-	7,964
Managed Futures	Money market	507,220	-	507,220
Invesco REITS	Money market	165,449	-	165,449
Aletheia (large cap value)	Money market	5,081	-	5,081
Short term investment fund	Money market	1,243,718	-	1,243,718
NFJ International	Money market	182,326	-	182,326
Uma Eagle	Money market	155,488	-	155,488
WHV International	Money market	336,448	-	336,448
SPAR	Money market	39	-	39
Winslow	Money market	177,801	-	177,801
London	Money market	233,633	-	233,633
NMSU Business College	Money market	3,533	-	3,533
Less: cash allocated to NMSU for AHIT	Money market	(3,387,451)	-	(3,387,451)
Total cash and cash equivalents		<u>\$ 8,437,682</u>	<u>\$ (119,728)</u>	<u>\$ 8,317,954</u>
Merrill Lynch				
Corporate stocks and bonds	Investment	\$ 46,156,027	\$ -	\$ 46,156,027
U.S. government and agency securities	Investment	8,708,949	-	8,708,949
Mortgage-backed securities	Investment	13,084,381	-	13,084,381
Limited Partnerships	Investment	19,556,604	-	19,556,604
Mutual Funds	Investment	2,783,406	-	2,783,406
Other investments				
Real Estate Holdings	Investment	718,142	-	718,142
Short-term (various financial institutions)	Investment	2,256,120	-	2,256,120
Accrued investment interest	Investment	86,063	-	86,063
Total investments		<u>\$ 93,349,692</u>	<u>\$ -</u>	<u>\$ 93,349,692</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the University’s investment policy, investment maturities are scheduled to coincide with the University’s projected cash requirements. The University does not commit any discretionary funds to financial instruments with maturities longer than ten years from the date of purchase. Funds are only committed to maturities longer than five years from date of purchase if directly related to a specific capital or other long-term project. The maturity dates on non-discretionary fund investments do not exceed the final maturity dates established within the funds’ restrictive purposes. At least 50% of all cash and investment balances are invested in instruments with maturities less than two years.

A summary of the investments at June 30, 2012, and their exposure to interest rate risk are as follows:

	Short/Long Term	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University						
Agency securities	Long-term	\$ 74,151,309	\$ -	\$ 74,151,309	\$ -	\$ -
Permanent land fund	Long-term	52,000,365	-	52,000,365	-	-
Pooled cash and investments held by others	Long-term	39,374,961	-	39,374,961	-	-
Items not subject to interest rate risk:						
Certificates of deposits	Short-term	11,100	11,100	-	-	-
Corporate stocks and bonds	Short-term	472,904	472,904	-	-	-
Total investments		<u>\$ 166,010,639</u>	<u>\$ 484,004</u>	<u>\$ 165,526,635</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation						
U.S. government and agency securities	Long-term	\$ 8,708,949	\$ -	\$ 2,615,857	\$ 5,021,432	\$ 1,071,660
Certificates of deposits	Short-term	2,030,200	2,030,200	-	-	-
Items not subject to interest rate risk:						
Corporate and foreign stocks	Not aged	48,939,433	-	48,939,433	-	-
Alternative investments	Not aged	19,556,604	-	19,556,604	-	-
Mortgage-backed securities	Not aged	13,084,381	-	13,084,381	-	-
Other investments	Not aged	1,030,125	-	1,030,125	-	-
Total investments		<u>\$ 93,349,692</u>	<u>\$ 2,030,200</u>	<u>\$ 85,226,400</u>	<u>\$ 5,021,432</u>	<u>\$ 1,071,660</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University’s investment policy limits investment in money market instruments and other securities of commercial banks, broker-dealers, or recognized financial institutions to those rated in the highest rating category by a nationally recognized statistical rating organization (NRSROs) or which are guaranteed by a person or entity whose long-term debt obligations are rated in the highest rating category by a NRSRO. This includes without limitation, securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USC Sections 80(a)-1 et. seq., which invest only in obligations of the government of the United States of America or securities that are secured by obligations of the government of the United States of America.

A summary of the investments at June 30, 2012, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	Moody's---AA+/Aaa	\$ 74,151,309
Certificates of deposits	Federally insured	11,100
Corporate stocks and bonds	Moody's---B1/B+	10,000
	Moody's---BAA2/BBB	10,311
	Not rated	452,593
Pooled cash and investments held by others	N/A	91,375,326
Total investments		<u>\$ 166,010,639</u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 8,708,949
Certificates of deposits	Federally insured	2,030,200
Corporate bonds	A1	423,304
Corporate bonds	A2	628,429
Corporate bonds	A3	661,901
Corporate bonds	AA1	58,850
Corporate bonds	AA2	63,754
Corporate bonds	AA3	203,798
Corporate bonds	BAA1	539,792
Corporate bonds	BAA2	557,986
Corporate bonds	BAA3	297,984
Corporate bonds	BBB-	158,637
Corporate bonds	BB+	226,370
Corporate bonds	Not rated	70,140
Corporate stocks	Not rated	24,534,317
Mutual funds	Not rated	2,783,406
Foreign stocks	Not rated	17,730,765
Mortgage-backed securities	AAA+	13,084,381
Alternative investments	Not rated	19,556,604
Other investments (real estate and accrued investment interest)	N/A	1,030,125
Total investments		<u>\$ 93,349,692</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of an entity's investment in a single issuer. The University diversifies its use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio is invested in a single security type or with a single financial institution or at a single maturity. The University holds no investments with any issuer that represents 5% or more of total investments.

Custodial Credit Risk-Deposits. This is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2012 and 2011, total bank balances of the University were \$55,888,056 and \$76,543,359, respectively. A portion of the balances were subject to custodial credit risk in Category 2, uninsured and collateralized with securities held by the

pledging financial institution, and there were no balances subject to custodial credit risk in Category 3, uninsured and uncollateralized. The detail in Category 2 is displayed as follows:

	June 30, 2012	June 30, 2011
Category 2	\$ 30,126,953	\$ 41,252,843

Custodial Credit Risk-Investments. This is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2012 and 2011, the University's certificate of deposit balances were \$11,100 and \$2,011,100, respectively. There were no investment balances that were subject to custodial credit risk in Category 1, uninsured, not registered in the name of the University and held by the counterparty, and Category 2, uninsured, not registered in the name of the University and are held by the counterparty's trust department or agent, but not in the University's name.

Note 4 – Accounts Receivable and Unearned Revenue

Accounts receivable consists of the following at June 30, 2012 and 2011:

	2012	2011
University		
Student tuition and fees	\$ 34,320,305	\$ 32,538,409
Federal, state, and private grants and contracts	52,430,226	45,999,790
Other	1,054,713	1,975,085
Cash and cash equivalents held in trust for NMSU	1,913,282	276,604
Due from Component Unit	1,998,203	2,287,417
Less: allowance for doubtful accounts	(19,829,249)	(17,413,402)
Net accounts receivable	<u>\$ 71,887,480</u>	<u>\$ 65,663,903</u>
Foundation		
Net miscellaneous accounts receivable	<u>\$ 991,717</u>	<u>\$ 742,190</u>

The allowance for doubtful accounts includes consideration for the credit risk associated with the various receivables.

Unearned revenue consists of the following at June 30, 2012 and 2011:

	2012	2011
University		
Student tuition and fees	\$ 1,420,106	\$ 1,219,934
Federal, state, and private grants and contracts	10,422,649	11,073,921
Other	5,926,667	2,834,730
Net unearned revenue	<u>\$ 17,769,422</u>	<u>\$ 15,128,585</u>

Note 5 – Capital Assets

Capital assets as detailed below are stated at cost, or if contributed, at fair market value at the date of gift. Net interest expense incurred during the construction period on revenue bond funded projects is capitalized as an asset.

The University's main campus has water rights, permitted to it in 1985, equaling 11,454 acre feet per annum. NMSU has perfected 2,890 acre feet, to date, and has until 2020 to perfect the remaining permitted rights through demonstrated beneficial use. Since there is no material historical cost that can be identified in acquisition of the water rights, in accordance with GASB 51, the University has not presented the water rights as an intangible asset in the accompanying Statement of Net Assets. The State of New Mexico Land Office holds 193,272 surface and 254,627 sub-surface acres in trust for the University and manages the commercial use of this property including various leases and oil and gas exploration. The value of the land is recorded at the State of New Mexico Land Office; therefore this amount is not presented in the accompanying Statement of Net Assets.

The University has adopted GASB 49, *Accounting for Pollution Remediation Obligations*. Statement 49 establishes standards for identifying and reporting a liability related to pollution remediation. This statement is effective for periods beginning after December 15, 2007. The actual expenses related to asbestos abatement for 2012 and 2011 were \$56,454 and \$58,671, respectively.

Changes in capital asset balances for the year ended June 30, 2012, were as follows:

	Balance July 1 2011	Additions	Transfers	Retirements	Balance June 30 2012
University					
Capital assets not being depreciated:					
Land and land improvements	\$ 10,696,079	\$ -	\$ -	\$ -	\$ 10,696,079
Construction in progress	51,289,437	30,802,813	(38,915,410)	(549,643)	42,627,197
Software implementation in progress	995,021	-	-	(995,021)	-
Total capital assets not being depreciated	<u>\$ 62,980,537</u>	<u>\$ 30,802,813</u>	<u>\$ (38,915,410)</u>	<u>\$ (1,544,664)</u>	<u>\$ 53,323,276</u>
Other capital assets:					
Buildings	\$540,956,093	\$ 35,916,467	\$ 35,616,804	\$ -	\$612,489,364
Infrastructure	47,105,690	14,294,495	3,298,606	(399,168)	64,299,623
Equipment	118,130,419	7,053,263	-	(5,975,635)	119,208,047
Software	14,931,383	1,107,474	-	(38,620)	16,000,237
Library books	67,377,303	3,245,512	-	(119,044)	70,503,771
Total other capital assets	<u>788,500,888</u>	<u>61,617,211</u>	<u>38,915,410</u>	<u>(6,532,467)</u>	<u>882,501,042</u>
Less accumulated depreciation for:					
Buildings	(256,755,683)	(17,656,543)	-	-	(274,412,226)
Infrastructure	(31,716,853)	(2,575,650)	-	139,709	(34,152,794)
Equipment	(86,926,669)	(7,146,689)	-	5,411,155	(88,662,203)
Software	(8,558,254)	(1,387,876)	-	12,848	(9,933,282)
Library books	(46,750,285)	(2,685,310)	-	119,044	(49,316,551)
Total accumulated depreciation	<u>(430,707,744)</u>	<u>(31,452,068)</u>	<u>-</u>	<u>5,682,756</u>	<u>(456,477,056)</u>
Other capital assets, net	<u>\$357,793,144</u>	<u>\$ 30,165,143</u>	<u>\$ 38,915,410</u>	<u>\$ (849,711)</u>	<u>\$426,023,986</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 62,980,537	\$ 30,802,813	\$ (38,915,410)	\$ (1,544,664)	\$ 53,323,276
Other capital assets, at cost	788,500,888	61,617,211	38,915,410	(6,532,467)	882,501,042
Total cost of capital assets	851,481,425	92,420,024	-	(8,077,131)	935,824,318
Less: accumulated depreciation	(430,707,744)	(31,452,068)	-	5,682,756	(456,477,056)
Capital assets, net	<u>\$420,773,681</u>	<u>\$ 60,967,956</u>	<u>\$ -</u>	<u>\$ (2,394,375)</u>	<u>\$479,347,262</u>
Foundation					
Capital assets	\$ 486,845	\$ 293,127	\$ -	\$ -	\$ 779,972
Less: accumulated depreciation	(302,670)	(52,531)	-	-	(355,201)
Capital assets, net	<u>\$ 184,175</u>	<u>\$ 240,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,771</u>

Changes in capital asset balances for the year ended June 30, 2011, were as follows:

	Balance July 1 2010	Additions	Transfers	Retirements	Balance June 30 2011
University					
Capital assets not being depreciated:					
Land and land improvements	\$ 10,696,079	\$ -	\$ -	\$ -	\$ 10,696,079
Construction in progress	19,672,574	37,728,344	(4,952,820)	(1,158,661)	51,289,437
Software implementation in progress	995,021	-	-	-	995,021
Total capital assets not being depreciated	<u>\$ 31,363,674</u>	<u>\$ 37,728,344</u>	<u>\$ (4,952,820)</u>	<u>\$ (1,158,661)</u>	<u>\$ 62,980,537</u>
Other capital assets:					
Buildings	\$532,301,156	\$ 5,014,907	\$ 3,706,781	\$ (66,751)	\$540,956,093
Infrastructure	44,790,203	1,069,655	1,246,039	(207)	47,105,690
Equipment	119,911,330	6,915,677	-	(8,696,588)	118,130,419
Software	14,133,257	814,974	-	(16,848)	14,931,383
Library books	63,926,397	3,545,668	-	(94,762)	67,377,303
Total other capital assets	<u>775,062,343</u>	<u>17,360,881</u>	<u>4,952,820</u>	<u>(8,875,156)</u>	<u>788,500,888</u>
Less accumulated depreciation for:					
Buildings	(240,830,639)	(15,937,656)	-	12,612	(256,755,683)
Infrastructure	(29,967,007)	(1,749,846)	-	-	(31,716,853)
Equipment	(88,116,753)	(6,729,424)	-	7,919,508	(86,926,669)
Software	(7,196,940)	(1,364,684)	-	3,370	(8,558,254)
Library books	(44,211,136)	(2,633,911)	-	94,762	(46,750,285)
Total accumulated depreciation	<u>(410,322,475)</u>	<u>(28,415,521)</u>	<u>-</u>	<u>8,030,252</u>	<u>(430,707,744)</u>
Other capital assets, net	<u>\$364,739,868</u>	<u>\$ (11,054,640)</u>	<u>\$ 4,952,820</u>	<u>\$ (844,904)</u>	<u>\$357,793,144</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 31,363,674	\$ 37,728,344	\$ (4,952,820)	\$ (1,158,661)	\$ 62,980,537
Other capital assets, at cost	775,062,343	17,360,881	4,952,820	(8,875,156)	788,500,888
Total cost of capital assets	806,426,017	55,089,225	-	(10,033,817)	851,481,425
Less: accumulated depreciation	(410,322,475)	(28,415,521)	-	8,030,252	(430,707,744)
Capital assets, net	<u>\$396,103,542</u>	<u>\$ 26,673,704</u>	<u>\$ -</u>	<u>\$ (2,003,565)</u>	<u>\$420,773,681</u>
Foundation					
Capital assets	\$ 413,042	\$ 112,871	\$ -	\$ (39,068)	\$ 486,845
Less: accumulated depreciation	(291,758)	(49,980)	-	39,068	(302,670)
Capital assets, net	<u>\$ 121,284</u>	<u>\$ 62,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,175</u>

The University had no significant asset impairments during the fiscal years ended June 30, 2012 and 2011.

Note 6 – Long-Term Liabilities

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2012, follows:

	Balance July 1 2011	Additions	Reductions	Balance June 30 2012	Current Portion (due in 2013)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$ 144,421,665	\$ -	\$ (9,159,464)	\$ 135,262,201	\$ 9,025,000	
Contracts payable	289,365	823,751	(214,368)	898,748	712,239	
Total bonds, contracts	<u>144,711,030</u>	<u>823,751</u>	<u>(9,373,832)</u>	<u>136,160,949</u>	<u>9,737,239</u>	
Other liabilities:						
Accrued compensated absences	19,353,451	6,511,298	(7,369,816)	18,494,933	3,632,135	
Other post employment benefits	17,723,000	2,554,000	-	20,277,000	-	
Other	557,077	-	(35,540)	521,537	-	
Total other liabilities	<u>37,633,528</u>	<u>9,065,298</u>	<u>(7,405,356)</u>	<u>39,293,470</u>	<u>3,632,135</u>	
Total long-term liabilities	<u>\$ 182,344,558</u>	<u>\$ 9,889,049</u>	<u>\$ (16,779,188)</u>	<u>\$ 175,454,419</u>	<u>\$ 13,369,374</u>	
	Balance July 1 2011	Additions	Reductions	Changes in Estimate	Balance June 30 2012	Current Portion (due in 2013)
Foundation						
Gift annuities payable	\$ 2,648,838	\$ 137,598	\$ (140,660)	\$ 453,410	\$ 3,099,186	\$ 174,826
Payable under unitrusts	220,114	-	-	(580)	219,534	29,525
Total long-term liabilities	<u>\$ 2,868,952</u>	<u>\$ 137,598</u>	<u>\$ (140,660)</u>	<u>\$ 452,830</u>	<u>\$ 3,318,720</u>	<u>\$ 204,351</u>

A summary of changes in long-term liability for the University and Discrete Component Unit for the year ended June 30, 2011, follows:

	Balance July 1 2010	Additions	Reductions	Balance June 30 2011	Current Portion (due in 2012)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$ 156,131,399	\$ -	\$ (11,709,734)	\$ 144,421,665	\$ 8,895,000	
Contracts payable	333,961	156,262	(200,858)	289,365	160,003	
Total bonds, contracts	<u>156,465,360</u>	<u>156,262</u>	<u>(11,910,592)</u>	<u>144,711,030</u>	<u>9,055,003</u>	
Other liabilities:						
Accrued compensated absences	19,520,101	4,941,428	(5,108,078)	19,353,451	3,779,145	
Other post employment benefits	13,847,000	3,876,000	-	17,723,000	-	
Other	594,261	-	(37,184)	557,077	-	
Total other liabilities	<u>33,961,362</u>	<u>8,817,428</u>	<u>(5,145,262)</u>	<u>37,633,528</u>	<u>3,779,145</u>	
Total long-term liabilities	<u>\$ 190,426,722</u>	<u>\$ 8,973,690</u>	<u>\$ (17,055,854)</u>	<u>\$ 182,344,558</u>	<u>\$ 12,834,148</u>	
	Balance July 1 2010	Additions	Reductions	Changes in Estimate	Balance June 30 2011	Current Portion (due in 2012)
Foundation						
Gift annuities payable	\$ 2,403,488	\$ 160,608	\$ (3,071)	\$ 87,813	\$ 2,648,838	\$ 193,656
Payable under unitrusts	213,431	-	-	6,683	220,114	29,813
Total long-term liabilities	<u>\$ 2,616,919</u>	<u>\$ 160,608</u>	<u>\$ (3,071)</u>	<u>\$ 94,496</u>	<u>\$ 2,868,952</u>	<u>\$ 223,469</u>

Bonds Payable. All outstanding University revenue bonds as of June 30, 2012 and 2011 were issued as parity bonds and are all tax-exempt, except for Series 2010B and 2010C. All bonds are payable solely from, and secured by, a pledge of and a non-exclusive first lien on, certain pledged revenues; the revenues pledged to meet these debt obligations are student tuition and fees, sales and services, other operating income, investment income and building fees. Interest payments are made twice a year, on October 1 and April 1 while principal is paid on April 1 only. Bond issuance costs, premiums, and discounts on bonds payable are recorded in total and amortized according to the bonds outstanding method, which approximates the effective interest method.

The bond interest expense incurred for the fiscal years 2012 and 2011 was \$6,871,068 and \$6,072,836, respectively, net of interest income. Of these amounts, \$2,893,549 and \$2,234,951 was capitalized during fiscal years 2012 and 2011, respectively.

Total University issued bonds and those outstanding on June 30, 2012 and 2011, excluding bonds issued by local governments on behalf of certain community colleges (See Note 13), consisted of:

	Total Issued	Outstanding	
		2012	2011
Revenue and improvement revenue			
Bond Series 2002, (2.00% - 5.00%) final maturity 2022	\$ 15,495,000	\$ 4,720,000	\$ 6,110,000
Refunding and improvement revenue			
Bonds Series 2003, (2.00% - 5.00%) final maturity 2023	28,495,000	14,985,000	17,050,000
Improvement revenue bonds			
Bond Series 2004B, (2.00% - 5.00%) final maturity 2025	42,275,000	32,410,000	33,875,000
Improvement revenue bonds			
Bond Series 2006, (4.00% - 5.25%) final maturity 2026	10,245,000	7,975,000	8,380,000
Refunding and improvement revenue bonds			
Bond Series 2010A, 2010B, 2010C, 2010D, (1.89% - 5.27%) final maturity 2030	78,670,000	74,435,000	78,005,000
Total bonds payable	175,180,000	134,525,000	143,420,000
Plus: unamortized net premium	2,566,250	875,406	1,161,362
Less: unamortized loss on refunding	(169,759)	(138,205)	(159,697)
Bonds payable, net	<u>\$ 177,576,491</u>	<u>\$ 135,262,201</u>	<u>\$ 144,421,665</u>

The maturity schedule for the University bonds payable at June 30, 2012, follows:

Year Ending June 30	Principal	Interest
2013	\$ 9,025,000	\$ 6,486,070
2014	8,235,000	6,152,715
2015	8,435,000	5,829,375
2016	8,470,000	5,501,544
2017	7,760,000	5,158,137
2018-2022	43,400,000	20,368,131
2023-2027	35,070,000	9,477,648
2028-2030	14,130,000	1,761,435
Total	<u>\$ 134,525,000</u>	<u>\$ 60,735,055</u>

Contracts Payable. The University acquires various types of equipment under capital lease agreements. All lease agreements contain a fiscal funding clause, which allows the lease agreements to be canceled if funding for future periods is not appropriated. University administration believes that the likelihood of this occurrence is remote. The following tables detail the carrying value of assets acquired under these arrangements, the future minimum lease payments, the portion of the lease payments representing interest and the present value of the net minimum lease payments at June 30, 2012.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 1,331,917	\$ 898,748
Total	<u>\$ 1,331,917</u>	<u>\$ 898,748</u>

Future minimum payments required under capital leases and the net present values of the future payments are as follows:

Year Ending June 30	Principal	Interest	Minimum Payments
2013	\$ 186,509	\$ 12,484	\$ 198,993
2014	161,288	7,262	168,550
2015	138,856	3,513	142,369
2016	124,095	841	124,936
2017	96,000	-	96,000
Thereafter	192,000	-	192,000
Total minimum lease payments	<u>\$ 898,748</u>	<u>\$ 24,100</u>	<u>\$ 922,848</u>

Note 7 – Health Insurance

The University provides group health insurance coverage for all regular employees working 20 hours per week or more. Coverage is optional and is available the first pay period after 30 days of employment. The University's portion of the premium is based on the employee's annual salary. Employee contributions are required for personal, as well as spouse, qualified domestic partner and dependent coverage.

Effective September 1, 2006, the University elected to participate in the State insurance program. Premiums are paid to the State of New Mexico. The State program assumes full responsibility for all claims.

Eligible retirees who were enrolled in health insurance for a minimum of ten consecutive years prior to retirement may elect to continue health insurance coverage through the University's program. The University contributes 60% of the premiums for retirees and their dependents until the retiree reaches age 70, after which, the University contributes 30%.

Effective July 1, 2006, the University enrolled in a fully insured plan for the eligible active retirees. Premiums are paid to the insurance carrier. The insurance carrier assumes full responsibility for all claims.

Note 8 – Retirement Programs

The University offers three retirement plans. All eligible employees, working more than 25% full-time equivalent, are required to participate in one of the first two plans described below. Student employees do not participate in these plans.

A. Educational Retirement Act

Plan Description. Substantially all of the University's eligible employees, except those who participate in the Alternative Retirement Plan (ARP) described below, participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) of the State of New Mexico (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. As of July 1, 2011, the contribution required by employees earning more than \$20,000 was 11.15% and the University contribution was 9.15%. Employees earning \$20,000 or less (on a full-time annualized basis) contributed 7.9% of gross salary and the University contributed 12.4%. As of July 1, 2012, the contribution required by employees earning more than \$20,000 will decrease to 9.40% and the University contribution will increase to 10.90%. The contribution rates remain unchanged for employees earning \$20,000 or less. The contribution requirements of plan members and the University are established in State Statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The University's contributions to the ERB for the years ended June 30, 2012, 2011 and 2010, were \$17,903,881, \$22,337,767 and \$22,936,378, respectively, which equal the amount of the required contributions for each fiscal year.

Return to Work Program. Effective January 1, 2002, the ERB implemented a retiree Return-To-Work (RTW) program whereby the University is required to make regular employer contributions on eligible retiree wages. As of July 1, 2011, House Bill 129 was passed requiring returning retirees to contribute the employee portion. Under the bill, retirees earning more than \$20,000 contributed 11.15% and the University contributed 9.15%. For retirees earning \$20,000 or less, the retiree contributed 7.9% and the University contributed 12.4%. As of July 1, 2012, the contribution required by employees earning more than \$20,000 will decrease to 9.40% and the University contribution will increase to 10.90%. The contribution rates remain unchanged for employees earning \$20,000 or less. The University's contribution to the ERB for RTW program participants for the years ended June 30, 2012, 2011 and 2010 were \$180,965, \$430,901 and \$445,167, respectively, which equal the amount of the required contributions for each year.

B. Alternative Retirement Program

Plan Description. The New Mexico ARP was established by amendment to Chapter 22, Article 11, Section 47-52. Certain faculty and professional staff hired on or after July 1, 1991, may elect to participate in an alternative defined contribution retirement plan in lieu of participation in the ERA in accordance with policies stipulated by the Board of Regents. The two carriers approved by the ERB are the Teachers Insurance and Annuity Association/College Retirement Equities Fund and Fidelity Investments. Employees are allowed to transfer between carriers once each year.

Effective July 1, 2009, employees, after 7 years of contribution to the ARP, have a one-time opportunity to move to the ERB's defined benefit plan. Senate Bill 572 allows members of the ARP the option to cash out or rollover the ARP account once they have left employment.

Contributions Required. Total payroll expenses covered by the ARP for the years ended June 30, 2012, 2011 and 2010, were \$25,464,466, \$24,887,917 and \$25,812,652, respectively. As of July 1, 2011, contribution for employees earning more than \$20,000 was 11.15% and the University's contribution to the carrier was 6.15%, with an additional 3.0% paid by the University to the ERB as an administrative fee. For employees earning \$20,000 or less, the required contribution was 7.9%, and the University was required to contribute 9.4% to the carrier and 3.0% to the ERB as an administrative fee. As of July 1, 2012, the contribution required by employees earning more than \$20,000 will decrease to 9.40% and the University contribution will increase to 7.9% to the carrier and 3.0% to ERB as an administrative fee. The contribution rates remain unchanged for employees earning \$20,000 or less. The 3.0% fee does not provide retirement benefits. Benefits are determined strictly by contributions made and earnings on contributions.

Vesting is immediate and benefits may be distributed as an annuity, a rollover or a withdrawal. The University's contributions for the years ended June 30, 2012, 2011 and 2010, were \$1,570,485, \$1,964,428 and \$2,037,466, respectively, for employees participating in the ARP. Additionally, \$763,935, \$746,638 and \$774,291, were paid as administrative fees to the ERB for the years ended June 30, 2012, 2011, and 2010, respectively; employees participating in the ARP made contributions totaling \$2,847,707, \$2,337,419 and \$2,413,082, respectively, for the same periods.

C. Federal Retirement Program

Plan Description. Certain employees of the University working under the auspices of the United States Department of Agriculture (through various University sponsored extension programs) are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), established with the passage of Public Law 99-335. Both are defined benefit retirement plans. FERS is a three-tiered retirement plan (covering substantially all Federal employees hired subsequent to December 31, 1986) combining Social Security benefits with a basic benefit plan and a thrift savings plan. Employees hired prior to 1984 do not participate in Social Security, but have the ability to transfer

to FERS at their own discretion. The CSRS and FERS are administered by the U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, Pennsylvania 16017.

Contributions Required. Employees covered by CSRS and FERS are considered federal employees, and as such, are obligated to contribute according to the guidelines of the federal government. For the years ended June 30, 2012 and 2011, there were 6 and 7 employees, respectively, enrolled under CSRS and 16 and 16 employees, respectively, enrolled under FERS. The University contributes 7.0% and employees contribute 7.0% under CSRS. The University contributes 11.7% and employees contribute 0.8% under FERS. For the fiscal years ended June 30, 2012, 2011 and 2010, the University contributed \$178,944, \$191,092 and \$215,184, respectively; employees contributed \$48,872, \$55,587, and \$71,912, respectively, under both plans.

Note 9 – Other Postemployment Benefits Plan

Plan Description. New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. The authority to establish and amend the benefit provisions rests with the Board of Regents.

Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree.

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70. As of June 30, 2012 and 2011, there were 1,151 and 977 retirees who met the eligibility requirements for health insurance, respectively.

Funding Policy. The University does not use a trust fund to administer the financing and payment of benefits. The retired employees that elect to participate in post employment benefits are required to make contributions in the form of monthly premiums based on current rates established under the medical and life plans.

The University funds the plan on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as-you-go expense for fiscal year 2012 was \$3,601,000, net of retiree contributions.

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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate, assuming the University funds the retirement benefit on a pay-as-you go basis. Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis. The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis: medical and prescription benefits on a select basis at 10% for retirees 65 years of age and under and 9% for retirees over 65 years of age and on an ultimate basis at 5%. The select trend rates are reduced .5% each year until reaching the ultimate

trend. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payrolls. Payroll is projected to increase 3.5% per year.

Annual OPEB Cost and Net OPEB Obligation. The University’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the University’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University’s net OPEB obligation:

	2012
Annual required contribution	\$ 6,034,000
Interest on net OPEB Obligation	798,000
Adjustment to annual required contribution	(677,000)
Annual OPEB cost (expense)	<u>6,155,000</u>
Contributions made	<u>(3,601,000)</u>
Increase in net OPEB obligation	<u>2,554,000</u>
Net OPEB obligation beginning of year	<u>17,723,000</u>
Net OPEB obligation end of year	<u>\$ 20,277,000</u>

Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year 2012 is as follows:

Annual required contribution	\$ 6,034,000
% of annual OPEB cost contributed	59.7%
Net OPEB obligation	\$ 3,601,000

Funded Status and Funding Progress. As of July 1, 2011, the updated actuarial valuation date, the present value of all future expected post-retirement health payments and administrative costs attributable to past service, was \$77,650,000, and the actuarial value of assets was zero. The covered payroll (annual payroll of active employees covered by the plan) was \$259,361,365, and the ratio of the UAAL to the covered payroll was 30%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress and Employee Contributions (Schedule 5), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10 – Commitments

Capitalizable Project Commitments and Financing. The University has entered into contracts for the construction and renovation of various facilities. These projects are in various stages of completion. At June 30, 2012, the estimated remaining cost to complete these and other in-house construction and renovation projects was approximately \$95 million with an estimated completion date, for all projects, of September 2014. The remaining cost is expected to be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 16,866,276
General obligation bonds	11,504,529
Severance tax bonds	5,053,098
University funds	38,675,190
State funds	13,808,427
Gifts, grants and contracts	9,069,803
Total	<u>\$ 94,977,323</u>

Operating Leases. The University is obligated under certain lease (rental) agreements which are accounted for as operating leases. The items being leased are primarily office and storage facilities and office equipment. Incorporated into each lease agreement is a fiscal funding clause which allows the University to cancel the operating lease if funding for future periods is not appropriated. As with contracts payable, the likelihood of such an occurrence is considered to be remote by University administration.

Future minimum rental payments required under operating leases are as follows:

Year Ending June 30	Minimum Payments
2013	\$ 1,701,482
2014	1,420,847
2015	1,197,573
2016	929,166
2017	845,216
Years thereafter	2,273,207
Total minimum lease payments	<u>\$ 8,367,491</u>

Operating lease payments made in fiscal years 2012 and 2011 are as follows:

	2012	2011
Minimum rentals	\$ 1,854,073	\$ 2,145,589
Contingent rentals	109,753	93,838
Total lease payments	<u>\$ 1,963,826</u>	<u>\$ 2,239,427</u>

Contingent rentals are determined based on usage clauses in certain contracts.

Other Commitments. At June 30, 2012, the University had outstanding purchase orders for materials and services which had not been received, and thus are not recorded as liabilities in the accompanying Statement of Net Assets. The approximate amount of such commitments is \$11 million.

Note 11 – Component Units

The following entities support the University in accomplishing its various missions. These entities were selected for inclusion based on criteria as set forth in GASB 14 and GASB 39. Complete financial statements for these component units can be obtained from each respective administrative office at the addresses listed below.

The Foundation is discretely presented on the face of the financial statements, as prescribed by the Governmental Accounting Standards board (GASB) Statement No. 14, The Reporting Entity, as amended by Statement No. 39, *Determining Whether Certain Organizations Are Components Units*. The entity qualifies as discretely presented according to Statement 14, paragraph 40a, because of the nature and significance of its relationship with the University. This relationship meets the direct benefit, access to economic resources and significance of resources criteria. The other component unit is blended because the University either completely controls its activities or the entity provide services entirely, or almost entirely to the University.

The New Mexico State University Foundation, Inc. The Foundation is a non-profit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of the University. It is a discrete component unit of the University with financial information presented in a separate column in the University’s financial statements. Separate audited financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB). The Foundation’s address is: New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003.

Summary financial information as of June 30, 2012 and 2011, and for the fiscal years then ended follows:

	2012	2011
Capital assets	\$ 424,771	\$ 184,175
Other assets	145,809,773	150,387,796
Total assets	146,234,544	150,571,971
Long-term liabilities	40,576,048	42,054,317
Other liabilities	5,019,924	3,354,488
Total liabilities	45,595,972	45,408,805
Invested in capital assets, net of related debt	424,771	184,175
Restricted for endowments	69,357,386	65,556,758
Restricted for general activities	30,503,583	35,335,492
Unrestricted	352,832	4,086,741
Total net assets	<u>\$ 100,638,572</u>	<u>\$ 105,163,166</u>
Operating revenues	\$ 13,432,590	\$ 14,515,086
Depreciation	(52,531)	(49,980)
Other operating expense	(12,425,051)	(14,221,291)
Non-operating revenue (expense)	(146,972)	(130,204)
Gain (loss) on endowments	(5,332,630)	17,606,913
Increase in net assets	<u>\$ (4,524,594)</u>	<u>\$ 17,720,524</u>
Net assets, beginning	105,163,166	87,442,642
Net assets, ending	<u>\$ 100,638,572</u>	<u>\$ 105,163,166</u>

Arrowhead Center, Inc. Arrowhead Center, Inc., a blended component unit, was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. Its purposes are to promote and contribute to economic development and protect, license, and market intellectual property developed by faculty, staff, and students of the University, as well as members of the community, in order to further research and economic development for the State of New Mexico. Arrowhead Center, Inc.'s address is: Arrowhead Center, Inc., MSC 3CR, P.O. Box 30001, Las Cruces, NM 88003.

Summary financial information as of June 30, 2012 and 2011, and for the fiscal years then ended follows:

	2012	2011
Total assets	\$ 686,014	\$ 973,515
Total liabilities	\$ 7,292	\$ 20,352
Total net assets	\$ 678,722	\$ 953,163
Total revenues and other additions	\$ 567,691	\$ 489,798
Total expenditures	\$ 842,132	\$ 404,932
Net assets, beginning	\$ 953,163	\$ 868,297
Net assets, ending	\$ 678,722	\$ 953,163

Note 12 – Contingent Liabilities

The University currently is a party to various litigation and other claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management) which provides liability, medical malpractice, and physical damage insurance. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this State program are covered under the University's supplementary liability coverage. During the fiscal years ended June 30, 2012 and 2011, the University paid Risk Management \$4,888,797, and \$4,432,038 in insurance premiums, respectively. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a material adverse effect on the financial position or operations of the University.

The University is involved in various stages of negotiations with state and federal agencies from one state audit and two self-reported occurrences of misstatement of program eligibility. The details of these three situations are stated below.

1. **TRIO Student Support Services.** As a result of self-reported findings of misstatement of eligible participants in the Student Support Services program (SSS) to the United States Department of Education (Department), the University was issued a Program Determination Letter dated February 25, 2009 requesting payment of the determined liability of \$1,044,163. Through subsequent discussions with the Department, the University was granted a payment extension in order to provide additional information and documentation in support of reducing the assessment. The information was delivered to the Department on July 20, 2009, with additional documentation provided on August 19, 2009. Based on the procedures performed, the University submitted revised overcharge calculations in the amounts of \$173,661 and \$476,932. The University believes a final assessment in the amount of \$476,932 is reasonable. Since the revised overcharge was submitted, the University has heard nothing from the Department and has no reason to doubt the reasonability of the final assessment estimate determined in the aforementioned year.

2. **Department of Education.** As a result of a finding of misstatement of eligibility for non-degree programs to the United States Department of Education (Department), the University has been working closely with the Department staff performing an off-site program review to determine what liability exists. During the course of the program review, the Department identified ten programs that did not, at some point, meet eligibility requirements for paying federal student financial aid. Based on the procedures performed, the University believes a final assessment in the amount of \$747,884, net of student loans, is reasonable.

3. **NM Department of Transportation.** The New Mexico Department of Transportation (DOT) issued a report on an ongoing audit on January 13, 2009. The report was issued to the University in July of 2009, with a letter assessing an original \$1,066,010 repayment to the agency. The University and the DOT have resolved \$242,515; however the payment of \$406,331 related to specific deliverables, which were determined by the DOT Research Bureau Chief as inadequate, are still in question by DOT. The total amount of the audit assessment as of July 2010, is \$1,229,825, the University agrees with \$54,944. Until the conclusion of the University's negotiations with the agency, the University is still unable to reasonably estimate a liability amount.

Note 13 – Community College General Obligation Bonds

General Obligation bonds are issued by the University's Community Colleges for the purpose of Community College facilities. The bonds are general obligations of the school districts in which the Community Colleges reside and are payable solely out of general (ad valorem) taxes which are levied against all taxable property in each respective district. Taxes collected by the respective district's tax assessor are deposited in bank accounts for the purpose of servicing the debt and are reflected as agency cash and accrued liabilities in the University's Statement of Net Assets. At June 30, 2012 and 2011, the cash balances available to make the next semi-annual payments were \$262,673 and \$545,854, respectively, for the Alamogordo Community College; \$944,331 and \$661,511, respectively, for the Carlsbad Community College; and \$3,660,153 and \$3,894,693, respectively, for the Dona Ana Community College.

The following table shows the future scheduled debt payments by Community College (due semi-annually in August and February):

Alamogordo Community College			
Year Ending June 30	Principal	Interest	Total
2013	\$ 295,000	\$ 156,079	\$ 451,079
2014	310,000	144,734	454,734
2015	325,000	132,829	457,829
2016	340,000	120,573	460,573
2017	355,000	107,753	462,753
2018-2022	2,020,000	307,494	2,327,494
2023-2027	540,000	32,460	572,460
Total	<u>\$ 4,185,000</u>	<u>\$ 1,001,922</u>	<u>\$ 5,186,922</u>
Carlsbad Community College			
Year Ending June 30	Principal	Interest	Total
2013	\$ 285,000	\$ 78,637	\$ 363,637
2014	290,000	68,575	358,575
2015	300,000	58,250	358,250
2016	315,000	46,700	361,700
2017	325,000	33,900	358,900
2018-2022	685,000	27,700	712,700
Total	<u>\$ 2,200,000</u>	<u>\$ 313,762</u>	<u>\$ 2,513,762</u>
Dona Ana Community College			
Year Ending June 30	Principal	Interest	Total
2013	\$ 3,300,000	\$ 644,883	\$ 3,944,883
2014	2,950,000	545,632	3,495,632
2015	2,225,000	462,508	2,687,508
2016	1,915,000	395,812	2,310,812
2017	1,625,000	337,755	1,962,755
2018-2022	6,445,000	922,134	7,367,134
2023-2027	1,600,000	98,000	1,698,000
Total	<u>\$ 20,060,000</u>	<u>\$ 3,406,724</u>	<u>\$ 23,466,724</u>

Note 14 – Natural Classification Operating Expenses

The University's and Component Unit's operating expenses by natural classification were as follows:

	2012		2011	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries:				
Faculty	\$ 89,601,898	\$ -	\$ 86,797,829	\$ -
Exempt staff	98,257,710	1,551,009	111,911,192	1,433,075
Non-exempt staff	33,880,560	-	36,547,976	167,656
Student/graduate assistant	29,280,445	25,271	30,107,113	38,186
Other compensation	8,340,752	30,245	5,316,275	8,805
Total salaries	<u>259,361,365</u>	<u>1,606,525</u>	<u>270,680,385</u>	<u>1,647,722</u>
Other Operating Expenses:				
Benefits	75,828,251	-	86,202,591	-
Termination benefits	2,477,684	-	1,574,806	-
Travel	14,047,291	172,163	13,490,350	108,593
Scholarship and fellow ships	50,489,225	9,382,832	58,111,279	10,977,713
Utilities	14,616,404	5,831	14,907,861	5,013
Professional fees	17,588,220	305,633	21,191,583	230,498
Supplies and other services	79,754,620	952,067	67,150,169	1,251,752
Depreciation	31,452,068	52,531	28,415,521	49,980
Total operating expenses	<u>\$ 545,615,128</u>	<u>\$ 12,477,582</u>	<u>\$ 561,724,545</u>	<u>\$ 14,271,271</u>

Note 15 – Termination Benefits

In November 2011, the University offered a voluntary retirement incentive program. All regular University employees eligible to retire under the Educational Retirement Account (ERA) Rules by April 1, 2012, for staff and by July 1, 2012 for faculty, and who had not submitted retirement documents prior to November 1, 2011, (including participants with the New Mexico Alternative Retirement Program or federal retirement) who held positions funded from Instruction and General or regular recurring sources and whose position, if vacated, resulted in a permanent cost savings in accordance with incentive retirement program guidelines, were eligible to participate.

Those employees, who elected to retire under this program by April 1, 2012 or July 1, 2012, as appropriate, received a one-time cash incentive payment as described below:

- For staff – the greater of \$500 per year of regular continuous service or one-fourth of their annual base salary.
- For faculty – one-fourth of their annual base salary.

Employees are responsible for any tax consequences related to the payment. In addition, the incentive pay is not included in the reportable earnings to the ERA.

All cash distributions related to the retirement incentive program were made on or prior to June 30, 2012. In total, 116 employees elected to retire with the incentive program, for a total disbursement of \$1,877,033. In addition, related fringe benefit costs were incurred for a total of \$600,651. As all payments were distributed during the fiscal year ended June 30, 2012, no liabilities are recorded as of June 30, 2012, related to this incentive program. Other than the cash incentive distribution, no additional benefits were provided by the University or the ERA beyond the standard eligible retirement benefits.

Note 16 – New Accounting Standards

GASB Statement No. 57 (*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*) and GASB Statement No. 64 (*Derivative Instruments: Application of Hedge Accounting Termination Provisions*) are effective for the University as of fiscal year 2012. GASB Statement No. 64 does not apply to the University for financial reporting purposes, as the University does not maintain derivative instruments. The University has implemented GASB No. 57, which did not result in any changes as the University has secured an actuarial valuation.

GASB Statements No. 60 (*Accounting and Financial Reporting for Service Concession Arrangements*), No. 61 (*The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*), No. 62 (*Codification of Accounting and Financial Reporting guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*), and No. 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) will be effective for the University as of fiscal year 2013. The University has not concluded its assessment of the impact of these standards.

Schedule 1 - Combining Statement of Net Assets

	New Mexico State University		Arrowhead Center, Inc		Elimination Adjustments		Total Primary Institution	
	2012	2011	2012	2011	2012	2011	2012	2011
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 61,869,190	\$ 32,616,885	\$ 510,699	\$ 545,855	\$ -	\$ -	\$ 62,379,889	\$ 103,218,583
Cash and cash equivalents held in trust by Component Unit for NMSU	1,913,282	276,604	-	-	-	-	1,913,282	276,604
Short-term investments	11,100	2,011,100	-	-	-	-	11,100	2,011,100
Accounts receivable, net	67,939,622	63,084,551	36,373	15,331	-	-	67,975,995	63,099,882
Due from Component Unit	1,998,203	2,287,417	-	-	-	-	1,998,203	2,287,417
Inventories	2,342,109	1,979,001	-	-	-	-	2,342,109	1,979,001
Prepaid expenses	2,078,291	2,509,188	-	272,576	-	-	2,078,291	2,781,764
Student loans receivable - current portion, net	1,489,024	1,456,250	-	-	-	-	1,489,024	1,456,250
Total current assets	139,640,821	106,220,996	547,072	833,762	-	-	140,187,893	177,110,601
Non-current assets:								
Restricted cash and cash equivalents	3,981,699	74,432,489	-	-	-	-	3,981,699	4,376,646
Investments held by others	53,913,594	53,079,459	-	-	-	-	53,913,594	53,079,459
Investments held in trust by Component Unit for NMSU	37,461,679	39,408,834	-	-	-	-	37,461,679	39,408,834
Other long-term investments	74,485,324	87,753,485	138,942	139,753	-	-	74,624,266	87,893,238
Student loans receivable, net	13,401,218	13,106,247	-	-	-	-	13,401,218	13,106,247
Prepaid expenses	379,246	432,273	-	-	-	-	379,246	432,273
Capital assets, net	479,347,262	420,773,681	-	-	-	-	479,347,262	420,773,681
Total non-current assets	662,970,022	688,986,468	138,942	139,753	-	-	663,108,964	619,070,378
TOTAL ASSETS	802,610,843	795,207,464	686,014	973,515	-	-	803,296,857	796,180,979
LIABILITIES								
Current liabilities:								
Accounts payable	20,005,365	15,926,840	4,893	17,825	-	-	20,010,258	15,944,665
Other accrued liabilities	21,362,663	20,697,674	-	-	432,373	592,626	21,795,036	21,290,300
Unearned revenue	17,767,023	15,126,058	2,399	2,527	-	-	17,769,422	15,128,585
Accrued interest payable	2,014,169	2,128,606	-	-	-	-	2,014,169	2,128,606
Long-term liabilities - current portion	13,369,374	12,834,148	-	-	-	-	13,369,374	12,834,148
Total current liabilities	74,518,594	66,713,326	7,292	20,352	432,373	592,626	74,958,259	67,326,304
Non-current liabilities:								
Accrued benefit reserves	679,656	679,656	-	-	-	-	679,656	679,656
Other long-term liabilities	162,085,045	169,510,410	-	-	-	-	162,085,045	169,510,410
Total non-current liabilities	162,764,701	170,190,066	-	-	-	-	162,764,701	170,190,066
TOTAL LIABILITIES	237,283,295	236,903,392	7,292	20,352	432,373	592,626	237,722,960	237,516,370
NET ASSETS								
Invested in capital assets, net of related debt	313,786,615	283,895,401	-	-	-	-	313,786,615	283,895,401
Restricted for:								
Non-expendable:								
Endowments	77,904,586	82,651,490	-	-	-	-	77,904,586	82,651,490
Expendable:								
General activities	1,749,116	2,847,906	-	-	-	-	1,749,116	2,847,906
Federal student loans	17,170,976	16,981,814	-	-	-	-	17,170,976	16,981,814
Capital projects	13,725,110	26,765,662	-	-	-	-	13,725,110	26,765,662
Related entity activities	6,800,864	9,534,632	-	-	281,321	(18,481)	7,082,185	9,516,151
Unrestricted	134,155,309	136,006,185	678,722	953,163	(678,722)	(953,163)	134,155,309	136,006,185
TOTAL NET ASSETS	\$ 565,292,576	\$ 558,683,090	\$ 678,722	\$ 953,163	\$ (397,401)	\$ (971,644)	\$ 565,573,897	\$ 558,664,609

Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Net Assets

	New Mexico State University		Arrowhead Center, Inc.		Elimination Adjustments		Total Primary Institution	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUES								
Operating revenues:								
Student tuition and fees (gross)	\$ 111,462,937	\$ 105,550,872	\$ -	\$ -	\$ -	\$ -	\$ 111,462,937	\$ 105,550,872
Less: Scholarship allowances	(44,920,464)	(40,680,269)	-	-	-	-	(44,920,464)	(40,680,269)
Student tuition and fees (net)	66,542,473	64,870,603	-	-	-	-	66,542,473	64,870,603
Federal appropriations, grants and contracts	162,959,350	188,977,167	-	-	-	-	162,959,350	188,977,167
State grants and contracts	28,711,470	25,930,868	-	-	-	-	28,711,470	25,930,868
Local appropriations, grants and contracts	12,036,837	11,280,138	-	-	-	-	12,036,837	11,280,138
Non-governmental grants and contracts	5,391,344	6,657,568	-	-	-	-	5,391,344	6,657,568
Sales and services	30,422,829	29,305,952	567,691	457,372	(568,502)	(457,372)	30,422,018	29,305,952
Other operating revenues	34,757,082	33,346,367	-	-	-	-	34,757,082	33,346,367
Total operating revenues	340,821,385	360,368,663	567,691	457,372	(568,502)	(457,372)	340,820,574	360,368,663
EXPENSES								
Operating expenses:								
Instruction	136,447,731	134,950,124	-	-	(1,003,554)	(1,067,258)	135,444,177	133,882,866
Research	116,959,597	120,720,576	-	-	(860,298)	(925,125)	116,099,299	119,795,451
Public service	43,519,432	59,232,391	-	-	(320,040)	(465,095)	43,199,392	58,767,296
Academic support	28,065,757	27,708,287	-	-	(206,502)	(215,501)	27,859,255	27,492,786
Student services	16,995,436	17,057,162	-	-	(124,968)	(133,015)	16,870,468	16,924,147
Institutional support	30,194,549	31,101,159	-	-	(222,123)	(244,471)	29,972,426	30,856,688
Operation and maintenance of plant	38,929,295	34,614,902	-	-	(286,512)	(193,940)	38,642,783	34,420,962
Scholarships and fellowships	45,679,439	52,461,053	-	-	(336,042)	(422,616)	45,343,397	52,038,437
Auxiliary enterprises	26,353,880	24,795,626	-	-	(193,929)	(194,568)	26,159,951	24,601,058
Independent operations	15,061,172	16,062,987	-	-	(110,871)	(126,689)	14,950,301	15,936,298
Intercollegiate athletics	15,450,482	14,787,489	-	-	(113,538)	(116,125)	15,336,944	14,671,364
Student social and cultural	4,231,613	3,712,365	-	-	(31,242)	(28,740)	4,200,371	3,683,625
Loan administration	84,677	239,903	-	-	(381)	(1,857)	84,296	238,046
Depreciation	31,452,068	28,415,521	-	-	-	-	31,452,068	28,415,521
Other operating expense	811	-	841,321	404,932	(842,132)	(404,932)	-	-
Total operating expenses	549,425,939	565,859,545	841,321	404,932	(4,652,132)	(4,539,932)	545,615,128	561,724,545
Net operating income / (expense)	(208,604,554)	(205,490,882)	(273,630)	52,440	4,083,630	4,082,560	(204,794,554)	(201,355,882)
Non-operating revenues / (expenses):								
State appropriations	176,119,345	188,649,785	-	-	-	-	176,119,345	188,649,785
Gifts and non-exchange grants	474,426	10,187,535	-	-	-	-	474,426	10,187,535
Investment income	7,027,348	18,983,004	-	-	-	-	7,027,348	18,983,004
Interest and other expenses on capital asset-related debt	(6,528,377)	(7,233,757)	-	-	-	-	(6,528,377)	(7,233,757)
Other non-operating revenues / (expenses)	2,006,273	(1,905,236)	(811)	32,426	1,417,267	1,532,195	3,422,729	(340,615)
Net non-operating revenues / (expenses)	179,099,015	208,681,331	(811)	32,426	1,417,267	1,532,195	180,515,471	210,245,952
Income before other revenues, expenses, gains or losses	(29,505,539)	3,190,449	(274,441)	84,866	5,500,897	5,614,755	(24,279,083)	8,890,070
Capital appropriations	26,427,287	16,062,272	-	-	(4,926,654)	(4,805,439)	21,500,633	11,256,833
Capital grants, gifts and other income	4,957,940	12,830,303	-	-	-	-	4,957,940	12,830,303
Building fees	5,872,346	5,454,995	-	-	-	-	5,872,346	5,454,995
Gain on sale of land	-	-	-	-	-	-	-	-
Loss on disposal of plant	(2,394,375)	(2,003,565)	-	-	-	-	(2,394,375)	(2,003,565)
Additions to permanent endowments	1,251,827	378,448	-	-	-	-	1,251,827	378,448
Increase / (decrease) in net assets	\$ 6,609,486	\$ 35,912,902	\$ (274,441)	\$ 84,866	\$ 574,243	\$ 809,316	\$ 6,909,288	\$ 36,807,084
NET ASSETS								
Beginning of year	558,683,090	522,770,188	953,163	868,297	(971,644)	(1,780,960)	558,664,609	521,857,525
End of year	\$ 565,292,576	\$ 558,683,090	\$ 678,722	\$ 953,163	\$ (397,401)	\$ (971,644)	\$ 565,573,897	\$ 558,664,609

Schedule 3A - Budgetary Comparison Schedules - Unrestricted and Restricted - All Operations

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted and restricted beginning fund balance	\$ 109,897,855	\$ 152,497,362	\$ 151,259,627	\$ (1,237,735)
Unrestricted and restricted revenues:				
Tuition and fees income	176,220,900	176,119,081	176,042,245	(76,836)
Federal revenue sources	212,391,465	192,061,368	177,396,390	(14,664,978)
State government appropriations	109,404,875	112,242,363	111,501,734	(740,629)
Endowment and private gifts	2,761,200	2,761,311	2,981,169	219,858
Land and permanent fund	9,590,481	9,418,450	8,332,153	(1,086,297)
Other sources	179,012,889	192,449,403	184,740,710	(7,708,693)
Total unrestricted and restricted revenues	689,381,810	685,051,976	660,994,401	(24,057,575)
Unrestricted and restricted expenditures:				
Instruction	143,777,674	146,303,496	138,559,906	7,743,590
Academic support	27,105,695	29,067,912	28,348,640	719,272
Student services	17,612,598	16,456,559	15,965,467	491,092
Institutional support	27,932,931	30,661,778	30,420,485	241,293
Operation and maintenance	27,463,494	25,624,150	26,046,951	(422,801)
Subtotal instruction and general	243,892,392	248,113,895	239,341,449	8,772,446
Student social and cultural activities	4,417,306	4,568,090	4,281,336	286,754
Research	144,682,581	140,799,182	134,123,000	6,676,182
Public service	57,546,436	47,705,176	45,663,141	2,042,035
Internal services	555,502	1,271,157	523,470	747,687
Student aid, grants and stipends	106,421,756	99,379,170	91,098,799	8,280,371
Auxiliary services	27,850,190	30,184,678	26,666,024	3,518,654
Intercollegiate athletics	15,235,336	16,717,236	15,619,352	1,097,884
Independent operations	15,708,286	16,414,700	15,214,886	1,199,814
Capital outlay	64,649,915	85,419,633	78,736,892	6,682,741
Renewal and replacement	18,922,743	18,203,669	13,834,415	4,369,254
Retirement of indebtedness	15,468,764	15,568,935	15,455,875	113,060
Total unrestricted and restricted expenditures	715,351,207	724,345,521	680,558,639	43,786,882
Net transfers to (from)	-	-	-	-
Change in fund balance (budgetary basis)	(25,969,397)	(39,293,545)	(19,564,238)	19,729,307
Ending fund balance	\$ 83,928,458	\$ 113,203,817	\$ 131,695,389	\$ 18,491,572

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 the following 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 debt service. E. Each individual item of transfer between funds and/or functions.

Schedule 3B - Budgetary Comparison Schedules - Unrestricted - Instruction and General

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted beginning fund balance	\$ 23,552,900	\$ 34,340,933	\$ 34,340,933	\$ -
Unrestricted revenues:				
Tuition and fees income	91,871,288	94,364,868	93,103,295	(1,261,573)
Miscellaneous Fees	4,950,110	5,215,620	5,219,344	3,724
Federal government appropriations	-	-	-	-
State government appropriations	136,768,200	136,666,381	136,589,181	(77,200)
Local government appropriations	8,614,000	9,084,974	9,386,116	301,142
Federal government grants and contracts	256,400	304,400	171,996	(132,404)
State government grants and contracts	50,000	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	2,761,200	2,761,200	2,981,169	219,969
Private gifts	10,000	10,000	-	(10,000)
Sales and services	456,800	410,100	390,597	(19,503)
Other sources	17,853,790	17,241,267	17,049,760	(191,507)
Total unrestricted revenues	263,591,788	266,058,810	264,891,458	(1,167,352)
Unrestricted expenditures:				
Instruction	129,755,733	131,049,580	125,848,263	5,201,317
Academic support	25,061,746	27,029,192	26,663,613	365,579
Student services	16,254,543	15,325,001	15,023,488	301,513
Institutional support	27,295,831	29,992,978	30,164,374	(171,396)
Operation and maintenance	27,429,194	25,574,921	26,014,060	(439,139)
Total unrestricted expenditures	225,797,047	228,971,672	223,713,798	5,257,874
Net transfers to (from)	39,009,448	47,263,291	46,750,449	512,842
Change in fund balance (budgetary basis)	(1,214,707)	(10,176,153)	(5,572,789)	4,603,364
Ending fund balance	\$ 22,338,193	\$ 24,164,780	\$ 28,768,144	\$ 4,603,364

Schedule 3C - Budgetary Comparison Schedules - Restricted - Instruction and General

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Restricted beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Tuition and fees income	-	-	-	-
Miscellaneous Fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government grants and contracts	11,164,386	12,855,182	9,737,495	(3,117,687)
State government grants and contracts	2,616,722	2,270,427	2,123,171	(147,256)
Local government grants and contracts	-	-	7	7
Private gifts, grants and contracts	856,060	797,003	747,469	(49,534)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	3,458,177	3,219,611	3,019,509	(200,102)
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	18,095,345	19,142,223	15,627,651	(3,514,572)
Restricted expenditures:				
Instruction	14,021,941	15,253,916	12,711,643	2,542,273
Academic support	2,043,949	2,038,720	1,685,027	353,693
Student services	1,358,055	1,131,558	941,979	189,579
Institutional support	637,100	668,800	256,111	412,689
Operation and maintenance	34,300	49,229	32,891	16,338
Total restricted expenditures	18,095,345	19,142,223	15,627,651	3,514,572
Net transfers to (from)	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

Schedule 3 - Budgetary Comparison Schedules - Combined Campuses

Change in fund balance (budgetary basis) as presented in schedule 3A	\$ (19,564,238)
Financial statement net operating loss	<u>(204,794,554)</u>
Difference	<u><u>\$ 185,230,316</u></u>
 Reconciling items:	
State appropriations classified as non-operating revenues	176,119,345
Gifts classified as non-operating revenue	10,730,361
Fund investment and endowment income shown as non-operating	(3,989,432)
Interest and other expenses on capital assets classified as non-operating	(8,949,053)
Other net expenses classified as non-operating	2,929,072
Capital appropriations, gifts, grants and contracts classified as non-operating	26,579,788
Building fee revenue classified as non-operating	5,872,346
Net loan fund operating activity	(83,621)
Depreciation expense included in operating expense	(31,475,561)
Net plant fund non-operating	9,787,429
Financial statement adjustments not included in budget actuals	<u>(2,290,358)</u>
Total statement - only adjustments	<u><u>\$ 185,230,316</u></u>

Notes

- 1) The final State Budget Adjustment Request for Restricted Funds may not reflect all restricted revenue for the year due to timing differences; all restricted expenses were within restricted revenues earned as of June 30, 2012.
- 2) Although line item titles may be similar to line items on the Statement of Revenues, Expenditures and Changes in Net Assets, reconciling amounts may not include activity for certain fund types and/or functional classifications.

Schedule 4 - Pledged Collateral Requirements

Pledged Collateral By Financial Institution

Account	Type of Security	CUSIP No./ Security #	Maturity Date	Fair Value of Collateral	Deposit Amount
CITIZEN'S BANK OF LAS CRUCES					
<i>Certificate of deposit endowment</i>	None				\$ 11,100
FIRST NATIONAL BANK OF ALAMOGORDO					
<i>Cash</i>	Muni Tax Exempt	82620XBN4	4/1/2024	\$ 514,651	\$ 710,254
EAST TEXAS NATIONAL BANK - PALESTINE					
<i>Cash</i>	None				\$ 30,378
GRANTS STATE BANK					
<i>Cash</i>	None				\$ 48,421
WELLS FARGO BANK OF NEW MEXICO					
<i>Cash</i>	FNMA	3128M6VZ8	10/1/2038	\$ 1,889,073	\$ 55,003,239
	FNMA	3138A1BM2	1/1/2041	\$ 13,438	
	FNMA	3138A2BQ1	12/1/2040	\$ 1,831,998	
	FNMA	3138A28X6	12/1/2040	\$ 1,233,049	
	FNMA	313BA2CF4	12/1/2025	\$ 409,188	
	FNMA	3138A2MNG	1/1/2041	\$ 5,605,061	
	FNMA	3138A3S65	1/1/2041	\$ 5,792,479	
	FNMA	3138A4SV8	2/1/2026	\$ 243,965	
	FNMA	3138A4XY6	1/1/2041	\$ 5,994,444	
	FNMA	3136A54P4	2/1/2041	\$ 983,476	
	FNMA	3138A77E2	4/1/2041	\$ 792,781	
	FNMA	3138A8RD0	3/1/2041	\$ 216,619	
	FNMA	3138AAAX9	3/1/2026	\$ 2,751,537	
	FNMA	31418UCG7	5/1/2040	\$ 8,660,509	
WESTERN COMMERCE BANK, CARLSBAD					
<i>Cash</i>	GNMA	876947	11/20/2029	\$ 29,416	\$ 84,664
	GNMA	80581	2/20/2032	\$ 18,297	

Note: The Foundation is not subject to the State of New Mexico pledged collateral requirement.

Schedule 4 (continued) - Pledged Collateral Requirements

Account	FDIC Insurance	Uninsured Public Funds	Collateral held by the pledging Federal Institution	(Under) 50% Collateral Requirement
CITIZEN'S BANK OF LAS CRUCES				
<i>Certificate of deposit endowment</i>	\$ 11,100	\$ -	\$ -	\$ -
FIRST NATIONAL BANK OF ALAMOGORDO				
<i>Cash</i>	\$ 710,254	\$ -	\$ 514,651	\$ 514,651
EAST TEXAS NATIONAL BANK - PALESTINE				
<i>Cash</i>	\$ 30,378	\$ -	\$ -	\$ -
GRANTS STATE BANK				
<i>Cash</i>	\$ 48,421	\$ -	\$ -	\$ -
WELLS FARGO BANK OF NEW MEXICO				
<i>Cash</i>	\$ 24,876,286	\$ 30,126,953	\$ 36,417,617	\$ 21,354,141
WESTERN COMMERCE BANK, CARLSBAD				
<i>Cash</i>	\$ 84,664	\$ -	\$ 47,713	\$ 47,713

Note: The Foundation is not subject to the State of New Mexico pledged collateral requirement.

Schedule 5 - Schedule of Funding Progress and Employer Contributions

The Schedule of Funding Progress and the Schedule of Employer Contributions present multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability, and the actual contributions of the University to the annual required contributions.

Schedule of Funding Progress

<u>Fiscal Year Ending</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2012	\$ -	\$ 77,650,000	\$ 77,650,000	0%	\$259,361,365	30%
6/30/2011	\$ -	\$ 87,632,000	\$ 87,632,000	0%	\$270,680,385	32%
6/30/2010	\$ -	\$ 83,591,000	\$ 83,591,000	0%	\$273,072,565	31%

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Required Contributions (ARC)</u>	<u>Actual Contributions</u>	<u>% Contributed</u>
6/30/2012	\$ 6,034,000	\$ 3,601,000	59.7%
6/30/2011	\$ 6,858,000	\$ 3,076,000	44.9%
6/30/2010	\$ 6,553,000	\$ 2,873,000	43.8%

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2011 to June 30, 2012
Actuarial cost method	Unit Credit Actuarial Cost Method
Amortization method	30 Years
Discount rate	4.5%
Projected payroll growth rate	3.5%
Health care cost trend rate	Medical and prescription benefits on a select basis at 10% pre 65 years of age and 9% post 65 years of age and on an ultimate basis at 5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.

Schedule 6 – Joint Powers Agreements (JPA) and Memorandums of Understanding (MOU)

1. The Regents of New Mexico State University and City of Las Cruces and the Department of Fish, Wildlife and Conservation Ecology at NMSU have entered into a Memorandum of Understanding concerning the Burrowing Owl Management Project. The dates of the project are February 2010 through December 2012. The funds available for this project are \$10,220. The total expenses for the current year's agreement are \$4,720. Each party accepts its own audit responsibility and reports its own expenses and revenues.
2. The Regents of New Mexico State University and the Department of Finance and Administration entered into a Memorandum of Understanding to support water systems across the state of New Mexico. The agreement provides funding for Phase I of the capital equipment needed in algae test ponds in proving the viability of New Mexico ecosystems for commercial algae production. The funding for this project is \$200,000. There were no expenses recorded for the current fiscal year. The University acts as a fiscal agent, reporting revenues and expenses for this agreement.
3. The Las Cruces Public Schools and the University entered into a Memorandum of Understanding beginning July 2010. The agreement states that Las Cruces Public Schools will pay for salary and benefits of \$42,519 for coaching and mentoring of elementary science and mathematics teachers. Through the project, there will also be a one week Summer Institute Academy for all district teachers in the science and math fields, as well as a monthly summary of outcome and professional development. There were no expenses recorded for the current fiscal year. The University acts as the fiscal agent for this project. The University will report revenues and expenses for this agreement.
4. The Regents of New Mexico State University and San Juan College entered into a Memorandum of Understanding to create an AAS degree program in Urban Agriculture and Xeric Landscape Design. The program will provide a horticulturist for the Farmington Agricultural Science Center who will allow 20-25% of his/her time for teaching of the Urban Agriculture Course. The total funding for the project is \$76,848. The total expenses for the current year's agreement are \$7,584. The University acts as the fiscal agent for the project, reporting revenues and expenses for this agreement.
5. The Regents of New Mexico State University, the Regents of the New Mexico Institute of Mining and Technology and the State of New Mexico General Services Department Communications Division entered into an Memorandum of Understanding to cooperate, jointly manage and share telecommunications facilities namely, fiber optic infrastructure located between El Paso, Texas and Santa Fe, New Mexico, effective on September 1, 2005. The project establishes a foundation to create a self provisioned statewide fiber optic network to be utilized by agencies and universities

Schedule 6 (continued) – Joint Powers Agreements (JPA) and Memorandums of Understanding (MOU)

within the State of New Mexico. The agreement continues in effect until the termination of the University/FiberCo contract, which is September 30, 2025, or upon the parties' written agreement to terminate this agreement. The total estimated cost of the project is \$3,003,240. The total expenses for the current year's agreement are \$72,153. Each party to the agreement acts as its own fiscal agent, reporting its own revenues and expenses, and accepting audit responsibility.

6. New Mexico State University on behalf of the New Mexico State University Police Department (Department) and the County of Dona Ana, NM (County), entered into a Memorandum of Understanding. The County has received State Funding through the New Mexico Department of Transportation Community DWI Program. The Department will provide enhanced law enforcement services in NMSU's sole discretion in direct support of New Mexico Department of Transportation's guidelines of the Community DWI Program to use on the purchase of special equipment, 3 digital video in-car cameras, including installation. The dates of the project are September 1, 2011 through June 30, 2012. The total funding for the project is \$12,600. The total expenses for the current year's agreement are \$12,600. Each party in this agreement acts as their own fiscal agent, reporting its own revenues and expenses and accepting audit responsibility.

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER - MAJOR PROGRAM						
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)						
NASA DIRECT AWARDS						
	NNX09AV36G NASA	43.001	GR0003109	604589	-	150,890
	STScI HST-AR-11271.01-A	43.001	GR0002359	603413	-	487
	STScI HST-GO-11210.04-A	43.001	GR0002360	603414	-	7,321
	STScI HST-GO-11211.07-A	43.001	GR0002361	603415	-	15,448
	STScI HST-GO-11359.07-A WFC3 SRVEY	43.001	GR0002732	603973	-	3,261
	FY11 SATOP-RTA# 3714	43.002	GR0003652	605847	-	1,994
	FY11 SATOP-RTA# 3747	43.002	GR0003695	605897	-	2,000
	NASA EPSCOR NNX08AV85A	43.002	GR0002815	604083	28,672	116,138
	NNX09AP76A	43.002	GR0003074	604509	41,686	280,939
	NNX11A080A	43.002	GRP001173	800584	21,000	270,689
	SATOP-RTA #3456	43.002	GR0003413	605320	-	(70)
	SATOP-RTA #3696	43.002	GR0003648	605839	-	1,734
	NASA NNM12AA52P	43.rd	GR0003886	606360	-	3,000
	NASA NNX07AO42A	43.rd	GR0002485	603579	12,496	39,782
	NASA NNX07AT64A EPSCoR	43.rd	GR0002488	603607	-	(216)
	NASA NNX08AF53A	43.001	GR0002536	603667	-	43,285
	NASA NNX08AK14G	43.001	GR0002601	603782	45,063	129,019
	NASA NNX08AV43H	43.001	GR0002725	603963	-	11,806
	NASA NNX08AW68H	43.rd	GR0002761	604011	-	2,018
	NASA NNX08AY44G SPECTROSCOPY	43.rd	GR0002800	604057	-	70,953
	NASA NNX09AH61A DREAM	43.rd	GR0002985	604347	-	33,054
	NASA NNX09AP69A NESSI	43.001	GR0003065	604498	115,404	123,334
	NASA NNX09AQ96H	43.001	GR0003094	604552	-	32,286
	NASA NNX09AV90G	43.002	GR0003151	604855	-	629,161
	NASA NNX10AC36A	43.002	GR0003195	604952	76,876	76,876
	NASA NNX10AC40G	43.002	GR0003202	604960	(1,105)	28,070
	NASA NNX10AC50G	43.001	GR0003201	604959	-	35,365
	NASA NNX10AG26G	43.002	GR0003254	605055	-	20,124
	NASA NNX10AM48H	43.001	GR0003400	605214	-	40,532
	NASA NNX10AU76G	43.rd	GR0003468	605544	-	4,364
	NASA NNX11AB73G	43.001	GR0003533	605651	-	33,610
	NASA NNX11AM02G	43.009	GR0003716	605948	-	22,717
	NASA NNX12AC80G	43.001	GR0003871	606326	-	3,772
	NNG05GE97H NASA	43.001	GR0000182	600374	(30)	(31,102)
	SATOP-RTA #3710	43.002	GR0003649	605840	-	(206)
	FY11 EPSCOR- PROXIMITY OPERATIONS	43.008	GR0003799	606206	20,269	99,255
	GSRP - ADAM MCKAY	43.008	GR0003733	605973	-	28,051
	1257395 JPL	43.rd	GR0000153	602166	-	20,340
	COSMOLOGICAL SIMULATIONS	43.rd	GR0003816	606227	-	29,557
	GALAXY FORMATION IN LCDM	43.rd	GR0003833	606258	-	14,428
	JPL 60086/rsa#1417345	43.rd	GR0003480	605560	-	4,999
	JPL RSA 1434420	43.rd	GR0003669	605874	-	8,425
	METALLICITY DISTRIBUTION FUNCTIONS	43.rd	GR0003645	605835	-	13,907
	NAS5-03003 NASA	43.rd	GRP000904	800222	10,202,635	25,745,992
	STScI HST-AR-11746.03-A	43.rd	GR0002882	604313	-	1,809
	STScI HST-GO-11111.01-A	43.rd	GR0002580	603743	-	20,050
	STScI HST-GO-11658.02-A	43.rd	GR0003379	605265	-	15,097
	STScI HST-GO-11667.01-A	43.rd	GR0003312	605165	-	8,893
	STScI HST-GO-11704.05-A	43.rd	GR0002881	604190	-	11,797
	STScI HST-GO-11729.01-A WFC3 FILTER	43.rd	GR0003182	604936	-	13,764
	STScI HST-GO-12252.01-A	43.rd	GR0003598	605750	-	44,445
	STScI HST-GO-12252.02-A	43.rd	GR0003595	605745	-	7,769
			DIRECT NASA		10,562,966	28,291,013
NASA PASS THRU AWARDS						
Assoc of Universities for Research in Astronomy, Inc. (AURA)	INFLUENCE OF SUBSURFACE N06504C-N	43.001	GR0003919	606421	-	2,989
Smithsonian Institute	SDO SCIENCE CENTER	43.001	GR0003615	605780	-	19,538
University of Maryland	UOM #7356	43.001	GR0003242	605042	-	41,096
Engility Corp	LTR AGREEMNT 11-143 & PO E11MM230I	43.002	GRP001174	800586	-	19,750
Northrop Grumman Information Technology Inc	PRC 024053-SC-99-003	43.002	GRP000687	801593	-	3,677
Secor Strategies LLC	NASA MICI STUDENT LAUNCH	43.008	GR0003854	606296	-	4,215
General Dynamics C4 Systems Inc	GD04 02SM37949 TASK ORDERS	43.rd	GRP001161	800553	-	238,428
Jacobs Technology Inc.	COOP ED AGREEMENT 5/11/11	43.rd	GR0003671	605876	-	(1,809)
NorthWest Research Associates, Inc.	NWRA-09-S-117	43.rd	GR0002979	604336	-	31,147
Orbital Science Corporation	OSC 2210030006-LS	43.rd	GRP001149	800529	-	396,091
State of Arizona	MODELS OF COSMIC RAY	43.rd	GR0002855	604151	-	-
Space Science Institute (SSI)	SSI SUBAWARD 00516	43.rd	GR0003805	606214	-	40,357
Wyle Life Sciences Group	ISS STATION DETAILED TEST OBJECTIVE	43.rd	GR0003934	606453	-	20,437
Wyle Life Sciences Group	SPECIALIZED SCIENTIFIC EXPERIMENTS	43.rd	GR0003637	605824	-	36,167
ZONA Technology, Inc.	NASA STR PROJECT	43.rd	GR0003632	605815	-	21,601
ZONA Technology, Inc.	ZONA ZTSNMSU-DUST2	43.rd	GR0003483	605568	-	70,835
			PASS THRU NASA		-	944,519
			TOTAL NASA		10,562,966	29,235,532
DEPARTMENT OF DEFENSE (DOD)						
DOD DIRECT AWARDS						
	ONR N00014-08-1-0304 DESALINATION	12.300	GR0002568	603710	191,683	546,096
	ONR N00014-10-1-0711	12.300	GR0003338	605202	-	277,402
	ARMY/DOD W911NF-08-1-0198	12.431	GR0002657	603871	-	48,324
	DOD/ACA/WSMR W9124Q-08-D-0800	12.431	GRP001099	800524	-	3,540,679
	US ARMY W911NF-12-1-0050	12.431	GR0003867	606322	-	37,802
	W15QKN-05-D-0022	12.431	GRP000533	603799	1,006,067	2,104,299
	W911NF-11-1-0195	12.630	GR0003664	605861	26,113	147,406
	AFOSR FA9550-10-1-0403	12.800	GR0003384	605270	-	31,992
	AFRL FA9453-12-1-0139	12.800	GR0003882	606348	-	26,724

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures	
AFRL SMALL UNIV GRANT		12.800	GR0003765	606127	-	42,022	
BEAM EFFECTS		12.800	GR0003083	604535	-	171,674	
STUDENT RESEARCH EXPERIENCE		12.800	GR0003835	606260	-	989	
TESTING SPACE ROBOTIC SYSTEM		12.800	GR0003790	606198	-	18,752	
USAF FA8650-11-C-2127		12.800	GR0003499	605593	293,926	995,866	
USAF RESEARCH LABORATORY		12.800	GR0003609	605769	-	33,473	
1160 VULTURE 11 SPT		12.rd	GRP001160	800554	34,432	374,212	
BROOKS IPA 5/26/10		12.rd	GRP001136	800521	-	108,368	
DATM05-01-C-0026 DOD		12.rd	GRP000832	800069	(4,774)	3,209,430	
FA9201-08-D-0093 UAS		12.rd	GRP001107	800535	67,414	1,368,616	
MDA HQ0147-10-D-0051		12.rd	GRP001133	800587	-	496,753	
NGIA HM017710C0014		12.rd	GRP001147	800527	-	85,310	
US ARMY W15P7T-09-C-C303		12.rd	GRP001123	801561	-	998,301	
US ARMY W911QX-10-D-0004		12.rd	GRP001135	800531	645,773	5,005,890	
US ARMY WAVELENGTH OBSCURANTS		12.rd	GR0003726	605958	-	169,553	
US ARMY WSMR CA#164		12.rd	GR0003453	605508	-	98,287	
USAF KWRD 106070 & KWRD116077		12.rd	GR0003409	605313	-	66,568	
W15QKN-07-D-0006		12.rd	GRP000592	800522	-	399,691	
US GOV		12.rd	GRP000972	800428	-	(148,485)	
1166-HOOKER-SEAGULL		12.rd	GRP001166	800563	-	181,931	
W15QKN-07-D-0006 FFP		12.rd	GRP001592	800551	-	164,367	
					DIRECT DOD	2,260,634	20,602,292
DOD PASS THRU AWARDS							
Texas A&M University	#570700	12.110	GR0003507	605610	-	52,269	
ManTech International Corporation	MANTECH SUBK-09-032-NMSU	12.114	GRP001125	801583	-	17,004	
University of New Mexico	DoD DTRA	12.351	GRP001113	604257	-	64,754	
University of Louisville Research Foundation	UNIV OF LOUISVILLE OGM090996	12.420	GR0003392	605289	-	47,714	
High Performance Technologies, Inc. (HPTI)	AHPCRC - HPTI	12.431	GR0002275	603658	-	539,006	
High Performance Technologies, Inc. (HPTI)	PO 10-12-276	12.630	GR0003564	605694	-	87,041	
L-3 Communications Telemetry East	L-3 COLEMAN AEROSPACE 11010-S-1000	12.800	GRP001128	801582	-	126,406	
Wright State University	FLOW CHARACTERIZATION AND ADJOINT BA	12.800	GR0003959	606502	-	1,268	
Aegis Technology Inc	AGREEMENT SIGNED 10/3/11	12.rd	GR0003791	606199	-	76,081	
AMEWAS, Inc (American Electronic Assoc, Inc)	PO# 5873	12.rd	GRP001153	800539	-	36,075	
ARINC	DART FLIGHT TEST SUPPORT	12.rd	GRP001188	800622	-	4,264	
Boeing Mesa	BOEING RGDS ITERATION 2	12.rd	GRP001183	801603	-	35,351	
Boeing Mesa	EMERGENCY SUPPORT SERVICES FOR FBD	12.rd	GRP001185	800616	-	14,448	
Boeing Mesa	PO# 1100254137	12.rd	GRP001158	800548	-	25,859	
Gleason Research Associates Inc.	NMSU-11-0264 DOD STTR	12.rd	GRP001169	800577	-	44,504	
Honeywell Technology Solutions Incorporated	PO# C090110019	12.rd	GRP001143	800517	(10,761)	(10,761)	
Invertix Corporation	INVERTIX-NMSU 2010-1	12.rd	GR0003249	605859	-	(6,551)	
Invertix Corporation	INVERTIX-NMSU 2010-2	12.rd	GR0003840	606266	-	16,160	
ITT Corporation	LTCO-012 ITT AES CORP	12.rd	GRP001100	800526	-	(637)	
ITT Corporation	PO# 358361J	12.rd	GRP001171	800581	-	140,115	
ITT Corporation	PO# 361795J	12.rd	GRP001177	800595	-	9,426	
Kratos Defense & Security Solutions, Inc	CHANNEL SPIN DECK PO-0001348	12.rd	GRP001165	800562	-	17,853	
Kratos Defense & Security Solutions, Inc	DTI PO-0003082	12.rd	GRP001179	800598	-	30,258	
Lockheed Martin Shared Svcs	JAVAD UNITS	12.rd	GRP001175	800589	-	171,855	
Lockheed Martin Shared Svcs	PO 4500158016	12.rd	GRP001172	800583	-	232,034	
Mit-Lincoln Laboratory	FLIGHT TEST SUPPORT	12.rd	GRP001164	800561	-	132,490	
nanoComposix	COLLABORATION AGRMNT 12/22/10	12.rd	GR0003554	605681	-	67,380	
National Assessment Group (NAG)	NAG PUMA AE UAS & VIDEO SCOUT	12.rd	GRP001182	800614	-	5,687	
Newtec New Mexico Technology Group	HIFIRE II	12.rd	GRP001157	800546	-	56,362	
Physical Sciences, Inc.	METAL COATED FIBER ANALYSES	12.rd	GR0003641	605828	-	35,395	
Quiroga-Pfeiffer Engineering Corporation	QPEC BRIDGE ASSESSMENT SERVICES	12.rd	GR0003049	605904	-	37,983	
Raytheon	RAYTHEON LC3016405REV A	12.rd	GRP000555	800509	-	17,106	
Science Applications International Corporation (SAIC)	4400077896 SC APP	12.rd	GRP000946	801500	-	(2,634)	
Science Applications International Corporation (SAIC)	MINGO III SAR	12.rd	GRP001155	800542	-	27,723	
					PASS THRU DOD	(10,761)	2,149,288
TOTAL DOD						2,249,873	22,751,580
NATIONAL SCIENCE FOUNDATION (NSF)							
NSF DIRECT AWARDS							
	CBET-0854411	47.041	GR0003073	604508	-	11,231	
	CMMI-1131290	47.041	GR0003728	605964	-	35,876	
	NSF CBET-0754525	47.041	GR0002777	604033	-	126,889	
	NSF CMMI-0900289	47.041	GR0002953	604291	-	95,351	
	NSF ECCS-1125776	47.041	GR0003709	605938	-	40,239	
	UNMANNED SYSTEMS	47.041	GR0003743	605986	-	32,966	
	AST-0519398 NSF	47.049	GR0001019	601589	-	77,044	
	AST-0908126	47.049	GR0003025	604419	-	44,549	
	DMS-1108992	47.049	GR0003729	605965	-	20,925	
	HYDROPHOBICITY SWITCHING	47.049	GR0002994	604372	-	126,368	
	NSF AST-0708185	47.049	GR0002395	603460	-	22,166	
	NSF AST-0807290	47.049	GR0002724	603962	-	32,609	
	NSF AST-0807989 MODELING VARIATIONS	47.049	GR0002755	604006	6,228	41,874	
	NSF AST-1009908	47.049	GR0003441	605482	-	56,139	
	NSF AST-1109178	47.049	GR0003713	605944	-	30,833	
	NSF CHE-0809966 ARRAY PLATFORMS	47.049	GR0002746	603992	-	92,577	
	NSF CHE-1012479	47.049	GR0003418	605326	-	105,305	
	NSF CHE-1112299	47.049	GR0003771	606145	-	57,886	
	NSF DMR-0804032	47.049	GR0002611	603792	-	15,215	
	NSF DMR-1104934	47.049	GR0003706	605929	-	67,820	
	NSF DMS-0710228 THETA LIFTS	47.049	GR0002373	603433	-	6,141	
	NSF DMS-0967583	47.049	GR0003294	605113	-	21,835	
	NSF DMS-0968766	47.049	GR0003148	604843	-	5,579	
	NSF/CHE CARBON NANSTRUCTURES	47.049	GR0003687	605901	-	26,707	
	NSF/DMR-0822846	47.049	GR0002794	604052	-	25,835	
	NFS EAR-0636075	47.050	GR0002178	603089	-	93,995	

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
NSF AGS-1049295	47.050	GR0003488	605579	-	-	14,686
NSF EAR SILICIC SUPERVOLCAN	47.050	GR0002891	604204	-	-	17,233
NSF EAR-0634903	47.050	GR0002141	603035	-	-	24,556
NSF EAR-0809608	47.050	GR0002758	604007	-	-	24,861
NSF INDEPTH IV EAR-0409870	47.050	GR0002189	603101	-	-	65,700
NSF/OCE 0909083	47.050	GR0002886	604198	-	-	39,131
BRAINWAVE MEASUREMENT	47.070	GR0003636	605822	-	-	133,360
CIF: MEDIUM: COLLABORATIVE RESEARCH	47.070	GR0003924	606427	-	-	7,661
CNS-0838726	47.070	GR0002646	603818	156	(4,399)	
NSF CCF-1017632	47.070	GR0003459	605523	-	-	14,204
NSF CCF-1111798	47.070	GR0003775	606156	-	-	136,793
NSF CFF-0830666	47.070	GR0002764	604016	-	-	38,411
NSF CNS-0551734	47.070	GR0001772	602479	-	-	(4,527)
NSF CNS-0836632 COMMUNI & COMPUTING	47.070	GR0002733	603974	-	-	253,553
NSF IIS-0812267	47.070	GR0002739	603983	-	-	133,574
NSF PROJECT ENABLE	47.070	GR0003569	605706	-	-	96,824
CAREER: INDIVIDUAL VARIATION IN DIS	47.074	GR0003922	606424	-	-	23,127
NSF #IOS 0744498	47.074	GR0002539	603670	-	-	30,387
NSF DBI-0821806	47.074	GR0002796	604054	-	-	111,301
NSF DBI-0964127	47.074	GR0003285	605095	-	-	73,327
NSF DBI-1150202	47.074	GR0003875	606332	-	-	35,742
NSF DEB-0815808	47.074	GR0002838	604123	-	-	68,351
NSF DEB-0817033 REVSYS	47.074	GR0002747	603993	-	-	17,257
NSF DEB-0953864	47.074	GR0003358	605240	-	-	120,463
NSF EF-1065699	47.074	GR0003653	605848	-	-	449
NSF LTER V DEB-0618210	47.074	GR0002158	603055	26,101	-	927,671
NSF MCB-0818729	47.074	GR0002734	603976	-	-	115,599
NSF MCB-1051453	47.074	GR0003618	605784	-	-	140,239
NSF BCS-0948622	47.075	GR0003473	605549	22,663	-	40,555
NSF BCS-1010516	47.075	GR0003450	605503	80,317	-	220,288
COLLABORATIVE RESEARCH: INTEGRATING	47.076	GR0003929	606445	-	-	3,311
DGE-0715044	47.076	GR0002049	604554	-	-	(941)
DGE-1144468	47.076	GR0003865	606315	-	-	54,000
DRL-0918794	47.076	GR0003080	604527	49,000	-	1,255,661
DUE-0926743	47.076	GR0003061	604488	-	-	65,976
HRD-0420407 NSF	47.076	GR0000053	600115	-	-	10,510
NFS DUE-0652968	47.076	GR0002418	603487	-	-	387,504
NSF DGE-0947465	47.076	GR0003403	605303	-	-	489,277
NSF DRL-0733690 SUMA	47.076	GR0002394	603457	-	-	166,426
NSF DUE 0717752 LEARN MATH & CS	47.076	GR0002355	603406	-	-	50,366
NSF DUE-0633746	47.076	GR0002136	603029	-	-	4,776
NSF DUE-0817003	47.076	GR0002766	604017	-	-	17,895
NSF DUE-1045231	47.076	GR0003617	605783	-	-	24,831
NSF HRD-0803171	47.076	GR0002816	604084	110,172	-	512,879
NSF HRD-0832947	47.076	GR0002738	603982	23,727	-	23,727
NSF HRD-0929343	47.076	GR0003009	604393	-	-	149,430
NSF HRD-1026412	47.076	GR0003326	605181	458,358	-	463,926
NSF S-STEM DUE-0807226	47.076	GR0002745	603990	-	-	138,433
PROBLEM SOLVING DUE-0618765	47.076	GR0001929	602751	-	-	1,332
REACHING PINNACLE NSF HRD	47.076	GR0001980	602827	31,131	-	340,926
NSF OISE-0936691	47.079	GR0003041	604455	-	-	7,194
DIRECT NSF					807,853	8,397,770
NSF PASS THRU AWARDS						
Stanford University	28140050-50542-A	47.041	GR0003759	606113	-	232,802
University of New Mexico	GOALI	47.041	GR0003830	606254	-	28,551
Colorado State University	CRC G-3189-1	47.049	GR0002106	602985	-	(1,622)
University Corporation for Atmospheric Research (UCAR)	UCARS - NMSU CLIMATE OFFICE	47.050	GR0003659	605855	-	12,000
University of Michigan	UofM 3000615888	47.050	GR0002088	602964	-	20,574
University of New Hampshire	SUBAWARD# 11-101	47.050	GR0003689	605884	-	24,061
University of Texas	CAHSI	47.070	GR0003740	605982	-	18,763
University of Texas	UTEP 26-1007-49-63	47.070	GR0002971	604320	-	51,541
University of New Mexico	UNM 048805-8745 SEVILLETA	47.074	GR0002571	603715	-	309
Research Foundation of City University of New York (CUNY)	CUNY/HUNTER COLLEGE	47.075	GR0003572	605709	-	27,260
University of Missouri	C00030084-1	47.076	GR0003566	605702	-	59,532
University of New Mexico	UNM SUBAWARD 06013-8745	47.077	GR0002942	604278	-	747,755
PASS THRU NSF					-	1,221,526
ARRA NSF AWARDS						
ARRA - NSF DBI-0959817	47.049	GR0003288	605106	-	-	33
ARRA - CMMI-0928062	47.082	GR0003058	604483	-	-	51,492
ARRA - NSF ARRA AST-0849986	47.082	GR0003052	604467	-	-	153,084
ARRA - NSF CMMI-0960156	47.082	GR0003212	604984	-	-	335,037
Arizona State University	ARRA - ASU SUB#11-603	47.082	GR0003651	605841	-	189,065
ARRA - NSF DMS-0914706	47.082	GR0003053	604471	1,872	-	36,435
ARRA - NSF					1,872	765,146
TOTAL NSF					809,725	10,384,442
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)						
HHS DIRECT AWARDS						
DHHS 5U01FD001941-11	93.103	GR0003456	605511	-	-	(446)
FDA FERN Microbiological Coop	93.103	GR0003114	604601	-	-	205,590
NIH INBRE YR 11	93.389	GR0003624	605736	1,889,345	-	2,613,360
NIH INBRE YR 12	93.389	GR0003885	606353	608,501	-	832,132
NIH INBRE YR10	93.389	GR0003623	605025	(9,672)	-	(3,324)
MOSQUITO LARVAL IMMUNITY	93.589	GR0003599	605752	-	-	139,992
HHS 90EV0398	93.592	GR0002834	604935	(5,000)	-	(5,000)
5U54CA132383 DOC#UCA132383A	93.701	GR0002811	605487	-	-	1,104,148
NIH 1R21AI092041-01A1	93.855	GR0003675	605880	-	-	144,290
DHHS SCORE ISC1AI081425	93.856	GR0002662	603878	-	-	272,544
NIH SCORE - 1SC1AI081659-01	93.856	GR0002708	603941	-	-	249,829

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	1SC2GM092300 & DOCSGM092300A	93.859	GR0003267	605068	-	118,874
	1SC1GM092297-01A1	93.859	GR0003581	605722	-	295,737
	2S06GM008136-36	93.859	GR0002259	605319	-	105,215
	NIH 1F31 GM090483	93.859	GR0003244	605751	-	14,721
	NIH 1SC1GM083693	93.859	GR0002638	603839	-	199,277
	NIH 1SC2GM083697-01A1 BACTERIA RecN	93.859	GR0003055	604478	-	50,974
	NIH 1SCHDO60887-1 INFANT	93.859	GR0002701	603928	-	262,278
	NIH MARC 5T34GM07667-33	93.859	GR0003310	605142	-	(3,215)
	NIH SCORE 1SC3GM084809-01 CHELATOR	93.859	GR0002700	603927	-	99,979
	1SC1HD063917-01A1	93.865	GR0003060	604486	-	265,613
	NIH 1SC1HD068128-01	93.865	GR0003359	605242	-	224,337
	NIH1R15EY021341-01A1 DOC#REY021341A	93.867	GR0003757	606111	-	46,512
	ANIMAL HEALTH, FOOD SAFETY	93.rd	GR0003635	605820	-	836,087
	CDC 212-2010-M-36207	93.rd	GR0003537	605648	-	2,293
				DIRECT HHS	2,483,174	8,071,797
HHS PASS THRU AWARDS						
University of New Mexico	UNM 3R73Y DEVELOPT OF GPR30-LIGAND	93.395	GR0002826	604100	-	44,950
University of Texas	UT SUBAWARD 09-013	93.855	GR0002896	604213	-	59,953
Massachusetts Institute of Technology	MIT #5710002832	93.859	GR0003475	605554	-	27,271
Massachusetts Institute of Technology	MIT #5710003055	93.859	GR0003825	606245	-	47,447
Regents of the University of Colorado	NIH BRAIN	93.859	GR0003571	605708	-	146,923
				PASS THRU HHS	-	326,544
HHS ARRA AWARDS						
	ARRA - 5U54CA132383 DOC#UCA132383A	93.701	GR0002811	504592	-	71,954
	ARRA - NIH 1R15EB012013-01	93.701	GR0003270	605072	-	133,823
	ARRA - NIH 3P20RR016480-09S1 INBRE P20	93.701	GR0003105	604585	96,839	104,964
	ARRA - NIH 3SC1AI081659-02S1	93.701	GR0003110	604591	-	17,507
	ARRA - NIH/DHHS 3P20RR016480-09S2	93.701	GR0003117	604604	149,639	149,639
	ARRA - NIH/DHHS 3SC3GM084809-02S1	93.701	GR0003106	604586	-	3,747
Massachusetts Institute of Technology	ARRA - MIT #5710002674	93.701	GR0003181	604934	-	23,358
				HHS ARRA	246,478	504,992
				TOTAL HHS	2,729,652	8,903,333
DEPARTMENT OF ENERGY (DOE)						
DOE DIRECT AWARDS						
	DE-FG29-91AL74167	81.041	GR0000858	600984	-	1,830,460
	DE-FG02-96ER40965 DOE	81.049	GR0003639	605826	-	143,722
	DOE DE-FG02-08ER15996 N-H BOND FORM	81.049	GR0002808	604066	-	107,834
	DOE DE-FG92-94ER40847	81.049	GR0002958	604301	-	285,216
	DOE DE-FG92-94ER40847	81.049	GR0003928	606387	-	132,489
	DOE DE-FG36-08GO88008	81.087	GR0002710	603943	-	81
	DOE DE-FG52-09NA29357	81.113	GR0003145	604840	-	278,043
	US DOE DE-FC36-07GO17034	81.117	GR0002420	603490	846,956	1,080,912
	75110-001-09	81.122	GR0003064	604497	-	331
	DOE DE-OE0000098 ENERGY TECH INITIA	81.122	GR0003158	604863	-	456,336
	SNL 993827	81.122	GR0003233	605000	-	208,703
	SNL PO 898047	81.122	GR0002933	604266	-	39,269
	#112647 BASIC AGRMNT #74472-001-09	81.rd	GR0003532	605652	-	58,788
	#125798 BASIC AGRMT #74472-001-09	81.rd	GR0003611	605774	-	14,753
	(DSMC) METHOD SIMULATION	81.rd	GR0003820	606231	-	22,953
	97102-001-04 3P LANL	81.rd	GR0001475	600851	-	(3,398)
	HETEROSTRUCTED QUANTUM	81.rd	GR0002935	604269	-	69,576
	LANL # 74243-001-010	81.rd	GR0003211	604983	-	191,978
	LANL #150623-1	81.rd	GR0003737	606257	-	36,332
	LANL 71178-001-09	81.rd	GR0002972	604322	-	163,820
	LANL 82028-001-10	81.rd	GR0003376	605263	-	56,504
	LANL 86321-001-10	81.rd	GR0003402	605300	-	42,528
	NANOANTENNAS PO 1150455	81.rd	GR0003703	605924	-	5,953
	PO 1049760	81.rd	GRP001145	800520	-	(859)
	PO 1094808	81.rd	GR0003562	605692	-	27,300
	SANDIA 6 27.6V 2.5AH BATTERIES	81.rd	GRP001186	800621	-	1,172
	SNL 905051	81.rd	GR0002950	604287	-	(1,871)
	SNL PO 1041091	81.rd	GRP001144	800516	-	(1,644)
	SNL PO 1076931	81.rd	GR0003501	605603	-	30,724
	SNL PO 1145139	81.rd	GR0003719	605951	-	329,313
	SNL PO 1150159	81.rd	GR0003697	605917	-	15,050
	SNL PO 1161229	81.rd	GRP001168	800569	-	45,037
	SNL PO 1161991 - BRISCOE	81.rd	GR0003738	605978	-	40,000
	SNL PO 871801	81.rd	GR0002848	604139	-	10,416
	SNL PO 994078	81.rd	GR0003298	605117	(4,020)	9,146
	SNL PO# 1011554	81.rd	GR0003328	605185	-	55,210
	SNL PO# 1077867	81.rd	GR0003511	605616	-	44,833
	SNL PO#1112439	81.rd	GR0003610	605772	-	9,427
	SNL/NMSU AGR# 536578	81.rd	GR0003626	605809	-	39,130
				DIRECT DOE	842,936	5,875,567
DOE PASS THRU AWARDS						
University of Missouri	C00026841-1	81.113	GR0003421	605329	-	81,127
Jefferson Science Associates LLC	SABBITICAL - ENGELHARADT	81.rd	GR0003724	605961	-	25,000
Los Alamos National Security LLC	LANL	81.rd	GR0003573	605711	-	56,517
New Mexico Institute of Mining and Technology	LANL UAS EFFORT	81.rd	GRP001184	800615	-	18,277
University of New Mexico	UNM/DOE-EPSCoR 182002-8745	81.rd	GR0002874	604180	-	59,246
Washington Tru Solutions Llc	WTS WIPP - MTO 408664	81.rd	GR0002593	603770	-	374,105
				PASS THRU DOE	-	614,272
DOE ARRA AWARDS						
Daniel Danforth Plant Science Center	ARRA - 28302-K DANFORTH CENTER	81.087	GR0003280	605091	-	1,163,789

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	ARRA - DOE DE-EE0001381	81.087	GR0003184	604939	-	48,215
				ARRA DOE	-	1,212,004
	TOTAL DOE				842,936	7,701,843
DEPARTMENT OF AGRICULTURE (USDA)						
USDA DIRECT AWARDS						
	58-6235-3-010 USDA	10.001	GR0000695	600719	-	(1,088)
	ACQUISITION OF GOODS AND SERVICES	10.001	GR0003356	605236	-	(2,397)
	ACQUISITION OF GOODS AND SERVICES	10.001	GR0003680	605893	-	250,364
	ARS 58-1275-1-328	10.001	GR0003736	650646	-	-
	ASSESSING AND MONITORING OF BIODIVE	10.001	GR0003861	606310	-	35,394
	COTTON GIN 58-6235-1-080	10.001	GR0003681	605894	-	3,360
	DISTRIBUTION& HABITAT SELECTION EAG	10.001	GR0003646	605837	-	69,885
	RANGE COW ADAPTIVE MECHANISMS	10.001	GR0003580	605721	-	21,702
	USDA 58-1275-1-333	10.001	GR0003761	650649	-	-
	USDA 58-5428-9-342	10.001	GR0003119	604606	-	104,503
	USDA ARS 58-6606-9-218 ORCHARD INPU	10.001	GR0003075	604510	-	999
	USDA ARS CA#58-3655-0-649	10.001	GR0003452	605506	-	2,387
	USDA ARS CA#58-6235-0-072	10.001	GR0003457	605512	-	16,697
	USDA/ARS 58-1910-9-927	10.001	GR0003027	604422	-	39,764
	USDA/ARS 58-6235-8-044	10.001	GR0002616	603801	-	855,556
	USDA/ARS/MWA 59-3655-9-739	10.001	GR0002943	604281	-	45,311
	11-8580-1148-CA	10.025	GR0003779	606175	-	11,570
	11-8580-1432-CA	10.025	GR0003769	606131	-	8,897
	11-8580-1482-CA	10.025	GR0003777	606165	-	74,771
	GRAY FOX GENETIC ANALYSIS	10.028	GR0003792	606200	-	9,473
	USDA/APHIS 10-7488-0785-CA	10.028	GR0003311	605164	-	2,098
	2009-34604-19939	10.200	GR0003062	604490	-	1,003
	2010-34186-20979	10.200	GR0003513	605621	22,864	119,954
	MCINTIRE STENNIS FED APPR FY12	10.200	GR0003747	606050	-	230,141
	MCINTIRRE STENNIS FED APPR FY10	10.200	GR0003435	605465	-	116,597
	MULTI STATE FED APPROP FY11	10.200	GR0003436	605470	-	201,906
	MULTI STATE FED APPROP FY12	10.200	GR0003748	606054	-	499,741
	USDA NIFA 2010-34331-20893	10.200	GR0003323	605178	-	(2,011)
	USDA NIFA 2010-34358-20679	10.200	GR0003300	605118	-	7,750
	USDA NIFA 2010-34604-20886	10.200	GR0003295	605123	-	87,824
	USDA/CSREES 2009-34625-20150	10.200	GR0003137	604829	-	(34)
	USDA/CSREES 2009-34186-20084 SWC 10	10.200	GR0003118	604605	8,028	8,186
	USDA/NIFA 2009-34635-19854	10.200	GR0003269	605070	54,317	70,068
	USDA/NIFA 2010-34250-21236	10.200	GR0003422	605330	-	62,724
	USDA/NIFA 2010-34624-20757	10.200	GR0003273	605075	-	47,041
	USDA/NIFA 2010-34635-20842	10.200	GR0003346	605219	205,900	253,774
	HATCH FED APPROP FY 11	10.203	GR0003434	605402	-	647,548
	HATCH FED APPROP FY 12	10.203	GR0003746	605990	-	1,226,889
	59-3620-7-607 USDA/ARS	10.206	GR0002220	603149	-	11,777
	CSREES 2009-55618-05094 IMPROV ECO	10.206	GR0002889	604202	-	63,378
	USDA CSREES #2008-55101-19208	10.206	GR0002688	603907	205	21,412
	USDA/CSREES 2007-35102-18120 WATER	10.206	GR0002322	603360	449	(571)
	USDA/CSREES 2007-35318-18483	10.206	GR0002442	603515	-	31,242
	USDA/CSREES 2008-35205-18751	10.206	GR0002518	603636	-	20,940
	USDA/CSREES 2008-35320-18684	10.206	GR0002511	603629	-	14,182
	USDA/CSREES 2008-55215-18837	10.206	GR0002574	603720	154,798	238,506
	2011-36100-06035	10.207	GR0003433	605400	-	14,312
	2011-36100-06035	10.207	GR0003745	605989	-	4,615
	CSREES/USDA 2007-38422-18027	10.223	GR0002333	603374	-	2,000
	2011051300-30679 PEANUT FARMING	10.307	GR0003843	606270	-	7,621
	USDA/ARS 59-3625-1-721	10.307	GR0003668	605873	-	80,565
	2009-65203-30216	10.310	GR0003630	605813	-	18,826
	USDA 2010-85101-20482	10.310	GR0003209	604974	32,506	84,672
	USDA NIFA 2010-45040-20843	10.500	GR0003324	605179	-	108,244
	CA 11-CA-11420004-373	10.664	GR0003776	606157	-	6,552
	ISOLATION AND QUANTIFICATION OF DNA	10.674	GR0003948	606478	-	4,893
	MONITORING/VALLES CALDERA	10.679	GR0003801	606208	-	31,999
	USDA FOREST SVC 11-DG-11132762-318	10.684	GR0003772	606174	-	14,052
	USDA/REAP GRANT NO 1	10.868	GR0003887	606361	-	3,237
	USDA NCRS # 67-8C30-10-001	10.905	GR0003464	605530	-	119,718
	USDA NCRS 69-8C30-08-0008	10.912	GR0002847	604138	-	12,007
	USDA/FAS 58-3148-0-180	10.962	GR0003470	605552	-	7,766
				DIRECT USDA	479,067	6,050,292
USDA PASS THRU AWARDS						
Texas A&M University	TAMU 435001	10.025	GR0003521	605628	-	(670)
Texas A&M University	TRAPPING STUDY PINK BOLLWORM	10.025	GR0003826	606247	-	9,258
Ben-Gurion University of the Negev	BGU REF NO. 88509301	10.200	GR0003353	605232	-	4,365
Colorado State University	CSU G-1474-14	10.200	GR0003544	605669	-	6,057
Kansas State University	CANOLA FOR THE GREAT PLAINS	10.200	GR0003543	605668	-	38,837
Kansas State University	KSU S10063	10.200	GR0003179	604931	-	(2,208)
Regents University of California Davis	ORNAMENTAL TRIAL PROTOCOL	10.200	GR0003821	606237	-	1,522
Regents University of California Davis	UCD SA76528	10.200	GR0003520	605627	-	1,675
State of Arizona	UNIV OF AZ Y554513	10.200	GR0003292	605111	4,640	34,069
Texas A&M University	EFFICIENT IRRIGATION	10.200	GR0003160	604878	-	42,411
Texas A&M University	EFFICIENT IRRIGATION	10.200	GR0003372	605258	-	139,738
Texas A&M University	TAMU 570485	10.200	GR0002822	604096	-	(148)
Texas A&M University	TAMU 570600	10.200	GR0003232	605017	-	260
Texas A&M University	USDA/NIFA & TAMU AGRILIFE 570671	10.200	GR0003387	605274	-	92,368
Utah State University	WINTER PROD OF LEAFY GREENS	10.215	GR0003147	604842	-	55,046
Utah State University	USU #090758004 SUSTAINABL LIVESTOCK	10.215	GR0003140	604832	5,600	54,937
State of Arizona	UNIV OF AZ Y560392	10.217	GR0003545	605670	-	25,371
University of Idaho	RANGELAND EDUCATION NIFA	10.217	GR0003621	605802	-	3,956

Schedule 7 - Schedule of Expenditures and Federal Awards

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University of Texas	REGIONAL ENERGY & EDUCATION NETWORK	10.223	GR0003824	606239	-	96,670
Dine College	DINE 2011-38424-30757	10.227	GR0003892	606371	-	10,579
Dine College	DINE COLLEGE PSC 3/16/10	10.227	GR0003265	605066	-	13,864
North Carolina State University	NCSU #2010-1365-03	10.309	GR0003552	605678	-	34,723
Regents University Of California Santa Barbara	UC-D 08-003512-NMSU SENSING&CONTROL	10.309	GR0002964	604310	-	277,725
State of Arizona	SUBGRNT #Y561984-UA/UCD/NIFA	10.309	GR0003655	605851	-	65,876
University of Georgia	SYSTEMS APPROACH AT IMPROVING THELC	10.309	GR0003837	606263	-	10,055
Texas A&M Research Foundation	TAMU CONSORTIUM	10.310	GR0003663	605860	-	101,374
The Board of Trustees of the University of Illinois	UNIV OF IL 2009-06801-02	10.310	GR0003251	605050	-	48,581
State of New Mexico	96-521.04-021 J.P.A	10.680	GR0001031	604596	-	3,934
			PASS THRU USDA		10,240	1,170,225
		TOTAL USDA			489,307	7,220,517
DEPARTMENT OF INTERIOR (DOI)						
DOI DIRECT AWARDS						
	DOI BLM L10AC20426	15.238	GR0003497	605591	-	1,614
	US DOI/BOR R10AC80283	15.506	GR0002841	604987	-	427,536
	05-FC-40-243 CA9-FG-81-0143 BOR/DOI	15.517	GR0001054	605189	-	48,773
	US FWS 201818J807/201818J865	15.608	GR0002813	604081	-	1,232
	US DOI FWS #F10AC00191	15.650	GR0003451	605505	-	6,862
	USFWS F09AC00071	15.650	GR0002900	604223	-	26,861
	AQIUIFER ASSESSMENT	15.805	GR0002587	603760	-	(659)
	USGS G06AP00035	15.805	GR0001731	602429	-	(4,474)
	DOI/USGS G08AC00056	15.805	GR0002840	604126	357,815	428,376
	USDOI/USGS G10AC00516	15.805	GR0003478	605557	156,881	206,712
	WRRRI PROGRAM	15.805	GR0003622	605806	17,000	95,671
	GAP ANALYSIS	15.812	GR0002421	603491	-	510
	1434-01HQURU1572 WO#059	15.812	GR0002754	604004	-	27,114
	CA #1434-017QRU1572 RW O65	15.812	GR0003735	605975	-	701
	CLIMATE INFLUENCED STRESSORS TROUT	15.812	GR0003900	606380	-	8,643
	DOI/USGS G10AC00320	15.812	GR0003332	605194	-	21,636
	MAPPING BIODIVERSITY METRICS	15.812	GR0003553	605679	-	162,186
	POPULATION DYNAMICS AND REINTRODUCT	15.812	GR0003923	606428	-	5,750
	PRONGHORN POPULATION WSMR	15.812	GR0003098	604571	-	5,106
	SEASONAL ECOLOGY OF PECOS PUPFISH I	15.812	GR0003927	606431	-	233
	US DOI/USGS G09AC00360	15.812	GR0003200	604957	-	16,850
	USGS G09AC00033	15.812	GR0002902	604225	-	9,543
	USGS G11AC20383	15.812	GR0003720	605954	-	23,976
	NPS H1200100001 R2124110012	15.921	GR0003718	605950	-	177,162
	NPS J7127080144	15.921	GR0002824	604098	-	1,289
	DSCESU NMSUDS-46	15.945	GR0003732	605971	-	24,470
	DSCESU NMSUDS-47	15.945	GR0003739	605981	-	44,086
	F09AC00081	15.977	GR0003068	604502	-	13,381
	ECOLOGY AND CONSERVATION WHITE SANI	15.rd	GR0003594	605744	-	15,651
	H120005003 J7810100026	15.rd	GR0003419	605327	-	21,387
	NPS H1200050003 J2124107002	15.rd	GR0003281	605092	-	9,696
	NPS/DOI H1200050003/J7179100007	15.rd	GR0003245	605043	-	(1,955)
			DIRECT DOI		531,696	1,825,919
DOI PASS THRU AWARDS						
	The Nature Conservancy	NATURE CONSERVANCY NMFO-110427	15.231	GR0003705	605928	10,000
	Texas A&M University	#570693	15.521	GR0003496	605592	7,595
	Wyoming Game and Fish Department	001485	15.608	GR0003788	606194	11,472
	State of New Mexico	DECISION SUPPORT SYSTEM	15.661	GR0003862	606311	48,902
	America View, Inc.	AMERICA VIEW AV08-NM02	15.815	GR0003723	605956	11,269
					4,516	89,238
			PASS THRU DOI		4,516	89,238
		TOTAL DOI			536,212	1,915,157
DEPARTMENT OF HOMELAND SECURITY (DHS)						
DHS PASS THRU AWARDS						
	State of Arizona	UoA CENTER OF EXCELLENCE	97.061	GR0002922	604252	(4,610)
	University of Rhode Island	UOR#112108/0001865 SAMPLG F EXPLOS	97.061	GR0002888	604200	106,713
	United States Dept of Homeland Security	FAA S&T 06-G-030	97.069	GR0002080	602955	(4,180)
	Kansas State University	INTERDISCIPLINARY HS-STEM CAREER	97.104	GR0003734	605980	11,621
	Kansas State University	KSU S12172	97.104	GR0003873	606331	6,385
	Arizona State University	ASU 10-319	97.108	GR0003167	604910	192,963
					-	308,892
			PASS THRU DHS		-	308,892
		TOTAL DHS			-	308,892
DEPARTMENT OF EDATION (ED)						
ED PASS THRU AWARDS						
	State of Arizona	UOA PO#Y502594	84.116	GR0002867	604167	23,611
					-	23,611
			PASS THRU ED		-	23,611
ED ARRA AWARDS						
	Utah State University	ARRA - 101008001	84.396	GR0003539	605662	231,764
					-	231,764
		TOTAL ED			-	255,375
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)						
USAID PASS THRU AWARDS						
	Winrock International Institute Of Agricultural Development	WINROCK INTERNATIONAL 12/1/09	98.001	GR0003180	604933	221,140
	University of Georgia	PEANUT RESEARCH	98.012	GR0002690	603910	23,626
					-	244,766
			PASS THRU USAID		-	244,766
		TOTAL USAID			-	244,766

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DEPARTMENT OF TRANSPORTATION (DOT)						
DOT PASS THRU AWARDS						
US Department Of Transportation	FAA 10-C-CST-NMSU	20.109	GR0003529	605643	33,343	194,378
State of Oklahoma	OK STATE UNIV AA-5-35841-01	20.701	GR0003481	605564	-	12,672
Texas A&M Research Foundation	USE OF ALTERNATIVE WATER SOURCES	20.761	GR0003828	606250	-	2,247
Texas A&M University	TAMU 570635	20.761	GR0003293	605112	-	25,134
			PASS THRU DOT		33,343	234,431
		TOTAL DOT			33,343	234,431
ENVIRONMENTAL PROTECTION AGENCY (EPA)						
EPA DIRECT AWARDS						
	SU-83601801	66.516	GR0003768	606130	-	14,781
	EPA NP-00F01201	66.708	GR0003156	604861	-	9,000
	X8-96691401-0	66.716	GR0003057	604481	-	12,484
	EPA EP-10-8-000084	66.rd	GR0003437	605490	-	2,024
			DIRECT EPA		-	38,289
EPA PASS THRU AWARDS						
San Diego State University	SDSU 55573A-7803 E0006425	66.202	GR0002843	604130	-	5,559
University of Texas	SCERP FY11 UTEP ENVIRON SPT	66.202	GR0003597	605746	-	113,082
Shaw Environmental & Infrastructure Inc	TREATMENT PROCESS PO 706788-000 OP	66.454	GR0003698	605919	-	60,000
University of Texas	WATER TREATMENT SYSTEMS	66.509	GR0003880	606345	-	12,918
			PASS THRU EPA		-	191,559
		TOTAL EPA			-	229,848
NATIONAL ENDOWMENT FOR HUMANITIES (NEH)						
NEH DIRECT AWARDS						
	NEH HR-50534	45.168	GR0003216	605914	-	25,199
			DIRECT NEH		-	25,199
		TOTAL NEH			-	25,199
DEPARTMENT OF COMMERCE (DOC)						
DOC PASS THRU AWARDS						
AMERICAN ASSOCIATION OF STATE CLIMATOLOGISTS	STATE CLIMATOLOGISTS EXCHANGE PROG1	11.431	GR0003707	605932	-	4,250
			PASS THRU DOC		-	4,250
		TOTAL DOC			-	4,250
SMITHSONIAN INSTITUTE (SI)						
SI PASS THRU AWARDS						
Tetra Tech Inc.	TETRA TECH ORDER #1058240-0	85.rd	GR0003277	605080	-	2,832
			PASS THRU SI		-	2,832
		TOTAL SI			-	2,832
		TOTAL RESEARCH AND DEVELOPMENT CLUSTER			18,254,014	89,417,997

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STUDENT FINANCIAL AID CLUSTER - MAJOR PROGRAM						
DEPARTMENT OF EDUCATION (EDUC)						
FEDERAL ACG GRANT FY11	84.375	84.375	GRB000076	605139	-	(650)
FEDERAL PELL FY10	84.063	84.063	GRB000056	440253	-	772
FEDERAL PELL FY11	84.063	84.063	GRB000067	605130	-	(25,682)
FEDERAL PELL FY12	84.063	84.063	GRB000080	605151	-	55,598,352
FEDERAL SEOG FY12	84.007	84.007	GRB000084	605155	-	699,346
FEDERAL TEACH GRANT FY12	84.379	84.379	GRB000087	605158	-	41,058
PERKINS REPAY	84.037	84.037	N/A	170083	-	261,261
WS FED APP	84.033	84.033	GR0000870	604470	-	1,002,639
TOTAL EDUC					-	57,577,096
DEPARTMENT OF VETERANS ADMINISTRATION (VA)						
Reporting of Veterans					-	17,076
TOTAL VA					-	17,076
TOTAL STUDENT FINANCIAL AID CLUSTER					-	57,594,172
DEPARTMENT OF COMMERCE - MAJOR PROGRAM						
DEPARTMENT OF COMMERCE (DOC)						
DOC DIRECT AWARDS						
INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES	11.300	11.300	GP086B0A4	186409	-	41,534
INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES	11.300	11.300	GP086B0A6	186412	-	1,500,000
DIRECT DOC					-	1,541,534
TOTAL DEPARTMENT OF COMMERCE					-	1,541,534

Schedule 7 - Schedule of Expenditures and Federal Awards

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INDIVIDUAL AWARDS - OTHER						
DEPARTMENT OF AGRICULTURE (USDA)						
USDA CLUSTERS						
CNC						
State of New Mexico	NM CYFD #3143 FY11 PREP	10.559	GR0003784	606182	-	14,860
State of New Mexico	NM CYFD#3070 2011	10.559	GR0003666	605863	-	6,542
			CHILD NUTRITION CLUSTER		-	21,402
USDA DIRECT AWARDS						
	09-9208-0217-CA	10.025	GR0003084	604536	13,713	14,282
	10-9208-0217-CA	10.025	GR0003412	605316	19,225	128,192
	11-8580-0814-CA	10.025	GR0003764	606125	-	14,768
	11-8580-1462-CA	10.025	GR0003767	606129	-	2,654
	2011 USDA CORE PROJECT	10.025	GR0003763	606124	-	78,220
	USDA APHIS 11-7335-6348-CA	10.028	GR0003807	606216	-	20,000
	USDA/APHIS 10-7100-0123-CA	10.028	GR0002920	606248	-	12,000
	USDA/OASCR COOP AGREEMENT 8/28/09	10.140	GR0003138	604830	-	15,887
	2012 RED IMPORTED FIRE ANT & GYPSY	10.156	GR0003950	606480	-	2,792
	2012 USDA INFRASTRUCTURE(CORE) PROJ	10.156	GR0003955	606496	-	34,166
	USDA AMS12-25-G-0895 BEEF BRAND PRG	10.156	GR0003103	604583	12,956	14,646
	FY12 PESTICIDE RECORD KEEPING	10.163	GR0003855	606292	-	33,470
	ORGANIC COMMODITY COMM	10.163	GR0003714	605946	-	26,937
	PESTICIDE RECORD KEEPING	10.163	GR0003601	605754	-	24,926
	NM SPECIALTY CROPS	10.170	GR0003164	604899	-	11,748
	USDA AMS 12-25-B-1084	10.170	GR0003487	605578	50,003	214,552
	USDA/AMS 12-25-B-1244	10.170	GR0003808	606217	64,840	122,462
	ORGANIC CERTIFICATION COST SHARE	10.171	GR0003800	606207	-	14,036
	2011-46000-03100	10.200	GR0003431	605397	-	77,216
	2011-41300-03100	10.207	GR0003750	606101	-	3,587
	USDA 2009-38411-19752	10.217	GR0003253	605053	80,189	145,027
	USDA CSREES 2008-38411-19105	10.217	GR0002696	240125	102,685	143,695
	HSI GRNT #2011-38422-30947	10.223	GR0003797	606205	263,729	445,650
	USDA NIFA HSI STEM	10.223	GR0003612	605775	-	69,974
	USDA ERS 58-3000-7-0093	10.250	GR0002423	603493	-	109
	USDA/CSREES 2007-51110-03813	10.303	GR0002338	603380	86,238	160,770
	USDA/CSREES 2009-37620-05615 NMLIRT	10.304	GR0003081	604530	-	13,520
	FMHA AG MEDIATION	10.435	GR0000836	604358	-	51,779
	2009-39300-19980	10.443	GR0003086	604538	-	9,609
	CSREES/USDA 2009-39300-20168	10.443	GR0003237	605022	-	99,212
	USDA OAO 59-2501-10-031	10.443	GR0003491	605582	-	314,931
	2011-41100-03100	10.500	GR0003426	605346	-	2,345,765
	2011-412000-03100	10.500	GR0003429	605393	-	353
	2011-41510-03100	10.500	GR0003428	605391	-	241,157
	2011-41580-30842 JICARILLO CES	10.500	GR0003781	606178	-	53,173
	2011-445180-30841 ZUN1 CES	10.500	GR0003780	606177	-	60,393
	CSREES 2009-45040-05520	10.500	GR0003067	604501	-	4,903
	FY12 FERS RETIREMENT	10.500	GR0003753	606107	-	24,424
	JUST BE IT!	10.500	GR0001803	602533	-	14,834
	PEST SAFE ED CA2011-48679-31099	10.500	GR0003803	606210	-	7,875
	SPCL NEEDS SMITH LVR 3B FED AP FY10	10.500	GR0003126	604734	-	22,456
	STATE EFNEP FY 10 FED APPROP	10.500	GR0003125	604718	-	329,242
	STATE OPERATION FED SMITH LEVR 3B&C	10.500	GR0002397	603464	-	(264)
	USDA NIFA 2010-45043-20762	10.500	GR0003291	605115	-	24,489
	USDA/CSREES 2009-41534-05442	10.500	GR0002980	604337	-	424
	USDA/NIFA 2010-41533-21782	10.500	GR0003474	605547	23,551	28,241
	USDA/NIFA 2010-41534-21390	10.500	GR0003395	605293	-	17,583
	USDA/NIFA 2010-48720-21884	10.500	GR0003477	605556	30,363	34,700
	USDA/OASCR ZUNI EXTENSION PROGRAM	10.500	GR0003139	604831	-	16,335
	USDA-NRCS #67-8C30-7-0017	10.912	GR0002467	603554	-	293,506
	USDA 58-3148-1-047	10.960	GR0003550	605674	-	217,691
	USDA FAS 58-3148-8-024	10.960	GR0002515	603633	-	195,841
	USDA-FAS 58-3148-9-009 NATUR RESOUR	10.960	GR0002917	604243	-	185,003
	CHILDREN'S FOREST	10.xx	GR0020086	240191	-	1,792
			DIRECT USDA		747,492	6,440,733
USDA PASS THRU AWARDS						
Regents University of California Davis	UC DAVIS 200911201-NEWM2	10.200	GR0003176	604928	-	(855)
Regents University of California Davis	UNIV OF CA, DAVIS 2001117720	10.200	GR0003762	606122	-	51,439
Regents University of California Davis	UNIV OF CA, DAVIS 200912415-FU	10.200	GR0003357	605237	-	15,446
University of Arkansas at Pine Bluff (UAPB)	UNIV OF ARK 229-430217	10.216	GR0002200	603116	-	(6,578)
North Dakota State University	NDSU #13950 INSTITUTE F FOOD SAFETY	10.217	GR0002877	604184	-	17,513
Drexel University	DREXEL UNIV #211020 POULTRY & EGGS	10.303	GR0003157	604862	-	1,316
Michigan State University	MICHIGAN STATE UNI 61-4181B IMPROVNG	10.303	GR0002864	604162	-	14,352
Ohio State University	OSU PO RF01187669	10.303	GR0003243	605040	-	1,279
Regents University of California Davis	UC/D 07-001492-NEWM3	10.303	GR0003546	605671	-	8,274
Rutgers University	RUTGERS #4008	10.303	GR0003286	605099	-	115,380
Texas A&M University	TAMU 451003	10.303	GR0002884	604195	-	36,209
Regents University Of California Santa Barbara	# 07-002558-08	10.304	GR0002486	603580	-	27,580
Dine College	STAFF CAPACITY BUILDING	10.500	GR0003859	606302	-	3,172
Kansas State University	4-H YOUTH	10.500	GR0003606	605756	-	6,725
Kansas State University	KSU OMK PROJECT FY10	10.500	GR0003171	604916	-	19,257
Kansas State University	KSU S08061 2008 4-H MILITARY	10.500	GR0002522	603640	-	2,862
Kansas State University	KSU THRU NIFA OMK PROJECT	10.500	GR0003796	606204	-	55,437
Kansas State University	MILITARY 4-H CLUB	10.500	GR0003785	606180	-	13,802
State of Arizona	NAVAJO AG/4H	10.500	GR0000815	600839	-	86,960
Texas A&M University	TAMU AgriLife 628005	10.500	GR0002806	604064	-	(148)
Texas A&M University	TAMU AgriLife 628007	10.500	GR0003368	605253	-	106,154
Texas A&M University	TAMU TCE IRAQ-3	10.500	GR0002208	604341	-	75,516
Texas A&M University	TAMU/USDA 628006	10.500	GR0003159	604865	-	34,455
University of Wyoming	2011 IMPLEMENTATION OF SARE-NM	10.500	GR0003901	606381	-	149
University of Wyoming	AWARD DATED 1/13/11	10.500	GR0003578	605718	-	13,089
Washington State University	WSU #108815_G002715	10.500	GR0003383	605271	-	15,592
Washington State University	WSU 108815 G002907	10.500	GR0003725	605957	-	5,647
State of New Mexico	CACFP AGREEMENT #0664	10.558	GR0003411	605318	-	15,716
State of New Mexico	NMCFYD #0169 FY09	10.558	GR0002857	604153	-	76,852
State of New Mexico	FOOD STAMP NUTRITION EDUCATION	10.561	GR0002630	605190	-	(50,182)
State of New Mexico	SNAP FED FY12 Q234	10.561	GR0003787	606192	-	1,236,883

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
State of New Mexico	SNAP FY12, AMEND #5 & 6	10.561	GR0003688	605883	-	599,612
				PASS THRU USDA	-	2,598,905
		TOTAL USDA			747,492	9,061,040
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)						
HHS CLUSTERS						
HEAD START						
	HHS US ACF #06CH0224/25	93.600	GR0002853	604147	-	(61)
	HHS ACF 06CH0224	93.600	GR0003165	186831	-	131,572
			HEAD START CLUSTER		-	131,511
HHS DIRECT AWARDS						
	ACF HEALTHY MARRIAGE PROJ	93.086	GR0003783	606181	-	503,965
	DHHS 90FE0135	93.086	GR0002820	605655	-	110,904
	RESPONSIBLE FATHERHOOD	93.086	GR0002752	605589	-	46,908
	FDA 1R13FD003952	93.103	GR0003530	605937	-	10,000
	FOOD DEFENSE PLAN DOC#RFD004283A	93.103	GR0003786	606190	-	51,233
	DHHS 1D40HP0259300	93.191	GR0002527	604095	5,000	159,958
	1U795SM060508-01 DOC#U9SM60508A	93.243	GR0003758	606112	-	115,740
	NURSING TRAINEESHIPS 1A10HP22083-01	93.358	GR0003690	605900	-	37,500
	HHS 90EV0398	93.592	GR0002834	605563	35,372	71,178
	HHS ACF 06CH0224	93.600	GR0003165	186831	-	1,894,553
	NIH 2R25GM048998-11	93.859	GR0003227	605011	-	254,575
	NIH MARC 2T34GM007667-35	93.859	GR0003954	606488	-	33,743
	NIH MARC 5T34GM07667-32	93.859	GR0002993	604364	-	(7,960)
	NIH MARC 5T34GM07667-34	93.859	GR0003667	605867	-	618,721
	NMSU RISE 5R25GM061222-08	93.859	GR0002697	604512	-	921,044
			DIRECT HHS		40,372	4,822,062
HHS PASS THRU AWARDS						
State of New Mexico	BORDER HEALTH	93.018	GR0003640	605827	-	2,384
University of Tennessee	NATL FOOD SAFETY CURRICULUM	93.103	GR0003857	606293	-	37,009
Camino De Vida Center For Hiv Services	BBCMP041007010 CDV	93.105	GR0001560	601114	-	(2,527)
University of New Mexico	FEDERAL AHEC 3R471/34718	93.107	GR0001672	605633	-	25,226
University of New Mexico	FEDERAL AHEC FY12	93.107	GR0003874	606329	-	32,167
Colorado State University	CSU G-4607-1	93.262	GR0003909	606400	-	6,422
University of New Mexico	3R47G/347G3 & 3R47G/347G4	93.262	GR0003186	605645	-	(3,805)
University of New Mexico	NM PUBLIC HEALTH LEARNING COLLABOR	93.544	GR0003970	606534	-	11,479
State of New Mexico	CYFD 09-690-8831	93.556	GR0002846	605574	-	108,890
State of New Mexico	GSА 10-630-9000-0013	93.558	GR0003018	440266	-	716,514
State of New Mexico	LA VIDA CYFD 10-690-9999-01007	93.575	GR0003079	605228	-	665,693
State of New Mexico	SNM CYFD 12-690-14413	93.643	GR0003891	606369	-	9,900
State University of New York	HISPANIC CHILD WELFARE TRAINING PRO	93.648	GR0003811	606220	-	84,871
State University of New York	HISPANIC CHILD WELFARE TRNG	93.648	GR0003579	605719	-	28,209
State of New Mexico	NM CYFD TITLE IV-E FY11	93.658	GR0003354	605233	-	37,934
State of New Mexico	NM CYFD TITLE IV-E FY12	93.658	GR0003679	605886	-	1,369,433
State of New Mexico	11-690012711 PO6900-31576	93.669	GR0003495	605588	-	9,864
State of New Mexico	12-690-13306	93.674	GRF003711	605942	-	31,893
University of New Mexico	3R84N UNM	93.859	GR0003214	606416	-	7,115
University of New Mexico	ALCOHOL ABUSE PREVENTION	93.959	GR0003744	605987	-	8,360
State of New Mexico	SNM/HSД 08-630-9000-0001	93.xxx	GR0002308	603325	-	(84)
			PASS THRU HHS		-	3,186,947
HHS ARRA AWARDS						
La Clinica De Familia Inc.	ARRA -MENTOR COACHES	93.709	GR0003588	605731	-	19,142
State of New Mexico	ARRA - NMDOH 11934	93.275	GR0003445	605499	-	27,865
			ARRA HHS		-	47,007
		TOTAL HHS			40,372	8,187,527
DEPARTMENT OF EDUCATION (ED)						
ED CLUSTERS						
TRIO						
	US DOEд P042A100782	84.042	GR0003424	605343	-	341,634
	EDUC P044A060889	84.044	GR0001976	602823	-	30,539
	P047A070631	84.047	GR0002331	603371	-	348,834
	TRIO 2011-2016	84.066	GR0003742	605985	-	169,608
			TRIO CLUSTER		-	890,615
ED DIRECT AWARDS						
	ALLIED HEALTH/NURSING PROGRAM	84.031	GR00030075	340180	-	361,306
	EDUC P031C080038	84.031	GR00030063	340132	-	69,150
	EDUC P031C080067 PRIMOS	84.031	GR0002835	440234	4,000	140,170
	P031C110087 SECO 2011-2016	84.031	GR0020087	240192	-	308,451
	P031S090069	84.031	GR0050027	540103	-	503,321
	P031S100101	84.031	GR0020081	240173	-	426,518
	P031S090069	84.031	GR0050027	540103	-	139,248
	P031C110087 SECO 2011-2016	84.031	GR0020087	240192	-	19,800
	P031S100101	84.031	GR0020081	240173	-	488,066
	EDUC P116N090001	84.116	GR0003178	604930	21,963	20,074
	GRAD STUDENT PREPARATION	84.116	GR0003193	604949	-	51,373
	US DoED P116N100010	84.116	GR0003466	605532	-	1,043
	USDE S149A070006	84.149	GR0002387	604020	-	440,294
	US DOE U215K080093	84.215	GR0002821	604094	-	(2,302)
	US EDUC U215K080249	84.215	GR0040093	440228	-	55,639
	DoED H325K100429	84.325	GR0003504	605605	-	227,348
	SELDS 2011 TO 2016	84.325	GR0003813	606223	-	140,876
	US DEPT OF ED H325K080309	84.325	GR0002762	604012	-	150,277
	IMPROVING INSTRUCTION FOR ENGLISH L	84.365	GR0003949	606479	-	4,526
	NASNTI PROGRAM FY11-FY16	84.382	GR0050034	540142	-	167,305
	NASNTI PROGRAM FY11-FY16	84.382	GR0050034	540142	-	35,131
			DIRECT ED		25,963	3,747,614
ED PASS THRU AWARDS						
State of New Mexico	ABE EL/CIVICS APPROVED 6/23/11	84.002	GR0040124	440326	-	68,092
State of New Mexico	ABE EL/CIVICS FY12 ALAMO	84.002	GR0020083	240185	-	3,837
State of New Mexico	CARL PERKINS YEAR 3 (10-11)	84.002	GR0040110	440295	-	19,636
State of New Mexico	CP REDISTR BUCET 6/20/11	84.002	GR0030078	340193	-	6,522
State of New Mexico	CP REDISTRIBUTIONS	84.002	GR0040126	440334	-	51,477
State of New Mexico	NM HED ABE 09-10 FEDERAL	84.002	GRF040099	440248	-	(162)
State of New Mexico	NM HED ABE 10-11 0FEDERAL	84.002	GRF030073	340177	-	739

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
State of New Mexico	NM HED ABE 10-11 FEDERAL	84.002	GRF040109	440293	-	(1,375)
State of New Mexico	NM HED ABE 11-12 FEDERAL	84.002	GRF040122	440323	-	362,335
State of New Mexico	NM HED ABE EL - CIVICS FY11	84.002	GR0040108	440275	-	(33)
State of New Mexico	NM HED ABE FY10/11 FEDERAL	84.002	GRF050030	540125	-	(284)
State of New Mexico	NM HED ABE FY12 CARLS	84.002	GRF030079	340194	-	116,672
State of New Mexico	NM HED ABE FY12 GRANTS	84.002	GRF050041	540139	-	46,622
State of New Mexico	NM PED CARL PERKINS FY10/11 ALAMO	84.002	GR0020076	240167	-	(146)
State of New Mexico	NMHED ABE BAR 6/29/11	84.002	GRF020089	240186	-	94,154
State of New Mexico	PERKINS REDIST FY12	84.002	GR0020082	240184	-	13,535
University of New Mexico	UNM 208070-8745	84.031	GR0050044	540144	-	65,335
Santa Fe Community College	FY 12 CARL PERKINS CAREER TECHNICAL	84.048	GR0050043	540143	-	15,000
State of New Mexico	CARL PERKINS FY12 ALAMO	84.048	GR0020084	240189	-	68,155
State of New Mexico	CARL PERKINS REDISTRIBUTION FUNDS	84.048	GR0040129	440340	-	9,633
State of New Mexico	CARL PERKINS YEAR 4 (11-12)	84.048	GR0040125	440328	-	516,393
State of New Mexico	PERKINS REDIST FY13	84.048	GR0020090	240201	-	1,246
State of New Mexico	SC2 IMPROVING TEACHERS' EFFECTIVENESS	84.364	GR0003634	605819	-	137,025
State of New Mexico	MC2 NMPED IGA# 10 924 1093	84.366	GR0003299	605119	-	1,190,829
State of New Mexico	NM PED IGA 08-924-0252 MC2	84.366	GR0002586	603758	-	(6)
State of New Mexico	IMPROVING MATHEMATICS TEACHING	84.367	GR0003633	605818	-	171,768
State of New Mexico	NM HED 11-950-1200-00002	84.367	GR0003374	605261	-	25,843
State of New Mexico	NM HED 11-950-1200-00003	84.367	GR0003373	605260	-	36,589
National Writing Project	BORDER WRITING PROJECT	84.928A	GR0000275	603817	-	29,175
				PASS THRU ED	-	3,048,606
ED ARRA AWARDS						
STATE FISCAL STABILIZATION FUND CLUSTER						
State of New Mexico	ARRA - NM HED NMSU 953-1	84.394	GR0003337	440294	-	16,028
University of New Mexico	ARRA - 076022-8745	84.397	GR0003524	605636	-	(3,581)
				STATE FISCAL STABILIZATION FUND CLUSTER	-	12,447
				TOTAL ED	25,963	7,699,282
NATIONAL SCIENCE FOUNDATION (NSF)						
NSF DIRECT AWARDS						
	DMS-1068795	47.049	GR0003568	605704	-	131
	NSF DBI-0829470	47.074	GP086B0A5	186410	234,264	238,000
	NSF DBI-0852044	47.074	GR0002954	604292	-	43,693
	NSF SBE-0620112	47.075	GR0002117	602998	(3,469)	(3,469)
	DGE-1144468	47.076	GR0003865	606316	-	75,348
	DUE-0903212	47.076	GR0040101	440263	-	56,323
	DUE-0934919	47.076	GR0003059	604484	-	67,728
				DIRECT NSF	230,795	477,754
NSF PASS THRU AWARDS						
Institute Of Advanced Study	IAS 7445-2307	47.049	GR0002140	605175	-	28,013
Iowa State University	420-40-50 ISU	47.076	GR0001035	601594	-	188,248
Utah State University	USU 08064802	47.076	GR0002854	605035	-	2,337
				PASS THRU NSF	-	218,598
				TOTAL NSF	230,795	1,837,994
DEPARTMENT OF ENERGY (DOE)						
DOE DIRECT AWARDS						
	USDOE DE-NT0004397	81.089	GR0002819	604092	-	198,487
	DOE/NNSA DE-FG52-07NA28084	81.123	GR0002439	603511	-	814,809
	SNL SPO 1204089	81.xxx	GR0003872	606330	-	26,559
	NM SMALL BUSINESS ASSISTANCE	81.xxx	GR0003264	605064	-	19,880
				DIRECT DOE	-	1,059,735
DOE PASS THRU AWARDS						
Los Alamos National Security LLC	NM SMALL BUSINESS ASSISTANCE	81.xxx	GR0003264	605064	-	53,270
				PASS THRU DOE	-	53,270
				TOTAL DOE	-	1,120,748
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)						
NASA DIRECT AWARDS						
	NASA NNC10CA04C	43.001	GR0003199	604956	-	66,549
	NASA NNX10AM48H	43.001	GR0003400	605299	64,515	462,685
	NASA NNX10AM87G	43.001	GR0003461	605526	-	116,040
	NASA NNX10AJ30A	43.xxx	GR0003307	605148	(39,772)	148,935
				DIRECT NASA	24,743	794,209
NASA PASS THRU AWARDS						
Paragon TEC	NAS3-02123-SNM	43.001	GR0000849	600903	-	5,139
Paragon TEC	PARAGON TEC NNC07CB50C SEMAA 08-09	43.001	GR0002712	603946	-	153
Universities Space Research Association	SUMMER INNOVATION PROG	43.001	GR0003699	605920	-	21,220
Universities Space Research Association	SUMMER INNOVATION PROG	43.001	GR0003958	-	-	8,731
National Space Grant Foundation	COURSE DESIGN	43.009	GR0003625	605808	-	19,372
Jacobs Technology Inc.	COOP ED AGREEMENT 5/11/11	43.xxx	GR0003671	605876	-	122,841
Jacobs Technology Inc.	COOPERATIVE ED AGREEMENT 5/11/11	43.xxx	GR0040120	440320	-	11,220
				PASS THRU NASA	-	188,676
				TOTAL NASA	24,743	982,885
DEPARTMENT OF LABOR (DOL)						
DOL DIRECT AWARDS						
	US DOL CB-17323-08-60-A-35	17.269	GR0030035	340120	-	97,310
	US DOL CS-17348-08-60-A-35	17.269	GR0040068	440206	37,954	644,559
				DIRECT DOL	37,954	741,869

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
DOL PASS THRU AWARDS						
Santa Fe Community College	TAACCCT	17.282	GR0040132	440351	-	1,150
				PASS THRU DOL	-	1,150
DOL ARRA AWARDS						
State of New Mexico	ARRA - CONDUCT SURVEYS OF PUBLIC-SE	17.275	GR0003677	605885	-	111,868
State of New Mexico	ARRA - NM DWS 10-631-9999-00088	17.275	GR0003333	605195	-	(340)
				ARRA DOL	-	111,528
		TOTAL DOL			37,954	854,547
ENVIRONMENTAL PROTECTION AGENCY (EPA)						
EPA DIRECT AWARDS						
	EPA EP106000001	66.037	GR0003166	604909	-	(72)
	EPA	66.700	GR0003345	605277	-	121,966
	EPA PEST MANAGEMENT	66.700	GR0003782	606184	-	236,595
	EPA NP-00F24601	66.708	GR0003490	605581	-	51,994
	FY11 P2 NP-00F40101	66.708	GR0003794	606202	-	22,689
				DIRECT EPA	-	433,172
EPA PASS THRU AWARDS						
State of New Mexico	NMED 10-667-5000-009	66.439	GR0003221	605015	7,600	76,767
IPM institute of North America Inc	PRIA SCHOOL IPM GRANT	66.716	GR0003829	606251	-	387
Texas A&M University	TAMU 42002	66.716	GR0003322	605177	-	(138)
State of New Mexico	NM ENVIR DEPT 09-667-1000-0008	66.xxx	GR0003016	604402	-	(3,264)
				PASS THRU EPA	7,600	73,752
		TOTAL EPA			7,600	506,924
DEPARTMENT OF HOMELAND SECURITY (DHS)						
DHS PASS THRU AWARDS						
State of New Mexico	EMW-2011-SS-00051-NMSU	97.042	GR0003888	606362	-	108,383
Kansas State University	NAT'L CTR FOR FOOD PROTECTION	97.061	GR0003527	605641	-	5,998
State of New Mexico	HOMELAND SECURITY	97.067	GR0003591	605732	-	211,533
State of New Mexico	HOMELAND SECURITY	97.067	GR0003048	''	-	23,989
University of Tennessee	UNIV OF TENN 012475-001.01	97.068	GR0003274	605076	-	2,612
Regents of the University of Minnesota	NCFPD LETTER DATED 8/18/08	97.104	GR0002731	603971	-	1,214
				PASS THRU DHS	-	353,729
		TOTAL DHS			-	353,729
SMALL BUSINESS ADMINISTRATION (SBA)						
SBA DIRECT AWARDS						
	USSBA SBAHQ-08-I-0065	59.007	GR0002817	604087	-	214,797
				DIRECT SBA	-	214,797
SBA PASS THRU AWARDS						
State of New Mexico	NM ITETA-FEDERAL	59.037	GR0040119	440318	-	26,313
State of New Mexico	NM SBDC	59.037	GRF020088	240183	-	21,689
State of New Mexico	NM SBDC 10-603001-Z-0032-22	59.037	GRF020075	240165	-	(3)
State of New Mexico	NMSBDC	59.037	GRF030077	340190	-	21,487
State of New Mexico	SBDC DACC FY12	59.037	GRF040121	440322	-	21,691
State of New Mexico	SBDC GRANTS FY12	59.037	GRF050040	540136	-	21,687
				PASS THRU SBA	-	112,864
		TOTAL SBA			-	327,661
DEPARTMENT OF DEFENSE (DOD)						
DOD DIRECT AWARDS						
	DOD W91WAW-10-1-0001	12.599	GR0003282	186828	-	261,040
	DOD W91WAW-10-1-0001	12.599	GR0003282	186828	-	206,500
	ENGLISH WRITING LAB: ARMY WRITING	12.xxx	GR0003905	606389	-	17,736
	USA NIA 7/8/11	12.xxx	GR0003693	605913	-	8,250
				DIRECT DOD	-	493,526
DOD PASS THRU AWARDS						
Academy of Applied Science	2011 REAP AWARD 2/14/11	12.431	GR0003608	605768	-	2,210
Academy of Applied Science	2012 REAP	12.431	GR0003863	606313	-	615
				PASS THRU DOD	-	2,825
		TOTAL DOD			-	496,351
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)						
HUD DIRECT AWARDS						
	HSIAC-09-NM-32	14.514	GR0040103	440268	-	171,746
				DIRECT HUD	-	171,746
		TOTAL HUD			-	171,746
DEPARTMENT OF JUSTICE (DOJ)						
DOJ DIRECT AWARDS						
	DEA FORFEITURE FY10/12	16.001	GR0003443	605485	-	12,042
	DEA FORFEITURE FY12/13	16.001	GR0003717	605949	-	9,053
	OJP-DOJ 2007-WR-AX-0084	16.589	GR0002469	603556	32,781	100,350
	DEA AGREEMENT 8/5/10	16.xxx	GR0003514	605622	-	1,375
	HIDTA FY12 OT REIMBURSEMENT	16.xxx	GR0003815	606226	-	391
				DIRECT DOJ	32,781	123,211
DOJ PASS THRU AWARDS						
State of New Mexico	CYFD FY12 CLI CONFERENCE	16.540	GR0003897	606377	-	24,898
State of New Mexico	BULLETPROOF VEST PROGRAM	16.607	GR0003614	605779	-	1,510
State of New Mexico	PO#P69000-0000026993/#11-690-11975	16.727	GR0003469	605548	-	3,493
				PASS THRU DOJ	-	29,901
		TOTAL DOJ			32,781	153,112

Schedule 7 - Schedule of Expenditures and Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
DEPARTMENT OF INTERIOR (DOI)						
DOI DIRECT AWARDS						
	US FWS CA#97310AJ017	15.649	GR0003425	605345	7,740	23,789
	NEW WATER NEW ENERGY	15.805	GR0003832	606256	-	47,316
				DIRECT DOI	7,740	71,105
		TOTAL DOI			7,740	71,105
DEPARTMENT OF COMMERCE (DOC)						
DOC DIRECT AWARDS						
	NOAA NA07OAR4310407	11.431	GR0002372	603432	-	69,500
				DIRECT DOC	-	69,500
		TOTAL DOC			-	69,500
DEPARTMENT OF TRANSPORTATION (DOT)						
DOT PASS THRU AWARDS						
State of New Mexico	NM DOT BINS/BGIS M01068	20.200	GR0003678	605902	-	12,643
				PASS THRU DOT	-	12,643
		TOTAL DOT			-	12,643
NATIONAL ENDOWMENT FOR HUMANITIES (NEH)						
NEH DIRECT AWARDS						
	NEH MR-50101-11	45.164	GR0003583	605725	-	488
				DIRECT NEH	-	488
		TOTAL NEH			-	488
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNS)						
CNS PASS THRU AWARDS						
American Association of Community Colleges	AACC Letter 02/12/08	94.005	GR0002543	603675	-	478
				PASS THRU C	-	478
		TOTAL CNS			-	478
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)						
USAID DIRECT AWARDS						
	USAID 306-A-00-08- AWATT	98.001	GR0002569	603713	86,695	-
				DIRECT USAID	86,695	-
		TOTAL USAID			86,695	-
DEPARTMENT OF STATE (DOS)						
DOS PASS THRU AWARDS						
New Mexico Institute of Mining and Technology	NMIMT RLF1	19.400	GR0003234	605204	-	(542)
				PASS THRU DOS	-	(542)
		TOTAL DOS			-	(542)
		TOTAL INDIVIDUAL AWARDS - OTHER			1,242,135	31,907,218
		TOTAL EXPENDITURES OF FEDERAL AWARDS			19,496,149	180,460,921

Schedule 7 - Schedule of Expenditures and Federal Awards

Reconciliation to Statement of Revenues, Expenditures and Changes in Net Assets**Federal Awards:**

Federal Appropriations, Grants and Contracts	\$ 162,959,350
Portion of Capital Grants, Gifts and other Income related to Federal Awards	2,807,593
	<u>165,766,943</u>
Plus reconciling items:	
Indirect cost recovered	14,557,686
Net excess revenues recognized over expenses	136,292

Federal Expenditures per Schedule 7

<u>\$ 180,460,921</u>

Notes to Schedule of Expenditures of Federal Awards**Note A:**Significant Accounting Policies:

The accompanying Schedule of Expenditures of Federal Awards follows the accounting policies presented in Note 2 of the Notes to Financial Statements.

Note B:

Guaranteed Student Loan Program, CFDA # 84.268. During the fiscal year ending June 30,2012, the University processed \$92,270,878 in new loans under the Guaranteed Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

Note C:

During the fiscal year ending June 30,2012, the value of federal funds made available in the form of non-cash assistance totaled \$0.

Note D:

Federal Perkins Loan Program, CFDA # 84.038. Perkins loans awarded for the year ending June 30,2012 totaled \$2,382,492, and the outstanding student loan balances under the Federal Perkins Loan Program are \$14,839,521.

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 State University and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the financial statements of the business-type activities and the discretely presented component unit of New Mexico State University (“University”) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 22, 2012. 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.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University’s internal control over financial reporting as a basis for designing our auditing procedures 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 University’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, and the New Mexico State Auditor, and applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
October 22, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

Compliance

We have audited the New Mexico State University's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 University'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. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 12-01.

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 University'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 12-01. 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.

The Board of Regents
New Mexico State University and
Mr. Hector Balderas
New Mexico State Auditor

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, and the New Mexico State Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
October 22, 2012

Summary Schedule of Prior Audit Findings

11-01 Student Financial Aid – Return to Title IV

Current Status: Resolved.

11-02 Research and Development – Late Reporting (Significant Deficiency/Non-Compliance)

Current Status: Resolved.

Schedule of Findings and Questioned Costs

Part I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified? Yes None Reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None Reported

Type of auditors' report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
11.300	Investments for Public Works and Economic Development Facilities

Dollar threshold used to distinguish between type A and type B programs

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes No

Schedule of Findings and Questioned Costs

Part II—Financial Statement Findings Section

The audit disclosed no findings required to be reported.

Part III—Federal Award Findings and Questioned Costs Section

12-01 Student Financial Assistance – Ineligible Programs (Significant Deficiency/Non-Compliance)

Federal program information:

Funding agency: U.S. Department of Education

Title: Student Financial Aid Cluster

CFDA Number: 84.007, 84.033, 84.063, 84.268, 84.375, 84.376, 84.379

CONDITION

During the US Department of Education's and the University's review of the University's program participation agreement, it was determined that there were students at the community college campuses receiving Title IV federal financial assistance grants and loans while enrolled in ineligible certificate programs. It was determined that these programs had been receiving financial assistance for several years. There are a total of ten ineligible programs.

CRITERIA

34 CFR 668.8(d)(1)(ii) specifies that for a program to be eligible for federal financial assistance grants the program must be at least 16 semester credit hours. In addition, 34 CFR 668.8(e)(i) and (ii) requires that to be eligible for the Direct Loan program, a program must have substantiated completion and placement rates of 70%.

QUESTIONED COSTS

FY2012 questioned costs - \$154,089

Previous years' questioned costs – \$777,950

EFFECT

The University is using federal financial assistance funds on ineligible programs resulting in non-compliance with federal requirements.

CAUSE

Unfamiliarity with program requirements resulted in ineligible programs being improperly included in federal financial assistance funding.

Schedule of Findings and Questioned Costs**RECOMMENDATION**

We recommend that the University implement training procedures to ensure the employees awarding funds are knowledgeable in program requirements. We recommend that the University develop formal policies and procedures to ensure that eligible programs are properly identified. In addition, we recommend the University strengthen the monitoring oversight processes of each branch campus through the main Student Financial Aid Department.

MANAGEMENT RESPONSE

The Office of the Vice President for Student Affairs and Enrollment Management is spearheading an effort to clarify and document the process for adding or revising non-degree certificate programs. The final step in this process will require storage of the fully approved internal request form for non-degree programs with applicable course requirements. Upon implementation of this process, a communication plan will be employed to ensure that all community college administrators and academic department heads are provided with the process documentation initially and again at the beginning of each academic semester.

Part IV—Other Findings and Recommendations

The audit disclosed no findings required to be reported.

A closing conference was held on October 15, 2012, to discuss the current audit report and current and prior year auditors' comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Javier Gonzales	Member
Kari Mitchell	Member

Representing New Mexico State University

Manuel T. Pacheco	Interim President
Angela Throneberry	Senior Vice President for Administration and Finance
Lorin Gobble	Assistant Vice President/Controller
Ross Justus	Director of Audit Services
Bruce Kite	General Counsel

Representing New Mexico State University Component Units

Dennis Prescott	Vice President for University Advancement
Angela Throneberry	Treasurer for Arrowhead

Representing Moss Adams LLP

Scott Eliason	Partner
Lisa Todd	Senior Manager

The University's management prepared the Financial Statements. The University is responsible for the Financial Statements and its contents.