

New Mexico State University

All About Discovery!



Annual Financial Report
2012-2013






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*Assistant Vice President/
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*Director of University Accounts
Receivable*

Anna Price
Chief Budget Officer


Norma Noel
Associate Controller

Jean Carsey
Associate Controller

Lesley Doyle
*Director of Accounting and
Financial Reporting*

Andrew Peña
*Assistant Vice President for
Human Resource Services*

Rennette Apodaca
Director of Purchasing and Materials Management



October 18, 2013

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, 2013. 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 the negative budgetary impacts of the on-going economic instability during the fiscal year ended June 30, 2013. The University benefitted greatly from the underlying soundness of our financial position, and by the increased support in state appropriations of \$10.7 million. Total assets increased by over one percent, and total net position increased by \$8.3 million. A slight decline in operating revenues, primarily due to a decrease in federal appropriations, grants and contracts is offset by a reduction in operating expenses and a six percent increase in non-operating revenues.

Improvement to our capital assets continues with the recent completion of the Center for the Arts, the Satellite Chilled Water Plant, the Taos Restaurant renovation, and further expansion of the East Mesa Campus for Doña Ana Community College. A number of new projects are underway or scheduled to begin during the upcoming year, including the Institute for Public Policy, an Undergraduate Learning Center, and renovation of the Corbett Center Student Union. Supporting our students with premier facilities and equipment is a critical aspect of providing the highest quality educational experience in the furtherance of our mission.

The revenue outlook at the state level is stable and forecasts reflect increased total revenue collections providing new funds available for the upcoming year. The University expects to benefit from the state's economic growth and their commitment of support for higher education through increased general fund appropriations for fiscal year 2015. As we move into the new fiscal year, the University's Vision 2020 Strategic Plan will be our focus and serve as our primary guide in the utilization of resources to implement identified objectives in achievement of our ambitious goals. With the combined talents, dedication and support of our Regents, sponsors, friends, faculty, and staff, we will continue to make a positive difference in higher education and invest in our core strengths of instruction, research, extension, service, and outreach.

Sincerely,



Garrey Carruthers, Ph.D.
President

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit, of New Mexico State University (the "University") as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, 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 position – primary institution as of June 30, 2013 and 2012, and the combining statements of revenues, expenses and changes in net position – primary institution for the years then ended, and the budget comparison for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2013 and 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the combining statements of net position – primary institution as of June 30, 2013 and 2012, and the combining statements of revenues, expenses and changes in net position – primary institution for the years then ended, present fairly, in all material respects in accordance 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, 2013 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress and employer contributions 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 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements and the Budget Comparisons. The accompanying Schedule of 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 basic financial statements.

The Schedule of Bank Balances, Pledged Collateral Requirements, Pledged Collateral by Financial Institution, Schedule of Joint Powers Agreements (JPA) and Memorandums of Understanding (MOU), and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Bank Balances, Pledged Collateral Requirements, Pledged Collateral by Financial Institution, Schedule of Joint Powers Agreements (JPA) and Memorandums of Understanding (MOU), and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013 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* in considering the University's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 18, 2013

Management's Discussion and Analysis
For the Year Ended June 30, 2013
(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, 2013, 2012 and 2011. 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 Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Please read this analysis in conjunction with the University's financial statements and accompanying notes, that 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 Position 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 position.

The Statement of Revenues, Expenses, and Changes in Net Position should be used to review the results of the current year's operations. Changes in total net position, as presented in the Statement of Net Position, 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, 2013, 2012, and 2011, the University's financial position was as follows (in thousands):

Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	June 30, 2011
ASSETS			
Current assets	\$ 160,144	\$ 140,188	\$ 107,055
Capital assets	483,982	479,347	420,774
Other non-current assets	<u>169,261</u>	<u>183,762</u>	<u>268,352</u>
TOTAL ASSETS	813,387	803,297	796,181
LIABILITIES			
Current liabilities	65,591	74,958	67,326
Non-current liabilities	<u>173,930</u>	<u>162,765</u>	<u>170,190</u>
TOTAL LIABILITIES	239,521	237,723	237,516
NET POSITION			
Net Investment in capital assets	321,282	313,787	283,895
Restricted	121,425	117,632	138,763
Unrestricted	<u>131,159</u>	<u>134,155</u>	<u>136,007</u>
TOTAL NET POSITION	<u>\$ 573,866</u>	<u>\$ 565,574</u>	<u>\$ 558,665</u>

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

OPERATING REVENUES			
Federal appropriations, grants, and contracts	\$ 156,186	\$ 162,959	\$ 188,977
Student tuition and fees (net)	68,722	66,542	64,871
Other operating revenues	<u>114,452</u>	<u>111,320</u>	<u>106,521</u>
TOTAL OPERATING REVENUES	<u>339,360</u>	<u>340,821</u>	<u>360,369</u>
OPERATING EXPENSES			
Instruction	139,274	135,444	133,883
Research	111,843	116,099	119,795
Other operating expenses	<u>292,311</u>	<u>294,072</u>	<u>308,047</u>
TOTAL OPERATING EXPENSES	<u>543,428</u>	<u>545,615</u>	<u>561,725</u>
Net operating loss	(204,068)	(204,794)	(201,356)
Non-operating revenues and expenses	<u>191,811</u>	<u>180,515</u>	<u>193,924</u>
Income (loss) before other revenue, expenses, gains or losses	(12,257)	(24,279)	(7,432)
Other revenues, expenses, gains or losses	<u>20,549</u>	<u>31,188</u>	<u>44,240</u>
Increase in net position	8,292	6,909	36,808
Net position at beginning of year	<u>565,574</u>	<u>558,665</u>	<u>521,857</u>
Net position at end of year	<u>\$ 573,866</u>	<u>\$ 565,574</u>	<u>\$ 558,665</u>

General Overview for 2013 and 2012

In fiscal year 2013, the total assets of the institution increased by \$10.1 million and liabilities increased by \$1.8 million. Changes in the Statement of Net Position include:

- Conversion of Accounts receivable, which contributed to an increase in cash.
- Increase in Capital assets, as several major construction and infrastructure projects were completed within the year.
- Decrease in Accounts payable, as several large construction billings, outstanding at June 30, 2012, were paid early in fiscal year 2013.
- Increase in Other long-term liabilities due to issuance of new debt during the year.

The operations discussed below contributed to the \$8.3 million increase in net position. Primary components of this change in net position include:

- Increase in State appropriations of \$10.7 million.
- Decrease in Capital appropriations and Net non-operating revenue.
- Decrease in Federal appropriations, grants and contracts due primarily to decrease in federal funding from Federal Pell, NM Works, USDA ARS Rangeland Management and the SNAP Ed program funding, offset by an increase in Non-governmental grants and contracts.
- Increase in Gifts related to contributions from donors and an increase in Investment income related primarily to the earnings from the endowment held by the Foundation.

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.

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 Position 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.

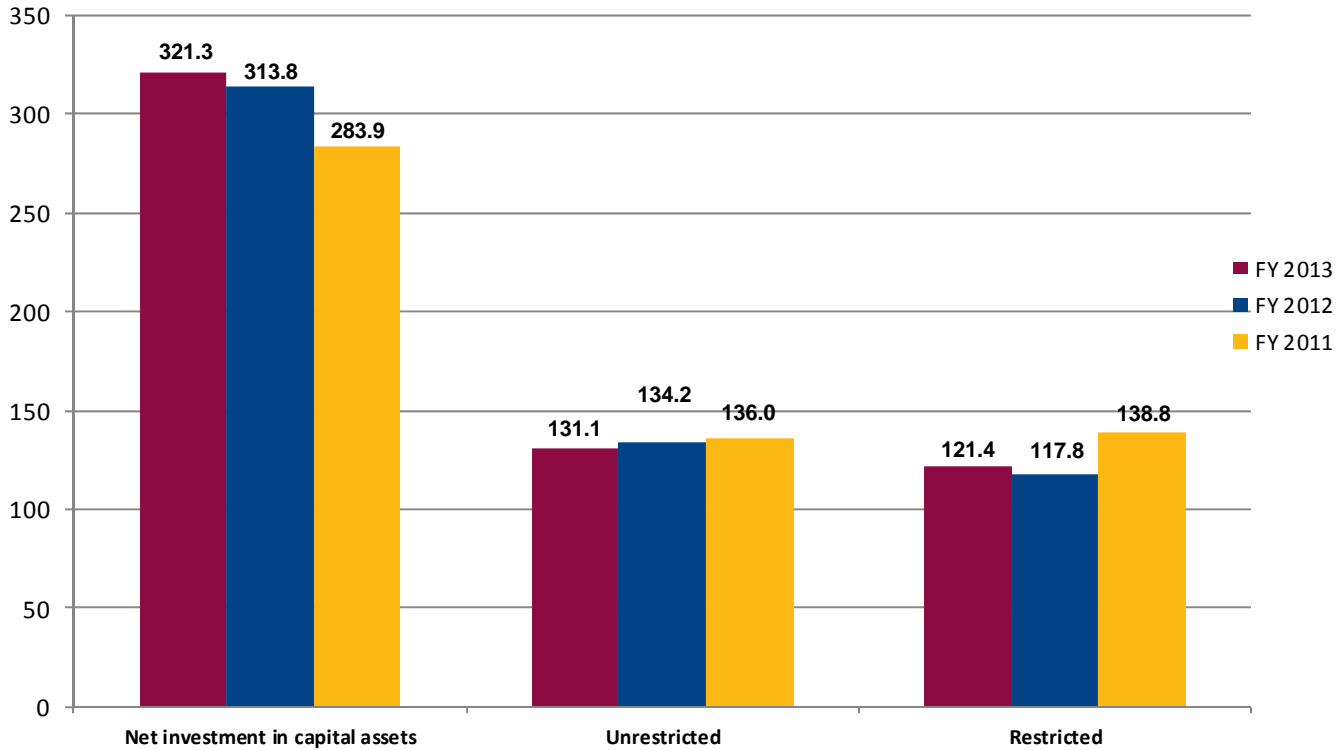
The revenue and expense operations discussed below contribute to the increase in net position of \$6.9 million. Primary components of this change in net position include:

- 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.

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2013, 2012 and 2011.



Operating Revenues for 2013 and 2012

Student tuition and fees (net), one of the larger Operating revenue sources, increased in fiscal year 2013, along with State grants and contracts, Local appropriations, grants and contracts and Non-governmental grants and contracts. The increase in these sources was offset by a decrease in Federal appropriations, grants and contracts, Sales and services and Other operating revenues.

The net operating loss for fiscal year 2013 of \$204.1 million decreased by \$.7 million from the \$204.8 million loss in fiscal year 2012. Operating revenues decreased by \$1.5 million. The most significant changes in Operating revenues were as follows:

- Increase in Student tuition and fees, net of Scholarship allowances, of \$2.2 million (3.3%), due to increased tuition and fees rates.
- Decrease in Federal appropriations, grants and contracts of \$6.8 million (4.2%). This decrease is due to a decrease of Federal Pell funding of \$3.2 million, a decrease in specific Physical Science Laboratory Department of Defense work of \$2.9 million, USDA ARS funding of \$.5 million, SNAP Ed program funding of \$.4 million, and the completion of the NM Works project which resulted in a \$.7 million decline in federal revenue.

- Increase of \$2.0 million (6.9%) in State grants and contracts, related primarily to State funded scholarship program funding like the Legislative Lottery and NM Public Education Department MC2 funding.
- Increase of \$3.7 million (69.1%) in Non-governmental grants and contracts, related to the creation of the GO Teacher program of \$1.2 million, along with various other increases in private grants.
- Decrease of \$1.9 million (6.3%) in Sales and services, related primarily to athletics, agricultural sales and auxiliary administration.
- Decrease of \$1.9 million (5.5%) in Other operating revenues, related primarily to lower recovery of indirect costs.

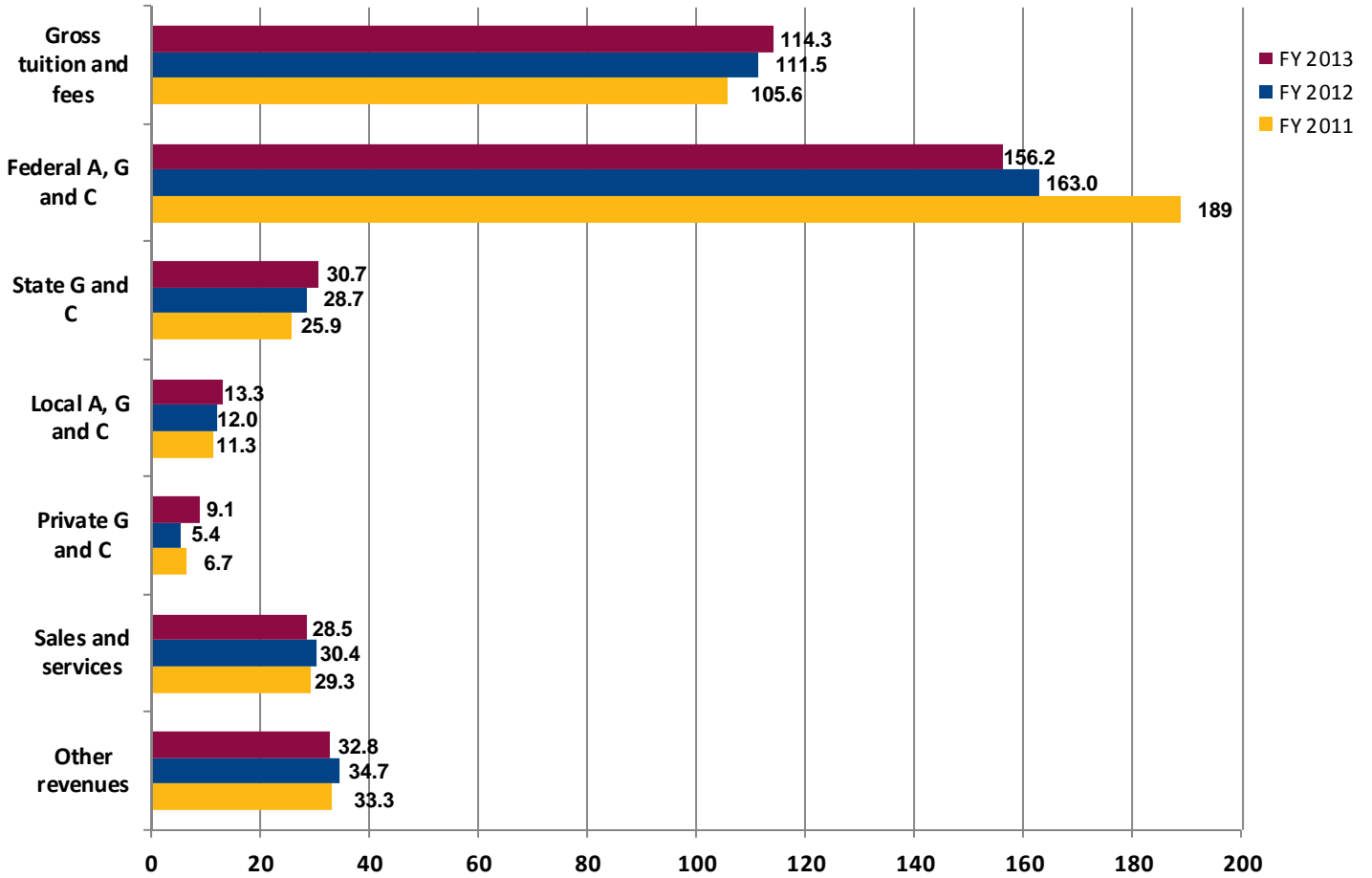
Operating Revenues for 2012 and 2011

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.
- 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.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2013, 2012 and 2011.



Operating Expenses for 2013 and 2012

The largest dollar changes in operating expense were as follows:

- Decrease in Research expense of \$4.3 million (3.7%), related to declines in DoD funding at the Physical Science Laboratory of \$2.9 million, various funding sources for the Bio Security and Food Safety Center totaling \$2.1 million and USDA ARS.
- Decrease in Scholarships and fellowships expense of \$3.3 million (7.0%). This decrease is due to declines in Federal Pell and other federal awarded funds, as a result of declines in enrollment and federal funding cuts.
- Decrease in Public Service expense of \$2.0 million (4.6%), related to reduced funding on the SNAP Ed program of \$.4 million and the completion of NM Works, which resulted in reduced expenses of \$.7 million.

The above mentioned decreases were offset by an increase in the following expense line item:

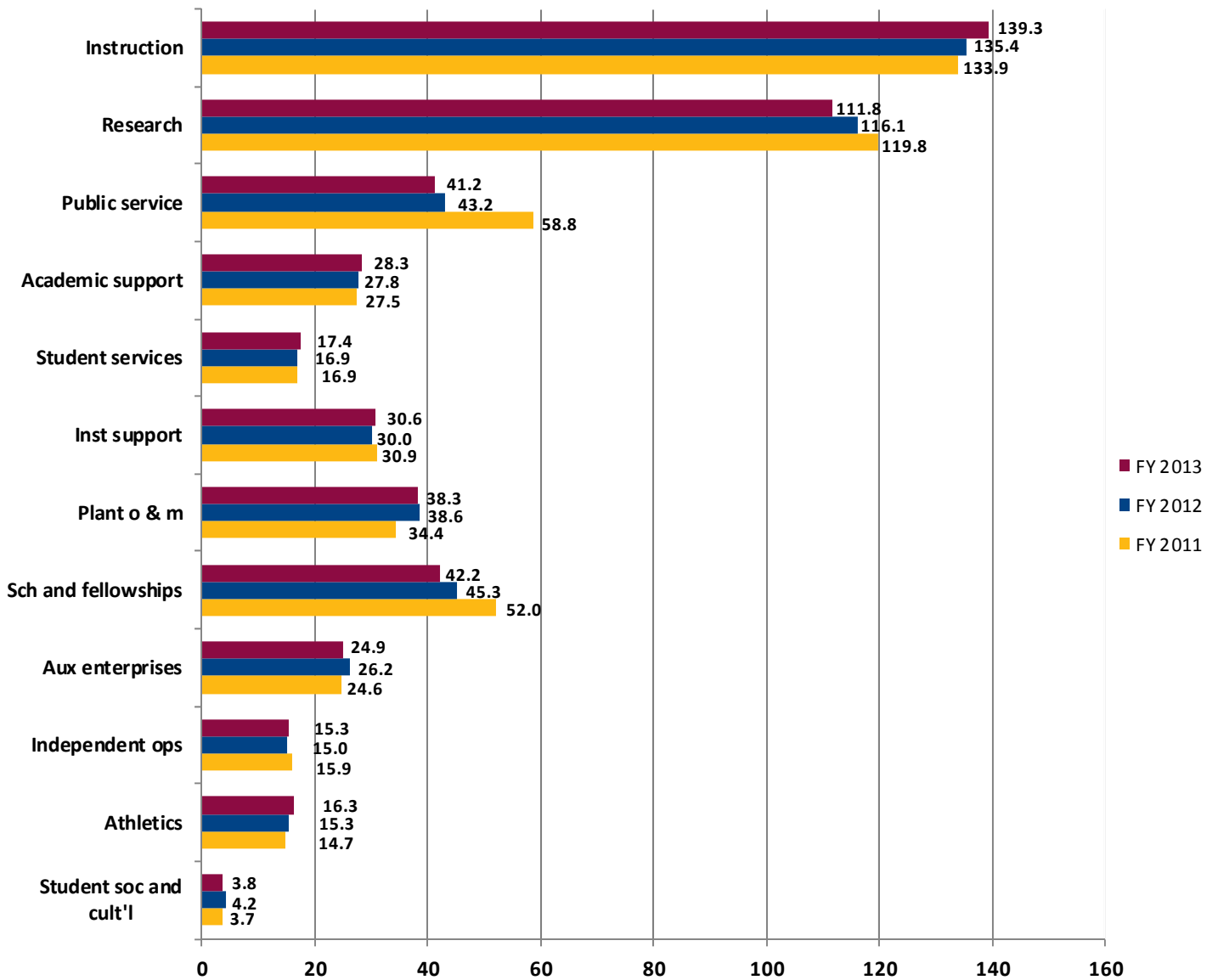
- Increase in Instruction expenses of \$3.8 million (2.8%). This increase is due to increased spending due to the elevated Instruction and General state-appropriated funding.

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 change is due to a decrease of expenses related to Federal Pell grant and scholarship programs.

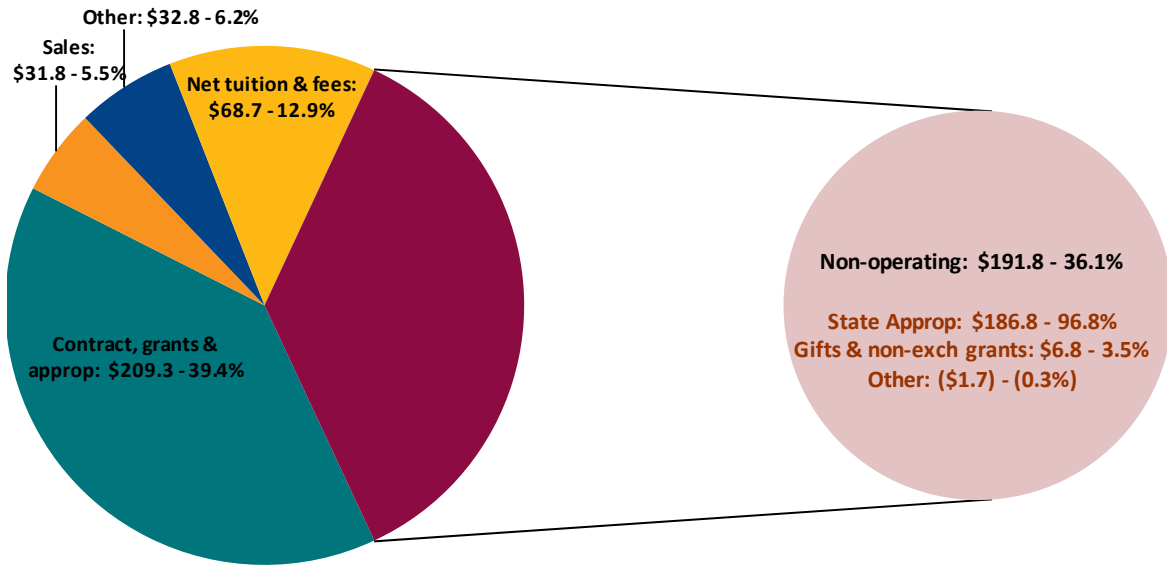
The following graph illustrates a comparison of operating expenses (in millions) by function (excluding depreciation and loan administration) for fiscal years 2013, 2012 and 2011.



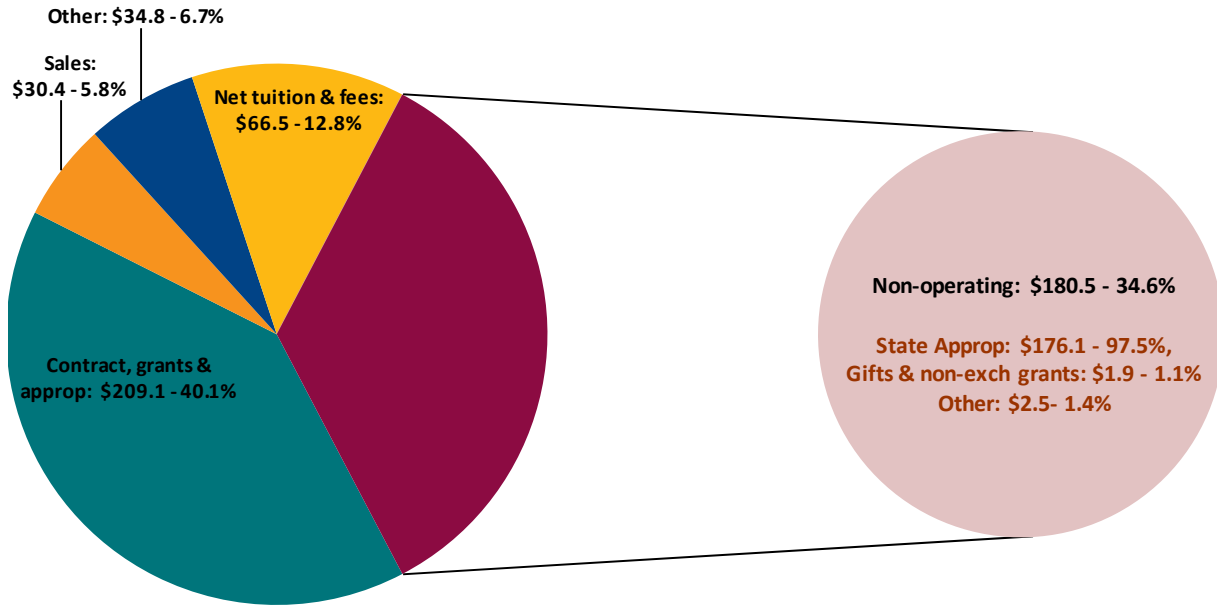
The Statement of Revenues, Expenses, and Changes in Net Position reflects an Income/(loss) before other revenues, expenses, gains or losses of (\$12.3 million), (\$24.3 million) and \$8.9 million in 2013, 2012 and 2011, respectively.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2013, 2012 and 2011.

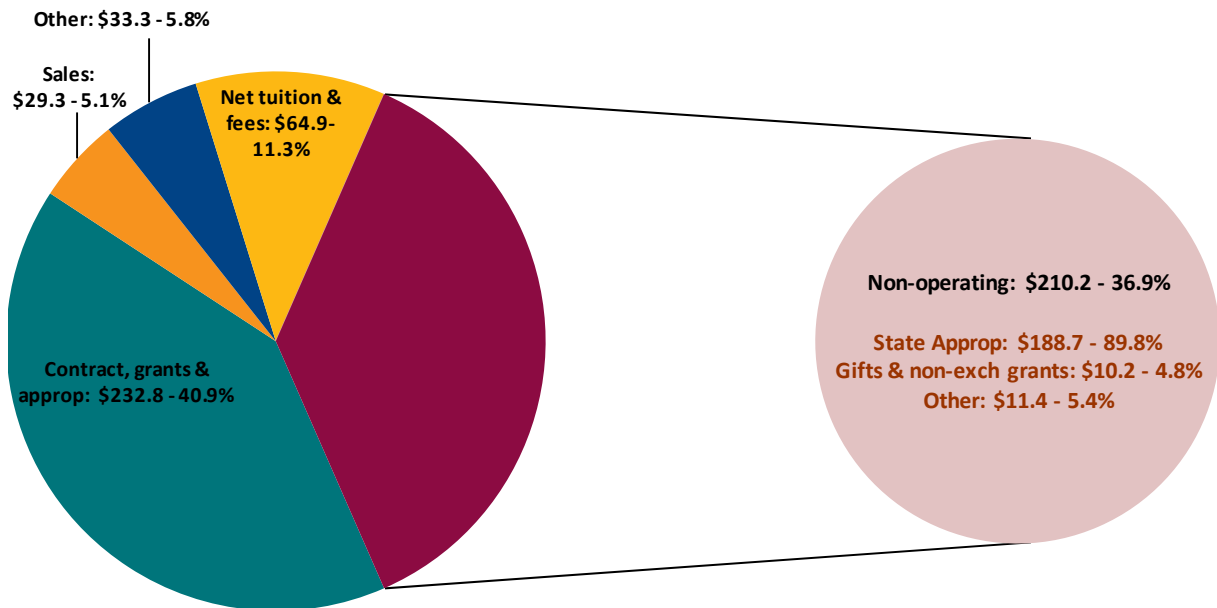
2013 Total Operating and Non-operating revenues



2012 Total Operating and Non-operating revenues



2011 Total Operating and Non-operating revenues



Capital Asset and Debt Administration

The fiscal year 2013 net increase in capital assets was \$4.6 million, due in part to completion of the previously partially-capitalized Center for the Arts (\$14.2 million), the Satellite Chilled Water plant (\$3.8 million), improvements to the campus dining area within Corbett Center Student Union building (\$1.9 million), phases six and seven at the East Mesa Campus of the Dona Ana Community College (\$1.9) and Phase 2 of the Chamisa Village Student Apartments (\$1.1 million). Construction work in process expenditures incurred in fiscal year 2013 totaled \$1.4 for the Institute for Public Policy. In all, these projects contributed to a gross increase in assets of \$24.3 million. The increase was offset by increased depreciation expense of \$21 million on these new capital assets.

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.

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2013, there was a net increase of approximately \$19.4 million, and an increase of approximately \$10.3 million in the revised budgeted expenditures. The most significant changes to revenues were anticipated increases in Other Sources of Revenue offset in part by anticipated decreases related to Federal government grants and contracts, and to a lesser extent, a decrease in tuition and fees revenue. The increase in expenditures related primarily to expenditures for Capital Outlay and Research, offset in part by decreases to Student Financial Aid and Renewals and Replacements in the plant fund. There were less significant changes in several of the other functional expense categories.

Actual revenues earned in fiscal year 2013 were lower than the revised budget by \$39.9 million and actual expenditures were lower than the revised budget by \$56.5 million. The main contributor to the revenue budget variance was Other Sources of Revenue (55% of the change) and the main contributors to the expense budget variance were the Instruction, Research, Student Financial Aid and Capital Outlay categories (73% 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 \$4.8 million. This net decrease is associated with capital outlay and renewal and replacement projects (\$5.8 million), which often receive funding that is spent over the project life that often exceeds one year, offset by a net increase in current fund balances of \$1.0 million.

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 Finance Committee during fiscal year 2012. The new formula which incorporated fundamental changes to the prior funding formula calculation has been used to determine the general fund appropriations for higher education for instruction and general purposes since fiscal year 2013. Additional modifications to the funding formula were incorporated in the formula calculation presented by the New Mexico Higher Education Department during fiscal year 2013 and it is expected that additional changes will be made during fiscal year 2014.

In the 2012-2013 academic year, 6,058 students at the University received lottery tuition scholarships. A 2013 legislative session memorial tasked the New Mexico Higher Education Department with forming a work group to study the solvency of the lottery tuition fund, compile student data or recommend data to be provided by each public higher education institution and to study methods to increase the short-term and long-term solvency of the fund. The work group is expected to present its recommendations to the New Mexico legislature by December 1, 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 fiscal year 2014, 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 Position

As of June 30, 2013

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 91,347,483	\$ 10,637,732
Cash and cash equivalents held in trust by Component Unit for NMSU	2,245,069	2,245,069
Short-term investments	5,086,009	2,367,431
Accounts receivable, net	52,167,207	1,061,665
Due from Component Unit	2,992,009	-
Inventories	2,371,654	13,775
Prepaid expenses	2,533,326	60,628
Student loans receivable - current portion, net	1,400,810	-
Total current assets	160,143,567	16,386,300
Non-current assets		
Restricted cash and cash equivalents	2,993,835	476,920
Investments held by others	57,201,808	2,896,673
Investments held in trust by Component Unit for NMSU	39,690,320	39,690,320
Investments held in trust for others	-	353,746
Other long-term investments	56,250,054	100,909,460
Student loans receivable, net	12,607,289	-
Prepaid expenses and other assets	517,356	179,112
Capital assets, net	483,982,345	404,567
Total non-current assets	653,243,007	144,910,798
TOTAL ASSETS	813,386,574	161,297,098
LIABILITIES		
Current liabilities		
Accounts payable	9,374,048	1,339,096
Due to NMSU	-	2,992,009
Other accrued liabilities	22,855,226	-
Accrued interest payable	1,807,224	-
Held in trust for NMSU	-	2,245,069
Unearned revenue	18,778,062	-
Long-term liabilities - current portion	12,776,692	204,602
Total current liabilities	65,591,252	6,780,776
Non-current liabilities		
Accrued benefit reserves	678,630	-
Held in trust for NMSU	-	39,690,320
Other long-term liabilities	173,251,157	3,043,318
Total non-current liabilities	173,929,787	42,733,638
TOTAL LIABILITIES	239,521,039	49,514,414
NET POSITION		
Net investment in capital assets	321,282,150	404,568
Restricted for:		
Non-expendable:		
Endowments	83,462,021	74,049,562
Expendable:		
General activities	1,748,448	34,848,169
Federal student loans	17,012,171	-
Capital projects	11,444,743	-
Related entity activities	7,757,355	-
Unrestricted	131,158,647	2,480,385
TOTAL NET POSITION	\$ 573,865,535	\$ 111,782,684

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

New Mexico State University

Statement of Net Position

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 POSITION		
Net investment in capital assets	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 POSITION	\$ 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 Position For the Year Ended June 30, 2013

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 114,254,961	\$ -
Less: scholarship allowances	(45,533,239)	-
Student tuition and fees (net)	68,721,722	-
Federal appropriations, grants and contracts	156,186,343	-
State grants and contracts	30,705,717	-
Local appropriations, grants and contracts	13,289,891	-
Non-governmental grants and contracts	9,115,900	10,721,187
Sales and services	28,494,894	3,844,608
Other operating revenues	32,845,144	-
Total operating revenues	339,359,611	14,565,795
EXPENSES		
Operating expenses:		
Instruction	139,274,006	-
Research	111,843,127	-
Public service	41,218,911	-
Academic support	28,286,365	-
Student services	17,445,652	-
Institutional support	30,577,886	-
Operation and maintenance of plant	38,320,805	-
Scholarships and fellowships	42,174,938	-
Auxiliary enterprises	24,902,447	-
Independent operations	15,258,592	-
Intercollegiate athletics	16,293,990	-
Student social and cultural	3,794,122	-
Loan administration (net)	433,666	-
Depreciation	33,603,512	106,923
Other operating expenses	-	13,114,056
Total operating expenses	543,428,019	13,220,979
Net operating (loss) income	(204,068,408)	1,344,816
Non-operating revenues (expenses):		
State appropriations	186,791,199	-
Gifts and non-exchange grants	6,792,628	-
Investment income	9,652,305	9,957,768
Interest and other expenses on capital asset-related debt	(5,582,446)	-
Other non-operating revenues (expenses)	(5,842,798)	(158,472)
Net non-operating revenues	191,810,888	9,799,296
Income (loss) before other revenues, expenses, gains or losses	(12,257,520)	11,144,112
Capital appropriations	12,000,776	-
Capital grants, gifts and other income	3,560,709	-
Building fees	5,190,829	-
Loss on disposal of plant	(1,132,363)	-
Additions to permanent endowments	929,207	-
Increase in net position	8,291,638	11,144,112
NET POSITION		
Beginning of year	565,573,897	100,638,572
End of year	\$ 573,865,535	\$ 111,782,684

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 Position 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	1,935,493	-
Investment income (loss)	5,566,281	(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 position	6,909,288	(4,524,594)
NET POSITION		
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 Cash Flows

For the Year Ended June 30, 2013

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 69,625,455
Grants and contracts received	222,162,433
Payments to suppliers	(113,472,534)
Payments for travel	(14,630,609)
Payments to employees and for employee benefits	(341,949,379)
Disbursement of net aid to students	(49,089,578)
Receipts from sales and services	28,494,894
Other operating revenues	34,568,664
NET CASH USED BY OPERATING ACTIVITIES	(164,290,654)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	186,791,199
Gifts for other than capital purposes	6,792,628
Private gifts for endowment	929,207
Other non-operating revenue	(5,842,798)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	188,670,236
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	56,200,000
Capital gifts, grants and contracts	15,561,485
Purchases/construction/renovation of capital assets	(36,447,070)
Principal paid on capital debt and leases	(48,550,458)
Interest and fees paid on capital debt and leases	(5,789,391)
Building fees received from students	5,190,829
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(13,834,605)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	74,059,190
Interest on investments	1,288,227
Purchase of investments	(76,330,182)
Realized gain on investments	18,417,518
NET CASH PROVIDED BY INVESTING ACTIVITIES	17,434,753
Net increase in cash and cash equivalents	27,979,730
Cash and cash equivalents - beginning of year	66,361,588
Cash and cash equivalents - end of year	\$ 94,341,318
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (204,068,408)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	33,603,512
Change in assets and liabilities:	
Decrease in accounts receivable	14,483,195
Increase in prepaid expenses	(593,145)
Increase in inventory	(29,545)
Decrease in loans receivable	882,143
Decrease in accounts payable	(10,636,210)
Increase in other accrued liabilities	1,059,164
Increase in unearned revenue	1,008,640
NET CASH USED BY OPERATING ACTIVITIES	\$ (164,290,654)

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.

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 governed by the Board of Regents, a group of five members, one of whom is a student, 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 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) 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, 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 and GASB 61 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 included 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 GASB, the American Institute of Certified Public Accountants’ (AICPA) guide, and the New Mexico Higher Education Department’s Financial Reporting manual 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.

Statement of Net Position. 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 Position.

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 Position 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. Actual distributions may be adjusted as directed by some of the individual endowment agreements. The amount of funds available for distribution from the Fund to the individual endowments participating in the fund that benefit colleges, departments, units and programs during each fiscal year is determined using a weighted average of two numbers the target spending based on the current endowment value, and last year's spending adjusted for inflation, pursuant to the following: A 20-percent weighting is given to the policy rate applied to the Fund's market value at the end of each fiscal quarter, and an 80-percent weighting is given to the last year's spending adjusted for inflation as measured by the most recent published Higher Education Price Index. 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 that are available for resale to individuals and/or other University departments, including research supplies,

and livestock items. Departmental inventories comprised of items such 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, 2013 and 2012. 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, 2013 and 2012. Non-current liabilities include principal amounts of revenue bonds payable, contracts payable, 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 is made at a rate of 50 percent of the employee's straight-time hourly salary.

Net Position. The University's net position is classified as follows:

- *Net investment in capital assets* – Invested in capital assets, net of related debt represents 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 position, expendable* – Restricted net position - expendable includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Restricted net position, non-expendable* – Restricted net position, non-expendable consists 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 position* – Unrestricted net position represents 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 position 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 Position 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, is generally 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 consist 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 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 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 Position. 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 annually 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). These state agencies develop consolidated funding recommendations for all higher education institutions which are considered for appropriation during the annual legislative sessions. 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.

The legal level of budgetary control is at the fund type and functional level, in accordance with NMAC 5.3.4.10. There were no violations in fiscal years 2013 and 2012. The modified accrual basis of accounting is used for budgetary comparison. If expenditures by budgetary control line by campus are expected to exceed the approved budget, the University is required to submit a budget adjustment request which has been approved by the Board of Regents to the HED which is subsequently forwarded to the DFA.

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 Position. Federal Perkins Loans make up approximately 99% of the student loans receivable at both June 30, 2013 and 2012. Loans receivable from students are generally repayable in installments to the University over a 10 year period commencing 6 or 9 months after the date of separation from the University. Collections on these student loans are primarily handled through a third party servicer. Under this program, the federal government provided funds for approximately 75% of the total contribution for student loans, with the University provided the balance. The school's revolving Perkins loan fund is replenished by ongoing activities, such as collections by the school on outstanding Perkins loans made by the school and reimbursements from the Department of Education for the cost of certain statutory loan cancellation provisions. Perkins borrowers are eligible for loan cancellation for teacher service at low-income schools and under certain other circumstances specified in the law (HEA). Students may defer repayment of the loan while enrolled (at least half-time) at a postsecondary school. A borrower who has difficulty repaying a Perkins Loan may be eligible for a deferment or forbearance based on economic hardship or other circumstances.

Reclassifications. Certain reclassifications were made to 2012 information to conform to 2013 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, 2013 and 2012, the University owned 367,140 and 386,244 shares which represented 28.43% and 29.09% of the total shares in the pool, respectively. The fair value per share as of June 30, 2013 and 2012, was \$107.28 and \$96.99, 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, 2013 and 2012.

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, 2013 and 2012, 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, 2013 and 2012. The Foundation's short-term investments in marketable securities consisted entirely of domestic stocks and bonds at June 30, 2013 and 2012.

Endowment investments were \$99,137,196 and \$91,375,326 at June 30, 2013 and 2012, 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, 2013 and 2012, the investments of the University and its Discrete Component Unit consisted of the following:

	2013 Weighted Average Maturity (Years)	Fair Value	2012 Weighted Average Maturity (Years)	Fair Value
University				
U.S. Agency Securities	4.28	\$ 50,478,047	4.53	\$ 74,257,741
Municipal Securities	2.92	3,270,643		-
Certificates of Deposit	1.23	5,281,100	1.00	11,100
US Government Securities	0.82	1,000,218		-
Corporate Stocks and Bonds		1,306,056		366,472
Land Grant Permanent Fund		57,201,808		52,000,365
Pooled Cash and Investments Held by Others		41,935,388		39,374,961
Total Investments		<u>\$ 160,473,260</u>		<u>\$ 166,010,639</u>
Foundation				
U.S Government and Agency Securities		\$ 7,069,935		\$ 8,708,949
Certificates of Deposit		2,040,950		2,030,200
Corporate Stocks and Bonds		49,541,125		62,023,814
Alternative Investments		29,208,663		19,556,604
Mortgage Backed Securities		12,652,067		-
Other Investments		2,764,151		1,030,125
Total Investments		<u>\$ 103,276,891</u>		<u>\$ 93,349,692</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, 2013 and 2012:

	2013	2012
Equities	75%	73%
Fixed income	16%	17%
Cash and cash equivalents	8%	9%
Investments not securities	1%	1%
	<u>100%</u>	<u>100%</u>

Collateralization of Deposits. At June 30, 2013 and 2012, the recorded values of the University's cash and time deposits with financial institutions were \$76,031,345 and \$53,114,853, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2013	2012
University		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 5,923,519	\$ 25,761,103
Amount collateralized with securities held by the pledging financial institution	73,306,911	30,126,953
Total cash and time deposit bank balances	79,230,430	55,888,056
Time deposits	(5,281,100)	(11,100)
Money Markets	23,591,074	13,257,835
Other reconciling items	(3,199,086)	(2,773,203)
Total reported cash balance	<u>\$ 94,341,318</u>	<u>\$ 66,361,588</u>
Foundation		
Amount insured by the FDIC	\$ 507,009	\$ 300,326
Amount in excess of FDIC coverage	762,375	285,119
Amount at Merrill Lynch insured by Security Investor Protection Corporation (SIPC) and the FDIC	9,845,268	7,732,509
Total reported cash balance	<u>\$ 11,114,652</u>	<u>\$ 8,317,954</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2013:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Checking	\$ 82,105	\$ -	\$ 82,105
Operational	Debt Service	735,221	-	735,221
East Texas National Bank				
Operational	Checking	32,064	(11,685)	20,379
Grants State Bank				
Operational	Checking	37,106	-	37,106
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(3,050,239)	(3,050,239)
Operational	Student ACH	-	2,062	2,062
Operational	General	-	39,185	39,185
Operational	Payroll	-	(322,288)	(322,288)
Operational	Credit Card	-	81,676	81,676
Operational	Debt Service	4,302,369	-	4,302,369
Operational	Deposit	-	3,827	3,827
Operational	Savings	41,478,029	-	41,478,028
Operational	Cash Management	27,209,188	53	27,209,241
Operational	Money Market	16,611,545	-	16,611,545
Wells Fargo Advisors				
Operational	Money Market	2,297	-	2,297
Western Commerce Bank of Carlsbad				
Operational	Checking	67,451	(60)	67,391
Operational	Deposit	3,501	4,984	8,485
Cash on Hand				
Cash on Hand	Cash	-	53,399	53,399
Federated Investment Manager				
Dividend Reinvestment	Money Market	6,979,529	-	6,979,529
		-		
Total Cash and Cash Equivalents		<u>\$ 97,540,405</u>	<u>\$ (3,199,086)</u>	<u>\$ 94,341,318</u>

The following table provides information on the University's investments, including reconciling items, at June 30, 2013:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FTN Financial				
U.S. Agency Securities	Investment	\$ 22,542,480	\$ -	\$ 22,542,480
Wells Fargo Advisors				
Corporate Stocks and Bonds	Investment	119,711	-	119,711
Raymond James				
U.S. Agency Securities	Investment	20,637,240	-	20,637,240
Wells Fargo				
Certificate of Deposit	Investment	5,250,000	-	5,250,000
Wells Fargo				
Municipal Securities	Investment	3,270,643	-	3,270,643
Wells Fargo				
US Government Securities	Investment	1,000,218	-	1,000,218
Wells Fargo				
U.S. Agency Securities	Investment	7,206,833	-	7,206,833
General Genetics and Sandia Motorsports				
Corporate Stocks and Bonds	Investment	1,014,590	-	1,014,590
Eberhardt Memorial				
Corporate Stocks and Bonds	Investment	6,912	-	6,912
Principal Funds				
Corporate Stocks and Bonds	Investment	129,358	-	129,358
Franklin Templeton				
Corporate Stocks and Bonds	Investment	35,485	-	35,485
Citizen's Bank of Las Cruces				
Certificate of Deposit	Investment	31,100	-	31,100
Legacy Treasury Direct				
U.S. Agency Securities	Investment	91,494	-	91,494
New Mexico State Investment Council				
Permanent Land Fund	Investment	57,201,808	-	57,201,808
New Mexico State University Foundation, Inc.				
NMSU Endowments	Investment	41,935,388	-	41,935,388
Total investments		\$ 160,473,260	\$ -	\$ 160,473,260

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2013, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico:				
Operations	Checking	\$271,387	\$ (26,872)	\$ 244,515
Program	ACH	137,631	-	137,631
Program	Checking	506,492	(31,194)	475,298
Program	Transfer	21,950	-	21,950
Program	Wire	49,976	-	49,976
Operations – NMSU Sports Enterprises, Inc.	Checking	339,468	(6,463)	333,005
Citizens Bank of Las Cruces:				
Program	Checking	3,163	-	3,163
Program	Money Market	3,846	-	3,846
Merrill Lynch:				
Operations	Checking	2	-	2
Operations	Money Market	1,531,828	-	1,531,828
Program	Checking	3	-	3
Program	Money Market	7,724,714	(38,797)	7,685,917
Program-Cash Gift Annuity	Checking & MM	84,390	(11,045)	73,345
Program-Private Equity	Checking & MM	77,253	-	77,253
Hedge Access	Money Market	1,750,572	-	1,750,572
Eagle	Money Market	29,837	-	29,837
McDonnell	Money Market	517,178	-	517,178
Global Templeton	Money Market	792	-	792
Earnest	Money Market	107,099	-	107,099
NWQ	Money Market	178,753	-	178,753
Fred Alger	Money Market	145,519	-	145,519
Oppenheimer	Money Market	7,824	-	7,824
Managed Futures	Money Market	200,215	-	200,215
Invesco REITS	Money Market	212,089	-	212,089
Aletheia (Large Cap Value)	Money Market	63,258	-	63,258
Short Term Investment Fund	Money Market	147,567	-	147,567
NFJ International	Money Market	259,760	-	259,760
UMA Eagle	Money Market	113,256	-	113,256
WHV International	Money Market	49,654	-	49,654
SPAR	Money Market	1	-	1
Winslow	Money Market	91,770	-	91,770
London	Money Market	171,902	-	171,902
NMSU Business College	Money Market	1,873	-	1,873
Less Cash Allocated to NMSU for AHIT	Held in Trust	(3,571,999)	-	(3,571,999)
Total Cash and Cash Equivalents		<u>\$ 11,229,023</u>	<u>\$ (114,371)</u>	<u>\$ 11,114,652</u>
Investments - Merrill Lynch:				
Corporate Stocks and Bonds	Investment	\$ 46,486,766	\$ -	\$ 46,486,766
U.S. Government and Agency Securities	Investment	7,069,935	-	7,069,935
Mortgage-backed Securities	Investment	12,652,067	-	12,652,067
Limited Partnerships	Investment	29,208,663	-	29,208,663
Mutual Funds	Investment	3,054,359	-	3,054,359
Other Investments				
Real Estate Holdings	Investment	2,353,688	-	2,353,688
Short-term Investments	Investment	2,367,431	-	2,367,431
Accrued Investment Interest	Investment	83,982	-	83,982
Total Investments		<u>\$ 103,276,891</u>	<u>\$ -</u>	<u>\$ 103,276,891</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, 2013, 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	\$ 48,173,355		\$ 48,173,355	\$ -	\$ -
Agency Securities	Short Term	2,304,692		2,304,692	-	-
Municipal Securities	Long Term	3,270,643		3,270,643	-	-
Permanent Land Fund	Long Term	57,201,808		57,201,808	-	-
US Government Securities	Short Term	1,000,218		1,000,218	-	-
Investments						
Held by others	Long Term	41,935,388		41,935,388	-	-
Items not subject to interest rate risk:						
Certificates of Deposits	Short Term	1,781,100	\$1,781,100		-	-
Certificates of Deposits	Long Term	3,500,000		3,500,000	-	-
Corporate Stocks	Long Term	1,306,056	1,306,056		-	-
Total investments		<u>\$ 160,473,260</u>	<u>\$3,087,156</u>	<u>\$ 157,386,104</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation						
U.S. government and agency securities	Long-term	\$ 7,069,935	\$ 141,398	\$ 2,120,981	\$4,241,961	\$565,595
Certificates of deposits	Short-term	2,040,950	2,040,950	-	-	-
Items not subject to interest rate risk:						
Corporate and foreign stocks	Not aged	49,541,125	-	49,541,125	-	-
Alternative investments	Not aged	29,208,663	-	29,208,663	-	-
Mortgage-backed securities	Not aged	12,652,067	-	12,652,067	-	-
Other investments	Not aged	2,764,151	-	2,764,151	-	-
Total investments		<u>\$ 103,276,891</u>	<u>\$2,182,348</u>	<u>\$ 96,286,987</u>	<u>\$4,241,961</u>	<u>\$565,595</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 (NRSRO) 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, 2013, and their exposure to credit risk follows:

	Rating	Fair Value
University		
US Agency Securities	Moody's---AA+/Aaa	\$ 50,478,047
Municipal Securities		3,270,643
Certificates of Deposits	Federally Insured	5,281,100
US Government Securities		1,000,218
Corporate Stocks	Not Rated	1,306,056
Pooled cash and investments held by others	N/A	99,137,196
Total investments		\$ 160,473,260
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 5,332,324
Certificates of deposits	Federally insured	2,030,200
Corporate bonds	A1	758,403
Corporate bonds	A-	1,337,743
Corporate bonds	A+	649,321
Corporate bonds	A++	92,761
Corporate bonds	AA	296,847
Corporate bonds	AA-	405,791
Corporate bonds	AAA	-
Corporate bonds	A++	1,052,978
Corporate bonds	BBB+	517,201
Corporate bonds	BBB-	498,550
Corporate bonds	BAA2	132,170
Corporate bonds	BBB-	-
Corporate bonds	BB+	-
Corporate bonds	Not rated	-
Corporate stocks	Not rated	32,351,091
Mutual funds	Not rated	3,054,359
Foreign stocks	Not rated	10,142,271
Mortgage-backed securities	AAA+	12,652,067
Alternative investments	Not rated	29,208,663
Other investments (real estate and accrued investment interest)	N/A	2,764,151
Total investments		\$ 103,276,891

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 risk 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. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2013 and 2012, total bank balances of the University were \$79,230,431 and \$55,888,056, 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, 2013	June 30, 2012
Category 2	\$ 73,306,912	\$ 30,126,953

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, 2013 and 2012, the University's certificate of deposit balances were \$5,281,100 and \$11,100, 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, 2013 and 2012:

	2013	2012
University		
Student tuition and fees	\$ 36,252,438	\$ 34,320,305
Federal, state, and private grants and contracts	37,905,108	52,430,226
Other	2,867,260	1,054,713
Cash and cash equivalents held in trust for NMSU	2,245,069	1,913,282
Due from Component Unit	2,992,009	1,998,203
Less: allowance for doubtful accounts	<u>(24,857,599)</u>	<u>(19,829,249)</u>
Net accounts receivable	<u>\$ 57,404,285</u>	<u>\$ 71,887,480</u>
Foundation		
Net miscellaneous accounts receivable	<u>\$ 1,061,665</u>	<u>\$ 991,717</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, 2013 and 2012:

	2013	2012
University		
Student tuition and fees	\$ 8,762,533	\$ 5,926,667
Federal, state, and private grants and contracts	8,762,113	10,422,649
Other	1,253,416	1,420,106
Unearned revenue	<u>\$ 18,778,062</u>	<u>\$ 17,769,422</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 New Mexico State District Court endorsed water rights equaling 11,454 acre feet per annum. As there is no clear guidance from the GASB on their presentation, neither the water rights nor the livestock bred by the University are presented in the accompanying Statement of Net Position. 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 Position.

The University, in compliance with the reporting requirements of GASB 49, *Accounting for Pollution Remediation Obligations*, incurred actual expenditures related to asbestos remediation in the amount of \$127,417 and \$56,454 for fiscal years 2013 and 2012, respectively.

Changes in capital asset balances for the year ended June 30, 2013, were as follows

	Balance July 1 2012	Additions	Transfers	Retirements	Balance June 30 2013
University					
Capital assets not being depreciated:					
Land and land improvements	\$ 10,696,079	\$ -	\$ -	\$ -	\$ 10,696,079
Construction in progress	42,627,197	24,939,115	(58,923,190)	(254,794)	8,388,328
Total capital assets not being depreciated	<u>\$ 53,323,276</u>	<u>\$ 24,939,115</u>	<u>\$ (58,923,190)</u>	<u>\$ (254,794)</u>	<u>\$ 19,084,407</u>
Other capital assets:					
Buildings	\$612,489,364	\$ 4,051,848	\$ 55,976,552	\$ (1,683,444)	\$670,834,320
Infrastructure	64,299,623	738,134	2,946,638	-	67,984,395
Equipment	119,208,047	6,297,632	-	(5,545,340)	119,960,339
Software	16,000,237	229,799	-	(1,346,747)	14,883,289
Library books	70,503,771	3,114,430	-	(228,060)	73,390,141
Total other capital assets	<u>882,501,042</u>	<u>14,431,843</u>	<u>58,923,190</u>	<u>(8,803,591)</u>	<u>947,052,484</u>
Less accumulated depreciation for:					
Buildings	(274,412,226)	(19,255,009)	-	1,440,721	(292,226,514)
Infrastructure	(34,152,794)	(3,324,601)	-	-	(37,477,395)
Equipment	(88,662,203)	(7,051,043)	-	5,178,594	(90,534,652)
Software	(9,933,282)	(1,224,530)	-	1,078,647	(10,079,165)
Library books	(49,316,551)	(2,748,329)	-	228,060	(51,836,820)
Total accumulated depreciation	<u>(456,477,056)</u>	<u>(33,603,512)</u>	<u>-</u>	<u>7,926,022</u>	<u>(482,154,546)</u>
Other capital assets, net	<u>\$426,023,986</u>	<u>\$ (19,171,669)</u>	<u>\$ 58,923,190</u>	<u>\$ (877,569)</u>	<u>\$464,897,938</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 53,323,276	\$ 24,939,115	\$ (58,923,190)	\$ (254,794)	\$ 19,084,407
Other capital assets, at cost	882,501,042	14,431,843	58,923,190	(8,803,591)	947,052,484
Total cost of capital assets	935,824,318	39,370,958	-	(9,058,385)	966,136,891
Less: accumulated depreciation	(456,477,056)	(33,603,512)	-	7,926,022	(482,154,546)
Capital assets, net	<u>\$479,347,262</u>	<u>\$ 5,767,446</u>	<u>\$ -</u>	<u>\$ (1,132,363)</u>	<u>\$483,982,345</u>
Foundation					
Capital assets	\$ 779,972	\$ 100,899	\$ (42,538)	\$ -	\$ 838,333
Less: accumulated depreciation	(355,201)	(106,923)	28,358	-	(433,766)
Capital assets, net	<u>\$ 424,771</u>	<u>\$ (6,024)</u>	<u>\$ (14,180)</u>	<u>\$ -</u>	<u>\$ 404,567</u>

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	\$ 62,980,537	\$ 30,802,813	\$ (38,915,410)	\$ (1,544,664)	\$ 53,323,276
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	788,500,888	61,617,211	38,915,410	(6,532,467)	882,501,042
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	(430,707,744)	(31,452,068)	-	5,682,756	(456,477,056)
Other capital assets, net	\$357,793,144	\$ 30,165,143	\$ 38,915,410	\$ (849,711)	\$426,023,986
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	\$420,773,681	\$ 60,967,956	\$ -	\$ (2,394,375)	\$479,347,262
Foundation					
Capital assets	\$ 486,845	\$ 293,127	\$ -	\$ -	\$ 779,972
Less: accumulated depreciation	(302,670)	(52,531)	-	-	(355,201)
Capital assets, net	\$ 184,175	\$ 240,596	\$ -	\$ -	\$ 424,771

The University had no significant asset impairments during the fiscal years ended June 30, 2013 and 2012.

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, 2013, follows:

	Balance July 1 2012	Additions	Reductions	Balance June 30 2013	Current Portion (due in 2014)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$ 135,262,201	\$ 56,200,000	\$ (48,271,151)	\$ 143,191,050	\$ 8,825,000	
Contracts payable	898,748	56,719	(187,241)	768,226	180,471	
Total bonds, contracts	<u>136,160,949</u>	<u>56,256,719</u>	<u>(48,458,392)</u>	<u>143,959,276</u>	<u>9,005,471</u>	
Other liabilities:						
Accrued compensated absences	18,494,933	6,490,018	(6,128,849)	18,856,102	3,771,221	
Other post employment benefits	20,277,000	2,506,000	-	22,783,000	-	
Other	521,537	-	(92,066)	429,471	-	
Total other liabilities	<u>39,293,470</u>	<u>8,996,018</u>	<u>(6,220,915)</u>	<u>42,068,573</u>	<u>3,771,221</u>	
Total long-term liabilities	<u>\$ 175,454,419</u>	<u>\$ 65,252,737</u>	<u>\$ (54,679,307)</u>	<u>\$ 186,027,849</u>	<u>\$ 12,776,692</u>	
	Balance July 1 2012	Additions	Reductions	Changes in Estimate	Balance June 30 2013	Current Portion (due in 2014)
Foundation						
Gift annuities payable	\$ 3,099,186	\$ -	\$ (4,372)	\$ (52,962)	\$ 3,041,852	\$ 175,077
Payable under unitrusts	219,534	-	-	(13,466)	206,068	29,525
Total long-term liabilities	<u>\$ 3,318,720</u>	<u>\$ -</u>	<u>\$ (4,372)</u>	<u>\$ (66,428)</u>	<u>\$ 3,247,920</u>	<u>\$ 204,602</u>

A summary of changes in long-term liability 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>

Bonds Payable. The University issued the 2013 refunding and improvement revenue bonds (Series 2013A Improvement Revenue Bonds, 2013B Refunding Revenue Bonds, and 2013C Taxable Refunding and Improvement Bonds). The refunding transaction resulted in an economic gain of \$6,236,036. All other outstanding University revenue bonds as of June 30, 2013 and 2012 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 2013 and 2012 was \$5,450,285 and \$6,871,068, respectively, net of interest income. Of these amounts, \$3,315,998 and \$2,893,549 was capitalized during fiscal years 2013 and 2012, respectively.

Total University issued bonds and outstanding at June 30, 2013 and 2012, excluding bonds issued by the Community College Districts, with bond proceeds to certain community colleges (See Note 13), consisted of:

	Total Issued	Outstanding	
		2013	2012
Revenue and improvement revenue bonds			
Bond Series 2002, (2.00% - 5.00%) final maturity 2022	\$ 15,495,000	\$ -	\$ 4,720,000
Refunding and improvement revenue bonds			
Bonds Series 2003, (2.00% - 5.00%) final maturity 2023	28,495,000	-	14,985,000
Improvement revenue bonds			
Bond Series 2004B, (2.00% - 5.00%) final maturity 2025	42,275,000	1,670,000	32,410,000
Improvement revenue bonds			
Bond Series 2006, (4.00% - 5.25%) final maturity 2026	10,245,000	7,555,000	7,975,000
Refunding and improvement revenue bonds			
Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) final maturity 2030	78,670,000	70,765,000	74,435,000
Refunding and improvement revenue bonds			
Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) final maturity 2033	56,200,000	56,200,000	-
Total bonds payable	231,380,000	136,190,000	134,525,000
Plus: unamortized net premium	2,566,250	7,025,033	875,406
Less: unamortized loss on refunding	(169,759)	(23,983)	(138,205)
Bonds payable, net	<u>\$ 233,776,491</u>	<u>\$ 143,191,050</u>	<u>\$ 135,262,201</u>

The maturity schedule for the University bonds payable at June 30, 2013, follows:

Year Ending June 30	Principal	Interest
2014	\$ 8,825,000	\$ 6,382,270
2015	8,625,000	6,093,519
2016	8,640,000	5,781,738
2017	7,915,000	5,455,058
2018	8,240,000	5,134,051
2019-2023	45,230,000	19,772,059
2024-2028	34,030,000	8,842,741
2029-2030	14,685,000	1,425,316
Total	<u>\$ 136,190,000</u>	<u>\$ 58,886,752</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, 2013.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 372,727	\$ 192,226
Computer Equipment	768,000	576,000
Total	<u>\$ 1,140,727</u>	<u>\$ 768,226</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
2014	\$ 180,470	\$ 11,368	\$ 191,838
2015	153,700	5,347	159,047
2016	138,827	1,800	140,627
2017	102,029	265	102,294
2018	193,200	18	193,218
Total minimum lease payments	<u>\$ 768,226</u>	<u>\$ 18,798</u>	<u>\$ 787,024</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. Beginning July 1, 2013, to prepare for compliance with the Health Care Reform act, the University created a new category of benefits-eligible employees, for those working $\frac{3}{4}$ of a full-time equivalent or more. The employees in this "term" employee category are eligible for the same optional benefit coverage as regular employees.

The University participates 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%.

The University participates 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. Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 9.4% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer contributions – In fiscal year 2013, the University was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the University will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

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 ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$21,403,406, \$17,903,881, and \$22,337,767, 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 retirees earning more than \$20,000 decreased to 9.40% and the University contribution increased to 10.90%. The contribution rates remain unchanged for employees earning \$20,000 or less. As of July 1, 2013, the contribution required by retirees earning more than \$20,000 will increase to 10.10% and the University contribution will increase to 13.15%. The contribution rates remain unchanged for employees earning \$20,000 or less, however, the University contribution will increase to 13.15%. The University's contribution to the ERB for RTW program participants for the years ended June 30, 2013, 2012, and 2011 were \$197,884, \$180,965, and \$430,901, 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, 2013, 2012, and 2011, were \$26,374,496, \$25,464,466, and \$24,887,917, respectively. As of July 1, 2011, contributions 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 decreased to 9.40% and the University contribution increased 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. As of July 1, 2013, the contribution required by employees earning more than \$20,000 will increase to 10.10% and the University contribution will increase to 10.15% to the carrier. The contribution rates remain unchanged for employees earning \$20,000 or less, however, the University contribution will increase to 10.15%. The administrative fee to ERB will remain the same at 3.0%. 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, 2013, 2012, and 2011, were \$2,084,651, \$1,570,485, and \$1,964,428, respectively, for employees participating in the ARP. Additionally, \$791,234, \$763,935, and \$746,638, were paid as administrative fees to the ERB for the years ended June 30, 2013, 2012, and 2011, respectively; employees participating in the ARP made contributions totaling \$2,480,186, \$2,847,707, and \$2,337,419, 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, 2013 and 2012, there were 3 and 6 employees, respectively, enrolled under CSRS and 13 and 16 employees, respectively, 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, 2013, 2012 and 2011, the University contributed \$157,105, \$178,944, and \$191,092, respectively; employees contributed \$30,453, \$48,872, and \$55,587, 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, 2013 and 2012, there were 1,117 and 1,151 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 2013 was \$3,910,000, 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, 2012, 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 9.5% for retirees 65 years of age and under and 8.5% 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 2% 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 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. 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:

	2013
Annual required contribution	\$ 6,277,000
Interest on net OPEB Obligation	912,000
Adjustment to annual required contribution	(773,000)
Annual OPEB cost (expense)	<u>6,416,000</u>
Contributions made	<u>(3,910,000)</u>
Increase in net OPEB obligation	<u>2,506,000</u>
Net OPEB obligation beginning of year	<u>20,277,000</u>
Net OPEB obligation end of year	<u><u>\$ 22,783,000</u></u>

Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year 2013 is as follows:

Annual required contribution	\$ 6,277,000
% of annual OPEB cost contributed	62.3%
Net OPEB obligation	\$ 3,910,000

Funded Status and Funding Progress. As of July 1, 2012, the updated actuarial valuation date, the present value of all future expected post-retirement health payments and administrative costs attributable to past service, was \$80,399,000, and the actuarial value of assets was zero. The covered payroll (annual payroll of active employees covered by the plan) was \$264,614,683, 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, 2013, the estimated remaining cost to complete these and other in-house construction and renovation projects was approximately \$65 million with an estimated completion date, for all projects, of August 2015. The remaining cost is expected to be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 7,888,533
General obligation bonds	6,942,098
Severance tax bonds	2,415
University funds	31,724,829
State funds	14,539,912
Gifts, grants and contracts	8,173,680
Total	<u>\$ 69,271,467</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
2014	\$ 1,631,757
2015	1,363,922
2016	1,064,102
2017	911,959
2018	845,216
Years thereafter	1,452,470
Total minimum lease payments	<u>\$ 7,269,426</u>

Operating lease payments made in fiscal years 2013 and 2012 are as follows:

	2013	2012
Minimum rentals	\$ 1,786,052	\$ 1,854,073
Contingent rentals	163,526	109,753
Total lease payments	<u>\$ 1,949,578</u>	<u>\$ 1,963,826</u>

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

Other Commitments. At June 30, 2013, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statement of Net Position. The approximate amount of such commitments is \$13 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, *The Reporting Entity*, GASB 39, *Determining Whether Certain Organizations Are Components Units*, and GASB 61, *Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. 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 GASB 14, amended by GASB 39, and further amended by GASB 61. The entity qualifies as discretely presented according to GASB 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, 2013 and 2012, and for the fiscal years then ended follows:

	2013	2012
Capital assets	\$ 582,568	\$ 424,771
Other assets	160,714,530	145,809,773
Total assets	<u>161,297,098</u>	<u>146,234,544</u>
Long-term liabilities	42,733,638	40,576,048
Other liabilities	6,780,776	5,019,924
Total liabilities	<u>49,514,414</u>	<u>45,595,972</u>
Net investment in capital assets	404,568	424,771
Restricted for endowments	74,049,562	69,357,386
Restricted for general activities	34,848,169	30,503,583
Unrestricted	2,480,385	352,832
Total net position	<u>\$ 111,782,684</u>	<u>\$ 100,638,572</u>
Operating revenues	\$ 14,565,795	\$ 13,432,590
Depreciation	(106,923)	(52,531)
Other operating expense	(13,114,056)	(12,425,051)
Non-operating revenue (expense)	(158,472)	(146,972)
Gain (loss) on endowments	9,957,768	(5,332,630)
Increase (decrease) in net position	<u>\$ 11,144,112</u>	<u>\$ (4,524,594)</u>
Net position, beginning	100,638,572	105,163,166
Net position, ending	<u>\$ 111,782,684</u>	<u>\$ 100,638,572</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, 2013 and 2012, and for the fiscal years then ended follows:

	2013	2012
Total assets	\$ 1,566,375	\$ 686,014
Total liabilities	\$ 7,298	\$ 7,292
Total net position	<u>\$ 1,559,077</u>	<u>\$ 678,722</u>
Total revenues and other additions	\$ 1,398,115	\$ 567,691
Total expenditures	\$ 517,760	\$ 842,132
Net position, beginning	\$ 678,722	\$ 953,163
Net position, ending	<u>\$ 1,559,077</u>	<u>\$ 678,722</u>

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, 2013 and 2012, the University paid Risk Management \$4,888,797 and \$4,427,163, 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 Community College Districts for the purpose of supporting Community College facilities. The bonds are general obligations of the community college 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. The Community College District's governing board is made up of school board members residing in each school district. Management of the University has determined the Community College Districts are not component units of the University.

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 cash in the University's Statement of Net Position. At June 30, 2013 and 2012, the cash balances available to make the next semi-annual payments were \$735,221 and \$262,673, respectively for the Alamogordo Community College District and \$753,696 and \$944,331, respectively for the Carlsbad Community College District, and \$3,548,673 and \$3,660,153, respectively for the Dona Ana Community College District.

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

Alamogordo Community College			
Year Ending June 30	Principal	Interest	Total
2014	\$ 310,000	\$ 144,735	\$ 454,735
2015	325,000	132,828	457,828
2016	340,000	120,573	460,573
2017	355,000	107,754	462,754
2018	370,000	94,252	464,252
2019-2023	1,950,000	240,661	2,190,661
2024-2028	240,000	5,040	245,040
Total	\$ 3,890,000	\$ 845,843	\$ 4,735,843

Carlsbad Community College			
Year Ending June 30	Principal	Interest	Total
2014	\$ 290,000	\$ 68,574	\$ 358,574
2015	300,000	58,250	358,250
2016	315,000	46,700	361,700
2017	325,000	33,900	358,900
2018	335,000	20,700	355,700
2019-2023	350,000	7,000	357,000
Total	\$ 1,915,000	\$ 235,124	\$ 2,150,124

Dona Ana Community College			
Year Ending June 30	Principal	Interest	Total
2014	\$ 2,950,000	\$ 545,633	\$ 3,495,633
2015	2,225,000	462,507	2,687,507
2016	1,915,000	395,813	2,310,813
2017	1,625,000	337,754	1,962,754
2018	1,620,000	281,134	1,901,134
2019-2023	5,325,000	695,000	6,020,000
2024-2028	1,100,000	44,000	1,144,000
Total	\$ 16,760,000	\$ 2,761,841	\$ 19,521,841

Note 14 – Natural Classification Operating Expenses

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

	2013		2012	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries:				
Faculty	\$ 93,117,206	\$ -	\$ 89,601,898	\$ -
Exempt staff	114,722,629	1,573,861	98,257,710	1,551,009
Non-exempt staff	19,484,111	-	33,880,560	-
Student/graduate assistant	28,727,258	21,514	29,280,445	25,271
Other compensation	5,279,543	14,156	8,340,752	30,245
Total salaries	<u>261,330,747</u>	<u>1,609,531</u>	<u>259,361,365</u>	<u>1,606,525</u>
Other Operating Expenses:				
Benefits	80,618,632	-	75,828,251	-
Termination benefits	-	-	2,477,684	-
Travel	14,630,609	198,112	14,047,291	172,163
Scholarship and fellow ships	49,971,721	10,065,564	50,489,225	9,382,832
Utilities	13,966,225	4,587	14,616,404	5,831
Professional fees	15,727,414	389,516	17,588,220	305,633
Supplies and other services	73,579,159	846,746	79,754,620	952,067
Depreciation	33,603,512	106,923	31,452,068	52,531
Total operating expenses	<u>\$ 543,428,019</u>	<u>\$ 13,220,979</u>	<u>\$ 545,615,128</u>	<u>\$ 12,477,582</u>

Note 15 – New Accounting Standards

GASB Statement No. 60 (*Accounting and Financial Reporting for Service Concession Arrangements*) is effective as of fiscal year 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements. GASB 60 is applicable to arrangements with specific terms. The University's arrangements with third party providers do not fall into these terms, and thus this statement is not applicable.

GASB Statement No. 61 (*Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*) is effective as of fiscal year 2013. The objective of this Statement is to improve financial reporting for a governmental entity. The University examined the revised requirements related to blending of component units and determined that no changes are required to our current reporting.

GASB Statement No. 62 (*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*) is effective as of fiscal year 2013. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pre-November 30, 1989 FASB and AICPA pronouncements. The University already reports as prescribed in this statement, therefore no changes are required by the University.

GASB Statement No. 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) is effective as of fiscal year 2013. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also identifies net position as the residual of all other elements presented in a statement of financial position. The University has implemented GASB 63, making the reporting changes necessary to be in compliance with its fiscal year 2013 comparative financial statements.

GASB Statement No. 65 (*Items Previously Reported as Assets and Liabilities*) will be effective for the University in fiscal year 2014. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows or inflows of resources. The University has not concluded its assessment of the impact of this Statement.

GASB Statement No. 66 (*Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*) will be effective for the University as of fiscal year 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities. The University has not concluded its assessment of the impact of this Statement.

GASB Statement No. 67 (*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*) will be effective for fiscal year 2014, for the Educational Retirement Board in the state of New Mexico. The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. This statement does not apply to the University.

GASB Statement No. 68 (*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*) will be effective for the University as of fiscal year 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The University has not concluded its assessment of the impact of this Statement.

GASB Statement No. 69 (*Government Combinations and Disposals of Government Operations*) will be effective for the University as of fiscal year 2015. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The University has not concluded its assessment of the impact of this Statement.

GASB Statement No. 70 (*Accounting and Financial Reporting for Non-exchange Financial Guarantees*) will be effective for the University as of fiscal year 2014. The objective of this Statement is to improve the recognition, measurement and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. The University has not concluded its assessment of the impact of this Statement.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University		Arrowhead Center, Inc		Elimination Adjustments		Total Primary Institution	
	2013	2012	2013	2012	2013	2012	2013	2012
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 90,810,841	\$ 61,869,190	\$ 536,642	\$ 510,699	\$ -	\$ -	\$ 91,347,483	\$ 62,379,889
Cash and cash equivalents held in trust by Component Unit for NMSU	2,245,069	1,913,282	-	-	-	-	2,245,069	1,913,282.00
Short-term investments	5,086,009	11,100	-	-	-	-	5,086,009	11,100.00
Accounts receivable, net	52,152,064	67,939,622	15,143	36,373	-	-	52,167,207	67,975,995.00
Due from Component Unit	2,992,009	1,998,203	-	-	-	-	2,992,009	1,998,203.00
Inventories	2,371,654	2,342,109	-	-	-	-	2,371,654	2,342,109.00
Prepaid expenses	2,533,326	2,078,291	-	-	-	-	2,533,326	2,078,291.00
Student loans receivable - current portion, net	1,400,810	1,489,024	-	-	-	-	1,400,810	1,489,024.00
Total current assets	159,591,782	139,640,821	551,785	547,072	-	-	160,143,567	140,187,893
Non-current assets:								
Restricted cash and cash equivalents	2,993,835	3,981,699	-	-	-	-	2,993,835	3,981,699
Investments held by others	57,201,808	53,913,594	-	-	-	-	57,201,808	53,913,594
Investments held in trust by Component Unit for NMSU	39,690,320	37,461,679	-	-	-	-	39,690,320	37,461,679
Other long-term investments	55,235,464	74,485,324	1,014,590	138,942	-	-	56,250,054	74,624,266
Student loans receivable, net	12,607,289	13,401,218	-	-	-	-	12,607,289	13,401,218
Prepaid expenses	517,356	379,246	-	-	-	-	517,356	379,246
Capital assets, net	483,982,345	479,347,262	-	-	-	-	483,982,345	479,347,262
Total non-current assets	652,228,417	662,970,022	1,014,590	138,942	-	-	653,243,007	663,108,964
TOTAL ASSETS	811,820,199	802,610,843	1,566,375	686,014	-	-	813,386,574	803,296,857
LIABILITIES								
Current liabilities:								
Accounts payable	9,368,267	20,005,365	5,781	4,893	-	-	9,374,048	20,010,258
Other accrued liabilities	22,281,593	21,362,663	-	-	573,633	432,373	22,855,226	21,795,036
Unearned revenue	18,776,545	17,767,023	1,517	2,399	-	-	18,778,062	17,769,422
Accrued interest payable	1,807,224	2,014,169	-	-	-	-	1,807,224	2,014,169
Long-term liabilities - current portion	12,776,692	13,369,374	-	-	-	-	12,776,692	13,369,374
Total current liabilities	65,010,321	74,518,594	7,298	7,292	573,633	432,373	65,591,252	74,958,259
Non-current liabilities:								
Accrued benefit reserves	678,630	679,656	-	-	-	-	678,630	679,656
Other long-term liabilities	173,251,157	162,085,045	-	-	-	-	173,251,157	162,085,045
Total non-current liabilities	173,929,787	162,764,701	-	-	-	-	173,929,787	162,764,701
TOTAL LIABILITIES	238,940,108	237,283,295	7,298	7,292	573,633	432,373	239,521,039	237,722,960
NET POSITION								
Net investment in capital assets	321,282,150	313,786,615	-	-	-	-	321,282,150	313,786,615
Restricted for:								
Non-expendable:								
Endowments	83,462,021	77,904,586	-	-	-	-	83,462,021	77,904,586
Expendable:								
General activities	1,748,448	1,749,116	-	-	-	-	1,748,448	1,749,116
Federal student loans	17,012,171	17,170,976	-	-	-	-	17,012,171	17,170,976
Capital projects	11,444,743	13,725,110	-	-	-	-	11,444,743	13,725,110
Related entity activities	6,771,911	6,800,864	-	-	985,444	281,321	7,757,355	7,082,185
Unrestricted	131,158,647	134,155,309	1,559,077	678,722	(1,559,077)	(678,722)	131,158,647	134,155,309
TOTAL NET POSITION	\$ 572,880,091	\$ 565,292,576	\$ 1,559,077	\$ 678,722	\$ (573,633)	\$ (397,401)	\$ 573,865,535	\$ 565,573,897

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

	New Mexico State University		Arrowhead Center, Inc.		Elimination Adjustments		Total Primary Institution
	2013	2012	2013	2012	2013	2012	2013
REVENUES							
Operating revenues:							
Student tuition and fees (gross)	\$ 114,254,961	\$ 111,462,937	\$ -	\$ -	\$ -	\$ -	\$ 114,254,961
Less: Scholarship allowances	(45,533,239)	(44,920,464)	-	-	-	-	(45,533,239)
Student tuition and fees (net)	68,721,722	66,542,473	-	-	-	-	68,721,722
Federal appropriations, grants and contracts	156,186,343	162,959,350	-	-	-	-	156,186,343
State grants and contracts	30,705,717	28,711,470	-	-	-	-	30,705,717
Local appropriations, grants and contracts	13,289,891	12,036,837	-	-	-	-	13,289,891
Non-governmental grants and contracts	9,115,900	5,391,344	-	-	-	-	9,115,900
Sales and services	28,494,894	30,422,829	522,467	567,691	(522,467)	(568,502)	28,494,894
Other operating revenues	32,845,144	34,757,082	-	-	-	-	32,845,144
Total operating revenues	339,359,611	340,821,385	522,467	567,691	(522,467)	(568,502)	339,359,611
EXPENSES							
Operating expenses:							
Instruction	140,234,299	136,447,731	-	-	(960,293)	(1,003,554)	139,274,006
Research	112,690,131	116,959,597	-	-	(847,004)	(860,298)	111,843,127
Public service	41,511,075	43,519,432	-	-	(292,164)	(320,040)	41,218,911
Academic support	28,479,977	28,065,757	-	-	(193,612)	(206,502)	28,286,365
Student services	17,556,620	16,995,436	-	-	(110,968)	(124,968)	17,445,652
Institutional support	30,766,867	30,194,549	-	-	(188,981)	(222,123)	30,577,886
Operation and maintenance of plant	38,571,453	38,929,295	-	-	(250,648)	(286,512)	38,320,805
Scholarships and fellowships	42,775,174	45,679,439	-	-	(600,236)	(336,042)	42,174,938
Auxiliary enterprises	25,073,167	26,353,880	-	-	(170,720)	(193,929)	24,902,447
Independent operations	15,362,964	15,061,172	-	-	(104,372)	(110,871)	15,258,592
Intercollegiate athletics	16,405,346	15,450,482	-	-	(111,356)	(113,538)	16,293,990
Student social and cultural	3,820,118	4,231,613	-	-	(25,996)	(31,242)	3,794,122
Loan administration	436,001	84,677	-	-	(2,335)	(381)	433,666
Depreciation	33,603,512	31,452,068	-	-	-	-	33,603,512
Other operating expense	-	811	517,760	841,321	(517,760)	(842,132)	-
Total operating expenses	547,286,704	549,425,939	517,760	841,321	(4,376,445)	(4,652,132)	543,428,019
Net operating income / (expense)	(207,927,093)	(208,604,554)	4,707	(273,630)	3,853,978	4,083,630	(204,068,408)
Non-operating revenues / (expenses):							
State appropriations	186,791,199	176,119,345	-	-	-	-	186,791,199
Gifts and non-exchange grants	6,792,628	474,426	-	-	-	-	6,792,628
Investment income	9,652,305	7,027,348	-	-	-	-	9,652,305
Interest and other expenses on capital asset-related debt	(5,582,446)	(6,528,377)	-	-	-	-	(5,582,446)
Other non-operating revenues / (expenses)	(2,688,236)	2,006,273	875,648	(811)	(4,030,210)	1,417,267	(5,842,798)
Net non-operating revenues / (expenses)	194,965,450	179,099,015	875,648	(811)	(4,030,210)	1,417,267	191,810,888
Income before other revenues, expenses, gains or losses	(12,961,643)	(29,505,539)	880,355	(274,441)	(176,232)	5,500,897	(12,257,520)
Capital appropriations	12,000,776	26,427,287	-	-	-	(4,926,654)	12,000,776
Capital grants, gifts and other income	3,560,709	4,957,940	-	-	-	-	3,560,709
Building fees	5,190,829	5,872,346	-	-	-	-	5,190,829
Gain on sale of land	-	-	-	-	-	-	-
Loss on disposal of plant	(1,132,363)	(2,394,375)	-	-	-	-	(1,132,363)
Additions to permanent endowments	929,207	1,251,827	-	-	-	-	929,207
Increase / (decrease) in net position	\$ 7,587,515	\$ 6,609,486	\$ 880,355	\$ (274,441)	\$ (176,232)	\$ 574,243	\$ 8,291,638
NET POSITION							
Beginning of year	565,292,576	558,683,090	678,722	953,163	(397,401)	(971,644)	565,573,897
End of year	\$ 572,880,091	\$ 565,292,576	\$ 1,559,077	\$ 678,722	\$ (573,633)	\$ (397,401)	\$ 573,865,535

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	\$ 113,203,817	\$ 131,695,139	\$ 131,695,389	\$ 250
Unrestricted and restricted revenues:				
Tuition and fees income	115,963,187	114,550,306	114,257,339	(292,967)
Federal revenue sources	187,946,575	184,620,982	168,291,299	(16,329,683)
State government appropriations	186,430,800	186,926,867	186,844,759	(82,108)
Endowment and private gifts	8,457,920	9,111,477	7,909,949	(1,201,528)
Land and permanent fund	2,572,800	3,000,000	3,020,820	20,820
Other sources	144,796,662	167,316,195	145,338,787	(21,977,408)
Total unrestricted and restricted revenues	646,167,944	665,525,827	625,662,953	(39,862,874)
Unrestricted and restricted expenditures:				
Instruction	151,907,204	150,970,332	143,825,357	7,144,975
Academic support	28,146,811	29,849,962	29,282,462	567,500
Student services	17,606,518	17,594,748	16,973,220	621,528
Institutional support	30,784,612	30,594,823	31,781,269	(1,186,446)
Operation and maintenance	28,568,570	26,149,622	26,275,175	(125,553)
Subtotal instruction and general	257,013,715	255,159,487	248,137,483	7,022,004
Student social and cultural activities	4,488,087	4,623,321	3,999,000	624,321
Research	130,461,836	135,925,157	129,142,408	6,782,749
Public service	47,071,736	46,280,761	43,827,810	2,452,951
Internal services	1,711,390	3,131,062	1,143,980	1,987,082
Student aid, grants and stipends	103,098,884	99,433,295	89,876,917	9,556,378
Auxiliary services	28,446,552	29,502,406	25,811,042	3,691,364
Intercollegiate athletics	16,585,107	18,882,607	16,826,834	2,055,773
Independent operations	15,998,457	16,625,863	15,711,443	914,420
Capital outlay	29,988,319	43,004,749	25,104,105	17,900,644
Renewal and replacement	26,830,966	19,086,645	16,369,866	2,716,779
Retirement of indebtedness	15,071,521	15,379,752	14,557,448	822,304
Total unrestricted and restricted expenditures	676,766,570	687,035,105	630,508,336	56,526,769
Net transfers to (from)	-	-	-	-
Change in fund balance (budgetary basis)	(30,598,626)	(21,509,278)	(4,845,383)	16,663,895
Ending fund balance	\$ 82,605,191	\$ 110,185,861	\$ 126,850,006	\$ 16,664,145

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	\$ 24,164,780	\$ 28,767,894	\$ 28,768,144	\$ 250
Unrestricted revenues:				
Tuition and fees income	97,280,152	95,923,860	94,704,243	(1,219,617)
Miscellaneous Fees	5,527,515	5,562,162	6,063,720	501,558
Federal government appropriations	-	-	-	-
State government appropriations	145,087,700	145,383,767	145,306,667	(77,100)
Local government appropriations	9,497,103	9,968,403	10,469,041	500,638
Federal government grants and contracts	181,400	132,352	118,089	(14,263)
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	2,572,800	3,000,000	3,020,820	20,820
Private gifts	10,000	10,000	-	(10,000)
Sales and services	428,800	428,800	349,711	(79,089)
Other sources	16,058,748	15,218,194	15,449,145	230,951
Total unrestricted revenues	276,644,218	275,627,538	275,481,436	(146,102)
Unrestricted expenditures:				
Instruction	137,303,150	136,027,260	130,509,065	5,518,195
Academic support	26,157,353	27,952,984	27,570,129	382,855
Student services	16,542,070	16,598,172	16,021,676	576,496
Institutional support	30,204,112	29,999,823	31,469,439	(1,469,616)
Operation and maintenance	28,545,870	26,110,822	26,248,777	(137,955)
Total unrestricted expenditures	238,752,555	236,689,061	231,819,086	4,869,975
Net transfers to (from)	38,217,850	44,431,607	43,807,271	624,336
Change in fund balance (budgetary basis)	(326,187)	(5,493,130)	(144,921)	5,348,209
Ending fund balance	\$ 23,838,593	\$ 23,274,764	\$ 28,623,223	\$ 5,348,459

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	11,883,263	12,189,116	9,545,000	(2,644,116)
State government grants and contracts	2,441,005	2,291,161	2,058,686	(232,475)
Local government grants and contracts	-	-	30	30
Private gifts, grants and contracts	1,447,898	1,467,485	1,733,951	266,466
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	2,488,994	2,522,664	2,980,730	458,066
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	18,261,160	18,470,426	16,318,397	(2,152,029)
Restricted expenditures:				
Instruction	14,604,054	14,943,072	13,316,292	1,626,780
Academic support	1,989,458	1,896,978	1,712,333	184,645
Student services	1,064,448	996,576	951,544	45,032
Institutional support	580,500	595,000	311,830	283,170
Operation and maintenance	22,700	38,800	26,398	12,402
Total restricted expenditures	18,261,160	18,470,426	16,318,397	2,152,029
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	\$ (4,845,383)
Financial statement net operating loss	<u>(204,068,408)</u>
Difference	<u><u>\$ 199,223,025</u></u>
 Reconciling items:	
State appropriations classified as non-operating revenues	186,791,199
Gifts classified as non-operating revenue	6,792,628
Fund investment and endowment income shown as non-operating	(203,156)
Interest and other expenses on capital assets classified as non-operating	(5,582,446)
Other net expenses classified as non-operating	5,842,798
Capital appropriations, gifts, grants and contracts classified as non-operating	15,561,485
Building fee revenue classified as non-operating	5,190,829
Net loan fund operating activity	(433,666)
Depreciation expense included in operating expense	(33,603,512)
Financial statement adjustments not included in budget actuals	<u>18,866,866</u>
Total statement - only adjustments	<u><u>\$ 199,223,025</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, 2013.
- 2) Although line item titles may be similar to line items on the Statement of Revenues, Expenditures and Changes in Net Position, reconciling amounts may not include activity for certain fund types and/or functional classifications.

Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

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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				\$ 31,100
<i>Certificate of deposit investment</i>	None				\$ 5,250,000
					<u>\$ 5,281,100</u>
FIRST NATIONAL BANK OF ALAMOGORDO					
<i>Cash</i>	Muni Tax Exempt	82620XBN4	4/1/2024	\$ 508,772	<u>\$ 817,326</u>
EAST TEXAS NATIONAL BANK - PALESTINE					
<i>Cash</i>	None				<u>\$ 32,064</u>
GRANTS STATE BANK					
<i>Cash</i>	None				<u>\$ 37,106</u>
WELLS FARGO BANK OF NEW MEXICO					
<i>Cash</i>	FNMA	3138AAYX3	51561	2406748.3	<u>\$ 72,989,586</u>
	FNMA	3138ABDH9	51592	4639516.52	
	FNMA	3138LQDV3	51957	12936629.88	
	FNMA	3138MSC56	52263	6399766.47	
	FNMA	3138NXKJ5	52232	3526875.43	
	FNMA	3138W3C50	52291	22086735.37	
	FNMA	3138W5GJ1	52383	11682624.74	
	FNMA	3138WQA28	52352	224953.8	
	FNMA	3138WQAY8	52352	2258333.07	
	FNMA	31419AGZ4	51105	17022478.18	
WELLS FARGO ADVISORS					
	None				<u>\$ 2,297</u>
WESTERN COMMERCE BANK, CARLSBAD					
<i>Cash</i>	GNMA	876947	11/20/2029	\$ 29,416	<u>\$ 70,952</u>
	GNMA	80581	2/20/2032	\$ 18,297	

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

Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

Page 2

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</i>	\$ 5,281,100	\$ -	\$ -	\$ -
FIRST NATIONAL BANK OF ALAMOGORDO				
<i>Cash</i>	\$ 250,000	\$ 567,326	\$ 508,772	\$ 225,109
EAST TEXAS NATIONAL BANK - PALESTINE				
<i>Cash</i>	\$ 32,064	\$ -	\$ -	\$ -
GRANTS STATE BANK				
<i>Cash</i>	\$ 37,106	\$ -	\$ -	\$ -
WELLS FARGO BANK OF NEW MEXICO				
<i>Cash</i>	\$ 250,000	\$ 72,739,586	\$ 83,184,662	\$ 46,814,869
WELLS FARGO ADVISORS				
<i>Cash</i>	\$ 2,297	\$ -	\$ -	\$ -
WESTERN COMMERCE BANK, CARLSBAD				
<i>Cash</i>	\$ 70,952	\$ -	\$ 39,291	\$ 39,291

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>
6/30/2013	\$ -	\$ 80,399,000	\$ 80,399,000	0%	\$264,614,683	30%
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%

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Required Contributions (ARC)</u>	<u>Actual Contributions</u>	<u>% Contributed</u>
6/30/2013	\$ 6,277,000	\$ 3,910,000	62.3%
6/30/2012	\$ 6,034,000	\$ 3,601,000	59.7%
6/30/2011	\$ 6,858,000	\$ 3,076,000	44.9%

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2012 to June 30, 2013
Actuarial cost method	Unit Credit Actuarial Cost Method
Amortization method	30 Years
Discount rate	4.5%
Projected payroll growth rate	2.0%
Health care cost trend rate	Medical and prescription benefits on a select basis at 9.5% pre 65, and 8.5% post 65. On the ultimate basis all ages are 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 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 \$7,821. Each party accepts its own audit responsibility and reports its own expenses and revenues.

2. 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 \$34,746. The total expenses for the current year's agreement are \$25,265. The University acts as the fiscal agent for the project, reporting revenues and expenses for this agreement.

3. 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 a 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 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 \$272,762. Each party to the agreement acts as its own fiscal agent, reporting its own revenues and expenses, and accepting audit responsibility.

Schedule 7 - Schedule of Expenditures of 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)						
<i>NASA Direct Awards</i>						
NASA TRAINING GRANT ANNOUNCEMENT	43.001	GR0003400	650680	-	-	126,856
NASA NNX08AF53A	43.001	GR0002536	603667	-	-	12,709
NASA NNX09AP69A NESSI	43.001	GR0003065	604498	220,909	220,909	220,909
NITROGEN FROST-MIRCOBAR ATMOSPHERE	43.001	GR0003094	604552	-	-	2,000
NNX09AV36G NASA	43.001	GR0003109	604589	-	-	68,216
NASA NNX11AB73G	43.001	GR0003533	605651	-	-	8,440
EXPLORING THE FUNDAMENTAL PARAMETE	43.001	GR0003871	606326	-	-	8,676
UPPER ATMOSPHERE CHEMISTRY AND NIGI	43.001	GR0003994	606581	-	-	25,981
UNDERSTANDING MARS' VERTICAL TEMPER	43.001	GR0004003	606586	-	-	23,630
ROSES 2011 TRACING THE CONNECTIONS	43.001	GR0004051	606773	-	-	18,460
RESEARCH OPPORTUNITIES IN SPACE	43.001	GR0003964	606512	-	-	3,126
ROSES 2012 OSCILLATIONS IN THE SOLA	43.001	GR0004151	606928	11,713	11,713	27,584
NASA EPSCOR NNX08AV85A	43.002	GR0002815	604148	15,663	15,663	23,175
NNX09AP76A	43.002	GR0003074	604509	1,677	1,677	107,555
NASA NNX09AV90G	43.002	GR0003151	604855	-	-	609,625
NASA NNX10AC40G	43.002	GR0003202	604960	-	-	13,569
NNX11A080A	43.002	GRP001173	800584	12,566	12,566	347,634
SUBORBITAL TEST OF A ROBOTICS-BASED	43.007	GR0004009	606595	-	-	1,454
GSRP - ADAM MCKAY	43.008	GR0003733	605973	-	-	26,643
FY11 EPSCOR- PROXIMITY OPERATIONS	43.008	GR0003799	650666	110,760	110,760	315,148
EPSCOR MINORITY SERVING INSTITUTION	43.008	GR0003985	606579	6,170	6,170	22,426
NEW MEXICO NASA EPSCOR RESEARCH INF	43.008	GR0004096	607029	-	-	8,816
NASA NNX07AO42A	43.rd	GR0002485	650685	82,737	82,737	147,795
NASA NNX08AY44G SPECTROSCOPY	43.rd	GR0002800	604057	-	-	100,879
NASA NNX09AH61A DREAM	43.rd	GR0002985	604347	-	-	14,204
STSci HST-GO-11729.01-A WFC3 FILTER	43.rd	GR0003182	604936	-	-	2,276
NASA NNX10AC36A	43.rd	GR0003195	604952	119	119	119
NASA NNX10AU76G	43.rd	GR0003468	605544	-	-	12,887
STSci HST-GO-12252.01-A	43.rd	GR0003598	605750	-	-	8,924
METALLICITY DISTRIBUTION FUNCTIONS	43.rd	GR0003645	605835	-	-	13,538
STSI HST-AR-12617.01-A	43.rd	GR0003806	606215	-	-	8,185
COSMOLOGICAL SIMULATIONS	43.rd	GR0003816	606227	-	-	64,274
GALAXY FORMATION IN LCDM	43.rd	GR0003833	606258	-	-	27,578
NAS5-03003 NASA	43.rd	GRP000904	800222	10,538,627	10,538,627	31,224,637
STSci HST-GO-11658.02-A	43.rd	GR0003379	605265	-	-	3,889
			NASA Direct		11,000,941	33,651,817
<i>NASA Pass Thru Awards</i>						
Assoc of Universities for Research in Astronomy, Inc. (A	43.001	GR0003919	606421	-	-	10,559
California Institute of Technology	43.rd	GR0000153	602166	-	-	23,752
HERSCHEL CYCLE OT1 RESEARCH SUPPOR	43.rd	GR0003669	605874	-	-	23,161
INSIGHT MARS SURFACE ENVIRONMENT SU	43.rd	GR0004202	607028	-	-	6,968
General Dynamics C4 Systems Inc	43.rd	GRP001161	800665	-	-	1,450,435
Jacobs Technology Inc.	43.rd	GR0003972	606539	-	-	2,497
Minority Innovation Challenges Institute MICI	43.008	GR0004200	607026	-	-	2,703
NorthWest Research Associates, Inc.	43.001	GR0004081	606820	-	-	6,702
Orbital Science Corporation	43.rd	GR0002979	604336	-	-	34,382
SUPPORT OF NSROC II	43.rd	GRP001149	800601	-	-	459,296
Secor Strategies LLC	43.008	GR0003854	606296	-	-	(215)
Smithsonian Institute	43.001	GR0003615	605780	-	-	9,118
Space Science Institute (SSI)	43.rd	GR0003805	606214	-	-	61,844
University of Maryland	43.001	GR0003242	605042	-	-	21,008
Wyle Life Sciences Group	43.rd	GR0003934	606453	-	-	12,164
ZONA Technology, Inc.	43.rd	GR0003483	605568	-	-	45,876
			NASA Pass Thru		-	2,170,250
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) Total					11,000,941	35,822,067
DEPARTMENT OF DEFENSE (DOD)						
<i>DOD Direct Awards</i>						
A NOVEL FULLY DISTRIBUTED CONTROL S	12.300	GR0003967	606515	-	-	44,034
EXPERIMENTAL PLATFORM FOR NOVEL DIS	12.300	GR0003997	606578	-	-	237,167
NMSU WATER SECURITY PROGRAM	12.300	GR0003338	605202	-	-	323,290
COOPERATIVE OPTIMIZATION AND CONTRO	12.300	GR0004143	606917	-	-	4,992
US ARMY W911NF-12-1-0050	12.431	GR0003867	606322	-	-	249,128
THEATER TARGET SUPPORT	12.431	GRP000507	801488	-	-	(5,062)
53301 PREDICTIVE TECHNOLOGY	12.431	GRP000533	800393	-	-	848,053
1099 - TSER 2	12.431	GRP001099	801595	208,223	208,223	4,198,578

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
	1099 - TSER 2 FP	12.431	GRP011099	800556	-	(29,674)
	W911NF-11-1-0195	12.630	GR0003664	605861	86,387	351,474
	PULSE COMPLEXITY BASED LIDAR SCENE	12.630	GR0004121	606883	-	26,904
	BEAM EFFECTS	12.800	GR0003083	604535	-	36,699
	AFOSR FA9550-10-1-0403	12.800	GR0003384	605270	-	87,126
	USAF FA8650-11-C-2127	12.800	GR0003499	605597	113,604	247,671
	USAF RESEARCH LABORATORY	12.800	GR0003609	605769	-	(500)
	AFRL SMALL UNIV GRANT	12.800	GR0003765	606127	-	32,415
	TESTING SPACE ROBOTIC SYSTEM	12.800	GR0003790	606198	-	56,142
	STUDENT RESEARCH EXPERIENCE	12.800	GR0003835	606260	-	25,372
	AFRL FA9453-12-1-0139	12.800	GR0003882	606348	-	41,210
	NOVEL DETECTION OF OPTICAL ORBITAL	12.800	GR0004113	606868	-	19,609
	OPTICAL SPECTROSCOPY OF MATERIALS F	12.800	GR0004155	606934	-	55,386
	USAF KWRD 106070 & KWRD116077	12.rd	GR0003409	605313	-	35,589
	US ARMY WSMR CA#164	12.rd	GR0003453	605508	-	59,298
	US ARMY WAVELENGTH OBSCURANTS	12.rd	GR0003726	605958	-	190,126
	ATTENUATION STRUCTURE OF NORTHEAST	12.rd	GR0004002	606584	-	54,521
	PROJECTILE TELEMETRY-ENGINEERING D	12.rd	GRP000592	800588	-	93,754
	IOVSA	12.rd	GRP000832	801306	-	269,086
	UNMANNED AIRCRAFT SYSTEMS	12.rd	GRP001107	801539	(70,643)	1,447,310
	MDA CONTRACT	12.rd	GRP001133	800587	-	646
	IOVSA FY10-FY15	12.rd	GRP001135	800618	399,102	6,787,174
	NGIA HM017710C0014	12.rd	GRP001147	800571	-	55,167
	NGIA HM017710C0015	12.rd	GRP011147	800612	-	15,461
	1160 VULTURE 11 SPT	12.rd	GRP001160	800599	(206)	286
	ARDEC TELEMETRY SUPPORT	12.rd	GRP001193	800685	-	195,119
	PROJECTILE TELEMETRY-ENGINEERING DE	12.rd	GRP001592	800607	-	157,845
	IPA-KING	12.rd	GRP001207	800675	-	32,916
			DOD Direct		736,467	16,244,312
DOD Pass Thru Awards						
Aegis Technology Inc	AGREEMENT SIGNED 10/3/11	12.rd	GR0003791	606199	-	42,499
AMEWAS, Inc (American Electronic Assoc, Inc)	AMEWAS JUAS ME 1200946	12.rd	GRP001192	800627	-	40,857
ARINC	DART FLIGHT TEST SUPPORT	12.rd	GRP001188	800622	-	1,773
BAE Systems	REDUCED-ORDR MODEL FLAPPING WING	12.rd	GR0004173	606975	-	59,112
Boeing Mesa	BOEING RGDS ITERATION 2	12.rd	GRP001183	801603	-	63,870
	EMERGENCY SUPPORT SERVICES FOR FBD	12.rd	GRP001185	800616	-	35,503
	BOEING RGDS ITERATION 3	12.rd	GRP001195	800630	-	147,111
	BOEING MR8 TLS PHASE II SUPPORT	12.rd	GRP001203	800660	-	11,235
Booz Allen Hamilton Inc	BOOZ ALLEN AMALGAM DART SUPPORT	12.rd	GRP001209	800681	-	9,341
High Performance Technologies, Inc. (HPTI)	AHPCRC - HPTI	12.431	GR0002275	605698	-	165,889
ITT Exelis Inc.	ITT AES CORP	12.rd	GRP001100	800526	-	202
	PO# 358361J	12.rd	GRP001171	800581	-	(38,412)
	ITT EXCELIS LANCE MISSILE TARGET	12.rd	GRP001191	800641	-	78,505
	ITT EXELIS LANCE MISSILE TARGET SY	12.rd	GRP001200	800682	-	331,260
Kratos Defense & Security Solutions, Inc	DTI 2&6 CHSPINDECKS	12.rd	GRP001208	800676	-	1,189
L-3 Communications Telemetry East	L-3 COLEMAN AEROSPACE	12.800	GRP001128	801582	-	77,935
	1196 ANTENNA ASSMB TBL SURVEY	12.rd	GRP001196	800629	-	139,954
	COLEMAN S1019	12.rd	GRP001199	800648	-	8,306
Lockheed Martin Shared Svcs	PO 4500158016	12.rd	GRP001172	800583	-	124,947
	JAVAD UNITS	12.rd	GRP001175	800591	-	182,875
	LOCKHEED 2 JAVADS	12.rd	GRP001187	800628	-	65,301
	LM SPACE SYSTEMS CO. TCP RV-5	12.rd	GRP001201	800652	-	132,264
Lynntech, Inc.	HIGH EFFICIENT ENGINEERED OBSCURANT	12.rd	GR0004115	606873	-	34,835
nanoComposix	COLLABORATION AGRMNT 12/22/10	12.rd	GR0003554	605681	-	22,182
NanoSonic, Inc.	SYNTHESIS AND PROCESSING OF HIGH PE	12.rd	GR0004190	607003	-	12,967
Nanotrons Corp.	MEASUREMENTS AND ANALYSES OF CANDI	12.rd	GR0004188	607001	-	22,862
Physical Sciences, Inc.	METAL COATED FIBER ANALYSES	12.rd	GR0003641	605828	-	51,462
Quiroga-Pfeiffer Engineering Corporation	QPEC BRIDGE ASSESSMENT SERVICES	12.rd	GR0003049	606558	-	42,949
Radiance Technologies	RADIANCE HEL-MD	12.rd	GRP001197	800639	-	58,014
Science Applications International Corporation (SAIC)	MINGO III SAR	12.rd	GRP001155	800542	-	22,278
Stanford University	HIGH PERFORMANCE COMPUTING RESEAR	12.431	GR0004227	607059	-	42,276
Texas A&M University	#570700	12.110	GR0003507	605610	-	(2,656)
The AEGIS Technologies Group, Inc.	AEGIS UAV COUNTER-ISR	12.rd	GRP001198	800646	-	25,660
U.S. Government(Classified Contract)	1166-SEAGULL	12.rd	GRP001166	800564	13,934	125,493
University of Dayton Research Institute	WAVE OPTICS OF DEEP ATMOSPHERIC TUR	12.800	GR0004092	606834	-	80,018
University of Louisville Research Foundation	UNIV OF LOUISVILLE OGBM090996	12.420	GR0003392	605289	-	(1,086)
University of New Mexico	DoD DTRA	12.351	GRP001113	604257	-	(90)
Wright State University	FLOW CHARACTERIZATION AND ADJOINT BA	12.800	GR0003959	606502	-	50,201
			DOD Pass Thru		13,934	2,268,881
DEPARTMENT OF DEFENSE (DOD) Total					750,401	18,513,193

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
NATIONAL SCIENCE FOUNDATION (NSF)						
<i>NSF Direct Awards</i>						
	NSF CBET-0754525	47.041	GR0002777	604033	-	26,886
	NSF CMMI-0900289	47.041	GR0002953	604291	-	9,121
	CBET-0854411	47.041	GR0003073	604508	-	64,824
	BRIGE: A FULLY DISTRIBUTED MULTI-AG	47.041	GR0003709	605938	-	65,572
	CMMI-1131290	47.041	GR0003728	606497	-	144,373
	UNMANNED SYSTEMS	47.041	GR0003743	606246	-	131,457
	OPTICAL MIMO AND HYBRID COMMUNCIATI	47.041	GR0004013	606605	-	62,592
	AST-0519398 NSF	47.049	GR0001019	601589	-	2,459
	NSF CHE-0809966 ARRAY PLATFORMS	47.049	GR0002746	603992	-	41,092
	NSF AST-0807989 MODELING VARIATIONS	47.049	GR0002755	604006	(2,105)	(2,105)
	HYDROPHOBICITY SWITCHING	47.049	GR0002994	604372	-	1,836
	AST-0908126	47.049	GR0003025	604419	-	57,429
	NSF DMS-0968766	47.049	GR0003148	604843	-	1,897
	NSF CHE-1012479	47.049	GR0003418	605326	-	95,937
	NSF AST-1009908	47.049	GR0003441	605482	-	25,383
	NSF/CHE CARBON NANSTRUCTURES	47.049	GR0003687	605901	-	63,172
	SPECTROSCOPIC ELLIPSOMETRY	47.049	GR0003706	605929	-	104,520
	CHEMICAL CARTOGRAPHY IN THE MILKY W	47.049	GR0003713	605944	-	24,142
	INVESTIGATION OF LIQUID CRYSTALLINE	47.049	GR0003729	605965	-	65,131
	SPIN SWITCHABLE LIGANDS FOR PROBING	47.049	GR0003771	606145	-	102,794
	TOWARDS ASCERTAINING THE ORIGINS OF	47.049	GR0004015	606609	-	26,350
	METAL-BASED ELECTRON TRANSFER PROC	47.049	GR0004018	606613	-	62,261
	MRI: ACQUISITION OF A SCANNING PROB	47.049	GR0004053	606776	-	266,459
	NSF DMS-0967583	47.049	GR0003294	605113	-	4,026
	NSF EAR-0634903	47.050	GR0002141	603035	-	12,074
	NSF INDEPTH IV EAR-0409870	47.050	GR0002189	603101	-	81,404
	NSF EAR-0809608	47.050	GR0002758	604007	-	4,311
	NSF/OCE 0909083	47.050	GR0002886	604198	-	2,967
	NSF AGS-1049295	47.050	GR0003488	605579	-	13,590
	NSF EAR SILICIC SUPERVOLCAN	47.050	GR0002891	604204	-	5,532
	NSF CNS-0836632 COMMUNI & COMPUTING	47.070	GR0002733	604412	-	56,162
	NSF IIS-0812267	47.070	GR0002739	603983	-	43,260
	NSF CFF-0830666	47.070	GR0002764	604016	-	45,570
	NSF PROJECT ENABLE	47.070	GR0003569	605706	-	181,808
	BRAINWAVE MEASUREMENT	47.070	GR0003636	605822	-	182,123
	CYBERINFRASTRUCTURE FOR SCALABLE	47.070	GR0003775	606156	-	145,386
	CIF: MEDIUM: COLLABORATIVE RESEARCH	47.070	GR0003924	606427	-	12,340
	CREATIV: TOWARDS UBIQUITOUS ADOPTIO	47.070	GR0003989	607046	-	109,317
	NSF CCF-1017632	47.070	GR0003459	605523	-	12,298
	NSF LTER V DEB-0618210	47.074	GR0002158	603057	22,748	1,108,151
	NSF #IOS 0744498	47.074	GR0002539	603670	-	12,499
	NSF MCB-0818729	47.074	GR0002734	605830	-	57,021
	NSF DEB-0817033 REVSYS	47.074	GR0002747	603993	-	461
	NSF DBI-0821806	47.074	GR0002796	605054	-	66,442
	NSF DEB-0815808	47.074	GR0002838	604300	-	89,944
	NSF DBI-0964127	47.074	GR0003285	605910	-	68,423
	NSF DEB-0953864	47.074	GR0003358	606396	-	177,389
	NSF MCB-1051453	47.074	GR0003618	606384	-	156,913
	PROCESSES AND PATTERNS IN THE NORTH	47.074	GR0003653	605848	-	127,166
	CAREER: FLUORESCENCE LIFETIME	47.074	GR0003875	606332	-	246,007
	CAREER: INDIVIDUAL VARIATION IN DIS	47.074	GR0003922	606424	-	156,018
	DIGITIZATION TCN: COLLABORATIVE RES	47.074	GR0003943	606470	-	29,253
	DEV BIOLOGY OF THE SEA URCHIN XXI	47.074	GR0004077	606815	-	9,800
	MCA-PGR: A PHYLOGENETICALLY INFORME	47.074	GR0004163	606945	-	32,133
	LTER VI: JORNADA BASIN	47.074	GR0004167	606971	-	123,940
	NSF BCS-1010516	47.075	GR0003450	605504	38,958	282,572
	GRADUATE RESEARCH FELLOWSHIP PRGM	47.076	GR0003865	606466	-	77,333
	REACHING PINNACLE NSF HRD	47.076	GR0001980	602828	47,426	149,361
	NSF DUE 0717752 LEARN MATH & CS	47.076	GR0002355	650419	-	16,498
	NSF DRL-0733690 SUMA	47.076	GR0002394	603457	-	29,972
	NFS DUE-0652968	47.076	GR0002418	603488	-	163,787
	NSF S-STEM DUE-0807226	47.076	GR0002745	603990	-	54,241
	NSF HRD-0803171	47.076	GR0002816	604085	84,734	568,567
	NSF HRD-0929343	47.076	GR0003009	604394	-	2,580
	DUE-0926743	47.076	GR0003061	604488	-	51,525
	MATH SNACKS; ADDRESSING GAPS IN CON	47.076	GR0003080	604528	31,000	557,893
	NSF HRD-1026412	47.076	GR0003326	605181	104,876	110,930
	NSF DGE-0947465	47.076	GR0003403	605303	-	439,303

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
	NSF DUE-1045231	47.076	GR0003617	605783	-	27,258
	COLLABORATIVE RESEARCH: INTEGRATING	47.076	GR0003929	606445	-	36,114
				NSF Direct	327,637	7,384,794
<i>NSF Pass Thru Awards</i>						
American Association for Advancement of Science (AAA IMPACTS OF DEFORESTATION ON RISK OF ENVIRONMENTAL CONSTRAINTS OF THE EV	47.079	47.079	GR0004109	606866	-	9,817
Colorado State University	CRC G-3189-1	47.049	GR0002106	602985	-	3,375
Council of Graduate Schools	COMPLETION AND ATTRITION IN AGE P	47.rd	GR0004088	606829	-	21,349
Research Foundation of City University of New York (CUNY/HUNTER COLLEGE	47.075	47.075	GR0003572	605709	-	13,799
Stanford University	28140050-50542-A	47.041	GR0003759	606114	-	420,275
State of Arizona	ATD: STATISTICAL METHODS FOR FUNCTI	47.049	GR0004129	606892	-	17,840
University of Missouri	C00030084-1	47.076	GR0003566	605702	-	38,473
University of New Hampshire	SUBAWARD# 11-101	47.050	GR0003689	605884	-	4,975
University of New Mexico	GOALI	47.041	GR0003830	606254	-	61,853
	UNM 048805-8745 SEVILLETA	47.074	GR0002571	603715	-	29,347
	UNM SUBAWARD 06013-8745	47.077	GR0002942	606370	-	616,229
University of Texas	FEASIBILITY STUDY OF THIN FILM EVAP	47.050	GR0004203	607033	-	1,067
	UTEP 26-1007-49-63	47.070	GR0002971	604321	-	20,075
	CAHSI	47.070	GR0003740	605983	-	37,733
				NSF Pass Thru	-	1,306,940
<i>NSF ARRA Awards</i>						
	ARRA - NSF DBI-0959817	47.049	GR0003288	605106	-	28
	ARRA - NSF ARRA AST-0849986	47.082	GR0003052	604467	-	425,518
	ARRA - NSF DMS-0914706	47.082	GR0003053	604471	(423)	12,911
	ARRA - CMMI-0928062	47.082	GR0003058	604483	-	(132)
	ARRA - NSF CMMI-0960156	47.082	GR0003212	604985	-	541,149
Arizona State University	ARRA ASU SUB#11-603	47.082	GR0003651	605841	-	49,303
				NSF ARRA	(423)	1,028,777
NATIONAL SCIENCE FOUNDATION (NSF) Total					327,214	9,720,511
DEPARTMENT OF ENERGY (DOE)						
<i>DOE Direct Awards</i>						
	CARLSBAD ENVIORNMENTAL MONITORING	81.041	GR0000858	605037	-	2,282,029
	DOE DE-FG02-08ER15996 N-H BOND FORM	81.049	GR0002808	606191	-	192,540
	DE-FG02-96ER40965 DOE	81.049	GR0003639	605826	-	143,822
	DOE DE-FG92-94ER40847	81.049	GR0003928	606387	-	445,868
	DOE DE-FG36-08GO88008	81.087	GR0002710	603943	(1,196)	(1,277)
	HYDROPOWER ENERGY RESOURCE (HYPEF	81.087	GR0003941	606471	-	81,535
	DOE DE-FG52-09NA29357	81.113	GR0003145	604840	-	138,451
	US DOE DE-FC36-07GO17034	81.117	GR0002420	603490	701,979	871,143
	DOE DE-OE0000098 ENERGY TECH INITIA	81.122	GR0003158	650728	-	317,719
	LANL 71178-001-09	81.rd	GR0002972	604322	-	82,710
	PERFORM PARTICLE-IMAGE VELOCIMETRY	81.rd	GR0003402	605300	-	17,259
	SNL PO# 1077867	81.rd	GR0003511	605616	-	17,125
	(DSMC) METHOD SIMULATION	81.rd	GR0003820	606231	-	11,197
	SNL PO 1041091	81.rd	GRP001144	800516	-	1,360
	SANDIA 6 27.6V 2.5AH BATTERIES	81.rd	GRP001186	800621	-	39,517
				DOE Direct	700,783	4,640,998
<i>DOE Pass Thru Awards</i>						
Battelle Memorial Institute	IMPROVED HYDROTHERMAL LIQUEFACTION	81.079	GR0004148	606922	-	10,766
	RESERVOIR-STIMULATION OPTIMIZATION	81.079	GR0004212	607047	-	20,612
	CHARACTERIZATION OF ALGAE FEEDSTOCK	81.079	GR0004243	607095	-	5,963
	ALGAE TRANSITION SUPPOR PROJECT MOD	81.rd	GR0004248	607108	-	7,930
InnoSeptra	DETERMINATION OF CO2 ADSORPTION PRO	81.089	GR0003984	606563	-	6,062
Los Alamos National Security LLC	HETEROSTRUCTED QUANTUM	81.rd	GR0002935	604269	-	79,255
	LANL # 74243-001-010	81.rd	GR0003211	604983	-	263,634
	LANL 82028-001-10	81.rd	GR0003376	605263	-	62,610
	#112647 BASIC AGRMNT #74472-001-09	81.rd	GR0003532	605652	-	56,560
	SYNTHESIS OF SEMICONDUCTOR NANO	81.rd	GR0003573	606487	-	64,406
	PROBING STELLAR INTERIORS WITH ASTR	81.rd	GR0003737	606257	-	66,384
	ATTENUATION STRUCTURE OF NORTHEAST	81.rd	GR0004168	606957	-	33,426
	LUJAN NEUTRON SCATTERING CENTER AT	81.rd	GR0004124	606993	-	101,392
	75110-001-09	81.122	GR0003064	604497	-	170
Mississippi State University	TESTING OF NUCLEAR-GRADE HIGH EFFIC	81.087	GR0004091	606833	-	24,183
Nuclear Waste Partnership LLC	WTS WIPP - MTO 408664	81.rd	GR0002593	603771	-	237,215
	IN-VIVO RADIOBIOASSAY SERVICES	81.rd	GR0003998	606580	-	4,741
Sandia Corporation	SNL PO 898047	81.122	GR0002933	604266	-	50,229
	SNL 993827	81.122	GR0003233	605000	-	159,899
	SNL PO 1076931	81.rd	GR0003501	605603	-	34,021

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
	STOCHASTIC HPC SYSTEM MODELS	81.rd	GR0003562	605692	-	36,666
	SNL/NMSU AGR# 536578	81.rd	GR0003626	605809	-	31,172
	SNL PO 1145139	81.rd	GR0003719	605951	-	90,650
	SNL PO 1161991 - BRISCOE	81.rd	GR0003738	605978	-	40,000
	ADVISORY SERVICES	81.rd	GR0004014	606608	-	44,294
	STUDIES ON THE BEHAVIOR OF ALUMINUM	81.rd	GR0004068	606803	-	23,098
	TESTING & EVALUATION 2013	81.rd	GR0004075	606812	-	280,778
	SANDIA AIS SUPPORT	81.rd	GRP001194	800631	-	99,627
	SANDIA KING MOUNTAIN SUPPORT	81.rd	GRP001206	800672	-	26,870
University of Missouri	C00026841-1	81.113	GR0003421	605329	-	58,762
University of New Mexico	UNM/DOE-EPSCoR 182002-8745	81.rd	GR0002874	604180	-	27,523
				DOE Pass thru	-	2,048,898
<i>DOE ARRA Awards</i>						
	ARRA -DOE DE-EE0001381	81.087	GR0003184	604939	-	5,050
Daniel Danforth Plant Science Center	ARRA -28302-K DANFORTH CENTER	81.087	GR0003280	605089	-	1,037,521
				DOE ARRA	-	1,042,571
					700,783	7,732,467
DEPARTMENT OF ENERGY (DOE) Total						
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)						
<i>HHS Direct Awards</i>						
	FDA FERN Microbiological Coop	93.103	GR0003114	604601	-	174,234
	NANOPOROUS DRUG DELIVERY SYSTEMS	93.286	GR0004213	607049	-	20,615
	NIH INBRE YR10	93.389	GR0003623	605032	(255)	(255)
	NIH INBRE YR 11	93.389	GR0003624	605742	66,624	66,624
	NIH INBRE YR 12	93.389	GR0003885	606358	1,893,162	2,534,586
	NIH INBRE YR 13	93.389	GR0004170	606963	506,279	799,786
	FDA FERN Microbiological Coop	93.448	GR0004029	606622	-	195,956
	MOSQUITO LARVAL IMMUNITY	93.589	GR0003599	606951	-	168,033
	U54 NCI ADVANCED CANCER RESEARCH	93.701	GR0002811	650652	-	800,260
	NIH 1R21AI092041-01A1	93.855	GR0003675	606477	-	187,711
	DHHS SCORE ISC1AI081425	93.856	GR0002662	603878	-	10,492
	NIH SCORE - 1SC1AI081659-01	93.856	GR0002708	603941	-	46,949
	2S06GM008136-36	93.859	GR0002259	605945	-	4,344
	NIH 1SC1GM083693	93.859	GR0002638	603839	-	49,798
	NIH SCORE 1SC3GM084809-01 CHELATOR	93.859	GR0002700	603927	-	17,288
	NIH 1SCHDO60887-1 INFANT	93.859	GR0002701	603928	-	168,132
	NIH 1SC2GM083697-01A1 BACTERIA RecN	93.859	GR0003055	604478	-	101,114
	ISC2GM092300 & DOCSGM092300A	93.859	GR0003267	605068	-	119,274
	1SC1GM092297-01A1	93.859	GR0003581	606920	-	259,202
	TOTAL SYNTHESIS AND EVALUATION OF T	93.859	GR0004171	606972	-	33,518
	BIOACTIVE LIPIDS IN LUNG CARCINOGEN	93.859	GR0004172	606973	-	52,551
	NIH SCORE METAL ION CHELATORS	93.859	GR0004228	607073	-	21,070
	1SC1HD063917-01A1	93.865	GR0003060	606452	-	191,336
	NIH 1SC1HD068128-01	93.865	GR0003359	607099	-	285,126
	NIH1R15EY021341-01A1 DOC#REY021341A	93.867	GR0003757	606111	-	45,763
				HHS Direct	2,465,810	6,353,507
<i>HHS Pass Thru Awards</i>						
Colorado State University	QUASISPECIES DYNAMICS IN ARBOVIRUS	93.855	GR0004082	606821	-	17,061
Massachusetts Institute of Technology	SYSTEMS BIOLOGY OF CELL DECISION	93.859	GR0003825	606245	-	12,482
	SYSTEMS BIOLOGY OF CELL DECISION	93.859	GR0004046	606768	-	42,938
Regents of the University of Colorado	NIH BRAIN	93.859	GR0003571	605915	-	104,230
Rochester Institute of Technology	LANGUAGE, LEARNING AND COGNITION AM	93.173	GR0004187	607006	-	19,599
University of Chicago	ANTIDEPRESSANT TREATMENT AND SUICID	93.242	GR0004004	606587	-	7,096
University of New Mexico	UNM 3R73Y DEVELOPT OF GPR30-LIGAND	93.395	GR0002826	604100	-	48,266
University of Texas	UT SUBAWARD 09-013	93.855	GR0002896	604213	-	2,077
	IN SITU-SENSING SYSTEM FOR THE SELE	93.113	GR0004164	606952	-	450
				HHS Pass Thru	-	254,199
<i>HHS ARRA Awards</i>						
	ARRA - NIH/DHHS 3P20RR016480-09S2	93.701	GR0003117	604604	(39)	(39)
	ARRA - NIH 1R15EB012013-01	93.701	GR0003270	605072	-	(7,881)
					(39)	(7,920)
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total						
						2,465,771
						6,599,786
DEPARTMENT OF AGRICULTURE (USDA)						
<i>USDA Direct Awards</i>						
	ADMINISTRATION	10.202	GR0000005	600009	-	(30,029)
	RANGELAND MANAGEMENT PRACTICES	10.001	GR0002616	650474	-	450,172
	USDA/ARS 58-1910-9-927	10.001	GR0003027	650542	-	19,862
	USDA 58-5428-9-342	10.001	GR0003119	604903	-	68,938

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
USDA ARS CA#58-3655-0-649	10.001	10.001	GR0003452	650611	-	4,122
USDA ARS CA#58-6235-0-072	10.001	10.001	GR0003457	650612	-	91,081
RANGE COW ADAPTIVE MECHANISMS	10.001	10.001	GR0003580	605721	-	16,731
DISTRIBUTION& HABITAT SELECTION EAG	10.001	10.001	GR0003646	605837	-	62,379
ACQUISITION OF GOODS AND SERVICES	10.001	10.001	GR0003680	605893	-	466
ACQUISITION OF GOODS AND SERVICES	10.001	10.001	GR0003956	606499	-	271,268
ARS 58-1275-1-328	10.001	10.001	GR0003736	605976	-	14,108
USDA 58-1275-1-333	10.001	10.001	GR0003761	650649	-	3,742
ASSESSING AND MONITORING OF BIODIVE	10.001	10.001	GR0003861	606310	-	58,992
COTTON GIN-ACQUISITION OF GOODS AND	10.001	10.001	GR0003957	606498	-	4,914
MONITORING AND EVALUATION SUPPORT F	10.001	10.001	GR0004119	606881	-	29,229
MANAGEMENT TECHNOLOGIES FOR WESTE	10.001	10.001	GR0004177	650731	-	301,832
11-8580-1482-CA	10.025	10.025	GR0003777	606165	-	10,229
RUSSIAN KNAPWEED BIOLOGICAL CONTROL	10.025	10.025	GR0003968	650697	-	33,449
GRAY FOX GENETIC ANALYSIS	10.028	10.028	GR0003792	606200	-	28,011
2005-04756 USDA	10.200	10.200	GR0000625	602037	-	6,818
2002-34186-12385USDA	10.200	10.200	GR0000832	600209	-	21,462
USDA/NIFA 2010-34624-20757	10.200	10.200	GR0003273	605075	-	43,409
USDA NIFA 2010-34604-20886	10.200	10.200	GR0003295	605123	-	37,439
PRODUCER DRIVEN DAIRY RESEARCH	10.200	10.200	GR0003346	605219	-	1,208
NEMATODE RESISTANCE GENETIC ENGINEE	10.200	10.200	GR0003422	605330	-	589
SOUTHWEST CONSORTIUM FOR PLANT GEN	10.200	10.200	GR0003513	606147	72,136	93,967
MCINTIRE STENNIS FED APPR FY12	10.200	10.200	GR0003747	606052	-	73,285
MULTI STATE FED APPROP FY12	10.200	10.200	GR0003748	606054	-	19,732
MCINTIRE STENNIS FED APPR FY13	10.200	10.200	GR0004027	606761	-	212,818
MULTI STATE FED APPROP FY13	10.200	10.200	GR0004028	606839	-	278,722
HATCH FED APPROP FY 12	10.203	10.203	GR0003746	605996	-	302,467
HATCH FED APPROP FY 13	10.203	10.203	GR0004026	606697	-	995,989
USDA/CSREES 2008-35320-18684	10.206	10.206	GR0002511	603629	-	7,191
USDA/CSREES 2008-55215-18837	10.206	10.206	GR0002574	603720	36,290	303,977
USDA CSREES #2008-55101-19208	10.206	10.206	GR0002688	603907	(700)	26,622
CSREES 2009-55618-05094 IMPROV ECO	10.206	10.206	GR0002889	604357	-	48,461
ANIMAL HEALTH FEDERAL APPROPRIATION	10.207	10.207	GR0003745	606363	-	22,203
STRENGTHENING PUBLIC CORN BREEDING	10.307	10.307	GR0003668	605873	-	111,526
2011051300-30679 PEANUT FARMING	10.307	10.307	GR0003843	606270	-	26,441
USDA 2010-85101-20482	10.310	10.310	GR0003209	604974	9,700	55,146
PREGNANCY-INDUCED CHEMOKINE RECEPT	10.310	10.310	GR0003630	605813	-	49,746
USDA NIFA 2010-45040-20843	10.500	10.500	GR0003324	605179	-	14,000
AUTOMATED SCREENING TECHNOLOGY FOI	10.664	10.664	GR0003776	606157	-	37,511
ISOLATION AND QUANTIFICATION OF DNA	10.674	10.674	GR0003948	606478	-	2,612
MONITORING/VALLS CALDERA	10.679	10.679	GR0003801	606208	-	81,260
USDA FOREST SVC 11-DG-11132762-318	10.684	10.684	GR0003772	606174	-	9,605
USDA/REAP GRANT NO 1	10.868	10.868	GR0003887	606361	-	51,114
USDA NCRS # 67-8C30-10-001	10.905	10.905	GR0003464	650644	-	91,337
USDA/FAS 58-3148-0-180	10.962	10.962	GR0003470	605552	-	3,793
LANDSCAPE SCALE PATTERNS OF FIRE AN	10.001	10.001	GR0004229	607074	-	2,329
				USDA Direct	117,426	4,472,275
USDA Pass Thru Awards						
Ben-Gurion University of the Negev	BGU REF NO. 88509301	10.200	GR0003353	605232	-	6,278
Dine College	DINE COLLEGE PSC 3/16/10	10.227	GR0003265	605066	-	11,979
	DINE 2011-38424-30757	10.227	GR0003892	606371	-	3,095
	NATIVE AND NON-NATIVE AGAVE, OPUNTI	10.227	GR0004117	606880	-	10,615
Kansas State University	CANOLA FOR THE GREAT PLAINS	10.200	GR0003543	605685	-	34,595
National Fish and Wildlife Foundation	IMPACTS ON LESSER PRAIRIE-CHICKEN P	15.663	GR0004231	607076	-	7,083
North Carolina State University	NCSU #2010-1365-03	10.309	GR0003552	605678	-	47,498
Regents University of California Davis	ORNAMENTAL TRIAL PROTOCOL	10.200	GR0003821	606237	-	5,478
Regents University Of California Santa Barbara	UC-D 08-003512-NMSU SENSING&CONTROL	10.309	GR0002964	604311	-	72,977
State of Arizona	UNIV OF AZ Y560392	10.217	GR0003545	605670	-	28,278
	SUBGRNT #Y561984-UA/UCD/NIFA	10.309	GR0003655	605851	-	25,957
State of New Mexico	96-521.04-021 J.P.A	10.680	GR0001031	601515	-	15,001
Texas A&M Research Foundation	TAMU CONSORTIUM	10.310	GR0003663	605860	-	41,568
Texas A&M University	EFFICIENT IRRIGATION	10.200	GR0003160	604878	-	4,087
	EFFICIENT IRRIGATION	10.200	GR0003372	605537	-	19,914
Texas Tech University	DEVELOPMENT OF SAFFLOWER AS A NEW F	10.320	GR0004205	607036	-	1,913
The Board of Trustees of the University of Illinois	UNIV OF IL 2009-06801-02	10.310	GR0003251	605050	-	24,186
University of Georgia	SYSTEMS APPROACH AT IMPROVING THELC	10.309	GR0003837	606308	-	72,774
University of Idaho	RANGELAND EDUCATION NIFA	10.217	GR0003621	605802	-	3,912
University of Texas	REGIONAL ENERGY & EDUCATION NETWORK	10.223	GR0003824	606241	-	228,497
Utah State University	USU #090758004 SUSTAINABL LIVESTOCK	10.215	GR0003140	604832	(417)	53,081
	WINTER PROD OF LEAFY GREENS	10.215	GR0003147	604842	-	27,337
				USDA Pass Thru	(417)	746,103

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
DEPARTMENT OF AGRICULTURE (USDA) Total					117,009	5,218,378
DEPARTMENT OF INTERIOR (DOI)						
<i>DOI Direct Awards</i>						
DOI BLM L10AC20426	15.238	GR0003497	605591		-	8,494
US DOI/BOR R10AC80283	15.506	GR0002841	604127		-	548,283
R05AC40438 CA9-FG-81-0143 BOR/DOI	15.517	GR0001054	605189		-	31,129
US DOI FWS #F10AC00191	15.650	GR0003451	605505		-	3,956
DEMOGRAPHY AND SEASONAL MOVEMENT	15.655	GR0004219	607058		-	5,823
AMERICAN PRONGHORN POPULATION ASSE	15.657	GR0004233	607080		-	2,093
DOI/USGS G08AC00056	15.805	GR0002840	604168		371,444	439,095
USDOI/USGS G10AC00516	15.805	GR0003478	605558		-	70,127
WRRRI PROGRAM	15.805	GR0003622	606404		(951)	26,679
GROUNDWATER EXPLORATION, ASSESSME	15.805	GR0004191	607004		257,040	268,540
1434-01HQRU1572 WO#059	15.812	GR0002754	604004		-	3,361
US DOI/USGS G09AC00360	15.812	GR0003200	604957		-	(3,448)
DOI/USGS G10AC00320	15.812	GR0003332	605194		-	61
MAPPING BIODIVERSITY METRICS	15.812	GR0003553	605679		-	163,199
USGS G11AC20383	15.812	GR0003720	605954		-	30,433
CA #1434-017QRU1572 RW O65	15.812	GR0003735	605975		-	5,127
CHECKERSPOT BUTTERFLY	15.812	GR0003898	606378		-	11,716
CLIMATE INFLUENCED STRESSORS TROUT	15.812	GR0003900	606380		-	30,975
POPULATION DYNAMICS AND REINTRODUC	15.812	GR0003923	606428		-	19,074
SEASONAL ECOLOGY OF PECOS PUPFISH I	15.812	GR0003927	606431		4,000	18,994
MEASURING SCALED QUAIL DEMOGRAPHY /	15.812	GR0003996	606576		-	27,044
INVESTIGATING IMPACTS OF ENERGY DEV	15.812	GR0004196	607023		-	28,434
EVALUATION OF INTERMITTENCY OF STRE	15.812	GR0004197	607021		-	1,602
ADMIN SUPPORT FOR THE CHIHUAHUAJUAN	15.921	GR0003718	605950		-	42,562
INVENTORY OF CARBON SEQUESTRATION	15.945	GR0003732	605971		-	40,314
DSCESU NMSUDS-47	15.945	GR0003739	605981		2,299	77,273
THE ECOLOGY AND CONSERVATION OF ME	15.945	GR0003419	605327		-	2,730
ECOLOGY AND CONSERVATION WHITE SANI	15.945	GR0003594	605744		-	6,295
ECOLOGY AND CONSERVATION WHITE SANI	15.945	GR0004010	606599		-	10,584
CHIHUAHUAJUAN DESERT NETWORK ADMIN SU	15.945	GR0004079	606818		-	100,970
DOI Direct					633,832	2,021,519
<i>DOI Pass Thru Awards</i>						
America View, Inc.	AMERICA VIEW AV08-NM02	15.815	GR0003723	605956	(1,100)	11,718
State of New Mexico	CROP COEFFICIENTS FOR THE MIDDLE RI	15.557	GR0004138	606913	-	549
	DECISION SUPPORT SYSTEM	15.661	GR0003862	606311	-	49,528
Wyoming Game and Fish Department	BURBOT AND SAUGER OTOLITH MICROCHEI	15.608	GR0003788	606194	-	38,753
DOI Pass Thru					(1,100)	100,548
DEPARTMENT OF INTERIOR (DOI) Total					632,732	2,122,067
DEPARTMENT OF EDUCATION (EDUC)						
<i>EDUC Pass Thru Awards</i>						
State of Arizona	UOA PO#Y502594	84.116	GR0002867	604167	-	786
EDUC Pass Thru					-	786
<i>EDUC ARRA Awards</i>						
Utah State University	101008001	84.396	GR0003539	605662	-	240,384
EDUC ARRA					-	240,384
DEPARTMENT OF EDUCATION (EDUC) Total					-	241,170
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)						
<i>USAID Pass Thru Awards</i>						
University of Georgia	PEANUT RESEARCH	98.012	GR0002690	650488	-	19,666
Winrock International Institute Of Agricultural Developme	WINROCK INTERNATIONAL 12/1/09	98.001	GR0003180	604933	-	175,655
USAID Pass Thru					-	195,321
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) Total					-	195,321
US TRADE DEVELOPMENT AGENCY (USTDA)						
<i>USTDA Pass Thru Awards</i>						
CELSIA S.A. E.S.P.	FEASIBILITY STUDY FOR 20 MW HYBRID	59.rd	GR0004146	606921	-	35,379
Comision Ejecutiva Hidroelectrica Del Rio Lempa	FEASIBILITY STUDY FOR 3 MW SOLAR PA	59.rd	GR0004030	606744	17,150	133,001
USTDA Pass Thru					17,150	168,380
US TRADE DEVELOPMENT AGENCY (USTDA) Total					17,150	168,380

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
DEPARTMENT OF HOMELAND SECURITY (DHS)						
<i>DHS Pass Thru Awards</i>						
Arizona State University	ASU 10-319	97.108	GR0003167	604910	-	13,168
Kansas State University	INTERDISCIPLINARY HS-STEM CAREER	97.104	GR0003734	605980	-	452
	KSU S12172	97.104	GR0003873	606331	-	24,877
University of Rhode Island	UORI#112108/0001865 SAMPLG F EXPLOS	97.061	GR0002888	604200	-	60,687
				DHS Pass Thru	-	99,184
DEPARTMENT OF HOMELAND SECURITY (DHS) Total					-	99,184
ENVIRONMENTAL PROTECTION AGENCY (EPA)						
<i>EPA Direct Awards</i>						
	SU-83601801	66.516	GR0003768	606130	-	213
	POLLUTION PREVENTION GRANT PRGM	66.708	GR0004058	606817	-	14,671
				EPA Direct	-	14,884
<i>EPA Pass Thru Awards</i>						
University of Texas	SCERP FY11 UTEP ENVIRON SPT	66.202	GR0003597	605747	-	63,139
	WATER TREATMENT SYSTEMS	66.509	GR0003880	606345	-	14,748
				EPA Pass Thru	-	77,887
ENVIRONMENTAL PROTECTION AGENCY (EPA) Total					-	92,771
DEPARTMENT OF TRANSPORTATION (DOT)						
<i>DOT Direct Awards</i>						
	FAA 10-C-CST-NMSU	20.109	GR0003529	605643	11,983	77,350
				DOT Direct	11,983	77,350
<i>DOT Pass Thru Awards</i>						
State of New Mexico	DEVELOP AND DEPLOY STATE OF THE ART	20.rd	GR0004174	606976	-	5,030
State of Oklahoma	OK STATE UNIV AA-5-35841-01	20.701	GR0003481	605564	-	107
Texas A&M Research Foundation	USE OF ALTERNATIVE WATER SOURCES	20.761	GR0003828	606250	-	1,966
				DOT Pass Thru	-	7,103
DEPARTMENT OF TRANSPORTATION (DOT) Total					11,983	84,453
DEPARTMENT OF COMMERCE (DOC)						
<i>DOC Pass Thru Awards</i>						
University of Arizona	CLIMAS AIR QUALITY AND CLIMATE ASSE	11.431	GR0004207	607038	-	42,484
				DOC Pass Thru	-	42,484
DEPARTMENT OF COMMERCE (DOC) Total					-	42,484
NATIONAL ENDOWMENT FOR HUMANITIES (NEH)						
<i>NEH Direct Awards</i>						
	NEH HR-50534	45.168	GR0003216	605914	-	25,196
				NEH Direct	-	25,196
NATIONAL ENDOWMENT FOR HUMANITIES (NEH) Total					-	25,196
TOTAL RESEARCH AND DEVELOPMENT CLUSTER					16,023,984	86,677,428

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER - MAJOR PROGRAM						
STUDENT FINANCIAL ASSISTANCE CLUSTER						
DEPARTMENT OF EDUCATION (EDUC)						
FEDERAL PELL FY11		84.063	GRB000067	605130	-	35
FEDERAL PELL FY12		84.063	GRB000080	440287	-	14,024
FEDERAL SEOG FY12		84.007	GRB000084	605155	-	42,438
WORKSTUDY FED APP		84.033	GR0000870	604470	-	1,135,540
FEDERAL PELL FY13		84.063	GRB000099	605795	-	52,415,868
FEDERAL SEOG FY13		84.063	GRB000100	605796	-	572,067
FEDERAL TEACH GRANT FY13		84.379	GRB000102	605798	-	5,000
<i>DEPARTMENT OF EDUCATION (EDUC) Total</i>					-	54,184,972
DEPARTMENT OF VETERANS ADMINISTRATION (VA)						
REPORTING OF VETERANS					-	284,648
<i>DEPARTMENT OF VETERANS ADMINISTRATION (VA) Total</i>					-	284,648
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					-	54,469,620

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER						
DEPARTMENT OF AGRICULTURE (USDA)						
<i>USDA CLUSTERS</i>						
<i>SNAP</i>						
State of New Mexico	SNAP FED FY12 Q234	10.561	GR0003787	606192	-	412,232
	SNAP FED FY13 Q234	10.561	GR0004055	606782	-	936,988
				SNAP Cluster	-	1,349,220
<i>CNC</i>						
State of New Mexico	SUMMER FOOD SERV UPWARD BOUND #307	10.559	GR0003960		-	6,755
	PREP SUMMER FOOD SERVICE FY12	10.559	GR0004122		-	11,282
				Child Nutrition Cluster	-	18,037
<i>USDA Direct Awards</i>						
	SYNDROMIC SURVEILLANCE PROGRAM	10.025	GR0003412	605317	5,775	12,591
	SYNDROMIC SURVEILLANCE PROGRAM	10.025	GR0004060	606787	29,347	81,968
	2011-12 HONEY BEE SURVEY/FARM BILL	10.025	GR0003767	606129	-	7,285
	THE JOE SKEEN STUDENT CAREER EXPERI	10.028	GR0004084	606826	-	6,000
	WILDLIFE DAMAGE MANAGEMENT	10.028	GR0004150	606927	-	20,000
	2012 RED IMPORTED FIRE ANT & GYPSY	10.156	GR0003950	606480	-	10,038
	2012 USDA INFRASTRUCTRE(CORE) PROJ	10.156	GR0003955	606496	-	42,784
	BUILDING AN UNDERSTANDING OF CATTLE	10.156	GR0004059	606785	7,068	8,928
	2012 WALNUT TWIG BORER	10.156	GR0004083	606822	-	3,745
	FY12 PESTICIDE RECORD KEEPING	10.163	GR0003855	606292	-	4,661
	12/15 NM SPECIALTY CROPS BLOCK GRAN	10.170	GR0004103	606853	-	75,379
	SPECIALITY CROP BLOCK GRANT	10.170	GR0003487	605578	-	2,908
	SPECIALITY CROP BLOCK GRANT	10.170	GR0003808	606217	68,327	264,124
	ORGANIC CERTIFICATION COST SHARE	10.171	GR0003800	606207	-	18,859
	RENEWAL RESOURCES RREA FED APPROP	10.200	GR0003754	606108	-	27,327
	RENEWAL RESOURCES RREA FED APPROP	10.200	GR0004024	606664	-	59,002
	USDA 2009-38411-19752	10.217	GR0003253	605053	102,090	80,133
	USDA CSREES 2008-38411-19105	10.217	GR0002696	603915	13,203	16,933
	SUPPORTING INSTRUCTION IN SOIL & PL	10.223	GR0003612	605775	-	54,198
	PREPARING STUDENTS FOR CAREER PATH	10.223	GR0003797	606205	277,383	663,396
	USDA ERS 58-3000-7-0093	10.250	GR0002423	603493	21,000	42,000
	USDA/CSREES 2007-51110-03813	10.303	GR0002338	603380	22,951	23,683
	USDACSREES 2009-37620-05615 NMLIRT	10.304	GR0003081	604530	-	66,496
	NM ALIRT NM AG/LIVESTOCK INCIDENT R	10.304	GR0004011	606601	-	25,718
	SOUTHERN PUEBLOS BEGINNING FARMERS	10.311	GR0003977	606550	24,210	80,657
	FMHA AG MEDIATION	10.435	GR0000836	604358	-	60,871
	2009-39300-19980	10.443	GR0003086	604538	-	146,989
	CSREES/USDA 2009-39300-20168	10.443	GR0003237	605022	-	76,042
	USDA OAO 59-2501-10-031	10.443	GR0003491	605582	-	14,117
	NEW MEXICO OUTREACH PROJECT	10.443	GR0004034	607056	-	15,452
	2011-41100-03100	10.500	GR0003426	605353	-	(508)
	2011-41510-03100	10.500	GR0003428	605391	-	420,648
	2011-41580-30842 JICARILLO CES	10.500	GR0003781	606178	-	75,098
	2011-445180-30841 ZUN1 CES	10.500	GR0003780	606177	-	69,769
	SPCL NEEDS SMITH LVR 3B FED AP FY10	10.500	GR0003126	604734	-	24,388
	EXTENSION INTEGRATED PEST MANAGEME	10.500	GR0003395	605293	-	35,179
	WESTERN SMALL FARM IPM WORKING GRO	10.500	GR0003474	605547	36,459	35,064
	PESTS OF THE WEST: FIRST DETECTOR P	10.500	GR0003477	605556	(615)	1,805
	STATE OPERATION FEDERAL SMITH LEVER	10.500	GR0003749	606062	-	330,003
	STATE OPERATION FEDERAL SMITH LEVER	10.500	GR0004019	606627	-	1,408,955
	STATE EXPANDED FOOD NUTRITION EFN	10.500	GR0003751	606102	-	153,754
	STATE EXPANDED FOOD NUTRITION EFN	10.500	GR0004021	606659	-	114,833
	SPECIAL NEEDS SMITH LEVER 3B FED AP	10.500	GR0003752	606105	-	(595)
	SPECIAL NEEDS SMITH LEVER 3B FED AP	10.500	GR0004022	606660	-	3,802
	FY12 FERS RETIREMENT	10.500	GR0003753	606107	-	22,634
	PESTICIDE SAFETY ED2011-48679-31099	10.500	GR0003803	606210	-	2,125
	PESTICIDE SAFETY EDUCATION PRGM	10.500	GR0004067	606801	-	9,993
	FY13 FERS RETIREMENT	10.500	GR0004023	606663	-	36,644
	USDA-NRCS #67-BC30-7-0017	10.912	GR0002467	603554	-	85,241
	USDA-NRCS - TECHNICAL ASSISTANCE TO	10.912	GR0004054	606777	-	315,012
	USDA 58-3148-1-047	10.960	GR0003550	605674	-	220,979
	USDA-FAS 58-3148-9-009 NATUR RESOUR	10.960	GR0002917	604243	-	187,638
	POLICY AND PROGRAM COORDINATION II	10.960	GR0002515	603633	-	98,684
	LONG-TERM TECHNICAL ASSISTANCE TO B	10.960	GR0004214	607050	-	98,684
	CHILDREN'S FOREST	10.xx	GR0002008	240191	-	7,721
				USDA Direct	607,198	5,769,834
<i>USDA Pass Thru Awards</i>						
Developing Innovations in Navajo Education, Inc. DINE, I	NATIVE AMERICAN PRODUCER SUCCESS	10.443	GR0004070	606802	-	38,033
Dine College	STAFF CAPACITY BUILDING	10.500	GR0003859	606302	-	14,227
Drexel University	DREXEL UNIV #211020 POULTRY & EGGS	10.303	GR0003157	604862	-	147,176
Kansas State University	KSU THRU NIFA OMK PROJECT	10.500	GR0003796	606204	-	13,740
	MILITARY 4-H CLUB	10.500	GR0003785	606180	-	9,188
	2012 OSD/OPERATION MILITARY KIDS	10.500	GR0003890	606368	-	8,833
	MILITARY 4-H CLUB 2013	10.500	GR0004069	606807	-	10,601
Michigan State University	MSU 61-4299A	10.303	GR0003185	604940	-	94,842
North Carolina State University	BUILDING CAPACITY TO CONTROL VIRAL	10.310	GR0003936	606456	-	8,427
Ohio State University	OSU PO RF01187669	10.303	GR0003243	605040	-	19,463
Regents University of California Davis	UNIV OF CA, DAVIS 2001117720	10.200	GR0003762	606122	-	45,777
	2012 IR-4 WESTERN REGION FOOD USE R	10.200	GR0004039	606760	-	50,186
	WESTERN REGION PLANT DIAGNOSTIC NET	10.304	GR0004050	606772	-	21,836
Rutgers University	RUTGERS #4008	10.303	GR0003286	605099	-	12,820
State of Arizona	NAVAJO AG/4H	10.500	GR0000815	600839	-	87,080
State of New Mexico	CACFP AGREEMENT #0664	10.558	GR0003411	606895	-	22,399
	HEADSTART CHILD AND ADULT CARE FOOD	10.558	GR0002857	606840	-	90,992

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures	
Texas A&M University	TAMU 451003	10.303	GR0002884	604195	-	41,379	
	TAMU AgriLife 628007	10.500	GR0003368	605253	-	49,016	
	TAMU/USDA 628006	10.500	GR0003159	604870	-	6,911	
University of Wyoming	2011 IMPLEMENTATION OF SARE-NM	10.500	GR0003901	606381	-	14,792	
	2012 IMPLEMENTATION OF SARE-NM	10.500	GR0004093	606835	-	533	
Washington State University	WSU 108815 G002907	10.500	GR0003725	605957	-	3,343	
				USDA Pass Thru	-	811,594	
					607,198	7,948,685	
DEPARTMENT OF AGRICULTURE (USDA) Total							
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)							
<i>HHS Clusters</i>							
<i>TANF</i>							
	GSA 10-630-9000-0013	93.558	GR0003018	605834	-	(13,203)	
	GSA 10-630-9000-0013	93.558	GR0003019	605834	-	(2,571)	
				TANF Cluster	-	(15,774)	
State of New Mexico	LA VIDA CYFD 10-690-9999-01007	93.575	GR0003683	605889	-	(1,216)	
	LA VIDA CYFD FY13 10-690-9999-01007	93.575	GR0003963	606510	-	137,636	
				CCDF Cluster	-	136,420	
<i>HHS Direct Awards</i>							
	ACF HEALTHY MARRIAGE PROJ	93.086	GR0003783	606181	-	243,922	
	ACF HEALTHY MARRIAGE PROJ	93.086	GR0004087	606827	-	587,307	
	FOOD DEFENSE PLAN DOC#RFD004283A	93.103	GR0003786	604095	-	48,767	
	FDA 1R13FD003952	93.103	GR0003530	606190	-	8,929	
	DHHS 1D40HP0259300	93.191	GR0002527	604364	-	175,141	
	SUICIDE PREVENTION AT NMSU	93.243	GR0003758	605868	-	32,095	
	COMPREHENSIVE GERIATRIC EDUCATION P	93.265	GR0003980	606161	-	241,683	
	DAC HEAD START OPERATIONS, TRAINING	93.600	GR0003165	606253	-	708,037	
	DAC HEAD START OPERATIONS FY13-14	93.600	GR0004097	606328	-	1,108,253	
	NIH MARC 5T34GM07667-32	93.859	GR0002993	606596	-	(1,818)	
	NIH MARC 5T34GM07667-34	93.859	GR0003667	606493	-	(28,941)	
	NMSU RISE 5R25GM061222	93.859	GR0002697	606555	-	779,699	
	BRIDGES TO THE BACCALAUREATE	93.859	GR0003227	606816	-	233,168	
	NIH MARC 2T34GM007667-35	93.859	GR0003954	606845	-	663,735	
	NIH MARC5T34GM007667-36	93.859	GR0004225	606603	-	46,231	
	SCHOLARSHIPS FOR DISADVANTAGED STUI	93.925	GR0004078	607070	-	285,000	
				HHS Direct	-	5,131,208	
<i>HHS Pass Thru Awards</i>							
Colorado State University	CSU G-4607-1	93.262	GR0003909	606400	-	3,012	
Joslin Diabetes Center, Inc.	PATHWAYS TO BETTER HEALTH THROUGH	93.610	GR0004133	606901	-	65,469	
Molina Healthcare, Inc.	HEALTH PLANS PREVENTING DIABETES AN	93.739	GR0004165	606954	-	25,457	
State of New Mexico	ABSTINENCE EDUCATION PROJECT	93.235	GR0004128	606891	83,414	159,811	
	TITLE IV-B PROGRAM	93.556	GR0004031	606746	-	105,375	
	CHILDREN'S LAW INSTITUTE FY13	93.556	GR0004071	606953	-	19,850	
	ADOPTION INCENTIVE PROGRAM	93.603	GR0004116	606872	-	27,788	
	NM CYFD TITLE IV-E FY12	93.658	GR0003679	605887	-	4,669	
	NM CYFD TITLE IV-E FY13	93.658	GR0003975	606893	-	1,285,192	
	CAPT CHILD & FAMILY SERVICES TRAINI	93.669	GR0003495	606938	-	74,561	
	INDEPENDENT LIVING CONFERENCE	93.674	GRF004000	606583	-	31,970	
	SNM/HSD 08-630-9000-0001	93.xx	GR0002308	603325	-	(117)	
The Research Foundation for SUNY	HISPANIC CHILD WELFARE TRAINING PRO	93.648	GR0003811	606220	-	37,523	
	HISPANIC CHILD WELFARE TRAINING PRO	93.648	GR0004080	606819	-	67,377	
University of New Mexico	FEDERAL AHEC FY12	93.107	GR0003874	606329	-	28,572	
	FEDERAL AHEC FY12	93.107	GR0004125	606888	-	64,147	
	NM PUBLIC HEALTH LEARNING COLLABORA	93.544	GR0003970	606534	-	3,185	
	NM PUBLIC HEALTH LEARNING COLLABORA	93.544	GR0004044	606766	-	69,429	
	3R84N UNM	93.859	GR0003214	606876	-	5,819	
	ALCOHOL ABUSE PREVENTION	93.959	GR0003744	605987	-	140	
	ALCOHOL ABUSE PREVENTION	93.959	GR0004064	606795	-	8,500	
University of Tennessee	NAT'L FOOD SAFETY CURRICULUM	93.103	GR0003857	606293	-	111,875	
				HHS Pass Thru	83,414	2,199,604	
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total						83,414	7,451,458
DEPARTMENT OF EDUCATION (EDUC)							

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
EDUC Clusters						
TRIO	US DOE# P042A100782	84.042	GR0003424	605343	-	389,012
	TRIO UPWARD BOUND PROGRAM	84.047	GR0002331	605801	-	67,003
	NMSU-TRIO-UPWARD BOUND PROGRAM	84.047	GR0004033	606752	-	297,334
	NMSU EDUCATIONAL TALENT SEARCH	84.066	GR0003742	605985	-	211,225
				TRIO Cluster	-	964,574
EDUC Direct Awards						
	TRAINING GRADUATE STUDENTS FOR RESE	84.002	GR0004066	606799	-	19,550
	ALLIED HEALTH/NURSING PROGRAM	84.031	GR0030075	340180	-	503,739
	P031C110087 SECO 2011-2016	84.031	GR0020087	240192	-	923,492
	NO TIME TO LOSE: A HEAD START TO ST	84.031	GR0020081	240173	-	450,995
	CONNECTING TO STEM: IDENTIFYING THE	84.031	GR0050027	540103	-	553,708
	EDUC P116N090001	84.116	GR0003178	604930	8,484	28,509
	TRI-NATIONAL INDIGENOUS RURAL TOURI	84.116	GR0003466	605532	11,700	35,138
	COLLEGE ASSISTANCE MIGRANT PGM CAMF	84.149	GR0002387	604020	-	50,439
	COLLEGE ASSISTANCE MIGRANT PGM CAMF	84.149	GR0004012	606606	-	326,759
	US EDUC U215K080249	84.215	GR0040093	440228	-	62,630
	SELDS 2011 TO 2016	84.325	GR0003813	606223	-	236,727
	US DEPT OF ED H325K080309	84.325	GR0002762	604012	-	129,788
	NM-PASS PREPARING AUTISM SPECTRUM	84.325	GR0003504	605605	-	283,854
	IMPROVING INSTRUCTION FOR ENGLISH L	84.365	GR0003949	606479	-	303,300
	NASNTI PROGRAM FY11-FY16	84.382	GR0050034	540142	-	356,588
				EDUC Direct	20,184	4,265,216
EDUC Pass Thru Awards						
National Writing Project	BORDER WRITING PROJECT	84.928A	GR0000275	603817	-	18,109
	BORDERLANDS WRITING PROJECT	84.367	GR0003979	606554	-	5,907
	PARTICIPATION IN A HIGH-NEED SCHOOL	84.367	GR0004045	606767	-	19,697
Santa Fe Community College	FY 13 CARL PERKINS CAREER TECHNICAL	84.048	GR0050047	540155	-	9,523
State of New Mexico	ABE EL/CIVICS FY12 ALAMO	84.002	GR0020083	240185	-	(225)
	CP REDISTRIBUTIONS	84.002	GR0040126	440366	-	55,843
	IMPROVING MATHEMATICS TEACHING	84.367	GR0003633	605818	-	59,951
	PERKINS REDIST FY12	84.002	GR0020082	240204	-	7,041
	SC2 IMPROVING TEACHERS' EFFECTIVENE	84.364	GR0003634	605819	-	51,243
		84.367	GR0004037	606758	-	70,246
	MC2 NMPED IGA# 10 924 1093	84.366	GR0003299	605119	-	20,536
	MATHEMATICALLY CONNECTED MC2	84.367	GR0004038	606759	-	46,833
	PERKINS REDIST FY13	84.048	GR0020090	240201	-	(1,246)
	CARL PERKINS FY13 ALAMO	84.048	GR0020092	240205	-	61,707
	ABE EL/CIVICS FY13 ALAMO	84.002	GR0020093	240208	-	4,538
	CARL PERKINS REDISTRIBUTION FUNDS	84.048	GR0040129	440340	-	(9,633)
	CARL PERKINS YEAR 5 (12-13)	84.048	GR0040135	440355	-	472,010
	ABE EL/CIVICS FY13	84.002	GR0040136	440361	-	447,923
	ABE ALAMO INSTRUCTIONAL FY13	84.002	GR0210093	240209	-	3,917
	NMHED ABE FY12/13	84.002	GRF020093	240207	-	88,126
	NM HED ABE FY13 CARLS	84.002	GRF030081	340208	-	117,418
	NM HED ABE FY13 CARLS	84.002	GRF050046	540153	-	46,195
University of New Mexico	UNM 208070-8745	84.031	GR0050044	540144	-	245,901
				EDUC Pass Thru	-	1,841,560
	DEPARTMENT OF EDUCATION (EDUC) Total				20,184	7,071,350
NATIONAL SCIENCE FOUNDATION (NSF)						
NSF Direct Awards						
	DUE-0903212	47.076	GR0040101	440263	-	315
	DUE-0934919	47.076	GR0003059	606467	-	159,636
	GRADUATE RESEARCH FELLOWSHIP PRGM	47.076	GR0003865	606316	-	37,323
	MATH SNACKS MARKET PLACE	47.076	GR0004142	606916	-	41,054
				NSF Direct	-	238,328
NSF Pass Thru Awards						
Institute Of Advanced Study	IAS 7445-2307	47.049	GR0002140	605175	-	27,600
				NSF Pass Thru	-	27,600

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
NSF ARRA Awards						
	ARRA -NSF DUE 0928867	47.082	GR0003014	604399	-	1,171,534
				NSF ARRA	-	1,171,534
	NATIONAL SCIENCE FOUNDATION (NSF) Total				-	1,437,462
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)						
<i>NASA Direct Awards</i>						
	NASA NNX10AJ30A	43.xx	GR0003307	605148	-	188,983
	NASA NNX10AM87G	43.001	GR0003461	605526	-	66,615
	SUMMER INNOVATION PROG	43.xx	GR0004247	607102	-	20,376
	NASA TRAINING GRANT ANNOUNCEMENT	43.001	GR0003400	605299	106,125	427,672
				NASA Direct	106,125	703,646
<i>NASA Pass Thru Awards</i>						
Jacobs Technology Inc.	COOP ED AGREEMENT 5/11/11	43.xx	GR0003671	606455	-	235,420
National Space Grant Foundation	COURSE DESIGN	43.009	GR0003625	605808	-	4,084
Paragon TEC	NASA SEMAA SUMMER 2012	43.xx	GR0003973	606540	-	20,000
	NASA SEMAA 2013	43.xx	GR0004052	606774	-	12,469
Universities Space Research Association	SUMMER INNOVATION PROG	43.001	GR0003958	606501	-	18,986
				NASA Pass Thru	-	290,959
	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) Total				106,125	994,605
ENVIRONMENTAL PROTECTION AGENCY (EPA)						
<i>EPA Direct Awards</i>						
	EPA NP-00F24601	66.708	GR0003490	605581	-	15,633
	EPA PEST MANAGEMENT	66.700	GR0003782	606184	-	525,486
	FY11 P2 NP-00F40101	66.708	GR0003794	606202	-	44,924
				EPA Direct	-	586,043
<i>EPA Pass Thru Awards</i>						
IPM institute of North America Inc	PRIA SCHOOL IPM GRANT	66.716	GR0003829	606251	-	74
State of New Mexico	NMED 10-667-5000-009	66.439	GR0003221	605015	-	11,156
University of Texas	SCERP FY11 UTEP ENVIRON SPT	66.202	GR0003597	605748	-	244
				EPA Pass Thru	-	11,474
	ENVIRONMENTAL PROTECTION AGENCY (EPA) Total				-	597,517
DEPARTMENT OF ENERGY (DOE)						
<i>DOE Direct Awards</i>						
	DOE/NNSA DE-FG52-07NA28084	81.123	GR0002439	603568	-	286,479
	DOE DE-OE0000098 ENERGY TECH INITIA	81.122	GR0003158	186834	-	152,344
	NM SMALL BUSINESS ASSISTANCE	81.xx	GR0003264	605064	-	9,843
	USDOE DE-NT0004397	81.089	GR0002819	604092	-	74,218
				DOE Direct	-	522,884
<i>DOE Pass Thru Awards</i>						
Los Alamos National Security LLC	NM SMALL BUSINESS ASSISTANCE	81.xx	GR0003570	606386	-	57,135
Sandia Corporation	SANDIA - NMSBA 2012	81.xx	GR0003872	606330	-	70,724
				DOE Pass Thru	-	127,859
	DEPARTMENT OF ENERGY (DOE) Total				-	650,743
DEPARTMENT OF HOMELAND SECURITY (DHS)						
<i>DHS Pass Thru Awards</i>						
State of New Mexico	EMW-2011-SS-00051-NMSU	97.042	GR0003888	606362	-	344,680
	2013 NEW MEXICO WILDFIRE MITIGATION	97.039	GR0004209	607043	-	39,567
Texas A&M University	ENHANCED PASSIVE SURVEILLANCE PLAN-	97.xx	GR0004008	606594	-	47,720
				DHS Pass Thru	-	431,967
	DEPARTMENT OF HOMELAND SECURITY (DHS) Total				-	431,967
DEPARTMENT OF DEFENSE (DOD)						
<i>DOD Direct Awards</i>						

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
	DOD W91WAW-10-1-0001	12.599	GR0003282	186828	-	1,179,642
	ENGLISH WRITING LAB: ARMY WRITING	12.xx	GR0003905	606389	-	5,574
	PRE-USASMA COURSE - ENGLISH WRITING	12.xx	GR0004181	606986	-	11,085
				DOD Direct	-	1,196,301
<i>DOD Pass Thru Awards</i>						
Academy of Applied Science	2012 REAP	12.431	GR0003863	606313	-	1,985
			GR0003921	606423	-	2,600
	2013 REAP	12.431	GR0004175	606979	-	747
				DOD Pass Thru	-	5,332
	DEPARTMENT OF DEFENSE (DOD) Total				-	1,201,633
DEPARTMENT OF COMMERCE (DOC)						
<i>DOC Direct Awards</i>						
	NOAA NA07OAR4310407	11.431	GR0002372	605488	-	13,817
	I6 ARROWHEAD INNOVATION NETWORK (AI	11.307	GR0004108	606864	16,129	240,326
				DOC Direct	16,129	254,143
	DEPARTMENT OF COMMERCE (DOC) Total				16,129	254,143
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)						
<i>HUD Direct Awards</i>						
	HSIAC-09-NM-32	14.514	GR00040103	440268	-	181,123
				HUD Direct	-	181,123
<i>HUD Pass Thru Awards</i>						
Dona Ana County	WEB-BASED DATABASE CREATION, POPUL	14.xx	GR0004114	606869	-	7,773
				HUD Pass Thru	-	7,773
	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) Total				-	188,896
SMALL BUSINESS ADMINISTRATION (SBA)						
<i>SBA Direct Awards</i>						
	USSBA SBAHQ-08-I-0065	59.007	GR0002817	604090	-	89,148
				SBA Direct	-	89,148
<i>SBA Pass Thru Awards</i>						
State of New Mexico	NM ITETA-FEDERAL	59.037	GR00040119	440338	-	12,338
	SBDC GRANTS FY13	59.037	GRF050045	540151	-	18,068
	SBDC DACC FY13	59.037	GRF040133	440352	-	21,688
	SBDC DACC FY12	59.037	GRF040121	440322	-	(2)
	NMSBDC 2012-13	59.037	GRF030080	340205	-	21,653
	NM SBDC FY13	59.037	GRF020091	240202	-	21,737
				SBA Pass Thru	-	95,482
	SMALL BUSINESS ADMINISTRATION (SBA) Total				-	184,630
DEPARTMENT OF LABOR (DOL)						
<i>DOL Direct Awards</i>						
	US DOL CS-17348-08-60-A-35	17.269	GR00040068	440206	-	(2,381)
				DOL Direct	-	(2,381)
<i>DOL Pass Thru Awards</i>						
Central New Mexico Community College	STATE ENERGY SECTOR GRANT-SOLAR	17.275	GR00040137	440365	-	30,038
Santa Fe Community College	TAACCCT	17.282	GR00040132	440351	-	8,117
	STATE ENERGY SECTOR GRANT-GREEN BU	17.275	GR00040138	440367	-	8,464
				DOL Pass Thru	-	46,619
	DEPARTMENT OF LABOR (DOL) Total				-	44,238
DEPARTMENT OF JUSTICE (DOJ)						
<i>DOJ Direct Awards</i>						
	HIDTA FY12 OT REIMBURSEMENT	16.xx	GR0003815	606226	-	(95)
	OJP-DOJ 2007-WR-AX-0084	16.589	GR0002469	603556	-	(1)
	DEA FORFEITURE FY13/14	16.001	GR0003991	606571	-	6,515

Schedule 7 - Schedule of Expenditures of Federal Awards

NAME OF PROGRAM / AGENCY NAME	Award Number	CFDA Number	Grant Code	Fund Number	Subrecipient Expenditures	Total Expenditures
				DOJ Direct	-	6,419
<i>DOJ Pass Thru Awards</i>						
State of New Mexico	BULLETPROOF VEST PROGRAM	16.607	GR0003614	605779	-	1,113
	ENFORCING UNDERAGE DRINKING LAWS W.	16.727	GR0004158	606941	-	18,822
				DOJ Pass Thru	-	19,935
				DEPARTMENT OF JUSTICE (DOJ) Total	-	26,354
DEPARTMENT OF TRANSPORTATION (DOT)						
<i>DOT Pass Thru Awards</i>						
State of New Mexico	NM DOT BINS/BGIS M01068	20.200	GR0003678	605902	-	6,878
	JWC 3-DAY INTRODUCTORY GIS TRAINING	20.215	GR0004216	607055	-	7,572
				DOT Pass Thru	-	14,450
				DEPARTMENT OF TRANSPORTATION (DOT) Total	-	14,450
NATIONAL ENDOWMENT FOR HUMANITIES (NEH)						
<i>NEH Direct Awards</i>						
	NEH ENDURING QUESTIONS ON "WHAT IS	45.163	GR0003925	606429	-	10,982
				NEH Direct	-	10,982
				NATIONAL ENDOWMENT FOR HUMANITIES (NEH) Total	-	10,982
DEPARTMENT OF INTERIOR (DOI)						
<i>DOI Pass Thru Awards</i>						
State of New Mexico	CROP COEFFICIENTS FOR THE MIDDLE RI	15.557	GR0004138	606913	-	269
				DOI Pass Thru	-	269
				DEPARTMENT OF INTERIOR (DOI) Total	-	269
				TOTAL INDIVIDUAL AWARDS OTHER	833,050	28,509,382
				TOTAL EXPENDITURES OF FEDERAL AWARDS	16,857,034	169,656,430

Schedule 7 - Schedule of Expenditures of Federal Awards

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

Federal Appropriations, Grants and Contracts	\$ 156,186,343
Portion of Capital Grants, Gifts and other Income related to Federal Awards	1,110,733
	<u>157,297,076</u>
Plus reconciling items:	
Indirect cost recovered	12,390,512
Net excess revenues recognized over expenses	<u>(31,158)</u>
Federal Expenditures per Schedule 7	<u><u>\$ 169,656,430</u></u>

Notes to Schedule of Expenditures of Federal Awards**Note A:** Basis Of Presentation

The accompanying schedule of expenditures of Federal Awards (the schedule) includes the federal grant activity of the University under programs of the Federal Government for the year ended June 30, 2013. The information in this schedule is presented in accordance with OMB circular A-133, *Audits of states, local governments, and non-profit organizations*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note B: 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 C: Federal Direct Student Loans, CFDA # 84.268. During the fiscal year ending June 30, 2012, the University processed \$84,151,189 in new loans under the Direct Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

Note D: During the fiscal year ending June 30, 2013, the value of federal funds made available in the form of non-cash assistance to grant NASA NRA SEC 2.5 T2 - CFDA # 43.002 totaled \$10,011,000.

Note E: Federal Perkins Loan Program, CFDA # 84.038. Perkins loans awarded for the year ending June 30, 2013 totaled \$1,388,572, and the outstanding student loan balances under the Federal Perkins Loan Program was \$13,983,201.

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of New Mexico State University ("University") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 18, 2013.

Internal Control Over Financial Reporting

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

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

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

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
October 18, 2013

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited New Mexico State University's (the "University") 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is 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 13-01. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 13-01 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
October 18, 2013

Summary Schedule of Prior Audit Findings

12-01 Student Financial Assistance – Ineligible Programs (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

Unmodified

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? Yes None Reported

Type of auditors' report issued on compliance for major programs

Unmodified

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 Assistance Cluster

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 (continued)**Part II—Financial Statement Findings Section**

None

Part III—Federal Award Findings and Questioned Costs Section**13-01 Student Financial Assistance – Enrollment Reporting (Significant Deficiency/Non-Compliance)***Federal program information:*

Funding agency: U.S. Department of Education

Title: Student Financial Assistance Cluster

CFDA Numbers: 84.038 and 84.268

Grant Years and Award Number: Not applicable as both referenced CFDA numbers are loans

CONDITION

As part of our compliance testwork over National Student Loan Data System (NSLDS) Reporting, we selected a sample of 25 loans for enrollment reporting to the NSLDS.

As a result of this testwork, we noted a student who received a Perkins loan was not reported to the NSLDS by the third party servicer (University Accounting Services “UAS”). Upon further examination, we noted that on the same day (August 21, 2012) 4 of 10 students who received Perkins loans were not reported to NSLDS. The University reviewed all of fiscal year 2013 and determined that an additional 48 students who received Perkins loans were also not reported to NSLDS.

Lastly, we noted an additional student who graduated on May 10, 2013 was not reported to NSLDS by the third party servicer (UAS).

CRITERIA

Per 34 CFR section 674.16(j), the institution must report enrollment and loan status information, or any Title IV loan-related information required by the Secretary, to the Secretary by the deadline date established by the Secretary which is within 30 days of completing the enrollment reporting roster file.

Also, per the A-133 Compliance Requirements under Enrollment Reporting (5-3-41), institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

QUESTIONED COSTS

None

EFFECT

Failure to ensure certain loans were reported to NSLDS.

Schedule of Findings and Questioned Costs (continued)**CAUSE**

The Third Party Servicer (UAS) did not properly report the student's loan information to NSLDS. This caused certain students to have no student loan history for the academic FY2012-2013 in the NSLDS database.

RECOMMENDATION

We recommend the University implement a reconciliation process for the total number of students loaded to its third party servicers (UAS) to the listing UAS uploaded to NSLDS. To properly implement this process, UAS will need to provide a detailed report/listing stating how many students were successfully uploaded to NSLDS from each enrollment upload (withdraws, graduated and students with Perkins).

MANAGEMENT RESPONSE

NMSU currently contracts with New Mexico Student Loan (NMSL) for Perkins loan services. Under this existing contractual relationship, NMSL subcontracts to UAS and NMSU is not able to work directly with UAS. During August 2013, NMSU issued a Request for Proposals (RFP) for Perkins loan servicers with proposals due August 27, 2013. By issuing the RFP, NMSU will be able to review the services available from various vendors and contract with one that will most effectively meet the needs of NMSU and its students while complying with all applicable regulations and requirements for administering our Perkins loan program. We expect the selection and contracting of a vendor under the current RFP process, which will occur this fall, will significantly reduce such errors.

While the RFP process continues, NMSU will request reporting from NMSL to ensure all students have been uploaded and any identified errors are corrected. NMSU has a monthly process in place to reconcile the number of students successfully uploaded to NSLDS. This process now includes a manual verification of all disbursement and billing activity that has been uploaded to *Sign My Loan* has also been uploaded to UAS by the NMSU vendor, NMSL.

Part IV—Other Findings and Recommendations

None

A closing conference was held on October 18, 2013, to discuss the current audit report and current and prior year auditors' comments. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Isaac Pino	Secretary-Treasurer
Jim Bullock	Audit Committee Community Member
Brad Beasley	Audit Committee Community Member

Representing New Mexico State University

Garrey Carruthers	President
Daniel Howard	Executive Vice President and Provost
Angela Throneberry	Senior Vice President for Administration and Finance
Anna Price	Chief Budget Officer
Lorin Gobble	Assistant Vice President/Controller
Ross Justus	Chief Audit Officer
Bruce Kite	General Counsel

Representing New Mexico State University Component Units

Tina Byford	Interim Vice President for University Advancement
Kathryn Hansen	Director, Arrowhead Center
Angela Throneberry	Treasurer for Arrowhead

Representing Moss Adams LLP

Scott Eliason	Partner
Lisa Todd	Senior Manager
Samantha Simm	Assurance Senior

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