

FINANCIAL STATEMENTS AND SCHEDULES 2017 | 2016



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June 30, 2017 and 2016**

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October 20, 2017

It is my pleasure to share the annual financial report of New Mexico State University (the University) for the fiscal years (FYs) ended June 30, 2017 and 2016. The accompanying financial statements of the University are prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board. KPMG LLP, independent auditors, has examined the financial statements, and their unmodified opinion is presented beginning on page 3 of the report. The financial and physical resource management of the University is guided by its strategies and organizational improvement initiatives.


Directed by the University's Vision 2020 Strategic Plan, we have continued our prudent fiscal management and implemented efficiencies to reduce and reallocate expenditures and continue to effectively utilize our extensive resources. The University's total net position for the FY ended June 30, 2017, after removing the New Mexico Land Grant Permanent Fund as an asset, decreased by approximately \$4 million during a FY of reduced state appropriations and capital spending.

The fiscal challenges for New Mexico were significant in FY 2017. The University's state appropriations were reduced by about \$14.1 million compared to the previous FY. The Transforming NMSU into a 21st Century University comprehensive improvement effort has redefined our organizational structure by achieving and identifying operational efficiencies. Through this effort and a focus on the reduction of positions, expenditures were aligned with revenue projections. This realignment allowed for strategic investments in priority areas to serve our University's mission of instruction, research, extension education and public service.

Aggie pride is apparent all over our beautiful campuses as we continue to enhance the learning experiences of students through world-class facilities. We have recently completed renovations to Jett Hall and Rentfrow Hall for the colleges of engineering and education respectively, as well as renovation and improvements at Doña Ana Community College locations.

New Mexico's economic situation has become more stable, and with the continuation of initiatives focused on our strategic goals and vigilant operational management, the University is well positioned to accomplish our mission and meet the needs of our students, researchers, and public service providers. Through collaboration and the combined talents, support and dedication of our Regents, faculty, staff, students and friends, I am confident we have positioned the University to be stronger and better prepared than ever to deliver excellent service to the great people of New Mexico.

Sincerely,



Garrey Carruthers, Ph.D.
Chancellor



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

Board of Regents
New Mexico State University
and
Mr. Timothy Keller, New Mexico State Auditor:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit of New Mexico State University (the University), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the New Mexico State University, as of June 30, 2017 and 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 2 to the financial statements, the University elected to change its method of accounting for the New Mexico Land Grant Permanent Fund, as of July 1, 2016. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedule of Funding Progress and Employer Contributions – Other Post-Employment Benefits (schedule 5), Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (schedule 6) as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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. The accompanying Chancellor's Letter, Combining Statement of Net Position (schedule 1), Combining Statement of Revenues, Expenses, and Changes in Net Position (schedule 2) Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (schedule 7), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Statement of Net Position (schedule 1), Combining Statement of Revenues, Expenses, and Changes in Net Position (schedule 2) Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position (schedule 1), Combining Statement of Revenues, Expenses, and Changes in Net Position (schedule 2) Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Chancellor's Letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Albuquerque, New Mexico
December 18, 2017

**Management's Discussion and Analysis
For the Year Ended June 30, 2017 and 2016
(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) financial activities for the fiscal years ended June 30, 2017 and 2016. 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 to the financial statements. 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. Readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University. They can also determine how much the University owes to vendors, investors and lending institutions. Finally, the Statement of Net Position outlines the net position (assets minus liabilities) available to the University and defines that availability.

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, federal Pell grant revenue, state lottery scholarship revenue, local tax levy revenue, gift revenue, and interest earned on operating balances. The line item entitled "Loss before other revenues" 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. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from non-capital financing activities. It includes the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section includes cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section includes the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth and final section reconciles the net cash used for operations to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

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.

For the years ended June 30, 2017, 2016 and 2015, the University's financial position was as follows:
(In thousands)

Condensed Net Position	June 30, 2017	June 30, 2016	June 30, 2015
ASSETS			
Current assets	\$ 103,736	\$ 109,860	\$ 96,714
Capital assets, net	502,900	504,968	506,109
Other non-current assets	163,784	226,784	227,908
TOTAL ASSETS	770,420	841,612	830,731
DEFERRED OUTFLOWS OF RESOURCES	70,110	45,437	32,881
LIABILITIES			
Current liabilities	58,067	65,229	71,664
Pension liability	507,688	473,733	431,412
Other non-current liabilities	157,556	166,387	174,474
TOTAL LIABILITIES	723,311	705,349	677,550
DEFERRED INFLOWS OF RESOURCES	24,850	22,874	45,877
NET POSITION			
Net investment in capital assets	396,577	390,726	386,895
Restricted	64,187	134,608	120,518
Unrestricted	(368,394)	(366,508)	(367,228)
TOTAL NET POSITION	\$ 92,370	\$ 158,826	\$ 140,185

Condensed Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES			
Federal appropriations, grants, and contracts	\$ 89,478	\$ 90,638	\$ 106,972
Student tuition and fees (net)	67,125	71,294	72,404
Other operating revenues	65,103	64,461	60,572
TOTAL OPERATING REVENUES	221,706	226,393	239,948
OPERATING EXPENSES			
Instruction	147,434	151,325	149,097
Research	86,442	92,090	106,275
Other operating expenses	293,937	295,794	304,540
TOTAL OPERATING EXPENSES	527,813	539,209	559,912
Net operating loss	(306,107)	(312,816)	(319,964)
Non-operating revenues and expenses	278,743	288,807	285,238
Loss before other revenues	(27,364)	(24,009)	(34,726)
Other revenues	23,368	42,650	26,532
Increase (Decrease) in net position	(3,996)	18,641	(8,194)
Net position at beginning of year	158,826	140,185	148,379
Net Effect of Change In Accounting Principle	(62,460)	-	-
Net position at end of year	\$ 92,370	\$ 158,826	\$ 140,185

Note 1: Certain reclassifications were made to 2015 information to conform to 2016 presentation.

General Overview for 2017 and 2016

In fiscal year 2017, total assets of the institution decreased by \$71.2 million primarily related to the removal of the Land Grant and Permanent Fund (LGPF) of \$62.5 million as a result of a State of New Mexico policy change regarding the University's beneficial interest in the LGPF within the State's Comprehensive Annual Financial Report. Deferred outflows increased by \$24.7 million, liabilities increased by \$18.0 million and deferred inflows increased by \$2.0 million.

The more significant changes in the Statement of Net Position include:

- ✚ Decrease in the investments of \$55.0 million, due primarily to the removal of the Land Grant Permanent Fund.
- ✚ Decrease in cash and cash equivalents of approximately \$6.7 million.
- ✚ Decrease in long-term liabilities of \$7.8 million, due primarily to principal payments made on outstanding revenue bonds.
- ✚ Increases in the pension liability of \$34.0 million, and changes in deferred outflows and deferred inflows as mentioned above. These items are related to the adjustments made to the pension liability as required by GASB 68.

The operations discussed below contributed to the decrease in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components that added to the \$22.6 million variance in change in net position from the prior year before the net effect of the change in accounting principle related to the removal of the land grant and permanent fund of \$62.5 million include:

- ✚ A decrease in capital revenues of \$18.6 million.
- ✚ Decrease in state appropriations of \$14.1 million.
- ✚ Decrease in gifts and non-exchange grants of \$4.8 million resulting from the previous year's recognition of deferred revenues.
- ✚ Decrease in Federal Pell grants of \$1.4 million.

The decreases were offset in part by the following:

- ✚ A reduction in the net operating loss of \$6.7 million.
- ✚ Increases in investment income of \$7.3 million and gain on sale of land of \$2.5 million.

The Statement of Cash Flows shows a net decrease 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-capital financing activities was from state appropriations. The most significant uses of cash were for payments to employees and for employee benefits and payments to suppliers.

General Overview for 2016 and 2015

In fiscal year 2016, total assets of the institution increased by \$10.9 million, deferred outflows increased by \$12.5 million, liabilities increased by \$27.8 million while deferred inflows decreased by \$23.0 million.

The more significant changes in the Statement of Net Position include:

- ✚ Increase in accounts receivable of \$4.9 million, or approximately 9% over the prior year.
- ✚ Increases in cash and investments of approximately \$7.9 million.
- ✚ Decrease in unearned revenue of \$6.7 million due primarily to the recognition of revenue on various non-exchange gifts which had previously been deferred.
- ✚ Decrease in long-term liabilities of \$10.4 million, due primarily to principal payments made on outstanding revenue bonds.
- ✚ Increases in the pension liability of \$42.3 million, and changes in deferred outflows and deferred inflows as mentioned above. These items are related to the adjustments made to the pension liability as required by GASB 68.

The operations discussed below contributed to the increase in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components which added to the \$18.6 million net increase from the prior year include:

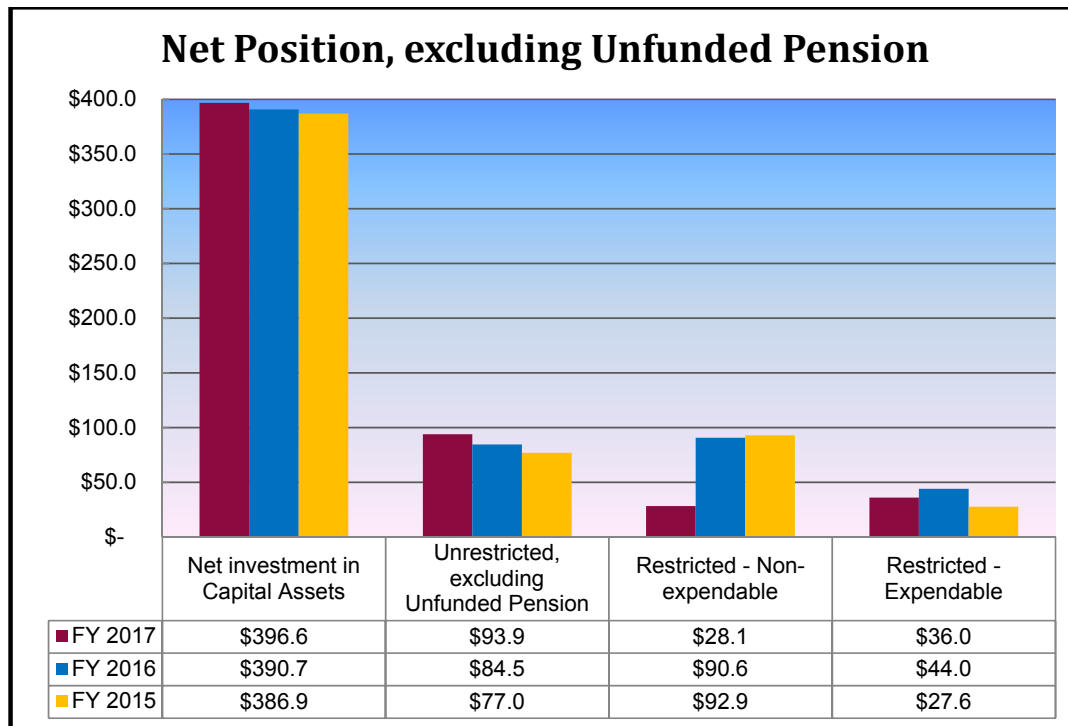
- ✚ A reduction in the net operating loss of \$7.1 million
- ✚ Increase in gifts and non-exchange grants of \$3.2 million resulting from the recognition of previously deferred revenues.
- ✚ Increase in capital appropriations, and capital grants, gifts and other income of \$14.5 million.

These increases were offset in part by the following:

- ✚ A decrease in several revenue sources: Federal Pell grants of \$3.8 million, state lottery scholarship of \$1.5 million, investment income of \$1.8 million.

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-capital financing activities was from state appropriations. The most significant uses of cash were for payments to employees and for employee benefits and payments to suppliers.

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2017, 2016 and 2015. The effect of the implementation of GASB 68 related to the net unfunded pension liability has been excluded from the graph to provide a clearer picture of the unrestricted net position. The decrease in Restricted – Non-expendable in 2017 was due to the removal of the Land Grant Permanent Fund.



Operating Revenues for 2017 and 2016

Net operating revenues declined by \$4.7 million in fiscal year 2017 compared to 2016. The main contributor to the loss was a decrease in student tuition and fees (net), one of the larger operating revenue sources, which decreased by approximately \$4.2 million or 5.8%.

Other changes in operating revenues were as follows:

- ✚ Increase in state grants and contracts of \$1.9 million (13.1%) related to the New Mexico LEAD and CORE RDA grants.
- ✚ Decrease in federal appropriations, grants and contracts of \$1.1 million, which can be attributed to the Department of Defense.
- ✚ A decrease in non-governmental grants and contracts of \$1 million related to the GO Teacher Noncredit Certificate Program and Sagrapa Extension Project.

The net operating loss for fiscal year 2017 was \$306.1 million and was less than the fiscal year 2016 operating loss of \$312.8 million by \$6.7 million.

Operating Revenues for 2016 and 2015

Net operating revenues declined by \$13.6 million in fiscal year 2016 compared to 2015. The main contributor to the loss was in the federal appropriations, grants and contracts area which was the result of loss of funding for research and student financial aid. Student tuition and fees (net), one of the larger operating revenue sources, decreased by approximately \$1.1 million or 1.5%.

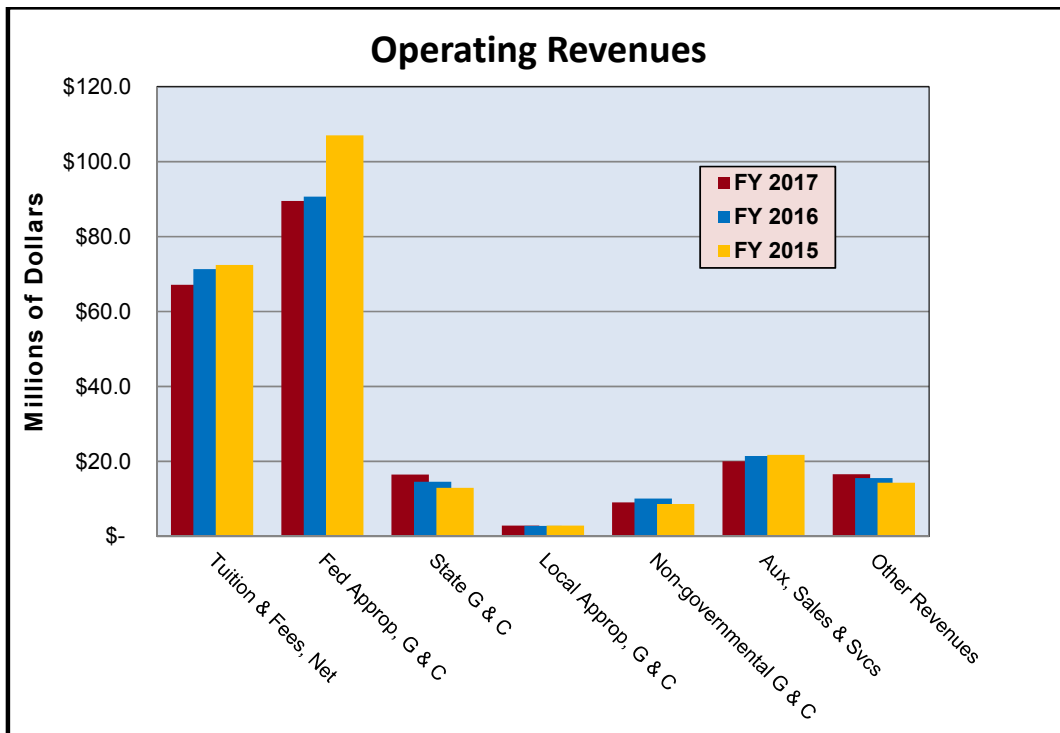
Although enrollment was lower in fiscal year 2016, a modest increase in the tuition rates helped mitigate the loss from the enrollment decline.

The most significant changes in operating revenues were as follows:

- ✚ Decrease in federal appropriations, grants and contracts of \$16.3 million (15.3%). The loss of the *Columbia Space Balloon Facility* contract with NASA resulted in reduced revenues of approximately \$20.1 million from the prior year. This decline was offset in part by a \$5.1 million dollar increase in funding from the Department of Defense for the *Information Operations Vulnerability/Survivability Assessment Program (IOVSA)*.
- ✚ Increase in state grants and contracts of \$1.6 million which can be attributed to the *NM LEAD* grant.
- ✚ A decrease in auxiliary enterprises revenue of \$1.5 million primarily from the housing and Corbett Center units.

The net operating loss for fiscal year 2016 was \$312.8 million and was less than the fiscal year 2015 operating loss of \$319.9 million by \$7.1 million.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2017, 2016 and 2015.



Operating Expenses for 2017 and 2016

Operating expenses decreased by \$11.4 million in fiscal year 2017 from the prior year. The increase in pension expense and change in deferred inflows and outflows of \$4.5 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed so as to better analyze the remaining expenses. After removing the pension expense allocation, the largest dollar changes in operating expense were as follows:

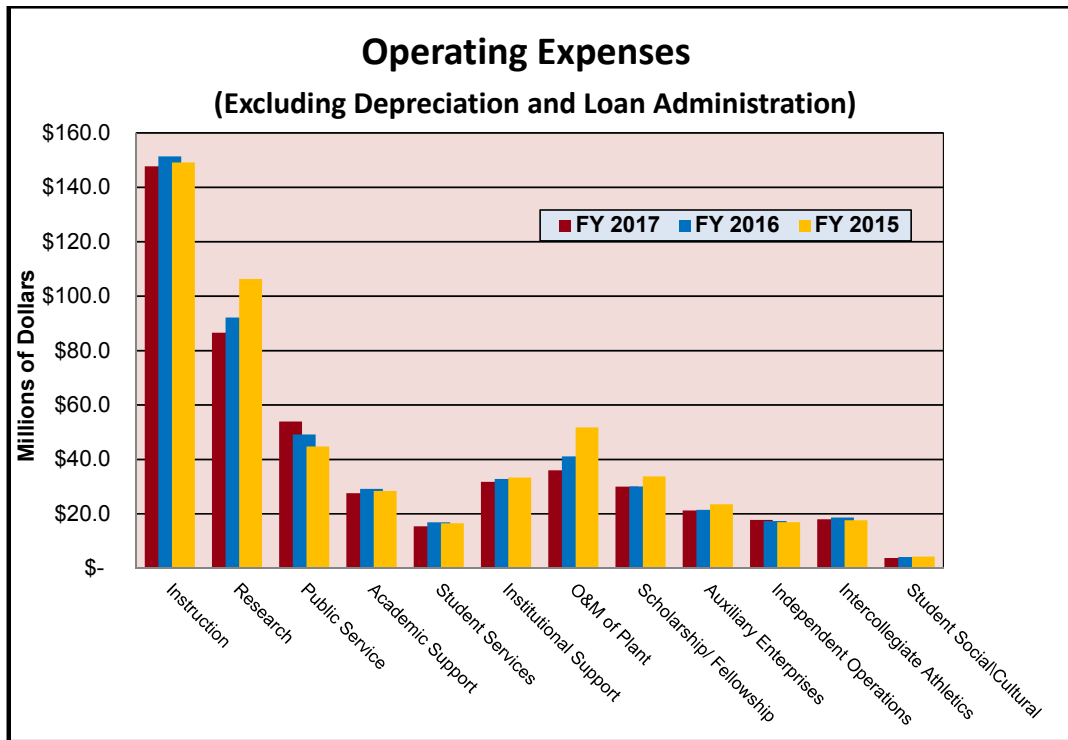
- ✚ A decrease in research expense of \$5.8 million, primarily related to the reduction of Department of Defense awards.
- ✚ A decrease in operation and maintenance of plant expense of \$5.6 million largely attributed to the University's energy performance contract.
- ✚ A decrease in instruction expense of \$5.4 million, primarily related to payments to employees for salary and fringe benefits.
- ✚ An increase in public service of \$4.6 million, due primarily to the *NM LEAD* grant in the Business College and the *Collaborating for Outstanding Readiness in Education – Results Driven Accountability* grant in the Education College.

Operating Expenses for 2016 and 2015

Operating expenses decreased by \$20.7 million in fiscal year 2016 from the prior year. The increase in pension expense and change in deferred inflows and outflows of \$7.4 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed to better analyze the remaining expenses. After removing the pension expense allocation, the largest dollar changes in operating expense were as follows:

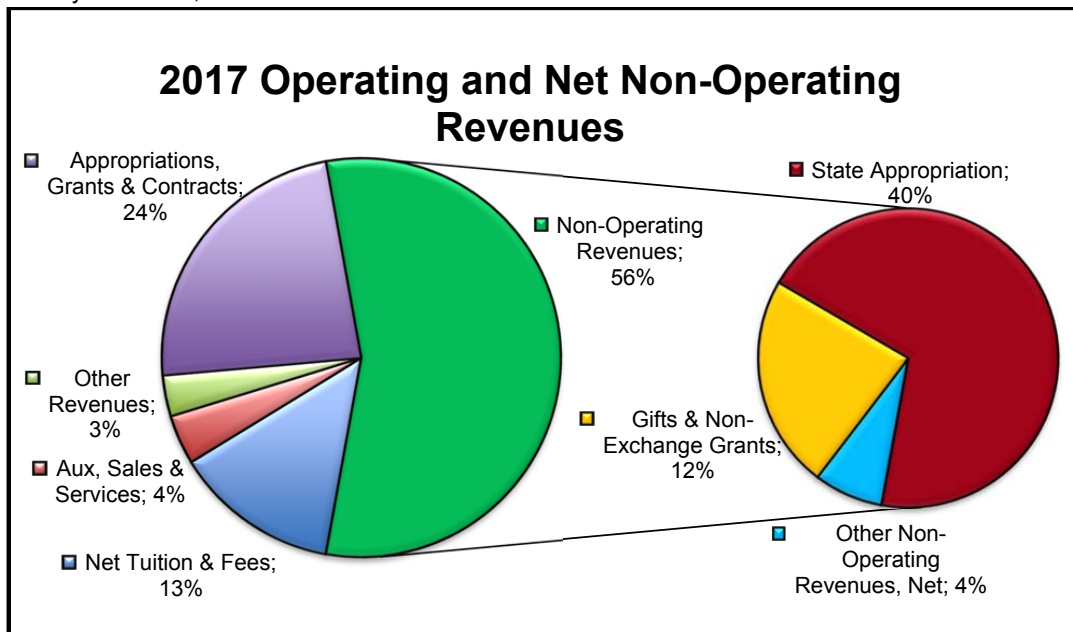
- ✚ A decrease in research expense of \$15.4 million, primarily related to the loss of the CSBF contract mentioned above offset by the IOVA program expenditures.
- ✚ A decrease in operation and maintenance of plant expense of \$11.1 million largely attributed to one-time expenditures made related to the University's energy performance contract in the prior fiscal year.
- ✚ A reduction of scholarships and fellowships expense of \$3.8 million (11.3%). This decrease is due to declines in federal Pell awards resulting from declines in enrollment and a reduction in funding from the New Mexico Lottery scholarship, which can be attributed both to enrollment declines and to a reduction in the percentage of tuition funded.
- ✚ An increase in public service of \$3.8 million, due primarily to the *NM LEAD* grant in the Business College, the *Collaborating for Outstanding Readiness in Education – Results Driven Accountability* grant in the Education College and the SNAP Ed grant in the College of Agricultural, Consumer, and Environmental Sciences. These increases were offset in part by completion of the Abstinence Education grant, *Success with Adolescent Goals* and the Comprehensive Geriatric Education program.

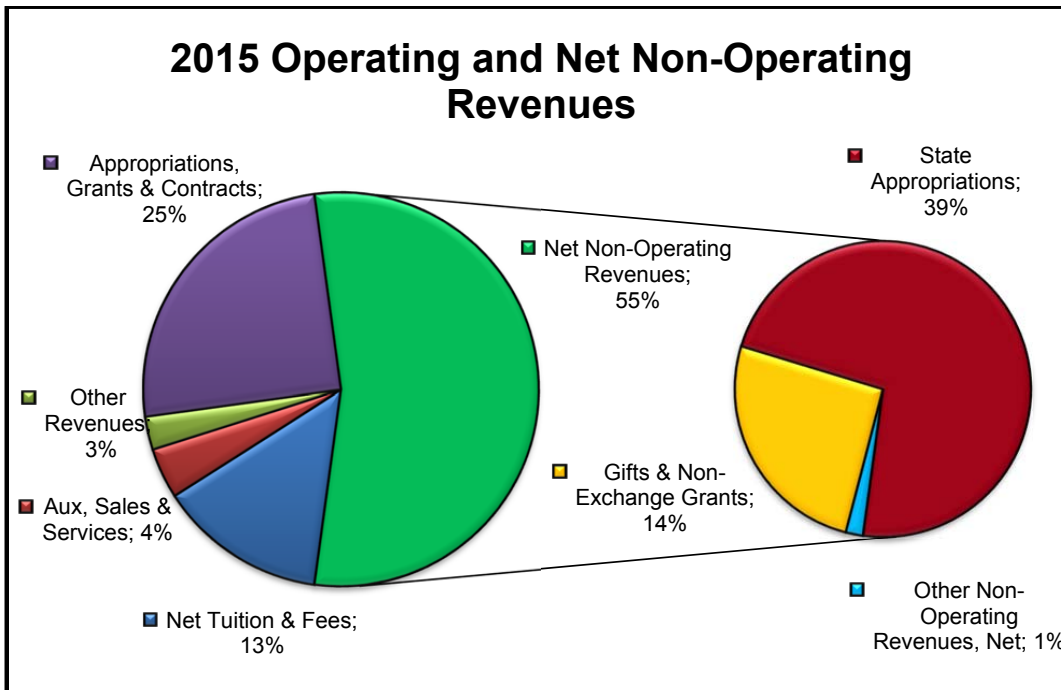
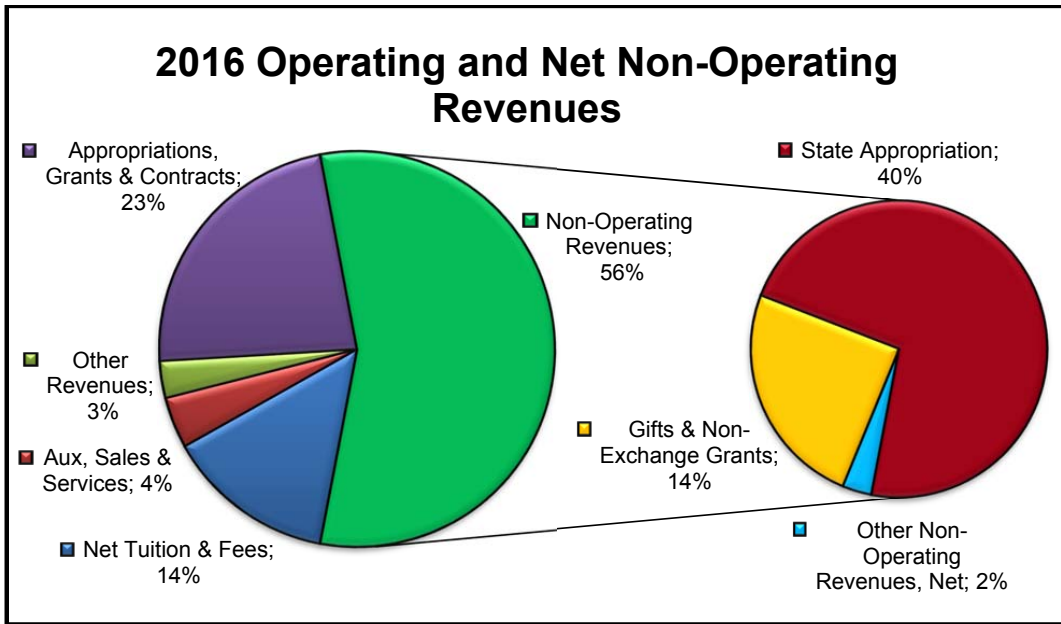
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and loan administration, for fiscal years 2017, 2016 and 2015.



The Statement of Revenues, Expenses, and Changes in Net Position reflects a net loss before other revenues of \$27.4 million, \$24.0 million and \$34.7 million in fiscal years 2017, 2016 and 2015, respectively.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2017, 2016 and 2015.





Capital Asset and Debt Administration

During fiscal year 2017, net capital assets decreased slightly (.4%). The projects that increased capital assets included current period expenditures for construction at Jett Hall (\$7.8 million), Rentfrow Hall (\$2.5 million), and renovation and improvements at DACC Central and East Mesa campuses totaling \$3.5 million and \$1.4 million respectively. In addition to construction costs, there were increases in capital assets related to capital equipment purchases (\$6.5 million) and capital library purchases (\$3.3 million), which were offset by equipment, library, and software retirements of (\$4.3 million), and net accumulated depreciation of (\$29.3 million). During fiscal year

2017, Moody's Investors Service assigned the University an A1 rating with a stable outlook. The previous assigned rating from Moody's Investors Service was an Aa3.

During fiscal year 2016, net capital assets decreased slightly (.2%). While several capital projects were capitalized during the year, the recording of annual depreciation expense and retirements resulted in a slight overall net decrease. The projects that primarily increased capital assets included current period expenditures for construction at Jett Hall (\$8.5 million), the Hardman and Jacobs Undergraduate Learning Center (\$5.2 million) and the renovation of the Corbett Center Student Union (\$1.7 million). In addition to construction costs, there were increases in capital assets related to capital equipment purchases (\$6.3 million) and capital library purchases (\$3.4 million), offset by equipment, library, and software retirements of (\$6.3 million), and net accumulated depreciation of (\$29.5 million).

Budget Comparison

In comparing the total original budget to the revised budget for fiscal year 2017, there was a net increase of approximately \$5.0 million in revised budgeted revenue, and an increase of approximately \$14.3 million in revised budgeted expenditures. The significant changes to the revenue budget were increases in other sources of revenue, offset by reductions in state appropriations and tuition and fees revenue. The increase in other sources of revenue were mainly due to adjustments in the capital outlay budgets in anticipation of increased progress on capital projects. The offsetting revenue decreases were the result of a 5% mid-year reduction to higher education state appropriations, which resulted in a \$10.1 million reduction to the NMSU system, as well as decreases in tuition and fees revenue, which were adjusted due to the enrollment decline. The increase in budgeted expenditures relates primarily to the capital outlay budget, which as stated above was increased to allow sufficient expenditure authority for capital projects in process or approaching completion.

Actual revenues earned in fiscal year 2017 were lower than the revised budget by \$27.3 million and actual expenditures were lower than the revised budget by \$50.1 million. The main contributors to the revenue budget variance were federal revenue and other sources (93% of the variance). Contributors to the expense budget variance were in the instruction, research, auxiliary services, capital outlay, and renewals and replacements categories (66% of the variance). 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 less than revenues, resulting in an increase in the overall fund balance of \$1.5 million. The primary source of this increase is in the renewals and replacements area, which is mainly due to the timing difference between the actual revenues, transfers and expenses based on multi-year spending plans. This increase was partially offset by a decrease in instruction and general spending due to decreasing revenues.

Factors Impacting Future Periods

During the New Mexico 2017 legislative session, the governor vetoed funding for all higher education institutions and the legislative branch. The legislative-passed House Bill 2 would have reduced all of higher education funding by 1% in addition to making the 5% cut from the fiscal year 2017 special session held October 2016, permanent in fiscal year 2018. On May 24, 2017, the legislature convened for a special session to address the line-item vetoes in House Bill 2. The legislature passed bills to restore funding for higher education and the legislative branch to the same level approved in the 2017 regular session two months earlier. The governor signed the bills on May 26, 2017 restoring funding for fiscal year 2018. The final impact on the NMSU system was a reduction of 1.1% from the fiscal year 2017 special session or a 6% reduction from the fiscal year 2017 level.

Through on-going cost cutting strategies, the University identified funds to cover the budget reductions related to state appropriations and enrollment declines for fiscal year 2018. On a positive note, student enrollment for Fall 2017 reflects an 11% increase in first time freshman from Fall 2016, the University's largest increase for first

time freshman in more than 17 years. In addition, there has been some stabilization at the state level with regard to positive trends in revenue projections and reserve balances.

On July 13, 2017, the Regents of New Mexico State University issued \$73,240,000 of refunding and improvement revenue bonds known as Series 2017 A (\$40,740,000) refunding and improvement, Series 2017 B (\$18,975,000) taxable refunding, and Series 2017 C (\$13,525,000) refunding revenue (crossover refunding). Approximately \$32.5 million of the revenue bond proceeds will be used to construct a new residence hall and/or renovate existing residence facilities. The remaining funds will be used to refund existing housing related revenue bonds and debt service.

The University is not aware of any additional facts, decisions, or conditions expected to have a significant effect on the financial position or results of operations during fiscal year 2018, 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 any unknown internal and external issues.

New Mexico State University

Statements of Net Position

As of June 30, 2017

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,666,705	\$ 11,875,784
Restricted cash and cash equivalents	10,144,470	-
Cash and cash equivalents held in trust by component unit for NMSU	6,339,259	6,339,259
Cash and cash equivalents held in trust by others	6,619,165	-
Short-term investments	10,036,594	385,307
Accounts receivable, net	52,806,103	9,791,044
Due from component unit	1,500,977	-
Inventories	2,289,331	-
Prepaid expenses	3,229,357	125,381
Student loans receivable - current portion, net	1,103,696	-
Total current assets	103,735,657	28,516,775
Non-current assets		
Unrestricted cash and cash equivalents	38,274,357	11,410,763
Restricted cash and cash equivalents	6,319,877	-
Investments held by others	-	2,881,114
Investments held in trust by component unit for NMSU	39,071,502	39,071,502
Investments held in trust for others	-	364,501
Other long-term investments	70,179,403	116,852,875
Student loans receivable, net	9,933,269	-
Prepaid expenses and other assets	5,946	187,120
Capital assets, net	502,900,397	59,610
Total non-current assets	666,684,751	170,827,485
TOTAL ASSETS	770,420,408	199,344,260
DEFERRED OUTFLOWS OF RESOURCES		
	70,110,135	-
LIABILITIES		
Current liabilities		
Accounts payable	10,409,306	66,879
Due to NMSU	-	1,500,977
Other accrued liabilities	17,696,040	-
Accrued interest payable	1,715,659	-
Held in trust for NMSU	-	6,339,259
Unearned revenue	8,466,772	430,356
Held in trust by NMSU	6,052,135	-
Long-term liabilities - current portion	13,727,356	196,882
Total current liabilities	58,067,268	8,534,353
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	39,071,502
Other long-term liabilities	156,896,156	2,518,601
Net pension liability	507,687,518	-
Total non-current liabilities	665,243,304	41,590,103
TOTAL LIABILITIES	723,310,572	50,124,456
DEFERRED INFLOWS OF RESOURCES		
	24,850,193	-
NET POSITION		
Net investment in capital assets	396,576,507	59,610
Restricted for:		
Non-expendable:		
Endowments	28,142,453	94,406,368
Expendable:		
Endowments	1,906,228	51,720,227
General activities	6,762,073	-
Federal student loans	14,302,898	-
Capital projects	12,277,620	-
Related entity activities	795,809	-
Unrestricted	(368,393,810)	3,033,599
TOTAL NET POSITION	\$ 92,369,778	\$ 149,219,804

New Mexico State University
Statements of Net Position
As of June 30, 2016

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,491,001	\$ 9,784,570
Restricted cash and cash equivalents	12,918,988	-
Cash and cash equivalents held in trust by component unit for NMSU	5,826,453	5,826,453
Cash and cash equivalents held in trust by others	6,926,583	-
Short-term investments	2,755,578	210,374
Accounts receivable, net	55,906,545	7,169,695
Due from component unit	2,031,831	-
Inventories	2,579,496	-
Prepaid expenses	5,163,108	106,349
Student loans receivable - current portion, net	1,260,852	-
Total current assets	109,860,435	23,097,441
Non-current assets		
Unrestricted cash and cash equivalents	33,250,464	-
Restricted cash and cash equivalents	10,655,992	11,063,566
Investments held by others	62,460,343	2,832,745
Investments held in trust by component unit for NMSU	36,344,701	36,344,701
Investments held in trust for others	-	356,899
Other long-term investments	72,716,885	105,248,871
Student loans receivable, net	11,347,665	-
Prepaid expenses and other assets	7,328	186,614
Capital assets, net	504,968,368	142,902
Total non-current assets	731,751,746	156,176,298
TOTAL ASSETS	841,612,181	179,273,739
DEFERRED OUTFLOWS OF RESOURCES		
	45,436,747	-
LIABILITIES		
Current liabilities		
Accounts payable	15,736,285	13,116
Due to NMSU	-	2,031,831
Other accrued liabilities	17,997,480	-
Accrued interest payable	2,014,950	-
Held in trust for NMSU	-	5,826,453
Unearned revenue	9,294,915	494,307
Held in trust by NMSU	7,498,035	-
Long-term liabilities - current portion	12,687,577	208,792
Total current liabilities	65,229,242	8,574,499
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	36,344,701
Other long-term liabilities	165,726,950	2,739,732
Net pension liability	473,733,007	-
Total non-current liabilities	640,119,587	39,084,433
TOTAL LIABILITIES	705,348,829	47,658,932
DEFERRED INFLOWS OF RESOURCES		
	22,874,120	-
NET POSITION		
Net investment in capital assets	390,726,152	142,902
Restricted for:		
Non-expendable:		
Endowments	90,576,385	88,740,173
Expendable:		
Endowments	1,838,724	21,013,971
General activities	5,701,685	21,449,802
Federal student loans	17,753,365	-
Capital projects	18,051,147	-
Related entity activities	686,657	-
Unrestricted	(366,508,136)	267,959
TOTAL NET POSITION	\$ 158,825,979	\$ 131,614,807

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 107,477,271	\$ -
Less: scholarship allowances	(40,352,088)	-
Student tuition and fees (net)	67,125,183	-
Federal appropriations, grants and contracts	89,478,461	-
State grants and contracts	16,508,697	-
Local appropriations, grants and contracts	2,898,663	-
Non-governmental grants, contracts and gifts	9,060,235	9,769,845
Sales and services	5,429,962	1,349,831
Auxiliary enterprises (net of scholarship allowances)	14,637,709	-
Other operating revenues	16,566,675	-
Total operating revenues	<u>221,705,585</u>	<u>11,119,676</u>
EXPENSES		
Operating expenses:		
Instruction	147,433,569	-
Research	86,441,908	-
Public service	53,831,021	-
Academic support	27,494,971	-
Student services	15,372,147	-
Institutional support	31,711,240	-
Operation and maintenance of plant	36,537,879	-
Scholarships and fellowships	29,942,054	-
Auxiliary enterprises	21,195,218	-
Independent operations	17,699,739	-
Intercollegiate athletics	17,947,564	-
Student social and cultural	3,863,536	-
Loan administration (net)	2,867,905	-
Depreciation	35,473,782	89,551
Other operating expenses	-	12,419,017
Total operating expenses	<u>527,812,533</u>	<u>12,508,568</u>
Net operating income (loss)	<u>(306,106,948)</u>	<u>(1,388,892)</u>
Non-operating revenues (expenses):		
State appropriations	193,515,000	-
Federal Pell grants	39,587,298	-
State lottery scholarship	15,641,172	-
Local tax levy revenue	12,941,281	-
Gifts and non-exchange grants	9,066,256	-
Investment income (loss)	3,009,469	13,599,859
Land lease and permanent fund revenue	3,110,115	-
Building fees	4,126,169	-
Loss on disposal of plant	(405,298)	-
Gain on sale of land	2,455,510	-
Additions to quasi endowments	151,320	-
Interest and other expenses on capital asset-related debt	(4,948,886)	-
Other non-operating revenues (expenses)	493,981	(272,165)
Net non-operating revenues	<u>278,743,387</u>	<u>13,327,694</u>
Income (loss) before other revenues	<u>(27,363,561)</u>	<u>11,938,802</u>
Capital appropriations	18,620,802	-
Capital grants, gifts, and other income	2,550,164	-
Additions to permanent endowments	2,196,737	5,666,195
Increase (decrease) in net position	<u>(3,995,858)</u>	<u>17,604,997</u>
NET POSITION		
Beginning of year, as previously reported	158,825,979	131,614,807
Change in accounting principle (Note 2)	(62,460,343)	-
Beginning of year, as restated	<u>96,365,636</u>	<u>-</u>
End of year	<u>\$ 92,369,778</u>	<u>\$ 149,219,804</u>

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 111,641,792	\$ -
Less: scholarship allowances	(40,347,585)	-
Student tuition and fees (net)	71,294,207	-
Federal appropriations, grants and contracts	90,637,831	-
State grants and contracts	14,590,177	-
Local appropriations, grants and contracts	2,784,153	-
Non-governmental grants, contracts and gifts	10,087,186	9,279,881
Sales and services	6,269,111	355,879
Auxiliary enterprises (net of scholarship allowances)	15,191,890	-
Other operating revenues	15,538,726	-
Total operating revenues	226,393,281	9,635,760
EXPENSES		
Operating expenses:		
Instruction	151,325,381	-
Research	92,090,234	-
Public service	49,141,698	-
Academic support	29,133,346	-
Student services	16,851,902	-
Institutional support	32,780,883	-
Operation and maintenance of plant	41,135,221	-
Scholarships and fellowships	29,997,863	-
Auxiliary enterprises	21,475,142	-
Independent operations	17,322,820	-
Intercollegiate athletics	18,640,460	-
Student social and cultural	4,115,692	-
Loan administration (net)	(347,703)	-
Depreciation	35,546,359	103,103
Other operating expenses	-	13,406,454
Total operating expenses	539,209,298	13,509,557
Net operating loss	(312,816,017)	(3,873,797)
Non-operating revenues (expenses):		
State appropriations	207,568,589	-
Federal Pell grants	40,989,904	-
State lottery scholarship	16,197,814	-
Local tax levy revenue	12,465,269	-
Gifts and non-exchange grants	13,826,990	-
Investment income (loss)	(4,316,053)	(4,821,000)
Land lease and permanent fund revenue	3,608,100	-
Building fees	3,964,856	-
Loss on disposal of plant	(305,658)	-
Additions to quasi endowments	156,213	-
Interest and other expenses on capital asset-related debt	(5,218,715)	-
Other non-operating expenses	(130,419)	(275,168)
Net non-operating revenues (expenses)	288,806,890	(5,096,168)
Loss before other revenues	(24,009,127)	(8,969,965)
Capital appropriations	36,412,972	-
Capital grants, gifts, and other income	3,347,485	-
Additions to permanent endowments	2,889,958	8,016,376
Increase (decrease) in net position	18,641,288	(953,589)
NET POSITION		
Beginning of year	140,184,691	132,568,396
End of year	\$ 158,825,979	\$ 131,614,807

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2017

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 67,709,914
Grants and contracts received	117,480,559
Payments to suppliers	(114,416,113)
Payments for travel	(12,480,702)
Payments to employees and for employee benefits	(317,637,165)
Disbursement of net aid to students	(36,452,901)
Receipts from sales, services, and auxiliary enterprises	22,220,736
Other operating revenues	15,651,629
Net cash used by operating activities	<u>(257,924,043)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	193,515,000
Gifts and grants for other than capital purposes	59,167,497
Tax levy revenue	12,941,281
Private gifts for endowment	1,899,390
Other non-operating revenue	493,984
Net cash provided by non-capital financing activities	<u>268,017,152</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	158,714
Proceeds from sale of capital assets	2,489,349
Proceeds held by NM Finance Authority - general obligation bonds	6,619,165
Capital gifts, grants and contracts	14,551,801
Purchases/construction/renovation of capital assets	(33,844,949)
Principal paid on capital debt and leases	(9,877,354)
Interest and fees paid on capital debt and leases	(5,246,795)
Building fees received from students	4,126,169
Net cash used by capital and related financing activities	<u>(21,023,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	23,550,000
Proceeds held in trust by NMSU Foundation	512,806
Interest on investments	9,485,654
Purchase of investments	(29,323,317)
Net cash provided by investing activities	<u>4,225,143</u>
Net increase in cash and cash equivalents	(6,705,648)
Cash and cash equivalents - beginning of year	84,069,481
Cash and cash equivalents - end of year	<u>\$ 77,363,833</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (306,106,948)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	35,473,782
Change in assets and liabilities:	
Increase in accounts receivable	2,317,768
Increase in prepaid expenses	1,933,751
Decrease in inventory	290,165
Decrease in loans receivable	1,571,552
Increase in accounts payable and other accrued liabilities	(3,700,794)
Decrease in unearned revenue	485,385
Decrease in held in trust by NMSU	(1,445,900)
Increase in net pension liability and related deferred inflows and outflows of resources	11,257,196
Net cash used by operating activities	<u>\$ (257,924,043)</u>

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2016

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 71,404,428
Grants and contracts received	109,859,440
Payments to suppliers	(110,879,261)
Payments for travel	(13,450,096)
Payments to employees and for employee benefits	(336,334,147)
Disbursement of net aid to students	(32,602,883)
Receipts from sales, services, and auxiliary enterprises	17,964,026
Other operating revenues	16,743,734
Net cash used by operating activities	<u>(277,294,759)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	207,568,589
Gifts and grants for other than capital purposes	71,014,708
Tax levy revenue	12,465,269
Private gifts for endowment	3,592,353
Other non-operating expense	(130,419)
Net cash provided by non-capital financing activities	<u>294,510,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	75,627
Proceeds held by NM Finance Authority - general obligation bonds	6,926,583
Capital gifts, grants and contracts	32,833,874
Purchases/construction/renovation of capital assets	(34,711,367)
Principal paid on capital debt and leases	(12,135,910)
Interest and fees paid on capital debt and leases	(4,999,355)
Building fees received from students	3,964,856
Net cash used by capital and related financing activities	<u>(8,045,692)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	62,835,000
Proceeds held in trust by NMSU Foundation	2,320,156
Interest on investments	2,542,664
Purchase of investments	(70,358,536)
Realized gain on investments	9,500
Net cash used by investing activities	<u>(2,651,216)</u>
Net increase in cash and cash equivalents	6,518,833
Cash and cash equivalents - beginning of year	77,550,648
Cash and cash equivalents - end of year	<u>\$ 84,069,481</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (312,816,017)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	35,546,359
Change in assets and liabilities:	
Increase in accounts receivable	(5,286,801)
Increase in prepaid expenses	(415,770)
Decrease in inventory	23,950
Decrease in loans receivable	1,571,325
Increase in accounts payable and other accrued liabilities	2,455,027
Decrease in unearned revenue	(6,679,394)
Increase in held in trust by NMSU	1,544,542
Increase in net pension liability and related deferred inflows and outflows of resources	6,762,020
Net cash used by operating activities	<u>\$ (277,294,759)</u>

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 (Constitution). Under Article XII, Section 13 of the Constitution, the University is 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 Chancellor 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 provides a liberal and practical education for students and sustains 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

Reporting Entity. *The Governmental Accounting Standards Board’s (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB Statements No. 80, Blending Requirements for Certain Component Units - and amendment of GASB Statement No. 14, provide 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. The Foundation is a nonprofit corporation which provides financial benefit to the University by acquiring and managing charitable gifts, including endowed funds, to be used solely for the benefit of the University. Under GASB 39 and GASB 80 criteria, Arrowhead Center, Inc. meets the criteria for blended presentation. Arrowhead Center Inc. provides a financial benefit to the University and was established to foster economic development within the State through the development of research parks and University real property as well as to protect, license, and market intellectual property developed by faculty, staff and students of the University, as well as members of the community. 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. Aggie Development Inc. is a blended component unit that did not meet the materiality threshold that requires audited financial statements and therefore its activity is included in the NMSU audited financial statements, but its information is not included in Note 11 - Component Units. The mailing addresses for each of 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 and the American Institute of Certified Public Accountants’ (AICPA) guide.

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. Eliminations are not performed between the University and the Foundation. The University is an enterprise fund of the State of New Mexico and, as such, is included in the State of New Mexico's Comprehensive Annual Financial Report.

Current Assets. Current assets consist of unrestricted assets which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are classified as non-current assets.

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 in accordance with GASB Statement No.72 (*Fair Value Measurement and Application*). 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 University and the Foundation record purchased marketable securities at cost and marketable securities received by gift at estimated fair value on the date of donation. Marketable securities are carried 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 University and the Foundation believe 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. 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 Statements 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 Pool 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: 1) The target spending based on the current endowment value, and 2) last year's spending adjusted for inflation. A 20-percent weighting is given to the policy rate applied to the Pool'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, acquisition 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 are as follows:

<u>Category</u>	<u>Useful Life</u>
Software	5 or 10 years
Equipment	6 or 15 years
Infrastructure	10 to 20 years
Componentized buildings	12 to 50 years
Library books	15 years
Non-componentized buildings	25 or 40 years

As an institute of higher education in existence for over 100 years, New Mexico State University has acquired significant collections of art, rare books, historical treasures and other special collections. The purpose of these collections is for public exhibition, education or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents'

policies regarding accessioning and de-accessioning. However, because of their invaluable and irreplaceable nature, these collections have not been capitalized and are therefore not presented in the accompanying Statement of Net Position.

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.

Current Liabilities. Current liabilities include accounts payable, other accrued liabilities and accrued interest payable. Other accrued liabilities include accrued current payroll and fringe benefits and current portion of unclaimed property. The benefits included consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings. Also included in current liabilities is the current portion of long-term debt and unearned revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2017 and 2016. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events. The University did not have any outstanding short-term debt for the year ended June 30, 2017 and 2016.

Non-Current Liabilities. Non-current liabilities, within other long-term liabilities, includes principal amounts of revenue bonds payable, contracts payable, the non-current portion of accrued compensated absences and unclaimed property, and other liabilities. Also included is pension liability.

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.

- *Annual leave:* Until June 30, 2016, regular full-time exempt and non-exempt employees earned annual leave at a rate of 22 working days per year. Effective July 1, 2016 the maximum annual leave that can be earned by employees changed to 20 days per year. Annual leave accrual will be based on the employee's period of continuous service of employment at the University. 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.
- *Sick leave:* Regular full-time exempt and non-exempt employees earn sick leave at a rate of 12 working days per year. Employees may carry forward up to 100 days (800 hours) of sick leave. Prior to July 1, 2016, employees were paid for earned sick leave over 600 hours (not to exceed 200 hours) upon termination. Effective July 1, 2016, the sick leave payout benefit upon termination was discontinued; however, employees with sick leave balances of greater than 600 hours on that date will receive a grandfathered benefit. Upon termination, they will be paid for the number hours over 600 (not to exceed 200 hours) that they had on July 1, 2016 or the number that they have upon termination, whichever is less. The sick leave payment is made at a rate of 50 percent of the employee's straight-time hourly salary.
- *Faculty care leave:* The University provides regular nine-month faculty with a paid leave benefit that can be used for any qualifying event under the federal Family and Medical Leave Act (FMLA). This benefit is referred to as "Faculty Care Leave". All regular nine-month faculty are eligible to participate in the benefit. No payment will be provided for accrued Faculty Care Leave balances upon separation from the University nor upon death.

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

- *Net investment in capital assets* – Represents the University's total capital assets, net of accumulated depreciation, outstanding debt obligations related to those capital assets and debt related deferred inflows and outflows. Debt that has been incurred but not yet expended for capital assets is not included as a component of net investment in capital assets.
- *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.
- *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.
- *Unrestricted net position* – Represents all other resources, including those derived from student tuition and fees, state appropriations, sales and services, unexpended plant, renewal and replacement and quasi endowments. 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 represents 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) certain 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 of the University include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, certain grants, tax levy revenue, 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, *Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments*. 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. Non-operating revenues of the Discrete Component Unit consists of investment income.

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 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 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. To the extent that revenues such as federal Pell grants and state lottery scholarships are used to satisfy tuition and fees and other student charges, the University has recorded scholarship discount and allowance as a contra-revenue. A pro rata share of the discounts and allowances are allocated to Auxiliary Enterprises.

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 2017 and 2016. 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 June 30, 2017 and 2016. 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 providing 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 Higher Education Act. 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.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications. Certain amounts in the 2016 financial statements and notes thereto have been reclassified to conform to 2017 financial statement presentation.

Change in Accounting Principle

Effective July 1, 2016, the State of New Mexico (State) changed its policy regarding the presentation of the Land Grant Permanent Fund (LGPF) within State's Comprehensive Annual Financial Report (CAFR). The State's institutions of higher education have a beneficial interest in the LGPF. Previously, the State presented the University's LGPF beneficial interest as an asset in the educational institution enterprise fund. Consistent with this presentation, the University recorded its LGPF beneficial interest as an asset in its stand-alone financial statements. The presentation of the LGPF as an asset in the educational institution enterprise fund and as an asset on the University's stand-alone financial statements is an acceptable presentation in accordance with U.S. generally accepted accounting principles (GAAP). However, with the adoption of the State's new policy on July 1, 2016, the University's beneficial interest in the LGPF will now be presented within a special revenue fund in the State CAFR and will no longer be presented in the educational institution enterprise fund. GAAP requires consistency between the State CAFR presentation and the presentation in the University's stand-alone financial statements. As a result, this change in policy will no longer permit institutions of higher education to record their respective beneficial interests in the LGPF as an asset within their stand-alone financial statements. Accordingly, the University has removed its respective beneficial interest in the LGPF as of July 1, 2016.

The following table presents the impact of the change in accounting principle on the University's net position:

University Reconciliation of Net Position	
	Total Net Position
Net position at July 1, 2016, as previously reported	\$ 158,825,979
Adjustment:	
Impact of change in accounting principle	(62,460,343)
Net position at July 1, 2016, restated for change in accounting principle	<u>\$ 96,365,636</u>

This change in presentation does not impact the University's beneficial interest in the LGPF assets and the University will continue to receive its beneficial interest in the earnings of the LGPF as required by law. See Note 3 - Cash and Investments for additional disclosures regarding the University's beneficial interest in the LGPF.

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 in short-term investments and other long-term investments. 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, 2017 and 2016, the University owned 321,360 and 333,831 shares which represented 25.90% and 26.44% of the total shares in the pool, respectively. The fair value per share as of June 30, 2017 and 2016 was \$134.42 and \$119.79, 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, 2017 and 2016.

For cash flow purposes the net change in cash does not include cash and cash equivalents held in trust by the component unit and others.

Investments. The Senior Vice President for Administration and Finance, the Controller, the Associate Controller, and the Banking, 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 46-9A-1 through 46-9A-10 NMSA 1978, existing bond covenants, or other externally placed restrictions. At June 30, 2017 and 2016, all investments are either held in the name of the University by its agent, or held by the University. Investments that will mature in less than one year are considered short-term. The investments not held by the Foundation consisted of U.S. agency securities, U.S. treasury notes, municipal securities, brokered negotiable certificates of deposit with an

original maturity of two to five years, and corporate stocks and bonds at June 30, 2017 and 2016. The Foundation's short-term investments in marketable securities consisted entirely of U.S Government and Agency securities and certificates of deposit at June 30, 2017 and 2016.

Endowment investments were \$39,071,502 and \$98,805,044 at June 30, 2017 and 2016, 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. A large portion of the reduction from 2016 to 2017 relates to the removal of the LGPF as discussed in Note 2.

At June 30, 2017 and 2016, the investments of the University and its Discrete Component Unit consisted of the following:

	2017 Fair Value	2016 Fair Value
University		
U.S. Agency and Treasury Securities	\$ 75,422,734	\$ 67,937,700
Municipal Securities	-	251,322
Certificates of Deposit	4,269,311	6,820,427
Domestic Equity Securities	523,952	463,014
Land Grant Permanent Fund	-	62,460,343
Pooled Investments Held by Others		
U.S. Government and Agency Securities	441,016	779,212
Mortgage Backed Securities	1,515,793	2,646,877
Domestic Corporate Stocks and Bonds	18,906,372	18,544,281
Foreign Corporate Stocks	7,408,103	5,198,213
Limited Partnerships	10,100,918	9,032,006
Land and Building	699,300	144,112
Total Investments	<u>\$ 119,287,499</u>	<u>\$ 174,277,507</u>
Foundation		
U.S Government and Agency Securities	\$ 1,230,891	\$ 2,104,766
Mortgage Backed Securities	4,336,691	7,307,903
Corporate Stocks and Bonds	80,354,970	70,454,761
Alternative Investments	28,898,765	24,936,950
Other Investments	2,416,865	654,865
Total Investments	<u>\$ 117,238,182</u>	<u>\$ 105,459,245</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 Foundation section. Investments held in trust for others by the Foundation are not included in this note.

Beneficial Interest. The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the State for the purposes of establishing a permanent fund which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The University is one of the specific entities identified that has a beneficial interest in the LGPF.

On July 1, 2016 the State of New Mexico (State) changed its policy regarding the presentation of the

University's beneficial interest in the LGPF within the State's Comprehensive Annual Financial Report (CAFR). As a result of the State's change in policy the University no longer presents its beneficial interest in the LGPF in its stand-alone Statements of Net Position. The income received from the beneficial interest by the University continues to be presented in its stand-alone Statements of Revenue, Expenses, and Changes in Net Position.

As an entity with a beneficial interest, the University receives monthly distributions of income from the LGPF as required by law. The University's beneficial interest and income received from this beneficial interest as of and for the years ending June 30, 2017 and 2016 are as follows:

	2017	2016
Balance of the University's beneficial interest as of June 30	\$67,587,571	\$62,460,343
Income received from the University's beneficial interest in the LGPF for the period ending June 30	\$ 2,716,981	\$ 2,822,331

Assets held by the Foundation for 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, 2017 and 2016.

	2017	2016
Equities	78 %	76 %
Fixed income	4 %	7 %
Cash and cash equivalents	16 %	16 %
Investments not securities	2 %	1 %
	<u>100 %</u>	<u>100 %</u>

Collateralization of Deposits. At June 30, 2017 and 2016, the recorded values of the University's cash and time deposits with financial institutions were \$55,327,464 and \$58,313,761, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2017	2016
University		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 829,085	\$ 803,678
Amount collateralized with securities held by the pledging financial institution	<u>57,407,165</u>	<u>60,536,174</u>
Uncollateralized		
Total cash and time deposit bank balances	58,236,250	61,339,852
Reconciling Items:		
Add: cash equivalents	9,077,945	13,002,685
Add: cash equivalents held by others	12,958,424	12,753,036
Less: other reconciling items	<u>(2,908,786)</u>	<u>(3,026,092)</u>
Total reported cash balance	<u>\$77,363,833</u>	<u>\$84,069,481</u>
Foundation		
Amount insured by the FDIC	\$ 500,000	\$ 500,000
Amount in excess of FDIC, Lloyd's of London and Security Investor Protection Corporation (SIPC)	20,386,547	17,948,136
Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC	<u>2,400,000</u>	<u>2,400,000</u>
Total reported cash balance	<u>\$23,286,547</u>	<u>\$20,848,136</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2017:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Checking	\$ 63,923	\$ -	\$ 63,923
Operational	Debt Service	451,856	-	451,856
Grants State Bank				
Operational	Checking	22,551	-	22,551
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(2,726,755)	(2,726,755)
Operational	Student ACH	-	9,132	9,132
Operational	Direct Loan	-	-	-
Operational	General	-	20,629	20,629
Operational	Payroll	-	(305,563)	(305,563)
Operational	Credit Card	-	50,005	50,005
Operational	Debt Service	4,749,134	-	4,749,134
Operational	Deposit	-	1,245	1,245
Project Funds	Savings-2014 Note	145,671	-	145,671
Operational	Savings	37,798,261	-	37,798,261
Operational	Cash Management	14,948,321	-	14,948,321
Operational	Money Market	2,751,817	-	2,751,817
Wells Fargo Advisors				
Operational	Money Market	-	-	-
Western Commerce Bank of Carlsbad				
Operational	Checking	21,157	-	21,157
Operational	Deposit	4,263	210	4,473
Cash on Hand				
Cash on Hand	Cash	-	42,311	42,311
Citizen's Bank of Las Cruces				
Certificate of Deposit	Time Deposit	31,113	-	31,113
New Mexico Finance Authority				
General Obligation Bond Proceeds	Money Market	6,619,165	-	6,619,165
Federated Investment Manager				
Dividend Reinvestment	Money Market	6,326,128	-	6,326,128
New Mexico State University Foundation, Inc.				
NMSU Endowments	Cash	6,339,259	-	6,339,259
Total Cash and Cash Equivalents		<u>\$ 80,272,619</u>	<u>\$ (2,908,786)</u>	<u>\$ 77,363,833</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2016:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Checking	\$ 64,442	\$ (100)	\$ 64,342
Operational	Debt Service	567,372	-	567,372
Grants State Bank				
Operational	Checking	8,116	(1,713)	6,403
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(2,901,445)	(2,901,445)
Operational	Student ACH	-	5,839	5,839
Operational	Direct Loan	-	-	-
Operational	General	-	38,347	38,347
Operational	Payroll	-	(269,158)	(269,158)
Operational	Credit Card	-	55,397	55,397
Operational	Debt Service	5,282,378	-	5,282,378
Operational	Deposit	-	3,360	3,360
Project Funds	Savings-2014 Note	145,383	-	145,383
Operational	Savings	38,237,696	-	38,237,696
Operational	Cash Management	16,988,903	-	16,988,903
Operational	Money Market	2,851,380	-	2,851,380
Wells Fargo Advisors				
Operational	Money Market	16	-	16
Western Commerce Bank of Carlsbad				
Operational	Checking	6,144	(1,199)	4,945
Operational	Deposit	8,309	2,473	10,782
Cash on Hand				
Cash on Hand	Cash	-	42,107	42,107
Citizen's Bank of Las Cruces				
Certificate of Deposit	Time Deposit	31,110	-	31,110
New Mexico Finance Authority				
General Obligation Bond Proceeds	Money Market	6,926,583	-	6,926,583
Federated Investment Manager				
Dividend Reinvestment	Money Market	10,151,288	-	10,151,288
New Mexico State University Foundation, Inc.				
NMSU Endowments	Cash	5,826,453	-	5,826,453
Total Cash and Cash Equivalents		<u>\$ 87,095,573</u>	<u>\$ (3,026,092)</u>	<u>\$ 84,069,481</u>

The following table provides information on the the University's investments, including reconciling items, at June 30, 2017.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FTN Financial				
U.S. Agency Securities	Investment	28,600,429	-	28,600,429
Wells Fargo Advisors				
Domestic Equity Securities	Investment	248,803	-	248,803
Raymond James				
U.S. Agency Securities	Investment	21,200,464	-	21,200,464
Wells Fargo				
Certificate of Deposit	Investment	4,269,311	-	4,269,311
Wells Fargo				
U.S. Agency Securities	Investment	25,558,846	-	25,558,846
Forensic Testing and Laboratory				
Domestic Equity Securities	Investment	32,427	-	32,427
Eberhardt Memorial				
Domestic Equity Securities	Investment	2,495	-	2,495
Principal Funds				
Domestic Equity Securities	Investment	203,648	-	203,648
Franklin Templeton				
Domestic Equity Securities	Investment	36,579	-	36,579
Legacy Treasury Direct				
U.S. Agency Securities	Investment	62,995	-	62,995
New Mexico State University Foundation, Inc.				
NMSU Endowments	Investment	39,071,502	-	39,071,502
Total investments		<u>\$ 119,287,499</u>	<u>\$ -</u>	<u>\$ 119,287,499</u>

The following table provide information on the the University's investments, including reconciling items, at June 30, 2016.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FTN Financial				
U.S. Agency Securities	Investment	23,981,022	-	23,981,022
Wells Fargo Advisors				
Domestic Equity Securities	Investment	216,948	-	216,948
Raymond James				
U.S. Agency Securities	Investment	23,010,150	-	23,010,150
Wells Fargo				
Certificate of Deposit	Investment	6,820,427	-	6,820,427
Wells Fargo				
Municipal Securities	Investment	251,323	-	251,323
Wells Fargo				
U.S. Agency Securities	Investment	20,881,000	-	20,881,000
Forensic Testing and Laboratory				
Domestic Equity Securities	Investment	32,427	-	32,427
Eberhardt Memorial				
Domestic Equity Securities	Investment	2,495	-	2,495
Principal Funds				
Domestic Equity Securities	Investment	177,066	-	177,066
Franklin Templeton				
Domestic Equity Securities	Investment	34,078	-	34,078
Legacy Treasury Direct				
U.S. Treasury Securities	Investment	65,527	-	65,527
New Mexico State Investment Council				
Permanent Land Fund	Investment	62,460,343	-	62,460,343
New Mexico State University Foundation, Inc.				
NMSU Endowments	Investment	36,344,701	-	36,344,701
Total investments		<u>\$ 174,277,507</u>	<u>\$ -</u>	<u>\$ 174,277,507</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2017, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations Program	Checking	\$ 524,968	\$ (2,454)	\$ 522,514
Program	ACH	27,704	-	27,704
Program	Checking	3,118,316	53,445	3,171,761
Program	Transfer	313,000	-	313,000
Citizens Bank of Las Cruces				
Program	Money Market	1,006,215	-	1,006,215
Merrill Lynch				
Operations Program	Checking	1,309,262	-	1,309,262
Program	Money Market	7,339,732	-	7,339,732
Program-Cash Gift Annuity	Checking & Money Market	100,415	(9,443)	90,972
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,906,228)	-	(1,906,228)
Investment cash - Merrill Lynch Managers:				
Tortoise MLP	Money Market	1,167,707	-	1,167,707
Private Equity	Money Market	74,045	-	74,045
WCMA	Money Market	69,387	-	69,387
Cambiar Intl Value	Money Market	610,585	-	610,585
Earnest SCV	Money Market	48,734	-	48,734
NWQ	Money Market	56,572	-	56,572
APEX	Money Market	43,051	-	43,051
Eagle SCG	Money Market	88,307	-	88,307
Invesco	Money Market	1,119,195	-	1,119,195
Short Term Investment Fund	Money Market	725,703	-	725,703
Eagle LCV	Money Market	1,524,166	-	1,524,166
Armstrong	Money Market	9,416,561	-	9,416,561
Western	Money Market	126,816	-	126,816
Title V	Money Market	20,526	-	20,526
ALTA	Money Market	4,361	-	4,361
Cohen and Steers	Money Market	20,452	-	20,452
ALT Investments	Money Market	189,395	-	189,395
Santa Barbara	Money Market	276,163	-	276,163
Loomis - TMA	Money Market	262,068	-	262,068
NMSU Business College	Money Market	852	-	852
Less Cash Allocated to NMSU for AHIT	Held in Trust	(4,433,031)	-	(4,433,031)
Total Cash and Cash Equivalents		<u>\$ 23,244,999</u>	<u>\$ 41,548</u>	<u>\$ 23,286,547</u>
Corporate Stocks and Bonds	Investment	\$ 61,555,800	-	\$ 61,555,800
U.S. Government and Agency Securities	Investment	1,230,891	-	1,230,891
Mortgage Backed Securities	Investment	3,259,176	-	3,259,176
Mortgage Backed Securities - Foreign	Investment	1,077,515	-	1,077,515
Limited Partnerships - Alternative	Investment	28,898,765	-	28,898,765
Mutual Funds	Investment	18,799,170	-	18,799,170
Real Estate Holdings				
Real Estate Holdings	Investment	2,000,700	-	2,000,700
Short-term Investments	Investment	385,307	-	385,307
Accrued Investment Interest	Investment	30,858	-	30,858
Total Investments		<u>\$ 117,238,182</u>	<u>\$ -</u>	<u>\$ 117,238,182</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2016, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations Program	Checking	\$ 162,948	\$ (416)	\$ 162,532
Program	ACH	28,048	-	28,048
Program	Checking	3,831,961	1,436	3,833,397
Program	Transfer	76,605	-	76,605
Citizens Bank of Las Cruces				
Program	Certificate of Deposit	1,001,835	-	1,001,835
Merrill Lynch				
Operations Program	Checking	1,386,307	-	1,386,307
Program	Money Market	5,031,184	-	5,031,184
Program-Cash Gift Annuity	Checking & Money Market	105,781	(9,623)	96,158
Program-Private Equity	Checking & Money Market	76,913	-	76,913
Time Deposit - Non-Negotiable	Certificate of Deposit	101,506	-	101,506
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,838,724)	-	(1,838,724)
Investment cash - Merrill Lynch Managers:				
Hedge Access	Money Market	66	-	66
Eagle TMA	Money Market	860,933	-	860,933
Cambiar Intl Value	Money Market	266,440	-	266,440
Earnest SCV	Money Market	119,988	-	119,988
NWQ	Money Market	234,513	-	234,513
APEX	Money Market	294,522	-	294,522
Futures Access	Money Market	124	-	124
Invesco	Money Market	656,048	-	656,048
Short Term Investment Fund	Money Market	4,612,894	-	4,612,894
NFJ Allianz	Money Market	9,090	-	9,090
Eagle LCV	Money Market	225,130	-	225,130
Armstrong	Money Market	6,122,287	-	6,122,287
Western	Money Market	822,403	-	822,403
Title V	Money Market	57,872	-	57,872
ALTA	Money Market	47,868	-	47,868
Cohen and Steers	Money Market	283,920	-	283,920
ALT Investments	Money Market	4,782	-	4,782
Santa Barbara	Money Market	176,333	-	176,333
Loomis - TMA	Money Market	77,663	-	77,663
NMSU Business College	Money Market	7,228	-	7,228
Less Cash Allocated to NMSU for AHIT	Held in Trust	(3,987,729)	-	(3,987,729)
Total Cash and Cash Equivalents		\$ 20,856,739	\$ (8,603)	\$ 20,848,136
Corporate Bonds	Investment	\$ 4,280,130	-	\$ 4,280,130
Equity Securities	Investment	49,194,033	-	49,194,033
U.S. Government and Agency Securities	Investment	2,104,766	-	2,104,766
Mortgage Backed Securities	Investment	4,776,568	-	4,776,568
Mortgage Backed Securities - Foreign	Investment	2,531,335	-	2,531,335
Limited Partnerships - Alternative	Investment	24,936,950	-	24,936,950
Mutual Funds	Investment	16,980,598	-	16,980,598
Real Estate Holdings				
Real Estate Holdings	Investment	397,888	-	397,888
Short-term Investments	Investment	210,374	-	210,374
Accrued Investment Interest	Investment	46,603	-	46,603
Total Investments		\$ 105,459,245	\$ -	\$105,459,245

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, 2017, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 75,359,739	\$ 7,784,803	\$ 67,574,936	\$ -	\$ -
Municipal securities	-	-	-	-	-
U.S. treasury securities	62,995	-	62,995	-	-
Certificate of deposit	4,269,311	2,251,792	2,017,519	-	-
Pooled Investments					
US government and agency securities	441,016	-	236,199	30,174	174,643
Mortgage-backed securities	1,515,793	-	1,515,793	-	-
Domestic corporate bonds	550,110	-	209,102	207,990	133,018
	<u>82,198,964</u>	<u>\$ 10,036,595</u>	<u>\$ 71,616,544</u>	<u>\$ 238,164</u>	<u>\$ 307,661</u>
Items not subject to interest rate risk:					
Equity securities	523,952				
Pooled Investments					
Domestic equity securities	18,356,262				
Foreign equity securities	7,408,103				
Limited partnerships	10,100,918				
Land and building (Investments not securities)	699,300				
Total Investments	<u>\$119,287,499</u>				
Foundation					
U.S. government and agency securities	\$ 1,230,891	\$ -	\$ 644,905	\$ 86,329	\$ 499,657
Corporate bonds	1,573,870	-	598,238	595,063	380,569
Mortgage-backed securities	4,336,691	-	4,336,691	-	-
		<u>\$ -</u>	<u>\$ 5,579,834</u>	<u>\$ 681,392</u>	<u>\$ 880,226</u>
Items not subject to interest rate risk:					
Corporate stocks	78,781,100				
Alternative investments	28,898,765				
Other investments	2,416,865				
Total Investments	<u>\$117,238,182</u>				

A summary of the investments at June 30, 2016, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 67,872,173	\$ -	\$ 67,872,173	\$ -	\$ -
Municipal securities	251,322	251,322	-	-	-
U.S. Treasury securities	65,527	-	65,527	-	-
Certificate of deposit	6,820,427	2,504,255	4,316,172	-	-
Pooled Investments					
US government and agency securities	779,212	-	427,126	-	352,086
Mortgage-backed securities	2,646,877	-	2,646,877	-	-
Domestic corporate bonds	825,017	82,245	173,125	263,119	306,528
	<u>79,260,555</u>	<u>\$ 2,837,822</u>	<u>\$ 75,501,000</u>	<u>\$ 263,119</u>	<u>\$ 658,614</u>
Items not subject to interest rate risk:					
Permanent land fund	62,460,343				
Equity securities	463,014				
Pooled Investments					
Domestic equity securities	17,719,264				
Foreign equity securities	5,198,213				
Limited partnerships	9,032,006				
Land and building (Investments not securities)	144,112				
Total Investments	<u>\$174,277,507</u>				
Foundation					
U.S. government and agency securities	\$ 2,104,766	\$ -	\$ 1,124,427	\$ -	\$ 980,339
Corporate bonds	2,277,713	-	705,027	726,420	846,266
Mortgage-backed securities	7,307,903	-	7,307,903	-	-
		<u>\$ -</u>	<u>\$ 9,137,357</u>	<u>\$ 726,420</u>	<u>\$ 1,826,605</u>
Items not subject to interest rate risk:					
Corporate stocks	68,177,048				
Alternative investments	24,936,950				
Other investments	654,865				
Total Investments	<u>\$105,459,245</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, 2017, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 75,359,739
Certificates of deposits	Federally insured	4,250,000
Certificates of deposits	Subject to custodial credit risk	19,311
U.S. treasury securities	S&P/Moody's - AA+/Aaa	62,995
Domestic equity securities	Not rated	523,952
Pooled Investments		
U.S. government and agency securities	Aaa	441,016
Mortgage-backed securities	AAA	1,515,793
Domestic equity securities	Not rated	18,356,262
Domestic corporate bonds	Aaa	550,110
Foreign equity securities	Not rated	7,408,103
Limited partnerships	Not rated	10,100,918
Land and building (investments not securities)	Not rated	699,300
Total Investments		<u>\$ 119,287,499</u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 885,919
Corporate bonds	A1	297,463
Corporate bonds	A2	258,186
Corporate bonds	A3	636,162
Corporate bonds	BAA1	382,059
Corporate bonds	Not rated	344,971
Domestic equity securities	Not rated	38,787,319
Mutual funds	Not rated	18,799,170
Foreign equity securities	Not rated	21,194,612
Mortgage-backed securities	AAA	4,336,691
Alternative investments	Not rated	28,898,765
Other investments (real estate and accrued investment interest)	Not rated	2,416,865
Total Investments		<u>\$ 117,238,182</u>

A summary of the investments at June 30, 2016, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 67,872,173
Municipal securities	Moody's--A1	251,322
Certificates of deposits	Federally insured	6,750,000
Certificates of deposits	Subject to custodial credit risk	70,427
U.S. treasury securities	Not rated	65,527
Domestic equity securities	Not rated	463,014
Land grant permanent fund	Not rated	62,460,343
Pooled Investments		
U.S. government and agency securities	Aaa	779,212
Mortgage-backed securities	AAA	2,646,877
Domestic equity securities	Not rated	17,719,264
Domestic corporate bonds	Aaa	825,017
Foreign equity securities	Not rated	5,198,213
Limited partnerships	Not rated	9,032,006
Land and building (investments not securities)	Not rated	144,112
Total Investments		<u><u>\$ 174,277,507</u></u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 1,625,432
Corporate bonds	A1	193,608
Corporate bonds	A2	346,758
Corporate bonds	A3	921,234
Corporate bonds	BAA1	558,167
Corporate bonds	BAA2	257,978
Domestic equity securities	Not rated	37,323,727
Mutual funds	Not rated	16,980,598
Foreign equity securities	Not rated	14,352,025
Mortgage-backed Securities	AAA	7,307,903
Alternative investments	Not rated	24,936,950
Other investments (real estate and accrued)		
Investment interest)	Not rated	654,865
Total Investments		<u><u>\$ 105,459,245</u></u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of an entity's investment in a single issuer. The University diversifies its use of investment instruments to avoid incurring unreasonable 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 that 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 subject to concentration of credit risk 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, 2017 and 2016, total bank balances of the University were \$67,314,195 and \$74,342,537, respectively. None of these balances are subject to custodial credit risk.

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. None of the investments are subject to custodial credit risk.

Fair Value of Assets and Liabilities. GASB Statement No.72 (*Fair Value Measurement and Application*) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities.

Level 2

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include governmental and corporate bonds, foreign obligations, and collateralized mortgage backed securities.

Level 3

Investments classified within Level 3 have significant unobservable inputs. The valuation of these funds is determined by unobservable inputs such as recent purchases and sales, underlying fund holdings, and information provided by fund managers and general partners including: audited financials, unaudited financial statements, and net asset valuations.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimate for each investment.

In certain cases, both observable and unobservable inputs may be used to determine the fair value of investments and, in such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The degree of judgment exercised in determining fair value is greatest for investments in Level 3. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Level 3 investments at the University consist of land and buildings held at the Foundation.

The following is a description of the valuation methodologies used for assets measured at fair value.

Government Securities and Corporate Bonds are valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows and other observable inputs. Such securities would be classified within Level 2 of the valuation hierarchy.

Hedge Fund and Venture Capital Investments, which are which are not readily marketable, are carried at estimated fair values. Fair value is based upon information provided by the management of each Fund, including audited financial statements and any other relevant factors. Because of the absence of a readily determinable fair value and the inherent uncertainty of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material. These investments are not immediately redeemable at the reporting date. These investments have significant unobservable inputs and are classified as NAV.

Real Estate is valued at current appraisal or fair value. Real estate is classified within Level 3 of the valuation hierarchy.

Equity Securities are valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017.

2017	Balance as of June 30, 2017	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 62,995	\$ 62,995	\$ -	\$ -
Agency securities (GSEs)	75,359,739	-	75,359,739	-
Certificate of deposit (NCD)	4,269,311	-	4,269,311	-
Total Debt Securities	<u>79,692,045</u>	<u>62,995</u>	<u>79,629,050</u>	<u>-</u>
Equity Securities				
Common	450,871	450,871	-	-
Preferred	73,081	73,081	-	-
Total Equity Securities	<u>523,952</u>	<u>523,952</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>80,215,997</u>	<u>\$ 586,947</u>	<u>\$ 79,629,050</u>	<u>\$ -</u>
Investments held by Foundation				
Equity securities	\$ 18,356,261	\$ 18,356,261	\$ -	\$ -
Foreign equity securities	7,408,103	7,408,103	-	-
Mortgage backed securities	1,505,007	-	1,505,007	-
Corporate bonds	550,111	-	550,111	-
U.S. government and agency securities	441,016	-	441,016	-
Land and buildings	699,300	-	-	699,300
Total investments Held by Foundation by Fair Value Level	<u>28,959,798</u>	<u>\$ 25,764,364</u>	<u>\$ 2,496,134</u>	<u>\$ 699,300</u>
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 7,477,736	\$ -	Monthly	45 Days
Equity long/short	1,811,126	549,981	Monthly	30 Days
Total Hedge Fund Investments	<u>9,288,862</u>	<u>549,981</u>		
Domestic Venture Capital Investments				
Venture capital	812,056	-		
Total Domestic Venture Capital Investments	<u>812,056</u>	<u>-</u>	None	None
Total Investments Held by Foundation measured by NAV	<u>10,100,918</u>	<u>\$ 549,981</u>		
Other Investments held by Foundation				
Accrued interest income	10,786			
Total Investments	<u>\$ 119,287,499</u>			

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2016.

2016	Balance as of June 30, 2016	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 65,526	\$ 65,526	\$ -	\$ -
Agency securities (GSEs)	67,872,173	-	67,872,173	-
Municipal securities	251,323	-	251,323	-
Certificate of deposit (NCD)	6,820,427	-	6,820,427	-
Total Debt Securities	<u>75,009,449</u>	<u>65,526</u>	<u>74,943,923</u>	<u>-</u>
Equity Securities				
Common	425,204	425,204	-	-
Preferred	37,810	37,810	-	-
Total Equity Securities	<u>463,014</u>	<u>463,014</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>75,472,463</u>	<u>\$ 528,540</u>	<u>\$ 74,943,923</u>	<u>\$ -</u>
Other University Investments				
Permanent land fund - State of New Mexico	<u>62,460,343</u>			
Investments held by Foundation				
Equity securities	\$ 17,719,264	\$ 17,719,264	\$ -	\$ -
Foreign equity securities	5,198,213	5,198,213	-	-
Mortgage backed securities	2,629,998	-	2,629,998	-
Corporate bonds	825,017	-	825,017	-
U.S. government and agency securities	779,212	-	779,212	-
Land and buildings	144,112	-	144,112	-
Total Investments Held by Foundation by Fair Value Level	<u>27,295,816</u>	<u>\$ 22,917,477</u>	<u>\$ 4,378,339</u>	<u>\$ -</u>
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 6,816,031	\$ -	Monthly	45 Days
Equity long/short	1,723,268	959,863	Monthly	30 Days
Emerging markets/managed futures	29,072	-	Quarterly	45 Days
Total Hedge Fund Investments	<u>8,568,371</u>	<u>959,863</u>		
Domestic Venture Capital Investments				
Venture capital	463,635	-		
Total Domestic Venture Capital Investments	<u>463,635</u>	<u>-</u>	None	None
Total Investments Held by Foundation measured by NAV	<u>9,032,006</u>	<u>\$ 959,863</u>		
Other Investments held by Foundation				
Accrued interest income	16,879			
Total Investments	<u>\$ 174,277,507</u>			

Note 4 – Accounts Receivable and Unearned Revenue

Accounts receivable consists of the following at June 30, 2017 and 2016:

	2017	2016
University		
Student tuition and fees	\$ 48,380,978	\$ 46,025,280
Federal, state, and private grants and contracts	34,318,807	34,395,832
Other	5,558,966	8,221,980
Due from Component Unit	1,500,977	2,031,831
Less: allowance for doubtful accounts	<u>(35,452,648)</u>	<u>(32,736,547)</u>
Net accounts receivable	<u>\$ 54,307,080</u>	<u>\$ 57,938,376</u>
Foundation		
Net miscellaneous accounts receivable	<u>\$ 9,791,044</u>	<u>\$ 7,169,695</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, 2017 and 2016:

	2017	2016
University		
Student tuition and fees	\$ 1,265,063	\$ 1,066,016
Federal, state, and private grants and contracts	6,982,733	7,499,974
Other	<u>218,976</u>	<u>728,925</u>
Total unearned revenue	<u>\$ 8,466,772</u>	<u>\$ 9,294,915</u>
Foundation		
Total unearned revenue	<u>\$ 430,356</u>	<u>\$ 494,307</u>

Note 5 – Capital Assets

Capital assets as detailed below are stated at cost, or if contributed, at acquisition 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 cost basis for these assets, neither the water rights nor the livestock bred by the University are presented in the accompanying Statements 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 Statements of Net Position.

Changes in capital asset balances for the year ended June 30, 2017, were as follows:

	Balance July 1 2016	Additions	Transfers	Retirements	Balance June 30 2017
University					
Capital assets not depreciated:					
Land and land improvements	\$ 10,696,079	\$ -	\$ -	\$ (33,839)	\$ 10,662,240
Construction in progress	16,951,174	22,427,266	(27,098,744)	(12,009)	12,267,687
Total capital assets not being depreciated	<u>\$ 27,647,253</u>	<u>\$ 22,427,266</u>	<u>\$ (27,098,744)</u>	<u>\$ (45,848)</u>	<u>\$ 22,929,927</u>
Capital assets being depreciated:					
Buildings	\$ 738,367,241	\$ 85,864	\$ 25,649,159	\$ (2,245,464)	\$ 761,856,800
Infrastructure	80,221,060	1,505,887	1,449,585	-	83,176,532
Equipment	125,815,619	6,424,398	-	(4,177,419)	128,062,598
Software	14,944,055	95,521	-	(19,883)	15,019,693
Library books	82,618,969	3,318,021	-	(103,802)	85,833,188
Total other capital assets	<u>1,041,966,944</u>	<u>11,429,691</u>	<u>27,098,744</u>	<u>(6,546,568)</u>	<u>1,073,948,811</u>
Less accumulated depreciation for:					
Buildings	(349,471,559)	(21,245,840)	-	2,187,797	(368,529,602)
Infrastructure	(46,278,891)	(3,098,175)	-	-	(49,377,066)
Equipment	(96,601,653)	(6,926,290)	-	3,829,788	(99,698,155)
Software	(12,399,197)	(1,181,532)	-	19,883	(13,560,846)
Library books	(59,894,529)	(3,021,945)	-	103,802	(62,812,672)
Total accumulated depreciation	<u>(564,645,829)</u>	<u>(35,473,782)</u>	<u>-</u>	<u>6,141,270</u>	<u>(593,978,341)</u>
Capital assets being depreciated, net	<u>\$ 477,321,115</u>	<u>\$ (24,044,091)</u>	<u>\$ 27,098,744</u>	<u>\$ (405,298)</u>	<u>\$ 479,970,470</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 27,647,253	\$ 22,427,266	\$ (27,098,744)	\$ (45,848)	\$ 22,929,927
Other capital assets, at cost	1,041,966,944	11,429,691	27,098,744	(6,546,568)	1,073,948,811
Total cost of capital assets	<u>1,069,614,197</u>	<u>33,856,957</u>	<u>-</u>	<u>(6,592,416)</u>	<u>1,096,878,738</u>
Less: accumulated depreciation	<u>(564,645,829)</u>	<u>(35,473,782)</u>	<u>-</u>	<u>6,141,270</u>	<u>(593,978,341)</u>
Capital assets, net	<u>\$ 504,968,368</u>	<u>\$ (1,616,825)</u>	<u>\$ -</u>	<u>\$ (451,146)</u>	<u>\$ 502,900,397</u>
Foundation					
Capital assets	\$ 741,412	\$ 6,259	\$ -	\$ (19,334)	\$ 728,337
Less: accumulated depreciation	(598,510)	(89,551)	-	19,334	(668,727)
Capital assets, net	<u>\$ 142,902</u>	<u>\$ (83,292)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,610</u>

Changes in capital asset balances for the year ended June 30, 2016, were as follows:

	Balance July 1 2015	Additions	Transfers	Retirements	Balance June 30 2016
University					
Capital assets not depreciated:					
Land and land improvements	\$ 10,696,079	\$ -	\$ -	\$ -	\$ 10,696,079
Construction in progress	35,997,466	23,645,641	(42,691,933)	-	16,951,174
Total capital assets not being depreciated	<u>\$ 46,693,545</u>	<u>\$ 23,645,641</u>	<u>\$ (42,691,933)</u>	<u>\$ -</u>	<u>\$ 27,647,253</u>
Capital assets being depreciated:					
Buildings	\$ 697,528,475	\$ 1,193,770	\$ 39,686,305	\$ (41,309)	\$ 738,367,241
Infrastructure	77,142,757	72,675	3,005,628	-	80,221,060
Equipment	125,543,817	6,267,781	-	(5,995,979)	125,815,619
Software	14,810,865	184,957	-	(51,767)	14,944,055
Library books	79,509,070	3,346,543	-	(236,644)	82,618,969
Total other capital assets	<u>994,534,984</u>	<u>11,065,726</u>	<u>42,691,933</u>	<u>(6,325,699)</u>	<u>1,041,966,944</u>
Less accumulated depreciation for:					
Buildings	(328,839,169)	(20,673,734)	-	41,344	(349,471,559)
Infrastructure	(43,177,758)	(3,101,133)	-	-	(46,278,891)
Equipment	(95,262,816)	(7,042,734)	-	5,703,897	(96,601,653)
Software	(10,655,769)	(1,781,584)	-	38,156	(12,399,197)
Library books	(57,183,999)	(2,947,174)	-	236,644	(59,894,529)
Total accumulated depreciation	<u>(535,119,511)</u>	<u>(35,546,359)</u>	<u>-</u>	<u>6,020,041</u>	<u>(564,645,829)</u>
Capital assets being depreciated, net	<u>\$ 459,415,473</u>	<u>\$ (24,480,633)</u>	<u>\$ 42,691,933</u>	<u>\$ (305,658)</u>	<u>\$ 477,321,115</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 46,693,545	\$ 23,645,641	\$ (42,691,933)	\$ -	\$ 27,647,253
Other capital assets, at cost	994,534,984	11,065,726	42,691,933	(6,325,699)	1,041,966,944
Total cost of capital assets	<u>1,041,228,529</u>	<u>34,711,367</u>	<u>-</u>	<u>(6,325,699)</u>	<u>1,069,614,197</u>
Less: accumulated depreciation	<u>(535,119,511)</u>	<u>(35,546,359)</u>	<u>-</u>	<u>6,020,041</u>	<u>(564,645,829)</u>
Capital assets, net	<u>\$ 506,109,018</u>	<u>\$ (834,992)</u>	<u>\$ -</u>	<u>\$ (305,658)</u>	<u>\$ 504,968,368</u>
Foundation					
Capital assets	\$ 748,332	\$ 43,005	\$ -	\$ (49,925)	\$ 741,412
Less: accumulated depreciation	(514,453)	(103,103)	-	19,046	(598,510)
Capital assets, net	<u>\$ 233,879</u>	<u>\$ (60,098)</u>	<u>\$ -</u>	<u>\$ (30,879)</u>	<u>\$ 142,902</u>

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, 2017, follows:

	Balance July 1 2016	Additions	Reductions	Balance June 30 2017	Current Portion (due in 2018)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$114,075,730	\$ -	\$ (8,758,439)	\$105,317,291	\$ 8,240,000	
Subordinate revenue note	13,745,000	-	(760,000)	12,985,000	820,000	
Contracts payable	1,001,751	158,714	(358,915)	801,550	426,885	
	<u>128,822,481</u>	<u>158,714</u>	<u>(9,877,354)</u>	<u>119,103,841</u>	<u>9,486,885</u>	
Total bonds and contracts						
Other liabilities:						
Accrued compensated absences	18,049,935	4,464,228	(5,012,779)	17,501,384	4,240,471	
Other post employment benefits	31,006,000	6,895,000	(4,422,000)	33,479,000	-	
Net pension liability	473,733,007	61,960,808	(28,006,297)	507,687,518	-	
Accrued benefit reserve	659,630	-	-	659,630	-	
Other	536,111	3,176	-	539,287	-	
	<u>523,984,683</u>	<u>73,323,212</u>	<u>(37,441,076)</u>	<u>559,866,819</u>	<u>4,240,471</u>	
	<u>523,984,683</u>	<u>73,323,212</u>	<u>(37,441,076)</u>	<u>559,866,819</u>	<u>4,240,471</u>	
Total other liabilities						
Total long-term liabilities	<u>\$652,807,164</u>	<u>\$ 73,481,926</u>	<u>\$ (47,318,430)</u>	<u>\$678,970,660</u>	<u>\$ 13,727,356</u>	
	<u>\$652,807,164</u>	<u>\$ 73,481,926</u>	<u>\$ (47,318,430)</u>	<u>\$678,970,660</u>	<u>\$ 13,727,356</u>	
	Balance July 1 2016	Additions	Reductions	Changes in Estimate	Balance July 1 2017	Current Portion (due in 2018)
Foundation						
Gift annuities payable	\$ 2,780,960	\$ -	\$ (65,887)	\$ (153,870)	\$ 2,561,203	\$ 167,357
Payable under unitrusts	167,564	-	-	(13,284)	154,280	29,525
	<u>2,948,524</u>	<u>-</u>	<u>(65,887)</u>	<u>(167,154)</u>	<u>2,715,483</u>	<u>196,882</u>
Total long-term liabilities	<u>\$ 2,948,524</u>	<u>\$ -</u>	<u>\$ (65,887)</u>	<u>\$ (167,154)</u>	<u>\$ 2,715,483</u>	<u>\$ 196,882</u>
	<u>\$ 2,948,524</u>	<u>\$ -</u>	<u>\$ (65,887)</u>	<u>\$ (167,154)</u>	<u>\$ 2,715,483</u>	<u>\$ 196,882</u>

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2016, follows:

	Balance July 1 2015	Additions	Reductions	Balance June 30 2016	Current Portion (due in 2017)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$123,669,371	\$ -	\$ (9,593,641)	\$114,075,730	\$ 7,915,000	
Subordinate revenue note	15,865,000	-	(2,120,000)	13,745,000	760,000	
Contracts payable	1,348,394	75,627	(422,270)	1,001,751	402,590	
Total bonds and contracts	<u>140,882,765</u>	<u>75,627</u>	<u>(12,135,911)</u>	<u>128,822,481</u>	<u>9,077,590</u>	
Other liabilities:						
Accrued compensated absences	18,891,612	3,794,479	(4,636,156)	18,049,935	3,609,987	
Other post employment benefits	28,478,000	6,885,000	(4,357,000)	31,006,000	-	
Net pension liability	431,412,011	73,461,205	(31,140,209)	473,733,007	-	
Accrued benefit reserve	659,630	-	-	659,630	-	
Other	518,372	17,739	-	536,111	-	
Total other liabilities	<u>479,959,625</u>	<u>84,158,423</u>	<u>(40,133,365)</u>	<u>523,984,683</u>	<u>3,609,987</u>	
Total long-term liabilities	<u>\$620,842,390</u>	<u>\$ 84,234,050</u>	<u>\$ (52,269,276)</u>	<u>\$652,807,164</u>	<u>\$ 12,687,577</u>	
Foundation						
	Balance July 1 2015	Additions	Reductions	Changes in Estimate	Balance July 1 2016	Current Portion (due in 2017)
Gift annuities payable	\$ 2,701,433	\$ 74,458	\$ (12,713)	\$ 17,782	\$ 2,780,960	\$ 179,267
Payable under unitrusts	176,954	-	-	(9,390)	167,564	29,525
Total long-term liabilities	<u>\$ 2,878,387</u>	<u>\$ 74,458</u>	<u>\$ (12,713)</u>	<u>\$ 8,392</u>	<u>\$ 2,948,524</u>	<u>\$ 208,792</u>

Bonds Payable. All outstanding University revenue bonds as of June 30, 2017 were issued as parity bonds and are all tax-exempt, with the exception of the Series 2013C, Series 2010B, and Series 2010C bonds. 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 annually on April 1. Allowable 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 2017 and 2016 was \$4,945,420 and \$5,198,572, respectively, net of interest income. Of these amounts, \$429,579 and \$444,254 was capitalized during fiscal years 2017 and 2016, respectively.

Included in deferred inflows is \$191,092 in unamortized bond premiums.

Total University bonds issued and outstanding at June 30, 2017 and 2016, excluding bonds issued by the Community College Districts, (See Note 13), consisted of:

	Total Issued	<u>Outstanding</u>	
		2017	2016
Improvement Revenue Bonds			
Bond Series 2006, (4.00% - 5.25%) Final Maturity 2026	\$ 10,245,000	\$ 5,680,000	\$ 6,180,000
Refunding and Improvement Revenue Bonds			
Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) Final Maturity 2030	78,670,000	54,810,000	58,990,000
Refunding and Improvement Revenue Bonds			
Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) Final Maturity 2033	56,200,000	41,695,000	44,930,000
Total Bonds Payable	145,115,000	102,185,000	110,100,000
Plus: Unamortized Net Premium	9,412,624	3,132,291	3,975,730
Bonds Payable, net	<u>\$ 154,527,624</u>	<u>\$ 105,317,291</u>	<u>\$ 114,075,730</u>

The maturity schedule for the University bonds payable at June 30, 2017, follows:

Year Ending June 30	Principal	Interest
2018	\$ 8,240,000	\$ 5,134,051
2019	8,440,000	4,786,720
2020	8,965,000	4,403,446
2021	9,295,000	3,983,955
2022	9,260,000	3,531,950
2023-2027	37,870,000	10,839,385
2028-2032	19,035,000	2,456,860
2033	1,080,000	37,800
Total	<u>\$ 102,185,000</u>	<u>\$ 35,174,167</u>

Notes Payable. The Board of Regents issued a tax-exempt Subordinate Lien Improvement Revenue Note, Series 2014 on April 21, 2014 in a direct purchase with BOKF, NA dba Bank of Albuquerque. The original principal amount of the note was \$15,865,000 and the interest rate is 3.07%. The note is payable solely from, and secured by, a pledge of, and a non-exclusive subordinate lien on the following revenues: student tuition and fees; sales and service revenue; other operating revenue; investment income; and, building fees. Interest payments began on October 1, 2014 and are due semiannually thereafter on April 1 and October 1 of each year. Principal payments are due April 1 each year, beginning April 1, 2016. The note matures April 1, 2029.

The interest expense incurred on the note was \$421,972 and \$487,056 for fiscal years ended June 30, 2017 and 2016, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2017, follows:

Year Ending June 30	Principal	Interest
2018	\$ 820,000	\$ 398,640
2019	880,000	373,466
2020	945,000	346,450
2021	1,015,000	317,438
2022	1,090,000	286,278
2023-2027	6,640,000	882,165
2028-2029	1,595,000	48,967
Total	<u>\$ 12,985,000</u>	<u>\$ 2,653,404</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 net present value of minimum lease payments, future minimum lease payments and the portion of the lease payments representing interest at June 30, 2017.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 301,599	\$ 223,840
Computer equipment	858,866	577,710
Total	<u>\$ 1,160,465</u>	<u>\$ 801,550</u>

Year Ending June 30	Principal	Interest	Minimum Payments
2018	\$ 426,885	\$ 22,023	\$ 448,908
2019	288,273	9,190	297,463
2020	44,574	3,925	48,499
2021	35,964	1,494	37,458
2022	5,854	99	5,953
Total	<u>\$ 801,550</u>	<u>\$ 36,731</u>	<u>\$ 838,281</u>

Note 7 – Health Insurance

The University provides group health insurance coverage for all regular employees working 30 hours per week or more and term appointment employees working 30 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.

The University participates in the State of New Mexico (State) group health insurance program. Premiums are paid to the State. 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%. Retiree health insurance will not be offered to employees hired after June 30, 2016.

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.

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.

Funding Policy. 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.

A summary of member and employer contributions to the Educational Retirement Board is provided below:

	2017	2016	2015
Employee's earning \$20,000 or less:			
University contribution	13.90%	13.90%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning more than \$20,000:			
University contribution	13.90%	13.90%	13.90%
Employee contribution	10.70%	10.70%	10.70%
University's contribution to ERB	\$ 25,431,697	\$ 26,736,083	\$ 27,631,799
University's contribution to ERB for Return to Work Program	\$209,946	\$211,022	\$211,179

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. At June 30, 2017 and 2016 the University reported liabilities of \$507,687,518 and \$473,733,007, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the University's proportion was 7.05471% which was a decrease of 0.25907% from its proportion measured as of June 30, 2015. At June 30, 2015, the University proportion was 7.31378% which was a decrease of 0.24725% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2017, the University recognized a pension expense of \$38,141,503. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,202,537	\$ 4,828,749
Changes of assumptions	10,334,483	-
Net difference between projected and actual earnings on pension plan investments	30,304,718	-
Changes in proportion and differences between University contributions and proportionate share of contributions	531,860	19,830,352
University contributions subsequent to the measurement date	26,736,537	-
Total	<u>\$ 70,110,135</u>	<u>\$ 24,659,101</u>

For the year ended June 30, 2016, the University recognized a pension expense of \$34,785,204. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,782,589
Changes of assumptions	16,294,202	-
Net difference between projected and actual earnings on pension plan investments	-	2,132,390
Changes in proportion and differences between University contributions and proportionate share of contributions	1,136,248	11,742,728
University contributions subsequent to the measurement date	28,006,297	-
Total	<u>\$ 45,436,747</u>	<u>\$ 22,657,707</u>

The \$26,736,537 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2018	\$ (474,547)
2019	838,380
2020	10,960,562
2021	7,390,102
	<u>\$ 18,714,497</u>

Actuarial assumptions: As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2016 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ended June 30, 2015 and thereafter.

Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

COLAs for most retirees are reduced until ERB attains a 100% funded status.

These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period June 30, 2014.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Inflation	3.00%
Salary Increases	Composition; 3% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75% real rate of return
Average of Expected Remaining Service Lives	3.77 years
Mortality	RP-2000 Employee Mortality Table, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%, using Scale BB
Retirement Age	Experienced-based table rates based on age and service, adopted by board on June 12, 2015.
Cost-of-living increases	2% per year, compounded annually
Payroll growth	3.5% per year
Contribution accumulation	5.5% increase per year for all years prior to the valuation date
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments is determined annually using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	20%	8.00%
Equities - International	15%	8.57%
Fixed Income	28%	4.35%
Alternatives	36%	7.38%
Cash	1%	3.25%
Total	100%	

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the ARP, ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the University's proportionate shares of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2017 and 2016. In particular, the table presents the University's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	2017		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
New Mexico State University's proportionate share of the net pension liability	\$ 672,420,328	\$ 507,687,518	\$ 371,005,825

	2016		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
New Mexico State University's proportionate share of the net pension liability	\$ 637,439,410	\$ 473,733,007	\$ 336,202,587

Pension plan fiduciary net position: Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and 2015 which are publicly available at www.erb.org.

B. Alternative Retirement Program

Plan Description. The New Mexico Alternative Retirement Plan (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. Vesting is immediate and benefits may be distributed as an annuity, a roll over, or a withdrawal.

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. Section 51 allows members of the ARP the option to cash out or rollover the ARP account once they have left employment.

A summary of member and employer contributions to the Educational Retirement Board for the Alternative Retirement Program is provided below:

	2017	2016	2015
Employee's earning \$20,000 or less:			
University contribution	10.90%	10.90%	10.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning more than \$20,000:			
University contribution	10.90%	10.90%	10.90%
Employee contribution	10.70%	10.70%	10.70%
Administration fee to ERB	3.00%	3.00%	3.00%
Payroll expenses covered by ARP	\$ 29,449,905	\$ 27,853,706	\$ 27,883,938
University's contribution to the ERB for ARP	\$ 3,210,313	\$ 3,036,291	\$ 3,037,200
Administration fee paid to ERB for ARP	\$ 883,491	\$ 827,516	\$ 836,519
Employee contributions made to ARP	\$ 3,151,409	\$ 2,781,785	\$ 2,981,402

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 year ended June 30, 2017 there were 2 employees enrolled under CSRS and 11 employees under FERS.

A summary of member and employer contributions to the Federal Retirement Program is provided below:

	2017	2016	2015
Employee's covered by CSRS:			
University contribution	7.00%	7.00%	7.00%
Employee contribution	7.00%	7.00%	7.00%
Employee's covered by FERS:			
University contribution	13.70%	13.70%	13.20%
Employee contribution	0.80%	0.80%	0.80%
University's contribution	\$ 136,061	\$ 142,235	\$ 142,467
Employee's contribution	\$ 16,343	\$ 19,980	\$ 23,647

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, 2017, 1,265 retirees met the eligibility requirements for health insurance.

Employees hired after June 30, 2016 will not be offered this benefit.

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 years 2017 and 2016 were \$4,422,000 and \$4,357,000, respectively, 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, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% 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 7.5% for retirees 65 years of age and under and 6.5% for retirees over 65 years of age and on an ultimate basis at 4.5%. 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 2.5% per year.

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

	2017
Annual required contribution	\$ 6,921,000
Interest on net OPEB obligation	1,240,000
Adjustment to annual required contribution	<u>(1,266,000)</u>
Annual OPEB cost (expense)	6,895,000
Contributions made	<u>(4,422,000)</u>
Increase in net OPEB obligation	2,473,000
Net OPEB obligation beginning of year	<u>31,006,000</u>
Net OPEB obligation end of year	<u><u>\$ 33,479,000</u></u>

The percentage of annual OPEB cost contributed to the plan was 55%, 53% and 47% for fiscal years 2017, 2016, and 2015, respectively.

Funded Status and Funding Progress. As of July 1, 2016, the updated actuarial valuation date, the present value of all future expected post-retirement health payments and administrative costs attributable to past service, was \$90,297,000 and the actuarial value of assets was zero. The covered payroll (annual payroll of active employees covered by the plan) was \$164,627,765 and the ratio of the UAAL to the covered payroll was 55%.

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. At June 30, 2017, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$67 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by August 2019. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 2,697,124
General obligation bonds (State of New Mexico)	27,035,483
General obligation bonds (local)	12,287,064
Severance tax bonds (State of New Mexico)	1,048,348
University funds	14,990,355
State funds	7,181,465
Gifts, grants and contracts	<u>1,799,621</u>
Total	<u><u>\$ 67,039,460</u></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, University administration considers the likelihood of such an occurrence to be remote.

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

Year Ending June 30	Minimum Payments
2018	\$ 855,539
2019	664,000
2020	310,772
2021	106,299
2022	17,865
Years thereafter	52,700
Total minimum lease payments	<u>\$ 2,007,175</u>

Operating lease payments made in fiscal years 2017 and 2016 are as follows:

	2017	2016
Minimum rentals	\$ 1,040,458	\$ 1,664,352
Contingent rentals	190,238	184,583
Total lease payments	<u>\$ 1,230,696</u>	<u>\$ 1,848,935</u>

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

Other Commitments. At June 30, 2017, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statements of Net Position. The approximate amount of such commitments is \$17.2 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 Component Units, GASB 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No 14. 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 units are blended because the University either completely controls its activities or the entity provide services entirely, or almost entirely to the University in accordance with GASB 39 and GASB 80.

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, 2017 and 2016, and for the fiscal years then ended follows:

	2017	2016
Net Position		
Total assets	\$ 902,167	\$ 689,503
Total liabilities	104,459	9,301
Total net position	<u>\$ 797,708</u>	<u>\$ 680,202</u>
Changes in Net Position		
Total revenues	\$ 883,301	\$ 751,487
Total expenditures	<u>765,795</u>	<u>894,338</u>
Change in net position	117,506	(142,851)
Net position, beginning	<u>680,202</u>	<u>823,053</u>
Net position, ending	<u>\$ 797,708</u>	<u>\$ 680,202</u>

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.

Aggie Development, Inc. Aggie Development, Inc., was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. The corporation was established to benefit the University by (1) managing and developing designated University real estate and water rights; (2) contributing all of the corporation's net revenues to the University; and (3) enhancing learning opportunities for students. During their first two years, Aggie Development Inc. did not meet the materiality threshold that requires audited financial statements and therefore its activity is included in the NMSU audited financial statements, but no separate details are presented herein. Aggie Development, Inc.'s address is: Aggie Development, Inc., P.O. Box 3145, Las Cruces, NM 88003.

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 coverage. The Risk Management program liability coverage includes most employee liability claims (excluding awards for wages and attorney fees). During the fiscal years ended June 30, 2017 and 2016, the University paid Risk Management \$5,723,751 and \$4,838,269, respectively, in premiums. After conferring with legal counsel concerning pending litigation and claims, the University administration believes 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 litigation with Doña Ana Community College (DACC) Nursing Students. The details of this situation follow.

Doña Ana Community College Nursing Students. A lawsuit filed in May of 2013 asserts claims

arising out of the loss of nursing accreditation at the Doña Ana Community College (DACC) on behalf of eight former DACC nursing students. Plaintiffs were students in the DACC nursing program at the point in time continued accreditation of the nursing program was denied by the National League of Nursing Accrediting Commission. The plaintiffs allege claims based upon breach of contract but also request emotional distress damages suggesting a tort type claim. The court certified this case as a class action, to include 86 students enrolled in the DACC nursing program at the time of the denial who did not elect to complete their degree. Risk Management has agreed to provide the cost of defense and is expected to provide coverage for any non-contract damages. In 2017, the Court of Appeals ruled in favor of NMSU on its appeal of the denial of summary judgment by the District Court on or about November 2015. The Plaintiff has now filed a petition for writ of certiorari in the New Mexico Supreme Court. The Court's order directing the district court to enter summary judgment in favor of NMSU will become effective unless that petition is granted by the New Mexico Supreme Court and the court overrules the court of appeals decision. An adverse outcome is reasonably possible but considered unlikely at this stage. An estimate of the loss or range of potential loss cannot be determined at this point of litigation.

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, 2017 and 2016, the cash balances available to make the next semi-annual payments were \$451,856 and \$567,372 for the Alamogordo Community College, \$659,858 and \$518,674 for the Carlsbad Community College, \$3,690,966 and \$4,546,387 for the Doña Ana Community College, and \$398,310 and \$217,317 for the Grants Community College, respectively.

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

Alamogordo Community College			
Year Ending June 30	Principal	Interest	Total
2018	\$ 370,000	\$ 94,253	\$ 464,253
2019	385,000	80,092	465,092
2020	405,000	64,779	469,779
2021	420,000	48,380	468,380
2022	440,000	31,179	471,179
2023-2027	540,000	21,270	561,270
Total	<u>\$ 2,560,000</u>	<u>\$ 339,953</u>	<u>\$ 2,899,953</u>
Carlsbad Community College			
Year Ending June 30	Principal	Interest	Total
2018	\$ 335,000	\$ 20,700	\$ 355,700
2019	350,000	7,000	357,000
Total	<u>\$ 685,000</u>	<u>\$ 27,700</u>	<u>\$ 712,700</u>
Doña Ana Community College			
Year Ending June 30	Principal	Interest	Total
2018	\$ 2,525,000	\$ 422,000	\$ 2,947,000
2019	1,800,000	350,500	2,150,500
2020	1,800,000	287,000	2,087,000
2021	1,600,000	224,000	1,824,000
2022	1,625,000	163,500	1,788,500
2023-2027	3,200,000	327,500	3,527,500
2028-2032	700,000	21,000	721,000
Total	<u>\$ 13,250,000</u>	<u>\$ 1,795,500</u>	<u>\$ 15,045,500</u>
Grants Community College			
Year Ending June 30	Principal	Interest	Total
2018	\$ 275,000	\$ 204,933	\$ 479,933
2019	280,000	201,425	481,425
2020	285,000	197,006	482,006
2021	295,000	191,612	486,612
2022	300,000	185,248	485,248
2023-2027	1,655,000	803,343	2,458,343
2028-2032	1,985,000	531,875	2,516,875
2033-2037	1,925,000	148,289	2,073,289
Total	<u>\$ 7,000,000</u>	<u>\$ 2,463,731</u>	<u>\$ 9,463,731</u>

Note 14 – Natural Classification Operating Expenses

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

	2017		2016	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries				
Faculty	\$ 94,901,192	\$ -	\$ 96,983,251	\$ -
Exempt staff	102,915,959	2,298,654	107,645,639	2,263,377
Non-exempt staff	15,385,378	-	16,830,106	-
Student/graduate assistant	29,711,828	21,752	29,490,950	38,110
Other compensation	2,174,151	5,400	2,680,882	6,710
Total salaries	<u>245,088,508</u>	<u>2,325,806</u>	<u>253,630,828</u>	<u>2,308,197</u>
Other Operating Expenses				
Benefits	84,918,550	-	91,631,135	-
Travel	12,471,014	118,789	13,324,742	89,059
Scholarship and fellowships and other program support	38,024,453	8,931,420	34,174,208	9,890,271
Utilities	12,097,149	3,657	13,100,911	8,198
Professional fees	18,077,767	294,750	17,204,519	225,627
Supplies and other services	81,661,310	744,595	80,596,596	885,102
Depreciation	35,473,782	89,551	35,546,359	103,103
Total operating expenses	<u>\$527,812,533</u>	<u>\$ 12,508,568</u>	<u>\$539,209,298</u>	<u>\$ 13,509,557</u>

Note 15 – Unrestricted Net Position

Unrestricted net position supports the missions of the University in current and future years. The following is a breakdown of the University's unrestricted net position as of June 30, 2017 (unaudited):

	2017	2016
Unrestricted Net Position	\$ (368,393,810)	\$ (366,508,136)
Less: Unfunded Pension	(462,236,483)	(450,953,967)
Less: Long-Term Compensated Absences	(13,260,913)	(14,439,948)
Less: Other Post Employment Benefits	<u>(33,479,000)</u>	<u>(31,006,000)</u>
Adjusted Unrestricted Net Position	<u>140,582,586</u>	<u>129,891,779</u>
Designated for Operations - Instruction and General	\$ 29,611,531	\$ 31,493,378
Designated for Operations - Research	17,194,671	17,234,789
Designated for Operations - Public Service	8,330,629	9,436,193
Designated for Operations - Other	9,934,289	9,748,402
Quasi Endowments Funds	15,953,875	12,747,515
Renewals and Replacements - Buildings	21,987,851	18,200,256
Renewals and Replacements - Auxiliary Enterprises	6,243,351	6,467,857
Renewals and Replacements - Internal Services Units	5,959,937	4,955,208
Renewals and Replacements - Equipment	10,076,971	7,745,706
Unexpended plant - Designated to Projects	8,513,316	8,606,763
Unexpended plant - Future Projects/Contingency	<u>6,776,165</u>	<u>3,255,712</u>
Total	<u>\$ 140,582,586</u>	<u>\$ 129,891,779</u>

Note 16 – Tax Abatements

NMSU does not collect tax revenue nor does it enter into any individual tax abatement agreements. NMSU receives funding through appropriations from the State of New Mexico and the amounts of such appropriations to NMSU may be indirectly affected by Tax Abatement agreements entered into by the State of New Mexico. As a taxing authority, the State of New Mexico has the ability to collect tax revenue and enter into individual tax abatement agreements. The State of New Mexico is required under GASB 77 to provide detailed disclosure regarding its tax abatement agreements in its comprehensive annual financial report (CAFR). No University revenue was impacted by abatement agreements.

Note 17 – New Accounting Standards

GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*) will become effective for fiscal year 2018. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits, or OPEB). The Statement's impact for the University will be to record the unfunded actuarial accrued liability currently estimated at \$56.8 million.

GASB Statement No. 77 (*Tax Abatement Disclosures*) became effective for fiscal year 2017. The objective of this statement is to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. See Note 16 for the University's current year disclosure information.

GASB Statement No. 80 (*Blending Requirements for Certain Component Units*) became effective for fiscal year 2017. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Since both Arrowhead Inc. and Aggie Development Inc. are already reported as blended component units pursuant to GASB Statement No. 39, this additional requirement does not impact the University.

GASB Statement No. 83 (*Certain Asset Retirement Obligations*) will become effective for fiscal year 2019. The objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria to recognize and measure certain Asset Retirement Obligations (AROs). This statement requires that recognition of a liability be recognized when the liability is both incurred and reasonably estimable. The liability is incurred based on external laws, regulations, contracts, or court judgments, together with an internal event that obligates a government to perform asset retirement activities. The University has not been legally required to perform asset retirement activities, and as such, this statement is not considered applicable at this time. Continued consideration will be performed in future periods.

GASB Statement No. 84 (*Fiduciary Activities*) will become effective for fiscal year 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The University has not yet determined the impact of this statement.

GASB Statement No. 85 (*Omnibus 2017*) will become effective for fiscal year 2018. This statement

addresses various practice issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits). This statement will enhance consistency in the application of accounting and financial reporting requirements. The University has not yet determined the impact of this statement.

GASB Statement No. 86 (*Certain Debt Extinguishment Issues*) will become effective for fiscal year 2018. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing the debt. The University has not yet determined the impact of this statement.

GASB Statement No. 87 (*Leases*) will become effective for fiscal year 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University has not yet determined the impact of this statement.

Note 18 – Subsequent Events

On July 13, 2017, the Regents of New Mexico State University issued \$73,240,000 of refunding and improvement revenue bonds known as Series 2017 A (\$40,740,000) refunding and improvement, Series 2017 B (\$18,975,000) taxable refunding, and Series 2017 C (\$13,525,000) refunding revenue (crossover refunding). Approximately \$32.5 million of the revenue bond proceeds will be used to construct a new residence hall and/or renovate existing residence facilities. The remaining funds will be used to refund existing housing related revenue bonds and for debt service.

The University has evaluated subsequent events from the balance sheet date through December 18, 2017, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2017	Arrowhead Center, Inc. 2017	Total 2017
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,843,562	\$ 823,143	\$ 9,666,705
Restricted cash and cash equivalents	10,144,470	-	10,144,470
Cash and cash equivalents held in trust by component unit for NMSU	6,339,259	-	6,339,259
Cash and cash equivalents held in trust by others	6,619,165	-	6,619,165
Short-term investments	10,036,594	-	10,036,594
Accounts receivable, net	52,762,554	43,549	52,806,103
Due from component unit	1,500,977	-	1,500,977
Inventories	2,289,331	-	2,289,331
Prepaid expenses	3,226,309	3,048	3,229,357
Student loans receivable - current portion, net	1,103,696	-	1,103,696
Total current assets	<u>102,865,917</u>	<u>869,740</u>	<u>103,735,657</u>
Non-current assets:			
Unrestricted cash and cash equivalents	38,274,357	-	38,274,357
Restricted cash and cash equivalents	6,319,877	-	6,319,877
Investments held by others	-	-	-
Investments held in trust by component unit for NMSU	39,071,502	-	39,071,502
Other long-term investments	70,146,976	32,427	70,179,403
Student loans receivable, net	9,933,269	-	9,933,269
Prepaid expenses and other assets	5,946	-	5,946
Capital assets, net	502,900,397	-	502,900,397
Total non-current assets	<u>666,652,324</u>	<u>32,427</u>	<u>666,684,751</u>
TOTAL ASSETS	<u>769,518,241</u>	<u>902,167</u>	<u>770,420,408</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>70,110,135</u>	<u>-</u>	<u>70,110,135</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,397,459	11,847	10,409,306
Other accrued liabilities	17,647,275	48,765	17,696,040
Accrued interest payable	1,715,659	-	1,715,659
Unearned revenue	8,422,925	43,847	8,466,772
Held in trust by NMSU	6,052,135	-	6,052,135
Long-term liabilities - current portion	13,727,356	-	13,727,356
Total current liabilities	<u>57,962,809</u>	<u>104,459</u>	<u>58,067,268</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	156,896,156	-	156,896,156
Net pension liability	507,687,518	-	507,687,518
Total non-current liabilities	<u>665,243,304</u>	<u>-</u>	<u>665,243,304</u>
TOTAL LIABILITIES	<u>723,206,113</u>	<u>104,459</u>	<u>723,310,572</u>
DEFERRED INFLOWS OF RESOURCES	<u>24,850,193</u>	<u>-</u>	<u>24,850,193</u>
NET POSITION			
Net investment in capital assets	396,576,507	-	396,576,507
Restricted for:			
Non-expendable:			
Endowments	28,142,453	-	28,142,453
Expendable:			
Endowments	1,906,228	-	1,906,228
General activities	6,762,073	-	6,762,073
Federal student loans	14,302,898	-	14,302,898
Capital projects	12,277,620	-	12,277,620
Related entity activities	(1,899)	797,708	795,809
Unrestricted	(368,393,810)	-	(368,393,810)
TOTAL NET POSITION	<u>\$ 91,572,070</u>	<u>\$ 797,708</u>	<u>\$ 92,369,778</u>

See accompanying independent auditor's report.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2016	Arrowhead Center, Inc. 2016	Total 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,868,077	\$ 622,924	\$ 14,491,001
Restricted cash and cash equivalents	12,918,988	-	12,918,988
Cash and cash equivalents held in trust by component unit for NMSU	5,826,453	-	5,826,453
Cash and cash equivalents held in trust by others	6,926,583	-	6,926,583
Short-term investments	2,755,578	-	2,755,578
Accounts receivable, net	55,872,400	34,145	55,906,545
Due from component unit	2,031,831	-	2,031,831
Inventories	2,579,496	-	2,579,496
Prepaid expenses	5,163,108	-	5,163,108
Student loans receivable - current portion, net	1,260,852	-	1,260,852
Total current assets	<u>109,203,366</u>	<u>657,069</u>	<u>109,860,435</u>
Non-current assets:			
Unrestricted cash and cash equivalents	33,250,464	-	33,250,464
Restricted cash and cash equivalents	10,655,992	-	10,655,992
Investments held by others	62,460,343	-	62,460,343
Investments held in trust by component unit for NMSU	36,344,701	-	36,344,701
Other long-term investments	72,684,458	32,427	72,716,885
Student loans receivable, net	11,347,665	-	11,347,665
Prepaid expenses and other assets	7,328	-	7,328
Capital assets, net	504,968,368	-	504,968,368
Total non-current assets	<u>731,719,319</u>	<u>32,427</u>	<u>731,751,746</u>
TOTAL ASSETS	<u>840,922,685</u>	<u>689,496</u>	<u>841,612,181</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>45,436,747</u>	<u>-</u>	<u>45,436,747</u>
LIABILITIES			
Current liabilities:			
Accounts payable	15,727,556	8,729	15,736,285
Other accrued liabilities	17,997,480	-	17,997,480
Accrued interest payable	2,014,950	-	2,014,950
Unearned revenue	9,294,343	572	9,294,915
Held in trust by NMSU	7,498,035	-	7,498,035
Long-term liabilities - current portion	12,687,577	-	12,687,577
Total current liabilities	<u>65,219,941</u>	<u>9,301</u>	<u>65,229,242</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	165,726,950	-	165,726,950
Net pension liability	473,733,007	-	473,733,007
Total non-current liabilities	<u>640,119,587</u>	<u>-</u>	<u>640,119,587</u>
TOTAL LIABILITIES	<u>705,339,528</u>	<u>9,301</u>	<u>705,348,829</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>22,874,120</u>	<u>-</u>	<u>22,874,120</u>
NET POSITION			
Net investment in capital assets	390,726,152	-	390,726,152
Restricted for:			
Non-expendable:			
Endowments	90,576,385	-	90,576,385
Expendable:			
Endowments	1,838,724	-	1,838,724
General activities	5,701,685	-	5,701,685
Federal student loans	17,753,365	-	17,753,365
Capital projects	18,051,147	-	18,051,147
Related entity activities	6,455	680,202	686,657
Unrestricted	(366,508,136)	-	(366,508,136)
TOTAL NET POSITION	<u>\$ 158,145,777</u>	<u>\$ 680,202</u>	<u>\$ 158,825,979</u>

See accompanying independent auditor's report.

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

	New Mexico State University 2017	Arrowhead Center, Inc 2017	Total Primary Institution 2017
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 107,477,271	\$ -	\$ 107,477,271
Less: scholarship allowances	(40,352,088)	-	(40,352,088)
Student tuition and fees (net)	67,125,183	-	67,125,183
Federal appropriations, grants and contracts	89,478,461	-	89,478,461
State grants and contracts	16,508,697	-	16,508,697
Local Appropriations, grants and contracts	2,898,663	-	2,898,663
Non-governmental grants, contracts and gifts	9,060,235	-	9,060,235
Sales and services	5,429,962	-	5,429,962
Auxiliary enterprises (net of scholarship allowances)	14,637,709	-	14,637,709
Other operating revenues	16,566,675	-	16,566,675
Total operating revenues	<u>221,705,585</u>	<u>-</u>	<u>221,705,585</u>
EXPENSES			
Operating expenses:			
Instruction	147,433,569	-	147,433,569
Research	86,441,908	-	86,441,908
Public service	53,831,021	-	53,831,021
Academic support	27,494,971	-	27,494,971
Student services	15,372,147	-	15,372,147
Institutional support	31,711,240	-	31,711,240
Operation and maintenance of plant	36,537,879	-	36,537,879
Scholarships and fellowships	29,942,054	-	29,942,054
Auxiliary enterprises	21,195,218	-	21,195,218
Independent operations	17,699,739	-	17,699,739
Intercollegiate athletics	17,947,564	-	17,947,564
Student social and cultural	3,863,536	-	3,863,536
Loan administration (net)	2,867,905	-	2,867,905
Depreciation	35,473,782	-	35,473,782
Total operating expenses	<u>527,812,533</u>	<u>-</u>	<u>527,812,533</u>
Net operating income (loss)	<u>(306,106,948)</u>	<u>-</u>	<u>(306,106,948)</u>
Non-operating revenues (expenses):			
State appropriations	193,515,000	-	193,515,000
Federal Pell grants	39,587,298	-	39,587,298
State lottery scholarship	15,641,172	-	15,641,172
Local tax levy revenue	12,941,281	-	12,941,281
Gifts and non-exchange grants	9,066,256	-	9,066,256
Investment income (loss)	3,009,469	-	3,009,469
Building fees	4,126,169	-	4,126,169
Land lease and permanent fund	3,110,115	-	3,110,115
Loss on disposal of plant	(405,298)	-	(405,298)
Gain on sale of land	2,455,510	-	2,455,510
Additions to quasi endowments	151,320	-	151,320
Interest and other expenses on capital asset-related debt	(4,948,886)	-	(4,948,886)
Other non-operating revenues (expenses)	376,475	117,506	493,981
Net non-operating revenues	<u>278,625,881</u>	<u>117,506</u>	<u>278,743,387</u>
Income (loss) before other revenues	(27,481,067)	117,506	(27,363,561)
Capital appropriations	18,620,802	-	18,620,802
Capital grants, gifts, and other income	2,550,164	-	2,550,164
Additions to permanent endowments	2,196,737	-	2,196,737
Increase (decrease) in net position	<u>(4,113,364)</u>	<u>117,506</u>	<u>(3,995,858)</u>
NET POSITION			
Beginning of year	158,145,777	680,202	158,825,979
Impact of change in accounting principle	(62,460,343)	-	(62,460,343)
End of year	<u>\$ 91,572,070</u>	<u>\$ 797,708</u>	<u>\$ 92,369,778</u>

See accompanying independent auditor's report.

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

	New Mexico State University 2016	Arrowhead Center, Inc 2016	Total Primary Institution 2016
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 111,641,792	\$ -	\$ 111,641,792
Less: scholarship allowances	(40,347,585)	-	(40,347,585)
Student tuition and fees (net)	71,294,207	-	71,294,207
Federal appropriations, grants and contracts	90,637,831	-	90,637,831
State grants and contracts	14,590,177	-	14,590,177
Local Appropriations, grants and contracts	2,784,153	-	2,784,153
Non-governmental grants, contracts and gifts	10,087,186	-	10,087,186
Sales and services	6,269,111	-	6,269,111
Auxiliary enterprises (net of scholarship allowances)	15,191,890	-	15,191,890
Other operating revenues	15,538,726	-	15,538,726
Total operating revenues	<u>226,393,281</u>	<u>-</u>	<u>226,393,281</u>
EXPENSES			
Operating expenses:			
Instruction	151,325,381	-	151,325,381
Research	92,090,234	-	92,090,234
Public service	49,141,698	-	49,141,698
Academic support	29,133,346	-	29,133,346
Student services	16,851,902	-	16,851,902
Institutional support	32,780,883	-	32,780,883
Operation and maintenance of plant	41,135,221	-	41,135,221
Scholarships and fellowships	29,997,863	-	29,997,863
Auxiliary enterprises	21,475,142	-	21,475,142
Independent operations	17,322,820	-	17,322,820
Intercollegiate athletics	18,640,460	-	18,640,460
Student social and cultural	4,115,692	-	4,115,692
Loan administration (net)	(347,703)	-	(347,703)
Depreciation	35,546,359	-	35,546,359
Total operating expenses	<u>539,209,298</u>	<u>-</u>	<u>539,209,298</u>
Net operating income (loss)	<u>(312,816,017)</u>	<u>-</u>	<u>(312,816,017)</u>
Non-operating revenues (expenses):			
State appropriations	207,568,589	-	207,568,589
Federal Pell grants	40,989,904	-	40,989,904
State lottery scholarship	16,197,814	-	16,197,814
Local tax levy revenue	12,465,269	-	12,465,269
Gifts and non-exchange grants	13,826,990	-	13,826,990
Investment income (loss)	(4,316,053)	-	(4,316,053)
Building fees	3,964,856	-	3,964,856
Land lease and permanent fund	3,608,100	-	3,608,100
Loss on disposal of plant	(305,658)	-	(305,658)
Additions to quasi endowments	156,213	-	156,213
Interest and other expenses on capital asset-related debt	(5,218,715)	-	(5,218,715)
Other non-operating revenues (expenses)	12,432	(142,851)	(130,419)
Net non-operating revenues	<u>288,949,741</u>	<u>(142,851)</u>	<u>288,806,890</u>
Income (loss) before other revenues	(23,866,276)	(142,851)	(24,009,127)
Capital appropriations	36,412,972	-	36,412,972
Capital grants, gifts, and other income	3,347,485	-	3,347,485
Additions to permanent endowments	2,889,958	-	2,889,958
Increase (decrease) in net position	<u>18,784,139</u>	<u>(142,851)</u>	<u>18,641,288</u>
NET POSITION			
Beginning of year	139,361,638	823,053	140,184,691
End of year	<u>\$ 158,145,777</u>	<u>\$ 680,202</u>	<u>\$ 158,825,979</u>

See accompanying independent auditor's report.

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	\$ 120,406,983	\$ 151,450,397	\$ 151,450,397	\$ -
Unrestricted and restricted revenues:				
State government appropriations	203,355,200	193,470,428	193,515,000	44,572
Federal revenue sources	139,285,948	136,720,276	129,327,948	(7,392,328)
Tuition and fees income	110,459,472	106,243,588	107,284,071	1,040,483
Land and permanent fund	2,770,000	3,135,000	3,110,115	(24,885)
Endowment and private gifts	12,777,653	13,010,704	9,975,278	(3,035,426)
Other sources	140,592,613	161,710,129	143,742,691	(17,967,438)
Total unrestricted and restricted revenues	<u>609,240,886</u>	<u>614,290,125</u>	<u>586,955,103</u>	<u>(27,335,022)</u>
Unrestricted and restricted expenditures:				
Instruction	151,359,088	152,385,964	143,468,328	8,917,636
Academic support	29,592,251	30,512,975	30,031,362	481,613
Student services	17,349,828	16,027,373	15,077,612	949,761
Institutional support	31,065,672	32,088,266	30,901,264	1,187,002
Operation and maintenance	27,206,536	25,550,863	24,112,358	1,438,505
Subtotal instruction and general	<u>256,573,375</u>	<u>256,565,441</u>	<u>243,590,924</u>	<u>12,974,517</u>
Student social and cultural activities	4,074,824	4,712,963	3,838,150	874,813
Research	107,149,934	104,336,094	98,998,912	5,337,182
Public service	54,831,588	56,713,455	55,445,338	1,268,117
Internal services	1,075,944	3,101,772	(416,623)	3,518,395
Student aid, grants and stipends	82,659,843	77,925,213	75,501,401	2,423,812
Auxiliary services	24,527,653	25,153,128	21,132,587	4,020,541
Intercollegiate athletics	17,750,508	20,510,805	18,043,770	2,467,035
Independent operations	17,539,349	19,667,367	17,369,957	2,297,410
Capital outlay	27,800,059	40,816,094	30,256,218	10,559,876
Renewal and replacement	14,052,234	12,820,243	8,488,266	4,331,977
Retirement of indebtedness	13,741,635	13,742,135	13,742,135	-
Total unrestricted and restricted expenditures	<u>621,776,946</u>	<u>636,064,710</u>	<u>585,991,035</u>	<u>50,073,675</u>
Net transfers to (from)	<u>-</u>	<u>(501,479)</u>	<u>(505,229)</u>	<u>3,750</u>
Change in fund balance	<u>(12,536,060)</u>	<u>(21,273,106)</u>	<u>1,469,297</u>	<u>22,742,403</u>
Ending fund balance	<u>\$ 107,870,923</u>	<u>\$ 130,177,291</u>	<u>\$ 152,919,694</u>	<u>\$ 22,742,403</u>

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10 - Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of 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. Budgets are presented on a modified accrual basis of accounting.

See accompanying independent auditor's report.

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	\$ 20,488,844	\$ 31,136,994	\$ 31,136,994	\$ -
Unrestricted revenues:				
Tuition and fees income	89,948,163	85,446,920	85,976,010	529,090
Miscellaneous fees	7,667,462	8,250,106	8,540,196	290,090
Federal government appropriations	-	-	-	-
State government appropriations	156,446,100	148,687,312	148,746,312	59,000
Local government appropriations	11,084,765	12,791,620	12,943,282	151,662
Federal government grants and contracts	135,100	158,200	161,670	3,470
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	2,770,000	3,135,000	3,110,115	(24,885)
Private gifts	10,000	10,000	-	(10,000)
Sales and services	521,070	698,070	744,049	45,979
Other sources	14,343,156	14,695,208	15,213,869	518,661
Total unrestricted revenues	<u>282,925,816</u>	<u>273,872,436</u>	<u>275,435,503</u>	<u>1,563,067</u>
Unrestricted expenditures:				
Instruction	138,248,601	139,088,407	134,563,953	4,524,454
Academic support	27,622,867	28,221,203	27,906,770	314,433
Student services	16,342,020	15,212,398	14,598,316	614,082
Institutional support	30,747,272	31,815,217	30,653,175	1,162,042
Operation and maintenance	27,186,036	25,526,763	24,092,766	1,433,997
Total unrestricted expenditures	<u>240,146,796</u>	<u>239,863,988</u>	<u>231,814,980</u>	<u>8,049,008</u>
Net transfers to (from)	<u>40,959,258</u>	<u>46,627,420</u>	<u>45,264,904</u>	<u>1,362,516</u>
Change in fund balance	<u>1,819,762</u>	<u>(12,618,972)</u>	<u>(1,644,381)</u>	<u>10,974,591</u>
Ending fund balance	<u>\$ 22,308,606</u>	<u>\$ 18,518,022</u>	<u>\$ 29,492,613</u>	<u>\$ 10,974,591</u>

See accompanying independent auditor's report.

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	8,078,641	8,441,436	5,592,613	(2,848,823)
State government grants and contracts	2,134,053	2,066,731	2,379,960	313,229
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	1,151,930	1,148,112	705,069	(443,043)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	5,061,955	5,045,174	3,098,302	(1,946,872)
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	<u>16,426,579</u>	<u>16,701,453</u>	<u>11,775,944</u>	<u>(4,925,509)</u>
Restricted expenditures:				
Instruction	13,110,487	13,297,557	8,904,375	4,393,182
Academic support	1,969,384	2,291,772	2,124,592	167,180
Student services	1,007,808	814,975	479,296	335,679
Institutional support	318,400	273,049	248,089	24,960
Operation and maintenance	20,500	24,100	19,592	4,508
Total restricted expenditures	<u>16,426,579</u>	<u>16,701,453</u>	<u>11,775,944</u>	<u>4,925,509</u>
Net transfers to (from)	-	-	-	-
Change in fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Schedule 3 - Budgetary Comparison Schedules - Combined Campuses

Reconciliation of Budget
 Unrestricted and Restricted - All Operations
 For the Year Ended June 30, 2017

Total Unrestricted and Restricted Revenues:		\$ 586,955,103
Reconciling Items:		
Scholarship allowance	\$ (45,743,452)	
Elimination of Internal Revenues	(15,249,342)	
Endowment fund revenues	3,643,395	
Blended Component Unit Revenues (AHC, ADI)	752,890	
Loan Fund Additions	(164,629)	
Financial statement adjustments	83,306	
Unexpended Plant Revenue reclassification	(303,445)	
Total reconciling items		<u>(56,981,277)</u>
Total reconciled unrestricted and restricted revenues		<u>\$ 529,973,826</u>
Basic Financial Statements		
Operating revenues		\$ 221,705,585
Non-operating revenues		281,148,079
Non-operating revenues netted in other non-operating revenues and expenses		1,296,949
Other Revenues		<u>25,823,213</u>
Total revenues per Financial Statements		<u>\$ 529,973,826</u>
Difference		<u>\$ -</u>
Total Unrestricted and Restricted Expenses:		\$ 585,991,035
Reconciling Items:		
Scholarship allowance	\$ (45,743,452)	
Elimination of Internal Sales	(15,249,342)	
Blended Component Unit expenditures (AHC, ADI)	781,028	
Depreciation expense	35,473,782	
Loan fund expenditures	2,867,905	
Other Operating expenses	1,293,965	
Capitalized expenditures	(33,826,697)	
Bond principal payments	(8,675,000)	
Pension Expense	11,282,516	
Accounts Payable accrual, net	(103,251)	
Financial statement reporting adjustments	(224,655)	
Unexpended Plant Revenue reclassification	(303,445)	
Loss on disposal of plant	405,299	
Total reconciling items		<u>(52,021,347)</u>
Total reconciled unrestricted and restricted expenses		<u>\$ 533,969,688</u>
Basic Financial Statements		
Operating expenditures		\$ 527,812,533
Non-operating expenditures		5,354,184
Non-operating expenditures netted in other non-operating revenues and expenses		<u>802,971</u>
Total Expenditures per Financial Statements		<u>\$ 533,969,688</u>
Difference		<u>\$ -</u>

See accompanying independent auditor's report.

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

Page 1

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				<u>\$ 31,113</u>
FIRST NATIONAL BANK OF ALAMOGORDO					
<i>Cash</i>	Mortgage-Backed	31418BBB1	3/1/2024	\$ 458,186	<u>\$ 515,778</u>
GRANTS STATE BANK					
<i>Cash</i>	None				<u>\$ 22,551</u>
WELLS FARGO BANK OF NEW MEXICO					
<i>Cash</i>	FNMA	31417CCA1	6/1/2042	\$67,894,913	<u>\$ 57,641,387</u>
WESTERN COMMERCE BANK, CARLSBAD					
<i>Cash</i>					<u>\$ 25,421</u>
WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT)					
<i>Bank United NA Interest Bearing CD</i>	None				\$ 250,000
<i>Barclays Bank Interest Bearing CD</i>	None				250,000
<i>BMO Harris Bank Interest Bearing CD</i>	None				250,000
<i>BMW Bank North American Interest Bearing CD</i>	None				250,000
<i>Capital One NA Interest Bearing CD</i>	None				250,000
<i>Comenity Cap Bank Interest Bearing CD</i>	None				250,000
<i>Discover Bank Interest Bearing CD</i>	None				250,000
<i>Eagle Bank Interest Bearing CD</i>	None				250,000
<i>ENER Bank USA Interest Bearing CD</i>	None				250,000
<i>First Niagra Bank Interest Bearing CD</i>	None				250,000
<i>First Savings Bank Interest Bearing CD</i>	None				250,000
<i>Goldman Sachs Bank Interest Bearing CD</i>	None				250,000
<i>Israel Discount Bank of NY Interest Bearing CD</i>	None				250,000
<i>Midland STS Bank Interest Bearing CD</i>	None				250,000
<i>Stearns Bank NA Interest Bearing CD</i>	None				250,000
<i>TCF National Bank Interest Bearing CD</i>	None				250,000
<i>Whitney Bank Interest Bearing CD</i>	None				250,000
					<u>\$ 4,250,000</u>

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

See accompanying independent auditor's report.

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

Page 2

Account	FDIC/SPIC Insurance	Uninsured Public Funds	By the pledging Federal Institution	Excess Amounts over 50% Collateral Requirement
CITIZEN'S BANK OF LAS CRUCES				
<i>Certificate of Deposit</i>				
<i>Endowment</i>	\$ 31,113	\$ -	\$ -	\$ -
FIRST NATIONAL BANK OF ALAMOGORDO				
<i>Cash</i>	\$ 250,000	\$ 265,778	\$ 458,186	\$ 325,297
GRANTS STATE BANK				
<i>Cash</i>	\$ 22,551	\$ -	\$ -	\$ -
WELLS FARGO BANK OF NEW MEXICO				
<i>Cash</i>	\$ 500,000	\$ 57,141,387	\$ 67,894,913	\$ 39,324,219
WESTERN COMMERCE BANK, CARLSBAD				
<i>Cash</i>	\$ 25,421	\$ -	\$ -	\$ -
WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT)				
<i>Bank United NA Interest Bearing CD</i>	\$ 250,000	-	-	-
<i>Barclays Bank Interest Bearing CD</i>	250,000	-	-	-
<i>BMO Harris Bank Interest Bearing CD</i>	250,000	-	-	-
<i>BMW Bank North American Interest Bearing CD</i>	250,000	-	-	-
<i>Capital One NA Interest Bearing CD</i>	250,000	-	-	-
<i>Comenity Cap Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Discover Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Eagle Bank Interest Bearing CD</i>	250,000	-	-	-
<i>ENER Bank USA Interest Bearing CD</i>	250,000	-	-	-
<i>First Niagra Bank Interest Bearing CD</i>	250,000	-	-	-
<i>First Savings Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Goldman Sachs Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Israel Discount Bank of NY Interest Bearing CD</i>	250,000	-	-	-
<i>Midland STS Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Stearns Bank NA Interest Bearing CD</i>	250,000	-	-	-
<i>TCF National Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Whitney Bank Interest Bearing CD</i>	250,000	-	-	-
	<u>\$ 4,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Schedule 5 - Schedule of Funding Progress and Employer Contributions - Other Post Employment Benefits (unaudited)

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>
6/30/2017	\$ -	\$ 90,297,000	\$ 90,297,000	0%	\$ 164,627,765	55%
6/30/2016	\$ -	\$ 90,415,000	\$ 90,415,000	0%	\$ 171,553,054	53%
6/30/2015	\$ -	\$ 91,867,000	\$ 91,867,000	0%	\$ 195,520,290	47%

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Required Contributions (ARC)</u>	<u>Actual Contributions</u>	<u>% Contributed</u>
6/30/2017	\$ 6,921,000	\$ 4,422,000	63.9%
6/30/2016	\$ 6,885,000	\$ 4,357,000	63.3%
6/30/2015	\$ 7,248,000	\$ 4,563,000	63.0%

Summary of Key Actuarial Methods and Assumptions

Valuation year	July 1, 2016 to June 30, 2017
Actuarial cost method	Projected Unit Credit Actuarial Cost Method
Amortization method	30 Years
Discount rate	4.0%
Projected payroll growth rate	2.5%
Health care cost trend rate	Medical and prescription benefits on a select basis at 7.5% pre 65, and 6.5% post 65. On the ultimate basis all ages are at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.

See accompanying independent auditor's report.

**Schedule 6 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions
(unaudited)**

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last ten fiscal years. Fiscal year 2015 was the first year of implementation, therefore only two years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	2017	2016	2015
University's proportion of the net pension liability	7.05471%	7.31378%	7.56103%
University's proportion share of the net pension liability	\$ 507,687,518	\$ 473,733,007	\$431,412,011
University's covered-employee payroll	\$ 201,383,448	\$ 199,689,623	\$229,696,230
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	252.10 %	237.23 %	187.82 %
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

Schedule of Employer Contributions - ERB Plan

	2017	2016	2015
Statutorily required employer contribution	\$ 26,736,537	\$ 28,006,297	\$ 31,140,209
Contribution in relation to the statutorily required contribution	26,736,537	28,006,297	31,140,209
Contribution deficiency (excess)	\$ -	\$ -	\$ -
University's covered-employee payroll	194,360,458	201,383,448	199,689,623
Contributions as percentage of covered-employee payroll	13.76 %	13.91 %	15.59 %

Notes to Schedules:

Changes of Benefit Terms and Assumptions

There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0%, which resulted in a net \$138 million decrease in the overall ERB unfunded actuarial accrued liability.

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF DEFENSE (DOD) - DIRECT					
	KIRTLAND AFB MOUNTAIN LION STUDY	12.300	GR0005000	\$0	\$65,090
	BURROWING OWL POPULATION KIRTLAND	12.300	GR0005017	\$26,674	\$40,523
			CFDA 12.300 Total	\$26,674	\$105,613
	A LOCAL ANALYSIS OF THE FLUID DYNAM	12.431	GR0004827	\$0	\$47,135
	IMPROVING SITUATION AWARENESS THROU	12.431	GR0005382	\$0	\$73,387
	1099 - TSER 2	12.431	GRP001099	\$1,084,512	\$6,440,853
			CFDA 12.431 Total	\$1,084,512	\$6,561,375
	PULSE COMPLEXITY BASED LIDAR SCENE	12.630	GR0004121	\$0	\$17,834
	INVESTIGATION INTO THE CONTROL OF I	12.630	GR0004751	\$0	\$40,817
	THEORIES AND ALGORITHMS TO ACHIEVE	12.630	GR0004871	\$0	\$216,983
	EVALUATION OF RIO GRANDE SILVERY MI	12.630	GR0004925	\$0	\$21,859
	ACQUISITION OF A FOURIER-TRANSFORM	12.630	GR0005273	\$0	\$275,941
			CFDA 12.630 Total	\$0	\$573,434
	SPACE WEATHER NEUTRONS	12.800	GR0004360	\$0	\$22,652
	NANOSCALE PROBING OF MAGNETOELECTRI	12.800	GR0004650	\$0	\$119,222
	FILAMENT ERUPTIONS AND THE SOLAR RA	12.800	GR0004694	\$0	\$25,753
	NUMERICAL INVESTIGATION OF ACTIVE F	12.800	GR0004823	\$0	\$85,336
			CFDA 12.800 Total	\$0	\$252,963
	US ARMY WAVELENGTH OBSCURANTS	12.rd	GR0003726	\$0	\$79,762
	FACILITATED-TRANSPORT ENABLED IN SI	12.rd	GR0004332	\$154,211	\$285,498
	ABUNDANCE AND HABITAT-RELATED PUPFI	12.rd	GR0004394	\$0	\$98,051
	NATURAL RESOURCES CONSERVATION 16K A	12.rd	GR0004428	\$1,991	\$984
	NATIONAL REGISTER OF HISTORIC PLACE	12.rd	GR0004430	\$5,044	\$5,044
	WSMR BAT PLANNING LEVEL SURVEYS	12.rd	GR0004432	\$38,424	\$38,424
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0004435	\$0	\$2,190
	NM JUMPING MOUSE SURVEYS	12.rd	GR0004517	\$0	(\$2,024)
	TRINITY NHL SITE ASSESSMENT	12.rd	GR0004519	\$31,034	\$33,688
	HISTORIC ARCHITECT SUPPORT	12.rd	GR0004522	\$5,410	\$5,410
	ARCHAEOLOGICAL SUPPORT FOR PRESCRIB	12.rd	GR0004524	\$0	\$0
	MITIGATION SITE LA76465	12.rd	GR0004612	\$50,198	\$50,198
	AQUATIC INVERTEBRATE SURVEY	12.rd	GR0004615	\$38,961	\$43,787
	SALT CEDAR MANAGEMENT	12.rd	GR0004618	\$46,155	\$50,496
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0004634	\$0	(\$5,266)
	NORTHERN APLOMADO FALCON AT	12.rd	GR0004665	\$11,122	\$11,122
	FY15 NAT RESOURCES CONSERVAT WSMR	12.rd	GR0004715	\$16,998	\$29,428
	SCAILED QUAIL ECOLOGY ON WSMR	12.rd	GR0004766	\$0	\$93,128
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004770	\$13,769	\$16,549
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004771	\$152,711	\$154,871
	PRESCRIBED BURN PLS ON WSMR	12.rd	GR0004796	\$3,025	\$3,025
	IMPLEMETING AVIATION PROTECTION PLA	12.rd	GR0004797	\$72,302	\$72,302
	SALT CEDAR PLS	12.rd	GR0004799	\$317	\$317
	LARGE ARCH SURVEY ON WSMR	12.rd	GR0004801	\$119,063	\$136,398
	HISTORIC CONTEXT PLS ON WSMR	12.rd	GR0004802	\$31,095	\$31,095
	INTERGRATED NATURAL AND CULTURAL RE	12.rd	GR0004804	\$0	\$1,175
	YELLOW-BILLED CUCKOO ON WSMR	12.rd	GR0004806	\$12,497	\$12,536
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0004807	\$0	\$2,233
	BURRIS VALLEY SURVEYS	12.rd	GR0004808	\$3,536	\$3,536
	SOUTHWESTERN WILLOW FLYCATCHER SURV	12.rd	GR0004809	\$8,897	\$8,897
	TULAROSA SPRINGSNAIL PLANNING LEVEL	12.rd	GR0004810	\$42,947	\$42,947
	RED CANYON RANGE SURVEYS	12.rd	GR0004811	\$7,183	\$7,183
	NAT RESOURCE CONSERVATION ON WSMR	12.rd	GR0004887	\$0	\$54,690
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004889	\$8,895	\$10,452
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004890	\$2,301	\$2,703
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004892	\$36,531	\$36,531
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004900	\$12,252	\$12,742
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004901	\$14,557	\$17,104
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004903	\$78,570	\$83,281
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004905	\$0	\$768
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004906	\$4,710	\$4,710
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004907	\$0	\$7,444
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0004908	\$47,193	\$51,421
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005008	\$20,565	\$24,537
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005009	\$41,612	\$41,612
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005010	\$49,794	\$60,794
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005011	\$0	\$3,378
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005038	\$0	\$109,341
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005109	\$236,210	\$236,210
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005137	\$6,702	\$7,875
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005139	\$47,874	\$52,249
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005145	\$99,135	\$99,474
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005146	\$142,574	\$143,312
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005148	\$22,823	\$26,817
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005154	\$71,238	\$75,613
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005158	\$176,652	\$176,647
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005188	\$21,979	\$25,825
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005189	\$183,890	\$188,265
	NATURAL RESOURCES CONSERVATION ON	12.rd	GR0005190	\$38,862	\$43,237
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005192	\$165,171	\$169,546
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005194	\$4,265	\$5,775
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005195	\$27,432	\$31,807
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005197	\$0	\$627
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005204	\$3,513	\$4,128
	FLORA OF NM NATURAL RESOURCES CONSE	12.rd	GR0005230	\$0	\$37,651
	NAT RESOURCES CONSERVATION WSMR	12.rd	GR0005316	\$14,074	\$16,537

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005387	\$15,286	\$17,961
	NATURAL RESOURCES CONSERVATION ON W	12.rd	GR0005388	\$15,931	\$18,719
	CULTURAL CONSERVATION SUPPORT-HELST	12.rd	GR0005428	\$564	\$663
	ARCH CONSERVATION SUPPORT - LC33	12.rd	GR0005429	\$2,923	\$3,435
	ECOSYSTEM SUPPORT	12.rd	GR0005430	\$137,997	\$142,372
	ENVIRONMENTAL DAMAGE ASSESSMENT II	12.rd	GR0005431	\$19,835	\$23,306
	CULTURAL RESOURCES SUPPORT MILITARY	12.rd	GR0005432	\$37,970	\$42,345
	BAA ECBC-15	12.rd	GR0005438	\$0	\$114,741
	IOVSA FY10-FY15	12.rd	GRP001135	\$0	\$663,552
	ARDEC TELEMETRY SUPPORT	12.rd	GRP001193	\$0	\$435,908
	1254 IOVSA	12.rd	GRP001254	\$329,842	\$10,491,760
	1254 IOVSA	12.rd	GRP001254	\$0	\$12,846
	1257 NGA ASTROLABE	12.rd	GRP001257	\$0	\$10,052
	1262 ATMOSPHERIC MOD	12.rd	GRP001262	\$0	\$402,339
	GRP1267 VIRGINIA CONTRACTING	12.rd	GRP001267	\$0	\$271,618
	1257 NGA ASTROLAB	12.rd	GRP011257	\$0	\$73,203
			CFDA 12.rd Total	\$3,006,612	\$16,010,907
			DOD DIRECT Total	\$4,117,798	\$23,504,292
DEPARTMENT OF DEFENSE (DOD) - PASS THRU					
Stanford University	HIGH PERFORMANCE COMPUTING RESEARCH	12.431	W911NF-07-2-0027	\$0	\$154,553
			CFDA 12.431 Total	\$0	\$154,553
University of Dayton Research Institute	WAVE OPTICS OF DEEP ATMOSPHERIC TUR	12.800	FA9550-12-1-0449	\$0	\$139,904
University of Arizona	EFFECTS OF STRUCTURAL MOTION ON SEP	12.800	FA9550-14-1-0184	\$0	\$10,898
University of Arizona	INVESTIGATION OF 3D SHOCK-BOUNDARY	12.800	FA9550-15-1-0430	\$0	\$8,218
			CFDA 12.800 Total	\$0	\$159,020
IAP Research Inc	IAP TESTS IN ECBC LARGE CHAMBER	12.910	W911SR-11-C-0041	\$0	\$4,053
			CFDA 12.910 Total	\$0	\$4,053
Zeta Associates	1273 - ZETA ASSOCIATES	12.rd	10-C-0064	\$0	\$63,472
i2C Solutions, LLC	ENHANCED BOILING IN TGPS	12.rd	FA9451-15-C-0420	\$0	\$20,147
Integrity Applications Incorporated	GRP1250 INTEGRITY 2118-15-NMSU-031	12.rd	HHM402-11-C-0033	\$0	(\$1,783)
L-3 Technologies Inc	1260 COLEMAN	12.rd	HQ0147-14-C-0001	\$0	\$54,739
L-3 Technologies Inc	REDLINES ONLY-6 ANTENNAS	12.rd	HQ0147-14-C-0001	\$0	\$3,819
Science Research Laboratory	OMNIPHILIC SURFACES FOR ENHANCED FL	12.rd	HQ0147-16-C-7725	\$0	\$14,771
Hamilton Sundstrand	UTC TANDEM ION IARPA-BAA-16-01	12.rd	IARPA-BAA-16-01	\$0	\$114,537
Research and Engineering Development LLC	GRP1261 RED INC-VANILLA AIR	12.rd	N00178-05-D-4527/M803	\$0	\$16,054
Dynetics Inc	1246 DYNETICS THJOR	12.rd	W31P4Q-13-D-A002-012	\$0	(\$169)
Dynetics Inc	1269 PO AL010405 DYNETICS	12.rd	W31P4Q-13-D-A002-017	\$0	\$5,284
Dynetics Inc	1271 PO CH012297	12.rd	W31P4Q-13-D-A002-017	\$0	\$38,156
Teledyne Brown Engineering, Inc.	1245 SUB 955725DELTA	12.rd	W9113M-14-D-0005	\$0	\$289,961
Luna Innovations Incorporated	LUNA SBIR PHASE II	12.rd	W9115R-16-C-050	\$0	\$13,629
Cheering Sensors and Electronic Systems Inc	ENHANCED PERFORM MARS PROJECT DMS	12.rd	W911FR-14-C-0045	\$0	\$101,804
BAE Systems	REDUCED-ORDR MODEL FLAPPING WING	12.rd	W911NF-08-2-0004	\$67,893	\$76,987
Science and Technology Corporation	STC THEORETICAL MODELING AND LAB ME	12.rd	W911SR-10-D-0011-0003	\$0	\$129,932
Oceanit Laboratories Inc.	MEASUREMENTS AND ANALYSIS OF CANDID	12.rd	W-911SR-15-C-0011	\$0	\$22,071
Luna Innovations Incorporated	HIGH CONDUCTIVITY CARBON MICROFIBER	12.rd	W911SR-16-C-0050	\$0	\$10,071
Applied Sciences Inc	A16-046 HIGH CONDUCTIVITY CARBON MI	12.rd	W911SR-16-C-0052	\$0	\$10,104
			CFDA 12.rd Total	\$67,893	\$983,586
			DOD PASS THRU Total	\$67,893	\$1,301,212
			DEPARTMENT OF DEFENSE (DOD) Total	\$4,185,691	\$24,805,504
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	OPTICAL MIMO AND HYBRID COMMUNCIATI	47.041	GR0004013	\$0	\$2,395
	COLLABORATIVE RESEARCH: THE EFFECT	47.041	GR0004288	\$0	\$60,779
	BRIGE: ASPRIE-DATA: ADVANCING SCIEN	47.041	GR0004294	\$0	\$35,315
	COLLABORATIVE RESEARCH: HEAT-INDUCE	47.041	GR0004484	\$0	\$2,358
	EAGER: EXPERIMENTAL INVESTIGATION O	47.041	GR0004567	\$0	(\$250)
	COLLABORATIVE RESEARCH: CCSS: LOW-C	47.041	GR0004568	\$0	\$73,431
	COLLABORATIVE PROPOSAL: USING LEAN	47.041	GR0004640	\$0	\$100,241
	GARDE: TRACKABLE INTERACTIVE MULTIM	47.041	GR0004656	\$0	\$36,460
	MATERIALS FOR CO2 CAPTURE	47.041	GR0004946	\$0	\$4,205
	COLLABORATIVE RESEARCH:SOLAR CHIMNE	47.041	GR0004949	\$0	\$4,340
	NON-WEIGHTED DIGITAL CIRCUITS LOW P	47.041	GR0004956	\$0	\$13,660
	WARP WIDE AREA ASSISTED RESILIENT	47.041	GR0004982	\$0	\$38,390
	I-CORPS: A NOVEL, ECO-FRIENDLY ESSE	47.041	GR0005015	\$0	\$16,931
	NSF I-CORPS: PORTABLE WATER PURIFIC	47.041	GR0005173	\$0	\$29,912
	I-CORPS: NEW SELECTIVE OXIDATION CA	47.041	GR0005178	\$0	\$32,776
	I-CORPS: SMALL-SCALE LOW-TEMP EFFEC	47.041	GR0005277	\$0	\$50,000
	RESEARCH INITIATION: NSF 1640523	47.041	GR0005321	\$0	\$32,056
	NSF INCLUDES: ENHANCING THE NM STEM	47.041	GR0005322	\$0	\$61,867
			CFDA 47.041 Total	\$0	\$594,866
	NSF/CHE CARBON NANSTRUCTURES	47.049	GR0003687	\$0	(\$163)
	CHEMICAL CARTOGRAPHY IN THE MILKY W	47.049	GR0003713	\$0	\$10,519
	TOWARDS ASCERTAINING THE ORIGINS OF	47.049	GR0004015	\$0	\$47,175
	METAL-BASED ELECTRON TRANSFER PROCE	47.049	GR0004018	\$0	\$31,043
	CHEMICAL ORTHOGONALITY IN TANDEM DI	47.049	GR0004271	\$0	\$25
	COLLABORATIVE RESEARCH: BRANCHING M	47.049	GR0004500	\$0	\$12,858
	COLLABORATIVE RESEARCH: NEW FORMULA	47.049	GR0004513	\$0	\$48,777
	EAGER: NOVEL RARE EARTH MTAL OXYSL	47.049	GR0004569	\$0	\$17,234
	DEGENERATE DIFFUSION IN COMPLEX AMP	47.049	GR0004576	\$0	\$45,795
	SCANNING ELECTROCHEMICAL MICROSCOPY	47.049	GR0004587	\$0	\$91,080
	CAREER: SYNTHETIC STRATEGIES FOR TH	47.049	GR0004749	\$0	\$41,876

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
	NSF/IN SITU LIPOPHILE LABELING IN L	47.049	GR0004855	\$0	\$130,672
	COLLABORATIVE RESEARCH: CIRCUMGALAC	47.049	GR0004922	\$0	\$84,352
	NSF DMR-1505172	47.049	GR0004963	\$0	\$79,415
	CAREER: NSF 1555376	47.049	GR0005117	\$0	\$154,240
	COLLABORATIVE RESEARCH: NON-THERMAL	47.049	GR0005218	\$0	\$25,688
	THE TRANSITION TO SUNSPOT SOLAR OBS	47.049	GR0005310	\$0	\$88,388
			CFDA 47.049 Total	\$0	\$908,974
	NSF INDEPTH IV EAR-0409870	47.050	GR0002189	\$0	\$4,187
	CAREER: INSPIRE- AN INTEGRATED SOLA	47.050	GR0004287	\$0	\$128,221
	CAREER: NEW CONSTRAINTS ON THE SOLA	47.050	GR0004444	\$0	\$63,956
	SEDIMENT RECYCLING IN SOUTHERN CAS	47.050	GR0004879	\$0	\$51,477
	COLLAB RESEARCH: NEW APPR DETRITAL	47.050	GR0005182	\$0	\$43,739
	COLLABORATIVE RESEARCH: TESTING TWO	47.050	GR0005233	\$0	\$443
			CFDA 47.050 Total	\$0	\$292,023
	BRAINWAVE MEASUREMENT	47.070	GR0003636	\$12,806	\$13,144
	CYBERINFRASTRUCTURE FOR SCALABLE	47.070	GR0003775	\$0	\$24,156
	CREATIV: TOWARDS UBIQUITOUS ADOPTIO	47.070	GR0003989	\$0	\$100,026
	COLLABORATIVE RESEARCH: BPEC: YO-GU	47.070	GR0004626	\$0	\$61,755
	BSF: 2014012: ROBUST SOLUTIONS FOR	47.070	GR0004897	\$0	\$13,489
	CRII: CSR: TOWARDS PINPOINTING THE	47.070	GR0005077	\$0	\$62,656
	REU: SITE: BIGDATA - BIG DATA ANALY	47.070	GR0005131	\$0	\$118,014
	CAREER: DECENTRALIZED CONSTRAINT-BA	47.070	GR0005147	\$0	\$68,635
	CRII:CHS: HUMAN IN THE LOOP:SAFETY	47.070	GR0005186	\$0	\$68,010
	CHS WEARABLE INTERFACES #1619273	47.070	GR0005232	\$0	\$55,670
	BIGDATA: COLLABORATIVE RESEARCH:F:	47.070	GR0005276	\$0	\$72,903
			CFDA 47.070 Total	\$12,806	\$658,458
	PROCESSES AND PATTERNS IN THE NORTH	47.074	GR0003653	\$0	(\$793)
	CAREER: FLUORESCENCE LIFETIME	47.074	GR0003875	\$0	\$61,591
	CAREER: INDIVIDUAL VARIATION IN DIS	47.074	GR0003922	\$0	\$127,018
	DIGITIZATION TCN: COLLABORATIVE RES	47.074	GR0003943	\$0	\$1,541
	MCA-PGR: A PHYLOGENETICALLY INFORME	47.074	GR0004163	\$0	\$126,260
	LTER VI: JORNADA BASIN	47.074	GR0004167	\$0	\$800,362
	COLLABORATIVE RESEARCH: G PROTEIN	47.074	GR0004510	\$0	\$137,028
	EAGER: SCIENCE IN THE TIME OF BIG D	47.074	GR0004601	\$0	\$225,378
	COLLABORATIVE RESEARCH: ABI DEVELOP	47.074	GR0004815	\$0	\$100,862
	ACQUISITION OF A HIGH RESOLUTION OR	47.074	GR0005309	\$0	\$699,068
			CFDA 47.074 Total	\$0	\$2,278,315
	CNH: ACEQUIA WATER SYSTEMS LINKING	47.075	GR0003450	\$21,583	\$50,296
			CFDA 47.075 Total	\$21,583	\$50,296
	NSF DGE-0947465	47.076	GR0003403	\$0	\$80,559
	GRADUATE RESEARCH FELLOWSHIP PRGM F	47.076	GR0003865	\$0	\$8,970
	NM AMP SENIOR LEVEL ALLIANCES	47.076	GR0004346	\$187,421	\$575,306
	NM AMP SENIOR LEVEL ALLIANCES	47.076	GR0004346	\$0	\$3,225
	ICREDITS: INTERDISCIPLINARY CENTER	47.076	GR0004460	\$44,942	\$832,141
	COLLAB RESEARCH: RUI: TRANSFORMING	47.076	GR0004921	\$0	\$48,782
	MATH SNACKS FOR EARLY ALGEBRA USING	47.076	GR0004943	\$0	\$531,758
	INCREASING THE SUCCESS OF STEM STUD	47.076	GR0005129	\$0	\$158,977
	GRADUATE RESEARCH FELLOWSHIP PRGM F	47.076	GR0005238	\$0	\$175,065
	EXPLORING THE RELATIONSHIPS AMONG M	47.076	GR0005320	\$0	\$29,872
			CFDA 47.076 Total	\$232,363	\$2,444,655
			NSF DIRECT Total	\$266,752	\$7,227,587
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University of Texas	CAHSI	47.041	CNS-1042341	\$0	\$14,193
Stanford University	RE-INVENTING AMERICA'S URBAN WATER	47.041	EEC-1028968	\$0	\$404,519
Stanford University	RE-INVENTING AMERICA'S URBAN WATER	47.041	EEC-1262655	\$0	\$17,896
Arizona State University	NSF ENGINEERING RESEARCH CENTER FOR	47.041	EEC-1449501	\$0	\$585,062
			CFDA 47.041 Total	\$0	\$1,021,670
Associated Universities Inc	NRAO STUDENT OBSERVING SUPPORT THEL	47.049	AST-0836064	\$0	\$1,793
			CFDA 47.049 Total	\$0	\$1,793
University of Southern California	MEASURING VENTURA AREA UPLIFT; A FO	47.050	EAR-1033462	\$0	\$12,604
			CFDA 47.050 Total	\$0	\$12,604
University of Texas at El Paso	BPC-AE: (CAHSI)	47.070	1551221	\$0	\$6,221
			CFDA 47.070 Total	\$0	\$6,221
University of New Mexico	NM EPSCOR RII 4: ENERGIZE NEW MEXIC	47.080	IIA-1301346	\$0	\$724,525
			CFDA 47.080 Total	\$0	\$724,525
			NSF PASS THRU Total	\$0	\$1,766,813
			NATIONAL SCIENCE FOUNDATION (NSF) Total	\$266,752	\$8,994,400
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	LINKED DATASET CESAREAN US/MEXICO	93.110	GR0005449	\$0	\$21,741
			CFDA 93.110 Total	\$0	\$21,741
	MEDIAL OLIVOCOCHLEAR REFLEX IN CHIL	93.173	GR0005120	\$0	\$166,116
	ATTENTION-GUIDED SPEECH ENHANCEMENT	93.173	GR0005385	\$0	\$39,056
			CFDA 93.173 Total	\$0	\$205,172

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Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
	NANOPOROUS DRUG DELIVERY SYSTEMS	93.286	GR0004213	\$0	\$3,894
	A HIGH-THROUGHPUT APPROACH TO QUANT	93.286	GR0005331	\$0	\$8,868
			CFDA 93.286 Total	\$0	\$12,762
	PARTNERSHIP FOR THE ADVANCEMENT	93.397	GR0004341	(\$245)	\$794,077
			CFDA 93.397 Total	(\$245)	\$794,077
	FDA FERN COOPERATIVE AGREEMENT(U18)	93.448	GR0004960	\$0	\$216,330
			CFDA 93.448 Total	\$0	\$216,330
	CHARACTERIZATION OF AMINO ACID TRANS	93.855	GR0004269	\$0	\$250,968
	BACTERIAL COLONIZATION AND IMMUNOGE	93.855	GR0004464	\$0	\$230,867
	MECHANISMS OF COMPETITIVE DISPLACEM	93.855	GR0004619	\$0	\$67,331
			CFDA 93.855 Total	\$0	\$549,166
	TOTAL SYNTHESIS AND EVALUATION OF T	93.859	GR0004171	\$0	\$71,378
	NIH SCORE METAL ION CHELATORS	93.859	GR0004228	\$0	\$104,114
	REPAIR OF DAMAGED CHROMOSOMES MEDIA	93.859	GR0004261	\$0	\$251,787
	HEART HEALTHY MICROALGAE? ALGAL PRO	93.859	GR0004491	\$0	\$93,207
	CATALYTIC MULTICOMPONENT APPROACH T	93.859	GR0004550	\$0	\$108,085
	CHARACTERIZATION OF ACCESSORY FACTO	93.859	GR0004572	\$0	\$130,772
	NIH INBRE YR 15	93.859	GR0004780	\$0	(\$1,101)
	NIH INBRE YR 16	93.859	GR0005123	\$2,371,799	\$4,010,363
	GRB7 PROTEIN FUNCTION CONFORMATION	93.859	GR0005202	\$0	\$73,265
	SYNTHETIC MODELS FOR MOLYBDOENZYMES	93.859	GR0005408	\$0	\$47,473
	CHARACTERIZATION THIOESTER (TEP'S)	93.859	GR0005412	\$0	\$60,813
	NIH INBRE YR 17	93.859	GR0005441	\$572,211	\$729,393
			CFDA 93.859 Total	\$2,944,010	\$5,679,549
	REGULATION OF SPINDLE ORIENTATION A	93.865	GR0004599	\$0	\$100,892
	ROLE OF FOXP2 IN NEURAL PLASTICITY	93.865	GR0004938	\$0	\$294,069
			CFDA 93.865 Total	\$0	\$394,961
	A ROLE FOR A NEPRILYSIN IN NEURONAL	93.867	GR0004588	\$0	\$100,995
			CFDA 93.867 Total	\$0	\$100,995
			HHS DIRECT Total	\$2,943,765	\$7,974,753
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
State of New Mexico	RANGE AND DISTRIBUTION OF AEADES AEG	93.074	5U90TP000537-04	\$0	\$64,831
			CFDA 93.074 Total	\$0	\$64,831
Rochester Institute of Technology	LANGUAGE, LEARNING AND COGNITION AM	93.173	1-RO1-DC012317-01	\$0	\$6,924
			CFDA 93.173 Total	\$0	\$6,924
State of New Mexico	CHARACTERIZATION AND CONTROL OF AED	93.323	5NU50CK000413	\$0	\$151,154
			CFDA 93.323 Total	\$0	\$151,154
University of Texas	MECHANISMS & PUBLIC HEALTH DENGUE V	93.855	1U01AI115577-01	\$0	\$96,196
Colorado State University	QUASISPECIES DYNAMICS IN ARBOVIRUS	93.855	2R01AI067380-07A1	\$0	\$18,055
			CFDA 93.855 Total	\$0	\$114,251
University of New Mexico	MOLECULAR MECHANISMS AND APPLICATIO	93.859	1R01CA94496-01A1	\$0	\$21,576
Regents of the University of Colorado	NIH BRAIN	93.859	2r25ns080685-06	\$0	\$125,446
Board of Regents Nevada System of Higher Education	MW CTR-IN PILOT GRANT	93.859	4U54GM104944-04	\$0	\$68,280
Board of Regents Nevada System of Higher Education	CLINICAL & TRANSLATIONAL IDEA YR3	93.859	5U54GM104944-03	\$0	\$24,801
			CFDA 93.859 Total	\$0	\$240,103
Dona Ana County	PROGRAM EVALUATION FOR DONA ANA	93.997	1H79SM063538-01	\$0	\$35,998
			CFDA 93.997 Total	\$0	\$35,998
			HHS PASS THRU Total	\$0	\$613,261
			DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total	\$2,943,765	\$8,588,014
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	USDA 58-1275-1-333	10.001	GR0003761	\$0	\$416
	INTEGRATION OF SCIENTIFIC AND LOCAL	10.001	GR0004119	\$0	\$285,399
	MANAGEMENT TECHNOLOGIES FOR WESTERN	10.001	GR0004177	\$0	\$722,529
	REGENERATIONS OF SHORT-DAY ONIONS	10.001	GR0004632	\$0	\$22,642
	ACQUISITION OF GOODS AND SERVICES	10.001	GR0004828	\$0	\$2,610
	PECAN ROOTSTOCK CULTIVAR: IMPLICATI	10.001	GR0004962	\$0	\$7,898
	MANAGING AGRICULTURAL LANDSCAPES	10.001	GR0004987	\$0	\$9,788
	COTTON GIN UNIT ACQU GOODS SERVICES	10.001	GR0005191	\$0	\$12,662
	SUPPORT FOR AGRICULTURAL RESEARCH -	10.001	GR0005193	\$0	\$166,058
	SCIENTIFIC SUPPORT AND PARTNERSHIP	10.001	GR0005281	\$0	\$8,485
	SCREENING XYLELLA FASTIDIOSA	10.001	GR0005293	\$0	\$4,643
	ASSESSMENT & MONITORING TECH SUPPO	10.001	GR0005300	\$0	\$173,098
	SELECTING & MANAGING AGRICULTURAL	10.001	GR0005313	\$0	\$46,511
	JORNADA EXPERIMENTAL RANGE HEADQUAR	10.001	GR0005380	\$0	\$87,637
	SCIENTIFIC & LOCAL (LANDPKS)	10.001	GR0005448	\$0	\$23,962
	ECOLOGICAL SITE DESCRIPT. RESEARCH	10.001	GR0005472	\$0	\$23,221
			CFDA 10.001 Total	\$0	\$1,597,559
	YELLOW AND MALTA STARThistle BIOLOG	10.025	GR0004917	\$0	\$2,015
	LEAFY SPURGE BIOLOGICAL CONTROL	10.025	GR0004918	\$0	\$3,044
	RUSSIAN Knapweed BIOLOGICAL CONTROL	10.025	GR0005073	\$0	\$36,240
	LEAFY SPURGE BIOLOGICAL CONTROL	10.025	GR0005128	\$0	\$11,344
	YELLOW AND MALTA STARThistle BIOLOG	10.025	GR0005157	\$0	\$16,353

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Schedule 7 - Schedule of Expenditures of Federal Awards

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RESEARCH AND DEVELOPMENT CLUSTER					
	EXPANDING SEQUENCING DATA	10.025	GR0005220	\$0	\$16,232
	RUSSIAN KNAPWEED BIOLOGICAL CONTROL	10.025	GR0005375	\$0	\$5,940
			CFDA 10.025 Total	\$0	\$91,168
	ENHANCING SURGE CAPACITY FOR NEMATO	10.028	GR0004980	\$0	\$10,520
			CFDA 10.028 Total	\$0	\$10,520
	15/18 USDA SPECIALTY CROP BLCK GRNT	10.170	GR0005048	\$0	\$174,641
	15/18 USDA SPECIALTY CROP BLCK GRNT	10.170	GR0005048	\$61,716	\$94,452
	NM FY 16 SPECIALTY CROP BLOCK GRANT	10.170	GR0005337	\$0	\$79,709
	NM FY 16 SPECIALTY CROP BLOCK GRANT	10.170	GR0005337	\$4,543	\$14,324
			CFDA 10.170 Total	\$66,259	\$363,126
	MCINTIRE STENNIS FED APPR FY16	10.200	GR0004972	\$0	\$107,956
	MULTI STATE FED APPROP FY16	10.200	GR0004973	\$0	\$217,536
	MCINTIRE STENNIS FED APPR FY17	10.200	GR0005286	\$0	\$169,176
	MULTI STATE FED APPROP FY17	10.200	GR0005287	\$0	\$403,550
			CFDA 10.200 Total	\$0	\$898,218
	HATCH FED APPROP FY 16	10.203	GR0004971	\$0	\$585,616
	HATCH FEDERAL APPROPRIATIONS FY 17	10.203	GR0005285	\$0	\$1,019,251
			CFDA 10.203 Total	\$0	\$1,604,867
	ANIMAL HEALTH FED APPROPRIATION 16	10.207	GR0004970	\$0	\$34,426
	ANIMAL HEALTH FEDERAL APPROPRIATION	10.207	GR0005283	\$0	\$7,531
			CFDA 10.207 Total	\$0	\$41,957
	SUSTAINABLE USE OF BIOMASS RESOURCE	10.210	GR0004896	\$0	\$81,793
			CFDA 10.210 Total	\$0	\$81,793
	BREEDING NON-COMMODITY CORN FOR ORG	10.307	GR0004773	\$0	\$102,530
			CFDA 10.307 Total	\$0	\$102,530
	COORDINATED DEVELOPMENT OF GENETIC	10.309	GR0005247	\$37,441	\$105,422
			CFDA 10.309 Total	\$37,441	\$105,422
	CIRCLES OF LIVE BUFFER STRIPS IN	10.310	GR0005113	\$0	\$57,017
			CFDA 10.310 Total	\$0	\$57,017
	GENETIC TOOLS FOR LACEY ACT ENFORCE	10.684	GR0004822	\$0	\$8,266
			CFDA 10.684 Total	\$0	\$8,266
	MONITORING OF POTENTIAL HEAVY METAL EFFECTS OF CONSERVATION PRACTICES	10.902	GR0005274	\$0	\$13,007
		10.902	GR0005301	\$0	\$26,102
			CFDA 10.902 Total	\$0	\$39,109
	LOS LUNAS PLANT MATERIALS CENTER	10.905	GR0004898	\$0	\$95,355
	LOS LUNAS PLANT MATERIALS CENTER	10.905	GR0004898	\$0	\$114,431
			CFDA 10.905 Total	\$0	\$209,786
	STRATEGIES TO IMPROVE SOIL & WATER	10.912	GR0005395	\$0	\$19,474
			CFDA 10.912 Total	\$0	\$19,474
			USDA DIRECT Total	\$103,700	\$5,230,812
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Kansas State University	DEVELOPMENT AND MANAGEMENT OF CANOL	10.200	2015-38624-24333	\$0	\$29,795
			CFDA 10.200 Total	\$0	\$29,795
Utah State University	IMPLEMENTATION OF GENETIC SELECTION	10.215	2014-38640-22175	\$32,401	\$49,737
			CFDA 10.215 Total	\$32,401	\$49,737
University of Texas	REGIONAL ENERGY & EDUCATION NETWORK	10.223	2011-38422-30803	\$0	(\$2,417)
University of Texas	COLLABORATIVE INTEGRATION OF USDA-R	10.223	2014-38422-22078	\$0	\$80,268
University of Texas	WHEELS OF CHANGE: A CONSORTIUM TO	10.223	2015-35422-24112	\$0	\$121,064
University of Texas	IFSEEN- INTEGRATING FOOD SCIENCE/EN	10.223	2015-38422-24059 (03)	\$0	\$109,269
			CFDA 10.223 Total	\$0	\$308,184
Dine College	AN INTERVENTION TO PROMOTE NAVAJO G	10.227	2015-38424-22671	\$0	\$4,782
Dine College	TRADITION NAVAJO FOOD & FIBER CROP	10.227	2015-38424-24052	\$0	\$7,773
			CFDA 10.227 Total	\$0	\$12,555
University of Georgia	SYSTEMS APPROACH AT IMPROVING THELO	10.309	2011-51181-30674	\$0	\$19,129
			CFDA 10.309 Total	\$0	\$19,129
Texas A&M Research Foundation	TAMU CONSORTIUM	10.310	2011-68004-30367	\$0	(\$12,362)
University of Florida	SYSTEMS APPROACH TO IMPROVING ABIOT	10.310	2013-67013-21108	\$0	(\$184)
Texas A&M University	SALUD PARA USTED Y SU FAMILIA: FAMI	10.310	2015-68001-23234	\$0	\$235,800
University of Texas	SUSTAINABLE WATER MANAGEMENT FOR IR	10.310	2015-68007-23130	\$0	\$237,452
The Board of Trustees of the University of Illinois	SPATIAL CONGRUENCE BETWEEN BIODIVER	10.310	2016-67019-25212	\$0	\$4,729
Texas A&M University	MAXIMIZING VOLUNTARY COMP ANTIMICRO	10.310	2016-68003-24607	\$0	\$24,146
			CFDA 10.310 Total	\$0	\$489,581
State of Oklahoma	BIOCHAR FROM EXCELSIOR WOODY BIOMAS	10.320	2014-38502-22598	\$0	\$21,727
			CFDA 10.320 Total	\$0	\$21,727
Regents University Of California Santa Barbara	INTEGRATING MECHANICAL OR CHEMICAL	10.329	2014-70006-22629	\$0	\$25,846
			CFDA 10.329 Total	\$0	\$25,846

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Schedule 7 - Schedule of Expenditures of Federal Awards

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RESEARCH AND DEVELOPMENT CLUSTER					
Regents University of California Davis	SUSTAINING ALFALFA PRODUCTION IN TH	10.330	2014-70005-22537	\$0	\$27,668
			CFDA 10.330 Total	\$0	\$27,668
State of New Mexico	TREE IMPROVEMENT AND FORESTATION PL	10.680	N/A	\$0	\$5,175
			CFDA 10.680 Total	\$0	\$5,175
Pheasants Forever Inc. and Quail Forever	RESPONSE OF LESSER PRAIRIE CHICKENS	10.902	68-3A75-14-120	\$0	\$18,462
			CFDA 10.902 Total	\$0	\$18,462
Mississippi State University	EVALUATION OF YUCCA HARVESTING TECH	10.rd	RBS-14-23	\$0	\$2,464
			CFDA 10.rd Total	\$0	\$2,464
			USDA PASS THRU Total	\$32,401	\$1,010,323
	DEPARTMENT OF AGRICULTURE (USDA) Total			\$136,101	\$6,241,135
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	DE-FG02-96ER40965 DOE	81.049	GR0004494	\$0	\$154,054
	DOE DE-FG92-94ER40847	81.049	GR0004830	\$0	\$408,987
			CFDA 81.049 Total	\$0	\$563,041
	CEMRC WIPP-EM	81.104	GR0004357	\$0	\$2,427,808
	CEMRC WIPP-EM	81.104	GR0004357	\$0	\$169,390
			CFDA 81.104 Total	\$0	\$2,597,198
			DOE DIRECT Total	\$0	\$3,160,239
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
ITN Energy Systems, Inc.	INNOVATIVE PROTON CONDUCTIVE MEMBRA	81.049	DE-AR0000651	\$0	\$130,118
			CFDA 81.049 Total	\$0	\$130,118
Battelle Memorial Institute	IMPROVED HYDROTHERMAL LIQUEFACTION	81.079	DE-AC05-76RL01830	\$0	\$16,781
Battelle Memorial Institute	IMPROVED AND CATALYTIC HYDROTHERMAL	81.079	DE-AC05-76RL01830	\$0	\$12,760
			CFDA 81.079 Total	\$0	\$29,541
University of Arizona	RAFT REGIONAL ALGALFEEDSTOCK TESTBE	81.087	DD-EE0006269	\$0	\$182,385
Arizona State University	REALIZATION OF ALGAE POTENTIAL REAP	81.087	DE-EE0006316	\$0	\$12,425
Arizona State University	A NOVEL PLATFORM FOR ALGAL BIOMASS	81.087	DEEE0007562	\$0	\$49,174
			CFDA 81.087 Total	\$0	\$243,984
Savannah River Nuclear Solutions, LLC	COUPLING DIRECT AND INDIRECT CHARAC	81.104	DE-AC09-08SR22470	\$0	\$162,688
			CFDA 81.104 Total	\$0	\$162,688
Sandia Corporation	SUMMER FACULTY RESEARCH IN DEEP LEA	81.rd	1190106	\$0	\$21,231
Sandia Corporation	DEVELOPMENT AND TESTING OF PROTECTI	81.rd	1190106	\$0	\$29,832
Los Alamos National Security LLC	PERFORM PHENIX RUN 15 P+A DATA ANAL	81.rd	269204	\$0	\$5,375
Los Alamos National Security LLC	2015 ANNUAL INSPECTION OF LOS ALAMO	81.rd	ACS2-06NA25396	\$0	\$92,685
Argonne National Laboratory	INVESTIGATION OF ELECTRODE-ELECTROL	81.rd	DE-AC02-06CH11357	\$0	\$82,563
Sandia Corporation	SNL PO 1076931	81.rd	DE-AC04-94AL85000	\$0	(\$2,800)
Colorado School of Mines	ADVANCING WEB-BAED TOOL FOR UNCONVE	81.rd	DE-AC26-07NT42677	\$0	\$15,116
Los Alamos National Security LLC	ACTINIDE CHEMISTRY RESEARCH IN SUPP	81.rd	DE-AC52-06NA25396	\$0	\$363,053
Los Alamos National Security LLC	ACCELERATOR BASED NEUTRINO PHYSICS	81.rd	DE-AC52-06NA25396	\$0	\$61,530
Los Alamos National Security LLC	LUJAN NEUTRON SCATTERING CENTER AT	81.rd	DE-AC52-06NA25396	\$0	\$38,077
Los Alamos National Security LLC	CAPSTONE PROJECT:UNIVERSAL HANDHELD	81.rd	DE-AC52-06NA25396	\$0	\$6,600
Los Alamos National Security LLC	CAPSTONE PROJECT: TUBE CUT AND RELE	81.rd	DE-AC52-06NA25396	\$0	\$5,431
Los Alamos National Security LLC	DESIGN A HAND POWERED SHEAR CUTTER	81.rd	DE-AC52-06NA25396	\$0	\$7,342
Los Alamos National Security LLC	INDUCTION POWERED PLASTIC CUTTER	81.rd	DE-AC52-06NA25396	\$0	\$6,614
Los Alamos National Security LLC	DEVELOPMENT OF OPTICAL DIAGNOSTICS	81.rd	DE-AC52-06NA25396	\$0	\$5,840
Los Alamos National Security LLC	LANSCE PROFESSORSHIP WITH NMSU AT T	81.rd	DEC-AC52-06NA25396	\$0	\$167,341
Los Alamos National Security LLC	EFRC/CASP: SEMICONDUCTOR QUANTUM DO	81.rd	DEC-AC52-06NA25396	\$0	\$34,421
Nuclear Waste Partnership LLC	VOLATILE ORGANIC COMPOUND HYDROGEN	81.rd	DE-EM-0001971	\$0	\$101,024
Nuclear Waste Partnership LLC	DIRECT IN-VO RADIOBIOSAY FOR NWP	81.rd	DE-EM-0001971	\$0	\$24,483
Sandia Corporation	ENERGY DELIVERY-GRADUATE RESEARCH P	81.rd	N/A	\$0	\$40,473
Sandia Corporation	DEVELOPMENT OF ADDITIVE MANUFACTURI	81.rd	N/A	\$0	\$794
Sandia Corporation	SYSTEM LONG TERM EXPOSURE	81.rd	N/A	\$0	\$21,232
Sandia Corporation	APPLICATION MONITORING PO#1686010	81.rd	N/A	\$0	\$39,092
Sandia Corporation	CARLSBAD ENVIRONMENTAL MONITORING	81.rd	N/A	\$0	\$1,619
Sandia Corporation	HILBERT SPECTRUM ANALYSIS OF MOVING	81.rd	N/A	\$0	\$82,121
Sandia Corporation	1274 SANDIA LANYARDS	81.rd	N/A	\$0	\$72,126
Sandia Corporation	1272 SANDIA LANYARDS	81.rd	N/A	\$0	\$22,189
Sandia National Laboratories	FOUNDATIONS FOR PROTECTING RENEWABL	81.rd	N/A	\$0	(\$590)
Sandia National Laboratories	1270 SANDIA BATTERIES	81.rd	N/A	\$0	\$46,680
			CFDA 81.rd Total	\$0	\$1,391,494
			DOE PASS THRU Total	\$0	\$1,957,825
	DEPARTMENT OF ENERGY (DOE) Total			\$0	\$5,118,064
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	NASA TRAINING GRANT ANNOUNCEMENT	43.001	GR0003400	\$0	(\$2,300)
	RESEARCH OPPORTUNITIES IN SPACE	43.001	GR0003964	\$0	\$51,485
	ROSES 2012 OSCILLATIONS IN THE SOLA	43.001	GR0004151	\$20,313	\$28,804
	THE ORIGIN OF THE HIGH-ENERGY SOLAR	43.001	GR0004564	\$0	\$34,467
	THE NEW ROLE OF DATA ASSIMILATION I	43.001	GR0004580	\$0	\$29,371
	MEASUREMENT OF N-NITROSODIMETHYLAMI	43.001	GR0004624	\$0	(\$2,182)
	ROSES 2013 ANALYSIS OF PULSATING RE	43.001	GR0004646	\$0	\$61,813
	COMBINED LABORATORY & OBSERVATIONAL	43.001	GR0004930	\$0	\$39,035
	EXPLORING IMPACT HEATING OF EARLY	43.001	GR0004953	\$0	\$49,429
	NASA NNX15AW51G GUEST OBSERVER CYC1	43.001	GR0004994	\$0	\$5,644

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
	THE ATMOSPHERES DISCIPLINE NODE OF NNX16AE62G SOLAR-LIKE OBSERVATIONS	43.001	GR0005083	\$0	\$719,614
	FORMATION OF THE MARTIAN POLAR LAYE	43.001	GR0005102	\$0	\$4,577
	A FIBER-COUPLED PLASMONIC SPECTROME	43.001	GR0005206	\$0	\$24,643
	BISTABILITY AND FEEDBACKS IN TROPIC	43.001	GR0005222	\$0	\$56,010
		43.001	GR0005479	\$0	\$16,252
			CFDA 43.001 Total	\$20,313	\$1,116,662
	WASTE PROCESSING WITH PYROLYSIS TO	43.007	GR0004932	\$0	\$4,467
			CFDA 43.007 Total	\$0	\$4,467
	NASA SPACE TECHNOLOGY RESEARCH FELL	43.008	GR0004266	\$0	\$35,110
	JOVIAN INTERIORS FROM VELOCIMETRY E	43.008	GR0004673	\$22,558	\$276,568
	NEW MEXICO NASA EPSCOR RESEARCH INF	43.008	GR0004842	\$42,457	\$94,581
	NATIONAL SPACE GRANT COLLEGE & FELL	43.008	GR0004899	\$111,472	\$709,679
	ICE AT THE MOON'S SOUTH POLE PARTIC	43.008	GR0004920	\$38,851	\$57,690
	THE CHEMICAL HISTORY & EVOLUTION OF	43.008	GR0004954	\$0	\$47,730
	NASA NNX15AM73A VIRTUAL TELESCOPE	43.008	GR0004976	\$71,656	\$186,144
			CFDA 43.008 Total	\$286,994	\$1,407,502
	NATIONAL SPACE GRANT STUDENT LAUNCH	43.009	GR0004366	\$50,003	\$107,682
			CFDA 43.009 Total	\$50,003	\$107,682
	ABSORPTION OF NDMA ON CARBONS	43.010	GR0005317	\$0	\$69,358
			CFDA 43.010 Total	\$0	\$69,358
	SUPPORTING PASTORALIST COMMUNITIES	43.rd	GR0005484	\$0	\$9,903
			CFDA 43.rd Total	\$0	\$9,903
			NASA DIRECT Total	\$357,310	\$2,715,574
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
California Institute of Technology	MARTIAN SURFACE THERMAL ENVIRONMENT	43.001	MNN12AA01C	\$0	\$7,510
California Institute of Technology	GROUND-BASED SUPPORT OF JUNO: JUPIT	43.001	NNN12AA01C	\$0	\$6,359
William Marsh Rice University	A MULTI-WAVELENGTH APPROACH TO UNDE	43.001	NNX17AD31G	\$0	\$1,096
NorthWest Research Associates, Inc.	ACTIVE REGION PRE-HISTORY; DETERMIN	43.001	NWRA-16-S-186	\$0	\$14,457
			CFDA 43.001 Total	\$0	\$29,422
Board of Regents Southwestern Indian Polytechnic Institute	INFORMATION TECHNOLOGY EXPERIENCES	43.008	NNX14AJ99A	\$0	\$22,170
			CFDA 43.008 Total	\$0	\$22,170
Space Telescope Science Institute	A BREAKAWAY FROM INCREMENTAL SCIENC	43.rd	NASS-26555	\$0	\$39,267
Space Telescope Science Institute	LEGUS: LEGACY EXTRAGALACTIC UV SURV	43.rd	NASS-26555	\$0	\$4,617
Space Telescope Science Institute	H-ALPHA LEGUS: UNVEILING THE INTERP	43.rd	NASS-26555	\$0	\$4,381
Space Telescope Science Institute	THE CANDELS LYMAN-ALPHA EMISSION AT	43.rd	NASS-26555	\$0	\$14,117
Space Telescope Science Institute	CIRCUMGALACTIC HST-GO-14085.002-A	43.rd	NASS-26555	\$0	\$10,370
Space Telescope Science Institute	SMALL-SCALE MORPHOLOGY CC LYA NEBUL	43.rd	NASS-26555	\$0	\$38,968
Space Telescope Science Institute	A NEW DUAL PERSPECTIVE OF MULTI-PHA	43.rd	NASS-26555	\$0	\$25,479
ITT Exelis Inc.	1244 SUB 2712-15-86	43.rd	NNG09DA01C	\$0	\$121,533
ITT Exelis Inc.	1244 SUB 2712-15-86	43.rd	NNG09DA01C	\$0	\$16,022
Orbital Science Corporation	SUPPORT OF NSROC II	43.rd	NNG10WA17C	\$0	\$112,195
Orbital Science Corporation	1239 OSC CSBF	43.rd	NNG15WA53C	\$0	\$250,172
Orbital Science Corporation	1275 NSROC III	43.rd	NNG16WA70C	\$0	\$330,663
Orbital Science Corporation	3 RF CABLE ASSEMBLY SETS FOR FTS	43.rd	NNG16WA70C	\$0	\$10,914
California Institute of Technology	FREELIMBER: ANALYZING STEEP TERRAI	43.rd	NNN12AA01C	\$0	\$29,367
California Institute of Technology	VOYAGER STUDIES CONTINUED	43.rd	NNN12AA01C	\$0	\$22,760
			CFDA 43.rd Total	\$0	\$1,030,825
			NASA PASS THRU Total	\$0	\$1,082,417
			NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) Total	\$357,310	\$3,797,991
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	LESSER PRAIRIE CHICKEN MANAGEMENT A	15.231	GR0004194	\$0	\$3,835
	AREA BASED QUALITY INDEX MOJAVE/SON	15.231	GR0005025	\$0	\$6,773
	SOW FOR VEGETATION MAPPING ORGAN MT	15.231	GR0005326	\$0	\$25,349
			CFDA 15.231 Total	\$0	\$35,957
	CESU- STUDY OF THE GEOLOGY OF NLCS	15.238	GR0004061	\$0	\$26
	INVESTIGATION, EVALUATION AND INTER	15.238	GR0005039	\$0	\$12,025
			CFDA 15.238 Total	\$0	\$12,051
	PILOT-SCALE TESTING OF MONOVALENT P	15.506	GR0004663	\$59,730	\$147,545
	R16AC0002, CENTER FOR THE DEVELOPM	15.506	GR0005116	\$0	\$290,524
			CFDA 15.506 Total	\$59,730	\$438,069
	PREDATION RATES AND USE OF HABITATS	15.650	GR0004730	\$0	\$16,616
	POPULATION TRAJECTORIES AND EXTINCT	15.650	GR0004950	\$0	\$22,309
	PREDATION RATES & USE HABITATS II	15.650	GR0005124	\$0	\$38,185
			CFDA 15.650 Total	\$0	\$77,110
	DEMOGRAPHY AND SEASONAL MOVEMENT PA	15.655	GR0004219	\$0	\$19,033
	GREATER SANDHILL CRANE ECOL / DEMO	15.655	GR0004369	\$0	\$38,940
	ASSESSMENT OF BURROWING OWL TRANSLO	15.655	GR0005303	\$0	\$7,365
			CFDA 15.655 Total	\$0	\$65,338
	DROUGHT IN THE WEST: ELEMENTS OF SU	15.805	GR0004919	\$0	\$21,816
	WRR1 104 B PROGRAM	15.805	GR0005114	\$14,507	\$70,290
	TAAP: NM WRR1 EFFORT	15.805	GR0005284	\$0	\$132,540
			CFDA 15.805 Total	\$14,507	\$224,646

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Schedule 7 - Schedule of Expenditures of Federal Awards

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RESEARCH AND DEVELOPMENT CLUSTER					
	REFINING ESTIMATES OF LATE QUATERNA	15.807	GR0004756	\$0	\$1,520
			CFDA 15.807 Total	\$0	\$1,520
	POPULATION DYNAMICS AND REINTRODUCT CRP HABITAT BY THE LESSER PRAIRIE-C	15.812	GR0003923	\$0	(\$83)
	MODELING THE EFFECTS OF CLIMATE CHA	15.812	GR0004275	\$0	\$5,589
	ASSESSMENT OF DROUGHT IMPACTS ON SE	15.812	GR0004276	\$26,267	\$77,967
	MULTI-SCALE BIODIVERSITY METRIC MAP	15.812	GR0004279	\$0	\$47,316
	VALIDATION OF MOLECULAR SCREENING T	15.812	GR0004505	\$0	\$112,239
	AN ASSESSMENT OF THE LANDSCAPE GENE	15.812	GR0004563	\$0	\$29,962
	EVALUATING ADAPTIVE CAPACITY OF DES	15.812	GR0004593	\$3,965	\$29,235
	IMPACT OF DROUGHT ON SW CUTTHROAT T	15.812	GR0004721	\$38,414	\$92,872
	ASSESSMENT OF GENETIC STRUCTURE OF	15.812	GR0004893	\$0	\$106,623
	INVESTIGATION INTO THE CONTROL FERA	15.812	GR0004915	\$0	\$6,675
	INFLUENCE OF STREAM TEMPERATURE, IN	15.812	GR0004957	\$0	\$74,202
	ASSESSING THE RESPONSE OF LESSER PR	15.812	GR0005161	\$0	\$39,006
	INV INVASIVE MAMM FT. IRWIN CA-PII	15.812	GR0005172	\$0	\$61,138
			GR0005455	\$0	\$5
			CFDA 15.812 Total	\$68,646	\$682,746
	DATA MODERNIZATION AND NEW RESEARCH	15.945	GR0004582	\$0	\$5,151
	CHDN ADMINISTRATIVE SUPPORT FY16	15.945	GR0004852	\$0	\$36,115
	DEFINING SEED TRANSFER GUIDELINES	15.945	GR0005014	\$0	\$154
	INFLUENCE OF LARGE SCALE WILDFIRE C	15.945	GR0005016	\$0	\$39,328
	LARGE MAMMAL RESPONSES TO WILDFIRE	15.945	GR0005084	\$0	\$129,413
	WHITE SANDS NATIONAL MONUMENT HISTO	15.945	GR0005088	\$0	\$23,385
	MULTI-STATE OCCUPANCY ESTIMATION OF	15.945	GR0005243	\$0	\$12,871
			CFDA 15.945 Total	\$0	\$246,417
	LOCATE ALL ARCHAEOLOGICAL COLLECTIO	15.rd	GR0005244	\$0	\$33,226
	GRP1247 ELEPHANT BUTTE	15.rd	GRP001247	\$8,300	\$12,261
			CFDA 15.rd Total	\$8,300	\$45,487
			DOI DIRECT Total	\$151,183	\$1,829,341
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
University of Alaska Fairbanks	UNIV OF AK FAIRBANKS BLM DESK GUIDE	15.225	L12AC20032	\$0	\$13,322
			CFDA 15.225 Total	\$0	\$13,322
New Mexico Association of Conservation District	INV AND SYNTHESIS OF KNWL FOR OMDP	15.231	L15AC000274	\$0	\$14,760
			CFDA 15.231 Total	\$0	\$14,760
Pueblo of Jemez	RESOURCE SELECTION AND MOVEMENTS OF	15.639	NMU-30-NA-1	\$0	\$748
			CFDA 15.639 Total	\$0	\$748
State of New Mexico	NATAL SOURCE AND THE INFLUENCE OF E	15.rd	SPORTFISH RESTORATION F-91-M	\$0	\$60,080
			CFDA 15.rd Total	\$0	\$60,080
			DOI PASS THRU Total	\$0	\$88,910
	DEPARTMENT OF INTERIOR (DOI) Total			\$151,183	\$1,918,251
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
	FAA 10-C-CST-NMSU	20.109	GR0003529	\$0	(\$977)
	FAA 15-C-CST-NMSU	20.109	GR0005297	\$4,100	\$11,937
	1251 FAA UAS CENTER OF EXCELLENCE	20.109	GRP001251	\$0	\$49,964
	1251 FAA UAS CENTER OF EXCELLENCE	20.109	GRP001251	\$9,710	\$276,960
			CFDA 20.109 Total	\$13,810	\$337,884
			DOT DIRECT Total	\$13,810	\$337,884
DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU					
Louisiana State University and Agricultural and Mechanical Board of Regents Nevada System of Higher Education	TRANSPORTATION CONSORTIUM OF SOUTH- EARLY WARNING SENSOR NETWORK	20.701	69A3551747106	\$0	\$0
		20.701	UNR-14-59 (DTRT13-G-UTC55)	\$0	\$2,909
			CFDA 20.701 Total	\$0	\$2,909
Mississippi State University State of New Mexico	1248 MISS STATE CONTRACT #008821	20.rd	15-C-UAS-NMSU-A	\$0	\$396
	DEVELOP AND DEPLOY STATE OF THE ART	20.rd	ITS-OFFF-7513(20)	\$0	\$6,407
			CFDA 20.rd Total	\$0	\$6,803
			DOT PASS THRU Total	\$0	\$9,712
	DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU			\$13,810	\$347,596
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					
	FY14 POLLUTION PREVENTION GRNT PRGM	66.708	GR0004647	\$0	\$65,603
	FY2015 POLLUTION PREVENTION GRNT	66.708	GR0005004	\$0	\$43,462
	FY 2016 AND FY 2017 POLLUTION PREVE	66.708	GR0005346	\$0	\$28,429
			CFDA 66.708 Total	\$0	\$137,494
	EPA X9-01F09601-0 CO2 CAPTURE	66.717	GR0004995	\$0	\$30,975
			CFDA 66.717 Total	\$0	\$30,975
			EPA DIRECT Total	\$0	\$168,469
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
State of New Mexico	SEDIMENT AND AGRICULTURAL SAMPLING	66.204	01F22301	\$0	\$43,986
			CFDA 66.204 Total	\$0	\$43,986

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Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
University of Texas	WATER TREATMENT SYSTEMS	66.509	83517901	\$0	\$34
			CFDA 66.509 Total	\$0	\$34
			EPA PASS THRU Total	\$0	\$44,020
	ENVIRONMENTAL PROTECTION AGENCY (EPA) Total			\$0	\$212,489
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU					
Northeastern University	AWARENESS AND LOCALIZATION OF EXPLO	97.061	2013-ST-061-ED0001	\$0	\$108,770
			CFDA 97.061 Total	\$0	\$108,770
Hamilton Sundstrand	DHS PORTABLE EXPLOSIVES DETECTOR	97.075	DHS BAA 13-03	\$0	\$9,993
			CFDA 97.075 Total	\$0	\$9,993
			DHS PASS THRU Total	\$0	\$118,763
	DEPARTMENT OF HOMELAND SECURITY (DHS) Total			\$0	\$118,763
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) - PASS THRU					
World Resources Institute	PHASE I: COMPUTATIONAL ANALYSIS	98.001	AID-EEM-A-00-09-00012-00	\$0	\$7,000
			CFDA 98.001 Total	\$0	\$7,000
University of Georgia	AN INTEGRATED GLOBAL BREEDING APPRO	98.012	AIDECGA000700001	\$5,050	\$38,558
			CFDA 98.012 Total	\$5,050	\$38,558
			USAID PASS THRU Total	\$5,050	\$45,558
	AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) Total			\$5,050	\$45,558
DEPARTMENT OF COMMERCE (DOC) - PASS THRU					
University of Arizona	CLIMAS AIR QUALITY AND CLIMATE ASSE	11.431	NA12OAR4310124	\$0	\$32,131
			CFDA 11.431 Total	\$0	\$32,131
			DOC PASS THRU Total	\$0	\$32,131
	DEPARTMENT OF COMMERCE (DOC) Total			\$0	\$32,131
NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - DIRECT					
National Endowment For Humanities	ARMCHAIR TRAVELERS AND THE VENETIAN	45.160	GR0005082	\$0	\$25,180
			CFDA 45.160 Total	\$0	\$25,180
			NEH DIRECT Total	\$0	\$25,180
	NATIONAL ENDOWMENT FOR HUMANITIES (NEH) Total			\$0	\$25,180
VIETNAM EDUCATION FOUNDATION (VEF) - DIRECT					
Vietnam Education Foundation	VEF VISITING SCHOLAR PROGRAM	85.803	GR0005053	\$0	\$6,900
			CFDA 85.803 Total	\$0	\$6,900
			VEF DIRECT Total	\$0	\$6,900
	VIETNAM EDUCATION FOUNDATION (VEF) Total			\$0	\$6,900
	RESEARCH AND DEVELOPMENT CLUSTER - MAJOR PROGRAM TOTAL			\$8,059,662	\$60,251,976

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Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
STUDENT FINANCIAL AID CLUSTER					
DEPARTMENT OF EDUCATION (EDUC) - LOANS					
	PERKINS LOANS - BEGINNING BALANCE	84.038			\$12,461,689
	PERKINS LOANS - DISBURSED IN FY17	84.038			\$663,877
	TOTAL PERKINS LOANS				<u>\$13,125,566</u>
	FEDERAL DIRECT LOANS - DISBURSED IN FY17	84.268			\$50,272,125
					<u>\$50,272,125</u>
			DEPARTMENT OF EDUCATION (EDUC) - LOANS Total		<u>\$63,397,691</u>
DEPARTMENT OF EDUCATION (EDUC)					
	FEDERAL SEOG FY15	84.007	GRB000117	\$0	(\$10,926)
	WORKSTUDY FED APP	84.033	GR0000870	\$0	\$1,101,030
	PERKINS LOAN CANCELLATIONS	84.037	N/A	\$0	\$69,694
	FEDERAL PELL FY15	84.063	GRB000116	\$0	(\$2,222)
	FEDERAL PELL FY16	84.063	GRB000127	\$0	\$1,300
	FEDERAL SEOG FY16	84.063	GRB000128	\$0	\$55,218
	FEDERAL PELL FY17	84.063	GRB000140	\$0	\$39,588,220
	FEDERAL SEOG FY17	84.063	GRB000148	\$0	\$1,041,872
	FEDERAL TEACH GRANT FY16	84.379	GRB000129	\$0	\$3,708
	FEDERAL TEACH GRANT FY17	84.379	GRB000141	\$0	\$14,442
			DEPARTMENT OF EDUCATION (EDUC) Total	-	<u>\$41,862,336</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)					
	SCHOLARSHIPS FOR DISADVANTAGED STUD	93.925	GR0005248	\$0	\$309,525
			DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total	-	<u>\$309,525</u>
			TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER	-	<u>\$105,569,552</u>

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Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SUPPORTING CLIMATE-SMART DECISION M	10.001	GR0004549	\$0	\$32,131
			CFDA 10.001 Total	\$0	\$32,131
	2016 INFRASTRUCTURE/PINE PEST SURVE	10.025	GR0005141	\$0	\$49,635
	2016/2017 HONEY BEE SURVEY	10.025	GR0005144	\$0	\$12,120
	2016/2017 NUT COMMODITY SURVEY	10.025	GR0005152	\$0	\$25,000
	2017 INFRASTRUCTURE/PINE PEST SURVE	10.025	GR0005511	\$0	\$12,042
			CFDA 10.025 Total	\$0	\$98,797
	THE JOE SKEEN STUDENT CAREER EXPERI	10.028	GR0005006	\$0	\$12,000
	JOE SKEEN STUDENT CAREER EXPERIENCE	10.028	GR0005372	\$0	\$3,000
	2017 USDA WILDLIFE MNGMT SERVICES	10.028	GR0005454	\$0	\$62,792
			CFDA 10.028 Total	\$0	\$77,792
	13/16 NM SPECIALTY CROPS BLOCK GRAN	10.170	GR0004364	\$26,290	\$30,495
	SPECIALTY CROPS BLOCK GRANT PROGRAM	10.170	GR0004675	\$103,135	\$192,427
			CFDA 10.170 Total	\$129,425	\$222,922
	ORGANIC CERTIFICATION COST SHARE	10.171	GR0005203	\$0	\$12,346
			CFDA 10.171 Total	\$0	\$12,346
	RENEWAL RESOURCE RREA FED APPROP 16	10.200	GR0004969	\$0	\$55,048
	RENEWAL RESOURCES RREA FY 17 FED AP	10.200	GR0005292	\$0	\$1,402
			CFDA 10.200 Total	\$0	\$56,450
	PREPARING STUDENTS FOR CAREER PATHS	10.223	GR0003797	\$11,955	\$25,898
	RAISING THE GATES: ADDRESSING GAPS	10.223	GR0004589	\$0	\$112,705
	SOUTHWEST NATURAL RESOURCE CAREER T	10.223	GR0005087	\$132,525	\$498,685
			CFDA 10.223 Total	\$144,480	\$637,288
	USDA ERS 58-3000-2-0103	10.250	GR0004098	\$4,143	\$40,175
			CFDA 10.250 Total	\$4,143	\$40,175
	SETTING UP FOR SUCCESS: DEVELOPING	10.253	GR0004630	\$0	\$165,449
	EXPLORING WAYS TO INCREASE HEALTHY	10.253	GR0005255	\$0	\$23,159
			CFDA 10.253 Total	\$0	\$188,608
	IMPROVING THE COMPETITIVENESS OF LT	10.303	GR0004595	\$0	\$186,109
			CFDA 10.303 Total	\$0	\$186,109
	NM ALIRT NM AG/LIVESTOCK INCIDENT R	10.304	GR0004011	\$0	\$16,565
	16/17 NAHLN/NM ALIRT	10.304	GR0005319	\$0	\$62,447
			CFDA 10.304 Total	\$0	\$79,012
	NEW MEXICO PUEBLO BEGINNING FARMER	10.311	GR0005246	\$14,294	\$143,167
			CFDA 10.311 Total	\$14,294	\$143,167
	FMHA AG MEDIATION 2014	10.435	GR0004476	\$0	\$71,027
			CFDA 10.435 Total	\$0	\$71,027
	NORTHERN NEW MEXICO OUTREACH PROJEC	10.443	GR0004948	\$0	\$30,908
			CFDA 10.443 Total	\$0	\$30,908
	ZUNI FEDERALLY RECOGNIZED TRIBES EX	10.500	GR0004293	\$0	\$66,629
	JICARILLO FEDERALLY-RECOGNIZED TRIB	10.500	GR0004297	\$0	\$71,461
	SPECIAL NEEDS SMITH LEVER 3B FED AP	10.500	GR0004324	\$0	\$6,364
	STATE OPERATION FEDERAL SMITH LEVER	10.500	GR0004602	\$0	(\$1,366)
	STATE EXPANDED FOOD NUTRITION EFNEP	10.500	GR0004604	\$0	\$261,452
	SPECIAL NEEDS SMITH LEVER 3B FED AP	10.500	GR0004605	\$0	\$86,168
	STATE OPER FEDERAL SMITH LEVER FY16	10.500	GR0004964	\$0	\$1,244,565
	STATE EXPAND FOOD NUTRITION EFNEP16	10.500	GR0004966	\$0	\$265,795
	SPECIAL NEED SMITHLEVER 3B FEDAP 16	10.500	GR0004967	\$0	\$4,706
	STATE EXPANDED FOOD NUTRITION EDUCA	10.500	GR0005279	\$0	\$14,597
	SPECIAL NEED SMITHLEVER 3B FEDAP 17	10.500	GR0005280	\$0	\$5,024
	STATE OPERATION FEDERAL SMITH LEVER	10.500	GR0005296	\$0	\$804,063
			CFDA 10.500 Total	\$0	\$2,829,458
	2016 FACULTY EXCHANGE FIELD STUDY	10.613	GR0005240	\$0	\$48,748
			CFDA 10.613 Total	\$0	\$48,748
	HOST BORLAUG FELLOW-MONGOLIA RNLND	10.777	GR0005241	\$0	\$21,207
	EXPRESSION OF INTEREST TO HOST TWO	10.777	GR0005242	\$0	\$18,359
	EXPRESSION OF INTEREST FOR 2016 BOR	10.777	GR0005418	\$0	\$17,924
			CFDA 10.777 Total	\$0	\$57,490
	NMSU HERITAGE FARM-NRCS WALKING ECO	10.902	GR0004988	\$0	\$21,137
	NATURAL RESOURCES CAREER DEV PROG	10.902	GR0005027	\$0	\$5,326
			CFDA 10.902 Total	\$0	\$26,463
	USDA-NRCS - TECHNICAL ASSISTANCE TO	10.912	GR0004054	\$0	\$654,345
			CFDA 10.912 Total	\$0	\$654,345
	NRM TECHNICAL ASSISTANCE-WAT	10.960	GR0004421	\$0	\$99,506
	NATURAL RESOURCE MANAGEMENT TECHNIC	10.960	GR0005400	\$0	\$103,453
	MICROBIAL FOOD SAFETY TESTING TECHN	10.960	GR0005512	\$0	\$4,574
			CFDA 10.960 Total	\$0	\$207,533
	GEOGRAPHICAL INDICATORS AND US-CHIN	10.962	GR0005176	\$0	\$37,893
			CFDA 10.962 Total	\$0	\$37,893

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
	NAVAJO FARMER AND RANCHER MARKET CO CHILDREN'S FOREST	10.xx	GR0005019	\$0	\$8,847
	CHILDREN'S FOREST	10.xx	GR0020086	\$0	\$2,616
	CHILDREN'S FOREST INT PROG FY17-19	10.xx	GR0020104	\$0	\$16,775
			CFDA 10.xx Total	\$0	\$28,238
			USDA DIRECT Total	\$292,342	\$5,766,900
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Regents University of California Davis	2014 IR-4 WESTERN REGION FOOD USE R	10.200	2014-34383-22029	\$0	\$82
Regents University of California Davis	2015 IR-4 WESTERN REGION FOOD USE T	10.200	2015-34383-23709	\$0	\$67,307
			CFDA 10.200 Total	\$0	\$67,389
Utah State University	DEVELOPING DIGITAL TOOLS TO IMPROVE SUSTAINING THE FUTURE OF NAVAJO RAN	10.215	2014-38640-22175	\$0	\$15,925
Utah State University	2015-2016 IMPLEMENTATION OF SARE-NM	10.215	2014-38640-22175	\$0	\$10,572
Utah State University		10.215	2014-38640-22175	\$0	\$21,639
			CFDA 10.215 Total	\$0	\$48,136
University of Delaware	DEVELOPMENT AND ASSESSMENT OF AN ED	10.217	2012-70003-20059	\$0	\$4,114
			CFDA 10.217 Total	\$0	\$4,114
Texas A&M University- Kingsville	THE LEADERS PROGRAM: LEARNING, ENHA	10.223	2013-38422-20957	\$0	\$129,915
Texas State University	SOUTHWEST AGRICULTURE AND FOOD SAFE	10.223	2014-38422-22084	\$0	\$35,402
The Florida International University Board of Trustees	BROADENING AGRICULTURE SCIENCE EDUC	10.223	2015-38422-24075	\$0	\$34,595
			CFDA 10.223 Total	\$0	\$199,912
University of Tennessee	ADVANCING FOOD SAFETY EDUCATION	10.226	2015-38414-24223	\$0	\$13,220
			CFDA 10.226 Total	\$0	\$13,220
Regents University of California Davis	WESTERN REGION PLANT DIAGNOSTIC NET	10.304	2012-37620-19626	\$0	\$1,736
Purdue University	EXTENSION DISASTER EDUC NET (EDEN)	10.304	2012-37620-20217	\$0	\$28,074
Regents University of California Davis	WESTERN REGIONAL CENTER IN THE NATI	10.304	2016-37620-25851	\$0	\$18,771
			CFDA 10.304 Total	\$0	\$48,581
University of Florida	ZINKICIDE A NANOTHERAPEUTIC FOR HLB	10.309	2015-70016-23010	\$0	\$32,158
			CFDA 10.309 Total	\$0	\$32,158
North Carolina State University	BUILDING CAPACITY TO CONTROL VIRAL	10.310	2011-68003-30395	\$0	\$2,582
University of Connecticut	CONNECTICUT FITNESS AND NUTRITION C	10.310	2012-68001-19956	\$0	\$85,446
Colorado State University	BRIDGING HOME & PRESCHOOL ENVIRONME	10.310	2015-68001-23240	\$0	\$152,030
University of Maryland	CONSERVE: A CENTER OF EXCELLENCE	10.310	201668007-25064	\$0	\$146,663
Colorado State University	SUSTAIN AGRICUL OGALLALA AQUIFER	10.310	2016-68007-25066	\$0	\$20,285
			CFDA 10.310 Total	\$0	\$407,006
Developing Innovations in Navajo Education, Inc. DINE, Inc	NATIVE AMERICAN PRODUCER SUCCESS 3	10.443	59-2501-15-009	\$0	\$3,679
Developing Innovations in Navajo Education, Inc. DINE, Inc	NATIVE AMERICAN PRODUCER SUCCESS IV	10.443	59-2501-16-010	\$0	\$14,238
			CFDA 10.443 Total	\$0	\$17,917
University of Arizona	NAVAJO AG/4H	10.500	00-41580-0867	\$0	\$93,759
Washington State University	NAVAJO FARMER AND RANCHER NFR-RCMT	10.500	2012-49200-20030	\$0	\$17,017
Kansas State University	2017 4-H MILITARY PARTNERSHIP GRANT	10.500	2013-48696-21184	\$0	\$7,806
Washington State University	NAVAJO RANCHER SUSTAINABILITY PROJ.	10.500	2015-49200-24227	\$0	\$372
			CFDA 10.500 Total	\$0	\$118,954
State of New Mexico	HEADSTART CHILD AND ADULT CARE FOOD	10.558	N/A	\$0	\$73,383
			CFDA 10.558 Total	\$0	\$73,383
Child Nutrition Cluster					
State of New Mexico	2016 NM SUMMER FOOD SERVICE PROGRAM	10.559	N/A	\$0	(\$8,176)
State of New Mexico	UPWARD BOUND SFSP FY16-17	10.559	N/A	\$0	\$5,640
			Child Nutrition Cluster Total	\$0	(\$2,536)
SNAP Cluster					
State of New Mexico	SNAP ED FY 2017	10.561	GSA 17-630-9000-0043	\$0	\$1,218,024
State of New Mexico	SNAP FED FY15	10.561	N/A	\$0	(\$275)
State of New Mexico	SNAP ED FY 2016	10.561	N/A	\$0	\$414,121
			SNAP Cluster Total	\$0	\$1,631,870
Mississippi State University	STRONGER ECONOMIES TOGETHER VI (SET)	10.771	RBS-14-23	\$0	\$26,597
			CFDA 10.771 Total	\$0	\$26,597
Mississippi State University	STRONGER ECONOMIES TOGETHER	10.xx	RBS-14-23	\$0	\$4,695
			CFDA 10.xx Total	\$0	\$4,695
			USDA PASS THRU Total	\$0	\$2,691,396
	DEPARTMENT OF AGRICULTURE (USDA) Total			\$292,342	\$8,458,296
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	2015/2020 FDA REG PROG 1U18FD005593	93.103	GR0004997	\$0	\$338,419
	DEVELOPMENT AND ENHANCEMENT OF NEW	93.103	GR0005312	\$0	\$167,566
	2017 GRADE "A" MILK PROGRAM TRAIN	93.103	GR0005437	\$0	\$3,570
			CFDA 93.103 Total	\$0	\$509,555
	1D40HP26863-01-00 HHS	93.191	GR0004566	\$0	\$269,706
			CFDA 93.191 Total	\$0	\$269,706
	SCREENING, BRIEF INTERVENTION AND R	93.243	GR0004637	\$0	\$226,376
			CFDA 93.243 Total	\$0	\$226,376
	SCIENCE TOOLS IN THE CLASSROMM (STC)	93.351	GR0004482	\$60,008	\$157,580
			CFDA 93.351 Total	\$60,008	\$157,580
	DAC HEAD START OPERATIONS FY14/15	93.600	GR0004540	\$0	\$1,948,196

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
			CFDA 93.600 Total	\$0	\$1,948,196
	NMSU RISE TO THE POSTDOCTORATE PRGM	93.859	GR0004343	\$0	\$663,467
	NIH MARCST34GM007667-38	93.859	GR0004821	\$0	(\$2,367)
	BRIDGES TO THE BACCALAUREATE AT NEW	93.859	GR0004856	\$0	\$185,206
	YR 16/MARC 5T34GM007667-39	93.859	GR0005140	\$0	\$416,929
	YR 16/MARC 5T34GM007667-39	93.859	GR0005463	\$0	\$33,677
			CFDA 93.859 Total	\$0	\$1,296,912
			HHS DIRECT Total	\$60,008	\$4,408,325
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
State of New Mexico	2017 NM DOH SPECIALITY EQUIPMENT	93.074	SU9OTPO00537-04	\$0	\$74,000
State of New Mexico	CHILDHOOD LEAD POISONING PREVENTION	93.074	SUE1EH001273-02	\$0	\$7,911
State of New Mexico	PED GRADS	93.074	N/A	\$0	\$5,972
State of New Mexico	NM CITIZEN REVIEW BOARD	93.074	N/A	\$0	(\$50)
University of New Mexico	UNM CAMPUS OFFICE CONSORTIUM FY16	93.074	N/A	\$0	\$1,578
Community Foundation of Southern New Mexico	UNIFIED PREVENTION COALITION UPI FY	93.074	N/A	\$0	\$1,708
State of New Mexico	SOAR	93.074	T1025480	(\$1,875)	(\$2,064)
			CFDA 93.074 Total	(\$1,875)	\$89,055
University of Tennessee	SUPPORT EXPANSION FDA PRODUCE SAFET	93.103	1U18FD005657-01	\$0	\$18,021
University of Tennessee	NAT'L FOOD SAFETY CURRICULUM	93.103	1U54FD004331-01	\$0	\$8,893
			CFDA 93.103 Total	\$0	\$26,914
University of New Mexico	FEDERAL AHEC FY14	93.107	U77HP23074-02-00	\$0	\$71,876
			CFDA 93.107 Total	\$0	\$71,876
University of New Mexico	REACHING PRACTICING MCH PROFESSIONA	93.110	T04MC26891	\$0	\$38,383
			CFDA 93.110 Total	\$0	\$38,383
State of New Mexico	CYFD COMMUNITIES OF CARE	93.243	1H79SM061905	\$104,078	\$941,118
State of New Mexico	CYFD HEALTHY TRANSITIONS	93.243	1H79SM061905-01	\$765,835	\$965,418
State of New Mexico	NM STATE YOUTH TREATMENT PLANNING (93.243	1H79T1026032-01	\$193,680	\$234,016
State of New Mexico	SOAR	93.243	T1025480	\$155,750	\$204,018
			CFDA 93.243 Total	\$1,219,343	\$2,344,570
State of New Mexico	PED GRADS FY17	93.500	5 SP1AH000021-04-00	\$0	\$127,900
			CFDA 93.500 Total	\$0	\$127,900
State of New Mexico	TITLE IV-B PROGRAM FY16	93.556	G0601NM00FP	\$0	\$3
State of New Mexico	TITLE IV-B FY17	93.556	G401/NMFPSS/G1500NMFPSS	\$0	\$20,735
			CFDA 93.556 Total	\$0	\$20,738
State of New Mexico	COURT IMPROVEMENT PROJECT CHILDREN	93.586	N/A	\$0	(\$214)
			CFDA 93.586 Total	\$0	(\$214)
Joslin Diabetes Center, Inc.	PATHWAYS TO BETTER HEALTH THROUGH A	93.610	1C1CMS331021-01-00	\$0	\$71,809
			CFDA 93.610 Total	\$0	\$71,809
State of New Mexico	CHILDRENS LAW INSTITUTE CJAAG	93.643	G1401NMCJA1/G1501NMCJA1	\$0	\$34,846
			CFDA 93.643 Total	\$0	\$34,846
State of New Mexico	TITLE IV-E PROGRAM FY16	93.658	G1501NMF0ST/G1601NMF0ST	\$0	(\$462)
State of New Mexico	TITLE IV-E PROGRAM FY17	93.658	G1501NMF0ST/G1601NMF0ST	\$0	\$549,870
			CFDA 93.658 Total	\$0	\$549,408
State of New Mexico	CAPT CHILD & FAMILY SERVICES TRAINI	93.669	H0601NMC01	\$0	(\$4)
			CFDA 93.669 Total	\$0	(\$4)
State of New Mexico	INDEPENDENT LIVING CONFERENCE FY17	93.674	G1501NM1420/G1601NM1420	\$0	\$19,772
			CFDA 93.674 Total	\$0	\$19,772
Molina Healthcare, Inc.	HEALTH PLANS PREVENTING DIABETES AN	93.739	1U58DP004157-01	\$0	\$22,134
			CFDA 93.739 Total	\$0	\$22,134
University of New Mexico	ACADEMIC SCIENCE EDUCATIONS AND REA	93.859	2K12GM088021-06	\$0	\$12,962
			CFDA 93.859 Total	\$0	\$12,962
Social & Scientific Systems, Inc	STUDY TO COLLECT DATA ON DIET/LIFES	93.xx	HHSN22612014000101	\$0	\$2,747
Social & Scientific Systems, Inc	STUDY TO COLLECT DATA ON DIET/LIFES	93.xx	HHSN2612014000101	\$0	\$12,873
State of New Mexico	COURT IMPROVEMENT PROJECT	93.xx	N/A	\$0	\$45,100
			CFDA 93.xx Total	\$0	\$60,720
			HHS PASS THRU Total	\$1,217,468	\$3,490,869
			DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total	\$1,277,476	\$7,899,194
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	NO TIME TO LOSE: A HEAD START TO ST	84.031	GR0020081	\$0	\$9,775
	P031C110087 SECO 2011-2016	84.031	GR0020087	\$0	\$452,516
	ALLIED HEALTH/NURSING PROGRAM	84.031	GR0030075	\$0	\$232,074
	SR2 SYSTEMIC REFORM SIGNIFICANT RES	84.031	GR0030095	\$0	\$450,630
	CAMBIANDO NUESTRO DE APRENDIZAJE	84.031	GR0050053	\$0	\$471,393
	CAMBIANDO NUESTRO DE APRENDIZAJE	84.031	GR0050053	\$0	(\$259,785)
			CFDA 84.031 Total	\$0	\$1,356,603
TRIO Cluster	TRIO STUDENT SUPPORT SERVICES PROGR	84.042	GR0004941	\$0	\$411,160
	NMSU STUDENT SUPPORT SERVICES SCIEN	84.042	GR0004955	\$0	\$260,721
			CFDA 84.042 Total	\$0	\$671,881

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Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
TRIO Cluster	NMSU-TRIO-UPWARD BOUND PROGRAM	84.047	GR0004033 CFDA 84.047 Total	\$0 \$0	\$346,056 \$346,056
TRIO Cluster	NMSU EDUCATIONAL TALENT SEARCH	84.066	GR0003742 CFDA 84.066 Total	\$0 \$0	\$11,688 \$11,688
	TRIO Cluster Total			\$0	\$1,029,625
	COLLEGE ASSISTANCE MIGRANT PGM CAMP	84.149	GR0004012 CFDA 84.149 Total	\$0 \$0	\$445,229 \$445,229
	NMSU-CEP-GAANN FELLOWSHIP PROGRAM	84.200	GR0005034 CFDA 84.200 Total	\$0 \$0	\$181,556 \$181,556
	CLASS FOR ALL-NM: CULTURALLY AND LI	84.325	GR0004307 CFDA 84.325 Total	\$104,605 \$104,605	\$216,839 \$216,839
	IMPROVING INSTRUCTION FOR ENGLISH L	84.365	GR0003949 CFDA 84.365 Total	\$0 \$0	\$265,752 \$265,752
	NASNTI PROGRAM FY11-FY16	84.382	GR0050034 CFDA 84.382 Total	\$0 \$0	\$264,160 \$264,160
	EDUC DIRECT Total			\$104,605	\$3,759,764
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
State of New Mexico	NM HED ABE FY17 FED CARLS	84.002	V002A160032	\$0	\$98,955
State of New Mexico	NM ABE FEDERAL 16-17	84.002	V002A160032	\$0	\$347,736
State of New Mexico	NM HED ABE FY17 GRANTS	84.002	V002A160032 CFDA 84.002 Total	\$0 \$0	\$48,557 \$495,248
State of New Mexico	NMHED ABE FY16	84.004	V002A140032	\$0	\$0
State of New Mexico	NM ABE 15-16 FEDERAL	84.004	V002A140032	\$0	(\$389)
State of New Mexico	NMHED ABE FY17	84.004	V002A160032 CFDA 84.004 Total	\$0 \$0	\$84,639 \$84,250
New Mexico Institute of Mining and Technology University of New Mexico	ENTRYWAY TO ENGINEERING SUCCESS UNM 208070-8745	84.031 84.031	P031C110059-15 P031S110012 CFDA 84.031 Total	\$0 \$0 \$0	\$2,418 \$64,909 \$67,327
State of New Mexico	NMPED IGA#16-924-00343	84.048	N/A	\$0	\$89,250
State of New Mexico	CARL PERKINS BASIC 2016-2017	84.048	N/A	\$0	\$513,081
State of New Mexico	NMPED IGA#16-924-00343	84.048	N/A	\$0	(\$44,438)
State of New Mexico	CARL PERKINS GRANT FY 2016	84.048	V048A150031-15A	\$0	(\$247)
State of New Mexico	CARL PERKINS BASIC GRANT 2016-2017	84.048	V048A150031-15A	\$0	\$64,609
State of New Mexico	CARL PERKINS 2015-2016	84.048	V048A150031-15A	\$0	(\$2,525)
State of New Mexico	CARL PERKINS REDISTRIBUTION 16-17	84.048	V048A150031-15A CFDA 84.048 Total	\$0 \$0	\$51,671 \$671,401
Western Interstate Comission for Higher Education	INTERSTATE PASSPORT INITIATIVE: PHA	84.116	P116FF150044 CFDA 84.116 Total	\$0 \$0	\$12,305 \$12,305
State of New Mexico	FY17 PED 21ST CCLC	84.287	S287C160031 CFDA 84.287 Total	\$0 \$0	\$2,429,933 \$2,429,933
Texas A&M University	FY17 TAMU EFFICACY AND REPLICATION	84.305	R305150057 CFDA 84.305 Total	\$0 \$0	\$22,169 \$22,169
State of New Mexico	2017 HED SC2	84.367	S367B140028	\$0	\$45,554
State of New Mexico	2016 HED SC2	84.367	s367b140028	\$0	\$7,391
State of New Mexico	2015 MC2 TITLE II IMPROVING TEACHER	84.367	S367B140028	\$0	\$9,083
State of New Mexico	FY17 MC2 TITLE II IMPROVING TEACHER	84.367	S367B140028	\$0	\$78,300
National Writing Project	BORDERLANDS WRITING PROJECT	84.367	S367D120015	\$0	\$6,134
National Writing Project	NWP SEED INVITATIONAL LEADERSHIP IN	84.367	U367D150004 CFDA 84.367 Total	\$0 \$0	\$5,853 \$152,315
State of New Mexico	CARL PERKINS REDISTRIBUTION 16-17	84.xx	N/A	\$0	\$39,482
State of New Mexico	NMPED IGA#17-924-00113	84.xx	PEDAS301GY16 CFDA 84.xx Total	\$0 \$0	\$33,941 \$73,423
	EDUC PASS THRU Total			\$0	\$4,008,371
	DEPARTMENT OF EDUCATION (EDUC) Total			\$104,605	\$7,768,135
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU					
State of New Mexico	INUNDATION MAPPING DISTRICT DAMS	97.039	FEMA-4199-DR-NM CFDA 97.039 Total	\$0 \$0	\$112,920 \$112,920
State of New Mexico	2016 EMERGENCY MANAGEMENT PERFORMAN	97.042	EMT-2016-EP-00005-S01	\$0	\$280,544
State of New Mexico	2015 ANIMAL EMER EMER RESPONSE TRAILERS	97.042	EMW-2013-EP-00079-S01	\$0	(\$729)
State of New Mexico	2015 EMERGENCY MANAGEMENT PERFORMAN	97.042	EMW-2015-EP-00066-S01 CFDA 97.042 Total	\$0 \$0	\$1,315 \$281,130
State of New Mexico	2016 NMDHSEM AUG CONFERENCE	97.067	FMW-2015-SS-0010-S01 CFDA 97.067 Total	\$0 \$0	\$73,844 \$73,844
	DHS PASS THRU Total			\$0	\$467,894
	DEPARTMENT OF HOMELAND SECURITY (DHS) Total			\$0	\$467,894
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
	15/17 US EPA AWARD	66.700	GR0005022	\$0	\$420,207
			CFDA 66.700 Total	\$0	\$420,207
			EPA DIRECT Total	\$0	\$420,207
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU State of New Mexico	GOLD KING MINE LONG TERM MONITORING	66.802	01F16901	\$0	\$32,888
			CFDA 66.802 Total	\$0	\$32,888
			EPA PASS THRU Total	\$0	\$32,888
	ENVIRONMENTAL PROTECTION AGENCY (EPA) Total			\$0	\$453,095
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT	COMPETITIVE OPPORTUNITY FOR PARTNER	43.008	GR0004645	\$129,233	\$183,932
			CFDA 43.008 Total	\$129,233	\$183,932
			NASA DIRECT Total	\$129,233	\$183,932
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU Jacobs Technology Inc.	COOP ED AGREEMENT 5/11/11	43.xx	NNJ11HA02C	\$0	\$186,018
			CFDA 43.xx Total	\$0	\$186,018
			NASA PASS THRU Total	\$0	\$186,018
	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) Total			\$129,233	\$369,950
DEPARTMENT OF COMMERCE (DOC) - DIRECT	ARROWHEAD HEALTH TECH CLUSTER PLANN	11.010	GR0004865	\$44,659	\$44,659
			CFDA 11.010 Total	\$44,659	\$44,659
	NEXT GENERATION ENTREPRENEURSHIP (N	11.020	GR0005101	\$0	\$170,515
			CFDA 11.020 Total	\$0	\$170,515
	THE NEW MEXICO REGIONAL COMMERCIALI	11.303	GR0004316	\$0	\$100,703
			CFDA 11.303 Total	\$0	\$100,703
			DOC DIRECT Total	\$44,659	\$315,877
DEPARTMENT OF COMMERCE (DOC) - PASS THRU Global Sciences & Technology Inc.	OPERATIONAL DATA COLLECTION FOR NAT	11.xx	GS-23F-00501	\$0	\$22,598
			CFDA 11.xx Total	\$0	\$22,598
			DOC PASS THRU Total	\$0	\$22,598
	DEPARTMENT OF COMMERCE (DOC) Total			\$44,659	\$338,475
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	I-CORPS SITES: NEW MEXICO STATE UNI	47.041	GR0005097	\$0	\$87,813
			CFDA 47.041 Total	\$0	\$87,813
	CBMS CONFERENCE: SPARSE APPROXIMATI	47.049	GR0005366	\$0	\$20,721
			CFDA 47.049 Total	\$0	\$20,721
	CC*DNI ENGINEER:ENABLING RESEARCH	47.070	GR0005070	\$0	\$143,139
			CFDA 47.070 Total	\$0	\$143,139
	DUE-0934919	47.076	GR0003059	\$0	\$622
			CFDA 47.076 Total	\$0	\$622
			NSF DIRECT Total	\$0	\$252,295
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU University of New Mexico	CC*DNI REGION: NEW MEXICO RESEARCH	47.070	1541340	\$0	\$8,462
			CFDA 47.070 Total	\$0	\$8,462
Northern Arizona University	DIGITIZATION TCN: LEPIDOPTERA OF NA	47.074	1602081	\$0	\$4,971
			CFDA 47.074 Total	\$0	\$4,971
National Alliance for Partnerships in Equity Education Four	EDUCATOR'S EQUITY STEM ACADEMY: PHA	47.076	NSF DUE-1601548	\$0	\$6,423
			CFDA 47.076 Total	\$0	\$6,423
			NSF PASS THRU Total	\$0	\$19,856
	NATIONAL SCIENCE FOUNDATION (NSF) Total			\$0	\$272,151
SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT	FAST PARTNERSHIP PROGRAM	59.058	GR0004942	\$0	\$37,392
	FEDERAL AND STATE TECHNOLOGY PARTNE	59.058	GR0005305	\$0	\$86,649
			CFDA 59.058 Total	\$0	\$124,041
			SBA DIRECT Total	\$0	\$124,041
SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU State of New Mexico	NM SBDC FY17	59.037	OSBDC-2016-02	\$0	\$20,688
State of New Mexico	NMSBDC CARLSBAD FY17 FEDERAL	59.037	OSBDC-2016-02	\$0	\$6,974
State of New Mexico	SBDC DACC FY17	59.037	OSBDC-2016-02	\$0	\$20,688
State of New Mexico	SBDC GRANTS FY17 FED	59.037	OSBDC-2016-02	\$0	\$20,680
			CFDA 59.037 Total	\$0	\$69,030
			SBA PASS THRU Total	\$0	\$69,030
	SMALL BUSINESS ADMINISTRATION (SBA) Total			\$0	\$193,071
DEPARTMENT OF LABOR (DOL) - PASS THRU					

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Code	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
Santa Fe Community College	HEALTH CARE ASSISTANT PATHWATAACCCT	17.282	TC-26486-14-60-A-35	\$0	\$177,294
			CFDA 17.282 Total	\$0	\$177,294
University of Texas	SAFETY TRAINING LARGE HERD DAIRY	17.502	SH-27689-F-48	\$0	\$8,970
University of Texas	SUSAN HARWOOD TRAINING GRANT PROGRA	17.502	SH-29638-16-60-F-48	\$0	\$1,414
			CFDA 17.502 Total	\$0	\$10,384
			DOL PASS THRU	\$0	\$187,678
	DEPARTMENT OF LABOR (DOL) Total			\$0	\$187,678
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	PREVENTION GRANT-COEXISTENCE PROGR	15.666	GR0005401	\$60,000	\$60,000
	DEPREDATION COMPENSATION GRANT	15.666	GR0005402	\$60,000	\$60,000
			CFDA 15.666 Total	\$120,000	\$120,000
	NEW MEXICO ROUTE 66 ROAD ALIGNMENT	15.945	GR0005235	\$0	\$17,735
			CFDA 15.945 Total	\$0	\$17,735
			DOI DIRECT Total	\$120,000	\$137,735
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
America View	STATEVIEW PROGRAM DEVELOPMENT AND O	15.815	G14AP00002	\$0	\$23,335
			CFDA 15.815 Total	\$0	\$23,335
Board of Regents Southwestern Indian Polytechnic Institut	TRAINING FOR UNDERGRADUATE RESEARCH	15.xx	2014-38424-21829	\$0	\$2,127
			CFDA 15.xx Total	\$0	\$2,127
			DOI PASS THRU Total	\$0	\$25,462
	DEPARTMENT OF INTERIOR (DOI) Total			\$120,000	\$163,197
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
Sandia Corporation	SANDIA NATIONAL LABS NMSBA 2017	81.xx	DE-AC04-A94AL85000	\$0	\$39,398
Los Alamos National Security LLC	LANS NMSBA - 2016	81.xx	DE-AC52-06NA25396	\$0	\$68,088
Sandia Corporation	SANDIA - NMSBA 2012	81.xx	N/A	\$0	\$44,697
State of New Mexico	10-521-R1DOE0001-0195 NMEMNRD - FED	81.xx	10-521-R1DOE0001-0195	\$0	\$121
			CFDA 81.xx Total	\$0	\$152,304
			DOE PASS THRU Total	\$0	\$152,304
	DEPARTMENT OF ENERGY (DOE) Total			\$0	\$152,304
DEPARTMENT OF DEFENSE (DOD) - PASS THRU					
AGEISS	IDEALS AGEISS ARMY MENTOR PROTEGE	12.xx	W9113M-C-0036	\$0	\$80,573
			CFDA 12.xx Total	\$0	\$80,573
			DOD PASS THRU Total	\$0	\$80,573
	DEPARTMENT OF DEFENSE (DOD) Total			\$0	\$80,573
DEPARTMENT OF STATE (DOS) - DIRECT					
	UNIVERSIDAD SAN FRANCISCO DE QUITO	19.040	GR0005181	\$0	\$49,206
			CFDA 19.040 Total	\$0	\$49,206
			DOS DIRECT Total	\$0	\$49,206
	DEPARTMENT OF STATE (DOS) Total			\$0	\$49,206
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
	TRANSPORTATION FELLOWSHIP PROGRAM N	20.215	GR0005336	\$0	\$6,324
	TRANSPORTATION FELLOWSHIP PROGRAM W	20.215	GR0005338	\$0	\$4,584
	TRANSPORTATION FELLOWSHIP PROGRAM W	20.215	GR0005339	\$0	\$7,303
	TRANSPORTATION FELLOWSHIP-CUARON	20.215	GR0005340	\$0	\$912
	TRANSPORTATION FELLOWSHIP MANNING	20.215	GR0005341	\$0	\$6,059
	TRANSPORTATION FELLOWSHIP-REGALADO	20.215	GR0005342	\$0	\$972
			CFDA 20.215 Total	\$0	\$26,154
			DOT DIRECT Total	\$0	\$26,154
	DEPARTMENT OF TRANSPORTATION (DOT) Total			\$0	\$26,154
NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - DIRECT					
	GEOMAGIC: ART, SCIENCE AND THE ZUHL	45.024	GR0005216	\$0	\$14,905
			CFDA 45.024 Total	\$0	\$14,905
			NEH DIRECT Total	\$0	\$14,905
	NATIONAL ENDOWMENT FOR HUMANITIES (NEH) Total			\$0	\$14,905
	INDIVIDUAL AWARDS - OTHER TOTAL			\$1,968,315	\$26,894,278
	TOTAL EXPENDITURES OF FEDERAL AWARDS			\$10,027,977	\$192,715,806

See accompanying independent auditor's report.

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	\$ 89,478,461
Federal Pell Grant revenue	39,587,298
Portion of Capital Grants, Gifts and other Income related to Federal Awards	<u>55,070</u>
	129,120,829
Plus reconciling items:	
Adjustment to federal revenue for accrued liabilities	197,286
Adjustment to federal revenue for Department of Education loans	<u>63,397,691</u>
Federal Expenditures per Schedule 7	<u><u>\$ 192,715,806</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, 2017. The information in this schedule is presented in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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, 2017, the University processed \$50,272,125 in new loans under the Direct Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

Note D: During the fiscal year ended June 30, 2017, there were no federal funds made available in the form of non-cash assistance.

Note E: Federal Perkins Loan Program, CFDA # 84.038. Perkins loans awarded for the year ended June 30, 2017 totaled \$663,877, and the outstanding student loan balances under the Federal Perkins Loan Program was \$11,017,381.

Note F: New Mexico State University has elected not to use the 10% de minimis indirect cost rate.

See accompanying independent auditor's report.



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Regents
New Mexico State University
And
Mr. Timothy Keller
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 discretely presented component unit of the New Mexico State University (the University) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise New Mexico State University's basic financial statements and have issued our report thereon dated December 18, 2017. Our report included an emphasis of matter indicating that the University changed its method of accounting for the New Mexico Land Grant Permanent Fund.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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Purpose of this Report

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

KPMG LLP

Albuquerque, New Mexico
December 18, 2017



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Albuquerque, NM 87110-8179

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Regents
New Mexico State University
And
Mr. Timothy Keller
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited New Mexico State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Mexico State University's major federal programs for the year ended June 30, 2017. New Mexico State University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of New Mexico State 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Mexico State 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 New Mexico State University's compliance.

Opinion on Each Major Federal Program

In our opinion, New Mexico State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.



Report on Internal Control Over Compliance

Management of New Mexico State 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 New Mexico State 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Mexico State 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

KPMG LLP

Albuquerque, New Mexico
December 18, 2017

**Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- (g) Major programs:
- Student Financial Assistance Cluster – various CFDA numbers
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a lowrisk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

**Summary Schedule of Prior Audit Findings
Year ended June 30, 2017**

2016-001 - Student Financial Aid - Reporting

The methodology utilized to prepare, and review the FISAP did not consider all applicable guidance in determining the reported amounts. In addition, the review and approval of the FISAP did not include a detailed enough reconciliation of the information reported on the FISAP to the underlying records/support.

Current Status: Resolved.

2016-002 Schedule of Expenditures of Federal Awards (SEFA)

The issue appears to be the result of an IT system error whereby CFDA numbers in the system were inappropriately changed from the correct CFDA number to CFDA number 93.074. NMSU's internal controls process, including a manual review of the SEFA, did not identify the system error that resulted in the incorrect CFDA numbers.

Current Status: Resolved.

An exit conference was held on October 20, 2017, to discuss the current audit report and auditors' comments. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Debra P. Hicks	Chair
Brad Beasley	Audit Committee Community Member
Cindy Seipel	Audit Committee Community Member
Shari Jones	Audit Committee Community Member

Representing New Mexico State University

Garrey E. Carruthers	Chancellor
Andrew J. Burke	Senior Vice President for Administration and Finance
Norma Noel	University Controller
Ermelinda Quintela	Chief Audit Officer
Lizbeth G. Ellis	Chief Legal Affairs Officer
Ross Justus	Associate Controller
Carolina Munoz	Director, Accounting and Finance

Representing New Mexico State University Component Units

Andrea Tawney	President, NMSU Foundation, Inc.
Tina Byford	Chief Operating Officer, NMSU Foundation, Inc.
Kevin Boberg	President, Arrowhead Center, Inc. Board
Kathryn Hansen	CEO, Arrowhead Center Inc.

Representing KPMG LLP

John T. Kennedy	Lead Engagement Partner
Suzette Longfellow	Managing Director
Pepper Cooper	Audit Senior Manager

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