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New Mexico State University

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Associate Controller

Carolina Muñoz
*Manager of Accounting and
Financial Reporting*

October 9, 2019

It is my pleasure to share the annual financial report of New Mexico State University (NMSU) for the fiscal years (FYs) ended June 30, 2019 and 2018. I am pleased to report that we have stabilized enrollment for NMSU. We are celebrating recent enrollment growth in the NMSU Graduate School, modest growth in overall enrollment for the NMSU System, and continued progress in student retention and graduation rates.

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 the priorities established in our new strategic plan NMSU LEADS 2025.

The plan outlines four primary goals including to enhance student success and social mobility; elevating research and creativity; amplifying extension and outreach; and building a robust NMSU system. Importantly, the plan states that the mission of the New Mexico State University system is to serve the diverse needs of the state through comprehensive programs of education, research, extension and outreach, and public service. As the state's land-grant and space-grant University, and as a Hispanic-Serving Institution, NMSU fosters learning, inquiry, diversity and inclusion, social mobility, and service to the broader community. NMSU is already developing strategies, identifying key metrics, and making efforts towards achieving the goals of LEADS 2025.

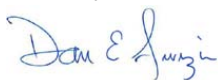
As we continue our sound fiscal management, we will consider further efficiencies and productivity improvements. We will also consider additional structural or organizational changes to reallocate funds and continue to effectively utilize our resources.

Aggie pride and spirit continues to be apparent all over our beautiful campuses as we enhance the learning experiences of students through first-class facilities. A new arts complex, Devasthali Hall and new 300 bed freshman residence opened for occupancy in fall 2019.

New Mexico is extracting oil and gas at levels never before seen. This has been a tremendous boost for our economy. Over the past year, the state appropriations to NMSU for FY 2020 increased \$15.3 million allowing for a 4% compensation increase in faculty and staff salaries. In August 2019 the New Mexico Legislative Finance Committee indicated favorable revenue projections for the state of New Mexico, projecting a \$900 million increase in available funding for FY 2021.

I want to ensure stakeholders that we will be mindful of our values of leadership, excellence, access, diversity and inclusion, and student-centered as we shape the future for NMSU. These values are encapsulated as: BE BOLD. Shape the future. The future is bright for our great university.

Sincerely,



Dan E. Arvizu, 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. Brian Colón, 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, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 New Mexico State University, as of June 30, 2019 and 2018, 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, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinions are 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 Changes in Net Other Post-Employment Benefits liability and Related Ratios in accordance with GASB Statement 75 (schedule 5), and the 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 Statements of Net Position (schedule 1), Combining Statements 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), as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Statements of Net Position (schedule 1), Combining Statements 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 Statements of Net Position (schedule 1), Combining Statements 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 October 30, 2019 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
October 30, 2019

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018 (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, 2019 and 2018. 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, 2019, 2018 and 2017, the University's financial position was as follows:
(In thousands)

| <i>Condensed Net Position</i> | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|---|---------------------|--------------------|------------------|
| ASSETS | | | |
| Current assets | 119,985 | 126,048 | 103,736 |
| Capital assets, net | 506,752 | 494,320 | 502,900 |
| Non-current assets | 211,129 | 192,913 | 163,784 |
| TOTAL ASSETS | 837,866 | 813,281 | 770,420 |
| DEFERRED OUTFLOWS OF RESOURCES | 197,892 | 246,880 | 70,110 |
| LIABILITIES | | | |
| Current liabilities | 65,492 | 60,994 | 63,591 |
| Net pension liability | 792,236 | 750,674 | 507,688 |
| Other post-employment benefit liability | 139,913 | 128,375 | 27,955 |
| Other non-current liabilities | 160,437 | 170,038 | 124,077 |
| TOTAL LIABILITIES | 1,158,078 | 1,110,081 | 723,311 |
| DEFERRED INFLOWS OF RESOURCES | 36,206 | 42,046 | 24,850 |
| NET POSITION | | | |
| Net investment in capital assets | 383,627 | 386,310 | 396,577 |
| Restricted | 73,209 | 58,270 | 64,187 |
| Unrestricted | (615,362) | (536,546) | (368,394) |
| TOTAL NET POSITION | \$ (158,526) | \$ (91,966) | \$ 92,370 |
| <i>Condensed Revenues, Expenses and Changes in Net Position</i> | | | |
| Operating revenues: | | | |
| Student tuition and fees (net) | \$ 65,361 | \$ 66,520 | \$ 67,125 |
| Federal appropriations, grants and contracts | 86,468 | 82,542 | 89,478 |
| Other operating revenues | 58,010 | 58,835 | 65,103 |
| TOTAL OPERATING REVENUES | 209,839 | 207,897 | 221,706 |
| EXPENSES | | | |
| Operating expenses: | | | |
| Instruction | 176,922 | 164,631 | 147,434 |
| Research | 98,695 | 92,299 | 86,442 |
| Other operating expenses | 330,550 | 315,164 | 293,937 |
| TOTAL OPERATING EXPENSES | 606,167 | 572,094 | 527,813 |
| Net operating loss | (396,328) | (364,197) | (306,107) |
| Non-operating revenues and expenses: | | | |
| Loss before other revenues | 294,054 | 268,007 | 278,743 |
| Other revenues | (102,274) | (96,190) | (27,364) |
| Other revenues | 35,714 | 12,928 | 23,368 |
| Increase (decrease) in net position | (66,560) | (83,262) | (3,996) |
| NET POSITION | | | |
| Beginning of year, as previously reported | (91,966) | 92,370 | 158,826 |
| Change in accounting principle (Note 2) | - | (101,074) | (62,460) |
| Beginning of year, as restated | (91,966) | (8,704) | 96,366 |
| End of year | \$ (158,526) | \$ (91,966) | \$ 92,370 |

General Overview for 2019 and 2018

In fiscal year 2019, total assets of the institution increased by \$25 million primarily related to increases in cash and cash equivalents and net capital assets. Deferred outflows decreased by \$49 million, due to the changes in assumptions related to the pension liability. Total liabilities increased by \$48 million and deferred inflows decreased by \$6 million.

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

- Increases in the pension liability of \$42 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability as required by GASB 68, Accounting and Financial Reporting for Pensions.
- Increase in the other post-employment benefit liability of \$12 million, and the related change in deferred outflows and deferred inflows. These items are related to the adjustments made to the OPEB as required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).
- Increase in net capital assets of \$12 million related to completed construction projects and construction work in progress.

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 \$67 million net decrease in net position from the prior year include:

- An increase in operating expense of \$22 million prior to the allocation of pension expense.
- An increase in pension expense of \$12 million.
- An increase in scholarship allowances of \$4.9 million.

The decreases were offset in part by the following:

- An increase in capital appropriations of \$14.9 million.
- An increase in state appropriations of \$9 million.
- An increase in capital grants, gifts and other income of \$8.2 million.
- Increases in investment income of \$6.5 million, state lottery scholarship of \$3.5 million, gift and non-exchange grants of \$0.2 million and local tax levy of \$4 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.

General Overview for 2018 and 2017

In fiscal year 2018, total assets of the institution increased by \$43 million primarily related to investments of bond proceeds and deferred outflows increased by \$177 million, due to the changes in assumptions related to the pension liability. Total liabilities increased by \$387 million and deferred inflows increased by \$17 million. The Governmental Accounting Standards Board (GASB) Statement No. 75, which replaced the requirements of GASB No. 45, was implemented in fiscal year 2018, and resulted in the recognition of the total Other Post Employment Benefit (OPEB) liability as opposed to an amortized portion and the annual OPEB expense replaced the Annual Required Contribution (ARC).

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

- Increases in the pension liability of \$243 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability as required by GASB 68.
- Increase in the OPEB liability of \$100 million, and the related change in deferred inflows. These items are related to the adjustments made to the OPEB liability as required by GASB 75.
- Increase in investments of \$47 million and long term bonds and contracts liabilities of \$43 million.

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 \$83.8 million net decrease in net position from the prior year before the net effect of the change in accounting principal include:

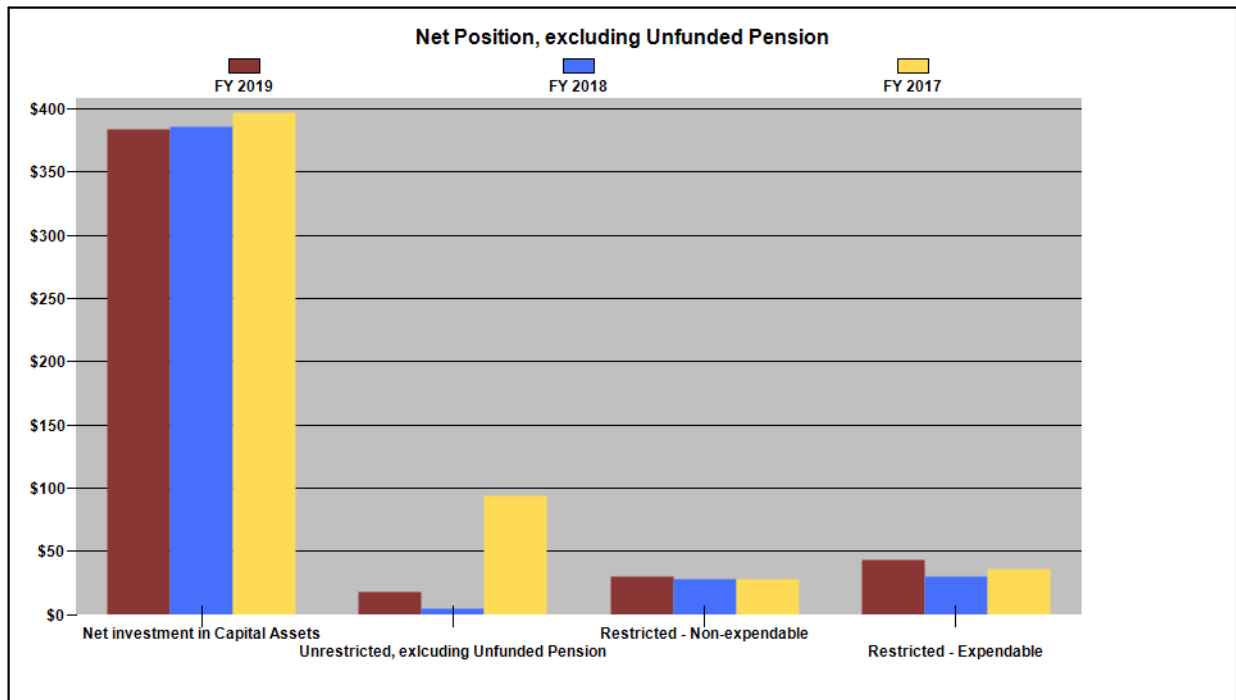
- An increase in pension expense of \$67.4 million.
- A decrease in capital revenues of \$10.8 million.
- Decrease in state appropriations of \$2.6 million.

The decreases were offset in part by the following:

- Decrease in instruction expense, prior to the allocated pension expense, of \$9.2 million.
- Increase in Federal Pell grants of \$1.5 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 and proceeds from bond issuance. 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 2019, 2018 and 2017. 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 increase in unrestricted for fiscal year 2019 was due to an increase primarily in non-operating revenues. The increase in 2019 in restricted expendable was related to capital projects.



Operating Revenues for 2019 and 2018

Net operating revenues increased by \$2 million in fiscal year 2019 compared to 2018. The main contributor to the increase was related to federal appropriations, grants and contracts one of the larger operating revenue sources, which increased by approximately \$4 million or 4.8% offset by a decrease in state grants and contracts of \$2 million or 16.7%.

Other changes in operating revenues were as follows:

- Decrease in non-governmental grants and contracts of \$1.5 million (16.7%) related to private and foreign awards.
- Increase in sales and services of \$1.2 million (20.2%) attributed primarily to livestock sales.
- Increase in student tuition and fees of \$3.7 million (3.4%) offset by an increase in scholarship allowances of \$4.9 million (11.5%).
- Increase in other operating revenue of \$1.5 million (10.2%) primarily related to Athletic game guarantees.

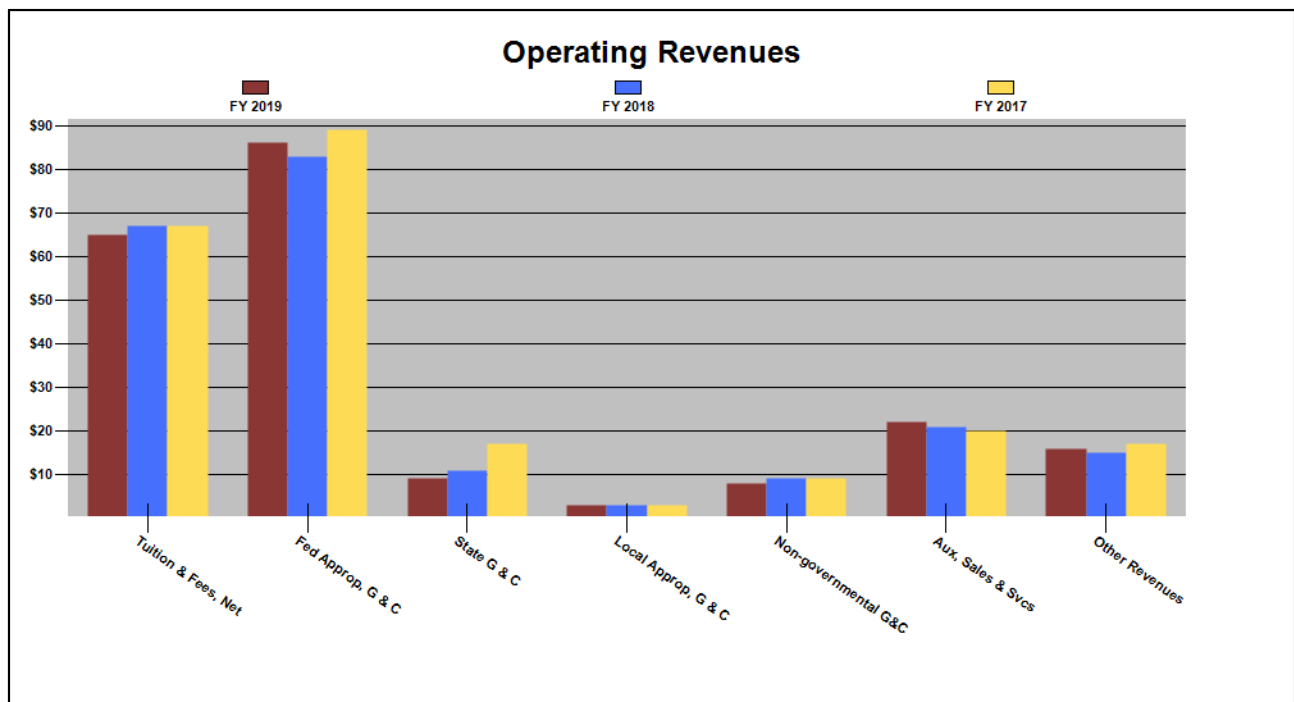
Operating Revenues for 2018 and 2017

Net operating revenues declined by \$13.8 million in fiscal year 2018 compared to 2017. The main contributor to the loss was a decrease in federal appropriations, grants and contracts one of the larger operating revenue sources, which decreased by approximately \$7 million or 7.8%.

Other changes in operating revenues were as follows:

- Decrease in state grants and contracts of \$5.1 million (31%) related to the New Mexico LEAD, SSIG Leap Awards and State Workstudy.
- Decrease in other operating revenues of \$1.7 million, which can be attributed to Athletics game guarantees.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2019, 2018 and 2017.



Operating Expenses for 2019 and 2018

Operating expenses increased by \$34 million in fiscal year 2019 from the prior year. The increase in pension expense \$12 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 in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses increased by \$22 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

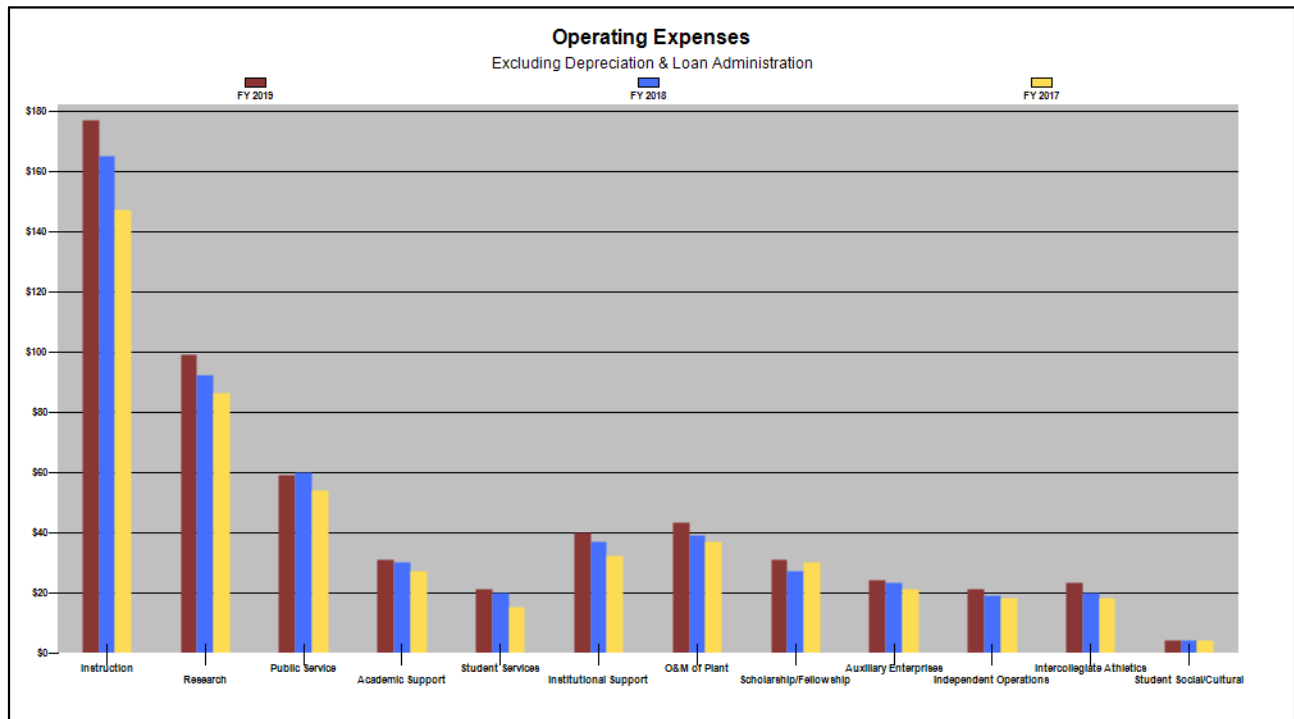
- An increase in instruction expense of \$7.9 million, primarily related to salary and fringe expense.
- An increase in research expense of \$4.5 million, primarily related to an increase in DOD awards.
- An increase in operation and maintenance of \$3.8 million.
- An increase in scholarships and fellowships of \$3.2 million.

Operating Expenses for 2018 and 2017

Operating expenses increased by \$44.3 million in fiscal year 2018 from the prior year. The increase in pension expense \$67.4 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 in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses declined by \$24 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

- A decrease in instruction expense of \$9.3 million, primarily related to payments to employees for salary and fringe benefits of \$4.7 million.
- A decrease in research expense of \$6.4 million, primarily related to the reduction of DOD awards.
- A decrease in loan administration of \$1.7 million, due primarily to the Perkins Loans payback.
- A decrease in scholarships and fellowships of \$2.6 million.

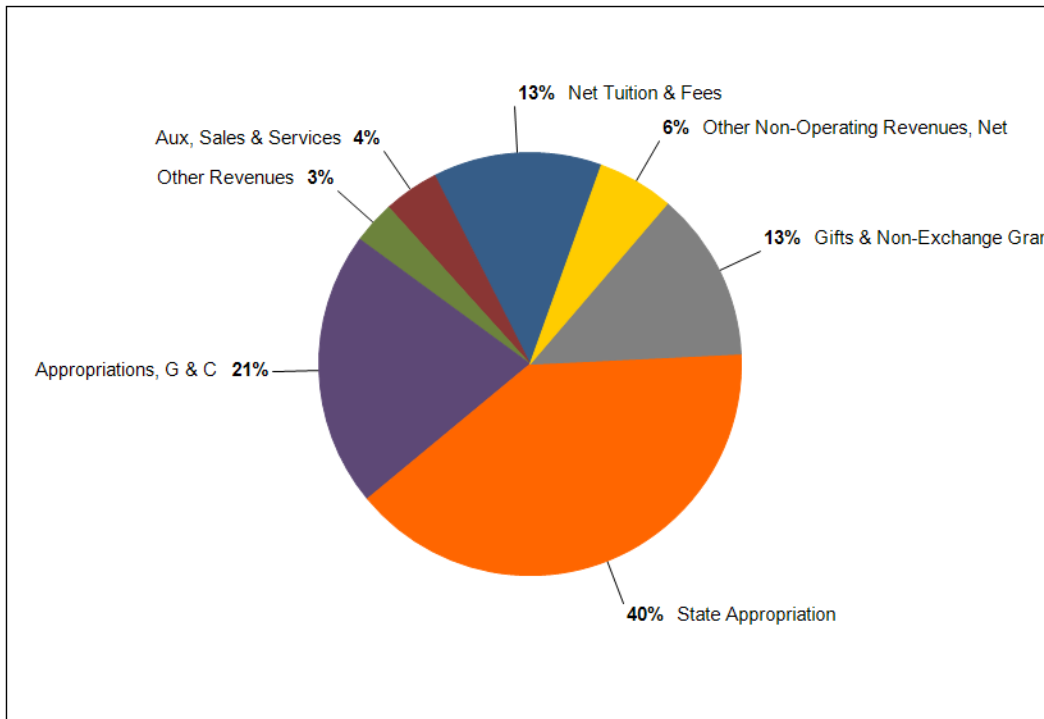
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and loan administration, for fiscal years 2019, 2018 and 2017.



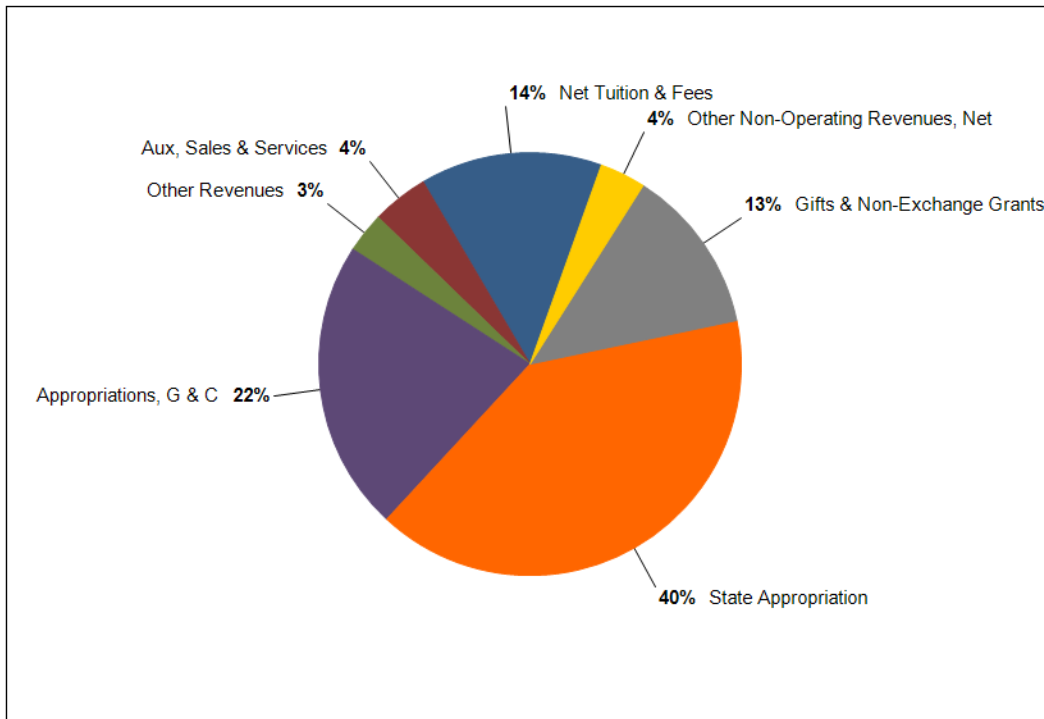
The Statement of Revenues, Expenses, and Changes in Net Position reflects a net loss before other revenues of \$102.3 million, \$96.2 million and \$27.3 million in fiscal years 2019, 2018 and 2017, respectively.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2019, 2018 and 2017.

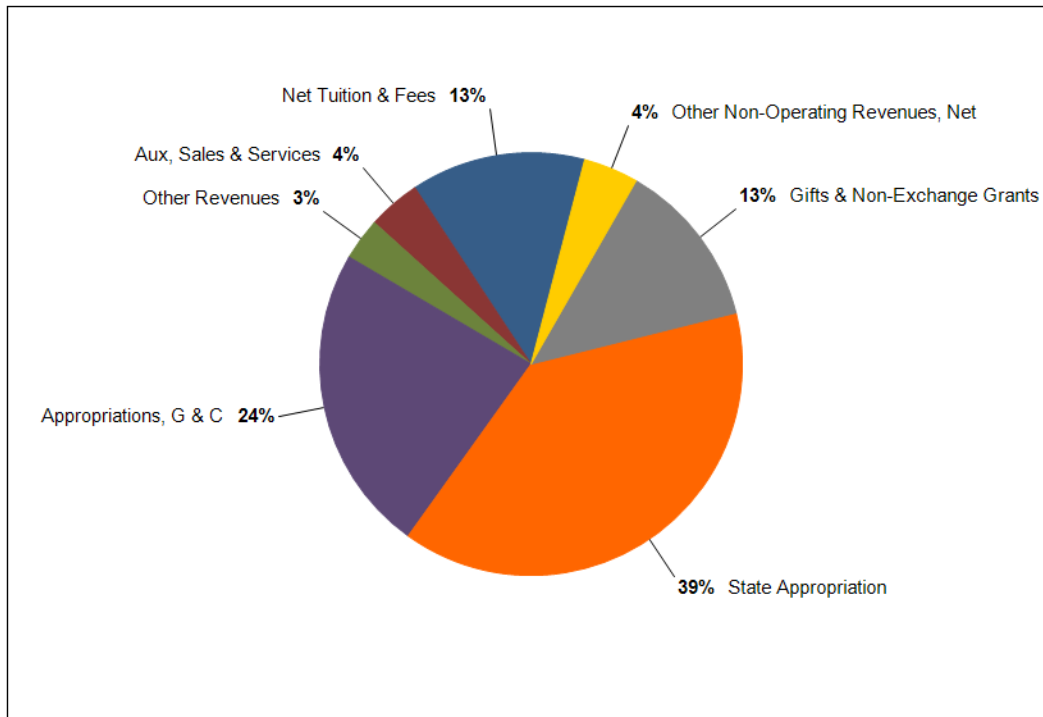
2019 Revenues



2018 Revenues



2017 Revenues



Capital Asset and Debt Administration

During fiscal year 2019, net capital assets increased (2.5%), due to construction and renovation activities. The projects that increased capital assets included current period expenditures for construction of the new housing facility, Juniper Hall of \$15.6 million, the new art building, Devasthali Hall of \$13.9 million, and the Grants Child Development Center of \$2.3 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.4 million and capital library purchases of \$3.3 million, which were offset by total depreciation expense of \$34.2 million. Debt from bonds decreased by \$7.9 million and contracts increased by \$0.3 million in 2019.

During fiscal year 2018, net capital assets decreased (1.7%), due to lower levels of construction and renovation activities, combined with the recording of annual depreciation expense and retirements. The projects that increased capital assets included current period expenditures for the Grants Child Development Center of \$3.6 million, construction of the new art building of \$2.6 million, construction on the new housing facility of \$2.3 million, and Corbett Center exterior improvements of \$2.2 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.4 million and capital library purchases of \$3.3 million, which were offset by total depreciation expense of \$34.5 million. Debt from bonds and contracts increased by \$44.2 million in 2018 due to issuance of revenue bonds for capital projects and refunding of prior bonds. Previous debt of \$27.2 million were refunded from the current issuance.

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2019, there was a net increase of approximately \$15.1 million, and an increase of approximately \$25.2 million in revised budgeted expenditures. The significant changes to the revenue budget were in state appropriations of \$3.4 million, increased revenue in local government appropriations of \$4.6 million, and other sources of \$6.9 million. The increase in state government appropriations was a result of one-time allocations from the

state during the legislative session in the spring. The budgeted increase in local appropriations is a result of an increase in local tax levys, primarily in Carlsbad. The increase in projected revenues for other sources was a result of projected increases to provide budget expenditure authority in several areas including research, public service, auxiliary enterprises, athletics, and independent operations.

Actual revenues earned in fiscal year 2019 were lower than the revised budget by \$20.7 million and actual expenditures were lower than the revised budget by \$46.7 million. The main contributor to the revenue budget variance was other sources (89% of the variance), and the main contributors to the expense budget variance were in the Instruction and General and capital outlay (49% 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 \$11 million. The current fund operations contributed \$37.7 million offset by capital funds of \$26.6 million.

Factors Impacting Future Periods

The University's future has several promising financial factors. The University's state appropriation increased for fiscal year 2019 and fiscal year 2020. For fiscal year 2020 the recurring state appropriation increased \$15.3 million that includes a 4% increase in faculty and staff salaries and .25% Educational Retirement Board employer contributions. In addition, the University will receive non-recurring state appropriations totaling \$32 million including \$25.2 million for capital outlay.

In August 2019, the New Mexico Legislative Finance Committee indicated favorable revenue projections for the state of New Mexico, projecting as much as 12.8% growth in funding for fiscal year 2020. This favorable economic outlook for New Mexico will likely result in additional state appropriations to higher education during the spring 2020 legislative session for fiscal year 2021.

The University student enrollment for Fall 2017 and again in Fall 2018 reflected improvement in first time freshmen, with increases of 11% and 10%, respectively. Fall 2017 marked the University's largest increase in this group of students in more than 17 years. For fiscal year 2020, undergraduate enrollment remains relatively flat with a .7% increase in graduate enrollment.

New Mexico State University
Statements of Net Position
As of June 30, 2019

| | University | Discrete Component Unit |
|--|-------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 10,346,083 | \$ 16,994,039 |
| Restricted cash and cash equivalents | 9,910,998 | - |
| Cash and cash equivalents held in trust by component unit for NMSU | 5,313,291 | 5,313,291 |
| Cash and cash equivalents held in trust by others | 347,051 | - |
| Short-term investments | 35,315,164 | 362,588 |
| Accounts receivable, net | 50,830,060 | 11,395,404 |
| Due from component unit | 2,150,697 | - |
| Inventories | 2,535,124 | - |
| Prepaid expenses | 2,430,153 | 312,582 |
| Loans receivable - current portion, net | 805,960 | - |
| Total current assets | <u>119,984,581</u> | <u>34,377,904</u> |
| Non-current assets | | |
| Unrestricted cash and cash equivalents | 50,382,419 | 4,578,460 |
| Restricted cash and cash equivalents | 30,588,616 | - |
| Investments held by others | - | 2,877,161 |
| Investments held in trust by component unit for NMSU | 42,404,246 | 42,404,246 |
| Investments held in trust for others | - | 365,497 |
| Restricted long-term investments | 14,514,392 | - |
| Other long-term investments | 65,061,784 | 137,409,215 |
| Loans receivable, net | 8,178,641 | - |
| Capital assets, net | 506,751,594 | 76,546 |
| Total non-current assets | <u>717,881,692</u> | <u>187,711,125</u> |
| Total assets | <u>837,866,273</u> | <u>222,089,029</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| | <u>197,892,002</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 15,691,687 | 105,098 |
| Due to NMSU | - | 2,150,697 |
| Other accrued liabilities | 14,635,943 | - |
| Accrued interest payable | 1,729,812 | - |
| Held in trust for NMSU | - | 5,313,291 |
| Unearned revenue | 10,290,715 | 398,379 |
| Held in trust by NMSU | 5,922,454 | - |
| Long-term liabilities - current portion | 17,221,479 | 242,242 |
| Total current liabilities | <u>65,492,090</u> | <u>8,209,707</u> |
| Non-current liabilities | | |
| Accrued benefit reserves | 659,630 | - |
| Held in trust for NMSU | - | 42,404,247 |
| Other long-term liabilities | 159,777,115 | 2,115,797 |
| Net pension liability | 792,236,144 | - |
| Other post-employment benefit liability | 139,913,186 | - |
| Total non-current liabilities | <u>1,092,586,075</u> | <u>44,520,044</u> |
| Total liabilities | <u>1,158,078,165</u> | <u>52,729,751</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| | <u>36,205,662</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 383,627,323 | 76,546 |
| Restricted for: | | |
| Donor | - | 163,569,571 |
| Non-expendable: | | |
| Endowments | 30,080,928 | - |
| Expendable: | | |
| Endowments | 1,962,258 | - |
| General activities | 6,348,287 | - |
| Federal student loans | 12,912,159 | - |
| Capital projects | 20,719,686 | - |
| Related entity activities | 1,185,364 | - |
| Unrestricted | (615,361,557) | 5,713,161 |
| Total net position | <u>\$ (158,525,552)</u> | <u>\$ 169,359,278</u> |

New Mexico State University
Statements of Net Position
As of June 30, 2018

| | University | Discrete Component Unit |
|--|------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 17,637,246 | \$ 14,989,030 |
| Restricted cash and cash equivalents | 9,887,363 | - |
| Cash and cash equivalents held in trust by component unit for NMSU | 4,521,307 | 4,521,307 |
| Cash and cash equivalents held in trust by others | 3,048,643 | - |
| Short-term investments | 31,446,089 | 332,068 |
| Accounts receivable, net | 50,224,749 | 10,781,211 |
| Due from component unit | 2,132,358 | - |
| Inventories | 2,484,382 | - |
| Prepaid expenses | 3,710,978 | 323,188 |
| Loans receivable - current portion, net | 954,389 | - |
| Total current assets | <u>126,047,504</u> | <u>30,946,804</u> |
| Non-current assets | | |
| Unrestricted cash and cash equivalents | 41,773,187 | 4,859,321 |
| Restricted cash and cash equivalents | 6,223,907 | - |
| Investments held by others | - | 2,788,205 |
| Investments held in trust by component unit for NMSU | 42,816,242 | 42,816,242 |
| Investments held in trust for others | - | 359,055 |
| Restricted long-term investments | 14,665,449 | - |
| Other long-term investments | 77,920,571 | 131,888,080 |
| Loans receivable, net | 9,514,499 | - |
| Capital assets, net | 494,319,652 | 105,643 |
| Total non-current assets | <u>687,233,507</u> | <u>182,816,546</u> |
| Total assets | <u>813,281,011</u> | <u>213,763,350</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| | <u>246,879,669</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 13,389,927 | 125,539 |
| Due to NMSU | - | 2,132,358 |
| Other accrued liabilities | 14,813,839 | - |
| Accrued interest payable | 1,800,459 | - |
| Held in trust for NMSU | - | 4,521,307 |
| Unearned revenue | 9,759,659 | 414,367 |
| Held in trust by NMSU | 5,319,195 | - |
| Long-term liabilities - current portion | 15,910,776 | 190,871 |
| Total current liabilities | <u>60,993,855</u> | <u>7,384,442</u> |
| Non-current liabilities | | |
| Accrued benefit reserves | 659,630 | - |
| Held in trust for NMSU | - | 42,816,242 |
| Other long-term liabilities | 169,377,298 | 2,298,202 |
| Net pension liability | 750,673,749 | - |
| Other post-employment benefit liability | 128,375,207 | - |
| Total non-current liabilities | <u>1,049,085,884</u> | <u>45,114,444</u> |
| Total liabilities | <u>1,110,079,739</u> | <u>52,498,886</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| | <u>42,046,491</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 386,309,799 | 105,643 |
| Restricted for: | | |
| Donor | - | 156,061,612 |
| Non-expendable: | | |
| Endowments | 28,109,389 | - |
| Expendable: | | |
| Endowments | 1,964,539 | - |
| General activities | 6,296,810 | - |
| Federal student loans | 12,783,937 | - |
| Capital projects | 8,039,238 | - |
| Related entity activities | 1,077,105 | - |
| Unrestricted | (536,546,367) | 5,097,209 |
| Total net position | <u>\$ (91,965,550)</u> | <u>\$ 161,264,464</u> |

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

| | University | Discrete Component Unit |
|---|-------------------------|-------------------------------|
| REVENUES | | |
| Operating revenues: | | |
| Student tuition and fees (gross) | \$ 112,522,576 | \$ - |
| Less: scholarship allowances | (47,162,065) | - |
| Student tuition and fees (net) | 65,360,511 | - |
| Federal appropriations, grants and contracts | 86,468,214 | - |
| State grants and contracts | 9,489,426 | - |
| Local appropriations, grants and contracts | 2,837,727 | - |
| Non-governmental grants, contracts and gifts | 7,514,905 | 15,805,632 |
| Sales and services | 7,339,055 | 1,778,094 |
| Auxiliary enterprises (net of scholarship allowances) | 14,441,402 | - |
| Other operating revenues | 16,387,992 | - |
| Total operating revenues | <u>209,839,232</u> | <u>17,583,726</u> |
| EXPENSES | | |
| Operating expenses: | | |
| Instruction | 176,921,957 | - |
| Research | 98,694,960 | - |
| Public service | 58,820,800 | - |
| Academic support | 31,103,109 | - |
| Student services | 20,924,078 | - |
| Institutional support | 40,407,160 | - |
| Operation and maintenance of plant | 42,781,681 | - |
| Scholarships and fellowships | 30,663,564 | - |
| Auxiliary enterprises | 23,730,357 | - |
| Independent operations | 20,806,851 | - |
| Intercollegiate athletics | 22,932,490 | - |
| Student social and cultural | 4,264,322 | - |
| Loan administration (net) | (134,540) | - |
| Depreciation | 34,249,951 | 29,762 |
| Other operating expenses | - | 15,761,802 |
| Total operating expenses | <u>606,166,740</u> | <u>15,791,564</u> |
| Net operating income (loss) | <u>(396,327,508)</u> | <u>1,792,162</u> |
| Non-operating revenues (expenses): | | |
| State appropriations | 199,928,700 | - |
| Federal Pell grants | 42,359,877 | - |
| State lottery scholarship | 13,501,706 | - |
| Local tax levy revenue | 18,690,646 | - |
| Gifts and non-exchange grants | 9,078,670 | - |
| Investment income | 8,258,564 | 6,539,945 |
| Land lease and permanent fund revenue | 4,381,727 | - |
| Building fees | 4,041,764 | - |
| Loss on disposal of plant | (322,081) | - |
| Gain on sale of land | 1,140,379 | - |
| Additions to quasi endowments | 80,398 | - |
| Interest and other expenses on capital asset-related debt | (6,221,298) | - |
| Other non-operating revenues (expenses) | (865,525) | (237,293) |
| Net non-operating revenues | <u>294,053,527</u> | <u>6,302,652</u> |
| Income (loss) before other revenues | <u>(102,273,981)</u> | <u>8,094,814</u> |
| Capital appropriations | 22,482,681 | - |
| Capital grants, gifts, and other income | 10,913,002 | - |
| Additions to permanent endowments | 2,318,296 | - |
| Increase (decrease) in net position | <u>(66,560,002)</u> | <u>8,094,814</u> |
| NET POSITION | | |
| Beginning of year | (91,965,550) | 161,264,464 |
| End of year | <u>\$ (158,525,552)</u> | <u>\$ 169,359,278</u> |

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

| | University | Discrete Component Unit |
|---|------------------------|-------------------------------|
| REVENUES | | |
| Operating revenues: | | |
| Student tuition and fees (gross) | \$ 108,816,066 | \$ - |
| Less: scholarship allowances | (42,295,668) | - |
| Student tuition and fees (net) | 66,520,398 | - |
| Federal appropriations, grants and contracts | 82,542,027 | - |
| State grants and contracts | 11,387,324 | - |
| Local appropriations, grants and contracts | 2,712,130 | - |
| Non-governmental grants, contracts and gifts | 9,023,251 | 15,492,458 |
| Sales and services | 6,106,044 | 1,791,008 |
| Auxiliary enterprises (net of scholarship allowances) | 14,733,291 | - |
| Other operating revenues | 14,872,592 | - |
| Total operating revenues | <u>207,897,057</u> | <u>17,283,466</u> |
| EXPENSES | | |
| Operating expenses: | | |
| Instruction | 164,630,659 | - |
| Research | 92,298,663 | - |
| Public service | 59,650,388 | - |
| Academic support | 30,182,089 | - |
| Student services | 19,623,830 | - |
| Institutional support | 37,007,447 | - |
| Operation and maintenance of plant | 38,522,138 | - |
| Scholarships and fellowships | 27,490,837 | - |
| Auxiliary enterprises | 23,052,121 | - |
| Independent operations | 19,447,085 | - |
| Intercollegiate athletics | 20,450,904 | - |
| Student social and cultural | 4,007,265 | - |
| Loan administration (net) | 1,214,656 | - |
| Depreciation | 34,515,035 | 28,882 |
| Other operating expenses | - | 14,065,753 |
| Total operating expenses | <u>572,093,117</u> | <u>14,094,635</u> |
| Net operating loss | <u>(364,196,060)</u> | <u>3,188,831</u> |
| Non-operating revenues (expenses): | | |
| State appropriations | 190,893,756 | - |
| Federal Pell grants | 41,162,544 | - |
| State lottery scholarship | 9,983,665 | - |
| Local tax levy revenue | 14,440,619 | - |
| Gifts and non-exchange grants | 9,292,924 | - |
| Investment income (loss) | 1,825,340 | 9,127,770 |
| Land lease and permanent fund revenue | 4,321,577 | - |
| Building fees | 4,815,669 | - |
| Loss on disposal of plant | (1,698,579) | - |
| Additions to quasi endowments | 78,786 | - |
| Interest and other expenses on capital asset-related debt | (6,457,869) | - |
| Other non-operating expenses | (651,669) | (271,941) |
| Net non-operating revenues (expenses) | <u>268,006,763</u> | <u>8,855,829</u> |
| Loss before other revenues | <u>(96,189,297)</u> | <u>12,044,660</u> |
| Capital appropriations | 7,633,119 | - |
| Capital grants, gifts, and other income | 2,694,375 | - |
| Additions to permanent endowments | 2,600,444 | - |
| Increase (decrease) in net position | <u>(83,261,359)</u> | <u>12,044,660</u> |
| NET POSITION | | |
| Beginning of year, as previously reported | 92,369,778 | 149,219,804 |
| Change in accounting principle (Note 2) | (101,073,969) | - |
| Beginning of year, as restated | <u>(8,704,191)</u> | <u>149,219,804</u> |
| End of year | <u>\$ (91,965,550)</u> | <u>\$ 161,264,464</u> |

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2019

| | University |
|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Tuition and fees and other student payments received | \$ 64,086,959 |
| Grants and contracts received | 106,489,906 |
| Payments to suppliers | (98,679,313) |
| Payments for travel | (13,271,252) |
| Payments to employees and for employee benefits | (326,447,091) |
| Disbursement of net aid to students | (33,058,901) |
| Receipts from sales, services, and auxiliary enterprises | 22,861,033 |
| Other operating revenues | 16,972,912 |
| Net cash used by operating activities | <u>(261,045,747)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| State appropriations | 199,928,700 |
| Gifts and grants for other than capital purposes | 64,940,253 |
| Tax levy revenue | 18,690,646 |
| Private gifts for endowment | 1,948,970 |
| Other non-operating expenses | (865,525) |
| Net cash provided by non-capital financing activities | <u>284,643,044</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from capital debt and leases | 675,780 |
| Proceeds from sale of capital assets | 1,135,871 |
| Capital gifts, grants and contracts | 33,476,081 |
| Purchases/construction/renovation of capital assets | (45,841,971) |
| Principal paid on capital debt and leases | (8,312,020) |
| Interest and fees paid on capital debt and leases | (7,477,466) |
| Building fees received from students | 4,041,764 |
| Net cash used by capital and related financing activities | <u>(22,301,961)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from sales and maturities of investments | 51,987,916 |
| Proceeds held in trust by NMSU Foundation | 791,984 |
| Interest on investments | 10,126,048 |
| Purchase of investments | (40,404,479) |
| Net cash provided by investing activities | <u>22,501,469</u> |
| Net increase in cash and cash equivalents | 23,796,805 |
| Cash and cash equivalents - beginning of year | 83,091,653 |
| Cash and cash equivalents - end of year | <u>\$ 106,888,458</u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (396,327,508) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation expense | 34,249,951 |
| Change in assets and liabilities: | |
| Increase in accounts receivable | (562,737) |
| Decrease in prepaid expenses | 1,280,825 |
| Increase in inventory | (50,742) |
| Decrease in loans receivable | 1,484,287 |
| Increase in accounts payable and other accrued liabilities | 1,235,628 |
| Increase in unearned revenue | 531,056 |
| Increase in held in trust by NMSU | 603,259 |
| Increase in net pension/OPEB liability and related deferred inflows/outflows of resources | 96,510,234 |
| Net cash used by operating activities | <u>\$ (261,045,747)</u> |

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2018

| | University |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Tuition and fees and other student payments received | \$ 67,305,168 |
| Grants and contracts received | 108,454,156 |
| Payments to suppliers | (89,079,809) |
| Payments for travel | (12,475,335) |
| Payments to employees and for employee benefits | (320,909,822) |
| Disbursement of net aid to students | (33,345,062) |
| Receipts from sales, services, and auxiliary enterprises | 21,102,924 |
| Other operating revenues | 13,508,271 |
| Net cash used by operating activities | <u>(245,439,509)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| State appropriations | 190,893,756 |
| Gifts and grants for other than capital purposes | 60,439,133 |
| Tax levy revenue | 14,440,619 |
| Private gifts for endowment | 1,852,815 |
| Other non-operating expense | (651,669) |
| Net cash provided by non-capital financing activities | <u>266,974,654</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from capital debt and leases | 79,076,250 |
| Capital gifts, grants and contracts | 10,406,280 |
| Purchases/construction/renovation of capital assets | (27,632,869) |
| Principal paid on capital debt and leases | (34,857,474) |
| Interest and fees paid on capital debt and leases | (6,985,333) |
| Building fees received from students | 4,815,669 |
| Net cash provided by capital and related financing activities | <u>24,822,523</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from sales and maturities of investments | 21,706,527 |
| Proceeds held in trust by NMSU Foundation | (1,817,952) |
| Interest on investments | 6,356,206 |
| Purchase of investments | (66,874,629) |
| Net cash provided by investing activities | <u>(40,629,848)</u> |
| Net increase in cash and cash equivalents | 5,727,820 |
| Cash and cash equivalents - beginning of year | 77,363,833 |
| Cash and cash equivalents - end of year | <u>\$ 83,091,653</u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (364,196,060) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation expense | 34,515,035 |
| Change in assets and liabilities: | |
| Decrease in accounts receivable | 1,913,515 |
| Increase in prepaid expenses | (481,621) |
| Increase in inventory | (195,051) |
| Decrease in loans receivable | 568,077 |
| Decrease in accounts payable and other accrued liabilities | (1,500,794) |
| Decrease in unearned revenue | 1,292,887 |
| Decrease in held in trust by NMSU | (732,940) |
| Increase in net pension liability and related deferred inflows and outflows of resources | 83,377,443 |
| Net cash used by operating activities | <u>\$ (245,439,509)</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 require 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. The University's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University.

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 Pool 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 and Software is \$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, 2019 and 2018. 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 years ended June 30, 2019 and 2018.

Non-Current Liabilities. Non-current liabilities, within other long-term liabilities, includes principal amounts of revenue bonds payable, contracts payable, other post employment benefits, 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, 2019, regular full-time exempt and non-exempt employees earned annual leave at a rate of 20 working days per year. Effective July 1, 2019, regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working 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 for regular employees only. Effective June 30, 2017, leave accrued in excess of 30 working days at the close of business on June 30 of each year shall be forfeited.
- *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 (a) as an organization described in 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) non-governmental grants, contracts and gifts. 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. 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.

Loans Receivable. Loans receivable are shown net of allowance for doubtful accounts in the accompanying Statements of Net Position. Federal Perkins Loans make up approximately 90% and 91% of the loans receivable at June 30, 2019 and 2018, respectively. 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. Under federal law, the authority for schools to make new Perkins loans ended September 30, 2017, and final disbursements were permitted through June 30, 2018. As a result, students can no longer receive Perkins Loans. Collections of the Perkins Loans portion funded by the federal government are periodically remitted to the federal government.

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.

Other Post Employment Benefits (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University contracts with external actuaries utilizing the economic resource measurement focus. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflow of Resources. Consumption of net assets by the University that is applicable to a future reporting period.

Deferred Inflow of Resources. Acquisition of net assets by the University that is applicable to a future reporting period.

Amounts reported as deferred outflows of resources and deferred inflows of resources are as follows:

| | 2019 | 2018 |
|---------------------------------------|----------------------|----------------------|
| Deferred Outflows of Resources | | |
| Related to net pension liability | \$ 191,743,275 | \$ 246,363,940 |
| Related to net OPEB liability | 5,770,519 | - |
| Net loss on defeasance | 378,208 | 515,729 |
| Total deferred outflows of resources | <u>197,892,002</u> | <u>246,879,669</u> |
| Deferred Inflows of Resources | | |
| Related to net pension liability | \$ 32,835,343 | \$ 37,623,158 |
| Related to net OPEB liability | 3,307,840 | 4,332,832 |
| Unamortized bond premiums | 62,479 | 90,501 |
| Total deferred inflows of resources | <u>\$ 36,205,662</u> | <u>\$ 42,046,491</u> |

Reclassifications. Certain amounts in the 2018 financial statements and notes thereto have been reclassified to conform to 2019 financial statement presentation.

Change in Accounting Principle

GASB 75. Effective July 1, 2017, The University adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. As a result of the implementation of GASB Statement 75, the University restated net position as of July 1, 2017. This restatement was a decrease of \$101,073,969 to unrestricted net position as of July 1, 2017. The implementation of GASB 75 also resulted in the recognition at July 1, 2017 of \$134,552,969 in OPEB liability, an increase from the \$33,479,000 in OPEB liability prior to fiscal year 2018.

| University Reconciliation of Net Position | |
|---|---------------------------|
| | Total Net Position |
| Net position at July 1, 2017, as previously reported | \$ 92,369,778 |
| Adjustment: | |
| Impact of change in accounting principle | (101,073,969) |
| Net position at July 1, 2017, restated for change in accounting principle | <u>\$ (8,704,191)</u> |

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, 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 the Pool and as of June 30, 2019 and 2018, the University owned 294,912 and 309,259 shares which represented 24.54% and 25.56% of the total shares in the pool, respectively. The fair value per share as of June 30, 2019 and 2018 was \$151.24 and \$144.49, 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, 2019 and 2018.

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, 2019 and 2018, 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, 2019 and 2018. The Foundation's short-term investments in marketable securities consisted entirely of U.S Government and Agency securities at June 30, 2019 and 2018.

Endowment investments were \$42,404,246 and \$42,816,242 at June 30, 2019 and 2018, respectively, and represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2019 and 2018, the investments of the University and its Discrete Component Unit consisted of the following:

| | 2019 Fair Value | 2018 Fair Value |
|--|-----------------------|-----------------------|
| University | | |
| U.S. Agency Securities | \$ 70,984,948 | \$ 84,891,857 |
| U.S. Treasury Securities | 33,375,246 | 29,028,277 |
| Certificates of Deposit | 4,788,538 | 4,477,370 |
| Domestic Equity Securities and Corporate Bonds | 5,742,608 | 5,634,605 |
| Pooled Investments Held by Others | | |
| Corporate Stocks and Bonds | 28,345,046 | 29,338,321 |
| U.S. Government and Agency Securities | 174,311 | 294,596 |
| Mortgage Backed Securities | 1,537,231 | 1,357,209 |
| Limited Partnerships - Alternative | 11,357,469 | 11,028,644 |
| Real Estate Holdings | 990,189 | 797,472 |
| Total Investments | <u>\$ 157,295,586</u> | <u>\$ 166,848,351</u> |
| Foundation | | |
| Corporate Stocks and Bonds | \$ 94,177,458 | \$ 92,635,480 |
| U.S Government and Agency Securities | 521,171 | 834,027 |
| Certificates of Deposit | 103,601 | - |
| Other Time Deposits | 258,987 | - |
| Mortgage Backed Securities | 4,726,958 | 3,952,687 |
| Limited Partnerships - Alternative | 34,923,985 | 32,119,416 |
| Other Investments | 3,059,643 | 2,678,538 |
| Total Investments | <u>\$ 137,771,803</u> | <u>\$ 132,220,148</u> |

Investments held in trust by the Foundation for the University are shown in the University section of the table above. 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. 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.

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, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| Balance of the University's beneficial interest as of June 30 | \$72,651,971 | \$71,291,552 |
| Income received from the University's beneficial interest in the LGPF for the period ending June 30 | \$ 2,979,991 | \$ 2,840,940 |

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, 2019 and 2018.

| | 2019 | 2018 |
|----------------------------|--------------|--------------|
| Equities | 83 % | 82 % |
| Fixed income | 4 % | 3 % |
| Cash and cash equivalents | 11 % | 13 % |
| Investments not securities | 2 % | 2 % |
| | <u>100 %</u> | <u>100 %</u> |

Collateralization of Deposits. At June 30, 2019 and 2018, the recorded values of the University's cash and time deposits with financial institutions were \$17,932,803 and \$21,623,453, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

| | 2019 | 2018 |
|---|----------------------|----------------------|
| University | | |
| Amount insured by the Federal Deposit Insurance Corporation (FDIC) | \$ 560,941 | \$ 553,089 |
| Amount collateralized with securities held by the pledging financial institution | 19,783,733 | 22,712,172 |
| Uncollateralized | 18,208 | 2,380,848 |
| Total cash and time deposit bank balances | <u>20,362,882</u> | <u>25,646,109</u> |
| Reconciling Items: | | |
| Add: cash equivalents | 83,642,364 | 53,898,250 |
| Add: cash equivalents held by others | 5,313,291 | 7,569,950 |
| Less: other reconciling items | <u>(2,430,079)</u> | <u>(4,022,656)</u> |
| Total reported cash balance | <u>\$106,888,458</u> | <u>\$ 83,091,653</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) | 18,572,499 | 16,948,351 |
| Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC | <u>2,500,000</u> | <u>2,400,000</u> |
| Total reported cash balance | <u>\$ 21,572,499</u> | <u>\$ 19,848,351</u> |

The following table provides information on the University's cash and cash equivalents at June 30, 2019:

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|---|----------------------|-------------------------------|-----------------------|-----------------------|
| First National Bank of Alamogordo | | | | |
| Operational | Debt Service | 496,622 | - | 496,622 |
| Wells Fargo Bank of New Mexico | | | | |
| Operational | Checking | - | (2,373,943) | (2,373,943) |
| Operational | Student ACH | - | 4,270 | 4,270 |
| Operational | General | - | 89,613 | 89,613 |
| Operational | Payroll | - | (254,174) | (254,174) |
| Operational | Credit Card | - | 56,139 | 56,139 |
| Operational | Debt Service | 3,549,475 | - | 3,549,475 |
| Operational | Deposit | - | 2,205 | 2,205 |
| Operational | Money Market (WFS) | 64,800,000 | - | 64,800,000 |
| Operational | Cash Management | 16,255,844 | - | 16,255,844 |
| Operational | Money Market (Trust) | 7,313,012 | - | 7,313,012 |
| Western Commerce Bank of Carlsbad | | | | |
| Operational | Deposit | 29,823 | - | 29,823 |
| Cash on Hand | | | | |
| Cash on hand | Cash | - | 45,811 | 45,811 |
| Citizen's Bank of Las Cruces | | | | |
| Certificate of deposit | Time Deposit | 31,118 | - | 31,118 |
| New Mexico Finance Authority | | | | |
| General obligation bond proceeds | Money Market | 347,051 | - | 347,051 |
| Federated Investment Manager | | | | |
| Dividend reinvestment | Money Market | 11,182,301 | - | 11,182,301 |
| New Mexico State University Foundation, Inc. | | | | |
| NMSU endowments | Cash | 5,313,291 | - | 5,313,291 |
| Total Cash and Cash Equivalents | | <u>\$ 109,318,537</u> | <u>\$ (2,430,079)</u> | <u>\$ 106,888,458</u> |

The following table provides information on the University's cash and cash equivalents at June 30, 2018:

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|---|----------------------|-------------------------------|-----------------------|----------------------|
| First National Bank of Alamogordo | | | | |
| Operational | Debt Service | 471,294 | - | 471,294 |
| Wells Fargo Bank of New Mexico | | | | |
| Operational | Checking | - | (4,009,505) | (4,009,505) |
| Operational | Student ACH | - | 3,435 | 3,435 |
| Operational | General | - | 141,309 | 141,309 |
| Operational | Payroll | - | (277,433) | (277,433) |
| Operational | Credit Card | - | 67,602 | 67,602 |
| Operational | Debt Service | 3,717,638 | - | 3,717,638 |
| Operational | Deposit | - | 2,525 | 2,525 |
| Operational | Money Market (WFS) | 48,000,000 | - | 48,000,000 |
| Operational | Cash Management | 21,404,088 | - | 21,404,088 |
| Operational | Money Market (Trust) | 1,082,876 | - | 1,082,876 |
| Western Commerce Bank of Carlsbad | | | | |
| Operational | Deposit | 21,973 | - | 21,973 |
| Cash on Hand | | | | |
| Cash on hand | Cash | - | 49,411 | 49,411 |
| Citizen's Bank of Las Cruces | | | | |
| Certificate of deposit | Time Deposit | 31,116 | - | 31,116 |
| New Mexico Finance Authority | | | | |
| General obligation bond proceeds | Money Market | 3,048,643 | - | 3,048,643 |
| Federated Investment Manager | | | | |
| Dividend reinvestment | Money Market | 4,815,374 | - | 4,815,374 |
| New Mexico State University Foundation, Inc. | | | | |
| NMSU endowments | Cash | 4,521,307 | - | 4,521,307 |
| Total Cash and Cash Equivalents | | <u>\$ 87,114,309</u> | <u>\$ (4,022,656)</u> | <u>\$ 83,091,653</u> |

The following table provides information on the the University's investments, including reconciling items, at June 30, 2019.

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|---|-----------------|-------------------------------|-------------------|-----------------------|
| FTN Financial | | | | |
| U.S. agency securities | Investment | 28,883,526 | - | 28,883,526 |
| FTN Financial | | | | |
| Certificate of deposit | Investment | 2,782,074 | - | 2,782,074 |
| FTN Financial | | | | |
| U.S. treasury notes | Investment | 14,898,183 | - | 14,898,183 |
| Wells Fargo Advisors | | | | |
| Domestic equity securities | Investment | 265,674 | - | 265,674 |
| Raymond James | | | | |
| U.S. agency securities | Investment | 20,458,109 | - | 20,458,109 |
| Raymond James | | | | |
| Domestic equity securities | Investment | 5,134,340 | - | 5,134,340 |
| Wells Fargo Securities | | | | |
| Certificate of deposit | Investment | 2,006,464 | - | 2,006,464 |
| Wells Fargo Securities | | | | |
| U.S. agency securities | Investment | 19,938,436 | - | 19,938,436 |
| Wells Fargo Trust | | | | |
| U.S. treasury securities | Investment | 18,416,345 | - | 18,416,345 |
| Wells Fargo Trust | | | | |
| U.S. agency securities | Investment | 1,704,877 | - | 1,704,877 |
| Sandia Motorsports Park, Inc. | | | | |
| Domestic equity securities | Investment | 32,427 | - | 32,427 |
| Eberhardt Memorial | | | | |
| Domestic equity securities | Investment | 2,464 | - | 2,464 |
| Principal Funds | | | | |
| Domestic equity securities | Investment | 261,023 | - | 261,023 |
| Franklin Templeton | | | | |
| Domestic equity securities | Investment | 36,267 | - | 36,267 |
| Legacy Treasury Direct | | | | |
| U.S. treasury Securities | Investment | 60,717 | - | 60,717 |
| Innovation | | | | |
| Domestic equity securities | Investment | 10,414 | - | 10,414 |
| New Mexico State University Foundation, Inc. | | | | |
| NMSU endowments | Investment | 42,404,246 | - | 42,404,246 |
| Total Investments | | <u>\$ 157,295,586</u> | <u>\$ -</u> | <u>\$ 157,295,586</u> |

The following table provide information on the the University's investments, including reconciling items, at June 30, 2018.

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|---|-----------------|-------------------------------|-------------------|-----------------------|
| FTN Financial | | | | |
| U.S. agency securities | Investment | 28,293,179 | - | 28,293,179 |
| FTN Financial | | | | |
| Certificate of deposit | Investment | 1,500,009 | - | 1,500,009 |
| Wells Fargo Advisors | | | | |
| Domestic equity securities | Investment | 253,697 | - | 253,697 |
| Raymond James | | | | |
| U.S. agency securities | Investment | 19,881,084 | - | 19,881,084 |
| Raymond James | | | | |
| Domestic equity securities | Investment | 5,075,995 | - | 5,075,995 |
| Wells Fargo Securities | | | | |
| Certificate of deposit | Investment | 2,977,361 | - | 2,977,361 |
| Wells Fargo Securities | | | | |
| U.S. agency securities | Investment | 22,368,505 | - | 22,368,505 |
| Wells Fargo Trust | | | | |
| U.S. treasury securities | Investment | 28,967,490 | - | 28,967,490 |
| Wells Fargo Trust | | | | |
| U.S. agency securities | Investment | 14,349,089 | - | 14,349,089 |
| Sandia Motorsports Park, Inc. | | | | |
| Domestic equity securities | Investment | 32,427 | - | 32,427 |
| Eberhardt Memorial | | | | |
| Domestic equity securities | Investment | 2,464 | - | 2,464 |
| Principal Funds | | | | |
| Domestic equity securities | Investment | 232,911 | - | 232,911 |
| Franklin Templeton | | | | |
| Domestic equity securities | Investment | 36,111 | - | 36,111 |
| Legacy Treasury Direct | | | | |
| U.S. treasury Securities | Investment | 60,787 | - | 60,787 |
| Innovation | | | | |
| Domestic equity securities | Investment | 1,000 | - | 1,000 |
| New Mexico State University Foundation, Inc. | | | | |
| NMSU endowments | Investment | 42,816,242 | - | 42,816,242 |
| Total Investments | | <u>\$ 166,848,351</u> | <u>\$ -</u> | <u>\$ 166,848,351</u> |

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2019, is provided below:

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|--|-------------------------|-------------------------------|-------------------|-----------------------|
| Wells Fargo Bank of New Mexico | | | | |
| Operations | Checking | \$ 331,215 | \$ (15,158) | \$ 316,057 |
| Program | ACH | 1,074,349 | - | 1,074,349 |
| Program | Wire | 118,082 | - | 118,082 |
| Program | Checking | 3,901,736 | (7,832) | 3,893,904 |
| Program | Transfer | 1,927,427 | - | 1,927,427 |
| Citizens Bank of Las Cruces | | | | |
| Program | Money Market | 1,033,171 | - | 1,033,171 |
| Merrill Lynch | | | | |
| Operations | Checking | 2,282,403 | - | 2,282,403 |
| Program | Money Market | 7,994,566 | 164,889 | 8,159,455 |
| Program-Cash Gift Annuity | Checking & Money Market | 175,425 | (31,859) | 143,566 |
| Program-NMSU Business College | Money Market | 7,883 | - | 7,883 |
| Less Cash Allocated to NMSU for AHIT (Program) | Held in Trust | (1,962,258) | - | (1,962,258) |
| Investment cash - Merrill Lynch Managers: | | | | |
| Tortoise MLP | Money Market | 127,298 | - | 127,298 |
| Private Equity | Money Market | 112,417 | - | 112,417 |
| WCMA | Money Market | 363,525 | - | 363,525 |
| Cambiar Intl Value | Money Market | 716,416 | - | 716,416 |
| Earnest SCV | Money Market | 25,832 | - | 25,832 |
| NWQ | Money Market | 294,690 | - | 294,690 |
| Tag - Emerging | Money Market | 172,032 | - | 172,032 |
| Eagle SCG | Money Market | 238,671 | - | 238,671 |
| Invesco | Money Market | 1,003,915 | - | 1,003,915 |
| Short Term Investment Fund | Money Market | 2,475,465 | - | 2,475,465 |
| Eagle LCV | Money Market | 787,610 | - | 787,610 |
| Armstrong | Money Market | 954,716 | - | 954,716 |
| Western | Money Market | 80,124 | - | 80,124 |
| Title V | Money Market | 31,936 | - | 31,936 |
| Cohen and Steers | Money Market | 70,330 | - | 70,330 |
| ALT Investments | Money Market | 3,873 | - | 3,873 |
| Santa Barbara | Money Market | 229,303 | - | 229,303 |
| Loomis - TMA | Money Market | 241,340 | - | 241,340 |
| Less Cash Allocated to NMSU for AHIT | Held in Trust | (3,351,033) | - | (3,351,033) |
| Total Cash and Cash Equivalents | | <u>\$ 21,462,459</u> | <u>\$ 110,040</u> | <u>\$ 21,572,499</u> |
| | | | | |
| Corporate Stocks and Bonds | Investment | \$ 71,120,545 | - | \$ 71,120,545 |
| U.S. Government and Agency Securities | Investment | 521,171 | - | 521,171 |
| Mortgage Backed Securities | Investment | 3,395,083 | - | 3,395,083 |
| Mortgage Backed Securities - Foreign | Investment | 1,331,875 | - | 1,331,875 |
| Limited Partnerships - Alternative | Investment | 34,923,985 | - | 34,923,985 |
| Mutual Funds | Investment | 23,056,913 | - | 23,056,913 |
| Real Estate Holdings | | | | |
| Real Estate Holdings | Investment | 3,044,811 | - | 3,044,811 |
| Short-term Investments | Investment | 362,588 | - | 362,588 |
| Accrued Investment Interest | Investment | 14,832 | - | 14,832 |
| Total Investments | | <u>\$ 137,771,803</u> | <u>\$ -</u> | <u>\$ 137,771,803</u> |

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2018, is provided below:

| Account | Type of Account | Financial Institution Balance | Reconciling Items | Book Balance |
|--|-------------------------|-------------------------------|---------------------|-----------------------|
| Wells Fargo Bank of New Mexico | | | | |
| Operations | Checking | \$ 477,246 | \$ (43,944) | \$ 433,302 |
| Program | ACH | 218,116 | - | 218,116 |
| Program | Wire | 97,582 | - | 97,582 |
| Program | Checking | 4,399,688 | 12,335 | 4,412,023 |
| Program | Transfer | 958,047 | - | 958,047 |
| Citizens Bank of Las Cruces | | | | |
| Program | Money Market | 1,016,781 | - | 1,016,781 |
| Merrill Lynch | | | | |
| Operations | Checking | 1,951,436 | - | 1,951,436 |
| Program | Money Market | 7,918,863 | (78,050) | 7,840,813 |
| Program-Cash Gift Annuity | Checking & Money Market | 29,310 | (8,418) | 20,892 |
| Program-NMSU Business College | Money Market | 4,577 | - | 4,577 |
| Less Cash Allocated to NMSU for AHIT (Program) | Held in Trust | (1,964,539) | - | (1,964,539) |
| Investment cash - Merrill Lynch Managers: | | | | |
| Tortoise MLP | Money Market | 93,769 | - | 93,769 |
| Private Equity | Money Market | 451,568 | - | 451,568 |
| WCMA | Money Market | 73,717 | - | 73,717 |
| Cambiar Intl Value | Money Market | 1,287,570 | - | 1,287,570 |
| Earnest SCV | Money Market | 61,687 | - | 61,687 |
| NWQ | Money Market | 295,840 | - | 295,840 |
| Tag - Emerging | Money Market | 144,382 | - | 144,382 |
| Eagle SCG | Money Market | 135,230 | - | 135,230 |
| Invesco | Money Market | 1,068,018 | - | 1,068,018 |
| Short Term Investment Fund | Money Market | 1,995,767 | - | 1,995,767 |
| Eagle LCV | Money Market | 1,048,374 | - | 1,048,374 |
| Armstrong | Money Market | 202,294 | - | 202,294 |
| Western | Money Market | 120,569 | - | 120,569 |
| Title V | Money Market | 19,397 | - | 19,397 |
| ALTA | Money Market | 2 | - | 2 |
| Cohen and Steers | Money Market | 71,247 | - | 71,247 |
| ALT Investments | Money Market | 532 | - | 532 |
| Santa Barbara | Money Market | 149,250 | - | 149,250 |
| Loomis - TMA | Money Market | 196,876 | - | 196,876 |
| Less Cash Allocated to NMSU for AHIT | Held in Trust | (2,556,768) | - | (2,556,768) |
| Total Cash and Cash Equivalents | | <u>\$ 19,966,428</u> | <u>\$ (118,077)</u> | <u>\$ 19,848,351</u> |
| Corporate Stocks and Bonds | Investment | \$ 66,723,360 | - | \$ 66,723,360 |
| U.S. Government and Agency Securities | Investment | 834,027 | - | 834,027 |
| Mortgage Backed Securities | Investment | 2,657,857 | - | 2,657,857 |
| Mortgage Backed Securities - Foreign | Investment | 1,294,830 | - | 1,294,830 |
| Limited Partnerships - Alternative | Investment | 32,119,416 | - | 32,119,416 |
| Mutual Funds | Investment | 25,912,120 | - | 25,912,120 |
| Real Estate Holdings | | | | |
| Real Estate Holdings | Investment | 2,322,528 | - | 2,322,528 |
| Short-term Investments | Investment | 332,068 | - | 332,068 |
| Accrued Investment Interest | Investment | 23,942 | - | 23,942 |
| Total Investments | | <u>\$ 132,220,148</u> | <u>\$ -</u> | <u>\$ 132,220,148</u> |

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

A summary of the investments at June 30, 2019, 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 | \$ 70,984,948 | \$ 1,704,877 | \$ 69,280,071 | \$ - | \$ - |
| Domestic corporate bonds | 5,134,340 | - | 5,134,340 | - | - |
| U.S. treasury securities | 33,375,246 | 33,360,091 | 15,155 | - | - |
| Certificates of deposit | 4,788,538 | 250,196 | 4,538,342 | - | - |
| Pooled Investments | | | | | |
| Mortgage-backed securities | 1,537,231 | - | 1,537,231 | - | - |
| Domestic corporate bonds | 238,973 | - | 58,840 | 119,566 | 60,567 |
| US government and agency securities | 169,488 | - | 19,299 | - | 150,189 |
| | <u>116,228,764</u> | <u>\$ 35,315,164</u> | <u>\$ 80,583,278</u> | <u>\$ 119,566</u> | <u>\$ 210,756</u> |
| Items not subject to interest rate risk: | | | | | |
| Equity securities | 608,268 | | | | |
| Pooled Investments | | | | | |
| Accrued interest | 4,823 | | | | |
| Corporate stocks | 28,106,073 | | | | |
| Limited partnerships - Alternative | 11,357,469 | | | | |
| Real estate holdings (Investments not securities) | 990,189 | | | | |
| Total Investments | <u>\$157,295,586</u> | | | | |
| Foundation | | | | | |
| U.S. government and agency securities | \$ 521,171 | \$ - | \$ 59,341 | \$ - | \$ 461,830 |
| Certificates of deposit | 103,601 | 103,601 | - | - | - |
| Other time deposits | 258,987 | 258,987 | - | - | - |
| Corporate bonds | 734,845 | - | 180,931 | 367,669 | 186,245 |
| Mortgage-backed securities | 4,726,958 | - | 4,726,958 | - | - |
| | | <u>\$ 362,588</u> | <u>\$ 4,967,230</u> | <u>\$ 367,669</u> | <u>\$ 648,075</u> |
| Items not subject to interest rate risk: | | | | | |
| Corporate stocks | 93,442,613 | | | | |
| Limited partnerships - Alternative | 34,923,985 | | | | |
| Other investments | 3,059,643 | | | | |
| Total Investments | <u>\$137,771,803</u> | | | | |

A summary of the investments at June 30, 2018, 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 | \$ 84,891,857 | \$ 15,667,647 | \$ 69,224,210 | \$ - | \$ - |
| Domestic corporate bonds | 5,075,995 | - | 5,075,995 | - | - |
| U.S. treasury securities | 29,028,277 | 14,782,199 | 14,246,078 | - | - |
| Certificate of deposit | 4,477,370 | 996,242 | 3,481,128 | - | - |
| Pooled Investments | | | | | |
| Mortgage-backed securities | 1,357,210 | - | 1,357,210 | - | - |
| Domestic corporate bonds | 379,871 | - | 87,227 | 173,439 | 119,205 |
| US government and agency securities | 286,376 | 87,424 | 44,255 | 22,047 | 132,650 |
| | <u>125,496,956</u> | <u>\$ 31,533,512</u> | <u>\$ 93,516,103</u> | <u>\$ 195,486</u> | <u>\$ 251,855</u> |
| Items not subject to interest rate risk: | | | | | |
| Equity securities | 558,610 | | | | |
| Pooled Investments | | | | | |
| Accrued interest | 8,220 | | | | |
| Corporate stocks | 28,958,449 | | | | |
| Limited partnerships - Alternative | 11,028,644 | | | | |
| Real estate holdings (Investments not securities) | 797,472 | | | | |
| Total Investments | <u>\$166,848,351</u> | | | | |
| Foundation | | | | | |
| U.S. government and agency securities | \$ 834,027 | \$ 254,609 | \$ 128,885 | \$ 64,209 | \$ 386,324 |
| Corporate bonds | 1,106,321 | - | 254,037 | 568,084 | 284,200 |
| Mortgage-backed securities | 3,952,687 | - | 3,952,687 | - | - |
| | | <u>\$ 254,609</u> | <u>\$ 4,335,609</u> | <u>\$ 632,293</u> | <u>\$ 670,524</u> |
| Items not subject to interest rate risk: | | | | | |
| Corporate stocks | 91,529,159 | | | | |
| Limited partnerships - Alternative | 32,119,416 | | | | |
| Other investments | 2,678,538 | | | | |
| Total Investments | <u>\$132,220,148</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, 2019, and their exposure to credit risk follows:

| | Rating | Fair Value |
|---|----------------------------------|------------------------------|
| University | | |
| U.S. agency securities | S&P/Moody's - AA+/Aaa | \$ 70,984,948 |
| Certificates of deposits | Federally insured | 4,750,000 |
| Certificates of deposits | Subject to custodial credit risk | 38,538 |
| U.S. treasury securities | Not rated | 33,375,246 |
| Corporate bonds | S&P/Moody's - AA+/Aaa | 5,134,340 |
| Domestic equity securities | Not rated | 608,268 |
| Pooled Investments | | |
| U.S. government and agency securities | Aaa | 174,311 |
| Mortgage-backed securities | Not rated | 1,537,231 |
| Domestic equity securities | Not rated | 20,727,454 |
| Corporate bonds | A1 to BAA1 | 238,973 |
| Foreign equity securities | Not rated | 7,378,619 |
| Limited partnerships - Alternative | Not rated | 11,357,469 |
| Real estate holdings (investments not securities) | Not rated | 990,189 |
| Total Investments | | <u><u>\$ 157,295,586</u></u> |
| Foundation | | |
| U.S. government and agency securities | Moody's---Aaa | \$ 521,171 |
| Certificates of deposit | Federally insured | 103,601 |
| Other time deposits | Not rated | 258,987 |
| Corporate bonds | A1 to BAA1 | 734,845 |
| Domestic equity securities | Not rated | 47,696,597 |
| Mutual funds | Not rated | 23,056,913 |
| Foreign equity securities | Not rated | 22,689,103 |
| Mortgage-backed securities | Not rated | 4,726,958 |
| Limited partnerships - Alternative | Not rated | 34,923,985 |
| Real estate holdings (investments not securities) | Not rated | 3,059,643 |
| Total Investments | | <u><u>\$ 137,771,803</u></u> |

A summary of the investments at June 30, 2018, and their exposure to credit risk follows:

| | Rating | Fair Value |
|---|-----------------------|-----------------------|
| University | | |
| U.S. agency securities | S&P/Moody's - AA+/Aaa | \$ 84,891,857 |
| Certificates of deposits | Federally insured | 4,477,370 |
| U.S. treasury securities | Not rated | 29,028,277 |
| Corporate bonds | S&P/Moody's - AA+/Aaa | 5,075,995 |
| Domestic equity securities | Not rated | 558,610 |
| Pooled Investments | | |
| U.S. government and agency securities | Aaa | 294,596 |
| Mortgage-backed securities | AAA+ | 1,357,210 |
| Domestic equity securities | Not rated | 21,271,271 |
| Corporate bonds | A1 to BAA1 | 379,871 |
| Foreign equity securities | Not rated | 7,687,178 |
| Limited partnerships - Alternative | Not rated | 11,028,644 |
| Real estate holdings (investments not securities) | Not rated | 797,472 |
| Total Investments | | <u>\$ 166,848,351</u> |
| Foundation | | |
| U.S. government and agency securities | Moody's---Aaa | \$ 579,418 |
| Corporate bonds | A1 to BAA1 | 1,106,322 |
| Government bonds | Not rated | 254,609 |
| Domestic equity securities | Not rated | 43,229,185 |
| Mutual funds | Not rated | 25,912,120 |
| Foreign equity securities | Not rated | 22,387,853 |
| Mortgage-backed securities | AAA+ | 3,952,687 |
| Limited partnerships - Alternative | Not rated | 32,119,416 |
| Real estate holdings (investments not securities) | Not rated | 2,678,538 |
| Total Investments | | <u>\$ 132,220,148</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 than 50% of the total investment portfolio is invested in a single security type or with a single financial institution or at a single maturity. The University holds no investments 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, 2019 and 2018, total bank balances of the University were \$103,658,195 and \$79,544,359, 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 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 and are classified within Level 1 of the valuation hierarchy. Nonredeemable securities are not reported on the active market and are classified within Level 3 of the valuation hierarchy.

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, 2019.

| 2019 | Balance as of June 30, 2019 | 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 | \$ 33,375,246 | \$ 33,375,246 | \$ - | \$ - |
| Agency securities (GSEs) | 70,984,948 | - | 70,984,948 | - |
| Corporate bonds | 5,134,340 | - | 5,134,340 | - |
| Certificate of deposit (NCD) | 4,788,538 | - | 4,788,538 | - |
| Total Debt Securities | <u>114,283,072</u> | <u>33,375,246</u> | <u>80,907,826</u> | <u>-</u> |
| Equity Securities | | | | |
| Common | 525,566 | 525,566 | - | - |
| Preferred | 72,288 | 72,288 | - | - |
| Nonredeemable securities | 10,414 | - | - | 10,414 |
| Total Equity Securities | <u>608,268</u> | <u>597,854</u> | <u>-</u> | <u>10,414</u> |
| Total Investments by Fair Value Level | <u>114,891,340</u> | <u>\$ 33,973,100</u> | <u>\$ 80,907,826</u> | <u>\$ 10,414</u> |
| Investments held by Foundation | | | | |
| Corporate stocks and bonds | \$ 23,116,561 | \$ 22,877,588 | \$ 238,973 | \$ - |
| Mutual funds | 5,228,485 | 5,228,485 | - | - |
| Mortgage backed securities | 1,537,231 | 1,281,451 | 255,780 | - |
| Government bonds | 169,488 | - | 169,488 | - |
| Real estate holdings | 990,189 | - | - | 990,189 |
| Total investments Held by Foundation by Fair Value Level | <u>31,041,954</u> | <u>\$ 29,387,524</u> | <u>\$ 664,241</u> | <u>\$ 990,189</u> |
| Investments Held by Foundation measured by NAV | | | | |
| | | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Hedge Fund Investments | | | | |
| Multi-strategy | \$ 8,328,046 | \$ 1,287,671 | Quarterly | 90 Days |
| Equity long/short | 1,647,015 | 1,933,086 | None | None |
| Total Hedge Fund Investments | <u>9,975,061</u> | <u>3,220,757</u> | | |
| Domestic Venture Capital Investments | | | | |
| Venture capital | 1,382,408 | - | | |
| Total Domestic Venture Capital Investments | <u>1,382,408</u> | <u>-</u> | None | None |
| Total Investments Held by Foundation measured by NAV | <u>11,357,469</u> | <u>\$ 3,220,757</u> | | |
| Other Investments held by Foundation | | | | |
| Accrued interest income | 4,823 | | | |
| Total Investments | <u>\$ 157,295,586</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, 2018.

| 2018 | Balance as of June 30, 2018 | 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 | \$ 29,028,277 | \$ 29,028,277 | \$ - | \$ - |
| Agency securities (GSEs) | 84,891,857 | - | 84,891,857 | - |
| Corporate bonds | 5,075,995 | - | 5,075,995 | - |
| Certificate of deposit (NCD) | 4,477,370 | - | 4,477,370 | - |
| Total Debt Securities | <u>123,473,499</u> | <u>29,028,277</u> | <u>94,445,222</u> | <u>-</u> |
| Equity Securities | | | | |
| Common | 486,350 | 486,350 | - | - |
| Preferred | 71,260 | 71,260 | - | - |
| Nonredeemable securities | 1,000 | - | - | 1,000 |
| Total Equity Securities | <u>558,610</u> | <u>557,610</u> | <u>-</u> | <u>1,000</u> |
| Total Investments by Fair Value Level | <u>124,032,109</u> | <u>\$ 29,585,887</u> | <u>\$ 94,445,222</u> | <u>\$ 1,000</u> |
| Investments held by Foundation | | | | |
| Corporate stocks and bonds | \$ 22,899,302 | \$ 22,519,429 | \$ 379,873 | \$ - |
| Mutual funds | 6,439,021 | 6,439,021 | - | - |
| Mortgage backed securities | 1,357,209 | 930,525 | 426,684 | - |
| Government bonds | 286,374 | - | 286,374 | - |
| Real estate holdings | 797,472 | - | - | 797,472 |
| Total investments Held by Foundation by Fair Value Level | <u>31,779,378</u> | <u>\$ 29,888,975</u> | <u>\$ 1,092,931</u> | <u>\$ 797,472</u> |
| Investments Held by Foundation measured by NAV | | | | |
| | | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Hedge Fund Investments | | | | |
| Multi-strategy | \$ 8,125,142 | \$ - | Quarterly | 90 Days |
| Equity long/short | 1,510,602 | 405,376 | None | None |
| Total Hedge Fund Investments | <u>9,635,744</u> | <u>405,376</u> | | |
| Domestic Venture Capital Investments | | | | |
| Venture capital | 1,392,900 | - | | |
| Total Domestic Venture Capital Investments | <u>1,392,900</u> | <u>-</u> | None | None |
| Total Investments Held by Foundation measured by NAV | <u>11,028,644</u> | <u>\$ 405,376</u> | | |
| Other Investments held by Foundation | | | | |
| Accrued interest income | 8,220 | | | |
| Total Investments | <u>\$ 166,848,351</u> | | | |

Note 4 – Accounts Receivable and Unearned Revenue

Accounts receivable consists of the following at June 30, 2019 and 2018:

| | 2019 | 2018 |
|--|----------------------|----------------------|
| University | | |
| Student tuition and fees | \$ 54,394,729 | \$ 52,057,837 |
| Federal, state, and private grants and contracts | 30,429,806 | 30,627,204 |
| Other | 6,115,908 | 5,297,510 |
| Due from Component Unit | 2,150,697 | 2,132,358 |
| Less: allowance for doubtful accounts | <u>(40,110,383)</u> | <u>(37,757,802)</u> |
| Net accounts receivable | <u>\$ 52,980,757</u> | <u>\$ 52,357,107</u> |
| Foundation | | |
| Net miscellaneous accounts receivable | <u>\$ 11,395,404</u> | <u>\$ 10,781,211</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, 2019 and 2018:

| | 2019 | 2018 |
|--|----------------------|---------------------|
| University | | |
| Student tuition and fees | \$ 2,152,916 | \$ 3,427,642 |
| Federal, state, and private grants and contracts | 6,042,171 | 6,074,450 |
| Other | <u>2,095,628</u> | <u>257,567</u> |
| Total unearned revenue | <u>\$ 10,290,715</u> | <u>\$ 9,759,659</u> |
| Foundation | | |
| Total unearned revenue | <u>\$ 398,379</u> | <u>\$ 414,367</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, 2019, were as follows:

| | Balance July 1 2018 | Additions | Transfers | Retirements | Balance June 30 2019 |
|--|---------------------------|------------------------|------------------------|---------------------|----------------------------|
| University | | | | | |
| Capital assets not depreciated: | | | | | |
| Land and land improvements | \$ 10,662,240 | \$ - | \$ - | \$ (4,671) | \$ 10,657,569 |
| Construction in progress | 15,995,430 | 37,674,315 | (14,129,299) | - | 39,540,446 |
| Total capital assets not being depreciated | <u>\$ 26,657,670</u> | <u>\$ 37,674,315</u> | <u>\$ (14,129,299)</u> | <u>\$ (4,671)</u> | <u>\$ 50,198,015</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | \$ 772,848,615 | \$ 391,549 | \$ 13,353,918 | \$ - | \$ 786,594,082 |
| Infrastructure | 85,727,112 | 11,722 | 775,381 | - | 86,514,215 |
| Equipment | 113,817,010 | 5,428,849 | - | (3,728,397) | 115,517,462 |
| Software | 15,100,084 | 145,674 | - | (9,000) | 15,236,758 |
| Library books | 88,960,312 | 3,347,357 | - | (90,942) | 92,216,727 |
| Total other capital assets | <u>1,076,453,133</u> | <u>9,325,151</u> | <u>14,129,299</u> | <u>(3,828,339)</u> | <u>1,096,079,244</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (389,018,671) | (21,165,537) | - | - | (410,184,208) |
| Infrastructure | (52,595,848) | (3,079,393) | - | - | (55,675,241) |
| Equipment | (87,286,507) | (6,500,620) | - | 3,415,495 | (90,371,632) |
| Software | (14,140,045) | (331,564) | - | 9,000 | (14,462,609) |
| Library books | (65,750,080) | (3,172,837) | - | 90,942 | (68,831,975) |
| Total accumulated depreciation | <u>(608,791,151)</u> | <u>(34,249,951)</u> | <u>-</u> | <u>3,515,437</u> | <u>(639,525,665)</u> |
| Capital assets being depreciated, net | <u>\$ 467,661,982</u> | <u>\$ (24,924,800)</u> | <u>\$ 14,129,299</u> | <u>\$ (312,902)</u> | <u>\$ 456,553,579</u> |
| Capital asset summary: | | | | | |
| Capital assets not being depreciated | \$ 26,657,670 | \$ 37,674,315 | \$ (14,129,299) | \$ (4,671) | \$ 50,198,015 |
| Other capital assets, at cost | 1,076,453,133 | 9,325,151 | 14,129,299 | (3,828,339) | 1,096,079,244 |
| Total cost of capital assets | <u>1,103,110,803</u> | <u>46,999,466</u> | <u>-</u> | <u>(3,833,010)</u> | <u>1,146,277,259</u> |
| Less: accumulated depreciation | <u>(608,791,151)</u> | <u>(34,249,951)</u> | <u>-</u> | <u>3,515,437</u> | <u>(639,525,665)</u> |
| Capital assets, net | <u>\$ 494,319,652</u> | <u>\$ 12,749,515</u> | <u>\$ -</u> | <u>\$ (317,573)</u> | <u>\$ 506,751,594</u> |
| Foundation | | | | | |
| Capital assets | \$ 755,245 | \$ 1,547 | \$ - | \$ (1,059) | \$ 755,733 |
| Less: accumulated depreciation | (649,602) | (29,762) | - | 177 | (679,187) |
| Capital assets, net | <u>\$ 105,643</u> | <u>\$ (28,215)</u> | <u>\$ -</u> | <u>\$ (882)</u> | <u>\$ 76,546</u> |

Changes in capital asset balances for the year ended June 30, 2018, were as follows:

| | Balance July 1 2017 | Additions | Transfers | Retirements | Balance June 30 2018 |
|--|---------------------------|------------------------|------------------------|-----------------------|----------------------------|
| University | | | | | |
| Capital assets not depreciated: | | | | | |
| Land and land improvements | \$ 10,662,240 | \$ - | \$ - | \$ - | \$ 10,662,240 |
| Construction in progress | 12,267,687 | 18,939,828 | (15,212,085) | - | 15,995,430 |
| Total capital assets not being depreciated | <u>\$ 22,929,927</u> | <u>\$ 18,939,828</u> | <u>\$ (15,212,085)</u> | <u>\$ -</u> | <u>\$ 26,657,670</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | \$ 761,856,800 | \$ 749,236 | \$ 12,661,505 | \$ (2,418,926) | \$ 772,848,615 |
| Infrastructure | 83,176,532 | - | 2,550,580 | - | 85,727,112 |
| Equipment | 128,062,598 | 5,438,214 | - | (19,683,802) | 113,817,010 |
| Software | 15,019,693 | 157,570 | - | (77,179) | 15,100,084 |
| Library books | 85,833,188 | 3,273,021 | - | (145,897) | 88,960,312 |
| Total other capital assets | <u>1,073,948,811</u> | <u>9,618,041</u> | <u>15,212,085</u> | <u>(22,325,804)</u> | <u>1,076,453,133</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (368,529,602) | (20,849,376) | - | 360,307 | (389,018,671) |
| Infrastructure | (49,377,066) | (3,218,782) | - | - | (52,595,848) |
| Equipment | (99,698,155) | (6,733,548) | - | 19,145,196 | (87,286,507) |
| Software | (13,560,846) | (630,024) | - | 50,825 | (14,140,045) |
| Library books | (62,812,672) | (3,083,305) | - | 145,897 | (65,750,080) |
| Total accumulated depreciation | <u>(593,978,341)</u> | <u>(34,515,035)</u> | <u>-</u> | <u>19,702,225</u> | <u>(608,791,151)</u> |
| Capital assets being depreciated, net | <u>\$ 479,970,470</u> | <u>\$ (24,896,994)</u> | <u>\$ 15,212,085</u> | <u>\$ (2,623,579)</u> | <u>\$ 467,661,982</u> |
| Capital asset summary: | | | | | |
| Capital assets not being depreciated | \$ 22,929,927 | \$ 18,939,828 | \$ (15,212,085) | \$ - | \$ 26,657,670 |
| Other capital assets, at cost | 1,073,948,811 | 9,618,041 | 15,212,085 | (22,325,804) | 1,076,453,133 |
| Total cost of capital assets | <u>1,096,878,738</u> | <u>28,557,869</u> | <u>-</u> | <u>(22,325,804)</u> | <u>1,103,110,803</u> |
| Less: accumulated depreciation | <u>(593,978,341)</u> | <u>(34,515,035)</u> | <u>-</u> | <u>19,702,225</u> | <u>(608,791,151)</u> |
| Capital assets, net | <u>\$ 502,900,397</u> | <u>\$ (5,957,166)</u> | <u>\$ -</u> | <u>\$ (2,623,579)</u> | <u>\$ 494,319,652</u> |
| Foundation | | | | | |
| Capital assets | \$ 728,337 | \$ 75,608 | \$ - | \$ (48,700) | \$ 755,245 |
| Less: accumulated depreciation | (668,727) | (28,882) | - | 48,007 | (649,602) |
| Capital assets, net | <u>\$ 59,610</u> | <u>\$ 46,726</u> | <u>\$ -</u> | <u>\$ (693)</u> | <u>\$ 105,643</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, 2019, follows:

| | Balance July 1 2018 | Additions | Reductions | Balance June 30 2019 | Current Portion (due in 2020) | |
|---|---------------------------|----------------------|------------------------|----------------------------|-------------------------------------|-------------------------------------|
| University | | | | | | |
| Bonds and contracts payable: | | | | | | |
| Revenue bonds payable | \$ 150,645,540 | \$ - | \$ (7,084,253) | \$ 143,561,287 | \$ 7,075,000 | |
| Subordinate revenue note, notes from direct borrowing | 12,165,000 | - | (880,000) | 11,285,000 | 945,000 | |
| Contracts payable | 512,077 | 675,780 | (347,767) | 840,090 | 345,114 | |
| | <u>163,322,617</u> | <u>675,780</u> | <u>(8,312,020)</u> | <u>155,686,377</u> | <u>8,365,114</u> | |
| Total bonds and contracts | | | | | | |
| Other liabilities: | | | | | | |
| Accrued compensated absences | 15,674,224 | 3,018,121 | (3,205,522) | 15,486,823 | 3,097,365 | |
| Other post employment benefits | 133,899,207 | 17,531,792 | (5,758,813) | 145,672,186 | 5,759,000 | |
| Net pension liability | 750,673,749 | 67,444,503 | (25,882,108) | 792,236,144 | - | |
| Accrued benefit reserve | 659,630 | - | - | 659,630 | - | |
| Other | 767,233 | - | (700,839) | 66,394 | - | |
| | <u>901,674,043</u> | <u>87,994,416</u> | <u>(35,547,282)</u> | <u>954,121,177</u> | <u>8,856,365</u> | |
| Total other liabilities | | | | | | |
| Total long-term liabilities | <u>\$ 1,064,996,660</u> | <u>\$ 88,670,196</u> | <u>\$ (43,859,302)</u> | <u>\$ 1,109,807,554</u> | <u>\$ 17,221,479</u> | |
| Foundation | | | | | | |
| | Balance July 1 2018 | Additions | Reductions | Changes in Estimate | Balance July 1 2019 | Current Portion (due in 2020) |
| Gift annuities payable | \$ 2,348,892 | \$ - | \$ (192,417) | \$ 59,779 | \$ 2,216,254 | \$ 211,175 |
| Payable under unitrusts | 140,181 | - | - | 1,604 | 141,785 | 31,067 |
| Total long-term liabilities | <u>\$ 2,489,073</u> | <u>\$ -</u> | <u>\$ (192,417)</u> | <u>\$ 61,383</u> | <u>\$ 2,358,039</u> | <u>\$ 242,242</u> |

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2018, follows:

| | Balance July 1 | | | | Balance June 30 | Current Portion |
|--|---------------------------|-----------------------|------------------------|------------------------|---------------------------|-------------------------------------|
| | 2017, as restated | Additions | Reductions | | 2018 | (due in 2019) |
| University | | | | | | |
| Bonds and contracts payable: | | | | | | |
| Revenue bonds payable | \$ 105,317,291 | \$ 78,921,450 | \$ (33,593,201) | | \$ 150,645,540 | \$ 6,055,000 |
| Subordinate revenue note direct borrowing | 12,985,000 | - | (820,000) | | 12,165,000 | 880,000 |
| Contracts payable | 801,550 | 154,800 | (444,273) | | 512,077 | 316,930 |
| | <u>119,103,841</u> | <u>79,076,250</u> | <u>(34,857,474)</u> | | <u>163,322,617</u> | <u>7,251,930</u> |
| Total bonds and contracts | | | | | | |
| Other liabilities: | | | | | | |
| Accrued compensated absences | 17,501,384 | 2,559,253 | (4,386,413) | | 15,674,224 | 3,134,846 |
| Other post employment benefits | 134,552,969 | 4,869,768 | (5,523,530) | | 133,899,207 | 5,524,000 |
| Net pension liability | 507,687,518 | 269,722,768 | (26,736,537) | | 750,673,749 | - |
| Accrued benefit reserve | 659,630 | - | - | | 659,630 | - |
| Other | 539,287 | 227,946 | - | | 767,233 | - |
| | <u>660,940,788</u> | <u>277,379,735</u> | <u>(36,646,480)</u> | | <u>901,674,043</u> | <u>8,658,846</u> |
| Total other liabilities | | | | | | |
| Total long-term liabilities | <u>\$ 780,044,629</u> | <u>\$ 356,455,985</u> | <u>\$ (71,503,954)</u> | | <u>\$ 1,064,996,660</u> | <u>\$ 15,910,776</u> |
| Foundation | | | | | | |
| | Balance July 1 2017 | Additions | Reductions | Changes in Estimate | Balance July 1 2018 | Current Portion (due in 2019) |
| Gift annuities payable | \$2,561,203 | \$ - | \$ (23,016) | \$ (189,295) | \$ 2,348,892 | \$ 161,346 |
| Payable under unitrusts | 154,280 | - | - | (14,099) | 140,181 | 29,525 |
| Total long-term liabilities | <u>\$2,715,483</u> | <u>\$ -</u> | <u>\$ (23,016)</u> | <u>\$ (203,394)</u> | <u>\$ 2,489,073</u> | <u>\$ 190,871</u> |

Bonds Payable. The University issued the 2017 refunding and improvement revenue bonds (Series 2017A Refunding and Improvement Revenue Bonds, 2017B Taxable Refunding Revenue Bonds, and the 2017C Refunding Revenue Bonds). Proceeds of the Series 2017A Bonds were used, in part, to currently refund at par the Series 2006 Bonds. The University undertook the current refunding of the Series 2006 Bonds for economic savings.

The refunding transactions resulted in a total economic loss of \$1,113,729, including the economic savings from Series 2006 refunding and an accounting loss of \$693,085. The net difference in cash outflows from the refundings will be an additional \$9,793,395. As of June 30, 2019, there are \$15,725,000 of outstanding bonds that have been defeased through an irrevocable trust. All other outstanding University revenue bonds as of June 30, 2019 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. The pledged revenues for fiscal years 2019 and 2018 are \$187,278,000 and \$178,495,000, respectively. 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 2019 and 2018 was \$5,735,228 and \$6,351,560, respectively, net of interest income. Of these amounts, \$1,544,787 and \$1,255,550 was capitalized during fiscal years 2019 and 2018, respectively.

Total University bonds issued and outstanding at June 30, 2019 and 2018, excluding bonds issued by the Community College Districts, (See Note 13), consisted of:

| | Total Issued | Outstanding | |
|---|-----------------------|-----------------------|-----------------------|
| | | 2019 | 2018 |
| Refunding and Improvement Revenue Bonds | | | |
| Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) Final Maturity 2030 | 78,670,000 | 43,990,000 | 46,505,000 |
| Refunding and Improvement Revenue Bonds | | | |
| Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) Final Maturity 2033 | 56,200,000 | 21,180,000 | 23,345,000 |
| Refunding and Improvement Revenue Bonds | | | |
| Bond Series 2017A, 2017B, 2017C (1.75% - 5.00%) Final Maturity 2042 | 73,240,000 | 70,670,000 | 72,045,000 |
| Total Bonds Payable | 208,110,000 | 135,840,000 | 141,895,000 |
| Plus: Unamortized Net Premium | 17,590,465 | 7,721,287 | 8,750,540 |
| Bonds Payable, net | <u>\$ 225,700,465</u> | <u>\$ 143,561,287</u> | <u>\$ 150,645,540</u> |

The maturity schedule for the University bonds payable at June 30, 2019, follows:

| Year Ending June 30 | Principal | Interest |
|---------------------|-----------------------|----------------------|
| 2020 | \$ 7,075,000 | \$ 6,572,799 |
| 2021 | 9,165,000 | 6,256,308 |
| 2022 | 9,180,000 | 5,827,102 |
| 2023 | 9,175,000 | 5,383,314 |
| 2024 | 8,615,000 | 4,927,817 |
| 2025-2029 | 42,825,000 | 18,103,526 |
| 2030-2034 | 27,180,000 | 8,293,037 |
| 2035-2039 | 16,545,000 | 3,396,243 |
| 2040-2042 | 6,080,000 | 617,750 |
| Total | <u>\$ 135,840,000</u> | <u>\$ 59,377,896</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 \$373,466 and \$398,640 for fiscal years ended June 30, 2019 and 2018, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2019, follows:

| Year Ending June 30 | Principal | Interest |
|---------------------|----------------------|---------------------|
| 2020 | \$ 945,000 | \$ 346,450 |
| 2021 | 1,015,000 | 317,438 |
| 2022 | 1,090,000 | 286,278 |
| 2023 | 1,165,000 | 252,815 |
| 2024 | 1,240,000 | 217,049 |
| 2025-2028 | 5,830,000 | 461,268 |
| Total | <u>\$ 11,285,000</u> | <u>\$ 1,881,298</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, 2019.

| Type of Property | Asset Carrying Value | Net Present Value of Minimum Lease Payments |
|--------------------|----------------------|---|
| Office equipment | \$ 244,135 | \$ 283,329 |
| Computer equipment | 806,250 | 556,761 |
| Total | <u>\$ 1,050,385</u> | <u>\$ 840,090</u> |

| Year Ending June 30 | Principal | Interest | Minimum Payments |
|---------------------|-------------------|------------------|-------------------|
| 2019 | \$ 345,114 | \$ 16,697 | \$ 361,811 |
| 2020 | 288,419 | 10,608 | 299,027 |
| 2021 | 163,945 | 5,315 | 169,260 |
| 2022 | 35,045 | 1,473 | 36,518 |
| 2023 | 7,567 | 119 | 7,686 |
| Total | <u>\$ 840,090</u> | <u>\$ 34,212</u> | <u>\$ 874,302</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 is not 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:

| | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|
| 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 | \$ 24,766,759 | \$ 24,574,007 | \$ 25,880,341 |
| University's contribution to ERB for Return to Work Program | \$214,381 | \$230,807 | \$209,946 |

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, 2017. The total ERB pension liability was rolled forward from the valuation date to the plan year June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. At June 30, 2019 and 2018 the University reported liabilities of \$792,236,144 and \$750,673,749, 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, 2018. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the University's proportion was 6.66230% which was a decrease of 0.09232% from its proportion measured as of June 30, 2017. At June 30, 2017, the University proportion was 6.75462% which was a decrease of 0.30009% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2019, the University recognized a pension expense of \$117,532,149. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2019 | |
|---|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 578,201 | \$ 15,077,527 |
| Changes of assumptions | 163,276,124 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,753,808 | - |
| Changes in proportion and differences between University contributions and proportionate share of contributions | - | 17,757,816 |
| University contributions subsequent to the measurement date | 26,135,142 | - |
| Total | <u>\$ 191,743,275</u> | <u>\$ 32,835,343</u> |

The \$26,135,142 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

For the year ended June 30, 2018, the University recognized a pension expense of \$105,576,830. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2018 | |
|---|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,347,530 | \$ 11,564,818 |
| Changes of assumptions | 219,136,069 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 102,977 |
| Changes in proportion and differences between University contributions and proportionate share of contributions | - | 25,955,363 |
| University contributions subsequent to the measurement date | <u>25,880,341</u> | <u>-</u> |
| Total | <u>\$ 246,363,940</u> | <u>\$ 37,623,158</u> |

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 | |
|---------------------|-----------------------|
| 2020 | \$ 81,437,559 |
| 2021 | 53,568,139 |
| 2022 | (2,255,990) |
| 2023 | <u>23,082</u> |
| | <u>\$ 132,772,790</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, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2018 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2018 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 April 21, 2017 in conjunction with the six-year experience study period June 30, 2016.

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 total pension liability included in the measurement are as follows:

| | |
|---------------------------|---|
| Inflation | 2.50% |
| Salary Increases | Composition; 2.50% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 10 years of service |
| Investment Rate of Return | 7.25% |
| Single Discount Rate | 5.69% |
| Retirement Age | Experienced-based table rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six- year experience study for the period ended June 30, 2016. |
| Mortality | Healthy Males - RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB from the table's base year of 2000. Healthy Females - GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012. |
| Cost-of-living increases | 1.90% per year, compounded annually |
| Payroll growth | 3.00% 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.

Changes of Benefit Terms and Assumptions: There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018. Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption

from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The target allocation for each major asset class and total expected real rate of return are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|--------------------------|-------------------|--|
| Equities - Domestic | 20% | |
| Equities - International | 14% | |
| Fixed Income | 27% | |
| Alternatives | 38% | |
| Cash | 1% | |
| Total | 100% | 7.25% |

Discount rate: A single discount rate of 5.69% and 5.90% was used to measure the total ERB pension liability as of June 30, 2018 and June 30, 2017, respectively. For 2018, the single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date. For 2017, the single discount rate was based on the expected rate of return on pension investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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 2019 and 2018. 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, (4.69%) and (4.90%), or one percentage point higher, (6.69%) and (6.90%) than the single discount rate for June 30, 2018 and 2017, respectively.

| | 2019 | | |
|--|------------------------|----------------------------------|------------------------|
| | 1% Decrease (4.69%) | Current Discount Rate (5.69%) | 1% Increase (6.69%) |
| New Mexico State University's proportionate share of the net pension liability | \$ 1,029,603,562 | \$ 792,236,144 | \$ 598,559,143 |

| | 2018 | | |
|--|------------------------|----------------------------------|------------------------|
| | 1% Decrease (4.90%) | Current Discount Rate (5.90%) | 1% Increase (6.90%) |
| New Mexico State University's proportionate share of the net pension liability | \$ 977,188,976 | \$ 750,673,749 | \$ 565,513,796 |

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, 2018 and 2017 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:

| | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|
| 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 | \$ 30,308,256 | \$ 29,453,438 | \$ 29,449,905 |
| University's contribution to the ERB for ARP | \$ 3,304,119 | \$ 3,212,401 | \$ 3,210,313 |
| Administration fee paid to ERB for ARP | \$ 909,248 | \$ 883,603 | \$ 883,491 |
| Employee contributions made to ARP | \$ 3,243,491 | \$ 3,153,458 | \$ 3,151,409 |

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, 2019 there was 1 employee enrolled under CSRS and 8 employees under FERS.

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

| | 2019 | 2018 | 2017 |
|-----------------------------|------------|------------|------------|
| 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% | 13.70% |
| Employee contribution | 0.80% | 0.80% | 0.80% |
| University's contribution | \$ 127,192 | \$ 135,101 | \$ 136,061 |
| Employee's contribution | \$ 16,078 | \$ 16,287 | \$ 16,343 |

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. This is an unfunded OPEB plan operating on a pay as you go basis. 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, at which time the University reduces their contribution to 30%. As of June 30, 2019 and 2018, 1,376 and 1,347 retirees met the eligibility requirements for health insurance, respectively.

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

Plan Participation Percentage. The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 87% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 87% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 90% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement.

Employees covered by benefit terms - At June 30, 2019 and 2018, the following employees were covered by the benefit terms:

| | 2019 | 2018 |
|--|-------|-------|
| Current retirees receiving benefits | 1,740 | 1,716 |
| Inactive employees entitled but not yet receiving benefits | - | - |
| Current active members | 2,366 | 2,594 |

Annual OPEB Cost and Net OPEB Obligation. The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. 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 related for fiscal year 2019:

| | Increase (Decrease) | | |
|--|------------------------------|---------------------------------|------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Total OPEB Liability - Start of Year (July 1, 2018) | \$ 133,899,207 | \$ - | \$ 133,899,207 |
| Changes for the year | | | |
| Service cost | 5,127,283 | - | \$ 5,127,283 |
| Interest cost | 5,268,892 | - | 5,268,892 |
| Changes in assumptions or other inputs | 7,135,616 | - | 7,135,616 |
| Benefit payments | <u>(5,758,812)</u> | <u>-</u> | <u>(5,758,812)</u> |
| Net change in total OPEB liability | <u>11,772,979</u> | <u>-</u> | <u>11,772,979</u> |
| Net OPEB Liability - End of Year (June 30,2019) | <u><u>\$ 145,672,186</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 145,672,186</u></u> |

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2019. The discount rate is the only applicable change in the valuation.

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 related for fiscal year 2018:

| | Increase (Decrease) | | |
|--|------------------------------|---------------------------------|------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Total OPEB Liability - Start of Year (July 1, 2017) | \$ 134,552,969 | \$ - | \$ 134,552,969 |
| Changes for the year | | | |
| Service cost | 4,936,250 | - | \$ 4,936,250 |
| Interest cost | 5,291,343 | - | 5,291,343 |
| Changes in assumptions or other inputs | (5,357,825) | - | (5,357,825) |
| Benefit payments | <u>(5,523,530)</u> | <u>-</u> | <u>(5,523,530)</u> |
| Net change in total OPEB liability | <u>(653,762)</u> | <u>-</u> | <u>(653,762)</u> |
| Net OPEB Liability - End of Year (June 30,2018) | <u><u>\$ 133,899,207</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 133,899,207</u></u> |

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2018.

A summary of the key results are shown below for fiscal year ended June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|----------------|----------------|
| Present Value of Future Benefits | \$ 181,592,829 | \$ 169,701,000 |
| Total OPEB Liability (Beginning of Fiscal Year) | \$ 133,899,207 | \$ 134,553,000 |
| Total OPEB Liability (End of Fiscal Year) | \$ 145,672,186 | \$ 133,899,207 |
| Net OPEB Liability | \$ 145,672,186 | \$ 133,899,207 |

For the year ended June 30, 2019, the University recognized a OPEB expense of \$10,736,280. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2019 | |
|------------------------|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes of assumptions | <u>\$ 5,770,519</u> | <u>\$ 3,307,840</u> |
| Total | <u><u>\$ 5,770,519</u></u> | <u><u>\$ 3,307,840</u></u> |

For the year ended June 30, 2018, the University recognized a OPEB expense of \$9,202,601. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2018 | |
|------------------------|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes of assumptions | <u>\$ -</u> | <u>\$ 4,332,832</u> |
| Total | <u><u>\$ -</u></u> | <u><u>\$ 4,332,832</u></u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30 | |
|----------------------------|----------------------------|
| 2020 | \$ 340,105 |
| 2021 | 340,105 |
| 2022 | 340,105 |
| 2023 | 1,132,235 |
| 2024 | <u>310,129</u> |
| | <u><u>\$ 2,462,679</u></u> |

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 Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2019, conducted in accordance with generally accepted actuarial principles.

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

| | |
|------------------------------|--|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Discount Rate | 3.50% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO Index</i> |
| Salary Increase Rate | 2.5% per annum |
| Inflation Rate | 3.0% per annum |
| Medicare Eligibility | All current and future retirees are assumed to be eligible for Medicare at age 65 |
| Health Care Cost Trend Rate | 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 6.0% for retirees 65 years of age and under and 5.0% 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. |
| Per Capita Health Claim Cost | Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through May 2018. The annual age 60 claim costs for retirees and their spouses is \$8,200. The age 70 costs for retirees is \$4,040. |
| Mortality Rate | RP-2014 generational table scaled using MP17 and applied on a gender-specific basis |

Discount Rate. A single discount rate of 3.50% and 3.87% was used to measure the total OPEB liability as of June 30, 2019 and 2018, respectively.

Other Information. The discount rate is the only applicable change in the actuarial valuation. There were no other modifications to the postemployment health plan provisions, census and other assumptions reflected in the actuarial valuation as of June 30, 2018. Experience/Assumptions gains and losses are amortized over a closed period of 5.2 years starting on July 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service). 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.

Health Care Trend Sensitivity Analysis. The following schedules measures the Net OPEB Liability if the health care cost trend rate used was 1% higher than than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2019 and 2018, respectively.

| | 2019 | | |
|--|----------------|----------------|----------------|
| | 1% Decrease | Current Trend | 1% Increase |
| New Mexico State University's net OPEB liability | \$ 127,391,000 | \$ 145,672,186 | \$ 169,269,000 |

| | 2018 | | |
|--|----------------|----------------|----------------|
| | 1% Decrease | Current Trend | 1% Increase |
| New Mexico State University's net OPEB liability | \$ 117,095,000 | \$ 133,899,207 | \$ 155,588,873 |

Discount Rate Sensitivity Analysis. The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2019 and 2018. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (2.50%) and (2.87%), or one percentage point higher, (4.50%) and (4.87%) than the single discount rate for June 30, 2019 and 2018, respectively.

| | 2019 | | |
|--|------------------------|--------------------------------|------------------------|
| | 1% Decrease (2.50%) | Current Discount Rate 3.50% | 1% Increase (4.50%) |
| New Mexico State University's net OPEB liability | \$ 167,459,000 | \$ 145,672,186 | \$ 128,120,000 |

| | 2018 | | |
|--|------------------------|--------------------------------|------------------------|
| | 1% Decrease (2.87%) | Current Discount Rate 3.87% | 1% Increase (4.87%) |
| New Mexico State University's net OPEB liability | \$ 153,925,016 | \$ 133,899,207 | \$ 117,765,178 |

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 Changes in Net OPEB liability and Related Ratios in accordance with GASB 75 (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, 2019, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$56.8 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by December 2019. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

| Funding Sources | Amount |
|--|----------------------|
| Revenue bonds | \$ 11,115,752 |
| General obligation bonds (State of New Mexico) | 8,674,915 |
| General obligation bonds (local) | 6,518,557 |
| Severance tax bonds (State of New Mexico) | 376,127 |
| University funds | 15,259,637 |
| State funds | 13,327,745 |
| Gifts, grants and contracts | 1,565,372 |
| Total | <u>\$ 56,838,105</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 |
|------------------------------|---------------------|
| 2019 | \$ 862,625 |
| 2020 | 506,362 |
| 2021 | 283,546 |
| 2022 | 117,749 |
| 2023 | 17,567 |
| Years thereafter | 52,700 |
| Total minimum lease payments | <u>\$ 1,840,549</u> |

Operating lease payments made in fiscal years 2019 and 2018 are as follows:

| | 2019 | 2018 |
|----------------------|---------------------|---------------------|
| Minimum rentals | \$ 1,008,872 | \$ 1,045,886 |
| Contingent rentals | 105,998 | 127,197 |
| Total lease payments | <u>\$ 1,114,870</u> | <u>\$ 1,173,083</u> |

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

Other Commitments. At June 30, 2019, 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 \$19 million.

Note 11 - Component Units

The following entities support the University in accomplishing its various missions. These entities were selected for inclusion based on criteria as set forth in GASB 14, The Reporting Entity, GASB 39, Determining Whether Certain Organizations Are Components Units, 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, 2019 and 2018, and for the fiscal years then ended follows:

| | 2019 | 2018 |
|--------------------------------|---------------------|---------------------|
| Net Position | | |
| Total assets | \$ 1,224,642 | \$ 1,146,658 |
| Total liabilities | 56,086 | 83,328 |
| Total net position | <u>\$ 1,168,556</u> | <u>\$ 1,063,330</u> |
| Changes in Net Position | | |
| Total revenues | \$ 875,715 | \$ 923,398 |
| Total expenditures | 770,489 | 657,776 |
| Change in net position | 105,226 | 265,622 |
| Net position, beginning | 1,063,330 | 797,708 |
| Net position, ending | <u>\$ 1,168,556</u> | <u>\$ 1,063,330</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. Since inception, 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 has evaluated contingent liabilities from the balance sheet date through October 30, 2019, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

Note 13 – Natural Classification Operating Expenses

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

| | 2019 | | 2018 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | University | Component Unit | University | Component Unit |
| Operating Expenses | | | | |
| Salaries | | | | |
| Faculty | \$ 93,571,089 | \$ - | \$ 92,999,916 | \$ - |
| Exempt staff | 103,001,638 | 2,174,611 | 100,670,412 | 2,081,291 |
| Non-exempt staff | 13,920,549 | - | 14,041,439 | - |
| Student/graduate assistant | 29,962,210 | 37,922 | 29,694,683 | 24,542 |
| Other compensation | 3,572,544 | 5,225 | 2,635,215 | 5,325 |
| Total salaries | <u>244,028,030</u> | <u>2,217,758</u> | <u>240,041,665</u> | <u>2,111,158</u> |
| Other Operating Expenses | | | | |
| Benefits | 177,752,493 | - | 158,708,878 | - |
| Travel | 13,271,252 | 133,253 | 12,475,335 | 139,765 |
| Scholarship and fellowships and other program support | 34,543,190 | 12,450,373 | 33,913,139 | 10,657,340 |
| Utilities | 11,126,396 | 4,115 | 12,321,568 | 9,982 |
| Professional fees | 17,938,358 | 239,881 | 17,009,781 | 335,084 |
| Supplies and other services | 73,257,070 | 716,422 | 63,107,716 | 812,424 |
| Depreciation | 34,249,951 | 29,762 | 34,515,035 | 28,882 |
| Total operating expenses | <u>\$606,166,740</u> | <u>\$ 15,791,564</u> | <u>\$572,093,117</u> | <u>\$ 14,094,635</u> |

Note 14 – 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, 2019 (unaudited):

| | 2019 | 2018 |
|---|------------------------------|------------------------------|
| Unrestricted Net Position | \$ (615,361,557) | \$ (536,546,367) |
| Less: Unfunded Pension | (633,328,212) | (541,932,967) |
| Less: Long-Term Compensated Absences | (12,389,458) | (12,539,378) |
| Less: Other Post Employment Benefits | <u>(143,209,507)</u> | <u>(138,232,038)</u> |
| Adjusted Unrestricted Net Position | <u>173,565,620</u> | <u>156,158,016</u> |
| | | |
| Unrestricted - Instruction and General | \$ 22,414,059 | \$ 31,617,485 |
| Unrestricted - Research | 18,897,529 | 17,310,500 |
| Unrestricted - Public Service | 7,541,999 | 8,403,675 |
| Unrestricted - Other | 12,834,787 | 10,638,285 |
| Quasi Endowments Funds | 16,335,022 | 17,880,788 |
| Renewals and Replacements - Buildings | 29,587,672 | 25,873,630 |
| Renewals and Replacements - Auxiliary Enterprises | 9,608,692 | 8,606,557 |
| Renewals and Replacements - Internal Services Units | 6,356,078 | 6,442,548 |
| Renewals and Replacements - Equipment | 16,368,800 | 12,343,953 |
| Unexpended plant - Designated to Projects | 9,258,554 | 5,552,944 |
| Unexpended plant - Future Projects/Contingency | <u>24,362,428</u> | <u>11,487,651</u> |
| Total | <u>\$ 173,565,620</u> | <u>\$ 156,158,016</u> |

Note 15 – 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 16 – New Accounting Standards

GASB Statement No. 83 (*Certain Asset Retirement Obligations*) became 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 does not anticipate it will be legally required to perform asset retirement activities, and as such, this statement is not 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. 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's operating leases will be converted in accordance with this statement, but the quantitative impact has not yet been determined.

GASB Statement No. 88 (*Debt Disclosures*) became effective for fiscal year 2019. The primary objective of this Statement is to improve the information disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires additional essential information related to debt be disclosed in notes to the financial statements, including amount of unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The University has applied the updates to the notes, as applicable, as seen in Note 6, Long-Term Debt.

GASB Statement No. 89 (*Construction Interest Costs*) will become effective for fiscal year 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The University has not yet determined the impact of this statement.

GASB Statement No. 90 (*Majority Equity Interests*) became effective fiscal year 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The University has early adopted this statement for fiscal year ended June 30, 2018, resulting in the recognition of a \$1,000 investment.

Note 17 – Subsequent Events

The University has evaluated subsequent events from the balance sheet date through October 30, 2019, 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 2019 | Arrowhead Center, Inc. 2019 | Total 2019 |
|--|--|-----------------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 9,198,555 | \$ 1,147,528 | \$ 10,346,083 |
| Restricted cash and cash equivalents | 9,910,998 | - | 9,910,998 |
| Cash and cash equivalents held in trust by component unit for NMSU | 5,313,291 | - | 5,313,291 |
| Cash and cash equivalents held in trust by others | 347,051 | - | 347,051 |
| Short-term investments | 35,315,164 | - | 35,315,164 |
| Accounts receivable, net | 50,795,787 | 34,273 | 50,830,060 |
| Due from component unit | 2,150,697 | - | 2,150,697 |
| Inventories | 2,535,124 | - | 2,535,124 |
| Prepaid expenses | 2,430,153 | - | 2,430,153 |
| Loans receivable - current portion, net | 805,960 | - | 805,960 |
| Total current assets | <u>118,802,780</u> | <u>1,181,801</u> | <u>119,984,581</u> |
| Non-current assets: | | | |
| Unrestricted cash and cash equivalents | 50,382,419 | - | 50,382,419 |
| Restricted cash and cash equivalents | 30,588,616 | - | 30,588,616 |
| Investments held in trust by component unit for NMSU | 42,404,246 | - | 42,404,246 |
| Restricted long-term investments | 14,514,392 | - | 14,514,392 |
| Other long-term investments | 65,018,943 | 42,841 | 65,061,784 |
| Loans receivable, net | 8,178,641 | - | 8,178,641 |
| Capital assets, net | 506,751,594 | - | 506,751,594 |
| Total non-current assets | <u>717,838,851</u> | <u>42,841</u> | <u>717,881,692</u> |
| TOTAL ASSETS | <u>836,641,631</u> | <u>1,224,642</u> | <u>837,866,273</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>197,892,002</u> | <u>-</u> | <u>197,892,002</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 15,668,784 | 22,903 | 15,691,687 |
| Other accrued liabilities | 14,606,991 | 28,952 | 14,635,943 |
| Accrued interest payable | 1,729,812 | - | 1,729,812 |
| Unearned revenue | 10,286,484 | 4,231 | 10,290,715 |
| Held in trust by NMSU | 5,922,454 | - | 5,922,454 |
| Long-term liabilities - current portion | 17,221,479 | - | 17,221,479 |
| Total current liabilities | <u>65,436,004</u> | <u>56,086</u> | <u>65,492,090</u> |
| Non-current liabilities: | | | |
| Accrued benefit reserves | 659,630 | - | 659,630 |
| Other long-term liabilities | 159,777,115 | - | 159,777,115 |
| Net pension liability | 792,236,144 | - | 792,236,144 |
| Other post-employment benefit liability | 139,913,186 | - | 139,913,186 |
| Total non-current liabilities | <u>1,092,586,075</u> | <u>-</u> | <u>1,092,586,075</u> |
| TOTAL LIABILITIES | <u>1,158,022,079</u> | <u>56,086</u> | <u>1,158,078,165</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>36,205,662</u> | <u>-</u> | <u>36,205,662</u> |
| NET POSITION | | | |
| Net investment in capital assets | 383,627,323 | - | 383,627,323 |
| Restricted for: | | | |
| Non-expendable: | | | |
| Endowments | 30,080,928 | - | 30,080,928 |
| Expendable: | | | |
| Endowments | 1,962,258 | - | 1,962,258 |
| General activities | 6,348,287 | - | 6,348,287 |
| Federal student loans | 12,912,159 | - | 12,912,159 |
| Capital projects | 20,719,686 | - | 20,719,686 |
| Related entity activities | 16,808 | 1,168,556 | 1,185,364 |
| Unrestricted | (615,361,557) | - | (615,361,557) |
| TOTAL NET POSITION | <u>\$ (159,694,108)</u> | <u>\$ 1,168,556</u> | <u>\$ (158,525,552)</u> |

See accompanying independent auditor's report.

Schedule 1 - Combining Statement of Net Position

| | New Mexico State University 2018 | Arrowhead Center, Inc. 2018 | Total 2018 |
|--|--|-----------------------------------|------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 16,561,306 | \$ 1,075,940 | \$ 17,637,246 |
| Restricted cash and cash equivalents | 9,887,363 | - | 9,887,363 |
| Cash and cash equivalents held in trust by component unit for NMSU | 4,521,307 | - | 4,521,307 |
| Cash and cash equivalents held in trust by others | 3,048,643 | - | 3,048,643 |
| Short-term investments | 31,446,089 | - | 31,446,089 |
| Accounts receivable, net | 50,189,001 | 35,748 | 50,224,749 |
| Due from component unit | 2,132,358 | - | 2,132,358 |
| Inventories | 2,484,382 | - | 2,484,382 |
| Prepaid expenses | 3,709,435 | 1,543 | 3,710,978 |
| Student loans receivable - current portion, net | 954,389 | - | 954,389 |
| Total current assets | <u>124,934,273</u> | <u>1,113,231</u> | <u>126,047,504</u> |
| Non-current assets: | | | |
| Unrestricted cash and cash equivalents | 41,773,187 | - | 41,773,187 |
| Restricted cash and cash equivalents | 6,223,907 | - | 6,223,907 |
| Investments held in trust by component unit for NMSU | 42,816,242 | - | 42,816,242 |
| Restricted long-term investments | 14,665,449 | - | 14,665,449 |
| Other long-term investments | 77,887,144 | 33,427 | 77,920,571 |
| Student loans receivable, net | 9,514,499 | - | 9,514,499 |
| Capital assets, net | 494,319,652 | - | 494,319,652 |
| Total non-current assets | <u>687,200,080</u> | <u>33,427</u> | <u>687,233,507</u> |
| TOTAL ASSETS | <u>812,134,353</u> | <u>1,146,658</u> | <u>813,281,011</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>246,879,669</u> | <u>-</u> | <u>246,879,669</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 13,339,254 | 50,673 | 13,389,927 |
| Other accrued liabilities | 14,787,597 | 26,242 | 14,813,839 |
| Accrued interest payable | 1,800,459 | - | 1,800,459 |
| Unearned revenue | 9,753,246 | 6,413 | 9,759,659 |
| Held in trust by NMSU | 5,319,195 | - | 5,319,195 |
| Long-term liabilities - current portion | 15,910,776 | - | 15,910,776 |
| Total current liabilities | <u>60,910,527</u> | <u>83,328</u> | <u>60,993,855</u> |
| Non-current liabilities: | | | |
| Accrued benefit reserves | 659,630 | - | 659,630 |
| Other long-term liabilities | 169,377,298 | - | 169,377,298 |
| Net pension liability | 750,673,749 | - | 750,673,749 |
| Other post-employment benefit liability | 128,375,207 | - | 128,375,207 |
| Total non-current liabilities | <u>1,049,085,884</u> | <u>-</u> | <u>1,049,085,884</u> |
| TOTAL LIABILITIES | <u>1,109,996,411</u> | <u>83,328</u> | <u>1,110,079,739</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>42,046,491</u> | <u>-</u> | <u>42,046,491</u> |
| NET POSITION | | | |
| Net investment in capital assets | 386,309,799 | - | 386,309,799 |
| Restricted for: | | | |
| Non-expendable: | | | |
| Endowments | 28,109,389 | - | 28,109,389 |
| Expendable: | | | |
| Endowments | 1,964,539 | - | 1,964,539 |
| General activities | 6,296,810 | - | 6,296,810 |
| Federal student loans | 12,783,937 | - | 12,783,937 |
| Capital projects | 8,039,238 | - | 8,039,238 |
| Related entity activities | 13,775 | 1,063,330 | 1,077,105 |
| Unrestricted | (536,546,367) | - | (536,546,367) |
| TOTAL NET POSITION | <u>\$ (93,028,880)</u> | <u>\$ 1,063,330</u> | <u>\$ (91,965,550)</u> |

See accompanying independent auditor's report.

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

| | New Mexico State University 2019 | Arrowhead Center, Inc 2019 | Total Primary Institution 2019 |
|---|--|----------------------------------|--------------------------------------|
| REVENUES | | | |
| Operating revenues: | | | |
| Student tuition and fees (gross) | \$ 112,522,576 | \$ - | \$ 112,522,576 |
| Less: scholarship allowances | (47,162,065) | - | (47,162,065) |
| Student tuition and fees (net) | 65,360,511 | - | 65,360,511 |
| Federal appropriations, grants and contracts | 86,468,214 | - | 86,468,214 |
| State grants and contracts | 9,489,426 | - | 9,489,426 |
| Local Appropriations, grants and contracts | 2,837,727 | - | 2,837,727 |
| Non-governmental grants, contracts and gifts | 7,514,905 | - | 7,514,905 |
| Sales and services | 7,339,055 | - | 7,339,055 |
| Auxiliary enterprises (net of scholarship allowances) | 14,441,402 | - | 14,441,402 |
| Other operating revenues | 16,387,992 | - | 16,387,992 |
| Total operating revenues | <u>209,839,232</u> | <u>-</u> | <u>209,839,232</u> |
| EXPENSES | | | |
| Operating expenses: | | | |
| Instruction | 176,921,957 | - | 176,921,957 |
| Research | 98,694,960 | - | 98,694,960 |
| Public service | 58,820,800 | - | 58,820,800 |
| Academic support | 31,103,109 | - | 31,103,109 |
| Student services | 20,924,078 | - | 20,924,078 |
| Institutional support | 40,407,160 | - | 40,407,160 |
| Operation and maintenance of plant | 42,781,681 | - | 42,781,681 |
| Scholarships and fellowships | 30,663,564 | - | 30,663,564 |
| Auxiliary enterprises | 23,730,357 | - | 23,730,357 |
| Independent operations | 20,806,851 | - | 20,806,851 |
| Intercollegiate athletics | 22,932,490 | - | 22,932,490 |
| Student social and cultural | 4,264,322 | - | 4,264,322 |
| Loan administration (net) | (134,540) | - | (134,540) |
| Depreciation | 34,249,951 | - | 34,249,951 |
| Total operating expenses | <u>606,166,740</u> | <u>-</u> | <u>606,166,740</u> |
| Net operating income (loss) | <u>(396,327,508)</u> | <u>-</u> | <u>(396,327,508)</u> |
| Non-operating revenues (expenses): | | | |
| State appropriations | 199,928,700 | - | 199,928,700 |
| Federal Pell grants | 42,359,877 | - | 42,359,877 |
| State lottery scholarship | 13,501,706 | - | 13,501,706 |
| Local tax levy revenue | 18,690,646 | - | 18,690,646 |
| Gifts and non-exchange grants | 9,078,670 | - | 9,078,670 |
| Investment income (loss) | 8,258,564 | - | 8,258,564 |
| Building fees | 4,041,764 | - | 4,041,764 |
| Land lease and permanent fund | 4,381,727 | - | 4,381,727 |
| Loss on disposal of plant | (322,081) | - | (322,081) |
| Gain on sale of land | 1,140,379 | - | 1,140,379 |
| Additions to quasi endowments | 80,398 | - | 80,398 |
| Interest and other expenses on capital asset-related debt | (6,221,298) | - | (6,221,298) |
| Other non-operating revenues (expenses) | (970,751) | 105,226 | (865,525) |
| Net non-operating revenues | <u>293,948,301</u> | <u>105,226</u> | <u>294,053,527</u> |
| Income (loss) before other revenues | (102,379,207) | 105,226 | (102,273,981) |
| Capital appropriations | 22,482,681 | - | 22,482,681 |
| Capital grants, gifts, and other income | 10,913,002 | - | 10,913,002 |
| Additions to permanent endowments | 2,318,296 | - | 2,318,296 |
| Increase (decrease) in net position | <u>(66,665,228)</u> | <u>105,226</u> | <u>(66,560,002)</u> |
| NET POSITION | | | |
| Beginning of year | (93,028,880) | 1,063,330 | (91,965,550) |
| End of year | <u>\$ (159,694,108)</u> | <u>\$ 1,168,556</u> | <u>\$ (158,525,552)</u> |

See accompanying independent auditor's report.

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

| | New Mexico State University 2018 | Arrowhead Center, Inc 2018 | Total Primary Institution 2018 |
|---|--|----------------------------------|--------------------------------------|
| REVENUES | | | |
| Operating revenues: | | | |
| Student tuition and fees (gross) | \$ 108,816,066 | \$ - | \$ 108,816,066 |
| Less: scholarship allowances | (42,295,668) | - | (42,295,668) |
| Student tuition and fees (net) | 66,520,398 | - | 66,520,398 |
| Federal appropriations, grants and contracts | 82,542,027 | - | 82,542,027 |
| State grants and contracts | 11,387,324 | - | 11,387,324 |
| Local Appropriations, grants and contracts | 2,712,130 | - | 2,712,130 |
| Non-governmental grants, contracts and gifts | 9,023,251 | - | 9,023,251 |
| Sales and services | 6,106,044 | - | 6,106,044 |
| Auxiliary enterprises (net of scholarship allowances) | 14,733,291 | - | 14,733,291 |
| Other operating revenues | 14,872,592 | - | 14,872,592 |
| Total operating revenues | <u>207,897,057</u> | <u>-</u> | <u>207,897,057</u> |
| EXPENSES | | | |
| Operating expenses: | | | |
| Instruction | 164,630,659 | - | 164,630,659 |
| Research | 92,298,663 | - | 92,298,663 |
| Public service | 59,650,388 | - | 59,650,388 |
| Academic support | 30,182,089 | - | 30,182,089 |
| Student services | 19,623,830 | - | 19,623,830 |
| Institutional support | 37,007,447 | - | 37,007,447 |
| Operation and maintenance of plant | 38,522,138 | - | 38,522,138 |
| Scholarships and fellowships | 27,490,837 | - | 27,490,837 |
| Auxiliary enterprises | 23,052,121 | - | 23,052,121 |
| Independent operations | 19,447,085 | - | 19,447,085 |
| Intercollegiate athletics | 20,450,904 | - | 20,450,904 |
| Student social and cultural | 4,007,265 | - | 4,007,265 |
| Loan administration (net) | 1,214,656 | - | 1,214,656 |
| Depreciation | 34,515,035 | - | 34,515,035 |
| Total operating expenses | <u>572,093,117</u> | <u>-</u> | <u>572,093,117</u> |
| Net operating income (loss) | <u>(364,196,060)</u> | <u>-</u> | <u>(364,196,060)</u> |
| Non-operating revenues (expenses): | | | |
| State appropriations | 190,893,756 | - | 190,893,756 |
| Federal Pell grants | 41,162,544 | - | 41,162,544 |
| State lottery scholarship | 9,983,665 | - | 9,983,665 |
| Local tax levy revenue | 14,440,619 | - | 14,440,619 |
| Gifts and non-exchange grants | 9,292,924 | - | 9,292,924 |
| Investment income (loss) | 1,825,340 | - | 1,825,340 |
| Building fees | 4,815,669 | - | 4,815,669 |
| Land lease and permanent fund | 4,321,577 | - | 4,321,577 |
| Loss on disposal of plant | (1,698,579) | - | (1,698,579) |
| Additions to quasi endowments | 78,786 | - | 78,786 |
| Interest and other expenses on capital asset-related debt | (6,457,869) | - | (6,457,869) |
| Other non-operating revenues (expenses) | (917,291) | 265,622 | (651,669) |
| Net non-operating revenues | <u>267,741,141</u> | <u>265,622</u> | <u>268,006,763</u> |
| Income (loss) before other revenues | (96,454,919) | 265,622 | (96,189,297) |
| Capital appropriations | 7,633,119 | - | 7,633,119 |
| Capital grants, gifts, and other income | 2,694,375 | - | 2,694,375 |
| Additions to permanent endowments | 2,600,444 | - | 2,600,444 |
| Increase (decrease) in net position | <u>(83,526,981)</u> | <u>265,622</u> | <u>(83,261,359)</u> |
| NET POSITION | | | |
| Beginning of year, as previously reported | 91,572,070 | 797,708 | 92,369,778 |
| Change in accounting principle (Note 2) | (101,073,969) | - | (101,073,969) |
| Beginning of year, as restated | <u>(9,501,899)</u> | <u>797,708</u> | <u>(8,704,191)</u> |
| End of year | <u>\$ (93,028,880)</u> | <u>\$ 1,063,330</u> | <u>\$ (91,965,550)</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 | \$ 135,744,684 | \$ 157,032,087 | \$ 156,419,369 | \$ (612,718) |
| Unrestricted and restricted revenues: | | | | |
| State government appropriations | 196,499,500 | 199,888,200 | 199,928,700 | 40,500 |
| Federal revenue sources | 131,201,951 | 133,260,695 | 129,083,599 | (4,177,096) |
| Tuition and fees income | 112,528,230 | 110,178,066 | 113,719,984 | 3,541,918 |
| Land and permanent fund | 3,096,800 | 4,164,011 | 4,381,727 | 217,716 |
| Endowment and private gifts | 15,417,373 | 15,407,373 | 13,531,096 | (1,876,277) |
| Other sources | 163,117,059 | 174,112,529 | 155,662,144 | (18,450,385) |
| Total unrestricted and restricted revenues | <u>621,860,913</u> | <u>637,010,874</u> | <u>616,307,250</u> | <u>(20,703,624)</u> |
| Unrestricted and restricted expenditures: | | | | |
| Instruction | 148,668,655 | 147,301,779 | 140,710,989 | 6,590,790 |
| Academic support | 27,930,716 | 29,771,242 | 28,828,457 | 942,785 |
| Student services | 18,016,764 | 17,932,244 | 17,004,681 | 927,563 |
| Institutional support | 32,472,001 | 33,337,204 | 32,528,296 | 808,908 |
| Operation and maintenance | 26,426,713 | 26,332,883 | 23,333,277 | 2,999,606 |
| Subtotal instruction and general | <u>253,514,849</u> | <u>254,675,352</u> | <u>242,405,700</u> | <u>12,269,652</u> |
| Student social and cultural activities | 3,885,851 | 4,217,184 | 3,821,938 | 395,246 |
| Research | 93,951,260 | 99,257,165 | 95,516,572 | 3,740,593 |
| Public service | 55,469,923 | 55,488,694 | 51,324,034 | 4,164,660 |
| Internal services | 186,285 | 2,844,580 | 592,628 | 2,251,952 |
| Student aid, grants and stipends | 80,686,643 | 87,085,406 | 83,454,806 | 3,630,600 |
| Auxiliary services | 21,213,932 | 22,625,069 | 20,379,399 | 2,245,670 |
| Intercollegiate athletics | 18,604,975 | 21,062,226 | 20,759,570 | 302,656 |
| Independent operations | 18,327,568 | 20,645,901 | 18,088,320 | 2,557,581 |
| Capital outlay | 52,206,234 | 55,149,933 | 44,687,557 | 10,462,376 |
| Renewal and replacement | 11,474,734 | 15,408,320 | 10,860,195 | 4,548,125 |
| Retirement of indebtedness | 17,200,273 | 13,469,049 | 13,334,049 | 135,000 |
| Total unrestricted and restricted expenditures | <u>626,722,527</u> | <u>651,928,879</u> | <u>605,224,768</u> | <u>46,704,111</u> |
| Net transfers to (from) | <u>-</u> | <u>198,839</u> | <u>108,187</u> | <u>90,652</u> |
| Change in fund balance | <u>(4,861,614)</u> | <u>(15,116,844)</u> | <u>10,974,295</u> | <u>26,091,139</u> |
| Ending fund balance | <u>\$ 130,883,070</u> | <u>\$ 141,915,243</u> | <u>\$ 167,393,664</u> | <u>\$ 25,478,421</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 | \$ 19,405,920 | \$ 32,710,356 | \$ 32,710,356 | \$ - |
| Unrestricted revenues: | | | | |
| Tuition and fees income | 92,405,214 | 90,357,060 | 91,773,979 | 1,416,919 |
| Miscellaneous fees | 7,767,493 | 7,553,135 | 9,733,083 | 2,179,948 |
| Federal government appropriations | - | - | - | - |
| State government appropriations | 151,255,600 | 151,339,300 | 151,373,875 | 34,575 |
| Local government appropriations | 11,972,000 | 16,556,983 | 18,827,803 | 2,270,820 |
| Federal government grants and contracts | 132,300 | 92,920 | 103,351 | 10,431 |
| State government grants and contracts | - | - | - | - |
| Local government grants and contracts | - | - | - | - |
| Private gifts, grants and contracts | - | - | - | - |
| Endowments | - | - | - | - |
| Land and permanent fund | 3,086,800 | 4,086,800 | 4,381,727 | 294,927 |
| Private gifts | 10,000 | 10,000 | - | (10,000) |
| Sales and services | 743,700 | 695,200 | 650,996 | (44,204) |
| Other sources | 15,023,703 | 15,094,215 | 15,804,841 | 710,626 |
| Total unrestricted revenues | <u>282,396,810</u> | <u>285,785,613</u> | <u>292,649,655</u> | <u>6,864,042</u> |
| Unrestricted expenditures: | | | | |
| Instruction | 138,032,079 | 136,738,965 | 133,239,588 | 3,499,377 |
| Academic support | 25,135,403 | 27,010,922 | 26,498,868 | 512,054 |
| Student services | 17,409,740 | 17,206,074 | 16,579,447 | 626,627 |
| Institutional support | 31,724,701 | 32,875,171 | 32,278,324 | 596,847 |
| Operation and maintenance | 26,402,013 | 26,303,816 | 23,309,357 | 2,994,459 |
| Total unrestricted expenditures | <u>238,703,936</u> | <u>240,134,948</u> | <u>231,905,584</u> | <u>8,229,364</u> |
| Net transfers to (from) | <u>43,386,371</u> | <u>59,325,370</u> | <u>58,695,274</u> | <u>630,096</u> |
| Change in fund balance | <u>306,503</u> | <u>(13,674,705)</u> | <u>2,048,797</u> | <u>15,723,502</u> |
| Ending fund balance | <u>\$ 19,712,423</u> | <u>\$ 19,035,651</u> | <u>\$ 34,759,153</u> | <u>\$ 15,723,502</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 | 6,897,636 | 7,050,711 | 4,236,607 | (2,814,104) |
| State government appropriations | 1,908,017 | 1,828,343 | 1,650,176 | (178,167) |
| Local government appropriations | - | - | - | - |
| Federal government grants and contracts | - | - | - | - |
| State government grants and contracts | - | - | - | - |
| Local government grants and contracts | - | - | - | - |
| Private gifts, grants and contracts | 536,130 | 505,427 | 411,863 | (93,564) |
| Endowments | - | - | - | - |
| Land and permanent fund | - | - | - | - |
| Private gifts | 5,469,130 | 5,155,923 | 4,201,470 | (954,453) |
| Sales and services | - | - | - | - |
| Other sources | - | - | - | - |
| Total restricted revenues | <u>14,810,913</u> | <u>14,540,404</u> | <u>10,500,116</u> | <u>(4,040,288)</u> |
| Restricted expenditures: | | | | |
| Instruction | 10,636,576 | 10,562,814 | 7,471,401 | 3,091,413 |
| Academic support | 2,795,313 | 2,760,320 | 2,329,589 | 430,731 |
| Student services | 607,024 | 726,170 | 425,234 | 300,936 |
| Institutional support | 747,300 | 462,033 | 249,972 | 212,061 |
| Operation and maintenance | 24,700 | 29,067 | 23,920 | 5,147 |
| Total restricted expenditures | <u>14,810,913</u> | <u>14,540,404</u> | <u>10,500,116</u> | <u>4,040,288</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, 2019

| | | |
|--|-----------------|------------------------------|
| Total Unrestricted and Restricted Revenues: | | \$ 616,307,250 |
| Reconciling Items: | | |
| Scholarship allowance | \$ (53,762,277) | |
| Elimination of Internal Revenues | (14,889,050) | |
| Endowment fund revenues | (1,996,905) | |
| Blended Component Unit Revenues (AHI, ADI) | 894,048 | |
| Loan Fund Additions | (124,539) | |
| Financial statement adjustments | <u>669,099</u> | |
| Total reconciling items | | <u>(69,209,624)</u> |
| Total reconciled unrestricted and restricted revenues | | <u>\$ 547,097,626</u> |
| Basic Financial Statements | | |
| Operating revenues | | \$ 209,839,232 |
| Non-operating revenues | | 300,322,052 |
| Non-operating revenues netted in other non-operating revenues and expenses | | 81,984 |
| Gain on Sale of Land | | 1,140,379 |
| Other Revenues | | <u>35,713,979</u> |
| Total revenues per Financial Statements | | <u>\$ 547,097,626</u> |
| Difference | | <u>\$ -</u> |
| Total Unrestricted and Restricted Expenses: | | \$ 605,224,768 |
| Reconciling Items: | | |
| Scholarship allowance | \$ (53,762,277) | |
| Elimination of Internal Sales | (14,889,050) | |
| Blended Component Unit expenditures (AHI, ADI) | 891,446 | |
| Depreciation expense | 34,249,951 | |
| Loan fund expenditures | (134,540) | |
| Capitalized expenditures | (46,999,466) | |
| Bond principal payments | (7,196,252) | |
| Pension Expense | 91,395,245 | |
| Accounts Payable accrual, net | (718,933) | |
| Financial statement reporting adjustments | 447,109 | |
| Other operating expense, primarily OPEB | 4,827,546 | |
| Loss on disposal of plant | <u>322,081</u> | |
| Total reconciling items | | <u>8,432,860</u> |
| Total reconciled unrestricted and restricted expenses | | <u>\$ 613,657,628</u> |
| Basic Financial Statements | | |
| Operating expenditures | | \$ 606,166,740 |
| Non-operating expenditures | | 6,221,298 |
| Loss on disposal of plant | | 322,081 |
| Non-operating expenditures netted in other non-operating revenues and expenses | | <u>947,509</u> |
| Total Expenditures per Financial Statements | | <u>\$ 613,657,628</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

| <u>Account</u> | <u>Type of Security</u> | <u>CUSIP No./ Security #</u> | <u>Maturity Date</u> | <u>Fair Value of Collateral</u> | <u>Deposit Amount</u> |
|--|-------------------------|------------------------------|----------------------|---------------------------------|-----------------------|
| CITIZEN'S BANK OF LAS CRUCES | | | | | |
| <i>Certificate of Deposit</i> | | | | | |
| <i>Endowment</i> | None | | | | <u>\$ 31,118</u> |
| FIRST NATIONAL BANK OF ALAMOGORDO | | | | | |
| <i>Cash</i> | Mortgage-Backed | 31418BBB1 | 3/1/2024 | \$ 228,413 | <u>\$ 496,622</u> |
| WELLS FARGO BANK OF NEW MEXICO | | | | | |
| <i>Cash</i> | FMAC FGPC | 3138M8J61 | 9/1/2042 | \$ 21,124,650 | <u>\$ 19,805,319</u> |
| WESTERN COMMERCE BANK, CARLSBAD | | | | | |
| <i>Cash</i> | | | | | <u>\$ 29,823</u> |
| WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT) | | | | | |
| <i>Ally Bank Midvale Utah</i> | None | | | \$ 250,000 | |
| <i>Ally Bank Interest Bearing</i> | None | | | 250,000 | |
| <i>Capital One NATL ASSN VA 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>Goldman Sachs Bank Interest Bearing CD</i> | None | | | 250,000 | |
| <i>Morgan Stanley Bank NA</i> | None | | | 250,000 | |
| <i>Wells Fargo Sioux Falls</i> | None | | | 250,000 | |
| | | | | | <u>\$ 2,000,000</u> |
| FTN FINANCIAL CAPITAL MARKETS (CERTIFICATES OF DEPOSIT) | | | | | |
| <i>American Express National Bank</i> | None | | | \$ 250,000 | |
| <i>Bar Harbor Bank & Trust</i> | None | | | 250,000 | |
| <i>Citibank NA</i> | None | | | 250,000 | |
| <i>Comenity Capital Bank</i> | None | | | 250,000 | |
| <i>Comenity Capital Bank</i> | None | | | 250,000 | |
| <i>Merrick Bank</i> | None | | | 250,000 | |
| <i>Morgan Stanley PVT Bank</i> | None | | | 250,000 | |
| <i>Rockland Trust Co</i> | None | | | 250,000 | |
| <i>Sallie Mae Bank/Salt Lake</i> | None | | | 250,000 | |
| <i>Synchrony Bank</i> | None | | | 250,000 | |
| <i>Wex Bank</i> | None | | | 250,000 | |
| | | | | | <u>\$ 2,750,000</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> | \$ 31,118 | \$ - | \$ - | \$ - |
| FIRST NATIONAL BANK OF ALAMOGORDO | | | | |
| <i>Cash</i> | \$ 250,000 | \$ 246,622 | \$ 228,413 | \$ 105,102 |
| WELLS FARGO BANK OF NEW MEXICO | | | | |
| <i>Cash</i> | \$ 250,000 | \$ 19,555,319 | \$ 21,124,650 | \$ 11,346,991 |
| WESTERN COMMERCE BANK, CARLSBAD | | | | |
| <i>Cash</i> | \$ 29,823 | \$ - | \$ - | \$ - |
| WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT) | | | | |
| <i>Ally Bank Midvale Utah</i> | \$ 250,000 | \$ - | \$ - | \$ - |
| <i>Ally Bank Interest Bearing</i> | 250,000 | - | - | - |
| <i>Capital One NATL ASSN VA CD</i> | 250,000 | - | - | - |
| <i>Comenity Cap Bank Interest Bearing CD</i> | 250,000 | - | - | - |
| <i>Discover Bank Interest Bearing CD</i> | 250,000 | - | - | - |
| <i>Goldman Sachs Bank Interest Bearing CD</i> | 250,000 | - | - | - |
| <i>Morgan Stanley Bank NA</i> | 250,000 | - | - | - |
| <i>Wells Fargo Sioux Falls</i> | 250,000 | - | - | - |
| | <u>\$ 2,000,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FTM FINANCIAL CAPITAL MARKETS (CERTIFICATES OF DEPOSIT) | | | | |
| <i>American Express National Bank</i> | \$ 250,000 | \$ - | \$ - | \$ - |
| <i>Bar Harbor Bank and Trust</i> | 250,000 | - | - | - |
| <i>Citibank NA</i> | 250,000 | - | - | - |
| <i>Comenity Capital Bank</i> | 250,000 | - | - | - |
| <i>Comenity Capital Bank</i> | 250,000 | - | - | - |
| <i>Merrick Bank</i> | 250,000 | - | - | - |
| <i>Morgan Stanley PVT Bank</i> | 250,000 | - | - | - |
| <i>Rockland Trust Co</i> | 250,000 | - | - | - |
| <i>Sallie Mae Bank Salt Lake</i> | 250,000 | - | - | - |
| <i>Synchrony Bank</i> | 250,000 | - | - | - |
| <i>Wex Bank</i> | 250,000 | - | - | - |
| | <u>\$ 2,750,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying independent auditor's report.

Schedule 5 - Schedule of Changes in Net OPEB liability and Related Ratios in accordance with GASB Statement 75. (unaudited)

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Total OPEB liability | | |
| Service Cost | \$ 5,127,283 | \$ 4,936,250 |
| Interest | 5,268,892 | 5,291,343 |
| Current Recognized deferred outflows/(inflows): | | |
| Changes of assumptions or other inputs | 7,135,616 | (5,357,825) |
| Benefit payments | <u>(5,758,812)</u> | <u>(5,523,530)</u> |
| Net change in total OPEB liability | \$ 11,772,979 | \$ (653,762) |
| Total OPEB liability-beginning | \$ 133,899,207 | \$ 134,552,969 |
| Total OPEB liability-ending | <u>\$ 145,672,186</u> | <u>\$ 133,899,207</u> |
| Covered-employee payroll | \$ 153,961,000 | \$ 150,205,439 |
| Total OPEB liability as a percentage of covered-employee payroll | 95 % | 89 % |

| | 2019 | 2018 |
|--|-------|-------|
| Current retirees receiving benefits | 1,740 | 1,716 |
| Inactive employees entitled but not yet receiving benefits | - | - |
| Current active members | 2,366 | 2,594 |

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the University is showing two year's presentation. No assets are accumulated in a trust to pay the related benefits. The discount rate is the only applicable change in the valuation.

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 five 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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|
| University's proportion of the net pension liability | 6.66230% | 6.75462% | 7.05471% | 7.31378% | 7.56103% |
| University's proportion share of the net pension liability | \$ 792,236,144 | \$ 750,673,749 | \$ 507,687,518 | \$ 473,733,007 | \$ 431,412,011 |
| University's covered-employee payroll | \$ 193,115,948 | \$ 194,360,458 | \$ 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 | 410.24 % | 386.23 % | 252.10 % | 237.23 % | 187.82 % |
| Plan fiduciary net position as a percentage of the total pension liability | 52.17% | 52.95% | 61.58% | 63.97% | 66.54% |

Schedule of Employer Contributions - ERB Plan

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statutorily required employer contribution | \$ 26,135,142 | \$ 25,880,341 | \$ 26,736,537 | \$ 28,006,297 | \$ 31,140,209 |
| Contribution in relation to the statutorily required contribution | <u>26,135,142</u> | <u>25,880,341</u> | <u>26,736,537</u> | <u>28,006,297</u> | <u>31,140,209</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered-employee payroll | 196,414,377 | 193,115,948 | 194,360,458 | 201,383,448 | 199,689,623 |
| Contributions as percentage of covered-employee payroll | 13.31 % | 13.40 % | 13.76 % | 13.91 % | 15.59 % |

Notes to Schedules:

Changes of Benefit Terms and Assumptions

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|---|-------------|------------------------------|---------------------------|----------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | |
| AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) - DIRECT | | | | | |
| | AGENCY FOR INTERNATIONAL DEVELOPMENT | 98.rd | | \$ 28,948 | \$ 42,495 |
| | | | 98.rd Total | \$ 28,948 | \$ 42,495 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | | | | | |
| | DEPARTMENT OF AGRICULTURE | 10.rd | | \$ - | \$ 1,042 |
| | | | 10.rd Total | \$ - | \$ 1,042 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | | | | | |
| | DEPARTMENT OF DEFENSE | 12.rd | | \$ 2,985,082 | \$ 13,699,899 |
| DEPARTMENT OF DEFENSE (DOD) - PASS THRU | | | | | |
| Dynetics Inc | DEPARTMENT OF DEFENSE | 12.rd | 2012-307 | \$ - | \$ 2,029 |
| Georgia Institute of Technology | DEPARTMENT OF DEFENSE | 12.rd | FA8075-14-D-0018 | \$ - | \$ 8,810 |
| Beraneck Inc. | DEPARTMENT OF DEFENSE | 12.rd | FA8214-15-C-0001 | \$ - | \$ - |
| ATA Aerospace, LLC | DEPARTMENT OF DEFENSE | 12.rd | FA9453-14-D-0312/TO06 | \$ - | \$ 185,495 |
| Aerofjet Rocketdyne Coleman Aerospace | DEPARTMENT OF DEFENSE | 12.rd | HQ0147-14-C-0001 | \$ - | \$ 51,621 |
| Corvid Technologies, LLC | DEPARTMENT OF DEFENSE | 12.rd | N/A | \$ 387,438 | \$ 2,533,976 |
| Corvid Technologies, LLC | DEPARTMENT OF DEFENSE | 12.rd | N00178-19-D-5001 | \$ - | \$ 93,887 |
| JSL Technologies, Inc | DEPARTMENT OF DEFENSE | 12.rd | N00178-10-D-6124 | \$ - | \$ 216,768 |
| Kratos Defense & Security Solutions Inc | DEPARTMENT OF DEFENSE | 12.rd | N6899417F0038 | \$ - | \$ 29,102 |
| Teledyne Brown Engineering, Inc. | DEPARTMENT OF DEFENSE | 12.rd | W9113M-14-D-0005 | \$ - | \$ 29,198 |
| Teledyne Brown Engineering, Inc. | DEPARTMENT OF DEFENSE | 12.rd | W9113M-17-D-0008 | \$ - | \$ 87,437 |
| Booz Allen Hamilton Inc | DEPARTMENT OF DEFENSE | 12.rd | FA8075-14-D-0002 | \$ - | \$ 53,442 |
| Universal Technology Corporation | DEPARTMENT OF DEFENSE | 12.rd | FA8650-14-D-2411 | \$ - | \$ 14,789 |
| Hamilton Sundstrand | DEPARTMENT OF DEFENSE | 12.rd | FA8650-17-C-9101 | \$ - | \$ 128,837 |
| Tau Technologies, LLC | DEPARTMENT OF DEFENSE | 12.rd | FA8651-17-C-0030 | \$ - | \$ 22,118 |
| Tau Technologies, LLC | DEPARTMENT OF DEFENSE | 12.rd | FA9451-16-C-0406 | \$ - | \$ 38,113 |
| Tau Technologies, LLC | DEPARTMENT OF DEFENSE | 12.rd | FA9451-19-P-0585 | \$ - | \$ 14,447 |
| NorthWest Research Associates, Inc. | DEPARTMENT OF DEFENSE | 12.rd | FA9550-17-C-0021 | \$ - | \$ 31,736 |
| Science Research Laboratory | DEPARTMENT OF DEFENSE | 12.rd | HQ0147-16-C-7725 | \$ - | \$ 22,282 |
| Northrop Grumman Aerospace Sector | DEPARTMENT OF DEFENSE | 12.rd | N/A | \$ - | \$ 20,853 |
| Luna Innovations Incorporated | DEPARTMENT OF DEFENSE | 12.rd | W9115R-16-C-050 | \$ - | \$ 15,172 |
| Luna Innovations Incorporated | DEPARTMENT OF DEFENSE | 12.rd | W9115R-18-C0043 | \$ - | \$ 11,812 |
| Oceanit Laboratories Inc. | DEPARTMENT OF DEFENSE | 12.rd | W9115R-16-C-0065 | \$ - | \$ (4,339) |
| PHYSICAL SCIENCES, INCORPORATED | DEPARTMENT OF DEFENSE | 12.rd | W9115R-17-C-0013 | \$ - | \$ 3,154 |
| Ventana Research Corporation | DEPARTMENT OF DEFENSE | 12.rd | W9115R-18-C-0003 | \$ - | \$ 4,941 |
| Applied Sciences, Inc. | DEPARTMENT OF DEFENSE | 12.rd | W9115R-18-C0018 | \$ - | \$ 31,088 |
| | | | 12.rd Total | \$ 3,372,520 | \$ 17,346,667 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | | | | | |
| Los Alamos National Security LLC | DEPARTMENT OF ENERGY | 81.rd | 89233218CNA000001 | \$ - | \$ 5,804 |
| Los Alamos National Security LLC | DEPARTMENT OF ENERGY | 81.rd | DE-AC52-06NA25396 | \$ - | \$ 64,600 |
| Los Alamos National Security LLC | DEPARTMENT OF ENERGY | 81.rd | ACS2-06NA25396 | \$ - | \$ 107,717 |
| Los Alamos National Security LLC | DEPARTMENT OF ENERGY | 81.rd | DEC-ACS2-06NA25396 | \$ - | \$ 14,889 |
| New Mexico Consortium, Inc. | DEPARTMENT OF ENERGY | 81.rd | DE-AC52-06NA25396 | \$ - | \$ 201,957 |
| New Mexico Consortium, Inc. | DEPARTMENT OF ENERGY | 81.rd | LANS IA NO. 0171 | \$ - | \$ 30,158 |
| New Mexico Consortium, Inc. | DEPARTMENT OF ENERGY | 81.rd | NO. 0171 DE-AC52-06NA25396 | \$ - | \$ 43,445 |
| Sandia Corporation | DEPARTMENT OF ENERGY | 81.rd | N/A | \$ - | \$ 151,158 |
| Sandia Corporation | DEPARTMENT OF ENERGY | 81.rd | 1190106 | \$ - | \$ 83,449 |
| Triad National Security, LLC | DEPARTMENT OF ENERGY | 81.rd | DE-AC52-06NA25396 | \$ - | \$ 445,242 |
| Triad National Security, LLC | DEPARTMENT OF ENERGY | 81.rd | 173851965 | \$ - | \$ 47,508 |
| Triad National Security, LLC | DEPARTMENT OF ENERGY | 81.rd | DEC-ACS2-06NA25396 | \$ - | \$ 34,682 |
| NTESS Sandia National Laboratories | DEPARTMENT OF ENERGY | 81.rd | N/A | \$ - | \$ 3,517 |
| NTESS Sandia National Laboratories | DEPARTMENT OF ENERGY | 81.rd | 1875431 | \$ - | \$ 329,552 |
| Argonne National Laboratory | DEPARTMENT OF ENERGY | 81.rd | DE-AC02-06CH11357 | \$ - | \$ 212 |
| UT-Battelle LLC | DEPARTMENT OF ENERGY | 81.rd | DE-AC05-000R22725 | \$ - | \$ 63,885 |
| Battelle Energy Alliance, LLC | DEPARTMENT OF ENERGY | 81.rd | DE-AC07-015D14517 | \$ - | \$ 54,168 |
| Idaho National Laboratory | DEPARTMENT OF ENERGY | 81.rd | DE-AC07-05D14517 | \$ 14,442 | \$ 47,494 |
| National Renewable Energy Laboratory | DEPARTMENT OF ENERGY | 81.rd | DE-AC36-08G028308 | \$ - | \$ 41,992 |
| Nuclear Waste Partnership LLC | DEPARTMENT OF ENERGY | 81.rd | DE-EM0001971 | \$ - | \$ 246,334 |
| Nuclear Waste Partnership LLC | DEPARTMENT OF ENERGY | 81.rd | DE-EM-0001971 | \$ - | \$ (2,137) |
| Nuclear Waste Partnership LLC | DEPARTMENT OF ENERGY | 81.rd | DOE-STD-1112-98 | \$ - | \$ 10,737 |
| Brookhaven National Laboratory | DEPARTMENT OF ENERGY | 81.rd | N/A | \$ - | \$ 90,262 |
| | | | 81.rd Total | \$ 14,442 | \$ 2,116,625 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | DEPARTMENT OF HEALTH & HUMAN SERVICES | 93.rd | | \$ 11,175 | \$ 793,681 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| University of Texas | DEPARTMENT OF HEALTH & HUMAN SERVICES | 93.rd | 5U01A115577-04 | \$ - | \$ 10,500 |
| | | | 93.rd Total | \$ 11,175 | \$ 804,181 |
| DEPARTMENT OF INTERIOR (DOI) - PASS THRU | | | | | |
| State of NM Dept Of Game And Fish | DEPARTMENT OF INTERIOR | 15.rd | N/A | \$ - | \$ 5,028 |
| State of NM Dept Of Game And Fish | DEPARTMENT OF INTERIOR | 15.rd | F18AF00280 | \$ - | \$ 49,734 |
| State of NM Dept Of Game And Fish | DEPARTMENT OF INTERIOR | 15.rd | SPORTFISH RESTORATION F-91-M | \$ - | \$ 30,890 |
| New Mexico Association of Conservation District | DEPARTMENT OF INTERIOR | 15.rd | N/A | \$ - | \$ 12,139 |
| | | | 15.rd Total | \$ - | \$ 97,791 |
| DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT | | | | | |
| | AIR TRANSPORTATION CENTERS FO EXCELLENCE | 20.109 | | \$ 46,759 | \$ 141,817 |
| | | | 20.109 Total | \$ 46,759 | \$ 141,817 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT | | | | | |
| | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | | \$ - | \$ 263,232 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU | | | | | |
| Orbital Science Corporation | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | N/A | \$ - | \$ 8,714 |
| Orbital Science Corporation | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | NNG15WA53C | \$ - | \$ 98,300 |
| Orbital Science Corporation | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | NNG16WA70C | \$ - | \$ 566,310 |
| Peraton Inc. | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | NNG09DA01C | \$ - | \$ 353,560 |
| Space Telescope Science Institute | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | NAS5-26555 | \$ - | \$ 53,382 |
| California Institute of Technology | NATIONAL AERONAUTICS & SPACE ADMINISTRATION | 43.rd | NNN12AA01C | \$ - | \$ 54,028 |
| | | | 43.rd Total | \$ - | \$ 1,397,526 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | | | | | |
| | NATIONAL SCIENCE FOUNDATION | 47.rd | | \$ - | \$ 122,284 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | | | | | |
| Regents University of California Davis | NATIONAL SCIENCE FOUNDATION | 47.rd | 1758009 | \$ - | \$ 17,698 |
| University of Texas at El Paso | NATIONAL SCIENCE FOUNDATION | 47.rd | 1834620 | \$ 26,097 | \$ 81,868 |
| Stanford University | NATIONAL SCIENCE FOUNDATION | 47.rd | N/A | \$ - | \$ (11,240) |
| Arizona State University | NATIONAL SCIENCE FOUNDATION | 47.rd | N/A | \$ - | \$ 15,960 |
| | | | 47.rd Total | \$ 26,097 | \$ 226,570 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|---|-------------|-----------------------|---------------------------|---------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | AGRICULTURAL RESEARCH_BASIC & APPLIED | 10.001 | | \$ - | \$ 1,899,488 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Texas Tech University | AGRICULTURAL RESEARCH_BASIC & APPLIED | 10.001 | 58-3090-5-009 | \$ - | \$ 3,185 |
| | | | 10.001 Total | \$ - | \$ 1,902,673 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | PLANT & ANIMAL DISEASE, PEST CONTROL, & ANIMAL CARE | 10.025 | | \$ - | \$ 190,516 |
| | | | 10.025 Total | \$ - | \$ 190,516 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SPECIALTY CROP BLOCK GRANT | 10.170 | | \$ 125,656 | \$ 412,375 |
| | | | 10.170 Total | \$ 125,656 | \$ 412,375 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | GRANTS FOR AGRICULTURAL RESEARCH | 10.200 | | \$ 59,873 | \$ 852,942 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Kansas State University Regents University of California Davis | GRANTS FOR AGRICULTURAL RESEARCH | 10.200 | 2015-38624-24333 | \$ - | \$ 32,756 |
| | GRANTS FOR AGRICULTURAL RESEARCH | 10.200 | 2017-34383-27027 | \$ - | \$ 81,173 |
| | | | 10.200 Total | \$ 59,873 | \$ 966,871 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | HATCH FEDERAL APPROPRIATIONS | 10.203 | | \$ - | \$ 1,471,766 |
| | | | 10.203 Total | \$ - | \$ 1,471,766 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | ANIMAL HEALTH FEDERAL APPROPRIATION | 10.207 | | \$ - | \$ 50,124 |
| | | | 10.207 Total | \$ - | \$ 50,124 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SUSTAINABLE USE OF BIOMASS RESOURCE | 10.210 | | \$ - | \$ 43,713 |
| | | | 10.210 Total | \$ - | \$ 43,713 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Utah State University Utah State University Montana State University | SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION | 10.215 | 2014-38640-22175 | \$ 45,076 | \$ 93,136 |
| | SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION | 10.215 | 2017-38640-26913 | \$ - | \$ 72,353 |
| | SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION | 10.215 | 2018-38640-28418 | \$ - | \$ 6,997 |
| | | | 10.215 Total | \$ 45,076 | \$ 172,486 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | | \$ 129,589 | \$ 537,617 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Texas University of Texas University of Texas University of Texas at El Paso Texas State University The Florida International University Board of Trustees Texas A&M University- Kingsville | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2014-38422-22078 | \$ - | \$ 5,767 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2015-35422-24112 | \$ - | \$ 113,066 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2015-38422-24059 (03) | \$ - | \$ 68,075 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2018-38422-28564 | \$ - | \$ 22,984 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2014-38422-22084 | \$ - | \$ 16,915 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2015-38422-24075 | \$ - | \$ 80,652 |
| | HISPANIC SERVING INSTITUTION GRANTS | 10.223 | 2017-38422-27298 | \$ - | \$ 91,187 |
| | | | 10.223 Total | \$ 129,589 | \$ 936,263 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Dine College | TRADITION NAVAJO FOOD & FIBER CROP | 10.227 | 2017-38424-27081 | \$ - | \$ 5,397 |
| | | | 10.227 Total | \$ - | \$ 5,397 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Regents of the University of Minnesota | INTERNATIONAL BENCHMARKING OF U.S. | 10.290 | 58-0111-17-016 | \$ - | \$ (1,016) |
| | | | 10.290 Total | \$ - | \$ (1,016) |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | BREEDING NON-COMMODITY CORN FOR ORG | 10.307 | | \$ - | \$ 12,857 |
| | | | 10.307 Total | \$ - | \$ 12,857 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | | \$ 462,721 | \$ 708,167 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Washington State University University of Florida | SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | 20185118128435 | \$ - | \$ 39,584 |
| | SPECIALTY CROP RESEARCH INITIATIVE | 10.309 | 2015-70016-23010 | \$ - | \$ 81,663 |
| | | | 10.309 Total | \$ 462,721 | \$ 829,414 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | | \$ 196,879 | \$ 502,215 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Arizona University of Tennessee University of Texas Texas A&M University Texas A&M University Texas A&M University Colorado State University Colorado State University Virginia Polytechnic Institute and State University The Board of Trustees of the University of Illinois University of Maryland | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2017-68005-26867 | \$ - | \$ 631,471 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2014-67001-2185 | \$ - | \$ 1,817 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2015-68007-23130 | \$ - | \$ 120,590 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2015-68001-23234 | \$ - | \$ 40,481 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2017-608008-26205 | \$ - | \$ 45,159 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2017-68007-26318 | \$ - | \$ 158,527 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2015-68001-23240 | \$ - | \$ 185,080 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2016-68007-25066 | \$ - | \$ 61,419 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2015-68003-23050 | \$ - | \$ 13,500 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 2016-67019-25212 | \$ - | \$ 68,193 |
| | AGRICULTURE & FOOD RESEARCH INITIATIVE | 10.310 | 201668007-25064 | \$ - | \$ 105,760 |
| | | | 10.310 Total | \$ 196,879 | \$ 1,934,212 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Texas A&M University State of Oklahoma | SUN GRANT PROGRAM | 10.320 | 2014-38502-22598 | \$ - | \$ 8,198 |
| | SUN GRANT PROGRAM | 10.320 | 2014-38502-22598 | \$ 33,932 | \$ 167,965 |
| | | | 10.320 Total | \$ 33,932 | \$ 176,163 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | FOREST HEALTH PROTECTION | 10.680 | | \$ - | \$ 220 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Energy And Minerals Department | FOREST HEALTH PROTECTION | 10.680 | N/A | \$ - | \$ 5,456 |
| | | | 10.680 Total | \$ - | \$ 5,676 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | METHODS DEVELOPMENT TIMBER TRACKING | 10.684 | | \$ - | \$ 22,570 |
| | | | 10.684 Total | \$ - | \$ 22,570 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | BORLAUG AGRICULTURE SCIENCE & TECH FELLOWSHIP | 10.777 | | \$ - | \$ 26,238 |
| | | | 10.777 Total | \$ - | \$ 26,238 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SOIL & WATER CONSERVATION | 10.902 | | \$ 23,226 | \$ 242,449 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Pheasants Forever Inc. and Quail Forever | SOIL & WATER CONSERVATION | 10.902 | 68-3A75-14-120 | \$ - | \$ 6,142 |
| | | | 10.902 Total | \$ 23,226 | \$ 248,591 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|--|-------------|------------------------------|---------------------------|--------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SOIL SURVEY | 10.903 | | \$ - | \$ 75,936 |
| | | | 10.903 Total | \$ - | \$ 75,936 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | PLANT MATERIALS FOR CONSERVATION | 10.905 | | \$ - | \$ 60,246 |
| | | | 10.905 Total | \$ - | \$ 60,246 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | STRATEGIES TO IMPROVE SOIL & WATER | 10.912 | | \$ - | \$ 569,947 |
| | | | 10.912 Total | \$ - | \$ 569,947 |
| DEPARTMENT OF COMMERCE (DOC) - PASS THRU University of Arizona University of Arizona | CLIMAS AIR QUALITY & CLIMATE ASSE | 11.431 | NA12OAR4310124 | \$ - | \$ 681 |
| | CLIMAS AIR QUALITY & CLIMATE ASSE | 11.431 | NA17OAR4310288 | \$ - | \$ 74,416 |
| | | | 11.431 Total | \$ - | \$ 75,097 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | BASIC & APPLIED SCIENTIFIC RESEARCH | 12.300 | | \$ 202,792 | \$ 390,160 |
| | | | 12.300 Total | \$ 202,792 | \$ 390,160 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | BASIC SCIENTIFIC RESEARCH | 12.431 | | \$ 139,900 | \$ 1,287,831 |
| | | | 12.431 Total | \$ 139,900 | \$ 1,287,831 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | RESEARCH AND TECHNICAL ASSISTANCE | 12.615 | | \$ - | \$ 40,892 |
| DEPARTMENT OF DEFENSE (DOD) - PASS THRU New Mexico Institute of Mining and Technology | RESEARCH AND TECHNICAL ASSISTANCE | 12.615 | FA9453-18-0073 | \$ - | \$ 10,510 |
| | | | 12.615 Total | \$ - | \$ 51,402 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | BASIC, APPLIED, & ADVANCED RESEARCH IN SCIENCE & ENG | 12.630 | | \$ - | \$ 175,405 |
| | | | 12.630 Total | \$ - | \$ 175,405 |
| DEPARTMENT OF DEFENSE (DOD) - DIRECT | AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | | \$ - | \$ 240,314 |
| DEPARTMENT OF DEFENSE (DOD) - PASS THRU University of Arizona | AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM | 12.800 | FA9550-15-1-0430 | \$ - | \$ 2,607 |
| | | | 12.800 Total | \$ - | \$ 242,921 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | CULTURAL RESOURCE MANAGEMENT | 15.224 | | \$ - | \$ 3,902 |
| | | | 15.224 Total | \$ - | \$ 3,902 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT | 15.231 | | \$ - | \$ 94,971 |
| DEPARTMENT OF INTERIOR (DOI) - PASS THRU New Mexico Association of Conservation District | FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT | 15.231 | L15AC000274 | \$ - | \$ 47,380 |
| | | | 15.231 Total | \$ - | \$ 142,351 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | INVESTIGATION, EVALUATION & INTER | 15.238 | | \$ - | \$ 5,836 |
| | | | 15.238 Total | \$ - | \$ 5,836 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | WATER DESALINATION RESEARCH & DEV | 15.506 | | \$ - | \$ 518,993 |
| | | | 15.506 Total | \$ - | \$ 518,993 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | COLORADO RIVER BASIN PROJECTS ACT OF 1968 | 15.541 | | \$ - | \$ 3,127 |
| | | | 15.541 Total | \$ - | \$ 3,127 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | SECURE WATER ACT | 15.560 | | \$ - | \$ 32,649 |
| | | | 15.560 Total | \$ - | \$ 32,649 |
| DEPARTMENT OF INTERIOR (DOI) - PASS THRU State of NM Dept Of Game And Fish State of NM Dept Of Game And Fish | WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | GFDW180D1 | \$ - | \$ 216,240 |
| | WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION | 15.611 | WILDLIFE RESTOR GRNT W-139-R | \$ - | \$ 27,364 |
| | | | 15.611 Total | \$ - | \$ 243,604 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | RESEARCH GRANTS, GENERIC | 15.650 | | \$ - | \$ 17,586 |
| | | | 15.650 Total | \$ - | \$ 17,586 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | MIGRATORY BIRD MONITORING, ASSESSMENT & CONSERV | 15.655 | | \$ - | \$ 61,509 |
| | | | 15.655 Total | \$ - | \$ 61,509 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | ASSISTANCE TO STATE WATER RESEARCH INSTITUTES | 15.805 | | \$ 2,406 | \$ 220,515 |
| | | | 15.805 Total | \$ 2,406 | \$ 220,515 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | EARTHQUAKE HAZARDS RESEARCH | 15.807 | | \$ - | \$ 39,796 |
| DEPARTMENT OF INTERIOR (DOI) - PASS THRU SOUTHERN CALIFORNIA EARTHQUAKE CENTER | EARTHQUAKE HAZARDS RESEARCH | 15.807 | G17AC00047 | \$ - | \$ 8,353 |
| | | | 15.807 Total | \$ - | \$ 48,149 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | US GEOLOGICAL SURVEY | 15.808 | | \$ 221,075 | \$ 353,228 |
| | | | 15.808 Total | \$ 221,075 | \$ 353,228 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | COOPERATIVE RESEARCH UNITS PROGRAM | 15.812 | | \$ - | \$ 269,357 |
| | | | 15.812 Total | \$ - | \$ 269,357 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | COOPERATIVE RESEARCH & TRAINING PROGRAM | 15.945 | | \$ 13,103 | \$ 246,650 |
| | | | 15.945 Total | \$ 13,103 | \$ 246,650 |
| DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU Louisiana State University and A & M College Board of Regents Nevada System of Higher Education | UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | 69A3551747106 | \$ - | \$ 96,579 |
| | UNIVERSITY TRANSPORTATION CENTERS PROGRAM | 20.701 | UNR-14-59 (DTR13-G-UTC55) | \$ - | \$ 1,894 |
| | | | 20.701 Total | \$ - | \$ 98,473 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT | SCIENCE GRANTS | 43.001 | | \$ - | \$ 1,577,231 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU NorthWest Research Associates, Inc. NorthWest Research Associates, Inc. California Institute of Technology William Marsh Rice University | SCIENCE GRANTS | 43.001 | 80NSSC18K0071 | \$ - | \$ 45,674 |
| | SCIENCE GRANTS | 43.001 | NWRA-16-S-186 | \$ - | \$ 2,481 |
| | SCIENCE GRANTS | 43.001 | NNN12AA01C | \$ - | \$ 28,034 |
| | SCIENCE GRANTS | 43.001 | NNX17AD31G | \$ - | \$ 35,149 |
| | | | 43.001 Total | \$ - | \$ 1,688,569 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|---|-------------|---------------------|---------------------------|--------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT | SPACE OPERATIONS | 43.007 | | \$ - | \$ 14,289 |
| | | | 43.007 Total | \$ - | \$ 14,289 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT | EDUCATION | 43.008 | | \$ 403,903 | \$ 1,555,135 |
| | | | 43.008 Total | \$ 403,903 | \$ 1,555,135 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT | ABSORPTION OF NDMA ON CARBONS | 43.010 | | \$ - | \$ 156,525 |
| | | | 43.010 Total | \$ - | \$ 156,525 |
| NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - PASS THRU | AMERASIA: A RENAISSANCE DISCOVERY | 45.161 | RZ-249862-16 | \$ - | \$ 106,843 |
| New York University | | | 45.161 Total | \$ - | \$ 106,843 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | ENGINEERING GRANTS | 47.041 | | \$ - | \$ 737,850 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | ENGINEERING GRANTS | 47.041 | 1559984 | \$ - | \$ 31,180 |
| Stanford University | ENGINEERING GRANTS | 47.041 | EEC-1028968 | \$ - | \$ 602,800 |
| Stanford University | ENGINEERING GRANTS | 47.041 | 1449501 | \$ - | \$ 16,000 |
| Arizona State University | ENGINEERING GRANTS | 47.041 | EEC-1449501 | \$ 4,000 | \$ 475,525 |
| Arizona State University | ENGINEERING GRANTS | 47.041 | 1662098 | \$ - | \$ 54,049 |
| University Systems of New Hampshire | ENGINEERING GRANTS | 47.041 | | \$ 4,000 | \$ 1,917,404 |
| | | | 47.041 Total | \$ 4,000 | \$ 1,917,404 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | MATHEMATICAL & PHYSICAL SCIENCES | 47.049 | | \$ 296,369 | \$ 1,144,500 |
| | | | 47.049 Total | \$ 296,369 | \$ 1,144,500 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | GEOSCIENCES | 47.050 | | \$ - | \$ 309,945 |
| | | | 47.050 Total | \$ - | \$ 309,945 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | COMPUTER & INFORMATION SCIENCE & ENGINEERING | 47.070 | | \$ - | \$ 870,923 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | COMPUTER & INFORMATION SCIENCE & ENGINEERING | 47.070 | 1551221 | \$ - | \$ 33,983 |
| University of Texas at El Paso | COMPUTER & INFORMATION SCIENCE & ENGINEERING | 47.070 | 1838364 | \$ - | \$ 567 |
| Washington University | COMPUTER & INFORMATION SCIENCE & ENGINEERING | 47.070 | | \$ - | \$ 905,473 |
| | | | 47.070 Total | \$ - | \$ 905,473 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | BIOLOGICAL SCIENCES | 47.074 | | \$ 133,916 | \$ 1,867,711 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | BIOLOGICAL SCIENCES | 47.074 | 1602081 | \$ - | \$ 4,863 |
| Northern Arizona University | | | 47.074 Total | \$ 133,916 | \$ 1,872,574 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | SOCIAL, BEHAVIORAL, & ECONOMIC SCIENCES | 47.075 | | \$ 46,174 | \$ 608,439 |
| | | | 47.075 Total | \$ 46,174 | \$ 608,439 |
| NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT | EDUCATION & HUMAN RESOURCES | 47.076 | | \$ 359,972 | \$ 2,962,836 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | EDUCATION & HUMAN RESOURCES | 47.076 | NSF DUE-1601548 | \$ - | \$ 35,765 |
| National Alliance for Partnerships in Equity Education Found | | | 47.076 Total | \$ 359,972 | \$ 2,998,601 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | NM EPSCOR RII 4: ENERGIZE NEW MEXIC | 47.080 | IIA-1301346 | \$ - | \$ 62,713 |
| University of New Mexico | | | 47.080 Total | \$ - | \$ 62,713 |
| NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU | OFFICE OF INTEGRATIVE ACTIVITIES | 47.083 | OIA-1757207 | \$ - | \$ 152,641 |
| University of New Mexico | OFFICE OF INTEGRATIVE ACTIVITIES | 47.083 | 1826834 | \$ - | \$ 4,793 |
| North Dakota State University | | | 47.083 Total | \$ - | \$ 157,434 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU | SEDIMENT & AGRICULTURAL SAMPLING | 66.204 | 01F22301 | \$ - | \$ 84,146 |
| State of New Mexico | | | 66.204 Total | \$ - | \$ 84,146 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT | POLLUTION PREVENTION GRANTS | 66.708 | | \$ - | \$ 148,914 |
| | | | 66.708 Total | \$ - | \$ 148,914 |
| DEPARTMENT OF ENERGY (DOE) - DIRECT | OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM | 81.049 | | \$ - | \$ 639,957 |
| | | | 81.049 Total | \$ - | \$ 639,957 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | IMPROVED & CATALYTIC HYDROTHERMAL | 81.079 | DE-AC05-76RL01830 | \$ - | \$ 45,773 |
| Battelle Memorial Institute | | | 81.079 Total | \$ - | \$ 45,773 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | RENEWAL ENERGY RESEARCH & DEVELOPMENT | 81.087 | DE-EE0008122 | \$ - | \$ 5,906 |
| New Mexico Consortium, Inc. | RENEWAL ENERGY RESEARCH & DEVELOPMENT | 81.087 | DEEE0007562 | \$ - | \$ 94,861 |
| Arizona State University | | | 81.087 Total | \$ - | \$ 100,767 |
| DEPARTMENT OF ENERGY (DOE) - DIRECT | FOSSIL ENERGY RESEARCH AND DEVELOPMENT | 81.089 | | \$ 9,841 | \$ 83,771 |
| | | | 81.089 Total | \$ 9,841 | \$ 83,771 |
| DEPARTMENT OF ENERGY (DOE) - DIRECT | ENVIR REMEDIATION & WASTE PROCESSING & DISPOSAL | 81.104 | | \$ - | \$ 2,969,921 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | ENVIR REMEDIATION & WASTE PROCESSING & DISPOSAL | 81.104 | DE-AC09-08SR22470 | \$ 13,858 | \$ 277,089 |
| Savannah River Nuclear Solutions, LLC | | | 81.104 Total | \$ 13,858 | \$ 3,247,010 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | ADVANCED RESEARCH PROJECTS AGENCY | 81.135 | DE-AR0000976 | \$ - | \$ 85,915 |
| North Carolina State University | ADVANCED RESEARCH PROJECTS AGENCY | 81.135 | DE-AR0000986 | \$ - | \$ 177,913 |
| General Graphene Corp. | | | 81.135 Total | \$ - | \$ 263,828 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | EXTENDING ACADEMIC ANALYTICS: APPLI | 84.120 | | \$ 23,882 | \$ 261,975 |
| | | | 84.120 Total | \$ 23,882 | \$ 261,975 |
| DEPARTMENT OF EDUCATION (EDUC) - PASS THRU | INSTITUTE OF EDUCATION SCIENCES | 84.305 | R305A180060 | \$ - | \$ 52,452 |
| Texas A&M University | | | 84.305 Total | \$ - | \$ 52,452 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | FOOD & DRUG ADMINISTRATION RESEARCH | 93.103 | | \$ - | \$ 1,152,599 |
| | | | 93.103 Total | \$ - | \$ 1,152,599 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED | 93.110 | | \$ - | \$ 11,375 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|--|---|-------------|---------------------|---------------------------|--------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico | MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED | 93.110 | T04MC26891 | \$ - | \$ 34,992 |
| | | | 93.110 Total | \$ - | \$ 46,367 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | RESEARCH RELATED TO DEAFNESS & COMMUNICATION | 93.173 | | \$ - | \$ 315,343 |
| | | | 93.173 Total | \$ - | \$ 315,343 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico | OCCUPATIONAL SAFETY AND HEALTH PROGRAM | 93.262 | 2U54OH0047541-16 | \$ - | \$ 2,891 |
| | | | 93.262 Total | \$ - | \$ 2,891 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | DISCOVERY & RESEARCH FOR TECH INNOVATIONS | 93.286 | | \$ - | \$ 9,153 |
| | | | 93.286 Total | \$ - | \$ 9,153 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU State of New Mexico | CHARACTERIZATION & CONTROL OF AED | 93.323 | 5NU5OCK000413 | \$ - | \$ 72,455 |
| | | | 93.323 Total | \$ - | \$ 72,455 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | PARTNERSHIP FOR THE ADVANCEMENT | 93.397 | | \$ - | \$ 188,059 |
| | | | 93.397 Total | \$ - | \$ 188,059 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | FDA FERN COOPERATIVE AGREEMENT(U18) | 93.448 | | \$ - | \$ 231,583 |
| | | | 93.448 Total | \$ - | \$ 231,583 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH | 93.855 | | \$ - | \$ 104,362 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of Texas University of Texas | ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH | 93.855 | 1U01AI115577-01 | \$ - | \$ (16,949) |
| | ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH | 93.855 | 5U01AI115577-03 | \$ - | \$ 107,919 |
| | | | 93.855 Total | \$ - | \$ 195,332 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | | \$ 2,188,779 | \$ 5,450,933 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico University of New Mexico Board of Regents Nevada System of Higher Education Board of Regents Nevada System of Higher Education El Paso Community College Regents of the University of Colorado | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 1R01CA94496-01A1 | \$ - | \$ 68,902 |
| | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 2K12GM088021-06 | \$ - | \$ 17,553 |
| | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 5U54GM104944-05 | \$ - | \$ 2,178 |
| | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 2U54GM104944-06 | \$ - | \$ 40,932 |
| | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 1R25GM123928-01 | \$ - | \$ 21,322 |
| | BIOMEDICAL RESEARCH & RESEARCH TRAINING | 93.859 | 2r25ns080685-06 | \$ - | \$ 127,431 |
| | | | 93.859 Total | \$ 2,188,779 | \$ 5,729,251 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | CHILD HEALTH & HUMAN DEV EXTRAMURAL RESEARCH | 93.865 | | \$ - | \$ 274,320 |
| | | | 93.865 Total | \$ - | \$ 274,320 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU PCI Global | HEALTHY START INITIATIVE | 93.926 | UFMC31238-02-01 | \$ - | \$ 1,179 |
| | | | 93.926 Total | \$ - | \$ 1,179 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU Dona Ana County Dona Ana County | ASSISTED OUTPATIENT TREATMENT | 93.997 | 1H79SM063538 | \$ - | \$ 131,894 |
| | ASSISTED OUTPATIENT TREATMENT | 93.997 | 1H79SM063538-01 | \$ - | \$ 10,052 |
| | | | 93.997 Total | \$ - | \$ 141,946 |
| DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU Northeastern University | CENTERS FOR HOMEL& SECURITY | 97.061 | 2013-ST-061-ED0001 | \$ - | \$ 2,813 |
| | | | 97.061 Total | \$ - | \$ 2,813 |
| | RESEARCH & DEVELOPMENT CLUSTER TOTAL | | | \$ 8,636,863 | \$ 63,566,805 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|--|---|----------------|--------------|------------------------------|----------------------|
| STUDENT FINANCIAL AID CLUSTER | | | | | |
| DEPARTMENT OF EDUCATION (EDUC) - LOANS | | | | | |
| | PERKINS LOANS - BEGINNING BALANCE | 84.038 | | \$ - | \$ 10,468,888 |
| | PERKINS LOAN CANCELLATIONS | 84.038 | | \$ - | \$ 35,845 |
| | TOTAL PERKINS LOANS | | | \$ - | \$ 10,504,733 |
| | FEDERAL DIRECT LOANS | 84.268 | | \$ - | \$ 44,381,667 |
| | DEPARTMENT OF EDUCATION (EDUC) - LOANS Total | | | \$ - | \$ 54,886,400 |
| DEPARTMENT OF EDUCATION (EDUC) | | | | | |
| | FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | \$ - | \$ 1,254,214 |
| | FEDERAL WORK-STUDY PROGRAM | 84.033 | | \$ - | \$ 613,097 |
| | FEDERAL PELL GRANT PROGRAM | 84.063 | | \$ - | \$ 42,359,877 |
| | TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER ED GRANTS | 84.379 | | \$ - | \$ 13,108 |
| | DEPARTMENT OF EDUCATION (EDUC) Total | | | \$ - | \$ 44,240,296 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) | | | | | |
| | SCHOLARSHIPS FOR DISADVANTAGED STUDENTS | 93.925 | | \$ - | \$ 309,525 |
| | DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total | | | \$ - | \$ 309,525 |
| | TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER | | | \$ - | \$ 99,436,221 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|--|-------------|-----------------------|---------------------------|--------------------|
| INDIVIDUAL AWARDS - OTHER | | | | | |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | WILDLIFE SERVICES | 10.028 | | \$ - | \$ 41,560 |
| | | | 10.028 Total | \$ - | \$ 41,560 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | ORGANIC CERTIFICATION COST SHARE | 10.171 | | \$ - | \$ 7,213 |
| | | | 10.171 Total | \$ - | \$ 7,213 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | SECONDARY AND TWO-YEAR AGRICULTURE EDUCATION | 10.226 | | \$ - | \$ 48 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Tennessee | SECONDARY AND TWO-YEAR AGRICULTURE EDUCATION | 10.226 | 2015-38414-24223 | \$ - | \$ 22,474 |
| | | | 10.226 Total | \$ - | \$ 22,522 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | CONSUMER DATA AND NUTRITION RESEARCH | 10.253 | | \$ - | \$ 85,452 |
| | | | 10.253 Total | \$ - | \$ 85,452 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | HOMELAND SECURITY_AGRICULTURAL | 10.304 | | \$ - | \$ 48,258 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Purdue University | HOMELAND SECURITY_AGRICULTURAL | 10.304 | 2017-37620-27136 | \$ - | \$ 7,400 |
| Regents University of California Davis | HOMELAND SECURITY_AGRICULTURAL | 10.304 | 2016-37620-25851 | \$ - | \$ 24,022 |
| | | | 10.304 Total | \$ - | \$ 79,680 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | BEGINNING FARMER AND RANCHER DEVELOPMENT PRO | 10.311 | | \$ 62,327 | \$ 156,968 |
| | | | 10.311 Total | \$ 62,327 | \$ 156,968 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | NATIONAL FOOD SAFETY TRAINING, EDUCATION | 10.328 | | \$ - | \$ 22,445 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU State of Oregon | NATIONAL FOOD SAFETY TRAINING, EDUCATION | 10.328 | 2018-70020-28879 | \$ - | \$ 942 |
| University of Maine System | NATIONAL FOOD SAFETY TRAINING, EDUCATION | 10.328 | 20187002028860 | \$ - | \$ 2,678 |
| University of Tennessee | NATIONAL FOOD SAFETY TRAINING, EDUCATION | 10.328 | 2016-70020-25803 | \$ - | \$ 13,320 |
| | | | 10.328 Total | \$ - | \$ 39,385 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | CROP PROTECTION AND PEST MANAGEMENT | 10.329 | | \$ 6,419 | \$ 157,745 |
| | | | 10.329 Total | \$ 6,419 | \$ 157,745 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | RURAL BUSINESS DEVELOPMENT | 10.351 | | \$ - | \$ 16,068 |
| | | | 10.351 Total | \$ - | \$ 16,068 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | FARM OPERATING LOANS | 10.406 | | \$ - | \$ (28) |
| | | | 10.406 Total | \$ - | \$ (28) |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | STATE MEDIATION GRANTS | 10.435 | | \$ - | \$ 85,597 |
| | | | 10.435 Total | \$ - | \$ 85,597 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED | 10.443 | | \$ - | \$ 73,710 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Developing Innovations in Navajo Education, Inc. DINE, Inc. | OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED | 10.443 | AO172501X443G010 | \$ - | \$ 9,209 |
| | | | 10.443 Total | \$ - | \$ 82,919 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | COOPERATIVE EXTENSION SERVICE | 10.500 | | \$ 37,098 | \$ 2,614,754 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Kansas State University | COOPERATIVE EXTENSION SERVICE | 10.500 | 2016-48696-25889 | \$ - | \$ 30,240 |
| Kansas State University | COOPERATIVE EXTENSION SERVICE | 10.500 | 2018-48661-28954 | \$ - | \$ 15,981 |
| University of Arizona | COOPERATIVE EXTENSION SERVICE | 10.500 | 00-41580-0867 | \$ - | \$ (8,374) |
| University of Arizona | COOPERATIVE EXTENSION SERVICE | 10.500 | 2017-41580-26946 | \$ - | \$ 55,368 |
| Washington State University | COOPERATIVE EXTENSION SERVICE | 10.500 | 2015-49200-24227 | \$ - | \$ 6,228 |
| Washington State University | COOPERATIVE EXTENSION SERVICE | 10.500 | 2018-70027-28587 | \$ - | \$ 2,862 |
| | | | 10.500 Total | \$ 37,098 | \$ 2,717,059 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Children Youth and Family Dept State NM | HEADSTART CHILD AND ADULT CARE FOOD | 10.558 | N/A | \$ - | \$ 122,458 |
| | | | 10.558 Total | \$ - | \$ 122,458 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Children Youth and Family Dept State NM | SUMMER FOOD PROGRAM FOR CHILDREN | 10.559 | N/A | \$ - | \$ 10,134 |
| | | | 10.559 Total | \$ - | \$ 10,134 |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Mississippi State University | RURAL DEVELOPMENT COOPERATIVE AGREEMENT | 10.890 | RD-RB-16-38 | \$ - | \$ 11,518 |
| | | | 10.890 Total | \$ - | \$ 11,518 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | CONSERVATION STEWARDSHIP PROGRAM | 10.924 | | \$ - | \$ 111,412 |
| | | | 10.924 Total | \$ - | \$ 111,412 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | TECHNICAL AGRICULTURAL ASSISTANCE | 10.960 | | \$ - | \$ 216,796 |
| | | | 10.960 Total | \$ - | \$ 216,796 |
| DEPARTMENT OF AGRICULTURE (USDA) - DIRECT | DEPARTMENT OF AGRICULTURE | 10.xx | | \$ - | \$ 61,948 |
| | | | 10.xx Total | \$ - | \$ 61,948 |
| DEPARTMENT OF COMMERCE (DOC) - DIRECT | CLUSTER GRANTS | 11.020 | | \$ - | \$ 196,573 |
| | | | 11.020 Total | \$ - | \$ 196,573 |
| DEPARTMENT OF COMMERCE (DOC) - DIRECT | ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE | 11.303 | | \$ - | \$ 13,853 |
| | | | 11.303 Total | \$ - | \$ 13,853 |
| DEPARTMENT OF COMMERCE (DOC) - PASS THRU Synoptic Data Corp. | DEPARTMENT OF COMMERCE | 11.xx | EA-133W-16-CQ-0054 | \$ - | \$ 35,794 |
| | | | 11.xx Total | \$ - | \$ 35,794 |
| DEPARTMENT OF DEFENSE (DOD) - PASS THRU AGEISS | DEPARTMENT OF DEFENSE | 12.xx | W91CRB18C0056 | \$ - | \$ 17,611 |
| New Mexico Higher Education Department | DEPARTMENT OF DEFENSE | 12.xx | V002A180032 | \$ - | \$ 47,065 |
| New Mexico Public Education Department | DEPARTMENT OF DEFENSE | 12.xx | PERKINS IV PL 109-270 | \$ - | \$ 5,229 |
| | | | 12.xx Total | \$ - | \$ 69,905 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | ENDANGERED SPECIES CONSERV- WOLF LIVESTOCK LOSS | 15.666 | | \$ 115,683 | \$ 115,683 |
| | | | 15.666 Total | \$ 115,683 | \$ 115,683 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|---|---|-------------|---------------------|---------------------------|--------------------|
| INDIVIDUAL AWARDS - OTHER | | | | | |
| DEPARTMENT OF INTERIOR (DOI) - PASS THRU | | | | | |
| America View | NATIONAL LAND REMOTE SENSING EDUCATION OUTREACH | 15.815 | G18AP00077 | \$ - | \$ 5,344 |
| | | | 15.815 Total | \$ - | \$ 5,344 |
| DEPARTMENT OF INTERIOR (DOI) - DIRECT | | | | | |
| | DEPARTMENT OF THE INTERIOR | 15.xx | | \$ - | \$ 314,814 |
| | | | 15.xx Total | \$ - | \$ 314,814 |
| DEPARTMENT OF LABOR (DOL) - PASS THRU | | | | | |
| Santa Fe Community College | TRADE ADJUSTMENT COMMUNITY COLLEGE | 17.282 | TC-26486-14-60-A-35 | \$ - | \$ 19,316 |
| | | | 17.282 Total | \$ - | \$ 19,316 |
| DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT | | | | | |
| | HIGHWAY TRAINING AND EDUCATION | 20.215 | | \$ - | \$ 42,414 |
| | | | 20.215 Total | \$ - | \$ 42,414 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU | | | | | |
| Jacobs Technology Inc. | NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | 43.xx | NNJ11HA02C | \$ - | \$ 222,858 |
| | | | 43.xx Total | \$ - | \$ 222,858 |
| NATIONAL ENDOWMENT FOR THE ARTS - PASS THRU | | | | | |
| New Mexico Department of Cultural Affairs | PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS | 45.025 | 1809831-61-18 | \$ - | \$ 5,357 |
| | | | 45.025 Total | \$ - | \$ 5,357 |
| NATIONAL ENDOWMENT FOR HUMANITIES - PASS THRU | | | | | |
| New Mexico Humanities Council | PROMOTION OF THE HUMANITIES FED/STATE PARTNERSHIP | 45.129 | SO253164-17 | \$ - | \$ 4,450 |
| | | | 45.129 Total | \$ - | \$ 4,450 |
| SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU | | | | | |
| New Mexico Small Business Development Center | SMALL BUSINESS DEVELOPMENT CENTERS | 59.037 | OSBDC-2018-02 | \$ - | \$ 122,634 |
| | | | 59.037 Total | \$ - | \$ 122,634 |
| SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT | | | | | |
| | FEDERAL AND STATE TECHNOLOGY PARTNERSHIP | 59.058 | | \$ - | \$ 120,799 |
| | | | 59.058 Total | \$ - | \$ 120,799 |
| SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU | | | | | |
| New Mexico Small Business Development Center | SMALL BUSINESS ADMINISTRATION | 59.xx | OSBDC-2018-02 | \$ - | \$ 13,941 |
| | | | 59.xx Total | \$ - | \$ 13,941 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT | | | | | |
| | CONSOLIDATED PESTICIDE ENFORCEMENT COOP | 66.700 | | \$ - | \$ 431,447 |
| | | | 66.700 Total | \$ - | \$ 431,447 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU | | | | | |
| Extension Foundation | EDUCATING NEW MEXICO'S PESTICIDE AP | 66.716 | 83698001 | \$ - | \$ 782 |
| | | | 66.716 Total | \$ - | \$ 782 |
| ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU | | | | | |
| State of New Mexico | GOLD KING MINE LONG TERM MONITORING | 66.802 | 01F16901 | \$ - | \$ 49,769 |
| | | | 66.802 Total | \$ - | \$ 49,769 |
| DEPARTMENT OF ENERGY (DOE) - PASS THRU | | | | | |
| Los Alamos National Security LLC | DEPARTMENT OF ENERGY | 81.xx | DE-AC52-06NA25396 | \$ - | \$ 25,912 |
| New Mexico Consortium, Inc. | DEPARTMENT OF ENERGY | 81.xx | DE-AC52-06NA25396 | \$ - | \$ (740) |
| Sandia Corporation | DEPARTMENT OF ENERGY | 81.xx | DE-AC04-A94AL85000 | \$ - | \$ 35,904 |
| Triad National Security, LLC | DEPARTMENT OF ENERGY | 81.xx | 89233218CNA000001 | \$ - | \$ 82,924 |
| Triad National Security, LLC | DEPARTMENT OF ENERGY | 81.xx | DE-AC52-06NA25396 | \$ - | \$ 51,335 |
| | | | 81.xx Total | \$ - | \$ 195,335 |
| DEPARTMENT OF EDUCATION (EDUC) - PASS THRU | | | | | |
| New Mexico Higher Education Department | ADULT EDUCATION | 84.002 | N/A | \$ - | \$ 107,833 |
| New Mexico Higher Education Department | ADULT EDUCATION | 84.002 | V002A170032 | \$ - | \$ (65) |
| New Mexico Higher Education Department | ADULT EDUCATION | 84.002 | V002A180032 | \$ - | \$ 446,368 |
| New Mexico Higher Education Department | ADULT EDUCATION | 84.002 | V02A170032 | \$ - | \$ 10,629 |
| | | | 84.002 Total | \$ - | \$ 564,765 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | HIGHER EDUCATION_INSTITUTIONAL AID | 84.031 | | \$ - | \$ 1,369,774 |
| | | | 84.031 Total | \$ - | \$ 1,369,774 |
| DEPARTMENT OF EDUCATION (EDUC) - PASS THRU | | | | | |
| New Mexico Public Education Department | CAREER AND TECHNICAL EDUCATION | 84.048 | V048A160031-16A | \$ - | \$ 32,392 |
| New Mexico Public Education Department | CAREER AND TECHNICAL EDUCATION | 84.048 | V048A170031 | \$ - | \$ 2,698 |
| New Mexico Public Education Department | CAREER AND TECHNICAL EDUCATION | 84.048 | V048A170031-17A | \$ - | \$ 41,192 |
| New Mexico Public Education Department | CAREER AND TECHNICAL EDUCATION | 84.048 | V048A180031-18A | \$ - | \$ 539,905 |
| New Mexico Public Education Department | CAREER AND TECHNICAL EDUCATION | 84.048 | V048S160031-16A | \$ - | \$ (630) |
| | | | 84.048 Total | \$ - | \$ 609,557 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | COLLEGE ASSISTANCE MIGRANT PGM CAMP | 84.149 | | \$ - | \$ 451,893 |
| | | | 84.149 Total | \$ - | \$ 451,893 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | GRADUATION ASSISTANCE IN AREAS OF NATIONAL NEED | 84.200 | | \$ - | \$ 34,806 |
| | | | 84.200 Total | \$ - | \$ 34,806 |
| DEPARTMENT OF EDUCATION (EDUC) - PASS THRU | | | | | |
| New Mexico Public Education Department | TWENTY-FIRST CENTURY COMMUNITY LEARNING | 84.287 | 5287C170031 | \$ - | \$ 2,251,052 |
| New Mexico Public Education Department | TWENTY-FIRST CENTURY COMMUNITY LEARNING | 84.287 | 5287C170031 | \$ - | \$ 2,119 |
| | | | 84.287 Total | \$ - | \$ 2,253,171 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | SPECIAL EDUCATION - PERSONNEL DEVELOPMENT | 84.325 | | \$ 65,396 | \$ 182,588 |
| | | | 84.325 Total | \$ 65,396 | \$ 182,588 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | ENGLISH LANGUAGE ACQUISITION STATE GRANTS | 84.365 | | \$ - | \$ 670,114 |
| | | | 84.365 Total | \$ - | \$ 670,114 |
| DEPARTMENT OF EDUCATION (EDUC) - PASS THRU | | | | | |
| New Mexico Higher Education Department | IMPROVING TEACH QUALITY STATE GRANTS | 84.367 | 5367B140028 | \$ - | \$ 25,457 |
| New Mexico Higher Education Department | IMPROVING TEACH QUALITY STATE GRANTS | 84.367 | 5367B140028 | \$ - | \$ 554 |
| | | | 84.367 Total | \$ - | \$ 26,011 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | COMMUNITIES OF CARE TRAINING | 93.104 | SM061648 | \$ - | \$ 45,311 |
| | | | 93.104 Total | \$ - | \$ 45,311 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| University of New Mexico | AREA HEALTH EDUCATION CENTERS | 93.107 | 2 U77HP23074-07-00 | \$ - | \$ 11,874 |
| | | | 93.107 Total | \$ - | \$ 11,874 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | GRADUATE PSYCHOLOGY EDUCATION PROGRAM | 93.191 | | \$ - | \$ 276,169 |
| | | | 93.191 Total | \$ - | \$ 276,169 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

| Name of Program / Agency | Award Title | CFDA Number | Grant Number | Subrecipient Expenditures | Total Expenditures |
|--|---|-------------|-----------------------------|---------------------------|-----------------------|
| INDIVIDUAL AWARDS - OTHER | | | | | |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES | 93.243 | | \$ - | \$ 70,443 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES | 93.243 | 1H795M061905 | \$ - | \$ 391,265 |
| Children Youth and Family Dept State NM | SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES | 93.243 | 1H795M061905-01 | \$ 682,592 | \$ 856,578 |
| Children Youth and Family Dept State NM | SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES | 93.243 | 5H79TI080190 | \$ - | \$ 140,316 |
| Children Youth and Family Dept State NM | SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES | 93.243 | TI 025480 | \$ 26,588 | \$ 28,520 |
| | 93.243 Total | | | \$ 709,180 | \$ 1,487,122 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| HealthInsight Management Corporation | NATIONAL DIABETES PREVENTION PROGRAM | 93.261 | 1 NU58DP006369-01-00 | \$ - | \$ 8,848 |
| | 93.261 Total | | | \$ - | \$ 8,848 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | LEADERSHIP IN PUBLIC HEALTH SOCIAL WORK EDUCATION | 93.330 | | \$ - | \$ 146,567 |
| | 93.330 Total | | | \$ - | \$ 146,567 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | RESEARCH INFRASTRUCTURE PROGRAMS | 93.351 | | \$ 46,178 | \$ 173,018 |
| | 93.351 Total | | | \$ 46,178 | \$ 173,018 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| New Mexico Public Education Department | PREGNANCY ASSISTANCE FUND | 93.500 | 1 SP1AH000075-01-00 | \$ - | \$ 43,491 |
| | 93.500 Total | | | \$ - | \$ 43,491 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | PROMOTING SAFE AND STABLE FAMILIES | 93.556 | G-1801NMPFSS & G-1801NMCILP | \$ - | \$ 21,062 |
| Children Youth and Family Dept State NM | PROMOTING SAFE AND STABLE FAMILIES | 93.556 | G18101NMPFSS | \$ - | \$ 37,367 |
| | 93.556 Total | | | \$ - | \$ 58,429 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| State of New Mexico | COURT IMPROVEMENT PROJECT | 93.586 | G-1701NMSCIP | \$ - | \$ (98) |
| State of New Mexico | COURT IMPROVEMENT PROJECT | 93.586 | G-1801NMSCIP | \$ - | \$ 55,669 |
| | 93.586 Total | | | \$ - | \$ 55,571 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | HEAD START | 93.600 | | \$ - | \$ 2,293,825 |
| | 93.600 Total | | | \$ - | \$ 2,293,825 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | ADOPTION INCENTIVE PAYMENTS | 93.603 | G16101NMAIPP | \$ - | \$ 21,743 |
| | 93.603 Total | | | \$ - | \$ 21,743 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Joslin Diabetes Center, Inc. | HEALTH CARE INNOVATION AWARDS | 93.610 | 1C1CMS331021-01-00 | \$ - | \$ (877) |
| | 93.610 Total | | | \$ - | \$ (877) |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| State of New Mexico | CHILDREN'S JUSTICE GRANTS TO STATES | 93.643 | G-1501NMCJA1 | \$ - | \$ 21,748 |
| | 93.643 Total | | | \$ - | \$ 21,748 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | TITLE IV-E PROGRAM | 93.658 | G1601-NMFOST/G1701-NMFOST | \$ - | \$ 436,269 |
| Children Youth and Family Dept State NM | TITLE IV-E PROGRAM | 93.658 | G1601-NMFOST/G170-NMFOST | \$ - | \$ 219 |
| | 93.658 Total | | | \$ - | \$ 436,488 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT | | | | | |
| | MENTAL & BEHAVIORAL HEALTH EDUCATION & TRAINING | 93.732 | | \$ - | \$ 379,657 |
| | 93.732 Total | | | \$ - | \$ 379,657 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| State of New Mexico | EMPOWERING OLDER ADULTS | 93.734 | N/A | \$ - | \$ 1,284 |
| | 93.734 Total | | | \$ - | \$ 1,284 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| Children Youth and Family Dept State NM | OPIOID STR | 93.788 | TI C96N600 | \$ - | \$ 37,016 |
| Children Youth and Family Dept State NM | OPIOID STR | 93.788 | TI080267 | \$ - | \$ 94,534 |
| | 93.788 Total | | | \$ - | \$ 131,550 |
| DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU | | | | | |
| University of North Texas | DEPARTMENT OF HEALTH & HUMAN SERVICES | 93.xx | UG4LM012345 | \$ - | \$ 40,000 |
| | 93.xx Total | | | \$ - | \$ 40,000 |
| DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU | | | | | |
| NM Department Of Homeland Security | EMERGENCY MANAGEMENT PERFORMANCE GRANTS | 97.042 | EMT-2017-EP-00002-S01 | \$ - | \$ 2,559 |
| NM Department Of Homeland Security | EMERGENCY MANAGEMENT PERFORMANCE GRANTS | 97.042 | EMT-2018-EP-00006-S01 | \$ - | \$ 237,506 |
| | 97.042 Total | | | \$ - | \$ 240,065 |
| DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU | | | | | |
| NM Department Of Homeland Security | HOMELAND SECURITY GRANT PROGRAM | 97.067 | EMW-2016-SS-00105 | \$ - | \$ 108,849 |
| | 97.067 Total | | | \$ - | \$ 108,849 |
| SNAP CLUSTER | | | | | |
| DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU | | | | | |
| New Mexico Human Services Department | SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM | 10.561 | N/A | \$ - | \$ 1,503,655 |
| | 10.561 Total | | | \$ - | \$ 1,503,655 |
| TRIO CLUSTER | | | | | |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | TRIO STUDENT SUPPORT SERVICES PROGR | 84.042 | | \$ - | \$ 691,521 |
| | 84.042 Total | | | \$ - | \$ 691,521 |
| DEPARTMENT OF EDUCATION (EDUC) - DIRECT | | | | | |
| | TRIO UPWARD BOUND | 84.047 | | \$ - | \$ 1,019,377 |
| | 84.047 Total | | | \$ - | \$ 1,019,377 |
| | TRIO Cluster Total | | | \$ - | \$ 1,710,898 |
| INDIVIDUAL AWARDS - OTHER TOTAL | | | | \$ 1,042,281 | \$ 21,365,438 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | \$ 9,679,144 | \$ 184,368,464 |

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal AwardsReconciliation to Statement of Revenues, Expenditures and Changes in Net Position

| | |
|---|------------------------------|
| Federal Awards: | |
| Federal Appropriations, Grants and Contracts | \$ 86,468,214 |
| Federal Pell Grant revenue | 42,359,877 |
| Portion of Capital Grants, Gifts and other Income related to Federal Awards | <u>402,510</u> |
| | 129,230,601 |
| Plus reconciling items: | |
| Adjustment to federal revenue for accrued liabilities and reversals | 287,308 |
| Adjustment to federal revenue for Department of Education loans | <u>54,850,555</u> |
| Federal Expenditures per Schedule 7 | <u>\$ 184,368,464</u> |

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

The accompanying schedule of expenditures of Federal Awards (the schedule) is prepared on the accrual basis of accounting and includes the federal grant activity of the University under programs of the Federal Government for the year ended June 30, 2019. 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 University's Notes to Financial Statements.

Note C: Federal Direct Student Loans, CFDA # 84.268. During the fiscal year ended June 30, 2019, the University processed \$44,381,667 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, 2019, there were no federal funds made available in the form of non-cash assistance.

Note E: Federal Perkins Loan Program, CFDA # 84.038. No additional Perkins loans were awarded for the year ended June 30, 2019, and the outstanding student loan balances under the Federal Perkins Loan Program was \$8,018,153.

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

Board of Regents
New Mexico State University
and
Mr. Brian Colón, New Mexico State Auditor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit of New Mexico State University (the University), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 30, 2019.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 that we consider to be a significant deficiency.



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*.

The University's Response to the Finding

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

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
October 30, 2019



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

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Regents
New Mexico State University
and
Mr. Brian Colón, 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 New Mexico State University's major federal program for the year ended June 30, 2019. 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 New Mexico State University's major federal program 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 the 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, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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
October 30, 2019

**Schedule of Findings and Questioned Costs
Year ended June 30, 2019**

(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: **Yes**
- (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 program:
- 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: **Yes**

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

2019-001 Foundation implementation of new accounting standard for the fiscal year 2019 financial statements – Significant deficiency.

Criteria:

U.S. generally accepted accounting principles require the implementation of *ASU 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), for financial reporting of the Foundation beginning July 1, 2018.

Condition:

In the current year, the Foundation implemented ASU 2016-14, resulting in revised reporting regarding the presentation and reclassification of underwater endowment balances, net asset classifications and disclosures, endowment disclosures, liquidity disclosures, accounting for investment related expenses, and presentation of natural and functional expenses.

Although the Foundation was aware of the new reporting standard and had plans to address the implementation well in advance of year-end, the Foundation did not have a control in place to ensure the standard was properly researched and new accounting guidance implemented completely and accurately.

In its implementation, the Foundation did not properly present the retrospective reclassification of the underwater endowment balances of \$1.6 million as of July 1, 2017 (based on retrospective implementation) and did not properly present the net asset, endowment and liquidity disclosures within the fiscal year 2019 financial statements.

Cause:

Due to unforeseen retirements, resignations, and administrative delays in hiring a Controller, the Foundation did not have sufficient resources to thoroughly research implementation requirements and effectively perform the implementation of the new accounting standard.

Effect:

Although the Foundation staff worked diligently on this implementation, the lack of a Controller with the training, knowledge, and experience necessary to implement a new accounting standard, resulted in inaccurate presentation of underwater endowment funds and the inaccurate disclosure of net assets, endowments, and liquidity analysis.

Recommendation:

We recommend the Foundation ensure they have the resources with appropriate training and skill sets necessary to monitor, implement, and effectively operate internal controls over the implementation of new accounting standards. We further recommend that management document their consideration and conclusions in determination of the impact of new accounting standards prior to the effective date.

Management's Response:

We are currently engaged in a search to fill the Controller's position and do not expect a reoccurrence of this finding. It is important to note that all discrepancies in reporting have been corrected, and are reflected accurately in the audited financial statements.

(3) **Findings and Questioned Costs Relating to Federal Awards**

None

**Summary Schedule of Prior Audit Findings
Year ended June 30, 2019**

**2018-001 Misstatement in bond and investment amounts on the financial statements -
Significant Deficiency**

The University has a process of reviewing new issuances of debt to determine the appropriate accounting for that debt. In accounting for the issuance of the 2017 series bonds, the University failed to identify the fact that the advanced refunding of portions of the 2010 and 2013 bond issues qualified as a defeasance of debt.

Current Status: Resolved

**Summary Schedule of Prior Other Findings
As Required by New Mexico State Statute 12-6-5, NMSA 1978
Year ended June 30, 2019**

2018-002 General IT review of user access to the Banner System - Finding that does not rise to the level of a significant deficiency.

We note that the University has a set of procedures that involve the data custodian review of their department's current access in Banner; however, the review is not documented as to the frequency, the level of the review, or response to inappropriate privileges/roles.

Current Status: Resolved

2018-003 Budget Compliance – Finding that does not rise to the level of a significant deficiency.

The University had set the original and revised budget per protocol; however, the excess spending on the retirement of indebtedness that resulted from issuance of the 2017 refunding bonds was not identified until after year end.

Current Status: Resolved

2018-004 Arrowhead Center, Inc. determination of accounting for majority equity interest – Finding that does not rise to the level of a significant deficiency.

Management did not fully consider all applicable accounting principles related to Arrowhead's accounting for the separate legal entity, including whether the separate legal entity qualified as a component unit and/or an investment. In addition they did not consider the appropriate method of accounting for the investment (equity method).

Current Status: Resolved

2018-005 Federal Direct Loans Disbursements to and on Behalf of Students Notification Letters – Finding that does not rise to the level of a Uniform Guidance other matter or a significant deficiency

Due to an IT system error whereby the loan notification process was not set to be turned on in order to trigger the system to produce the disbursement letters at the time of the disbursement. The University personnel did not identify the issue until after the time frame to send the disbursement letters expired.

Current Status: Resolved

An exit conference was held on October 30, 2019, 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

| | |
|-----------------|----------------------------------|
| Ammu Devasthali | Chair |
| Brad Beasley | Co-Chair |
| Debra P. Hicks | Audit Committee Member |
| Cindy Seipel | Audit Committee Community Member |
| Shari Jones | Audit Committee Community Member |

Representing New Mexico State University

| | |
|--------------------|--|
| Dan E. Arvizu | Chancellor |
| John Floros | President |
| Andrew J. Burke | Senior Vice President for Administration and Finance |
| Ruth Johnston | Vice Chancellor |
| Norma Noel | University Controller |
| Ermelinda Quintela | Chief Audit Officer |
| Roy Collins | Chief Legal Affairs Officer |
| Ross Justus | Associate Controller |
| Carolina Munoz | Manager, Accounting and Finance |
| Damian Lopez | Audit Liaison |
| Adam Cavotta | Board of Regents Chief of Staff |

Representing New Mexico State University Component Units

| | |
|----------------|---|
| Tina Byford | Chief Operations Officer, NMSU Foundation, Inc. |
| Kathryn Hansen | CEO, Arrowhead Center Inc. |

Representing KPMG LLP

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

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