

**STATE OF NEW
MEXICO
EASTERN NEW
MEXICO
UNIVERSITY
FINANCIAL STATEMENTS**

JUNE 30, 2008

Moss Adams LLP
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Albuquerque, New Mexico
(505) 830-6200

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Historical and Functional Synopsis

Eastern New Mexico University (the "University") was established in 1927 by the Constitution of the State of New Mexico. In 1929, the legislature of New Mexico enacted legislation providing for the opening of the University. The University's main campus encompasses over 400 acres in Portales. The University also operates branch campuses in Roswell and Ruidoso. The University is organized into the College of Business, the College of Fine Arts, the College of Education and Technology, the College of Liberal Arts and Sciences, and the Graduate School.

The University is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. In addition, specific programs within the University hold accreditations by the following: the American Speech Language and Hearing Association, the National Council for Accreditation of Teacher Education, and the Association of Collegiate Business Schools and Programs. The University is an accredited institutional member of the National Association of Schools of Music. The chemistry program is approved by the American Chemical Society. The geology program is recognized by the American Institute of Professional Geologists. The Bachelor of Science in Nursing Completion Program is accredited by the National League for Nursing Accrediting Commission, Inc.

Off-campus programs are offered at Clovis, Ruidoso, Roswell, Artesia and Cannon Air Force Base.

ENMU-Roswell was established as a branch of Eastern New Mexico University on April 1, 1958. ENMU-Roswell offers two-year associate degrees, one-year certificates and short-term certificates of occupational training in a variety of academic transfer and career/technical programs. The campus also offers a unique training program for students with disabilities and the only FAA approved aviation maintenance technology program in the state. Area residents can also earn a number of bachelor and master degrees on the ENMU-Roswell campus through instructional television, online classes, and on-site instruction. ENMU-Roswell is accredited as an operationally separate campus by The Higher Learning Commission and a member of the North Central Association of Colleges and Schools. Extended degree courses offered on the Roswell campus are accredited through the main campus in Portales.

Established in the fall of 1991, the ENMU – Ruidoso Branch Community College is a comprehensive two-year college offering Certificates of Completion, Associate of Science, Associate of Arts, and Associate of Applied Science degrees. ENMU-Ruidoso offers community education classes, customized training workshops, adult basic education courses, and operates a One-Stop Career Center providing free employment services.

**STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY**

**Official Roster
June 30, 2008
Board of Regents**

Ex-Officio Members:

The Honorable Bill Richardson Governor of the State of New Mexico

Appointed Members: Term Expires

Mr. Alva Carter	2008	President
Mr. Charles Britton	2008	Secretary/Treasurer
Ms. Pauline Ponce	2010	Vice President
Mr. Marshall Stinnett	2012	Member
Mr. Chad Lydick	2008	Member

University Officials

Dr. Steven Gamble	President
Dr. Robert Vartabedian	Vice President for Academic Affairs
Dr. Judy Armstrong	Provost - Roswell Campus
Dr. Michael Elrod	Provost - Ruidoso Campus
Dr. Judith Haislett	Vice President for Student Affairs
Ms. Ronnie Birdsong	Vice President for University Relations and Enrollment Services
Mr. Scott Smart	Vice President for Business Affairs

Independent Auditors' Report

T 505-830-6200

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the State of New Mexico Eastern New Mexico University (University) as of and for the year ended June 30, 2008, which collectively comprise the University's basic financial statements as listed in the table of contents. We have also audited the budget comparisons presented as supplemental information for the year ended June 30, 2008, as listed in the accompanying table of contents. These financial statements and budget comparisons are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the basic financial statements of the University and its discretely presented component units are intended to present the net assets, changes in net assets and where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that are attributable to the transactions of the University and its discretely presented component units. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008, and the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and its discretely presented component units of the University as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the year then ended in conformity with the budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary schedules, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2008 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages 4-13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedules of deposit and investment accounts, collateral pledged by depository for public funds are presented for purposes of additional analysis,

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

and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
November 15, 2008

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2008**

This section of the financial report presents our discussion and analysis of Eastern New Mexico University (the "University") financial performance during the year ended June 30, 2008. Please read it in conjunction with the University's financial statements, which follow this section.

Financial Highlights

- As of June 30, 2008, the University's total assets were \$169 million, an increase of \$11 million from 2007. During the year, net assets were \$131.1 million and \$116.6 million for 2008 and 2007, respectively.
- Operating revenues totaled \$50.7 million for 2008, a decrease of \$1.9 million from 2007 while operating expenses totaled \$101.7, an increase of \$2.8 million over 2007.
- Net non-operating revenues totaled \$55 million while non-operating expenditures were \$747,546; state appropriations of \$53.4 million is the main component of non-operating revenues. Net non-operating revenues for 2007 totaled \$50.1 million while non-operating expenditures were \$818,757. State appropriations comprised \$45.7 million of non-operating revenues.
- Headcount enrollment at the Portales campus rose by approximately 1% versus the prior fall semester.
- The enrollment at the Roswell campus was slightly higher than the previous fall.
- Enrollment at our Ruidoso campus continues to grow significantly as they experienced a 19.5% growth in enrollment and may go above 1,000 students for the first time in their brief history.

Overview of Financial Statements

This annual report consists of the following:

- Management's discussion and analysis (this section)
- The basic financial statements
- Required supplementary information—budgetary comparison schedule—current and plant funds
- Other supplementary schedules
- Single audit reports and findings

The University's Basic Financial Statements

The basic financial statements include:

- The statement of net assets provides information about the University's financial condition at fiscal year-end. It presents both a current year synopsis and a longer-term view of the University's assets, liabilities and net assets.
- The statement of revenues, expenses and changes in net assets should be used to review the results of the current year's operations. The net operating expense amount represents activity in what was previously referred to as the University's "current" or operating funds, with the exception of state appropriations revenue which is displayed as non-operating revenues. The line

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2008**

item entitled "loss before other revenues, expenses, gains or losses" may give a more complete picture of the results of the University's operations during the year, including income resulting from non-exchange transactions that have been traditionally considered to be a part of public university operations. 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 statement of cash flows provides a summary of the sources and uses of cash within the University during the year.

□ Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the Vice President of Business Affairs, Scott W. Smart, at (505) 562-2611.

Financial Analysis of the University as a Whole

Net Assets. The University's total net assets increased to \$131.1 from \$116.6 million in 2007. The gain is primarily from the increase in capital assets.

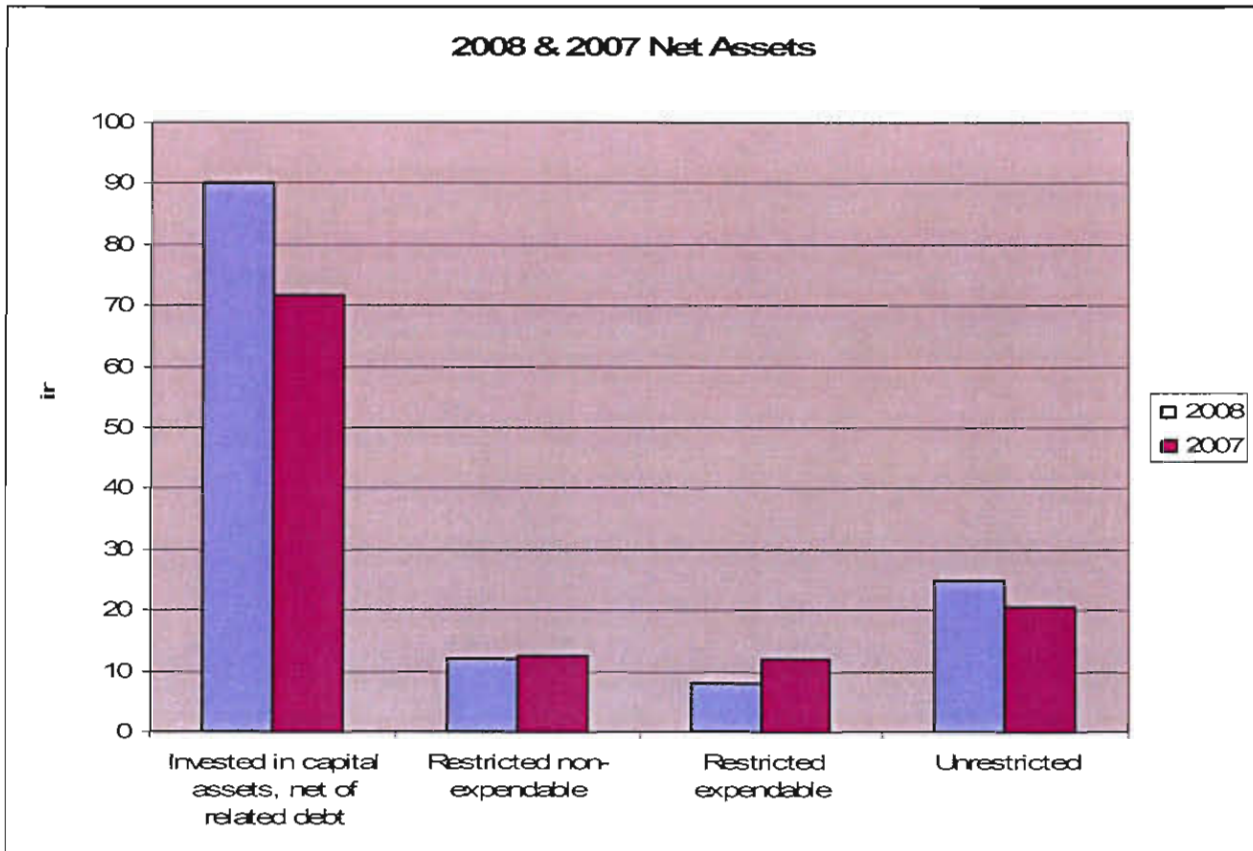
Table 1 summarizes the University's net assets:

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2008

Table 1
 Eastern New Mexico University's Net Assets
 As of June 30, 2008 and 2007
 (in millions of dollars)

	2008	2007
Current assets	\$ 33	\$ 33
Non current assets other than capital assets	26	34
Capital assets, net	105	91
Total assets	\$169	\$158
Current liabilities	\$ 16	\$ 17
Noncurrent liabilities	22	24
Total liabilities	\$ 38	\$ 41
Capital assets, net of related debt	87	71
Restricted nonexpendable	14	14
Restricted expendable	6	10
Unrestricted	24	21
Total net assets	\$131	\$116

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2008**



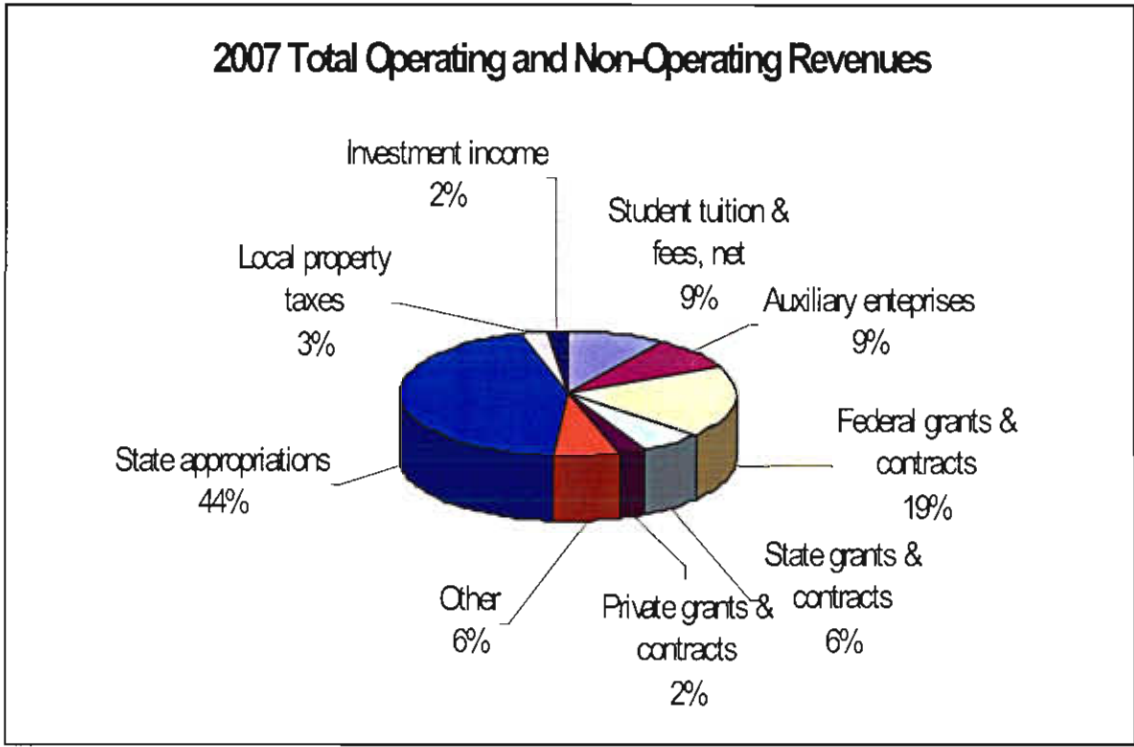
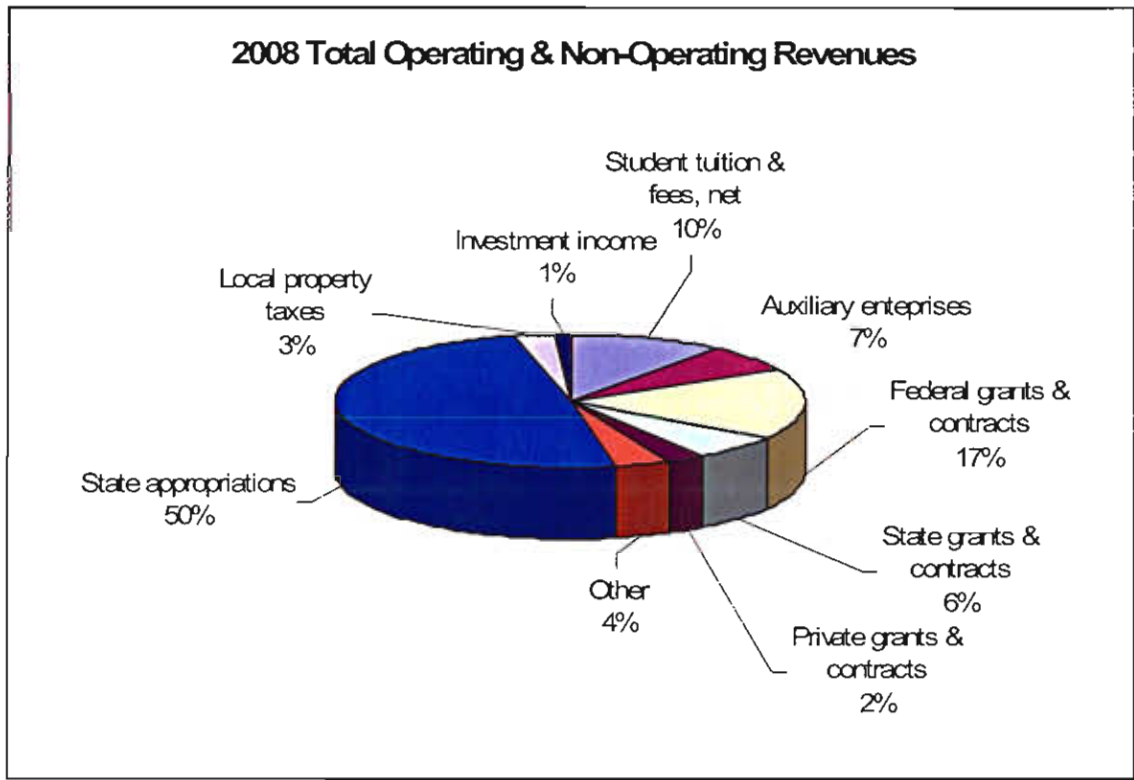
Changes in Net Assets. Total operating revenues for the years ended June 30, 2008 and 2007, were \$51 and \$52 million respectively. Operating expenses were \$101 million for 2008, an increase of \$2 million over 2007. Non-operating revenues were \$55 million while non-operating expenses were \$747,546 for 2008 and non-operating revenues were \$50 million while non-operating expenses were \$818,757 for 2007. Total non-operating revenues were increased by \$7 million in state appropriations. The largest changes in operating expenditures occurred in the areas of instruction and student aid. Table 2 summarizes the University's changes in net assets.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2008

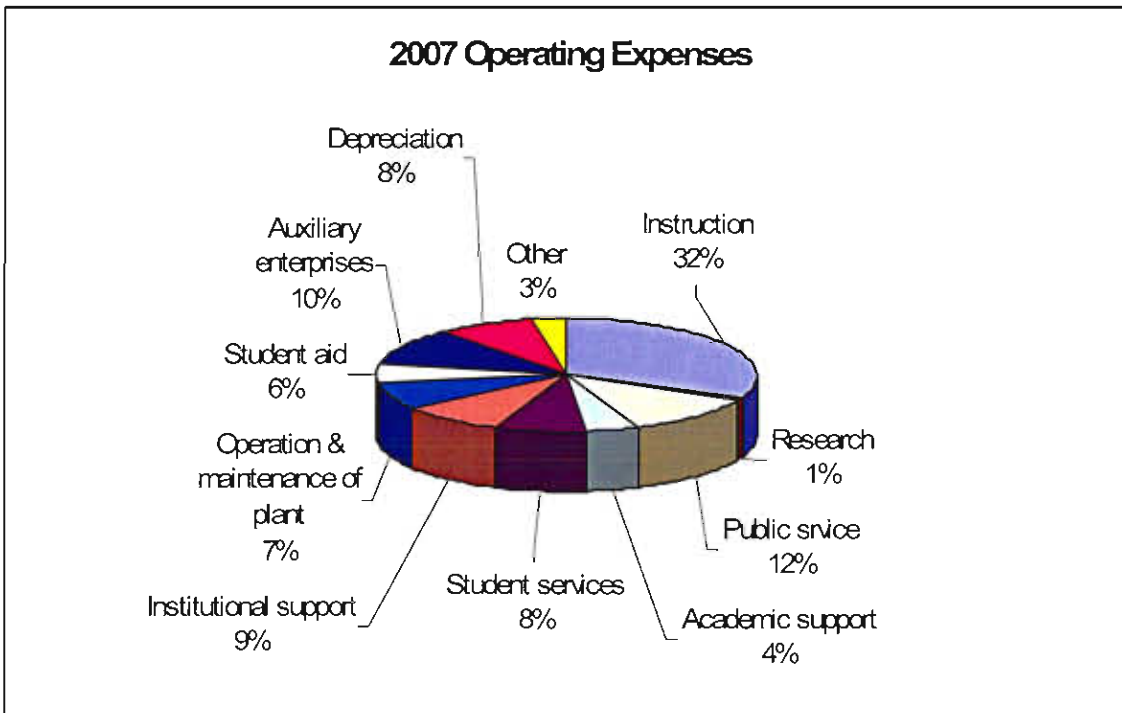
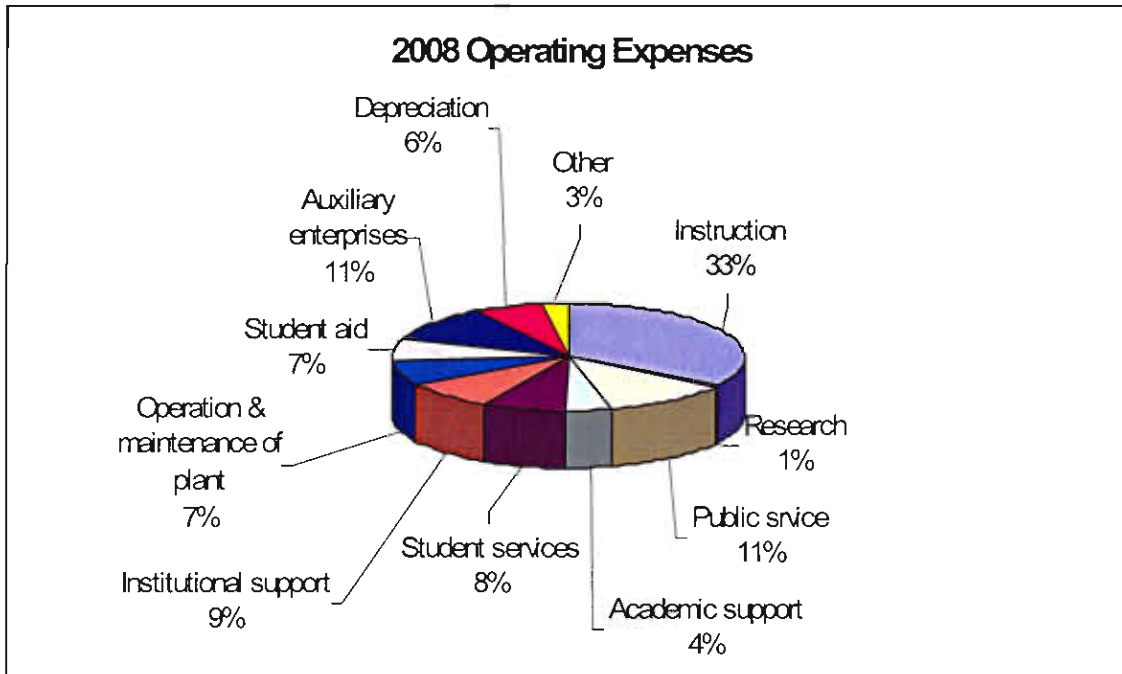
Table 2
 Changes in Eastern New Mexico University's Net Assets
 For the Year Ended June 30, 2008 and 2007
 (in millions of dollars)

	2008	2007
Operating Revenues		
Student tuition and fees, net	\$ 11.3	\$ 9.3
Auxiliary enterprises	7.2	9.1
Federal grants and contracts	18.4	19.1
State grants and contracts	6.9	6.2
Private grants and contracts	2.7	2.5
Other	4.2	6.5
Total operating revenues	\$50.7	\$52.7
Operating Expenses		
Instruction	\$34.4	\$31.1
Research	.7	.9
Public service	11.8	11.5
Academic support	4.2	4.2
Student services	8.1	7.7
Institutional support	8.7	8.9
Operation and maintenance of plant	6.9	7.4
Depreciation	7.1	5.9
Student aid	10.9	9.9
Auxiliary enterprises	6.4	8.3
Other	2.5	3.1
Total operating expenses	\$101.7	\$98.9
Non-operating revenues (expenses)		
State appropriations	53.4	45.6
Local property taxes	2.8	2.6
Investment income	(1.2)	1.9
Interest on debt	(.7)	(.8)
Total non-operating	\$54.3	\$49.3
Capital appropriations, gifts and		
Additions to permanent endowments	\$7.6	\$11.2

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2008**



**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2008**



**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2008**

Budgetary Highlights

The Board of Regents approves the operating budget of the University. The budget is reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation on GASB Statement No.'s 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds and plant funds. During the year, expenditure budgets were amended as follows (in millions):

	Increase	(Decrease)
	2008	2007
Current funds		
Unrestricted	.4	1.6
Restricted	2.3	3.3
Plant funds	3.3	4.0

The budget adjustment to restricted expenditures in 2007 was the result of anticipated increases in grant expenditures. Capital outlay budgets increased to include additional construction projects. Budgets were exceeded at both the Roswell and Ruidoso campuses as more fully disclosed on page 73.

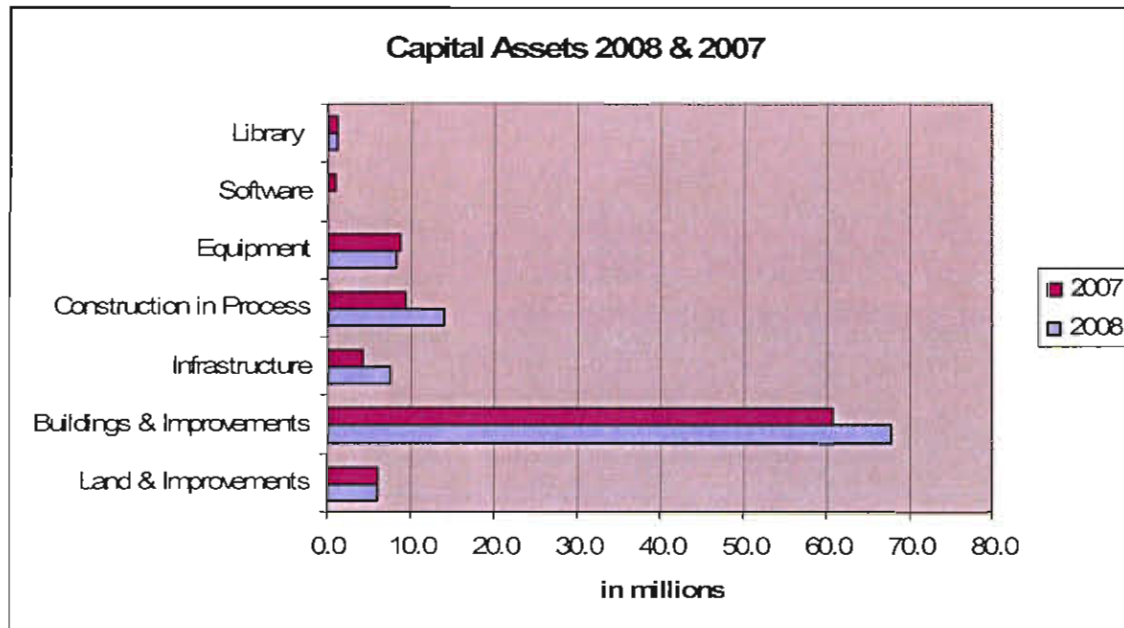
Capital Asset and Debt Administration

Capital Assets—As of June 30, 2008 and 2007, the University had \$91 million and \$81 million respectively, invested in various capital assets, including buildings, equipment and construction. Table 3 shows the University's capital assets at year-end:

**Table 3
Capital Assets at June 30, 2008 and 2007
Net of Depreciation (in millions)**

	2008	2007
Land and improvements	\$ 6.0	\$ 6.0
Buildings and improvements	67.7	60.6
Infrastructure	7.5	4.2
Construction in progress	13.9	9.4
Equipment	8.3	8.6
Software	.2	.8
Library books	1.1	1.1
Totals	\$104.7	\$90.7

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2008**



The Portales campus is currently out for bids on the construction/renovation of our Music Building with an estimated cost of \$8.5 million. A general obligation bond was passed by voters in November and will provide \$12 million for construction, the majority being for a renovation of our Technology Building.

The Roswell campus will begin construction of phase two of their Health Science Center at an estimated cost of \$4.6 million.

The Ruidoso campus is in the final stages of their phase two renovations at a cost of \$2 million.

Debt Administration—As of June 30, 2008 and 2007 the University had \$16.2 and \$17.7 million of bonds outstanding, respectively. Other long-term debt includes capital leases of \$1.57 million, compensated absences of \$1.5 million, and liabilities for the federal share of the student loan program of \$6.4 million. For 2007, other long-term debt included capital leases of \$1.27 million, compensated absences of \$1.5 million and liabilities for the federal share of the student loan program of \$6.4 million.

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2008**

Factors Impacting Future Periods

It is anticipated that budget reductions may occur midway through the current fiscal year as well as into the 2009-2010 budget year. All three campuses are developing strategies to adjust spending levels and increasing revenues in order to accommodate these potential reductions, including but not limited to leaving vacant positions unfilled, reducing travel, increasing utility savings and seeking greater enrollment growth.

Contacting the University's Financial Management

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

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

Component Units

Complete financial statements for the Eastern New Mexico Foundation can be obtained from the controller at the University office at the address above.

The ENMU-R Foundation does not have separately issued financial statements.

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2008

	Eastern New Mexico University	Component Units	
		Eastern New Mexico Foundation	ENMU - R Foundation
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 23,034,740	598,200	33,973
Receivables, net	7,610,866	-	250
Notes receivable, current portion	764,189	-	-
Inventories	1,156,088	-	-
Other current assets	477,525	68,367	-
Total current assets	33,043,408	666,567	34,223
Noncurrent Assets			
Notes receivable	6,877,701	-	-
Restricted cash	5,767,526	-	742,009
Investments	18,964,110	7,145,529	1,338,899
Capital assets, net	104,508,045	-	-
Total noncurrent assets	136,117,382	7,145,529	2,080,908
Total assets	\$ 169,160,790	7,812,096	2,115,131
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Accounts payable	\$ 3,542,787	-	-
Gift annuities payable	-	312,546	-
Accrued expenses and other liabilities	4,057,113	-	-
Deferred revenue	4,491,021	-	-
Deposits held for others	488,356	-	-
	12,579,277	312,546	-
Current Portion of Long-Term Liabilities			
Bonds payable	1,570,000	-	-
Leases payable	340,058	-	-
Accrued compensated absences	1,072,518	-	-
	2,982,576	-	-
Total current liabilities	15,561,853	312,546	-
Noncurrent Liabilities			
Bonds payable	14,630,000	-	-
Leases payable	1,229,623	-	-
Accrued compensated absences	494,203	-	-
Student loan program	6,389,314	-	-
Total noncurrent liabilities	22,743,140	-	-
Total liabilities	38,304,993	312,546	-
Net Assets			
Invested in capital assets, net of related debt	87,013,364	-	-
Restricted - nonexpendable			
Endowments	12,580,911	5,248,790	107,159
Student Loans	2,060,611	-	-
Restricted - expendable			
Scholarships and fellowships	-	1,484,351	1,973,999
Capital projects	3,819,191	-	-
Debt service	1,780,648	-	-
Unrestricted	23,601,072	766,409	33,973
Total net assets	130,855,797	7,499,550	2,115,131
Total liabilities and net assets	\$ 169,160,790	7,812,096	2,115,131

See Notes to Financial Statements.

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Year Ended June 30, 2008

	Eastern New Mexico University	Component Units	
		Eastern New Mexico Foundation	ENMU - R Foundation
Student tuition and fees, net of scholarship allowances of \$3,679,185	\$ 11,296,716	-	-
Auxiliary enterprise revenue	7,236,348	-	-
Federal grants and contracts	18,872,536	-	-
State and local grants and contracts	6,367,052	-	-
Private gifts, grants and contracts	2,727,181	867,733	627,245
Sales and services of educational departments	841,055	-	-
Investment income (loss)	-	(350,080)	(39,079)
Other operating revenues	3,388,275	26,030	-
Total operating revenues	50,729,163	543,683	588,166
Operating Expenses			
Education and general			
Instruction	34,357,317	-	-
Research	647,896	-	-
Public service	11,757,873	19,650	-
Academic support	4,211,339	-	-
Student services	8,060,899	-	-
Institutional support	8,724,893	352,537	3,495
Operations and maintenance of plant	6,894,361	-	-
Depreciation expense	7,088,534	-	-
Student aid grants and stipends	10,970,520	-	-
Auxiliary enterprises	6,372,665	-	-
Administration and collection	-	162,889	-
Expended for scholarships	-	611,212	65,156
Other	2,594,173	6,365	5,431
Total operating expenses	101,680,470	1,152,653	74,082
Operating (loss) income	\$ (50,951,307)	(608,970)	514,084

See Notes to Financial Statements.

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (CONTINUED)
Year Ended June 30, 2008

	Eastern New Mexico University	Component Units	
		Eastern New Mexico Foundation	ENMU - R Foundation
Nonoperating Revenues (Expenses)			
State appropriations	\$ 53,423,531	-	-
Local property taxes	2,844,535	-	-
Interest expense	(747,547)	-	-
Investment income (loss)	(1,265,067)	-	-
Total nonoperating revenues	<u>54,255,452</u>	<u>-</u>	<u>-</u>
Income before other revenues and expenses	<u>3,304,146</u>	<u>(608,970)</u>	<u>514,084</u>
Other revenues (expenses)			
Capital appropriations	10,023,138	-	-
Additions to plant assets	144,000	-	-
Additions to permanent endowments	770,100	-	-
Total other revenues	<u>10,937,238</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>14,241,384</u>	<u>(608,970)</u>	<u>514,084</u>
Net assets			
Net assets - beginning of year	<u>116,614,413</u>	<u>8,108,520</u>	<u>1,601,047</u>
Net assets, end of year	<u>\$ 130,855,797</u>	<u>7,499,550</u>	<u>2,115,131</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2008

Cash Flows From Operating Activities	
Tuition and fees	\$ 11,352,084
Grants and contracts	28,196,911
Payments to suppliers	(44,337,311)
Payments to employees	(45,238,894)
Loans issued to students	(1,485,428)
Collection of loans to students	656,977
Auxiliary enterprise charges	7,236,348
Sales and services of educational activities	841,055
Other receipts	2,699,972
Net cash used by operating activities	<u>(40,078,286)</u>
Cash Flows From Noncapital Financing Activities	
State appropriations	53,423,531
Local property taxes	2,844,535
Net cash provided by noncapital financing activities	<u>56,268,066</u>
Cash Flows From Capital and Related Financing Activities	
Capital appropriations	12,412,613
Purchases of capital assets	(21,038,159)
Principal paid on capital debt and leases	(1,201,418)
Interest paid on capital debt and leases	(747,546)
Net cash used by capital and related financing activities	<u>(10,574,510)</u>
Cash Flows From Investing Activities	
Additions to permanent endowments	770,110
Redemption of investments	356,432
Interest on investments	4,553
Net cash provided by investing activities	<u>1,131,095</u>
Net increase in cash, restricted cash, and cash equivalents	6,746,365
Cash, restricted cash, and cash equivalents, beginning of year	<u>22,638,970</u>
Cash, restricted cash, and cash equivalents, end of year	<u><u>\$ 29,385,335</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 STATEMENT OF CASH FLOWS (CONTINUED)
 Year Ended June 30, 2008

RECONCILIATION OF OPERATING LOSS TO NET CASH
 USED BY OPERATING ACTIVITIES

Operating loss	\$ (50,951,307)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	7,088,534
Provision for bad debts	14,625
Changes in assets and liabilities	
Receivables, net	6,507,255
Inventories	74,968
Other assets	32,628
Notes receivable	(886,569)
Accounts payable	(2,048,154)
Accrued expenses and other liabilities	310,315
Deferred revenue	(273,858)
Deposits held for others	41,723
Compensated absences	11,554
Total adjustments	<u>10,873,021</u>
 Net cash used by operating activities	 <u><u>\$ (40,078,286)</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity. Eastern New Mexico University (the "University", "Primary Institution") was established in 1927 by the Constitution of the State of New Mexico. In 1929, the Legislature of New Mexico enacted legislation providing for the opening of the University. The University's main campus encompasses over 400 acres in Portales. The University also operates a branch campus in Roswell and an instructional center in Ruidoso. The University is organized into the College of Business, the College of Fine Arts, the College of Education and Technology, the College of Liberal Arts and Sciences, and the Graduate School.

Component units are legally separate organizations for which the primary organization is financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entities financial statements to be misleading or incomplete. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a primary unit. Because of the closeness of their relationships with the primary organization, some component units are blended as though they are part of the primary organization. The Eastern New Mexico Foundation and the ENMU-R Foundation are reported in the University's financial statements as discretely component units under *Government Accounting Standards Board (GASB) Statement No. 14 and 39*. The University does not have any blended component units.

Separate audited financial statements of the Eastern New Mexico University Foundation may be obtained by contacting the Executive Director, Eastern New Mexico University Foundation, 1500 S Ave. K, Portales, New Mexico 88130. The ENMU-R Foundation does not prepare separately issued financial statements.

The University is a part of the primary government of the State of New Mexico; however, these basic financial statements are intended to present the net assets, changes in net assets and cash flows, where applicable, of only that portion of the State of New Mexico that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the net assets of the State of New Mexico as of June 30, 2008, and changes in its net assets and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The University's financial statements are prepared in accordance to accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants' *Audits of Colleges and Universities* and New Mexico Commission on Higher Education's *Financial Reporting for Public Institutions in New Mexico*.

Basis of Accounting. For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated. The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents. The University considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Both unrestricted and restricted cash are included in the statement of cash flows.

Investments. Investments are stated at estimated fair value. Income, gains and losses on investments are reported as a component of investment income on the Statement of Revenues, Expenses, and Changes in Net Assets. The University's investment policy requires that endowment and similar funds only be invested with the State Investment Council, State Treasurer's Local Government Investment Pool and with government-insured financial institutions with offices in New Mexico.

Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Management of Institutional Funds Act [46-9-1 to 46-9-12 NMSA], except where a donor has specified otherwise. The investment committee of the Foundation and the University's management review the investment earnings designed to support distributions from the pool and to protect the purchasing power of the endowment principal. Distributions from the pool are made available to the University, which benefits from each individual endowment. The annual spending distribution is computed at the end of the year based on the interest received during the year. The Investment Committee of the Foundation and the University management sets the annual distribution, which must be, in accordance with agreement with endowment donors.

Budgetary Process. Operating budgets are submitted for approval to the University's Board of Regents, the State of New Mexico Higher Education Department and the State Budget Division of the Department of Finance and Administration. To amend the budget, the University requires the following order of approval: 1) University President, 2) University Board of Regents, 3) Commission on Higher Education, and 4) State Budget Division of the Department of Finance and Administration. According to the State of New Mexico General Appropriations Act of 2003 (Chapter 76, Laws at 2003), unexpended state appropriations to the University do not revert at the end of each fiscal year. None of the current appropriations received are subject to reversion.

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

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Capital Assets. Capital assets are recorded at original cost, or fair market value if donated. The University's capitalization policy for moveable equipment, including software, including all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements and infrastructure, 5 years for library books, and 3 to 15 years for equipment.

Net Assets. Net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt represent the University's total investment in capital assets, net of outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. *Restricted expendable* net assets are resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

Restricted nonexpendable net assets consist of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the corpus is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the corpus may be expended or added to corpus.

Unrestricted net assets consist of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes.

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.

Revenues. Revenues are classified as operating or non-operating according to the following criteria:

Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances; b) student services; c) sales and services; and d) contracts and grants.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as appropriations, gifts, mill levy, and investment income.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Student tuition and fee revenue and auxiliary enterprises revenue from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship 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 students' behalf. To the extent Pell grants and other federal or state grants are used to satisfy tuition and fees, other student charges, and auxiliary enterprises charges the University has recorded a scholarship allowance.

Deferred revenue consists primarily of advances from contracts and grants. Revenue is recognized to the extent expenses are incurred.

Contract and grant revenues are recognized when the underlying exchange transaction has occurred – that is that all eligibility requirements have been met. State appropriations are recognized as revenue in the first year for which they are appropriated. District mill levies attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied on November 1 and are due in equal semiannual installments on November 10 and April 10 of the next year. Taxes become delinquent 30 days after the due dates unless the original levy date has been formally extended. The mill levy is collected by the respective County Treasurers and is remitted to the College. The revenue on the mill levy is recognized at the date the mill is levied.

Expenses. Expenses are classified as operating or non-operating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expense; b) scholarships and fellowships, net of scholarship discounts and allowances; c) utilities, supplies and other services; d) professional fees; and e) depreciation expenses related to University capital assets.

Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital assets-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 -*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entries That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)**

Non-exchange Transactions. For government-mandated and voluntary non-exchange transactions, the University recognizes receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts) when all applicable requirements, including time requirements are met. Resources received before the eligibility requirements are met and are reported as deferred revenues, except for certain resources received in advance, such as permanently nonexpendable additions to endowments and other trusts; term endowments; and contributions of works of art, historical treasures, and similar assets to capitalized collections. For these kinds of transactions, the University recognizes revenues when the resources are received, provided that all eligibility requirements have been met.

Tax Status. The income generated by the University is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University is Exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated the University's exempt purpose is subject to tax under federal Internal Revenue Code Section 511.

Collections. The University has various collections of art and books that are not capitalized because they are subject to the University's policy to a) maintain them for public exhibition, education or research, b) protect, keep unencumbered, care for, and preserve them, and c) require the proceeds from their sale to be used to acquire other collection items.

Eliminating Internal Activities. The effects of assets due from the liabilities due to the individual campuses are eliminated from the Statement of Net Assets.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash on hand, cash in banks, certificates of deposit with various financial institutions, and an investment in the New Mexico State Treasurer Local Government Investment Pool. Certificates of deposit are reflected as cash in the financial statements, except those certificates held for endowments, which are reflected as investments.

Cash and cash equivalents at June 30, 2008, consist of:

	Eastern New Mexico University	<u>Component Units</u> ENMU ENMU-R Foundation Foundation	
Bank deposits	\$ 13,295,357	831,921	777,011
State Treasurer Local Government Investment Pool	<u>15,779,975</u>	-	-
	<u>\$ 29,075,372</u>	<u>831,921</u>	<u>777,011</u>

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Section 6-10-17, New Mexico State Statutes requires that all depositories of the University provide collateral equal to at least one-half of the amount of uninsured public monies on deposit. As of June 30, 2008, the Primary Institutions' and component units' bank balances were exposed to custodial credit risk as follows:

	Eastern New Mexico University	Component Units	
		ENMU Foundation	ENMU-R Foundation
Uninsured and uncollateralized	\$ 1,394,097	720,692	567,185
Uninsured and collateral held by pledging bank's trust department not in the University's name	-	-	-
Total	<u>\$ 1,394,097</u>	<u>720,692</u>	<u>567,185</u>

The sources of the component unit cash do not meet the definition of public monies. Therefore, the component units are not required to follow State Statutes and no collateralization is required. As of June 30, 2008, \$1,287,877 of the component units' bank balance of \$1,608,932 was exposed to uncollateralized and uninsured amounts.

Credit Risk - The University has money market accounts that are considered cash. As of June 30, 2008, the University's money market accounts are backed by commercial paper and other debt instruments that are rated AAA by Moody's Investor Service.

New Mexico State Treasurer Local Government Investment Pool. As of June 30, 2008, the State Treasurer Investment Pool was paying the University 2.40 percent per annum. The interest rate is determined by the State Treasurer. The investments are valued at fair value based on quoted market prices as of the valuation date.

The New Mexico State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments;

The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the perspective amounts deposited in the fund and the length of time the amounts fund were invested; and participation is voluntary. The State Treasurer's ratings of investments are for an average maturity of approximately 46 days and are AAAM rated by Standard & Poors.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 3. RESTRICTED CASH

The University's restricted cash of \$5,767,526 is held in a bank escrow account and at the State Treasurer's Office, which are restricted for payment of bonds (Note 2) and bond proceeds that have not been expended.

Restricted cash of the component units are summarized as follows at June 30, 2008:

	ENMU Foundation	ENMU-R Foundation
Total restricted cash	\$ -	742,009

NOTE 4. INVESTMENTS

At June 30, 2008, investments of the University and its component units are summarized as follows:

Investment	Maturities	Component Units		
		Eastern New Mexico University	ENMU Foundation	ENMU-R Foundation
State Investment Council (pooled funds)	N/A	\$ 8,756,040	2,316,213	-
State Investment Council (land grant)	N/A	9,093,217	-	-
Fed Home Loan Discount Note	3-5 months avg	54,955	-	-
General Electric Corporate Bond	3-5 months avg	944,445	-	-
Money Market	1 day	105,452	-	-
Mutual Funds	N/A	-	2,831,402	1,264,075
Certificates of deposit	4-5 months avg	10,000	1,997,914	74,824
Total:		<u>\$ 18,964,109</u>	<u>7,145,529</u>	<u>1,338,899</u>

Interest Rate Risk. The University and its component units do not have a formal investment policy that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. *Interest Rate Risk – State Investment Council Investments.* The State Investment Council does not have a policy for interest rate risk management, but its practice is to address interest risk through the management of debt investment duration.

Credit Risk. The University has an investment policy that requires an allocation percentage of 75% of the funds will be invested in equities and 25% in fixed income securities. As of June 30, 2008, the University's investment in the state investment pool Core Bond Fund consist of bonds and other debt instruments with an average rating of AA-2 and AA-S&P by Moody's Investors Service. The University's investment in bonds have been rated AAA by Moody's Investors Service.

Concentration of Credit Risk. The University places no limit on the amount it may invest in any one issuer.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5. RECEIVABLES, NET

Receivables, net at June 30, 2008 for the University, consists of the following:

Student tuition and fees	\$ 2,649,811
Federal, state and private grants	4,519,317
Other	<u>1,854,265</u>
	9,023,393
Allowance for uncollectible accounts	<u>(1,412,527)</u>
	<u>\$ 7,610,866</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, is summarized as follows:

	Balance June 30, 2007	Increases	Decreases	Reclassifications	Balance June 30, 2008
Capital assets not being depreciated					
Land and improvements	\$ 6,047,167	-	-	-	6,047,167
Construction in progress	<u>9,446,250</u>	16,122,108	-	(11,697,027)	<u>13,871,241</u>
Total capital assets not being depreciated	<u>\$ 15,493,417</u>	<u>16,122,108</u>	<u>-</u>	<u>(11,697,027)</u>	<u>19,918,408</u>
Capital assets being depreciated					
Building and improvements	\$ 108,294,417	862,497	-	7,724,726	116,881,640
Infrastructure	9,406,419	647,007	-	3,972,301	14,025,727
Equipment	35,872,394	2,824,086	1,056,732	-	37,639,748
Software	1,446,038	42,404	-	-	1,488,442
Library books	<u>13,825,417</u>	<u>539,245</u>	<u>8,389</u>	<u>-</u>	<u>14,356,273</u>
Total other capital assets, at cost	<u>168,844,685</u>	<u>4,915,239</u>	<u>1,065,121</u>	<u>11,697,027</u>	<u>184,391,830</u>
Less accumulated depreciation for					
Buildings and improvements	\$ 46,784,923	2,528,449	-	-	49,313,372
Infrastructure	5,914,535	635,475	-	-	6,550,010
Equipment	27,266,808	3,149,734	1,046,716	-	29,369,826
Software	1,063,902	242,869	-	-	1,306,771
Library books	<u>12,738,596</u>	<u>532,007</u>	<u>8,389</u>	<u>-</u>	<u>13,262,214</u>
Total accumulated depreciation	<u>93,768,764</u>	<u>7,088,534</u>	<u>1,055,105</u>	<u>-</u>	<u>99,802,193</u>
Other capital assets, net	<u>\$ 75,075,921</u>	<u>(2,173,295)</u>	<u>10,106</u>	<u>11,697,027</u>	<u>84,589,637</u>
Capital asset summary					
Capital assets not being depreciated	\$ 15,493,417	16,122,018	-	(11,697,027)	19,918,408
Other capital assets, at cost	<u>168,844,685</u>	<u>4,915,239</u>	<u>1,065,121</u>	<u>11,697,027</u>	<u>184,391,830</u>
Total cost of capital assets	<u>184,338,102</u>	<u>21,037,257</u>	<u>1,065,121</u>	<u>-</u>	<u>204,310,238</u>
Less accumulated depreciation	<u>93,768,764</u>	<u>7,088,534</u>	<u>1,055,105</u>	<u>-</u>	<u>99,802,193</u>
Capital assets, net	<u>\$ 90,569,338</u>	<u>13,948,723</u>	<u>10,016</u>	<u>-</u>	<u>104,508,045</u>

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 7. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities are summarized as follows:

Accrued payroll	\$ 1,911,793
Accrued payroll taxes and benefits	2,134,085
Other	<u>11,235</u>
Total accrued expenses and other liabilities	<u>\$ 4,057,113</u>

NOTE 8. LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Amount due within one year
Bonds payable	\$ 17,695,000	-	1,495,000	16,200,000	1,570,000
Leases payable	1,276,099	647,007	353,425	1,569,681	340,058
Accrued compensated absences	1,555,167	1,071,931	1,060,377	1,566,721	1,072,518
Student loan program	<u>6,389,314</u>	-	-	<u>6,389,314</u>	-
	<u>\$ 26,915,580</u>	<u>1,718,938</u>	<u>2,908,802</u>	<u>25,725,716</u>	<u>2,982,576</u>

Student loan program liabilities represent the federal share of the Perkins loan program.

NOTE 9. BONDS PAYABLE

Outstanding bonds payable are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance June 30, 2008</u>	<u>Final Maturity</u>
System Revenue Bond Series 1998	3.55-4.4%	\$ 2,240,000	4/1/13
General Obligation Building Bonds Series 2005A	2.35-3.5%	775,000	8/15/10
System Revenue Bond Series 2005	3.25-4.25%	8,685,000	4/1/26
General Obligation Building Bonds Series 2005B	3.15-3.95%	<u>4,500,000</u>	8/15/15
		<u>\$ 16,200,000</u>	

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 9. BONDS PAYABLE (CONTINUED)

Scheduled maturities of bond payable are as follows for the years subsequent to June 30, 2008:

	Principal	Interest	Total
1998 Series			
2009	\$ 410,000	96,413	506,413
2010	430,000	79,193	509,193
2011	450,000	60,918	510,918
2012	465,000	41,568	506,568
2013	485,000	21,340	506,340
	<u>2,240,000</u>	<u>299,432</u>	<u>2,539,432</u>
2005 GO Series A			
2009	575,000	25,187	600,187
2010	100,000	5,000	105,000
2011	100,000	1,750	101,750
	<u>775,000</u>	<u>31,937</u>	<u>806,937</u>
2005 Revenue Series			
2009	335,000	361,108	696,108
2010	345,000	350,220	695,220
2011	360,000	339,008	699,008
2012	370,000	326,408	696,408
2013	385,000	312,533	697,533
2014-2018	2,230,000	1,259,305	3,489,305
2019-2023	2,735,000	751,930	3,486,930
2024-2027	1,925,000	165,655	2,090,655
	<u>8,685,000</u>	<u>3,866,167</u>	<u>12,551,167</u>
2005 GO Series B			
2009	\$ 250,000	155,875	405,875
2010	725,000	148,000	873,000
2011	775,000	124,438	899,438
2012	750,000	98,475	848,475
2013	600,000	72,600	672,600
2014-2016	1,400,000	84,437	1,484,437
	<u>4,500,000</u>	<u>683,825</u>	<u>5,183,825</u>
	<u>\$ 16,200,000</u>	<u>4,881,361</u>	<u>21,081,361</u>

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9. BONDS PAYABLE (CONTINUED)

On November 16, 1993, the University issued \$5,980,000 of Refunding Revenue Bonds. The proceeds of the bonds were used to refund a portion of the Series 1985-A Refunding Revenue Bonds, to provide improvements to income producing facilities of the University and to acquire computer equipment and software.

On December 22, 1998, the University issued \$3,535,000 of System Revenue Bonds (Series 1998). The proceeds of the bonds were used to (i) defray the cost of altering, improving, repairing, furnishing and equipping dormitory facilities, the student union building and other auxiliary facilities at and for the use of the University, and (ii) to pay all costs incidental to the foregoing and the issuance of the bonds.

On June 2, 1999, the Roswell Branch Campus issued \$4,000,000 of General Obligation Building Bonds (Series 1999). The proceeds of the bonds were used for the purpose of erecting and furnishing, constructing, purchasing, and equipping building utility facilities or purchasing grounds for the University.

On April 19, 2005, the Roswell Branch Campus issued \$3,600,000 of General Obligation Building Bonds (Series 2005). The proceeds of the bonds were used for the purpose of erecting and furnishing, constructing, purchasing, and equipping a healthcare center for the University.

On June 8, 2005, the University issued \$9,325,000 of System Revenue Bonds (Series 2005). The proceeds of the bonds were used to (i) pay the cost of erecting, altering, improving, repairing, furnishing and equipping existing and new buildings, improvements and facilities for the use of the University, and (ii) to pay all costs incidental to the foregoing and the issuance of the bonds.

On January 5, 2006, the Roswell Branch Campus issued \$4,500,000 of General Obligation Building Bonds (Series 2005). The proceeds of the bonds were used for the purpose of erecting and furnishing, constructing, purchasing, and equipping building and utility facilities or purchasing grounds for the University, exclusive of stadium and dormitory facilities.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9. BONDS PAYABLE (CONTINUED)

All bonds are secured by an irrevocable first lien on, and a pledge of, the University's revenues which consist of revenues received from all revenue producing facilities of the University, gross proceeds from the collection of student fees, gross income from the State of New Mexico Permanent Fund, certain grants from the United States, and other miscellaneous revenue sources.

Pledged revenues, as further defined in the bond resolutions, are required to be deposited in a separate account to be established on the books of the University entitled the "Revenue Fund". The bond resolutions also provide for the establishment of an interest and sinking fund for the purpose of meeting the interest and principle due on the next due date.

NOTE 10. PRIVATIZED STUDENT HOUSING AGREEMENT

On September 19, 2006, the University entered into a ground lease with a legally separate, non-profit corporation that has developed student housing projects on the Portales and Roswell Branch campuses through the use of single-project limited liability corporations. The University manages the premises. In September 2006, the LLCs, through their conduit issuers, issued two taxable and two non-taxable Student Housing Revenue Bonds totaling \$25.9 million (\$25.2 million non-taxable and \$615,000 taxable revenue bonds) to finance the construction of two student housing facilities. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. University has no obligation on the bonds; the obligation for payment of the bonds is based on the revenue generated by the project. Student rental rates are established in order to provide for operating expenses and maintain the required debt service coverage ratios. The University's responsibility under the agreement is to pay any expenses, other than bond obligations, of the project if there is a revenue shortfall. These types of expenses include utilities, maintenance, and management costs.

NOTE 11. CAPITAL LEASES PAYABLE

The University purchased energy saving lighting, heating, and cooling equipment for the Portales branch campus and the Roswell branch campus, at costs of \$3,139,877 and \$315,726, respectively. The equipment can be purchased during the life of the lease for a predetermined amount. Certain revenues of the University are pledged for repayment of the lease. The lessor holds a security interest in the property until the lease is paid in full.

The Roswell branch campus purchased software for \$427,298 to assist in teleconferencing classes to inmates throughout the state of New Mexico. The lessor holds a security interest in the property until the lease is paid in full.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 11. CAPITAL LEASES PAYABLE (CONTINUED)

The assets recorded for the capital leases are being depreciated on a straight line basis over the estimated useful lives of the asset. The assets are being depreciated for 3 to 15 years.

At June 30, 2008, the future minimum lease payments required under the lease are as follows:

Year ended June 30,		
2009	\$	340,058
2010		431,220
2011		431,220
2012		122,768
2013		83,482
2014 - 2017		<u>436,571</u>
Total minimum lease payments		1,845,319
Amount representing interest		<u>(275,638)</u>
Present value of future minimum lease payments	\$	<u>1,569,681</u>

NOTE 12. ACCRUED COMPENSATED ABSENCES

Accumulated unpaid vacation is accrued when incurred. Employees entitled to earn vacation pay earn it at various rates based on length of employment. Up to 240 hours of vacation may be accrued and paid out upon termination. Sick leave is not paid out upon termination; accordingly, no liability for sick leave is recorded by the University.

NOTE 13. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan Description. Substantially all of the University’s full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (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, NM 87502. The report is also available on ERB’s website at www.nmerb.org.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Funding Policy. Plan members are required to contribute 7.825% of their gross salary. The University is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The University's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$4,512,080, \$3,946,158, and \$2,914,179, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 14. CONTINGENT LIABILITIES

The University currently is party to various litigation and other claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the University. During 2008, the University paid Risk Management \$672,927 in insurance premiums. The University believes that the outcome of all pending and threatened litigation will not have a material adverse effect on the financial position or operations of the University.

Federal grants received by the University are subject to audit by the grantors. In the event of noncompliance with funding requirements, grants may be required to be refunded to the grantor. University management estimates that such refunds, if any, will not be significant.

NOTE 15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The University contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The University's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$506,329, \$474,616 and \$462,155, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 16. COMMITMENTS

The University entered into agreements with contractors and architects for various construction projects at the Portales and Roswell branch campuses. As of June 30, 2008, the University has an obligation of \$4,184,968 for these contracts.

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 COMBINED REVENUES, AND EXPENDITURES
 BUDGET COMPARISONS
 Year Ended June 30, 2008

	Portales Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted and Restricted Beginning Net Assets	\$ 23,608,588	23,608,588	23,608,588	-
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	34,457,902	34,853,538	34,858,526	4,988
Federal revenue sources	12,831,411	12,943,686	9,174,125	(3,769,561)
Tuition and fees	10,409,000	10,811,000	10,580,516	(230,484)
Tax Levies	-	-	-	-
Land and permanent fund	750,000	515,000	631,657	116,657
Endowments and private gifts	2,291,500	2,461,500	2,108,242	(353,258)
Other	11,594,787	11,901,276	11,396,143	(505,133)
Total unrestricted and restricted revenues	72,334,600	73,486,000	68,749,209	(4,736,791)
Unrestricted and Restricted Expenditures				
Instruction	19,705,000	20,305,000	19,747,032	557,968
Academic support	4,302,000	4,286,000	3,829,829	456,171
Student services	4,202,000	4,287,000	3,489,438	797,562
Institutional support	5,363,000	5,449,000	5,285,459	163,541
Operation and maintenance of plant	4,550,000	4,687,000	4,490,350	196,650
Research	1,126,000	1,130,000	654,562	475,438
Public service	7,765,000	8,200,000	5,946,509	2,253,491
Auxiliary services	4,759,000	3,613,000	3,329,075	283,925
Intercollegiate athletics	3,016,400	3,042,000	2,812,674	229,326
Capital outlay	10,700,000	11,937,000	9,568,894	2,368,106
Building renewal and replacement	3,000,000	5,000,000	3,439,599	1,560,401
Retirement of indebtedness	1,460,410	1,600,000	1,598,459	1,541
Other (student aid, grants and stipends)	9,697,000	10,927,000	9,205,195	1,721,805
Total unrestricted and restricted expenditures	79,645,810	84,463,000	73,397,075	11,065,925
Change in net assets (budgetary basis)	(7,311,210)	(10,977,000)	(4,647,866)	6,329,134
Ending Net Assets	\$ 16,297,378	12,631,588	18,960,722	6,329,134

Note: The purpose of the Budget Comparison is to reconcile the change in net assets as reported on a budgetary basis to the change in net assets as reported using generally accepted accounting principles. The reporting of actuals (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

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 these 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.

Roswell Campus				
Budgeted Amounts			Variance	
Original	Final	Actual	Favorable (Unfavorable)	
S	9,921,057	10,974,082	10,968,732	(5,350)
	16,162,768	16,945,413	17,910,974	965,561
	9,011,358	9,519,623	8,014,803	(1,504,820)
	4,153,768	4,153,768	4,012,994	(140,774)
	1,685,000	1,685,000	2,041,031	356,031
	-	-	-	-
	60,000	60,000	342,538	282,538
	14,140,083	15,249,818	13,428,065	(1,821,753)
	45,212,977	47,613,622	45,750,405	(2,219,248)
	15,166,655	16,575,205	15,215,978	1,359,227
	1,035,042	1,031,028	914,461	116,567
	1,720,516	1,711,633	1,619,757	91,876
	3,102,566	3,102,382	3,236,377	(133,995)
	2,599,717	2,602,106	2,291,935	310,171
	-	-	-	-
	6,030,553	6,254,480	4,311,591	1,942,889
	2,424,978	2,692,572	2,828,834	(136,262)
	-	-	-	-
	7,343,000	7,343,000	4,452,066	2,890,934
	728,125	728,125	927,209	(199,084)
	1,005,040	1,005,812	1,005,812	-
	4,534,289	4,534,289	4,166,837	367,452
	45,690,481	47,580,632	40,970,857	6,609,775
	(477,504)	32,990	4,779,548	4,390,527
S	9,443,553	11,007,072	15,748,280	4,741,208

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 COMBINED REVENUES, EXPENDITURES
 BUDGET COMPARISONS (CONTINUED)
 Year Ended June 30, 2008

	Ruidoso Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted and Restricted Beginning Net Assets	\$ 2,318,781	2,318,781	2,318,781	-
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	1,740,650	1,740,650	1,745,609	4,959
Federal revenue sources	873,885	873,885	880,925	7,040
Tuition and fees	366,000	392,500	412,083	19,583
Tax levy	635,000	635,000	803,504	168,504
Land and permanent fund	-	-	-	-
Endowments and private gifts	-	-	-	-
Other	1,567,865	1,890,315	1,744,219	(146,096)
Total unrestricted and restricted revenues	5,183,400	5,532,350	5,586,340	53,990
Unrestricted and Restricted Expenditures				
Instruction	1,753,948	1,885,448	1,476,527	408,921
Academic support	250,600	275,600	226,314	49,286
Student services	251,300	276,300	223,340	52,960
Institutional support	632,852	662,852	509,823	153,029
Operation and maintenance of plant	165,400	205,400	143,647	61,753
Research	-	-	-	-
Public service	228,800	228,800	214,251	14,549
Auxiliary services	220,000	262,000	261,892	108
Intercollegiate athletics	-	-	-	-
Capital outlay	1,500,502	2,092,230	1,411,819	680,411
Building renewal and replacements	85,550	778,950	671,194	107,756
Retirement of indebtedness	-	-	-	-
Other (student aid, grants and stipends)	794,000	794,000	860,689	(66,689)
Total unrestricted and restricted expenditures	5,882,952	7,461,580	5,999,496	1,462,084
Change in net assets (budgetary basis)	(699,552)	(1,929,230)	(413,156)	1,516,074
Ending Net Assets	\$ 1,619,229	389,551	1,905,625	(1,408,094)

Total University				
Budgeted Amounts				Variance
Original	Final	Actual		Favorable (Unfavorable)
\$ 35,848,426	36,901,451	36,896,101		(5,350)
52,361,320	53,539,601	54,515,109		975,508
22,716,654	23,337,194	18,069,853		(5,267,341)
14,928,768	15,357,268	15,005,593		(351,675)
2,320,000	2,320,000	2,844,535		285,161
750,000	515,000	631,657		(70,720)
2,351,500	2,521,500	2,450,780		(2,326,886)
27,302,735	29,041,409	26,568,427		(7,102,135)
122,730,977	126,631,972	120,085,954		(13,858,088)
36,625,603	38,765,653	36,439,537		2,326,116
5,587,642	5,592,628	4,970,604		622,024
6,173,816	6,274,933	5,332,535		942,398
9,098,418	9,214,234	9,031,659		182,575
7,315,117	7,494,506	6,925,932		568,574
1,126,000	1,130,000	654,562		475,438
14,024,353	14,683,280	10,472,351		4,210,929
7,403,978	6,567,572	6,419,801		147,771
3,016,400	3,042,000	2,812,674		229,326
19,543,502	21,372,230	15,432,779		5,939,451
3,813,675	6,507,075	5,038,002		1,469,073
2,465,450	2,605,812	2,604,271		1,541
15,025,289	16,255,289	14,232,721		2,022,568
131,219,243	139,505,212	120,367,428		19,137,784
(8,488,266)	(12,873,240)	(281,474)		5,279,696
\$ 27,360,160	24,028,211	36,614,627		(33,001,222)

Reconciliation of change in net assets (budgetary basis)

to change in net assets (GAAP basis):

Change in net assets \$ (281,474)

Adjustment to reconcile budgetary basis to GAAP basis:

Net change in funds not included in budgetary basis

which are included in GAAP basis:

Endowment Fund Items (856,004)

Depreciation expense not included in budgetary basis (7,115,091)

Capital Appropriations 2,907,460

Capital Outlay Expenditures 21,338,159

Loan Funds (81,116)

Bond Payments (1,848,424)

Other 177,874

Total University increase in net assets \$ 14,241,384

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 UNRESTRICTED CURRENT FUND -
 REVENUES AND EXPENDITURES
 BUDGET COMPARISONS
 Year Ended June 30, 2008

	Portales Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted - Noninstruction and General				
Unrestricted Beginning Net Assets	\$ 21,917,667	21,917,667	21,917,667	-
Unrestricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	2,249,200	2,325,200	2,551,433	226,233
Government appropriation - federal				
Government appropriations - state	4,903,125	5,011,500	5,444,783	433,283
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	4,000	4,000	1,906	(2,094)
Government contracts/grants - state	1,902,600	2,202,600	2,199,035	(3,565)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	135,000	255,000	200,650	(54,350)
Sales & services	4,685,937	3,498,737	3,210,593	(288,144)
Other	1,533,538	1,394,963	2,470,415	1,075,452
Total unrestricted revenues	15,413,400	14,692,000	16,078,815	1,386,815
Unrestricted Expenditures				
Student social and cultural activities	775,000	825,000	726,920	98,080
Research	126,000	130,000	116,596	13,404
Public service	2,765,000	2,900,000	2,861,686	38,314
Internal services	298,000	323,000	85,086	237,914
Student aid, grants and stipends	2,471,000	2,902,000	2,795,699	106,301
Auxiliary services	4,659,000	3,513,000	3,233,778	279,222
Intercollegiate athletics	2,866,400	2,867,000	2,675,954	191,046
Independent operations	-	-	-	-
Capital outlay	10,700,000	11,937,000	9,568,894	2,368,106
Building renewal and replacement	3,000,000	5,000,000	3,439,599	1,560,401
Retirement of indebtedness	1,460,410	1,600,000	1,598,459	1,541
Total unrestricted expenditures	29,120,810	31,997,000	27,102,671	4,894,329
Change in net assets (budgetary basis)	(13,707,410)	(17,305,000)	(11,023,856)	6,281,144
Transfers	6,208,000	6,268,000	6,118,000	(150,000)
Ending Net Assets	\$ 14,418,257	10,880,667	17,011,811	6,131,144

Roswell Campus			
Budgeted Amounts			Variance
Original	Final	Actual	Favorable (Unfavorable)
\$ 9,333,584	9,945,552	9,940,202	(5,350)
-	-	-	-
838,270	838,270	803,429	(34,841)
-	-	-	-
177,095	193,862	435,174	241,312
935,000	935,000	1,201,329	266,329
-	-	4,900	4,900
-	-	336,097	336,097
-	-	-	-
-	-	-	-
-	-	-	-
10,000	10,000	25,596	15,596
2,392,302	2,660,582	2,395,389	(265,193)
9,552,252	9,552,252	8,459,031	(1,093,221)
13,904,919	14,189,966	13,660,945	(529,021)
171,362	171,350	131,555	39,795
-	-	-	-
3,790,949	3,653,802	2,272,833	1,380,969
228,335	228,335	245,578	(17,243)
164,556	164,556	169,189	(4,633)
2,393,593	2,661,187	2,807,032	(145,845)
-	-	-	-
-	-	-	-
7,343,000	7,343,000	4,452,066	2,890,934
728,125	728,125	927,209	(199,084)
1,005,040	1,005,812	1,005,812	-
15,824,960	15,956,167	12,011,274	3,944,893
(1,920,041)	(1,766,201)	1,649,671	3,415,872
1,460,141	2,226,019	2,226,019	-
\$ 8,873,684	10,405,370	13,815,892	3,410,522

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 UNRESTRICTED CURRENT FUND -
 REVENUES AND EXPENDITURES
 BUDGET COMPARISONS (CONTINUED)
 Year Ended June 30, 2008

	Ruidoso Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted - Noninstruction and General Unrestricted Beginning Net Assets	\$ 1,725,235	1,725,235	1,725,235	-
Unrestricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	-	-	-	-
Government appropriations - state	178,800	178,800	178,800	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	-	-	-
Government contracts/grants - state	15,000	15,000	19,309	4,309
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	1,737	1,737
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales & services	220,000	230,000	252,586	22,586
Other	800,000	1,112,450	1,147,495	35,045
Total unrestricted revenues	1,213,800	1,536,250	1,599,927	63,677
Unrestricted Expenditures				
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	178,800	178,800	178,323	477
Internal services	-	-	-	-
Student aid, grants and stipends	68,000	68,000	67,949	51
Auxiliary services	220,000	262,000	261,892	108
Intercollegiate athletics	-	-	-	-
Independent operations	-	-	-	-
Capital outlay	1,500,502	2,092,230	1,411,819	680,411
Building renewal and replacement	85,550	778,950	671,194	107,756
Retirement of indebtedness	-	-	-	-
Total unrestricted expenditures	2,052,852	3,379,980	2,591,177	788,803
Change in net assets (budgetary basis)	(839,052)	(1,843,730)	(991,250)	852,480
Transfers	154,708	354,708	354,708	-
Ending Net Assets	\$ 1,040,891	236,213	1,088,693	852,480

Total University			
Budgeted Amounts			Variance
Original	Final	Actual	Favorable (Unfavorable)
\$ 32,976,486	33,588,454	33,583,104	(5,350)
-	-	-	-
3,087,470	3,163,470	3,354,862	191,392
-	-	-	-
5,259,020	5,384,162	6,058,757	674,595
935,000	935,000	1,201,329	266,329
4,000	4,000	6,806	2,806
1,917,600	2,217,600	2,554,441	336,841
-	-	-	-
-	-	1,737	1,737
-	-	-	-
-	-	-	-
145,000	265,000	226,246	(38,754)
7,298,239	6,389,319	5,858,568	(530,751)
11,885,790	12,059,665	12,076,941	17,276
30,532,119	30,418,216	31,339,687	921,471
946,362	996,350	858,475	137,875
126,000	130,000	116,596	13,404
6,734,749	6,732,602	5,312,842	1,419,760
526,335	551,335	330,664	220,671
2,703,556	3,134,556	3,032,837	101,719
7,272,593	6,436,187	6,302,702	133,485
2,866,400	2,867,000	2,675,954	191,046
-	-	-	-
19,543,502	21,372,230	15,432,779	5,939,451
3,813,675	6,507,075	5,038,002	1,469,073
2,465,450	2,605,812	2,604,271	1,541
46,998,622	51,333,147	41,705,122	9,628,025
(16,466,503)	(20,914,931)	(10,365,435)	10,549,496
7,822,849	8,848,727	8,698,727	(150,000)
\$ 24,332,832	21,522,250	31,916,396	10,394,146

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 RESTRICTED CURRENT FUNDS
 REVENUES AND EXPENDITURES
 BUDGET COMPARISONS
 Year Ended June 30, 2008

	Portales Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Restricted - Noninstruction and General Restricted Beginning Net Assets	\$ -	-	-	-
Unrestricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	10,247,411	9,859,686	7,277,603	(2,582,083)
Government contracts/grants - state	999,301	2,473,157	1,410,997	(1,062,160)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	1,956,500	1,956,500	1,738,858	(217,642)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales & services	-	-	-	-
Other	522,788	560,657	24,748	(535,909)
Total restricted revenues	13,726,000	14,850,000	10,452,206	(4,397,794)
Restricted Expenditures				
Student social and cultural activities	150,000	150,000	107,574	42,426
Research	1,000,000	1,000,000	537,966	462,034
Public service	5,000,000	5,300,000	3,084,823	2,215,177
Internal services	100,000	100,000	80,330	19,670
Student aid, grants and stipends	7,226,000	8,025,000	6,409,496	1,615,504
Auxiliary services	100,000	100,000	95,297	4,703
Intercollegiate athletics	150,000	175,000	136,720	38,280
Independent operations	-	-	-	-
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total restricted expenditures	13,726,000	14,850,000	10,452,206	4,397,794
Change in net assets (budgetary basis)	-	-	-	-
Ending Net Assets	\$ -	-	-	-

Roswell Campus				Variance Favorable (Unfavorable)
Budgeted Amounts		Actual		
Original	Final			
\$	-	-	-	-
-	-	-	-	-
-	-	-	-	-
489,733	489,733	547,593	57,860	
-	-	-	-	-
5,622,270	5,762,151	4,681,592	(1,080,559)	
226,650	339,905	530,335	190,430	
-	-	-	-	-
50,000	50,000	316,942	266,942	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
280,000	387,938	-	(387,938)	
6,668,653	7,029,727	6,076,462	(953,265)	
27,931	27,931	18,254	9,677	
-	-	-	-	-
2,239,604	2,600,678	2,038,758	561,920	
-	-	-	-	-
4,369,733	4,369,733	3,997,648	372,085	
31,385	31,385	21,802	9,583	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,668,653	7,029,727	6,076,462	953,265	
-	-	-	-	-
\$	-	-	-	-

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 RESTRICTED CURRENT FUNDS
 REVENUES AND EXPENDITURES
 BUDGET COMPARISONS (CONTINUED)
 Year Ended June 30, 2008

	Ruidoso Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Restricted - Noninstruction and General				
Restricted Beginning Net Assets	\$ -	-	-	-
Unrestricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	648,885	648,885	724,863	75,978
Government contracts/grants - state	116,892	115,248	83,727	(31,521)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	10,223	11,867	20,078	8,211
Sales & services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	776,000	776,000	828,668	52,668
Restricted Expenditures				
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	50,000	50,000	35,928	14,072
Internal services	-	-	-	-
Student aid, grants and stipends	726,000	726,000	792,740	(66,740)
Auxiliary services	-	-	-	-
Intercollegiate athletics	-	-	-	-
Independent operations	-	-	-	-
Capital outlay	-	-	-	-
Building renewal and replacement	-	-	-	-
Retirement of indebtedness	-	-	-	-
Total restricted expenditures	776,000	776,000	828,668	(52,668)
Change in net assets (budgetary basis)	-	-	-	-
Ending Net Assets	\$ -	-	-	-

Total University				Variance
Budgeted Amounts				Favorable
Original	Final	Actual		(Unfavorable)
\$	-	-	-	-
-	-	-	-	-
-	-	-	-	-
489,733	489,733	547,593	57,860	
-	-	-	-	-
16,518,566	16,270,722	12,684,058	(3,586,664)	
1,342,843	2,928,310	2,025,059	(903,251)	
-	-	-	-	-
2,006,500	2,006,500	2,055,800	49,300	
-	-	-	-	-
-	-	-	-	-
10,223	11,867	20,078	8,211	
-	-	-	-	-
802,788	948,595	24,748	(923,847)	
21,170,653	22,655,727	17,357,336	(5,298,391)	
-	-	-	-	-
177,931	177,931	125,828	52,103	
1,050,000	1,050,000	573,894	476,106	
7,239,604	7,900,678	5,123,581	2,777,097	
826,000	826,000	873,070	(47,070)	
11,595,733	12,394,733	10,407,144	1,987,589	
131,385	131,385	117,099	14,286	
150,000	175,000	136,720	38,280	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,170,653	22,655,727	17,357,336	5,298,391	
-	-	-	-	-
\$	-	-	-	-

STATE OF NEW MEXICO
STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
UNRESTRICTED CURRENT FUND -
SUMMARY OF INSTRUCTION AND GENERAL REVENUES
AND EXPENDITURES BUDGET COMPARISONS
Year Ended June 30, 2008

	Portales Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted - Instruction and General Unrestricted Beginning Net Assets	\$ 1,690,921	1,690,921	1,690,921	-
Unrestricted Revenues				
Tuition	7,596,000	7,938,000	7,910,155	(27,845)
Miscellaneous fees	563,800	547,800	118,927	(428,873)
Government appropriation - federal	-	-	-	-
Government appropriations - state	30,609,777	30,658,038	30,663,001	4,963
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	80,000	80,000	15,202	(64,798)
Government contracts/grants - state	-	-	-	-
Government contracts/grants - local	-	-	-	-
Tax levies	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	750,000	515,000	631,657	116,657
Private gifts	-	-	-	-
Sales & services	65,675	65,675	73,527	7,852
Other	424,948	439,487	334,262	(105,225)
Total unrestricted revenues	40,090,200	40,244,000	39,746,731	(497,269)
Unrestricted Expenditures				
Instruction	18,605,000	18,780,000	18,630,571	149,429
Academic support	3,263,000	3,241,000	3,061,920	179,080
Student services	2,477,000	2,487,000	2,256,277	230,723
Institutional support	4,805,000	4,846,000	4,938,656	(92,656)
Operation and maintenance of plant	4,544,000	4,562,000	4,483,317	78,683
Total unrestricted expenditures	33,694,000	33,916,000	33,370,741	545,259
Change in net assets (budgetary basis)	6,396,200	6,328,000	6,375,990	47,990
Transfers	(6,208,000)	(6,118,000)	(6,118,000)	-
Ending Net Assets	\$ 1,879,121	1,900,921	1,948,911	47,990

Roswell Campus				Variance
Budgeted Amounts			Favorable	
Original	Final	Actual	(Unfavorable)	
\$ 587,473	1,028,530	1,028,530	-	
2,909,498	2,909,498	2,600,284	(309,214)	
406,000	406,000	609,281	203,281	
-	-	-	-	
15,495,940	16,261,818	16,928,207	666,389	
-	-	-	-	
23,267	23,267	18,000	(5,267)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
750,000	750,000	839,702	89,702	
-	-	-	-	
-	-	-	-	
615,300	615,300	473,190	(142,110)	
20,200,005	20,965,883	21,468,664	502,781	
10,916,444	11,336,348	10,798,558	537,790	
989,042	985,028	884,348	100,680	
1,456,223	1,447,352	1,426,010	21,342	
2,811,231	2,811,047	2,948,328	(137,281)	
2,584,528	2,586,917	2,281,543	305,374	
18,757,468	19,166,692	18,338,787	827,905	
1,442,537	1,799,191	3,129,877	1,330,686	
(1,460,141)	(2,226,019)	(2,226,019)	-	
\$ 569,869	601,702	1,932,388	1,330,686	

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
UNRESTRICTED CURRENT FUND -
SUMMARY OF INSTRUCTION AND GENERAL REVENUES
AND EXPENDITURES BUDGET COMPARISONS (CONTINUED)
Year Ended June 30, 2008

	Ruidoso Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Unrestricted - Instruction and General Unrestricted Beginning Net Assets	\$ 593,546	593,546	593,546	-
Unrestricted Revenues				
Tuition	327,500	354,000	367,813	13,813
Miscellaneous fees	38,500	38,500	44,270	5,770
Government appropriation - federal	-	-	-	-
Government appropriations - state	1,561,850	1,561,850	1,566,809	4,959
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	-	-	-
Government contracts/grants - state	-	-	-	-
Government contracts/grants - local	-	-	-	-
Tax levies	635,000	635,000	803,504	168,504
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales & services	-	-	-	-
Other	20,750	20,750	30,483	9,733
Total unrestricted revenues	2,583,600	2,610,100	2,812,879	202,779
Unrestricted Expenditures				
Instruction	1,165,700	1,297,200	1,133,272	163,928
Academic support	250,600	275,600	224,997	50,603
Student services	251,300	276,300	223,193	53,107
Institutional support	611,100	641,100	509,675	131,425
Operation and maintenance of plant	165,400	205,400	143,647	61,753
Total unrestricted expenditures	2,444,100	2,695,600	2,234,784	460,816
Change in net assets (budgetary basis)	139,500	(85,500)	578,095	663,595
Transfers	(154,708)	(354,708)	(354,708)	-
Ending Net Assets	\$ 578,338	153,338	816,933	663,595

Total University				
Budgeted Amounts				Variance Favorable (Unfavorable)
Original	Final	Actual		
\$ 2,871,940	3,312,997	3,312,997		-
10,832,998	11,201,498	10,878,252		(323,246)
1,008,300	992,300	772,478		(219,822)
-	-	-		-
47,667,567	48,481,706	49,158,017		676,311
-	-	-		-
103,267	103,267	33,202		(70,065)
-	-	-		-
-	-	-		-
635,000	635,000	803,504		168,504
-	-	-		-
-	-	-		-
1,500,000	1,265,000	1,471,359		(851,147)
-	-	-		-
65,675	65,675	73,527		7,852
1,060,998	1,075,537	837,935		(237,602)
62,873,805	63,819,983	64,028,274		(849,215)
30,687,144	31,413,548	30,562,401		851,147
4,502,642	4,501,628	4,171,265		330,363
4,184,523	4,210,652	3,905,480		305,172
8,227,331	8,298,147	8,396,659		(98,512)
7,293,928	7,354,317	6,908,507		445,810
54,895,568	55,778,292	53,944,312		1,833,980
7,978,237	8,041,691	10,083,962		984,765
(7,822,849)	(8,698,727)	(8,698,727)		-
\$ 3,027,328	2,655,961	4,698,232		984,765

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 RESTRICTED CURRENT FUND -
 SUMMARY OF INSTRUCTION AND GENERAL REVENUES
 AND EXPENDITURES BUDGET COMPARISONS
 Year Ended June 30, 2008

	Portales Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	-	-	-
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	-	-	-	-
Government appropriations - state	-	239,000	239,000	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	2,500,000	3,000,000	1,879,414	(1,120,586)
Government contracts/grants - state	405,000	211,000	184,308	(26,692)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	200,000	250,000	168,734	(81,266)
Sales & services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	3,105,000	3,700,000	2,471,456	(1,228,544)
Restricted Expenditures				
Instruction	1,100,000	1,525,000	1,116,461	408,539
Academic support	1,039,000	1,045,000	767,909	277,091
Student services	800,000	825,000	398,667	426,333
Institutional support	160,000	180,000	181,387	(1,387)
Operation and maintenance of plant	6,000	125,000	7,032	117,968
Total restricted expenditures	3,105,000	3,700,000	2,471,456	1,228,544
Change in net assets (budgetary basis)	-	-	-	-
Ending Net Assets	\$ -	-	-	-

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 RESTRICTED CURRENT FUND -
 SUMMARY OF INSTRUCTION AND GENERAL REVENUES
 AND EXPENDITURES BUDGET COMPARISONS (CONTINUED)
 Year Ended June 30, 2008

	Ruidoso Campus			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	-	-	-
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	225,000	225,000	156,062	(68,938)
Government contracts/grants - state	375,000	375,000	185,481	(189,519)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	10,000	10,000	3,323	(6,677)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales & services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	610,000	610,000	344,866	(265,134)
Restricted Expenditures				
Instruction	588,248	588,248	343,255	244,993
Academic support	-	-	1,317	(1,317)
Student services	-	-	148	(148)
Institutional support	21,752	21,752	146	21,606
Operation and maintenance of plant	-	-	-	-
Total restricted expenditures	610,000	610,000	344,866	265,134
Change in net assets (budgetary basis)	-	-	-	-
Ending Net Assets	\$ -	-	-	-

Schedule 5
(Continued)

Total University				
Budgeted Amounts				Variance
Original	Final	Actual		Favorable (Unfavorable)
\$ -	-	-		-
-	-	-		-
-	-	-		-
-	239,000	239,000		-
-	-	-		-
6,090,821	6,959,205	5,345,787		(1,613,418)
1,853,579	2,279,841	1,603,812		(676,029)
-	-	-		-
10,000	10,000	3,323		(6,677)
-	-	-		-
-	-	-		-
200,000	250,000	168,734		(81,266)
-	-	-		-
-	-	-		-
8,154,400	9,738,046	7,360,656		(2,377,390)
5,938,459	7,352,105	5,877,136		1,474,969
1,085,000	1,091,000	799,339		291,661
865,000	890,000	442,753		447,247
244,752	264,752	224,004		40,748
21,189	140,189	17,424		122,765
8,154,400	9,738,046	7,360,656		2,377,390
-	-	-		-
-	-	-		-

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO THE SCHEDULE OF BUDGET AND ACTUAL
CURRENT AND PLANT FUNDS - BY CAMPUS
June 30, 2008

NOTE 1. BASIS OF PREPARATION

The accompanying Schedule of Budget and Actual-Current and Plant Funds -By Campus, for the year ended June 30, 2008, (the "schedule") is prepared on the basis of accounting prescribed by the State of New Mexico, Higher Education Department (the Department). The Department requires budgets for current restricted, current unrestricted and plant fund revenues and expenditures on a basis consistent with the financial reporting model used by the University prior to implementation of GASB Statements No. 34 and 35. Additions to capital assets and debt principal retirements are reported as expenditures on the budget basis, but not on the basis required by generally accepted accounting principles (GAAP). Depreciation expense is reported on a GAAP basis, but not on the budget basis.

Operating budgets are submitted for approval to the University's Board of Regents, the State of New Mexico Higher Education Department and the State Budget Division of the Department of Finance and Administration. To amend the budget, the University requires the following order of approval: 1) University President, 2) University Board of Regents, 3) Higher Education Department, and 4) State Budget Division of the Department of Finance and Administration. In general, unexpended state appropriations to the University do not revert at the end of each fiscal year. None of the current appropriations received are subject to revision.

Budgetary control is exercised over each of the following functions; instruction and general; internal services, student social and cultural development activities, sponsored research, public services, student aid grants and stipends, auxiliary enterprises, intercollegiate athletics, major and minor capital outlay, and each item of transfer between funds and/or functions. Expenses and transfers in each item of budgetary control may not exceed the amount in the final budget.

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - UNIVERSITY
Year Ended June 30, 2008

Account name	Account Type	Bank of America	Wells Fargo Bank	Wells Fargo Investment	NM State Treasurer and Other
Cash and cash equivalents					
ENMU - Roswell	Checking - operating	\$ 4,362	-	-	-
ENMU - Roswell	Checking - Title IV	13,066	-	-	-
ENMU - Roswell	Checking - construction	37,245	-	-	-
ENMU - Roswell	Checking	-	5,548	-	-
ENMU - Roswell	Money market	-	-	708,307	-
ENMU - Roswell	Money market	-	-	148,059	-
ENMU - Roswell	Money market - bond proceeds	-	-	105,452	-
ENMU - Roswell	Money market - treat endow	-	-	51,791	-
ENMU - Roswell	Certificate of deposit - End. ST	-	-	274,549	-
ENMU - Roswell	Certificate of deposit	-	147,398	-	-
ENMU - Roswell	Certificate of deposit	-	90,000	-	-
ENMU - Roswell	Certificate of deposit	-	1,993,855	-	-
ENMU - Roswell	Certificate of deposit	-	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-	-
ENMU - Roswell	Investments sweep	2,746,279	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-	-
ENMU - Portales	Purchasing card	-	82,789	-	-
ENMU - Ruidoso	Checking	-	35,000	-	-
ENMU - Ruidoso	Checking - operating	-	-	-	-
ENMU - Portales	ST Investment - Money market	-	-	1,637,910	-
ENMU - Portales	Checking - operating	-	575,455	-	-
ENMU - Portales	Checking - payroll	-	-	-	-
ENMU - Portales	Investments sweep	-	2,776,287	-	-
ENMU - Portales	Credit Card	837,627	-	-	-
ENMU - Portales	Sinking Fund	-	350,904	-	-
ENMU - Portales	STO #7282-1526	-	-	-	10,081,840
ENMU - Portales	STO #7809-8701	-	-	-	3,921,336
ENMU - Roswell	STO #494	-	-	-	1,776,799
ENMU - Portales	Certificate of deposit	-	-	-	-
Total amount of deposit in bank		3,638,579	6,057,236	2,926,068	15,779,975
Less: Insured/Non-public funds		-	-	2,926,068	15,779,975
Less: FDIC coverage		200,000	200,000	-	-
Total uninsured public funds		3,438,579	5,857,236	-	-
50% collateral requirements		446,150	643,547	-	-
102% collateral requirements		2,801,205	2,831,813	-	-
Pledged Securities		3,555,373	4,463,639	-	-
Over (Under)		308,019	988,279	-	-
Bank balance		3,638,579	6,057,236	2,926,068	15,779,975
Outstanding items		(284,028)	(602,959)	-	-
Deposits in transit		207,128	420,584	-	30,765
Book balance		\$ 3,561,679	5,874,861	2,926,068	15,810,740
Investments					
ENMU - Roswell	Bonds	\$ -	-	1,104,852	-
ENMU - Roswell	Certificate of deposit - Hannifan	-	10,000	-	-
SIC Endowment Institution	Trust	-	-	-	8,756,040
SIC Endowment Fund	Land grant	-	-	-	9,093,217
		\$ -	10,000	1,104,852	17,849,257

	Portales National Bank	First Community Bank (Formerly Access)	Roswell National Bank	Pioneer Savings and Trust	Compass Bank (Formerly State National)	Total
S	-	-	-	-	-	4,362
	-	-	-	-	-	13,066
	-	-	-	-	-	37,245
	-	-	-	-	-	5,548
	-	-	-	-	-	708,307
	-	-	-	-	-	148,059
	-	-	-	-	-	105,452
	-	-	-	-	-	51,791
	-	-	-	-	-	274,549
	-	-	-	-	-	147,398
	-	-	-	-	-	90,000
	-	-	-	-	-	1,993,855
	-	-	-	2,000	-	2,000
	-	-	-	3,234	-	3,234
	-	-	-	5,000	-	5,000
	-	-	-	-	-	2,746,279
	-	-	100,500	-	-	100,500
	-	-	-	-	-	82,789
	-	-	-	-	-	35,000
	-	-	-	-	222,879	222,879
	-	-	-	-	-	1,637,910
	12,508	-	-	-	-	587,963
	237,393	-	-	-	-	237,393
	-	-	-	-	-	2,776,287
	-	-	-	-	-	837,627
	-	-	-	-	-	350,904
	-	-	-	-	-	10,081,840
	-	-	-	-	-	3,921,336
	-	-	-	-	-	1,776,799
	-	90,000	-	-	-	90,000
	249,900	90,000	100,500	10,234	222,879	29,075,372
	-	-	-	-	-	18,706,043
	100,000	90,000	100,000	10,234	100,000	800,234
	149,900	-	500	-	122,879	9,569,095
	74,950	-	250	-	61,440	1,226,337
	-	-	-	-	-	5,633,017
	510,000	-	-	-	970,000	9,499,012
	435,050	-	(250)	-	908,560	2,639,658
	249,900	90,000	100,500	10,234	222,879	29,075,372
	(27,335)	-	-	-	(17,261)	(931,583)
	-	-	-	-	-	658,477
S	222,565	90,000	100,500	10,234	205,618	28,802,266
S	-	-	-	-	-	1,104,852
	-	-	-	-	-	10,000
	-	-	-	-	-	8,756,040
	-	-	-	-	-	9,093,217
S	-	-	-	-	-	18,964,109

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)
 Year Ended June 30, 2008

Name of Bank/Broker	Account Type	Balance per statement	Reconciled balance per books
Eastern New Mexico University Foundation			
Deposit Accounts			
Wells Fargo	Deposit	\$ 11,229	11,229
Edward Jones	Deposit	357,989	357,989
Portales National Bank	Deposit	820,692	228,982
		<u>\$ 1,189,910</u>	<u>598,200</u>
Investment Accounts			
State Investment Council	Mutual Fund	\$ 2,316,213	2,316,213
Wells Fargo	Certificate of Deposit	100,243	100,243
Edward Jones	Certificates of Deposit	1,897,671	1,897,671
Edward Jones	Mutual Fund	2,831,402	2,831,402
		<u>\$ 7,145,529</u>	<u>7,145,529</u>
ENMU - R Foundation			
Deposit Accounts			
Pioneer Bank	Deposit	\$ 35,002	33,973
AG Edwards	Deposit	667,185	667,185
Bank of America	Deposit	74,824	74,824
		<u>\$ 777,011</u>	<u>775,982</u>
Investment Accounts			
Bank of America	Mutual Fund	\$ 1,264,075	1,264,075
Bank of America	Certificate of Deposit	10,000	10,000
Pioneer Savings and Trust	Certificate of Deposit	57,965	57,965
First Federal Bank	Certificate of Deposit	6,859	6,859
		<u>\$ 1,338,899</u>	<u>1,338,899</u>

STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS
Year Ended June 30, 2008

Name of Depository	Description	Fair Market Value	Name and Location of Safe Keeper
Wells Fargo Bank	FNLC #867437 Due May 1, 2036	\$ 96,488	Wells Fargo Corporation, San Francisco, CA
Wells Fargo Bank	FNLC #879100 Due May 1, 2036	130,000	Wells Fargo Corporation, San Francisco, CA
Wells Fargo Bank	GNSF # 00781290 Due July 13, 2029	2,752,151	Wells Fargo Corporation, San Francisco, CA
Wells Fargo Bank	FNLC #896548F Due July 1, 2036	1,485,000	Wells Fargo Corporation, San Francisco, CA
		<u>\$ 4,463,639</u>	
Bank of America	FMAC #3128M5R85 Due January 1, 2038	\$ 9,992	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31371K7E5 Due July 1, 2033	1,360	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31371KWE7 Due December 1, 2017	7,706	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31385WSW0 Due November 1, 2017	8,408	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31385WUJ6 Due December 1, 2017	5,512	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31385XJX6 Due August 1, 2033	1,136	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31389VZ67 Due March 1, 2017	10,649	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31391J6Z8 Due November 1, 2017	16,637	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31391VV75 Due December 1, 2017	7,115	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31391WVD0 Due January 1, 2018	273	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31391Y3N5 Due February 1, 2018	13,010	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31400EQ52 Due April 1, 2018	322	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31400SCA5 Due May 1, 2018	9,373	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31401JN95 Due June 1, 2033	5,289	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31404ARB2 Due June 1, 2033	512	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31410KLN2 Due August 1, 2037	22,112	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36202EHF9 Due March 20, 2036	442,310	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36202EJH3 Due June 20, 2036	63,737	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36202EJX8 Due July 20, 2036	1,222	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36202ES91 Due May 20, 2038	92,024	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36202ETA7 Due May 20, 2038	7,236	Federal Reserve Bank, Boston, MA
Bank of America	GNMA #36241KS22 Due May 15, 2038	8,831	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31404LX70 Due October 01, 2033	1,319,122	Federal Reserve Bank, Boston, MA
Bank of America	FNMA #31404AQ31 Due October 01, 2033	1,501,485	Federal Reserve Bank, Boston, MA
		<u>\$ 3,555,373</u>	
Portales National Bank	FNMA Agency Note #541066AT3, Due July 1, 2010	\$ 155,000	Texas Independent Bank Dallas, TX
Portales National Bank	FHLB CALL #3133XLNV2 Due July 6, 2011	100,000	Texas Independent Bank Dallas, TX
Portales National Bank	FNMA Agency Note #705271BX1 Due July 1, 2009	255,000	Texas Independent Bank Dallas, TX
		<u>\$ 510,000</u>	
State National Bank	FHLMC #3134A4VB7 Due July 12, 2010	\$ 970,000	Federal Home Loan Bank of Dallas, TX
		<u>\$ 970,000</u>	

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

Location	Federal Grantor/Pass-Through Grantor Grantor/Program Title	Grantee ID	Federal CFDA Number	Agency or Pass-Through Number	2008 Federal Expenditures
MAJOR PROGRAMS					
<i>Student Financial Aid Cluster</i>					
U.S. Department of Education					
Portales Campus	SEOG		84.007	P007A032641	S 309,249
Roswell Campus	SEOG		84.007	N/A	100,314
Ruidoso Campus	SEOG		84.007	P007A062641	68,125
Portales Campus	College Work-Study Program		84.033	P042A051082	858,554
Portales Campus	College Workstudy Program Carryover		84.033	P042A051082	38,409
Portales Campus	America Reads-Work Study	GREAD	84.033	P033A072641	34,563
Roswell Campus	Federal Workstudy		84.033	N/A	297,705
Portales Campus	Pell Grant Program	GPELL	84.063	P063P071823	4,604,564
Ruidoso Campus	Pell Grant Program	GPELL	84.063	P044A060145	673,769
Roswell Campus	Pell		84.063	N/A	2,924,310
Portales Campus	ACG 1	210139-210140	84.375	P375A071823	73,875
Portales Campus	ACG2		84.375	P047A030089	53,250
Roswell Campus	Academic Competitiveness		84.375	N/A	17,625
Roswell Campus	Academic Competitive Yr2		84.375	N/A	8,450
Portales Campus	SMART 1	210141-210142	84.376	P376S071823	2,000
Portales Campus	SMART2		84.376	P047A030089	66,250
<i>Total Student Financial Aid Cluster</i>					<u>10,131,012</u>
<i>HUD/Equipment Grants</i>					
Department of Housing and Urban Development					
Portales Campus	HUD/EDI	GCEDI	14.246	B-05-SP-NM-0189	47,373
Portales Campus	SCIENCE BUILDING EQUIPMENT	GSEDI	14.246	B06SPNM0681	613,800
<i>Total HUD/EQUIPMENT</i>					<u>661,173</u>
<i>GEAR-UP</i>					
U.S. Department of Education					
Roswell Campus	Gear Up		84.334A	P334A050091-06	440,411
Roswell Campus	Gear Up		84.334A	P334A050091	404,742
Roswell Campus	Gear Up		84.334A	P334A050091	755,974
<i>Total GEAR-UP</i>					<u>1,601,127</u>
TOTAL MAJOR PROGRAMS					<u>S 12,393,312</u>

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 Year Ended June 30, 2008

NON-MAJOR PROGRAMS

Location	Federal Grantor/Pass-Through Grantor/Program Title	Grantee ID	Federal CFDA Number	Agency or Pass-Through Number	2008 Federal Expenditures
<i>Research and Development Cluster</i>					
U.S. Department of Health and Human Services					
Portales Campus	R15 AREA	GR155	93.859	R15 GM070562-01	\$ 160
Portales Campus	R15 AREA	GR156	93.859	R15 GM070562-01	185
Portales Campus	R15 AREA	GR157	93.859	R15 GM070562-01	15,115
<i>Passed through New Mexico State University</i>					
Portales Campus	INBRE-Hilliard	GINH7	93.389	Q000926	56
Portales Campus	INBRE-Liu	GINL7	93.389	Q000926	25
Portales Campus	INBRE-Varela	GINV7	93.389	Q000926	62
Portales Campus	INBRE-Lutneskey	GINA8	93.389	Q000926	35,369
Portales Campus	INBRE-Hilliard	GINH8	93.389	Q000926	73,218
Portales Campus	INBRE-Liu	GINL8	93.389	Q000926	80,709
Portales Campus	INBRE-Varela	GINV8	93.389	Q000926	76,493
Portales Campus	INBRE-Wright	GINW8	93.389	Q000926	74,015
Portales Campus	INBRE-Hilliard	GINH9	93.389	Q000926	16,030
Portales Campus	INBRE-Liu	GINL9	93.389	Q000926	20,018
Portales Campus	INBRE-Varela	GINV9	93.389	Q000926	18,795
Portales Campus	INBRE-Wright	GINW9	93.389	Q000926	18,325
National Science Foundation					
Portales Campus	Int Red Wrđ Nanoparticles	GIRWN	47.041	EEC-0611862	22,367
<i>Passed through University of New Mexico</i>					
Portales Campus	EPSCOR 06-07	GEPT7	47.074	063009-8716	34,502
<i>Passed through Arizona State University</i>					
Portales Campus	WAESO	GWAF8	47.074		756
Portales Campus	WAESO	GWAS8	47.074		710
Portales Campus	WAESO	GWASA	47.074		738
<i>Total Research and Development Cluster</i>					<u>487,648</u>
U.S. Department of Education					
<i>TRIO CLUSTER</i>					
Portales Campus	Student Support Services 05-06	GSSS6	84.042A	P042A051082	528
Portales Campus	Student Support Services 06-07	GSSS7	84.042A	P042A051082	64,773
Portales Campus	Student Support Services 07-08	GSSS8	84.042A	P042A051082	219,714
Roswell Campus	SSS 06-07		84.042A	P042A050582-06	41,538
Roswell Campus	SSS		84.042A	P042A050582-07	191,960
Portales Campus	Talent Search 06-07	GTAL7	84.044A	P044A060172	87,753
Portales Campus	Talent Search 07-08	GTAL8	84.044A	P044A060145	239,726
Roswell Campus	Talent Search		84.044A	P044A060145-07	250,989
Roswell Campus	Talent Search 06-07		84.044A	P044A060145	49,255
Portales Campus	Upward Bound 03-04	GUPB4	84.047A	P047A030089	166
Portales Campus	Upward Bound 04-05	GUPB5	84.047A	P047A030089-04	5
Portales Campus	Upward Bound 05-06	GUPB6	84.047A	P047A030089-04	3,903
Portales Campus	Upward Bound 06-07	GUPB7	84.047A	P047A030089-04	122,479
Portales Campus	Upward Bound 07-08	GUPB8	84.047A	P047A030089	240,838
Roswell Campus	Upward Bound 06-07		84.047A	P047A030044-06	54,238
Roswell Campus	Upward Bound		84.047A	P047A070175	254,674
Roswell Campus	EOC 06-07		84.066A	P066A060060	260,394
Roswell Campus	EOC 07-08		84.066A	P066A060060	53,704
<i>Total TRIO Cluster</i>					<u>2,136,637</u>

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 Year Ended June 30, 2008

NON-MAJOR PROGRAMS

Location	Federal Grantor/Pass-Through Grantor/Program Title	Grantee ID	Federal CFDA Number	Agency or Pass-Through Number	2008 Federal Expenditures
<i>Title V: Strengthening Institutions</i>					
Portales Campus	Strengthening Institutions 05-06	GSFC26	84.031S	P031S03103-05	5 8,826
Portales Campus	Strengthening Institutions 05-06	GSFE16	84.031S	P031S03103-05	49
Portales Campus	Strengthening Institutions 05-06	GSFE26	84.031S	P031S03103-05	3,070
Portales Campus	Strengthening Institutions 05-06	GSFPM6	84.031S	P031S03103-05	119
Portales Campus	Strengthening Institutions 06-07	GSFC17	84.031S	P031S03103-05	37,638
Portales Campus	Strengthening Institutions 06-07	GSFC27	84.031S	P031S03103-05	12,013
Portales Campus	Strengthening Institutions 06-07	GSFC37	84.031S	P031S03103-05	20,947
Portales Campus	Strengthening Institutions 06-07	GSFE17	84.031S	P031S03103-05	53,590
Portales Campus	Strengthening Institutions 06-07	GSFE37	84.031S	P031S03103-05	70,559
Portales Campus	Strengthening Institutions 06-07	GSFPM7	84.031S	P031S03103-05	65,355
Roswell Campus	Title V		84.031S	P031S070015	221,926
Portales Campus	Strengthening Institutions 07-08	GSFE18	84.031S	P031S03103-05	40,964
Portales Campus	Strengthening Institutions 07-08	GSFC18	84.031S	P031S03103-05	31,249
Portales Campus	Strengthening Institutions 07-08	GSFE38	84.031S	P031S03103-05	84,211
Portales Campus	Strengthening Institutions 07-08	GSFC38	84.031S	P031S03103-05	34,722
Portales Campus	Strengthening Institutions 07-08	GSFPM8	84.031S	P031S03103-05	34,886
<i>Total Title V: Strengthening Institutions</i>					<u>720,124</u>
<i>PBS</i>					
Portales Campus	KENW Ready to Learn 06-07	GKRL7	84.295A	R295A000002	9,569
Portales Campus	KENW Ready to Learn 07-08	GKRL8	84.295A	R295A000002	5,422
<i>National Writing Project</i>					
Portales Campus	High Plains Writing Project	GHPW7	84.928A	92-NM02 AMEND 18	4,589
Portales Campus	High Plains Writing Project 07-08	GHPW8	84.928	92-NM02 AMEND 19	35,082
<i>Passed through the New Mexico State Department of Education</i>					
Portales Campus	Career Technical Education Project	GCTE7	84.048	PED PSC#06-924-P527-0020	49
Portales Campus	CDC Food Program	GCACF	10.558	N/A	8,624
Ruidoso Campus	ABE Federal	TABF7	84.002	N/A	36,359
Roswell Campus	ABE Federal		84.002	N/A	141,080
Roswell Campus	ABE Textbooks		84.002	49828	35,544
Roswell Campus	Tech Prep		84.243	003.7.6.1.857	187,173
Portales Campus	P16 Professional Development Grant	GPI6E	84.367	N/A	21,396
Portales Campus	Heart To Heart	GHTOH	84.367	N/A	68,961
Roswell Campus	TANF/ABE		84.002A	07-950-910-2000-03G	165,238
Total U.S. Department of Education					<u>3,575,847</u>
Department of Health and Human Services					
<i>Passed through the New Mexico Children Youth and Families Department</i>					
Portales Campus	Aim High	GCYA8	93.596	08-690-5406	60,878
Portales Campus	Basic Services	GCYF8	93.596	08-690-5406	88,347
Portales Campus	Inclusion	GCYI8	93.596	08-690-5406	22,701
<i>Passed through the New Mexico Human Services Department</i>					
Ruidoso Campus	TANF Challenge		93.558	N/A	4,543
Roswell Campus	NM Works Region IV E & T		93.558	TC07/08-ENMU-RO	72,962
Roswell Campus	NM Works Reg IV		93.558	TC07/08-ENMU-RO	917,004
Ruidoso Campus	NM Works (TANF)	TANF8	93.558	N/A	109,405
Ruidoso Campus	NM Works (E&T)	TTET8	93.558	N/A	7,116
Ruidoso Campus	NM Works (TANF Transportation)	TTTR8	93.558	N/A	994
<i>University of New Mexico</i>					
Portales Campus	NM Grad Coal. NM-PHD Bridge	GBRG7	93.960	3R027	28,746
Total Department of Health and Human Services					<u>1,313,296</u>
Department of Agriculture					

STATE OF NEW MEXICO
 EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 Year Ended June 30, 2008

NON-MAJOR PROGRAMS

Location	Federal Grantor/Pass-Through Grantor/Program Title	Grantee ID	Federal CFDA Number	Agency or Pass-Through Number	2008 Federal Expenditures
Portales Campus	2006 Public TV Digital Transition Grant	GKRUS	10.861	1515	\$ 26,842
Roswell Campus	SBDC-Forest		10.652	05-DG-11030800033	4,985
	<i>Passed through the New Mexico Children Youth and Families Department</i>				
Roswell Campus	CYFD-CDC		10.558	50531.00	10,377
Roswell Campus	CYFD Upward Bound		10.559	50531.00	3,250
	Total Department of Agriculture				<u>45,454</u>
	Department of State				
Roswell Campus	ILEA		19.000	S-INLEC-06-C A-0005	83,376
Roswell Campus	ILEA 05/06		19.000	S-INLEC-06-C A-0005	195,381
	Total Department of State				<u>278,757</u>
	Department of Labor				
	<i>Passed through the New Mexico Human Services Department</i>				
Roswell Campus	NM Works WIA/DOL		17.258	OSC 07/08 ENMU-RO	<u>304,517</u>
	National Science Foundation				
	<i>Passed through New Mexico State University</i>				
Portales Campus	Alliance for Minority Participation	GAMF6	47.076	Q00889	<u>7,429</u>
	Department of Interior				
	<i>Bureau of Land Management</i>				
Portales Campus	BLM Mesa Portales 06-07	GMSA6	15.224	GDA 010023	3,852
Portales Campus	BLM Black River Rec Area	GBBR7	15.224	GDA 010023	8,472
	<i>U.S. Army Corp of Engineers</i>				
Portales Campus	Curation E3194	GE3194	15.904	W81G6900259490	1,372
	Total Department of Interior				<u>13,696</u>
	Small Business Administration				
Roswell Campus	SBDC		59.037	7-603001-Z-0032-19	<u>293,719</u>
	Department of Commerce				
Portales Campus	PTFP-Eastern New Mexico University	GKFPT	11.550	35-01-N05025	23,084
Portales Campus	PTFP-Eastern New Mexico University	GKDVE	11.550	35-02-N06025	135,572
	Total Department of Commerce				<u>158,656</u>
	Department of Justice				
Portales Campus	Bullet Proof Vest Program 02-06	GVST2	16.607	NM Dept of Public Safety	<u>205</u>
	TOTAL NON-MAJOR PROGRAMS				
					<u>\$ 6,479,224</u>
	TOTAL FEDERAL AWARDS				
					<u>\$ 18,872,536</u>

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2008

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

NOTE 2. STUDENT LOANS

As of June 30, 2008, outstanding student loan balances under the Federal Perkins Loan Program, CFDA #84.038, were \$7,583,682. Perkins loans awarded for the year ending June 30, 2008 totaled \$1,617,548. Additionally, the University processed \$13,059,967 in new loans under the Guaranteed Student Loan Program, CFDA #84.032 (which includes Stafford Loans and Parents' Plus Loans). The Schedule of Federal Expenditures of Federal Awards does not include these amounts.

**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
State of New Mexico Eastern New Mexico University
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the basic financial statements of the business-type activities of State of New Mexico Eastern New Mexico University (University) and its aggregate discretely presented component units, and the budgetary comparisons presented as supplemental information as of and for the year ended June 30, 2008, and have issued our report thereon dated November 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-01 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weakness. However, we believe that of the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 06-04.

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

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

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

Moss Adams LLP

Albuquerque, New Mexico
November 15, 2008

**Report on Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

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

We have audited the compliance of Eastern New Mexico University (University) with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed

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

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-02 and 08-03.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the University's internal control that might be significant deficiencies or material weakness as defined below. However, as described below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control *deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood the noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-05 and 08-01 to be significant deficiencies.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the University's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

This report is intended solely for the information and use of the Board of Regents, the Audit Committee, management, the Department of Finance and Administration, the Legislative Finance Committee, the University, the State Auditor, the cognizant audit agency and other federal audit agencies and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
November 15, 2008

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
STATUS OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

Prior Year Finding Description	Status
05-01 Disaster Recovery Plan	Resolved
06-04 Budget	Repeated
07-01 Financial Statement Reporting and Control Process	Repeated
07-02 ENMU-R Foundation Reconciliations	Resolved
07-03 Purchasing Card Approval	Resolved
07-04 Carl Perkins Program Allowable Costs	Resolved
07-05 GEAR-UP Program – Controls Over Matching	Repeated and Revised
07-06 Procurement: Suspension and Debarment	Resolved
07-07 Information Technology Access Controls	Resolved

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Aid Cluster
84.334	Gear Up
14.246	HUD/Equipment Grants

Dollar threshold used to distinguish between type A and type B programs \$ 566,176

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

**B. FINDINGS-FINANCIAL STATEMENT AUDIT EASTERN NEW MEXICO
UNIVERSITY**

06-04 Budget – All Campuses

CONDITION

During our testwork of budgets, we noted the following campuses had overspent their budgets in the following functions:

Roswell Campus

Unrestricted

Internal services	\$ 17,243
Student aid, grants, and stipends	4,633
Auxiliary services	145,845
Building renewal and replacement	199,084

Ruidoso Campus

Restricted

Student aid, grants and stipends	\$ 66,740
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CRITERIA

The University is not allowed to exceed their budget in expenditures for internal services, student aid, grants, and stipends, auxiliary services, and building renewal and replacement, per the budget compliance requirements of State Statute 6-3-1 to 6-3-25 NMSA 1978.

EFFECT

The University has not complied with budgetary compliance requirements for the categories referenced above as presented in the Budget Comparison schedules in the financial statements. Non-compliance could have an impact on future funding.

CAUSE

Expenditures in the last quarter of the fiscal year exceeded projections in some areas. The Budget Adjustment Request (BAR) deadline of May 1st does not allow for the University to complete a BAR for areas exceeding budget.

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008**

**B. FINDINGS-FINANCIAL STATEMENT AUDIT EASTERN NEW MEXICO
UNIVERSITY (CONTINUED)**

06-04 Budget – All Campuses (Continued)

RECOMMENDATION

We recommend that the University ensures that all expenditure functions are not overspent and are in compliance with state statutes by monitoring budget and actual expenditures regularly to avoid over expenditures.

MANAGEMENT RESPONSE

Management concurs with the recommendation. The University creates budgets to be as close to the anticipated expenditure level as possible. Unforeseen expenditures occurred after the final BAR submission, causing expenditures to exceed the budget. The University will strive to submit a final BAR sufficient to cover expenditures.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

**B. FINDINGS-FINANCIAL STATEMENT AUDIT EASTERN NEW MEXICO
UNIVERSITY (CONTINUED)**

07-01 Financial Statement Reporting and Control Process

CONDITION

During our evaluation of the financial reporting and control process we noted that the year-end financial statement reporting function lacks controls to ensure consistency in procedures between the Portales and Roswell campuses. Historically, the external auditor has been the primary liaison between the campuses to ensure that the information flowing into the year-end financial statements is consistent and prepared in accordance with accounting principles generally accepted in the United States of America.

CRITERIA

Good internal controls over the financial reporting and control process dictate that an organization with multiple locations should implement centralized oversight, and accounting policies and procedures to ensure consistency and compliance with accounting principles generally accepted in the United States of America in financial reporting.

EFFECT

Without centralized oversight in the preparation of financial statements, and related accounting policies and procedures, the potential for accounting inconsistencies and errors in financial statement reporting is increased.

CAUSE

The financial statement reporting process is completed separately at Portales and Roswell campuses without an intra-University mechanism to insure that the financial statements are consistent and prepared in accordance with accounting principles generally accepted in the United States of America.

RECOMMENDATION

We recommend that the University implement centralized financial reporting and control, and related accounting policies and procedures, including management review of the composition of combined accounting records, to ensure consistency in financial reporting and to expedite preparation of the financial statements. As an alternative, certain aspects of the financial statement preparation process can be outsourced.

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008**

**B. FINDINGS-FINANCIAL STATEMENT AUDIT EASTERN NEW MEXICO
UNIVERSITY (CONTINUED)**

07-01 Financial Statement Reporting and Control Process (Continued)

MANAGEMENT RESPONSE

Although the University understands this comment, the independence of the three campuses makes it difficult to achieve this objective. The costs associated with aligning accounting processes in this manner would more than likely exceed the benefits associated with the streamlining of the audit process.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY

07-05 GEAR-UP Program – Controls over Matching – Roswell Campus

Federal program information:

Funding Agency: U.S. Department of Education
Title: GEAR-UP for Success
CFDA Number: 84.334A
Award Number: P334A050091
Award Period: September 1, 2007 to August 31, 2008

CONDITION

During our testwork of the GEAR-UP program, we determined that the program did not have adequate controls in place over matching requirements. Per review of documentation and inquiry, we noted that the Director will make changes to level of effort certifications without supporting documentation or evidence of review and approval of these changes.

CRITERIA

Per the Federal Register/Vol. 65, No. 82/Thursday, April 27, 2000/Rules and Regulations Discussion of 34 CFR Part 694.7, “The in-kind match (can) be met through contributions from partners such as non-profit organizations, large and small businesses, service groups, religious organizations, and State and local governments.” Since this is such a fundamental component of program revenues, it is incumbent upon management to ensure the existence of adequate controls over matching requirements, including management’s review and approval of matching amounts.

QUESTIONED COSTS

None

EFFECT

Because the Director can make changes to documentation used as support for meeting matching requirements, there is a risk of erroneous or fraudulent reporting in order to meet matching requirements.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

07-05 GEAR-UP Program – Controls over Matching – Roswell Campus (Continued)

CAUSE

Program personnel have not implemented policies and procedures ensuring adequate review and approval of matching requirements.

RECOMMENDATION

We recommend the University develop procedures to ensure review and approval of documentation supporting matching requirements and that any changes to level of effort reports be documented as to the purpose for the change. All changes should be reviewed and approved by management.

MANAGEMENT RESPONSE

The ENMU-R GEAR-UP Program has made substantial changes to our Time & Effort reporting. We now have a written policy that was begun at the start of the current (2008-2009) academic school year, The Program Director meets with all involved school personnel at the beginning of each school year to ensure that there is a consistent understanding of how to accurately complete the monthly Time and Effort Reports. No longer will any changes be made to such reports.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-01 GEAR-UP – Subrecipient Monitoring

Federal program information:

Funding Agency: U.S. Department of Education
Title: GEAR-UP for Success
CFDA Number: 84.334A
Award Number: P334A050091
Award Period: September 1, 2007 to August 31, 2008

CONDITION

During our audit, we noted that the ENMU-Roswell Foundation is a subrecipient of the GEAR-UP program as they receive scholarship revenues for this program from the University. There is no written agreement between the University and the Foundation over requirements pertaining to these funds.

CRITERIA

Per OMB Circular A-133 Subpart D.400 (c) (2), the awarding agency is required to “advise recipients of requirements imposed on them by Federal laws, regulations and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.” Therefore, a written agreement discussing such requirements should exist.

QUESTIONED COSTS

None

EFFECT

Without a formal written agreement, there is no clear delineation of the responsibilities between the grantor and the subrecipient.

CAUSE

The University failed to enter into a written agreement with the Foundation since the University was not aware of this requirement.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-01 GEAR-UP -- Subrecipient Monitoring (Continued)

RECOMMENDATION

We recommend the University prepare a subrecipient agreement with standard language that discusses compliance with Federal requirements and specific terms of the agreement between the two entities.

MANAGEMENT RESPONSE

The ENMU-R Business Office is working with the University's legal counsel to develop an approved Memo Of Understanding regarding the Foundation's subrecipient status regarding GEAR-UP Scholarship funds.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-02 Student Financial Aid – Return to Title IV

Federal program information:

Funding Agency: U.S. Department of Education
Title: Student Financial Aid Cluster
CFDA Number: Various
Award Period: July 1, 2007 to June 30, 2008

CONDITION

During our testwork of the Student Financial Aid program, we determined that the Roswell campus was incorrectly calculating the 60% cutoff date for Return to Title IV.

CRITERIA

Per 34 CFR section 668.22(e)(2), “A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours; or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (34 CFR section 668.22(e)(2)).” The University uses the calendar days in the period of enrollment.

QUESTIONED COSTS

None

EFFECT

Incorrect calculation of the Return to Title IV cutoff date could result in incorrect refunding of federal funds.

CAUSE

The Roswell campus calculation did not exclude days scheduled for spring break.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-02 Student Financial Aid – Return to Title IV (Continued)

RECOMMENDATION

We recommend the University ensure that the review process is designed to capture errors in calculation of the cutoff date for Return to Title IV.

MANAGEMENT RESPONSE

ENMU-Roswell did not take into account the spring break when calculating the number of days in the semester. This affected official withdrawals and unofficial withdrawals. Once this error was discovered, Student Financial Aid personnel went through all of the official and unofficial withdrawals for spring 2008 and manually recalculated each one to determine if revisions to grants and/or loans offered to students were necessary due to the correction in the number of days in the semester. Corrections were made on all errors. The University is working with the Admissions and Records Office so that start dates, end dates and breaks in the system are correct for 2008-2009. Student Financial Aid written procedures have been adjusted accordingly.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-03 Student Financial Aid – Student Status Changes

Federal program information:

Funding agency: U.S. Department of Education
Title: Student Financial Aid Cluster
CFDA Number: Various
Award Period: July 1, 2007 to June 30, 2008

CONDITION

During our testwork of the Student Financial Aid program, we determined that, in three of 50 students tested, status changes were not reported to the National Student Loan Data System.

CRITERIA

Per 34 CFR section 682.610, unless the school expects to complete its next Student Status Confirmation Report within 60 days, the school must notify the lender to the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis. It is the responsibility of the University to ensure that changes in student status are reported.

QUESTIONED COSTS

None.

EFFECT

Failure to report student status changes results in non-compliance with federal requirements and could result in a potential loss of funding.

CAUSE

The University places reliance on the National Student Clearinghouse to report changes in student status. There does not appear to be a verification process in place to ensure that required changes are reported.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT - EASTERN NEW MEXICO UNIVERSITY
(CONTINUED)

08-03 Student Financial Aid – Student Status Changes (Continued)

RECOMMENDATION

We recommend the University implement procedures ensuring adequate review of data reported to NSLDS to ensure that student status changes are being recorded in accordance with federal requirements.

MANAGEMENT RESPONSE

At both the Portales and Roswell campuses, the Admissions and Records/Registrar's Offices are responsible for verifying enrollment. Both campuses have elected to use the Clearinghouse for enrollment reporting. This is in compliance with Department of Education requirements. The National Student Loan Data System (NSLDS) is updated by the Clearinghouse each time an enrollment report is sent. At this time, it is undetermined why the status changes were not reflected correctly with the Clearinghouse and therefore not reflected correctly with the National Student Loan Data System. The Admissions and Records & Registrar Office in conjunction with the Financial Aid staff and Information Technology Services are pursuing this matter to ensure that both campuses will be in compliance with the enrollment reporting requirements. The Financial Aid Offices on both campuses have now manually verified financial aid recipients who have withdrawn completely or who have changed their enrollment to below half time and ensured that their status is updated on the NSLDS website.

STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE,
SECTION 12-6-5, NMSA 1978

None

**STATE OF NEW MEXICO EASTERN NEW MEXICO UNIVERSITY
EXIT CONFERENCE
June 30, 2008**

An exit conference was held on November 12, 2008, with the following in attendance:

For State of New Mexico Eastern New Mexico University:

Alva Carter	Regent
Dr. Steven Gamble	President
Dr. John Madden	President (Roswell)
Dr. Judith Haislett	Vice President for Student Affairs
Ronnie Birdsong	Vice President for University Relations/Enrollment Services
Eric Johnston-Ortiz	Vice President for Business Affairs (Roswell)
Kathy Knoll	Comptroller
Sheri Johnston	Internal Auditor
Brent Small	Director of Financial Aid
Jessie Sjue	Director of Financial Aid (Roswell)
AnnaLisa Bhakta	Assistant Director of Financial Aid (Roswell)
Kenny Prince	Accountant

For Eastern New Mexico University Foundation (Component Unit):

Kenny Prince	Accountant, ENMU (Portales)
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For ENMU-R Foundation (Component Unit):

Eric Johnston-Ortiz	Vice President for Business Affairs, ENMU (Roswell)
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For Moss Adams LLP:

Scott Eliason	Assurance Partner
Marlena Torres	Assurance Manager

The financial statements were prepared with assistance from Moss Adams LLP.