



EASTERN  
NEW MEXICO  
UNIVERSITY

# Eastern New Mexico University

## Annual Financial Report

June 30, 2011





**STATE OF NEW MEXICO  
EASTERN NEW MEXICO UNIVERSITY  
FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION  
WITH ACCOMPANYING AUDITORS' REPORTS  
YEAR ENDED JUNE 30, 2011**



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**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
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 June 30, 2011

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## Historical and Functional Synopsis

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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 accreditation 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.

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, Associates of Science, Associates of Arts, and Associates 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, 2011

**Board of Regents**

**Ex-Officio Members**

The Honorable Susana Martinez

Governor of the State of New Mexico

**Appointed Members**

**Term Expires**

Mr. Robert "Chad" Lydick	2014	President
Mr. Randy Harris	2014	Vice President
Ms. Santana Chavez	2012	Secretary
Mr. Marshall Stinnett	2012	Member
Mr. Brett Leach	2016	Member

**University Officials**

Dr. Steven Gamble	President
Dr. John Madden	President - Roswell Campus
Dr. Clayton Alred	President - Ruidoso Campus
Dr. Judith Haislett	Vice President for Student Affairs
Mr. Scott Smart	Vice President for Business Affairs
Dr. Jamie Laurenz	Vice President for Academic Affairs
Ms. Ronnie Birdsong	Vice President for University Relations and Enrollment Services



**FINANCIAL SECTION**

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**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **Independent Auditors' Report**

Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Regents  
Eastern New Mexico University  
Portales, New Mexico

We have audited the accompanying basic financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University as of and for the year ended June 30, 2011 as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information in the accompanying Schedules I, II and III for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of Eastern New Mexico 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 Eastern New Mexico 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 2 to the financial statements, the financial statements of Eastern New Mexico University are intended to present the financial position, and the change in net assets and cash flows for only that portion of the business-type activities of the State of New Mexico which are attributable to the transactions of Eastern New Mexico University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2011, or 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Eastern New Mexico University, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects, the budgetary comparisons of the University as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011 on our consideration of Eastern New Mexico University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* on pages 11 through 21 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 of Eastern New Mexico University, its discretely presented component units, and the budgetary comparisons presented as supplementary information. The accompanying Schedule of Expenditures of Federal Awards (Schedule VI) is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial information listed as supporting Schedules IV and V in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
October 26, 2011

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

This section of the financial report presents our discussion and analysis of Eastern New Mexico University's (the "University") financial performance during the year ended June 30, 2011. Please read it in conjunction with the University's financial statements, which follow this section.

**Financial Highlights**

- As of June 30, 2011, the University's total assets increased to \$193 million, \$15 million over the 2010 level of \$178 million.
- Operating revenues totaled \$79 million in 2011, an increase of \$22 million from 2010 while operating expenses totaled \$124 million, an increase of \$20 million from 2010. Net non-operating revenues totaled \$58.7 million while non-operating expenditures were \$521,751; state appropriations of \$42.2 million are the main component of non-operating revenues. Net non-operating revenues for 2010 totaled \$60 million while non-operating expenditures were \$614,478. State appropriations comprised \$46.5 million of non-operating revenues.
- Since 2005 our headcount enrollment has increased from 4,052 to 5,574. This is an increase of 38%. During the same time period our freshman enrollment has increased from 558 to 690, an increase of 24%. Our student retention rate has improved from 52% to 64% during this same period.

**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

***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 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 (575) 562-2611.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

***Financial Analysis of the University as a Whole***

*Net Assets.* The University's total net assets increased to \$158 million from \$144 million in 2010. The gain is due primarily to the increase in capital assets and unrealized gains in 2011.

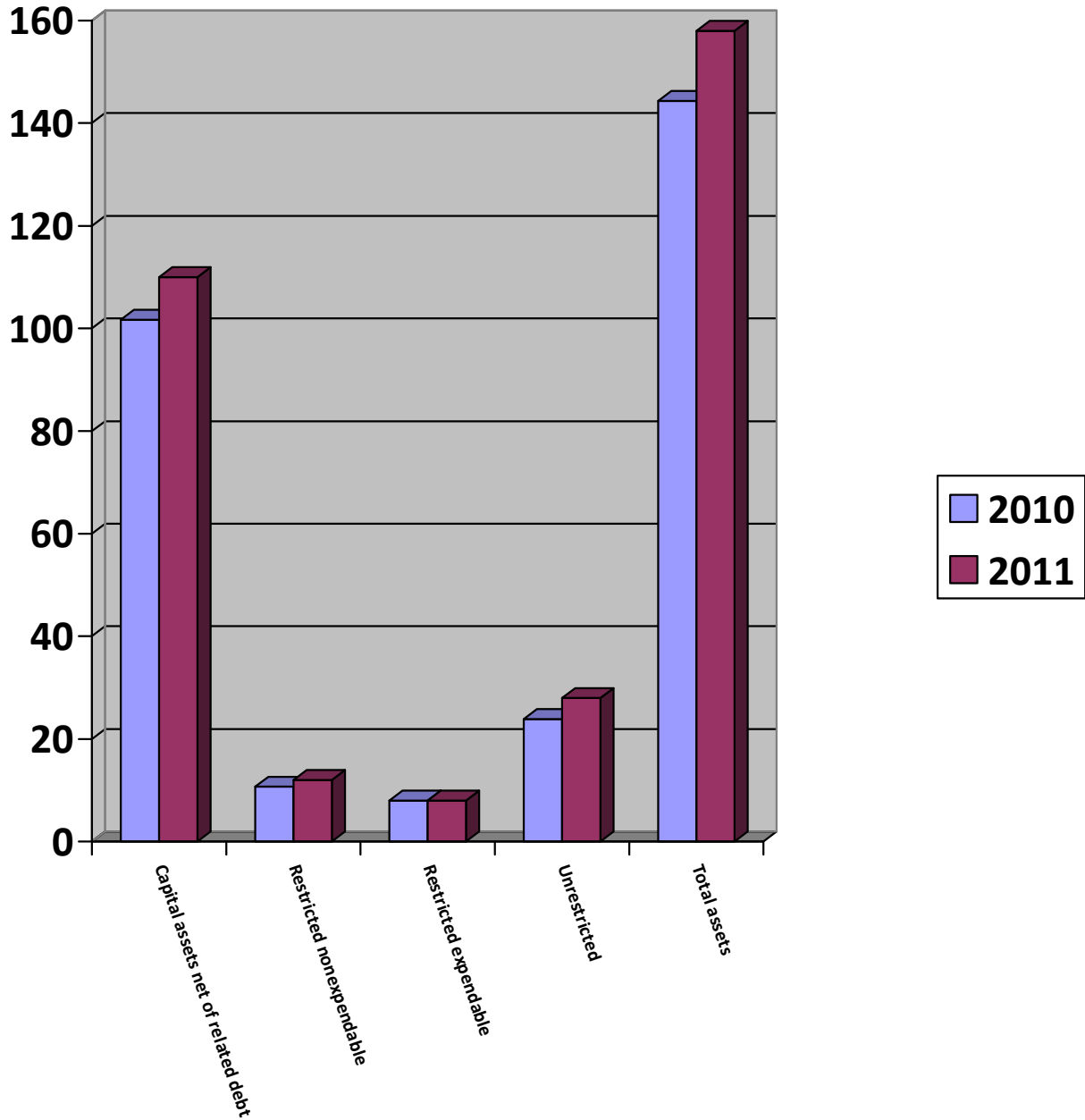
Table 1 summarizes the University's net assets:

**Table 1**  
**Eastern New Mexico University's Net Assets**  
**As of June 30, 2011 and 2010**  
**(in millions of dollars)**

	<b>2011</b>	<b>2010</b>
Current assets	\$ 37	\$ 29
Noncurrent assets other than capital assets	34	34
Capital assets, net	122	115
<b>Total assets</b>	<b>\$ 193</b>	<b>\$ 178</b>
Current liabilities	\$ 18	\$ 15
Noncurrent liabilities	17	19
<b>Total liabilities</b>	<b>\$ 35</b>	<b>\$ 34</b>
Capital assets, net of related debt	\$ 110	\$ 102
Restricted nonexpendable	12	11
Restricted expendable	8	8
Unrestricted	28	23
<b>Total net assets</b>	<b>\$ 158</b>	<b>\$ 144</b>

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

**Net Assets 2011 & 2010**



**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

*Changes in Net Assets.* Total operating revenues for the years ended June 30, 2011 and 2010, were \$79 and \$57 million respectively. Operating expenses were \$124 for 2011, an increase of \$20 million from 2010. Non-operating revenues were \$58 million while non-operating expenses were \$521,781 for 2011 and non-operating revenues were \$60 million while non-operating expenses were \$614,478 for 2010.

Table 2 summarizes the University's changes in net assets:

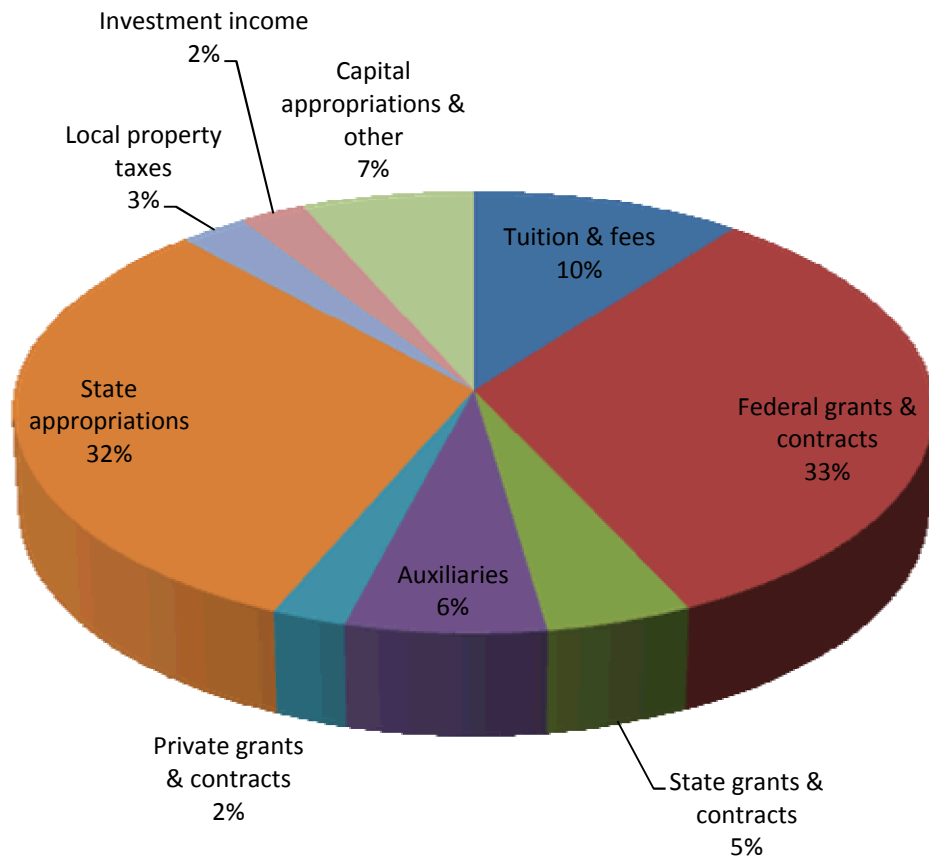
**Table 2**  
**Changes in Eastern New Mexico University's Net Assets**  
**For the Year Ended June 30, 2011 and 2010**  
(in millions of dollars)

	<u>2011</u>	<u>2010</u>
Operating revenues		
Student tuition and fees, net	\$ 13.9	\$ 12.3
Auxiliary enterprises	8.6	8.3
Federal grants and contracts	27.5	10.4
State grants and contracts	6.3	6.3
Private grants and contracts	3.2	3.3
Other	3.7	2.7
<b>Total operating revenues</b>	<u><u>\$ 63.2</u></u>	<u><u>\$ 43.3</u></u>
Operating expenses		
Instruction	\$ 31.6	\$ 33.7
Research	0.5	0.4
Public service	8.9	9.9
Academic support	4.8	4.0
Student services	8.5	9.3
Institutional support	9.7	9.8
Operation and maintenance of plant	6.8	6.9
Depreciation	6.7	6.3
Student aid	34.8	15.0
Auxiliary enterprises	7.8	7.6
Other	3.5	1.3
<b>Total operating expenses</b>	<u><u>\$ 123.6</u></u>	<u><u>\$ 104.2</u></u>
Non-operating revenues (expenses)		
State appropriations	\$ 42.2	\$ 46.5
Local property taxes	3.5	3.3
PELL grant	16.0	13.9
Investment income	1.7	2.0
Interest on debt	(0.5)	(0.6)
Additions to permanent endowments	-	0.2
Additions to plant assets	0.7	0.1
<b>Total non-operating revenues (expenses)</b>	<u><u>\$ 63.6</u></u>	<u><u>\$ 65.4</u></u>
Capital appropriations, gifts and additions to permanent endowments	\$ 10.6	\$ 8.0



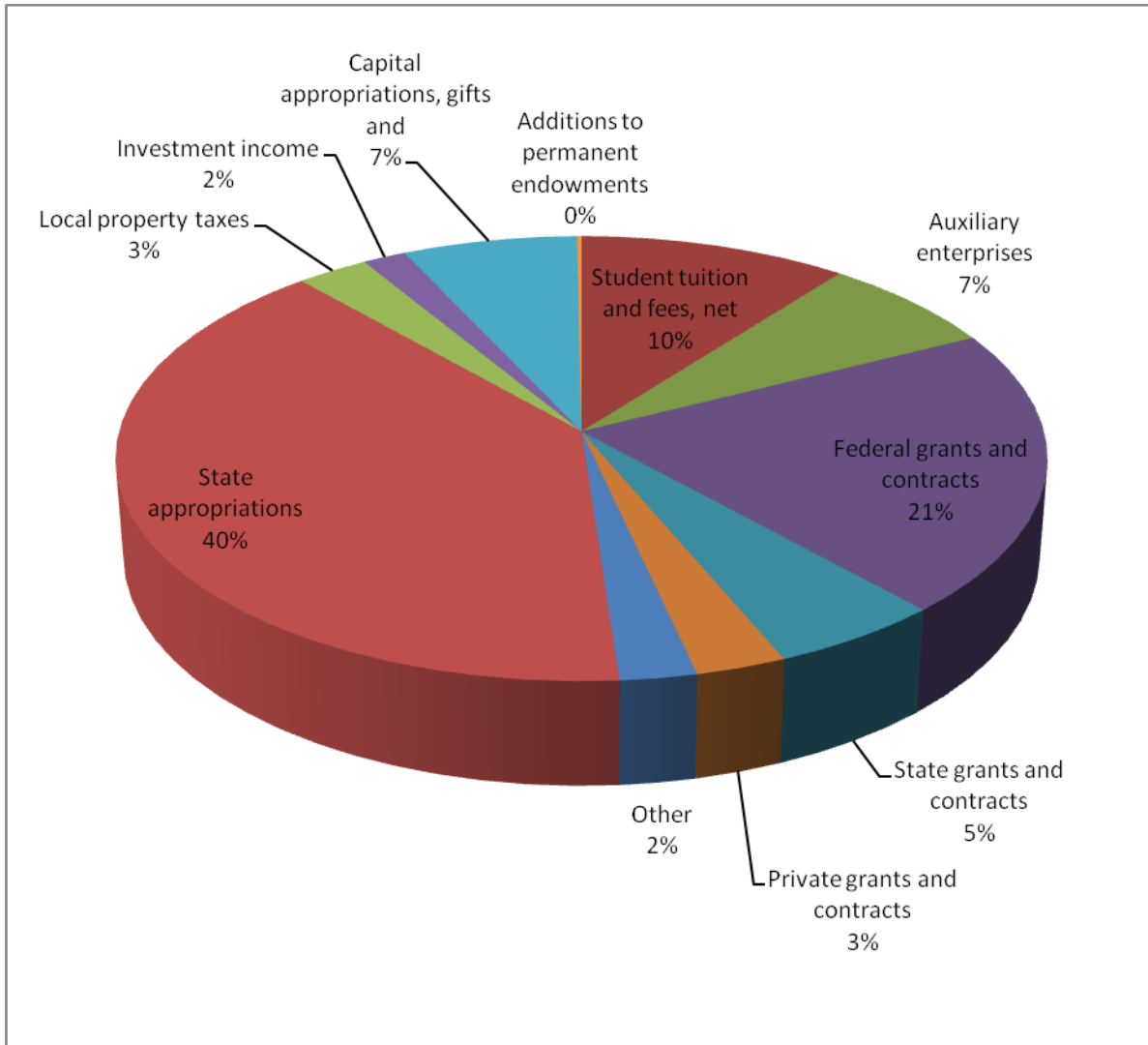
STATE OF NEW MEXICO  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

### Operating & Non-operating Income 2011



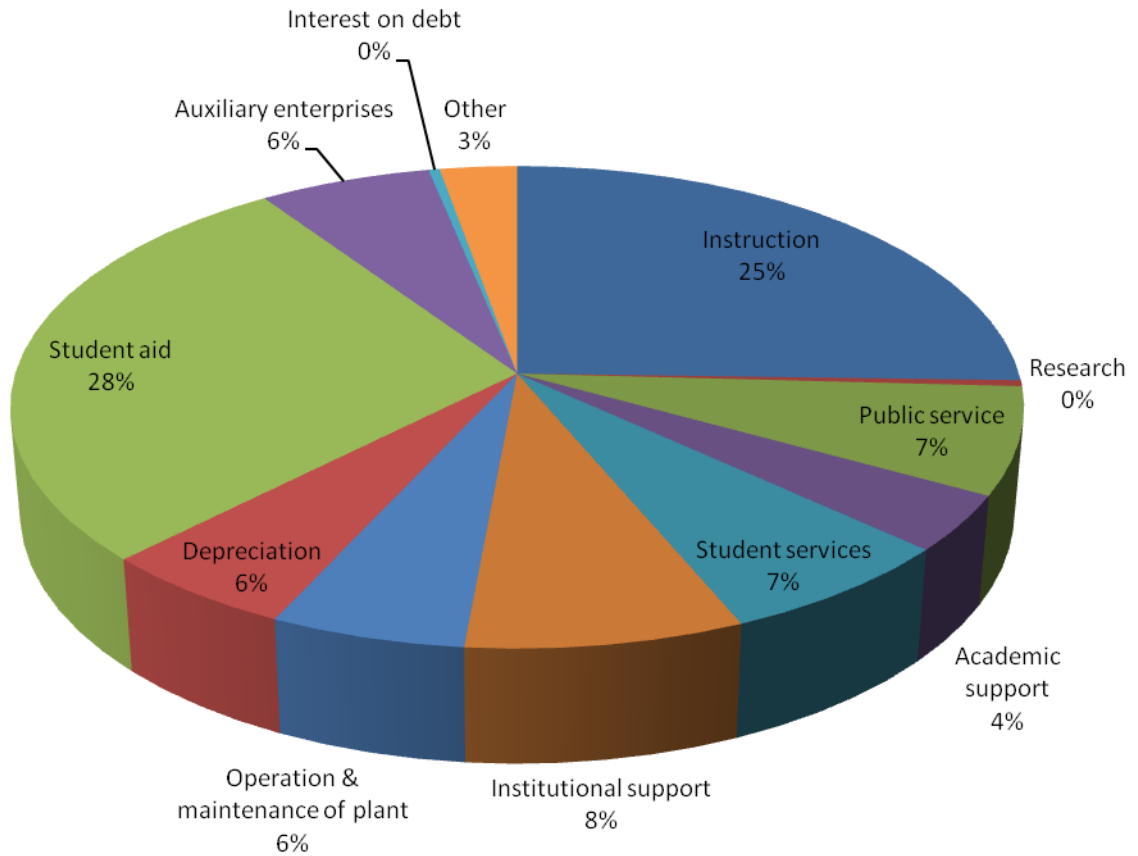
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Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

## Operating & Non-Operating Income 2010



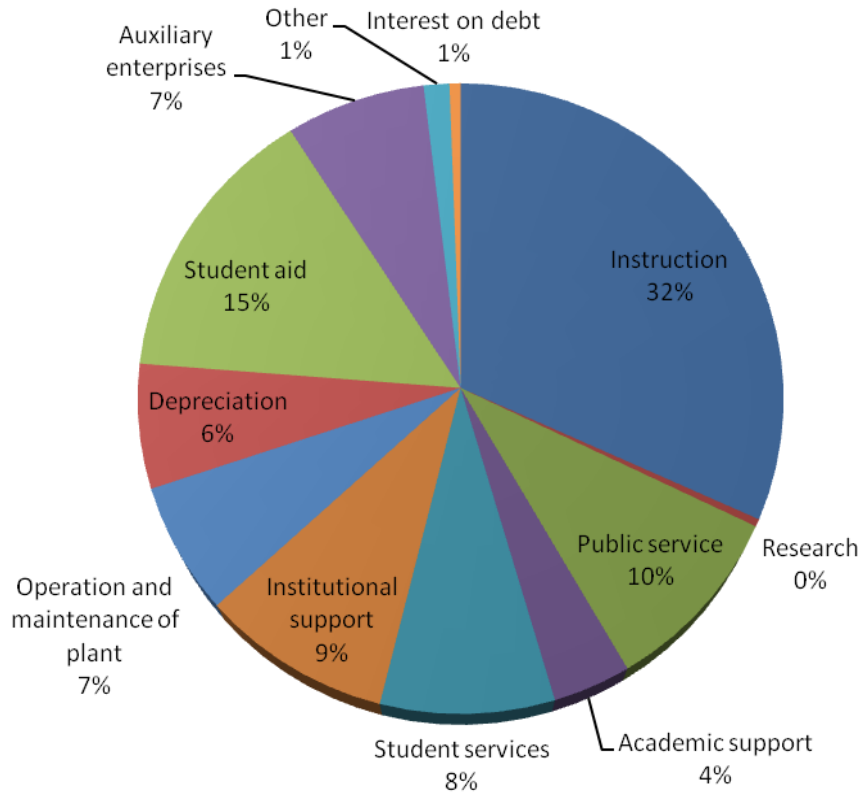
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Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

### 2011 Operating & Non-Operating Expense



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Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

### 2010 Operating & Non-operating Expense



**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2011

***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 of 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 to increase as follows (in millions):

	<b>2011</b>	<b>2010</b>
Current funds		
Unrestricted	0.9	0.3
Restricted	7.2	7.1
Plant funds	6.4	6.4

The budget adjustment to restricted expenditures in 2011 was the result of anticipated increases in federal and state student aid. Capital outlay budgets increased to include additional construction projects.

***Capital Asset and Debt Administration***

*Capital Assets*—As of June 30, 2011 and 2010, the University had \$122.0 and \$115.6 million respectively, invested in various capital assets, including buildings, equipment and construction.

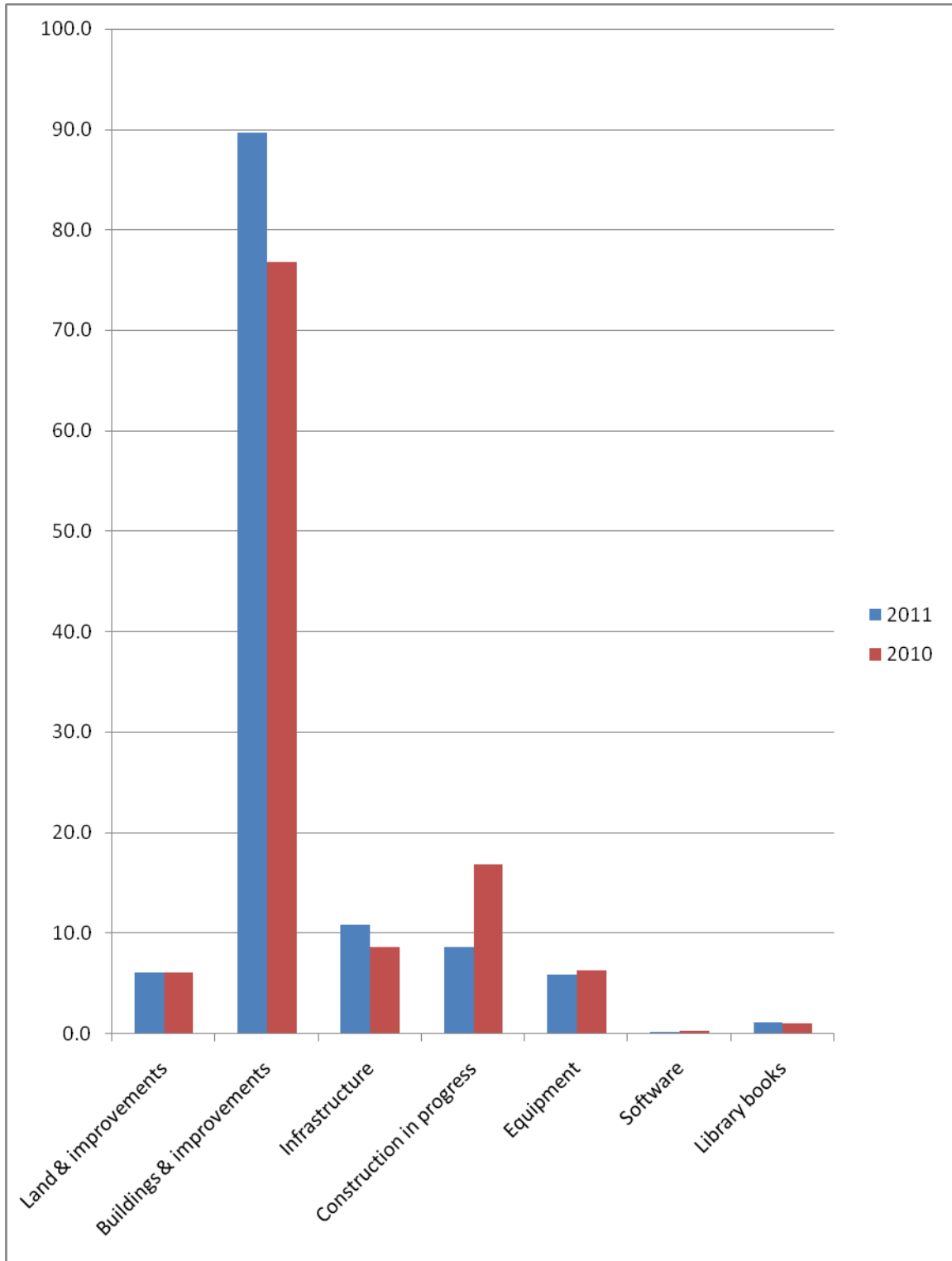
Table 3 shows the University's capital assets at year-end:

**Table 3**  
**Capital Assets at June 30, 2011 and 2010**  
**Net of Depreciation (in millions)**

	<b>2011</b>	<b>2010</b>
Land and improvements	\$ 6.0	\$ 6.0
Buildings and improvements	89.5	76.8
Infrastructure	10.5	8.6
Construction in progress	8.6	16.8
Equipment	6.3	6.2
Software	0.1	0.2
Library books	1.0	1.0
<b>Total</b>	<b>\$ 122.0</b>	<b>\$ 115.6</b>

STATE OF NEW MEXICO  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

Capital Assets 2011 & 2010



**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011

During the 2010-2011 fiscal year the Portales campus completed the renovation/expansion of the former Technology building. The estimated cost of this project is \$9.0 million and is expected to be completed in the fall of 2011. In March of 2011 the University began planning for the replacement of our hot water loop, the razing of 3 closed residential facilities, and the construction of a new 308 bed residence hall.

*Debt Administration*—As of June 30, 2011 and 2010 the University had \$11.3 and \$13.0 million of bonds outstanding, respectively. Other long-term debt includes capital leases of \$.5 million, compensated absences of \$1.5 million, and liabilities for the federal share of the student loan program of \$6.4 million. For 2010, other long-term debt included capital leases of \$0.9 million, compensated absences of \$1.6 million and liabilities for the federal share of the student loan program of \$6.4 million.

***Economic Concerns***

The State of New Mexico lags behind the rest of the country in terms of economic recovery. It is likely that this will continue to impact state funding to higher education through the 2013-2014 fiscal year. To date the budget reductions to the Portales campus since the 2007-2008 fiscal year are nearly \$5.8 million. Early indications are that our 2012-2013 state funding will be identical to our current year funding levels.

***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 University Foundation can be obtained from the controller at the University's office at the address above.

The ENMU-R Foundation does not issue separate financial statements.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statements of Net Assets  
June 30, 2011

	<b>Eastern New Mexico University</b>	<b>Component Units</b>	
		<b>ENMU Foundation</b>	<b>ENMU-R Foundation</b>
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 26,391,767	\$ 630,051	\$ 106,506
Receivables, net	8,569,881	-	200
Inventories	935,911	-	-
Prepaid expenses	762,792	138,456	-
Total Current Assets	<u>36,660,351</u>	<u>768,507</u>	<u>106,706</u>
Noncurrent:			
Notes receivable	7,356,710	-	-
Restricted cash and cash equivalents	396,623	-	406,810
Investments	26,733,479	10,260,875	3,938,940
Capital assets, net	122,076,685	-	-
Total Noncurrent Assets	<u>156,563,497</u>	<u>10,260,875</u>	<u>4,345,750</u>
 Total Assets	 <u>\$ 193,223,848</u>	 <u>\$ 11,029,382</u>	 <u>\$ 4,452,456</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statements of Net Assets  
June 30, 2011

Exhibit A-1

	<b>Eastern New Mexico University</b>	<b>Component Units</b>	
		<b>ENMU Foundation</b>	<b>ENMU-R Foundation</b>
<b>LIABILITIES</b>			
Current:			
Accounts payable	\$ 5,219,702	\$ 8,592	\$ -
Gift annuities payable	-	102,732	-
Accrued expenses and other liabilities	4,820,139	-	-
Deferred revenue	4,881,787	-	-
Deposits held for others	430,925	-	-
Bonds payable, current portion	1,585,000	-	-
Leases payable, current portion	98,072	-	-
Accrued compensated absences, current portion	1,008,092	-	-
Total Current Liabilities	<u>18,043,717</u>	<u>111,324</u>	<u>-</u>
Noncurrent:			
Bonds payable	9,760,000	-	-
Leases payable	359,403	-	-
Accrued compensated absences	513,718	-	-
Student loan program	6,389,314	-	-
Total Noncurrent Liabilities	<u>17,022,435</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>35,066,152</u>	<u>111,324</u>	<u>-</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	110,137,085	-	-
Restricted:			
Nonexpendable:			
Endowments	12,363,604	9,233,726	1,467,901
Expendable:			
Scholarships and fellowship	-	1,142,570	2,790,664
Student loans	1,550,156	-	-
Quasi endowment and endowment interest	3,141,519	-	-
Debt service	2,759,549	-	-
Unrestricted	<u>28,205,783</u>	<u>541,762</u>	<u>193,891</u>
Total Net Assets	<u>158,157,696</u>	<u>10,918,058</u>	<u>4,452,456</u>
Total Liabilities and Net Assets	<u>\$ 193,223,848</u>	<u>\$ 11,029,382</u>	<u>\$ 4,452,456</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statements of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2011

	<b>Eastern New Mexico University</b>	<b>Component Units</b>	
		<b>ENMU Foundation</b>	<b>ENMU-R Foundation</b>
Operating Revenues:			
Student tuition and fees (net of scholarship allowance of \$7,858,416)	\$ 13,890,737	\$ -	\$ -
Auxiliary enterprise revenue	8,570,896	-	-
Federal grants and contracts	27,533,499	-	-
State and local grants and contracts	6,343,050	-	-
Private gifts, grants and contracts	3,234,861	502,621	151,736
Sales and services of educational departments	1,034,100	-	-
Other operating revenues	2,667,909	-	-
Total Operating Revenues	<u>63,275,052</u>	<u>502,621</u>	<u>151,736</u>
Operating Expenses:			
Education and general			
Instruction	31,574,226	-	-
Research	468,884	-	-
Public service	8,918,980	-	-
Academic support	4,750,667	-	-
Student services	8,516,578	-	-
Institutional support	9,664,748	365,492	9,644
Operations and maintenance of plant	6,822,930	-	-
Depreciation expense	6,733,575	-	-
Student aid, grants and stipends	34,838,885	-	-
Auxiliary enterprises	7,779,490	-	-
Administration and collection	-	115,680	-
Expended for scholarships	-	355,182	40,602
Other	3,540,257	23,688	91,870
Total Operating Expenses	<u>123,609,220</u>	<u>860,042</u>	<u>142,116</u>
Operating Income/(Loss)	<u>\$ (60,334,168)</u>	<u>\$ (357,421)</u>	<u>\$ 9,620</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statements of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2011

Exhibit A-2

	<b>Eastern New Mexico University</b>	<b>Component Units</b>	
		<b>ENMU Foundation</b>	<b>ENMU-R Foundation</b>
Non-operating Revenues/(Expenses)			
State appropriations	\$ 42,232,968	\$ -	\$ -
Local property taxes	3,508,721	-	-
PELL grant	15,966,595	-	-
Interest expense	(521,753)	-	-
Investment income/(loss)	1,747,341	320,309	87,459
Private gifts, grants and contracts	-	1,908,288	280,731
Additions to plant assets	660,662	-	-
Total Non-operating Revenues/(Expenses)	<u>63,594,534</u>	<u>2,228,597</u>	<u>368,190</u>
Income/(Loss) before Other Revenues and Expenses	3,260,366	1,871,176	377,810
Other Revenues/(Expenses)			
Capital Appropriations	8,780,865	-	-
Investment income/(loss) on endowments	1,782,816	1,785,794	440,182
Total Other Revenues/(Expenses)	<u>10,563,681</u>	<u>1,785,794</u>	<u>440,182</u>
Increase in Net Assets	13,824,047	3,656,970	817,992
Net assets - Beginning of Year	<u>144,333,649</u>	<u>7,261,088</u>	<u>3,634,464</u>
Net Assets, End of Year	<u>\$ 158,157,696</u>	<u>\$ 10,918,058</u>	<u>\$ 4,452,456</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statement of Cash Flows  
For the Year Ended June 30, 2011

Cash Flows from Operating Activities	
Tuition and fees	\$ 13,538,543
Grants and contracts	39,090,182
Payments to suppliers	(64,357,650)
Payments to employees	(50,545,250)
Auxiliary enterprise charges	8,570,906
Sales and services of educational activities	1,034,008
Other receipts	<u>2,375,571</u>
Net Cash Provided/(Used) by Operating Activities	<u>(50,293,690)</u>
Cash Flows from Non-Capital Financing Activities	
State appropriations	42,232,969
Local property taxes	3,508,721
PELL grant	15,966,595
Other receipts	<u>68,996</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>61,777,281</u>
Cash Flows from Capital and Related Financing Activities	
Capital appropriations	8,123,576
Purchases of capital assets	(12,105,877)
Principal paid on capital debt and leases	(2,080,579)
Interest paid on capital debt and leases	<u>(435,261)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(6,498,141)</u>
Cash Flows from Investing Activities	
Purchase of investments	2,402,847
Interest on investments	(71,267)
Other	<u>(50,711)</u>
Net Cash Provided/(Used) by Investing Activities	<u>2,280,869</u>
Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents	7,266,319
Cash, Restricted Cash, and Cash Equivalents - Beginning of Year	<u>19,522,071</u>
Cash, Restricted Cash, and Cash Equivalents - End of Year	<u><u>\$ 26,788,390</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Statement of Cash Flows  
For the Year Ended June 30, 2011

Exhibit A-3

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities

Operating income/(loss)	\$ (60,334,168)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operations:	
Depreciation	6,733,575
Change in assets and liabilities:	
Receivables, net	(234,325)
Inventories	130,385
Other assets	341,314
Accounts payable and accrued expenses	2,453,600
Other liabilities	(65,850)
Deferred revenue	743,006
Compensated absences	(61,227)
Net Cash Provided/(Used) by Operating Activities	<u>\$ (50,293,690)</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 1: NATURE OF ACTIVITIES

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 a branch campus in Roswell and a branch campus in Ruidoso. The University is organized in 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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 University Foundation and the ENMU-R Foundation are reported in the University's financial statements as discretely presented component units under *Government Accounting Standards Board (GASB) Statements 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, NM 88130. The ENMU-R Foundation does not prepare separate 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, 2011, 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 (GASB), 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*.

B. 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 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.

C. 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.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Receivables

The University reports receivables at their gross value reduced by the estimated portion that is expected to be uncollectible.

E. Inventories

The University reports inventory at cost, which is determined by purchase price. An annual inventory count is completed at year end and obsolete inventory, if any, is written down.

F. 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 Prudent Management of Institutional Funds Act [46-9A-1 to 46-9A-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 University management sets the annual distribution, which must be in accordance with agreement with endowment donors.

G. 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 the fiscal year. None of the current appropriations received are subject to reversion.

H. 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 the Financial Statements  
June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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, includes 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. Land and land improvements are not depreciated. Estimated useful lives for major asset classes are as follows:

Buildings	50 years
Infrastructure	20 years
Library books	5 years
Equipment	3 to 15 years
Software	10 years

J. Accrued expenses and other liabilities

Accrued expenses are comprised of the payroll expenses based on amounts earned by the employees through June 30, 2011, along with applicable taxes and benefits.

K. Net Assets

The University's 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 accumulated depreciation and outstanding debt obligations 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, expendable* include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Restricted net assets, non-expendable* consist of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principle is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.

*Unrestricted net assets* represent all other resources, including those derived from student tuition and fees, state appropriations, and sales and services. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net assets of the Component Units represent resources that may be used at the discretion of the governing board of the Component Units to meet current expenses for any purpose.

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

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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 a) appropriations; b) gifts; c) mill levy; and d) investment income.

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 student's 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 – when 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 date unless the original levy date has been formally extended. The mill levy is collected by the respective County Treasurers and is remitted to the University. The revenue on the mill levy is recognized at the date the mill is levied.

M. 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 expenses; 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 Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34.

N. 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 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.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Tax Status

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

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

P. Eliminating Internal Activities

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

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts and United States Government obligations. Management of the University is not aware of any investments that did not properly follow State investment requirements as of June 30, 2011.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the University. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Deposits

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. As of June 30, 2011, \$17,480,315 of the University's bank balances of \$35,466,757 was exposed to custodial credit risk. \$17,480,315 was uninsured and collateralized by securities held by the pledging financial institution's trust department or agent, but not in the University's name and \$0 was uninsured and uncollateralized.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Notes to the Financial Statements  
 June 30, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing accounts at all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts.

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

Section 6-10-17, NMSA 1978, requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law as shown in Schedule IV.

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, 2011, \$0 of the component unit's bank balance of \$1,147,018 was exposed to uncollateralized and uninsured amounts.

Investments

At June 30, 2011, investments of the University are summarized as follows:

Credit Quality and Interest Rate Risk

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
State Investment Council (pooled funds)	Not Rated	\$ 7,388,910	Less than 90 days
State Investment Council (land grant)	Not Rated	9,238,276	Less than 90 days
<i>New MexiGROW</i> LGIP	AAAm	4,988,011	36 days
Reserve Contingency Fund	Unrated	34,748	Does not earn interest
Mutual Funds	Not Rated	32,931	Less than 90 days
Gabelli Equity Trust	Aaa	50,680	Less than 90 days
General Electric Capital Company	Aa2	50,440	Less than 90 days
JP Morgan Chase & Co	Baa1	55,840	Less than 90 days
Tennessee Valley Authority Power	Aaa	50,740	Less than 90 days
Wachovia Capital Trust	Baa1	51,500	Less than 90 days
Wells Fargo Capital	Baa1	53,260	Less than 90 days
		<u>\$ 21,995,336</u>	

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Notes to the Financial Statements  
 June 30, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The New MexiGrow Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per section 6-10-10(F), 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 respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2011, the University's investment in the State Treasurer Local Government Investment Pool was rated AAAM by Standard & Poor's.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. 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.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

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

NOTE 4: RECEIVABLES, NET

Receivables, net at June 30, 2011 for the University, consist of the following:

Student tuition and fees	\$ 5,480,905
Federal, state and private grants	4,061,065
Other	<u>1,375,563</u>
	10,917,533
Allowance for uncollectible accounts	<u>(2,347,652)</u>
	<u><u>\$ 8,569,881</u></u>

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, is summarized as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated				
Land and improvements	\$ 6,047,167	\$ -	\$ -	\$ 6,047,167
Construction in progress	16,778,583	10,628,725	18,799,201	8,608,107
<b>Total capital assets not being depreciated</b>	<u>22,825,750</u>	<u>10,628,725</u>	<u>18,799,201</u>	<u>14,655,274</u>
Capital assets being depreciated				
Buildings and improvements	131,950,111	15,838,022	-	147,788,133
Infrastructure	16,569,133	2,616,966	-	19,186,099
Equipment	37,577,223	2,393,461	872,217	39,098,467
Software	1,595,666	13,250	-	1,608,916
Library books	15,388,206	473,366	-	15,861,572
<b>Total other capital assets, at cost</b>	<u>203,080,339</u>	<u>21,335,065</u>	<u>872,217</u>	<u>223,543,187</u>
Less accumulated depreciation for				
Buildings and improvements	55,114,686	3,135,080	-	58,249,766
Infrastructure	7,980,383	747,056	-	8,727,439
Equipment	31,348,429	2,291,693	871,455	32,768,667
Software	1,476,086	42,336	-	1,518,422
Library books	14,340,072	517,410	-	14,857,482
Total accumulated depreciation	<u>110,259,656</u>	<u>6,733,575</u>	<u>871,455</u>	<u>116,121,776</u>
<b>Other capital assets, net</b>	<u>\$ 92,820,683</u>	<u>\$ 14,601,490</u>	<u>\$ 762</u>	<u>\$ 107,421,411</u>
<b>Capital asset summary</b>				
Capital assets not being depreciated	\$ 22,825,750	\$ 10,628,725	\$ 18,799,201	\$ 14,655,274
Other capital assets, at cost	203,080,339	21,335,065	872,217	223,543,187
Total cost of capital assets	<u>225,906,089</u>	<u>31,963,790</u>	<u>19,671,418</u>	<u>238,198,461</u>
Less accumulated depreciation	<u>110,259,656</u>	<u>6,733,575</u>	<u>871,455</u>	<u>116,121,776</u>
<b>Capital assets, net</b>	<u>\$ 115,646,433</u>	<u>\$ 25,230,215</u>	<u>\$ 18,799,963</u>	<u>\$ 122,076,685</u>

NOTE 6: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities are summarized as follows:

Accrued Payroll	\$ 1,663,797
Accrued Taxes and Benefits	3,020,930
Other (accrued interest)	135,412
	<u>\$ 4,820,139</u>

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Financial Statements  
June 30, 2011

NOTE 7: DEFERRED REVENUE

Deferred revenue is summarized as follows:

Student tuition and fees	\$ 2,980,461
Federal, state and private grants	282,158
Other	1,619,168
	<u>\$ 4,881,787</u>

NOTE 8: LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Amount Due Within One Year
Bonds payable	\$ 13,030,000	\$ -	\$ 1,685,000	\$ 11,345,000	\$ 1,585,000
Capital leases payable	853,054	-	395,579	457,475	98,072
Accrued compensated absences	1,583,036	1,100,042	1,161,268	1,521,810	1,008,092
Student loan program	6,389,314	-	-	6,389,314	-
	<u>\$ 21,855,404</u>	<u>\$ 1,100,042</u>	<u>\$ 3,241,847</u>	<u>\$ 19,713,599</u>	<u>\$ 2,691,164</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:

Description	Interest Rate	Balance June 30, 2011	Final Maturity
System Revenue Bond Series 1998	3.55-4.40%	\$ 950,000	06/30/13
System Revenue Bond Series 2005	3.25-4.25%	7,645,000	06/30/26
General Obligation Building Bond Series 2005B	3.15-3.95%	2,750,000	08/15/15
		<u>\$ 11,345,000</u>	

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Notes to the Financial Statements  
 June 30, 2011

NOTE 9: BONDS PAYABLE (continued)

Scheduled maturities of bonds payable are as follows for the years subsequent to June 30, 2011:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998 Revenue Series			
2012	\$ 465,000	\$ 41,568	\$ 506,568
2013	485,000	21,340	506,340
	<u>950,000</u>	<u>62,908</u>	<u>1,012,908</u>
2005 Revenue Series			
2012	370,000	326,408	696,408
2013	385,000	312,533	697,533
2014	405,000	293,283	698,283
2015	425,000	273,033	698,033
2016	445,000	251,783	696,783
2017-2021	2,530,000	958,080	3,488,080
2022-2026	3,085,000	400,711	3,485,711
	<u>7,645,000</u>	<u>2,815,831</u>	<u>10,460,831</u>
2005 GO Series B			
2012	750,000	85,538	835,538
2013	600,000	61,800	661,800
2014	625,000	39,750	664,750
2015	650,000	16,719	666,719
2016	125,000	2,469	127,469
	<u>2,750,000</u>	<u>206,276</u>	<u>2,956,276</u>
	<u>\$ 11,345,000</u>	<u>\$ 3,085,015</u>	<u>\$ 14,430,015</u>

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 April 19, 2005, the Roswell Branch Campus issued \$3,625,000 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.



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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. The remaining principal and interest to be paid on the bonds totals \$14,430,015. During the current year, pledged revenue was \$28,589,106 compared to the annual debt requirements of \$2,627,706.

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 provisions. The 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.

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.

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, 2011, the future minimum lease payments required under the lease are as follows:

Year ended June 30,		
	2012	\$ 122,769
	2013	83,482
	2014	83,482
	2015	83,482
	2016	<u>170,606</u>
Total minimum lease payments		543,821
Amount representing interest		<u>(86,346)</u>
Present value of future minimum lease payments		<u><u>\$ 457,475</u></u>

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**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 - EDUCATION 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](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The University was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The University is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary for employees earning more than \$20,000 annually. 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 years ending June 30, 2011, 2010, and 2009 were \$4,410,056, \$4,781,744 and \$4,641,242, 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 2011, the University paid Risk Management \$920,155 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.

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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 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](http://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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	0.917%
FY13	2.000%	1.000%

Also, 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, 2011, 2010, and 2009 were \$605,269, \$495,583 and \$525,400, respectively, which equal the amount of the required contributions for each year.

NOTE 16: COMMITMENTS

The University entered into agreements with contractors and architects for various construction projects at the Portales branch campus. As of June 30, 2011, the University has an obligation of \$4,765,724 for these contracts.

NOTE 17: SUBSEQUENT EVENTS

Bond Issuance

On July 29, 2011, the University issued \$28,050,000 of System Improvement and Refunding Revenue Bonds (Series 2011). The proceeds of the bonds will be 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.

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NOTE 18: SUBSEQUENT PRONOUNCEMENTS

In November 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangement*, effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The University is analyzing the effects that this pronouncement will have on their financial statements.

In December 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations,
2. Accounting Principles Board Opinions, and
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The University is analyzing the effects that this pronouncement will have on their financial statements.

In June 2011 the Governmental Accounting Standards Board (GASB) issued GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

NOTE 19: OTHER DISCLOSURES

LGIP Investment in the Reserve Primary Fund

The New Mexico State Treasurer's Office invested a portion of the LGIP in the Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008, and 2009. On September 15, 2008, the balanced of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, the Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010. Including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There have been no additional distributions in the past year.

The New Mexico State Treasurer's Office believes that there may be additional distributions. Uncertainty remains, however, as to the timing and amounts of these distributions. Effective November 24, 2010, all remaining assets were transferred to a liquidating services agent, Crederian Fund Services, LLC.

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NOTE 20: CONCENTRATIONS

The University depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the University is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Unrestricted and Restricted - All Operations  
For the Year Ended June 30, 2011

	<b>Portales Campus</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Unrestricted and Restricted Beginning Net Assets	\$ 16,085,308	\$ 21,951,687	\$ 21,951,687	\$ -
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	28,244,900	27,571,451	27,574,229	2,778
Federal revenue sources	19,044,021	39,124,021	29,952,933	(9,171,088)
Tuition and fees	13,762,950	14,622,250	13,972,043	(650,207)
Tax levies	-	-	-	-
Land and permanent fund	620,000	620,000	812,815	192,815
Endowments and private gifts	2,461,500	2,937,000	1,512,326	(1,424,674)
Other	13,243,029	13,496,578	14,791,291	1,294,713
Total Unrestricted and Restricted Revenues	<u>77,376,400</u>	<u>98,371,300</u>	<u>88,615,637</u>	<u>(9,755,663)</u>
Unrestricted and Restricted Expenditures:				
Instruction	20,161,000	19,879,000	18,877,253	1,001,747
Academic support	4,620,000	5,145,000	4,380,406	764,594
Student services	3,264,000	3,264,000	2,673,362	590,638
Institutional support	5,309,000	5,609,000	5,446,396	162,604
Operation and maintenance of plant	5,387,000	5,187,000	4,570,385	616,615
Student social and cultural	941,000	1,200,000	857,409	342,591
Research	1,138,000	1,153,000	468,882	684,118
Public service	6,910,000	7,110,000	3,823,932	3,286,068
Internal service	428,000	628,000	(454,162)	1,082,162
Student aid	16,577,000	37,100,000	31,197,913	5,902,087
Auxiliary services	4,822,000	5,025,000	4,926,102	98,898
Intercollegiate athletics	3,158,000	3,350,000	3,165,904	184,096
Capital outlay	10,030,000	14,000,000	13,127,329	872,671
Building renewal and replacement	1,300,000	1,500,000	702,380	797,620
Retirement of indebtedness	1,611,000	1,650,000	1,591,916	58,084
Total Unrestricted and Restricted Expenditures	<u>85,656,000</u>	<u>111,800,000</u>	<u>95,355,407</u>	<u>16,444,593</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	<u>(8,279,600)</u>	<u>(13,428,700)</u>	<u>(6,739,770)</u>	<u>6,688,930</u>
Ending Net Assets	<u>\$ 7,805,708</u>	<u>\$ 8,522,987</u>	<u>\$ 15,211,917</u>	<u>\$ 6,688,930</u>

The accompanying notes are an integral part of these financial statements

<b>Roswell Campus</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 12,846,319	\$ 18,599,740	\$ 18,599,740	\$ -
12,895,118	12,482,526	12,482,509	(17)
11,868,063	13,936,396	11,471,609	(2,464,787)
4,283,540	4,584,627	4,153,418	(431,209)
2,270,000	2,390,000	2,521,978	131,978
-	-	-	-
686,982	886,982	383,383	(503,599)
6,761,340	8,113,374	7,216,617	(896,757)
<u>38,765,043</u>	<u>42,393,905</u>	<u>38,229,514</u>	<u>(4,164,391)</u>
12,969,342	11,911,397	10,493,886	1,417,511
833,402	780,385	695,825	84,560
1,526,716	1,512,847	1,377,226	135,621
3,289,371	3,282,414	3,211,479	70,935
2,384,889	2,105,135	2,070,569	34,566
178,946	194,071	160,805	33,266
-	-	-	-
5,362,047	5,849,008	4,405,469	1,443,539
49,634	81,038	(186,260)	267,298
7,958,729	10,838,989	9,146,009	1,692,980
2,195,561	2,664,516	2,488,907	175,609
-	-	-	-
405,651	1,636,642	1,259,921	376,721
677,375	677,375	603,790	73,585
1,027,493	1,070,000	1,015,983	54,017
<u>38,859,156</u>	<u>42,603,817</u>	<u>36,743,609</u>	<u>5,860,208</u>
-	-	-	-
<u>(94,113)</u>	<u>(209,912)</u>	<u>1,485,905</u>	<u>1,695,817</u>
<u>\$ 12,752,206</u>	<u>\$ 18,389,828</u>	<u>\$ 20,085,645</u>	<u>\$ 1,695,817</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Unrestricted and Restricted - All Operations (Continued)  
For the Year Ended June 30, 2011

	<b>Ruidoso Campus</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Unrestricted and Restricted Beginning Net Assets	\$ 1,444,273	\$ 1,887,692	\$ 1,887,692	\$ -
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	2,099,900	2,045,197	2,045,197	-
Federal revenue sources	1,901,585	3,137,885	2,430,972	(706,913)
Tuition and fees	603,300	606,603	643,804	37,201
Tax levies	900,000	950,000	986,744	36,744
Land and permanent fund	-	-	-	-
Endowments and private gifts	21,867	111,867	3,767	(108,100)
Other	880,048	1,463,848	1,308,833	(155,015)
Total Unrestricted and Restricted Revenues	<u>6,406,700</u>	<u>8,315,400</u>	<u>7,419,317</u>	<u>(896,083)</u>
Unrestricted and Restricted Expenditures				
Instruction	2,130,550	2,710,900	2,278,543	432,357
Academic support	358,800	371,600	338,775	32,825
Student services	397,200	418,000	332,029	85,971
Institutional support	915,150	1,061,000	929,481	131,519
Operation and maintenance of plant	249,600	254,600	181,974	72,626
Student social and cultural	-	-	-	-
Research	-	-	-	-
Public service	119,500	139,500	52,341	87,159
Internal service	-	-	(1,898)	1,898
Student aid	1,779,300	3,034,300	2,425,195	609,105
Auxiliary services	342,000	430,000	394,116	35,884
Intercollegiate athletics	-	-	-	-
Capital outlay	222,534	250,000	158,350	91,650
Building renewal and replacement	100,000	150,000	60,146	89,854
Retirement of indebtedness	-	-	-	-
Total Unrestricted and Restricted Expenditures	<u>6,614,634</u>	<u>8,819,900</u>	<u>7,149,052</u>	<u>1,670,848</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	<u>(207,934)</u>	<u>(504,500)</u>	<u>270,265</u>	<u>774,765</u>
Ending Net Assets	<u>\$ 1,236,339</u>	<u>\$ 1,383,192</u>	<u>\$ 2,157,957</u>	<u>\$ 774,765</u>

The accompanying notes are an integral part of these financial statements



<b>Total University</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 30,375,900	\$ 42,439,119	\$ 42,439,119	\$ -
43,239,918	42,099,174	42,101,935	2,761
32,813,669	56,198,302	43,855,514	(12,342,788)
18,649,790	19,813,480	18,769,265	(1,044,215)
3,170,000	3,340,000	3,508,722	168,722
620,000	620,000	812,815	192,815
3,170,349	3,935,849	1,899,476	(2,036,373)
20,884,417	23,073,800	23,316,741	242,941
122,548,143	149,080,605	134,264,468	(14,816,137)
35,260,892	34,501,297	31,649,682	2,851,615
5,812,202	6,296,985	5,415,006	881,979
5,187,916	5,194,847	4,382,617	812,230
9,513,521	9,952,414	9,587,356	365,058
8,021,489	7,546,735	6,822,928	723,807
1,119,946	1,394,071	1,018,214	375,857
1,138,000	1,153,000	468,882	684,118
12,391,547	13,098,508	8,281,742	4,816,766
477,634	709,038	(642,320)	1,351,358
26,315,029	50,973,289	42,769,117	8,204,172
7,359,561	8,119,516	7,809,125	310,391
3,158,000	3,350,000	3,165,904	184,096
10,658,185	15,886,642	14,545,600	1,341,042
2,077,375	2,327,375	1,366,316	961,059
2,638,493	2,720,000	2,607,899	112,101
131,129,790	163,223,717	139,248,068	23,975,649
-	-	-	-
(8,581,647)	(14,143,112)	(4,983,600)	9,159,512
\$ 21,794,253	\$ 28,296,007	\$ 37,455,519	\$ 9,159,512

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
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 Schedule of Budgeted and Actual revenues and Expenditures  
 Unrestricted and Restricted - All Operations (Continued)  
 For the Year Ended June 30, 2011

**Schedule I**  
**(Continued)**

Reconciliation of change in net assets (budgetary basis)	
to change in net assets (GAAP basis):	
Change in net assets (budgetary basis)	\$ (4,983,600)
Adjustments 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	3,580,585
Depreciation expense	(6,733,575)
Capital appropriations	6,888,713
Capital outlay expenditures	12,503,166
Loan funds	17,473
Loan expense	(194,509)
Bond payments	2,076,348
Other	669,446
Increase in net assets (GAAP basis)	\$ 13,824,047

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Unrestricted Current Funds - Instruction and General  
For the Year Ended June 30, 2011

	<b>Portales Campus</b>			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted - Instruction and General				
Unrestricted Beginning Net Assets	\$ 1,093,172	\$ 1,397,897	\$ 1,397,897	\$ -
<b>Unrestricted Revenues</b>				
Tuition	10,874,000	11,734,000	11,843,144	109,144
Miscellaneous fees	935,100	934,400	152,891	(781,509)
Government appropriations - federal	-	-	-	-
Government appropriations - state	24,945,300	24,136,000	24,136,000	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	80,000	-	(80,000)
Government contracts/grants - state	-	-	-	-
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	620,000	620,000	812,815	192,815
Private gifts	-	-	-	-
Sales and services	55,000	50,000	55,021	5,021
Other	252,000	252,000	65,749	(186,251)
Total Unrestricted Revenues	<u>37,681,400</u>	<u>37,806,400</u>	<u>37,065,620</u>	<u>(740,780)</u>
<b>Unrestricted Expenditures</b>				
Instruction	18,636,000	18,636,000	18,152,775	483,225
Academic support	3,120,000	3,120,000	2,953,873	166,127
Student services	2,364,000	2,364,000	2,198,890	165,110
Institutional support	4,809,000	4,809,000	4,934,889	(125,889)
Operation and maintenance of plant	4,887,000	4,987,000	4,533,104	453,896
Total Unrestricted Expenditures	<u>33,816,000</u>	<u>33,916,000</u>	<u>32,773,531</u>	<u>1,142,469</u>
Net Transfers	<u>(3,901,767)</u>	<u>(4,201,767)</u>	<u>(4,201,767)</u>	<u>-</u>
Change in Net Assets (Budgetary Basis)	<u>(36,367)</u>	<u>(311,367)</u>	<u>90,322</u>	<u>401,689</u>
Ending Net Assets	<u>\$ 1,056,805</u>	<u>\$ 1,086,530</u>	<u>\$ 1,488,219</u>	<u>\$ 401,689</u>

The accompanying notes are an integral part of these financial statements

<b>Roswell Campus</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,337,000	\$ 1,406,385	\$ 1,406,385	\$ -
3,274,040	3,435,527	3,507,558	72,031
499,500	505,100	33,952	(471,148)
-	-	-	-
12,576,300	12,294,100	12,294,083	(17)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
970,000	990,000	1,029,996	39,996
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
460,437	320,200	48,806	(271,394)
<u>17,780,277</u>	<u>17,544,927</u>	<u>16,914,395</u>	<u>(630,532)</u>
9,273,038	8,954,580	8,402,554	552,026
787,402	734,385	695,825	38,560
1,461,716	1,447,847	1,377,226	70,621
3,226,371	3,219,414	3,211,479	7,935
2,384,889	2,105,135	2,070,569	34,566
<u>17,133,416</u>	<u>16,461,361</u>	<u>15,757,653</u>	<u>703,708</u>
<u>(1,354,418)</u>	<u>(1,492,322)</u>	<u>(1,492,322)</u>	<u>-</u>
<u>(707,557)</u>	<u>(408,756)</u>	<u>(335,580)</u>	<u>73,176</u>
<u>\$ 629,443</u>	<u>\$ 997,629</u>	<u>\$ 1,070,805</u>	<u>\$ 73,176</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Unrestricted Current Funds - Instruction and General (Continued)  
For the Year Ended June 30, 2011

**Ruidoso Campus**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
Unrestricted - Instruction and General				
Unrestricted Beginning Net Assets	124,598	278,003	278,003	-
<b>Unrestricted Revenues</b>				
Tuition	533,100	536,403	570,297	33,894
Miscellaneous fees	70,200	70,200	73,507	3,307
Government appropriations - federal	-	-	-	-
Government appropriations - state	2,055,400	2,002,097	2,002,097	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	-	-	-
Government contracts/grants - state	-	-	-	-
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Tax levies	900,000	950,000	986,744	36,744
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	11,300	11,300	43,839	32,539
Total Unrestricted Revenues	<u>3,570,000</u>	<u>3,570,000</u>	<u>3,676,484</u>	<u>106,484</u>
<b>Unrestricted Expenditures</b>				
Instruction	1,540,900	1,540,900	1,465,626	75,274
Academic support	351,600	351,600	322,736	28,864
Student services	378,000	378,000	307,529	70,471
Institutional support	909,300	1,036,000	917,294	118,706
Operation and maintenance of plant	249,600	249,600	179,029	70,571
Total Unrestricted Expenditures	<u>3,429,400</u>	<u>3,556,100</u>	<u>3,192,214</u>	<u>363,886</u>
Net Transfers	<u>(96,058)</u>	<u>(116,058)</u>	<u>(516,058)</u>	<u>(400,000)</u>
Change in Net Assets (Budgetary Basis)	<u>44,542</u>	<u>(102,158)</u>	<u>(31,788)</u>	<u>70,370</u>
Ending Net Assets	<u>\$ 169,140</u>	<u>\$ 175,845</u>	<u>\$ 246,215</u>	<u>\$ 70,370</u>

The accompanying notes are an integral part of these financial statements

<b>Total University</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,554,770	\$ 3,082,285	\$ 3,082,285	\$ -
14,681,140	15,705,930	15,920,999	215,069
1,504,800	1,509,700	260,350	(1,249,350)
-	-	-	-
39,577,000	38,432,197	38,432,180	(17)
-	-	-	-
-	80,000	-	(80,000)
-	-	-	-
-	-	-	-
-	-	-	-
1,870,000	1,940,000	2,016,740	76,740
-	-	-	-
620,000	620,000	812,815	192,815
-	-	-	-
55,000	50,000	55,021	5,021
723,737	583,500	158,394	(425,106)
59,031,677	58,921,327	57,656,499	(1,264,828)
29,449,938	29,131,480	28,020,955	1,110,525
4,259,002	4,205,985	3,972,434	233,551
4,203,716	4,189,847	3,883,645	306,202
8,944,671	9,064,414	9,063,662	752
7,521,489	7,341,735	6,782,702	559,033
54,378,816	53,933,461	51,723,398	2,210,063
(5,352,243)	(5,810,147)	(6,210,147)	(400,000)
(699,382)	(822,281)	(277,046)	545,235
\$ 1,855,388	\$ 2,260,004	\$ 2,805,239	\$ 545,235

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Restricted Current Funds - Instruction and General  
For the Year Ended June 30, 2011

	<b>Portales Campus</b>			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
<b>Restricted Revenues</b>				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	243,051	245,829	2,778
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	4,225,000	4,225,000	2,409,930	(1,815,070)
Government contracts/grants - state	450,000	449,949	393,339	(56,610)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	250,000	250,000	125,173	(124,827)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>4,925,000</u>	<u>5,168,000</u>	<u>3,174,271</u>	<u>(1,993,729)</u>
<b>Restricted Expenditures</b>				
Instruction	1,525,000	1,243,000	724,478	518,522
Academic support	1,500,000	2,025,000	1,426,532	598,468
Student services	900,000	900,000	474,472	425,528
Institutional support	500,000	800,000	511,507	288,493
Operation and maintenance of plant	500,000	200,000	37,282	162,718
Total Restricted Expenditures	<u>4,925,000</u>	<u>5,168,000</u>	<u>3,174,271</u>	<u>1,993,729</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	-	-	-
Ending Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



<b>Roswell Campus</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,929,180	1,311,281	905,422	(405,859)
1,941,124	1,819,536	1,185,910	(633,626)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,870,304	3,130,817	2,091,332	(1,039,485)
3,696,304	2,956,817	2,091,332	865,485
46,000	46,000	-	46,000
65,000	65,000	-	65,000
63,000	63,000	-	63,000
-	-	-	-
3,870,304	3,130,817	2,091,332	1,039,485
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Budgeted and Actual Revenues and Expenditures  
Restricted Current Funds - Instruction and General (Continued)  
For the Year Ended June 30, 2011

	<b>Ruidoso Campus</b>			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
<b>Restricted Revenues</b>				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	258,700	260,000	155,149	(104,851)
Government contracts/grants - state	353,200	900,000	712,398	(187,602)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	10,000	100,000	1,040	(98,960)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>621,900</u>	<u>1,260,000</u>	<u>868,587</u>	<u>(391,413)</u>
<b>Restricted Expenditures</b>				
Instruction	589,650	1,170,000	812,917	357,083
Academic support	7,200	20,000	16,039	3,961
Student services	19,200	40,000	24,500	15,500
Institutional support	5,850	25,000	12,187	12,813
Operation and maintenance of plant	-	5,000	2,944	2,056
Total Restricted Expenditures	<u>621,900</u>	<u>1,260,000</u>	<u>868,587</u>	<u>391,413</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	-	-	-	-
Ending Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

<b>Total University</b>			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	243,051	245,829	2,778
-	-	-	-
6,412,880	5,796,281	3,470,501	(2,325,780)
2,744,324	3,169,485	2,291,647	(877,838)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
260,000	350,000	126,213	(223,787)
-	-	-	-
-	-	-	-
<u>9,417,204</u>	<u>9,558,817</u>	<u>6,134,190</u>	<u>(3,424,627)</u>
5,810,954	5,369,817	3,628,727	1,741,090
1,553,200	2,091,000	1,442,571	648,429
984,200	1,005,000	498,972	506,028
568,850	888,000	523,694	364,306
500,000	205,000	40,226	164,774
<u>9,417,204</u>	<u>9,558,817</u>	<u>6,134,190</u>	<u>3,424,627</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Schedule of Budgeted and Actual  
Current and Plant Funds – By Campus  
June 30, 2011

**NOTE 1: BASIS OF PREPARATION**

The accompanying Schedule of Budgeted and Actual - Current and Plant Funds - By Campus, for the year ended June 30, 2011, (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.

**NOTE 2: BUDGET COMPARISON**

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 actual (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, and E) Each individual item of transfer between funds and/or functions.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Deposit and Investment Accounts - University  
June 30, 2011

Account Name	Account Type	Bank of America	Wells Fargo Bank	Wells Fargo Investment
<b>Deposits</b>				
Operational-Portales	Checking	\$ -	\$ -	\$ -
Student loan-Portales	Checking	-	-	-
Bond Sinking-Portales	Checking	-	-	-
ENMU-Portales	Certificate of deposit	-	-	-
Operational-Ruidoso	Checking	-	-	-
Operational-Portales	Checking	-	125,330	-
Payroll-Portales	Checking	-	-	-
Title IV-Roswell	Checking	110,375	-	-
Construction-Roswell	Checking	8,701	-	-
Operational-Roswell	Checking	1,048,087	-	-
Operating-Roswell	Checking	-	-	-
Sweep-Roswell	Checking	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-
ENMU - Roswell	Certificate of deposit	-	-	-
ENMU - Roswell	Certificate of deposit	-	10,000	-
Construction-Roswell	Checking	-	5,548	-
ENMU-Roswell	Certificate of deposit	-	162,379	-
ENMU-Roswell	Certificate of deposit	-	90,000	-
Lloyd Treat	Money market	-	-	40,787
ENMU-Roswell	Money market/Bonds	-	-	4,301,266
Total amount of deposit in bank		1,167,163	393,257	4,342,053
Less: Insured/Non-public funds		-	-	4,342,053
Less: FDIC coverage		250,000	375,000	-
Total uninsured public funds		917,163	18,257	-
50% collateral requirements		-	-	-
102% collateral requirements		935,506	18,622	-
Pledged securities		2,633,868	45,746	-
Over/(Under) Collateralized		1,698,362	27,124	-
<b>Bank balance</b>		1,167,163	393,257	4,342,053
Outstanding items		(395,308)	-	-
Deposits in transit		42,906	-	-
<b>Book balance</b>		<u>\$ 814,761</u>	<u>\$ 393,257</u>	<u>\$ 4,342,053</u>
<b>Investments</b>				
ENMU - Portales	LGIP	\$ -	\$ -	\$ -
ENMU - Portales	LGIP	-	-	-
ENMU - Roswell	LGIP	-	-	-
ENMU - Roswell	Mutual Funds	-	-	32,931
ENMU - Roswell	Preferred Stocks	-	-	312,460
SIC Endowment Institution	Trust	-	-	-
SIC Endowment Fund	Land grant	-	-	-
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,391</u>

See accompanying independent auditor's report

Schedule IV

NM State Treasurer and Other	James Polk Stone Natioanl Bank	First Community Bank	Pioneer Savings and Trust	Compass Bank	Total
\$ -	\$ -	\$ 11,374,621	\$ -	\$ -	\$ 11,374,621
-	-	100,000	-	-	100,000
-	-	410,681	-	-	410,681
-	-	5,073,534	-	-	5,073,534
-	-	-	-	3,578,059	3,578,059
-	-	-	-	-	125,330
-	986,922	-	-	-	986,922
-	-	-	-	-	110,375
-	-	-	-	-	8,701
-	-	-	-	-	1,048,087
-	-	-	3,930,498	-	3,930,498
-	-	-	3,991,908	-	3,991,908
-	-	-	2,000	-	2,000
-	-	-	5,000	-	5,000
-	-	-	3,602	-	3,602
-	107,459	-	-	-	107,459
-	-	-	-	-	10,000
-	-	-	-	-	5,548
-	-	-	-	-	162,379
-	-	-	-	-	90,000
-	-	-	-	-	40,787
-	-	-	-	-	4,301,266
-	1,094,381	16,958,836	7,933,008	3,578,059	35,466,757
-	-	-	-	-	4,342,053
-	1,094,381	4,155,849	4,191,100	3,578,059	13,644,389
-	-	12,802,987	3,741,908	-	17,480,315
-	-	2,291,767	-	-	2,291,767
-	-	8,383,842	3,816,746	-	13,154,716
-	603,574	12,283,162	15,028,545	4,066,862	34,661,757
-	603,574	1,607,553	11,211,799	4,066,862	19,215,274
-	1,094,381	16,958,836	7,933,008	3,578,059	35,466,757
-	(17,546)	(2,455,351)	-	(1,143,568)	(4,011,773)
-	-	2,998	-	-	45,904
\$ -	\$ 1,076,835	\$ 14,506,483	\$ 7,933,008	\$ 2,434,491	\$ 31,500,888
\$ 3,208,704	\$ -	\$ -	\$ -	\$ -	\$ 3,208,704
8,619	-	-	-	-	8,619
1,805,436	-	-	-	-	1,805,436
-	-	-	-	-	32,931
-	-	-	-	-	312,460
7,388,910	-	-	-	-	7,388,910
9,238,276	-	-	-	-	9,238,276
\$ 21,649,945	\$ -	\$ -	\$ -	\$ -	\$ 21,995,336
		Petty cash			25,645
		Deposits and investments per schedule VI			\$ 53,521,869
		Cash and restricted cash			26,788,390
		Investments			26,733,479
		Deposits and investments per Statement of Net Assets			\$ 53,521,869

See accompanying independent auditor's report

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**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Deposit and Investment Accounts - Component Units  
 For the Year Ended June 30, 2011

**Schedule IV  
 (Continued)**

Name of Bank/Broker	Account Type	Balance per Statement	Reconciled Balance per Books
<b>Eastern New Mexico University Foundation</b>			
<b>Deposit Accounts</b>			
Edward Jones	Deposit	\$ 376,960	\$ 376,690
James Polk Stone National Bank	Deposit	255,221	253,539
		<u>\$ 632,181</u>	<u>\$ 630,229</u>
<b>Investment Accounts</b>			
Edward Jones	Mutual Funds	\$ 10,260,875	\$ 10,260,875
		<u>\$ 10,260,875</u>	<u>\$ 10,260,875</u>
<b>ENMU-R Foundation</b>			
<b>Deposit Accounts</b>			
Pioneer Bank	Deposit	\$ 108,006	\$ 106,506
Pioneer Bank	Certificate of deposit	193,146	193,146
Washington Federal Bank	Certificate of deposit	213,685	213,664
		<u>\$ 514,837</u>	<u>\$ 513,316</u>
<b>Investment Accounts</b>			
Wells Fargo Advisors	Mutual Fund	\$ 376,059	\$ 376,059
UBS Investments	Mutual Fund	1,404,307	1,404,307
US Trust	Mutual Fund	2,158,574	2,158,574
		<u>\$ 3,938,940</u>	<u>\$ 3,938,940</u>

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Pledged Collateral  
For the Year Ended June 30, 2011

Name of Depository	Description	Maturity	CUSIP Number
Wells Fargo Bank	FNMAP # 867437	05/01/36	31409CV69
Bank of America	Government National Mortgage Association	7/20/2036	38374DAV1
Compass Bank	FHRR R008 FK	7/15/2023	31396U3A6
Compass Bank	FHLMC 3762 AV	10/15/2023	3137A3NJ4
Compass Bank	FHLMNC 2851 DV	8/15/2024	31395EHY6
Compass Bank	FNMA 2009-116 Class B	1/25/2005	31398GLY3
Compass Bank	FNR 2005-63 HB	7/25/2025	31394EGP7
Compass Bank	FNMA 255982	7/25/2025	31371MF93
Compass Bank	FHR 3662 BV	2/15/2027	31398VQB5
Compass Bank	FNMA #889339	12/1/2028	31410KBG8
Compass Bank	FHLMC G04000	12/1/2029	3128M5X54
Compass Bank	FNMA 618546F	11/1/2031	31388YET5
Compass Bank	FNMA FNR 2003-71 HR	8/25/2033	31393EKT5
Compass Bank	FNMA ARM 826620	8/1/2035	31407CK97
Compass Bank	FHLMC ARM 972183	8/1/2035	31336CM83
Compass Bank	FNMA ARM 886344	7/1/2036	31410DWD8
Compass Bank	FHLMC 1B3090	9/1/2036	3128JNKC8
Compass Bank	FNR 2006-81 FA	9/25/2036	31396KM33
Compass Bank	FHLMC 602894	2/1/2037	3128M4RP0
Compass Bank	FNMA 963892	6/1/2038	31414EKD5
Compass Bank	GNMA II 4804	6/1/2038	36202FKR6
Compass Bank	GNMA 603301	12/15/2046	36200KGJ0
Pioneer Bank	FHLMC	7/21/2018	3134G1V27
James Polk Stone National Bank	FNMA Call Only 8/26/11	2/26/2014	3136FPBL0
James Polk Stone National Bank	Portales NM School District Bond	1/15/2016	736151DG3
First Community Bank	FNMA	9/25/2039	31396QW21
First Community Bank	FNMA	9/26/2039	31396QW22
First Community Bank	FNMA	9/27/2039	31396QW23
First Community Bank	FNMS 3.5 CIAH5301	11/1/2025	3138A63K4

Total Collateral Pledged

See accompanying independent auditor's report

Fair Market Value	Name and Location of Safe Keeper
\$ 45,746	Wells Fargo, San Francisco, CA
<u>\$ 45,746</u>	
\$ 2,633,868	Bank of America, N.A., Charlotte, NC
<u>\$ 2,633,868</u>	
\$ 201,388	Federal Home Loan Bank, Atlanta, GA
142,658	Federal Home Loan Bank, Atlanta, GA
351,387	Federal Home Loan Bank, Atlanta, GA
410,981	Federal Home Loan Bank, Atlanta, GA
37,949	Federal Home Loan Bank, Atlanta, GA
657,308	Federal Home Loan Bank, Atlanta, GA
27,586	Federal Home Loan Bank, Atlanta, GA
418,489	Federal Home Loan Bank, Atlanta, GA
66,997	Federal Home Loan Bank, Atlanta, GA
219,864	Federal Home Loan Bank, Atlanta, GA
285,753	Federal Home Loan Bank, Atlanta, GA
18,862	Federal Home Loan Bank, Atlanta, GA
61,816	Federal Home Loan Bank, Atlanta, GA
96,252	Federal Home Loan Bank, Atlanta, GA
248,675	Federal Home Loan Bank, Atlanta, GA
80,476	Federal Home Loan Bank, Atlanta, GA
263,736	Federal Home Loan Bank, Atlanta, GA
114,637	Federal Home Loan Bank, Atlanta, GA
322,226	Federal Home Loan Bank, Atlanta, GA
39,822	Federal Home Loan Bank, Atlanta, GA
<u>\$ 4,066,862</u>	
\$ 15,028,545	Federal Home Loan Bank, Atlanta, GA
<u>\$ 15,028,545</u>	
\$ 500,761	Texas Independent Bank, Dallas, TX
102,813	Texas Independent Bank, Dallas, TX
<u>\$ 603,574</u>	
\$ 8,057,217	Federal Home Loan Bank, Dallas, TX
51,263	Federal Home Loan Bank, Dallas, TX
318,526	Federal Home Loan Bank, Dallas, TX
3,856,156	Federal Home Loan Bank, Dallas, TX
<u>\$ 12,283,162</u>	
<u>\$ 34,661,757</u>	

See accompanying independent auditor's report

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**COMPLIANCE SECTION**

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**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**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***

Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Regents  
Eastern New Mexico University  
Portales, New Mexico

We have audited the financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University, as of and for the year ended June 30, 2011. We have also audited the budgetary comparisons presented as supplementary information in the accompanying Schedules I, II, and III for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. 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 Eastern New Mexico University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eastern New Mexico University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Eastern New Mexico University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Eastern New Mexico University's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting as items 07-01, 11-02, 11-03, and 11-04. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern New Mexico University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which is described in the accompanying Schedule of Findings and Questioned Costs as finding 11-01.

Eastern New Mexico 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 Eastern New Mexico University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Regents, others within Eastern New Mexico University, the audit committee, the State Auditor, the Higher Education Department, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
October 26, 2011





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Regents  
Eastern New Mexico University  
Portales, New Mexico

Compliance

We have audited the compliance of Eastern New Mexico University, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Eastern New Mexico University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Eastern New Mexico University's management. Our responsibility is to express an opinion on Eastern New Mexico 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 Eastern New Mexico University's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Eastern New Mexico University's compliance with those requirements.

In our opinion, Eastern New Mexico 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, 2011.

Internal Control Over Compliance

The management of Eastern New Mexico 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 Eastern New Mexico University's internal control over compliance with 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 Eastern New Mexico University's internal control over compliance.

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Regents, others within Eastern New Mexico University, the audit committee, the State Auditor, the Higher Education Department, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
October 26, 2011

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**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011

<b>Location</b>	<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>
-----------------	--

**MAJOR PROGRAMS**

***Student Financial Aid Cluster***

U.S. Department of Education

Portales Campus	SEOG
Roswell Campus	SEOG
Ruidoso Campus	SEOG
Portales Campus	College Workstudy Program
Portales Campus	SEOG Paid by College Workstudy Program
Roswell Campus	College Workstudy Program
Ruidoso Campus	College Workstudy Program
Portales Campus	SEOG Paid by College Workstudy Program
Portales Campus	Pell Grant
Portales Campus	Pell Grant-Prior Year
Roswell Campus	Pell Grant
Ruidoso Campus	Pell Grant
Portales Campus	Direct Loan
Roswell Campus	Direct Loan
Ruidoso Campus	Direct Loan
Portales Campus	ACG1
Roswell Campus	ACG1
Ruidoso Campus	ACG1
Portales Campus	ACG2
Roswell Campus	ACG2
Ruidoso Campus	ACG2
Portales Campus	SMART1
Portales Campus	SMART2
Portales Campus	TEACH Grant

***Total Student Financial Aid Cluster***

***Title V: Developing Hispanic Institutions***

U.S. Department of Education

Portales Campus	ENMU Academic Prep Activity 1 Yr 1
Portales Campus	ENMU Nursing Pipeline Activity 1 Yr 1
Portales Campus	ENMU Project Management Activity 1 Yr
Portales Campus	CCC Academic Prep Activity 1 Yr 1
Portales Campus	CCC Nursing Pipeline Activity 1 Yr 1
Portales Campus	ENMU Academic Prep Activity 1 Yr 2
Portales Campus	ENMU Nursing Pipeline Activity 1 Yr 2
Portales Campus	ENMU Project Management Activity 1 Yr 2
Portales Campus	CCC Academic Prep Activity 1 Yr 2
Portales Campus	CCC Nursing Pipeline Activity 1 Yr 2
Portales Campus	PPOHA Yr 1 10-11
Roswell Campus	Title V

***Total Title V: Developing Hispanic Institutions***

See accompanying independent auditors' report.

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
84.007	P007A082641	\$ 313,483
84.007	P007A082641	111,958
84.007	P007A082641	22,392
84.033	P033A082641	785,087
84.033	P033A082641	11,912
84.033	P033A082641	301,945
84.033	P033A082641	19,577
84.033	P033A082641	3,108
84.063	P063P081823	8,341,945
84.063	P063P081823	(9,496)
84.063	P063P081823	6,190,688
84.063	P063P081823	1,427,787
84.268	P268K111823	16,597,708
84.268	P268K117196	994,324
84.268	P268K117251	808,187
84.375	P375A081823	100,253
84.375	P375A081823	31,125
84.375	P375A081823	4,125
84.375	P375A081823	62,274
84.375	P375A081823	8,450
84.375	P375A081823	1,300
84.376	P376S091823	28,779
84.376	P376S091823	66,502
84.379	P379T101823	27,000
		<u>36,250,412</u>
84.031S	P031S090081	121,793
84.031S	P031S090081	81,508
84.031S	P031S090081	53,290
84.031S	P031S090081	94,023
84.031S	P031S090081	165,752
84.031S	P031S090081	107,746
84.031S	P031S090081	26,231
84.031S	P031S090081	83,438
84.031S	P031S090081	75,284
84.031S	P031S090081	62,194
84.031M	P031M105036	282,493
84.031S	P031S070015-08	719,771
		<u>1,873,524</u>

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2011

<b>Location</b>	<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>
<b>MAJOR PROGRAMS (continued)</b>	
<i>State Fiscal Stabilization Fund</i>	
<i>Passed through the New Mexico Higher Education Department</i>	
Portales Campus	American Recovery and Reinvestment Act (ARRA)
Portales Campus	American Recovery and Reinvestment Act (ARRA)
Roswell Campus	American Recovery and Reinvestment Act (ARRA)
<b>Total State Fiscal Stabilization Fund</b>	
<b>TOTAL MAJOR PROGRAMS</b>	
<b>NON-MAJOR PROGRAMS</b>	
<i>TRIO Cluster</i>	
U.S. Department of Education	
Portales Campus	Student Support Services 08-09
Portales Campus	Student Support Services 09-10
Portales Campus	Student Support Services 10-11
Roswell Campus	Student Support Services
Roswell Campus	Student Support Services
Portales Campus	Talent Search 08-09
Portales Campus	Talent Search 09-10
Portales Campus	Talent Search 10-11
Roswell Campus	Talent Search
Roswell Campus	Talent Search
Portales Campus	Upward Bound 07-08
Portales Campus	Upward Bound 08-09
Portales Campus	Upward Bound 09-10
Portales Campus	Upward Bound 10-11
Roswell Campus	Upward Bound
Roswell Campus	Upward Bound
Roswell Campus	EOC
Roswell Campus	EOC
<b>GEAR UP</b>	
U.S. Department of Education	
Roswell Campus	GEAR UP
Roswell Campus	GEAR UP
<b>Congressionally Directed Grant</b>	
U.S. Department of Education	
Portales Campus	Technological Equip Upgrade
Portales Campus	Educational Equipment and Technology Infrastructure
<b>National Writing Project</b>	
U.S. Department of Education	
Portales Campus	High Plains Writing Project 08-09
Portales Campus	High Plains Writing Project 09-10
Portales Campus	High Plains Writing Project 10-11

See accompanying independent auditors' report.

**Schedule VI  
(Continued)**

Number	Agency or Pass-Through Number	Expenditures
84.394	HED 95000 ENMU 955-1	318,800
84.394	HED 95000 ENMU 955RU-1	33,700
84.394	955R0-1	416,200
		<u>768,700</u>
		<u>\$ 38,892,636</u>
84.042A	P042A051082	\$ 32,696
84.042A	P042A051082	61,369
84.042A	P042A101007	263,685
84.042A	PO42A050582-09	12,443
84.042A	PO42A050582-08	25,050
84.044A	P044A060172	8,621
84.044A	P044A060172	130,779
84.044A	P044A060172	272,778
84.044A	PO44A060145-09	264,784
84.044A	PO44A060145-08	48,975
84.047A	P047A071027	192
84.047A	P047A071027	32
84.047A	P047A071027	123,205
84.047A	P047A071027	216,313
84.047A	PO47A070175-09	219,087
84.047A	PO47A070175-08	61,914
84.066A	PO66A060060-09	321,597
84.066A	PO66A060060-08	63,783
84.334A	P334A050091-08	930,840
84.334A	P334A050091-09	86,153
84.116Z	P116Z080017	98,595
84.116Z	P116Z100109	100,000
84.928A	92-NM02AMEND21	6,094
84.928A	92-NM02AMEND22	22,578
84.928A	92-NM02AMEND23	31,019

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2011

<b>Location</b>	<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>
<b>NON-MAJOR PROGRAMS (continued)</b>	
	U.S. Department of Education <i>Passed through the New Mexico State Department of Education</i>
Portales Campus	University Immersion Institute
Roswell Campus	Carl Perkins
Roswell Campus	Carl Perkins Carryover
	U.S. Department of Education <i>Passed through the New Mexico Higher Education Department</i>
Ruidoso Campus	ABE Federal
Roswell Campus	ABE Federal
Roswell Campus	TANF/ABE
Roswell Campus	ABE Textbooks
Portales Campus	ABE Federal
	<b>Total U.S. Department of Education</b>
	<b>Research and Development Cluster</b>
	U.S. Department of Health and Human Services <i>Passed through New Mexico State University</i>
Portales Campus	INBRE-Lutneskey
Portales Campus	INBRE-Varela
Portales Campus	INBRE-Lutneskey
Portales Campus	INBRE-Varela
	National Science Foundation
Portales Campus	S-STEM Scholarships 09-10
Portales Campus	S-STEM Scholarships 10-11
	U.S. Department of Energy <i>Passed through University of New Mexico</i>
Portales Campus	US DOE-EPSCOR
	<i>Passed through Arizona State University</i>
Portales Campus	WAESO
Portales Campus	WAESO
	<b>Total Research and Development Cluster</b>
	<b>Development Fund</b>
	<i>Passed through the New Mexico Children, Youth and Families Department</i>
Portales Campus	Aim High
Portales Campus	Basic Services
Portales Campus	Inclusion

See accompanying independent auditors' report.



Schedule VI  
(Continued)

Number	Agency or Pass-Through Number	Expenditures
82.293C	05-924-P527-0152	3,500
84.048	V048A08031	112,179
84.048	N/A	14,137
84.002	N/A	60,352
84.002	N/A	170,017
84.002A	07-950-910-2000-3G	144,944
84.002	49828	12,138
84.367	11-950-1200-00001	51,054
		<u>3,970,901</u>
93.389	Q01235	6,632
93.389	Q01235	106,950
93.389	Q01235	7,932
93.389	Q01235	50,579
47.076	DUE-0806472	52,342
47.076	DUE-0806472	64,968
81.049	DE-PS-08ER08-04	38,851
47.074	KMS019-14-33/SUB	756
47.074	KMS019-14-33/SUB	712
		<u>329,722</u>
93.596	10-690-9999-01005-2	39,535
93.596	10-690-9999-01005-2	56,201
93.596	10-690-9999-01005-2	15,657

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2011

<b>Location</b>	<b>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</b>
	<b>NON-MAJOR PROGRAMS (continued)</b>
	<i><b>HUD/Equipment Grants</b></i>
Portales Campus	HUD/EDI
	Department of Agriculture
Portales Campus	USDA-NIFA
Portales Campus	2006 Public TV Digital Transition Grant
	<i><b>Passed through the New Mexico Children, Youth and Families Department</b></i>
Portales Campus	CDC Food Program
Roswell Campus	CDC Food Program
Roswell Campus	Food Program Upward Bound
	<i><b>Total Department of Agriculture</b></i>
	<i><b>Department of State</b></i>
Roswell Campus	ILEA 09-10
	<i><b>Department of Labor</b></i>
Roswell Campus	Community Based Job Training
	<i><b>National Science Foundation</b></i>
	<i>Passed through New Mexico State University</i>
Portales Campus	Alliance for Minority Participation
Portales Campus	Alliance for Minority Participation
	<i><b>Total National Science Foundation</b></i>
	<i><b>Small Business Administration</b></i>
Roswell Campus	SBDC
	<i><b>U.S. Department of Commerce</b></i>
Portales Campus	PTFP-ENMU-Maljamar
Portales Campus	PTFP-ENMU-Tucumcari DM
	<i><b>Total U.S. Department of Commerce</b></i>
	<i><b>U.S. Army Corp of Engineers</b></i>
Portales Campus	ACA Transfer Account
Portales Campus	Curation E3194
	<i><b>Total Department of Interior</b></i>
	<b>TOTAL NON-MAJOR PROGRAMS</b>
	<b>TOTAL FEDERAL AWARDS</b>

See accompanying independent auditors' report.

**Schedule VI  
(Continued)**

Number	Agency or Pass-Through Number	Expenditures
14.246	B05SPNM0189	4,580
10.200	2010-38422-21231	95,103
10.861	1515	(146)
10.558	191	6,689
10.558	50531	12,044
10.559	50531	5,395
		<u>119,085</u>
19.000	S-INLEC-06-CA-0005	162,101
17.269	CB-18254-09-60	183,549
47.076	Q00889	1,200
47.076	Q00889	4,803
		<u>6,003</u>
59.037	N/A	317,195
11.550	35-01-N09053	2,048
11.550	35-01-N09053	20,379
		<u>22,427</u>
15.904	W81G6900259490	1,116
15.904	W81G900259490	5,210
		<u>6,326</u>
		<u>\$ 5,233,282</u>
		<u><u>\$ 44,125,917</u></u>

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2011

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.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

The period of availability for federal funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H – Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

NOTE 2: STUDENT LOANS

As of June 30, 2011, outstanding student loan balances under the Federal Perkins Loan Program, CFDA #84.038, were \$7,214,325. Perkins loans awarded for the year ending June 30, 2011 totaled \$206,540. Additionally, the University processed \$18,448,753 in new loans under the Guaranteed Student Loan Program, CFDA #84.032 (which includes Stafford Loans and Parents' Plus Loans). The Schedule of Expenditures of Federal Awards does not include these amounts.

**STATE OF NEW MEXICO**  
 Eastern New Mexico University  
 Schedule of Findings and Questioned Costs  
 June 30, 2011

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 2. Internal control over financial reporting:                                    |             |
| a. Material weaknesses identified?   | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| c. Noncompliance material to the financial statements noted?                     | No          |

*Federal Awards*

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | No          |
| 2. Type of auditor's report issued on compliance for major programs   | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No          |
| 4. Identification of major programs:  |             |

CFDA Number	Federal Program
Various	Student Financial Aid Cluster
84.031	Title V
84.394	State Fiscal Stabilization Fund

- |  |             |
|--|-------------|
| 5. Dollar threshold to distinguish between Type A and Type B programs: | \$1,205,416 |
| 6. Auditee qualified as low-risk auditee?                              | Yes         |

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Findings and Questioned Costs  
June 30, 2011

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

07-01 Financial Statement Reporting and Control Process – All Campuses (Significant Deficiency)

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.

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

Even though the University has made progress in streamlining the financial statement reporting and control processes, the processes are still completed separately at Portales and Roswell campuses without an intra-University mechanism to ensure that the financial statements are consistent and prepared in accordance with accounting principles generally accepted in the United State of America.

Recommendation

We recommend that the University continue to implement a centralized financial reporting and control, and related accounting polices and procedures, including management review of the composition of combined accounting records, to ensure complete consistency in financial reporting and to expedite preparation of the financial statements.

View of Responsible Officials and Planned Corrective Actions

Although the University understands this comment, the independence of the three campuses makes it difficult to achieve this objective.

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Schedule of Findings and Questioned Costs  
June 30, 2011

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)**

11-01 Stale Dated Checks – Roswell (Other)

Condition

The University had approximately forty checks between two different bank accounts that were over one year old. The total amount of the stale dated checks was \$9,699.

Criteria

New Mexico Statutes, Section 6-10-57, NMSA 1978, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written.

Effect

The University is not in compliance with Section 6-10-57, NMSA 1978. The University's cash balance may be misstated by the amount of the stale checks.

Cause

The University does not have a procedure to track and void stale dated checks.

Recommendation

We recommend that the University void outstanding checks as soon as possible and that a procedure to track and void stale dated checks be implemented.

View of Responsible Officials and Planned Corrective Actions

Management agrees that stale checks had not been voided. These checks are tracked via the outstanding check list. The new procedure is: each month, the outstanding checks over six months will be voided.

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Eastern New Mexico University  
Schedule of Findings and Questioned Costs  
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**B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)**

11-02 Bank Reconciliation Preparation - Roswell (Significant Deficiency)

Condition

During the performance of audit procedures relating to cash and bank reconciliations, we noted that deposits in the amount of \$42,608 in the Bank of America operational account that were incorrectly left off the bank reconciliation for the year ended June 30, 2011 and should have been included as deposits in transit.

Criteria

New Mexico Statutes, Section 6-5-2, NMSA 1978, requires local public bodies to implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect

Reconciling cash accounts accurately and completely is essential to University operation and management decisions. Incorrect postings to the general ledger and any potential irregularities can go undetected as well as misstate the actual cash balances. Such items may be indicative of errors or possible fraudulent activity and result in unnecessary adjustments which are not properly supported.

Cause

The University received checks late in June 2011 that were deposited after year end. These amounts were recorded in the general ledger but were not included on the reconciliation as deposits in transit.

Recommendation

We recommend that the University review all items received to verify that they are properly recorded in the correct period and all items outstanding are properly recorded on the bank reconciliations.

View of Responsible Officials and Planned Corrective Actions

Management agrees that the general ledger cash clearing account was not closed out to the general ledger bank account. This amount represents deposits in transit. We also agree that this needs to be included on the bank reconciliation in order to have a complete and comprehensive reconciliation. This has already been completed.



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June 30, 2011

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)**

11-03 Improper Controls over Cash Receipts – Portales (Significant Deficiency)

Condition

During the performance of audit procedures relating to cash receipts, we noted that the University was not able to generate a sequential listing of all cash receipts used during the year. Of the initial sample of five receipts chosen for testwork, we were unable to locate three of the receipts.

Criteria

*The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that an accurate listing of all cash receipts issued throughout the year be kept.

Effect

Receipts could be issued in exchange for cash without the receipt or cash ever being turned in for reconciliation and deposit.

Cause

Each department in the University signs for a book/books of receipts and issues the receipts throughout the year. The receipt numbers are not tracked and gaps in sequence exist that the University is not aware of.

Recommendation

We recommend that the University only check out one book per Department at a time and track the receipts as they are turned in. All cash receipts from the Departments should be given to the cashiers on a timely basis, and the cashiers should check the cash receipts and ensure that there is no gap in sequence.

View of Responsible Officials and Planned Corrective Actions

Department cash receipts will be filed in numerical order. Cashiers will review to ensure that there is no gap in sequence.

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Eastern New Mexico University  
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June 30, 2011

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)**

11-04 Deficiencies in Internal Control Structure Design, Operation and Oversight – Disbursements – Roswell (Significant Deficiency)

Condition

During the performance of audit procedures relating to disbursements, we noted the following instances of a lack of appropriate internal controls:

- Accounts Payable Clerk (AP Disbursements)
  - The accounts payable clerk prints the checks and has the ability to set up and edit vendors in the master file;
  - The master file is never reviewed by management; and
  - There is no evidence of approval of check runs.
- Accounts Receivable Supervisor (Student Refunds)
  - The accounts receivable supervisor creates the report showing which students have credit balances;
  - The accounts receivable supervisor prints the checks; and
  - There is no evidence of approval of student refund checks.

Criteria

Appropriate internal controls over cash disbursements are required to properly report all the expenditures as required by Section 6-6-3, NMSA 1978.

Effect

Without adequate key control processes there is an increased risk of fraudulent activity. There is also an increased risk of errors that may not be detected timely.

Cause

The University does not have appropriate internal control policies and procedures in place to ensure errors would be detected in a timely manner..

Recommendation

We recommend that the University develop a formal process to ensure adequate internal controls are in place over disbursements.

View of Responsible Officials and Planned Corrective Actions

AP – Management does not disagree with the statements as written. We do disagree with the perception left from reading these selected facts without being aware of the process. There are multiple levels of review an invoice undergoes in order to be paid. Supporting documentation and supervisory approvals must be submitted for payments to take place and the selected invoices are approved for payment before checks can be produced. Accounts Payable was not filing the approved invoice selection report. It is now being filed. Management will review the vendor file.

AR – Management agrees that our informal review of the student refund process needs to be formalized and procedures have been changed.

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June 30, 2011

**C. FINDINGS – FEDERAL AWARDS**

None

**D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

06-04	Budget – All Campuses	Resolved and Not Repeated
07-01	Financial Statement Reporting and Control Process	Repeated
10-01	Inadequate Bid File Maintenance - Roswell	Resolved and Not Repeated
10-02	Failure to Timely File Five (5) Year Plan - Roswell	Resolved and Not Repeated
10-03	Internal Control Design	Resolved and Not Repeated

**STATE OF NEW MEXICO**  
Eastern New Mexico University  
Other Disclosures  
June 30, 2011

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The financial statements of Eastern New Mexico University were formatted by Accounting & Consulting Group, LLP from original financial statements provided by management.

- B. The contents of this report were discussed at an exit conference held on October 26, 2011. The following individuals were in attendance.

University Officials

Scott Smart, Vice President of Business Affairs, Portales Campus  
Kathy Knoll, Comptroller – Portales Campus  
Steven Gamble, President – Eastern New Mexico University  
Chad Lydick, President – Board of Regents  
Randy Harris, Vice President – Board of Regents  
Karen Franklin, Controller – Roswell Campus  
Toni Acker, Director of Accounting – Portales Campus  
Terri Doerr, Accountant – Portales Campus  
Joann Martinez, Accountant – Portales Campus  
Dorothy Bulls, Executive Secretary – Portales Campus  
Kenny Prince, Accountant – Portales Campus  
Michael Sexton, Director of Budget/Finance – Roswell Campus  
Ira Kaye Frashier, Internal Auditor  
Dr. John Madden, President – Roswell Campus  
Eric Johnston-Ortiz, Vice President of Business Affairs – Roswell Campus

Auditors

Jeff McWhorter, Partner  
Shelley Olson, In-charge Staff

