



Eastern New Mexico University
Annual Financial Report
June 30, 2012



**STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2012**

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 Eastern New Mexico University
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Historical and Functional Synopsis

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

The University is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. In addition, specific programs within the University hold 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, 2012

Board of Regents

Ex-Officio Members

The Honorable Susana Martinez

Governor of the State of New Mexico

Appointed Members

Term Expires

Mr. Randy Harris	2014	President
Mr. Brett Leach	2016	Vice President
Ms. Santana Chavez	2012	Secretary
Mr. Marshall Stinnett	2012	Member
Mr. Robert "Chad" Lydick	2014	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, 2012 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, 2012 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. 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, 2012, 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, 2012, 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 Eastern New Mexico University as of June 30, 2012, 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 22, 2012 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.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 22, 2012

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. Please read it in conjunction with the University's financial statements, which follow this section.

Financial Highlights

- As of June 30, 2012, the University's total assets increased to \$223 million, \$30 million over the 2011 level of \$193 million.
- Operating revenues totaled \$66 million in 2012, an increase of \$3 million from 2011 while operating expenses totaled \$126 million, an increase of \$2 million from 2011. Net non-operating revenues totaled \$65 million while non-operating expenditures were \$1.4 million; state appropriations of \$39.8 million are the main component of non-operating revenues. Net non-operating revenues for 2011 totaled \$58.7 million while non-operating expenditures were \$521,751. State appropriations comprised \$42.2 million of non-operating revenues.
- Since 2005 our headcount enrollment has increased from 4,052 to 5,814. This is an increase of 43%. During the same time period our freshman enrollment has increased from 558 to 702, an increase of 26%. Our student retention rate has improved from 52% to 62.5% 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, 2012

Financial Analysis of the University as a Whole

Net Assets. The University's total net assets increased to \$161 million from \$158 million in 2011. The gain is due primarily to the increase in capital assets in 2012.

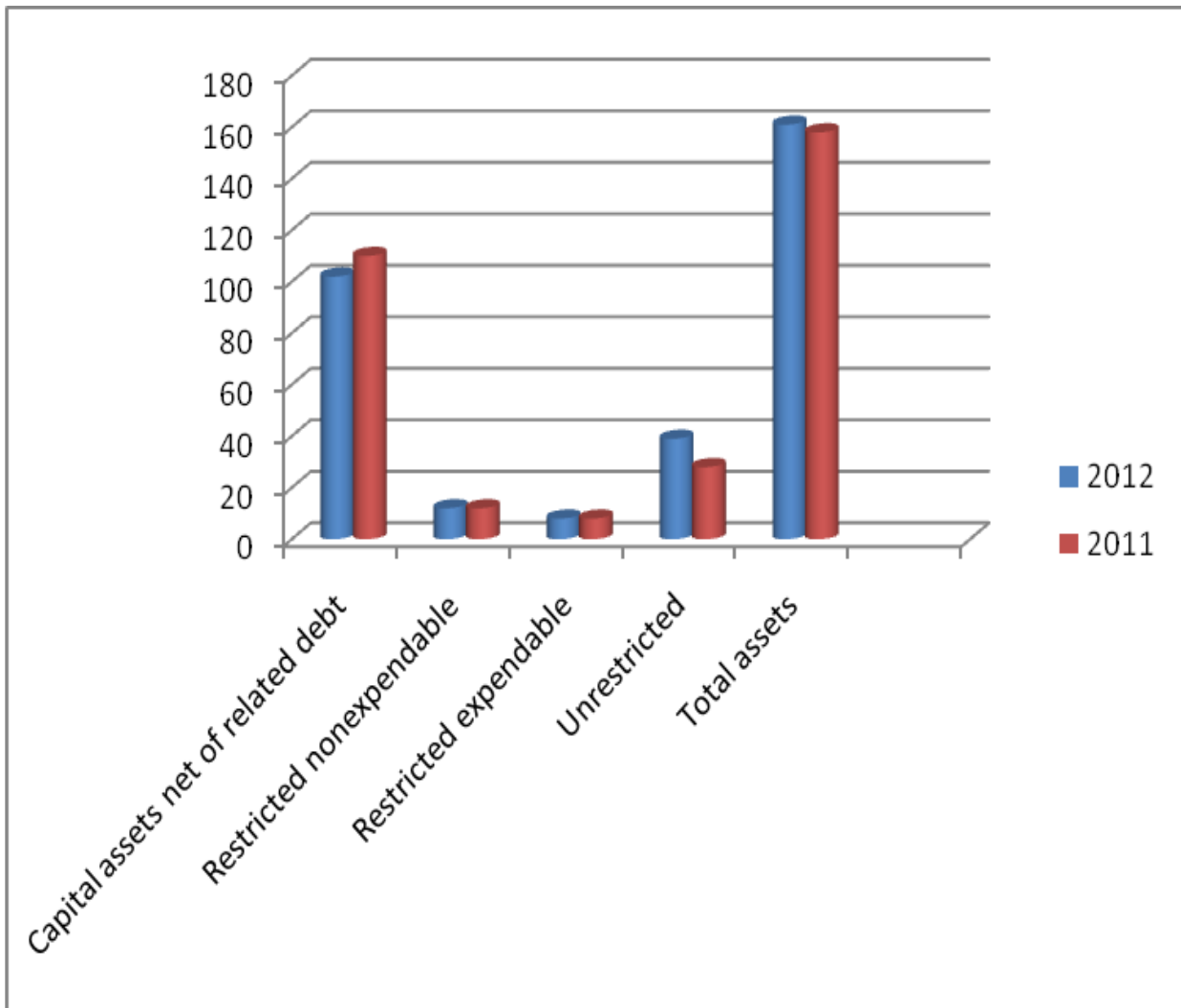
Table 1 summarizes the University's net assets:

Table 1
Eastern New Mexico University's Net Assets
As of June 30, 2012 and 2011
(in millions of dollars)

	2012	2011
Current assets	\$ 35	\$ 37
Noncurrent assets other than capital assets	48	34
Capital assets, net	140	122
Total assets	\$ 223	\$ 193
Current liabilities	\$ 19	\$ 18
Noncurrent liabilities	43	17
Total liabilities	\$ 62	\$ 35
Capital assets, net of related debt	\$ 100	\$ 110
Restricted nonexpendable	12	12
Restricted expendable	8	8
Unrestricted	41	28
Total net assets	\$ 161	\$ 158

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Net Assets 2012 & 2011



STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2012

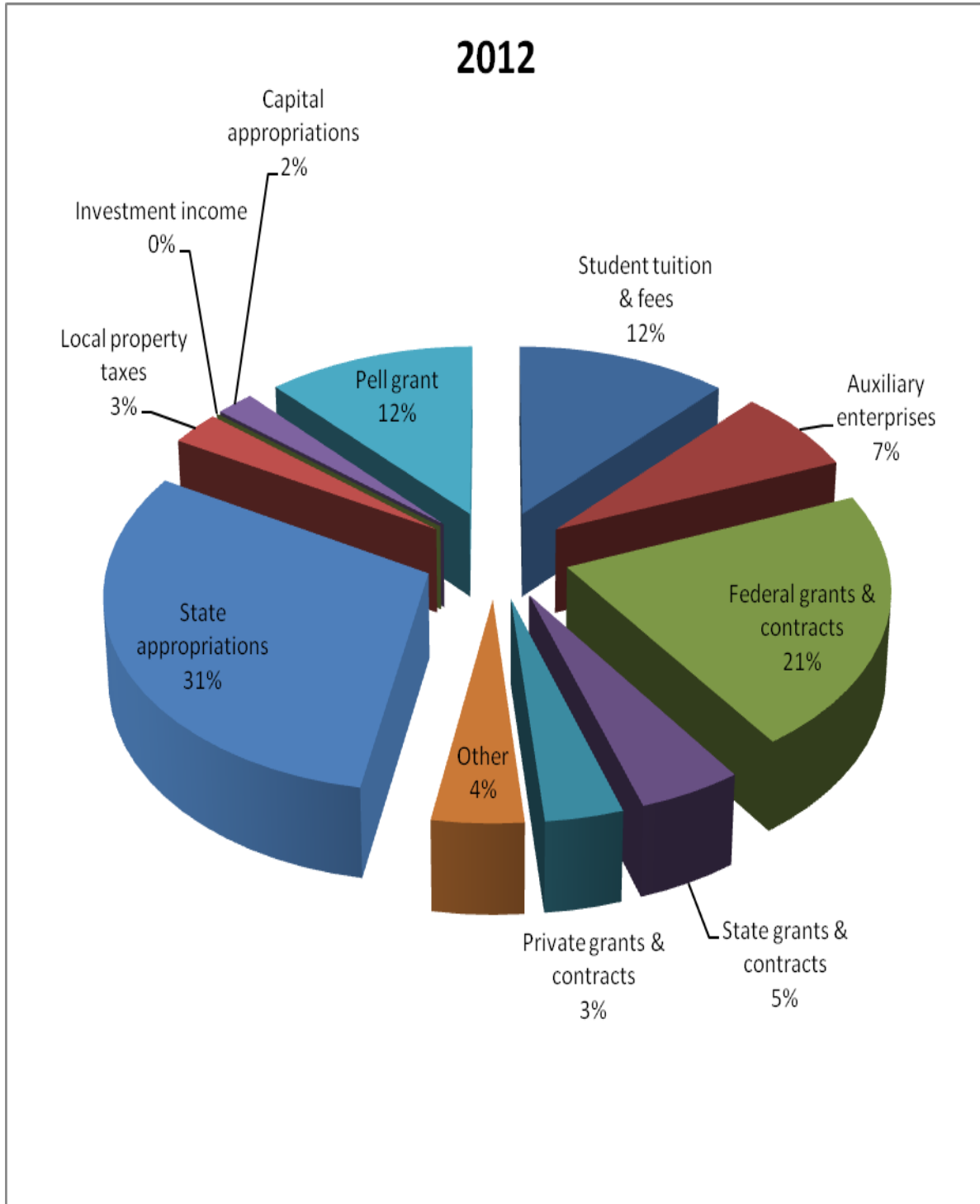
Changes in Net Assets. Total operating revenues for the years ended June 30, 2012 and 2011, were \$66 and \$63 million respectively. Operating expenses were \$126 for 2012, an increase of \$2 million from 2011. Non-operating revenues were \$65 million while non-operating expenses were \$1.4 million for 2012 and non-operating revenues were \$58.7 million while non-operating expenses were \$521,751 for 2011.

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

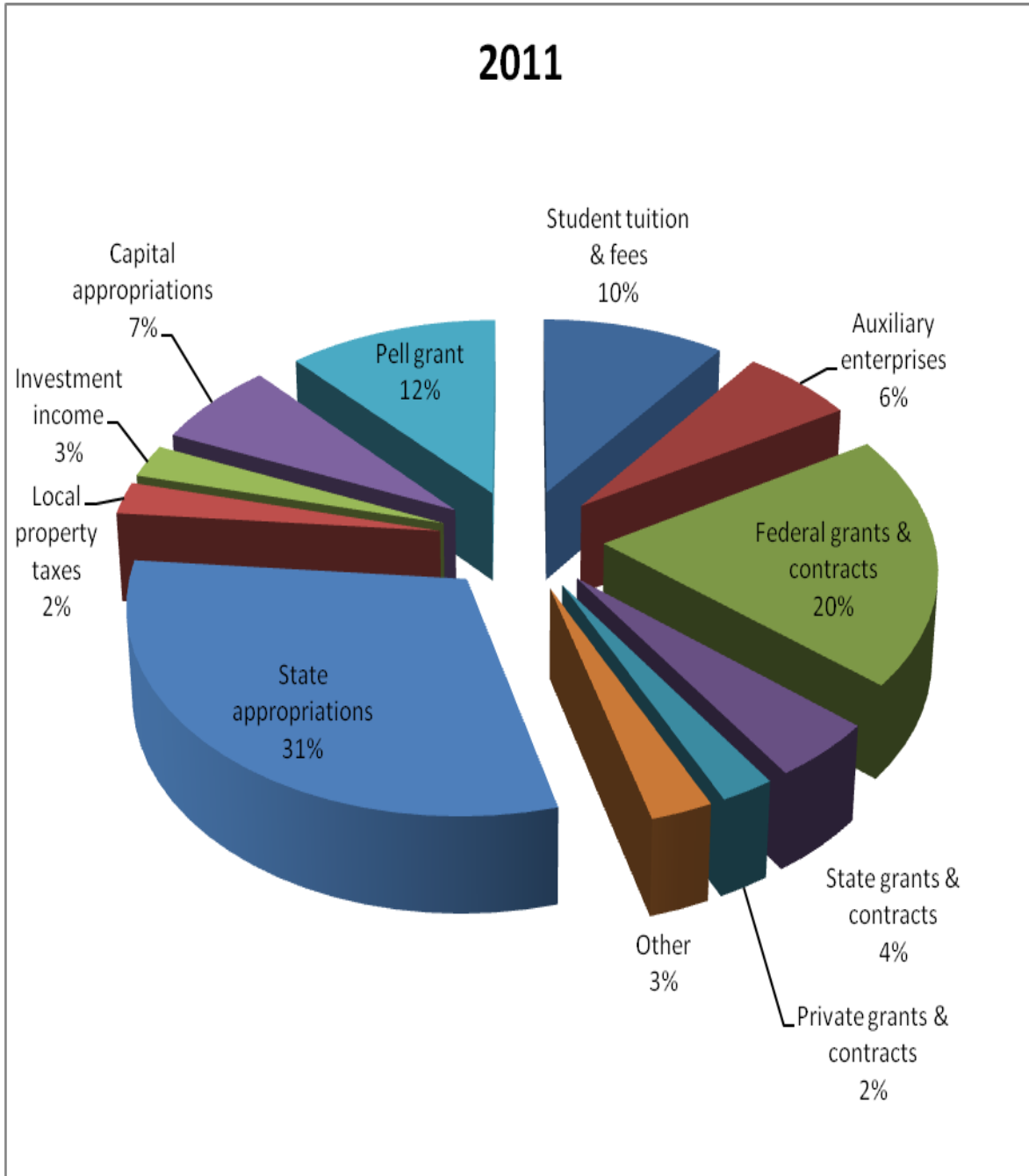
Table 2
Changes in Eastern New Mexico University's Net Assets
For the Year Ended June 30, 2012 and 2011
(in millions of dollars)

	<u>2012</u>	<u>2011</u>
Operating revenues		
Student tuition and fees, net	\$ 15.6	\$ 13.9
Auxiliary enterprises	9.2	8.6
Federal grants and contracts	28.1	27.5
State grants and contracts	6.1	6.3
Private grants and contracts	4.6	3.2
Other	2.6	3.7
Total operating revenues	<u><u>\$ 66.2</u></u>	<u><u>\$ 63.2</u></u>
Operating expenses		
Instruction	\$ 31.6	\$ 31.6
Research	0.5	0.5
Public service	8.4	8.9
Academic support	5.6	4.8
Student services	8.6	8.5
Institutional support	9.7	9.7
Operation and maintenance of plant	7.3	6.8
Depreciation	6.8	6.7
Student aid	35.2	34.8
Auxiliary enterprises	8.1	7.8
Other	4.3	3.5
Total operating expenses	<u><u>\$ 126.1</u></u>	<u><u>\$ 123.6</u></u>
Non-operating revenues (expenses)		
State appropriations	\$ 39.8	\$ 42.2
Local property taxes	3.7	3.5
PELL grant	15.3	16.0
Investment income	-	1.7
Interest on debt	(1.4)	(0.5)
Additions to permanent endowments	-	-
Additions to plant assets	-	0.7
Total non-operating revenues (expenses)	<u><u>\$ 57.4</u></u>	<u><u>\$ 63.6</u></u>
Capital appropriations, gifts and additions to permanent endowments	\$ 5.5	\$ 10.6

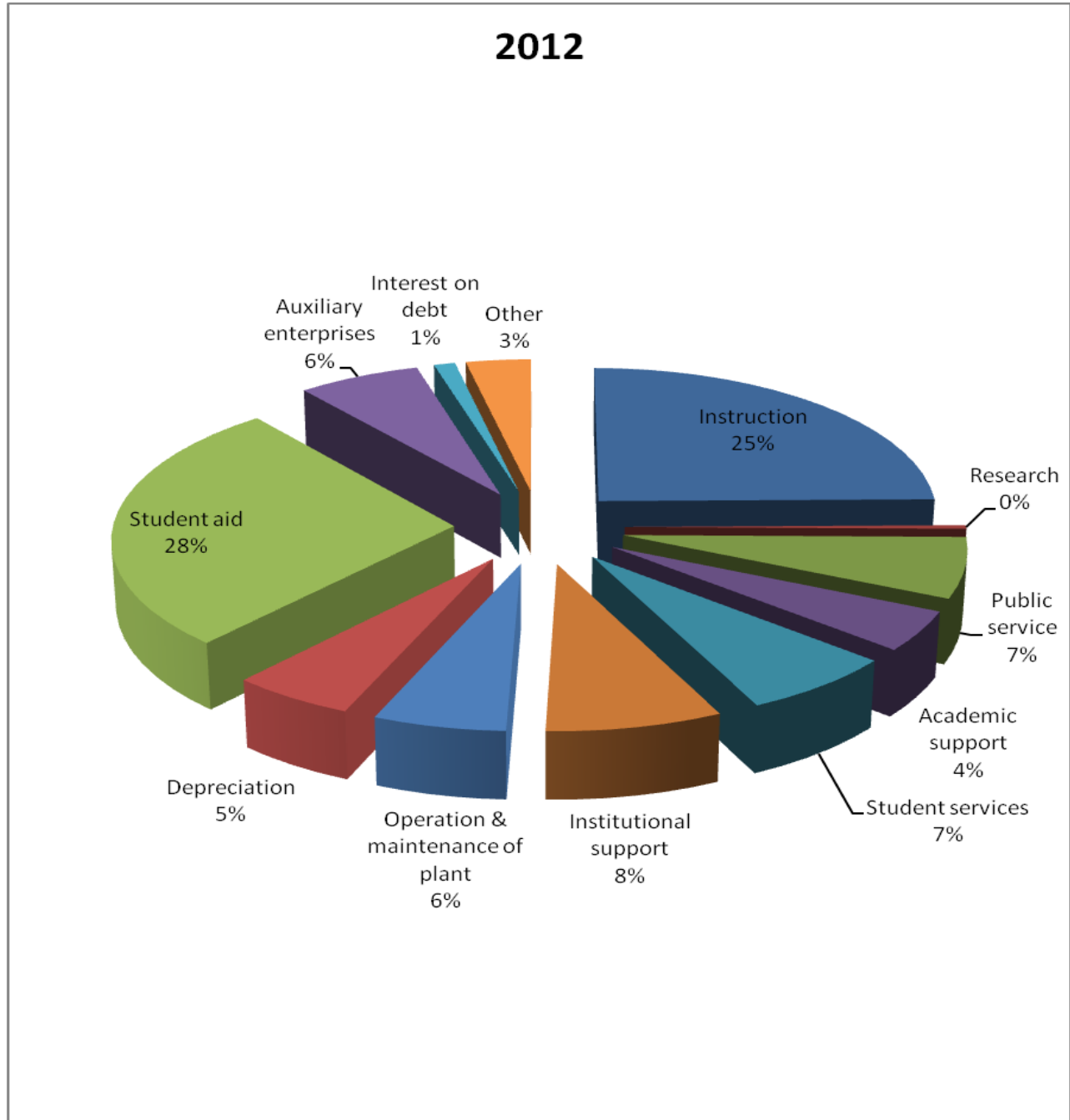
Operating and Non-Operating Income



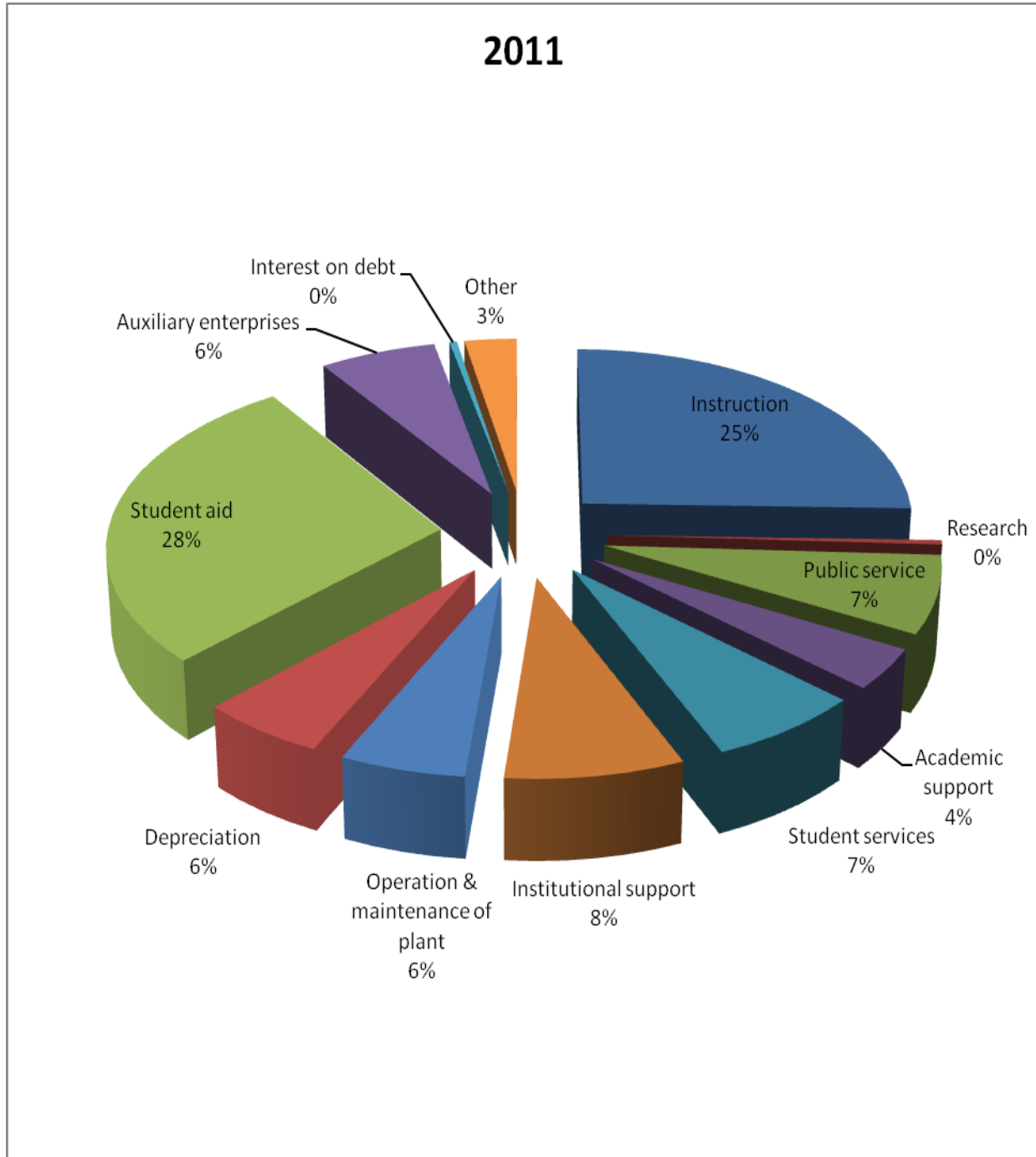
Operating and Non-Operating Income



Operating & Non-Operating Expense



Operating & Non-Operating Expense



STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2012

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):

	2012	2011
Current funds		
Unrestricted	4.2	0.9
Restricted	2.6	7.2
Plant funds	32.1	6.4

The budget adjustment to plant funds in 2012 was the result of anticipated expenditures funded by the 2011 bond issue.

Capital Asset and Debt Administration

Capital Assets—As of June 30, 2012 and 2011, the University had \$139.6 and \$122.0 million respectively, invested in various capital assets, including buildings, equipment and construction.

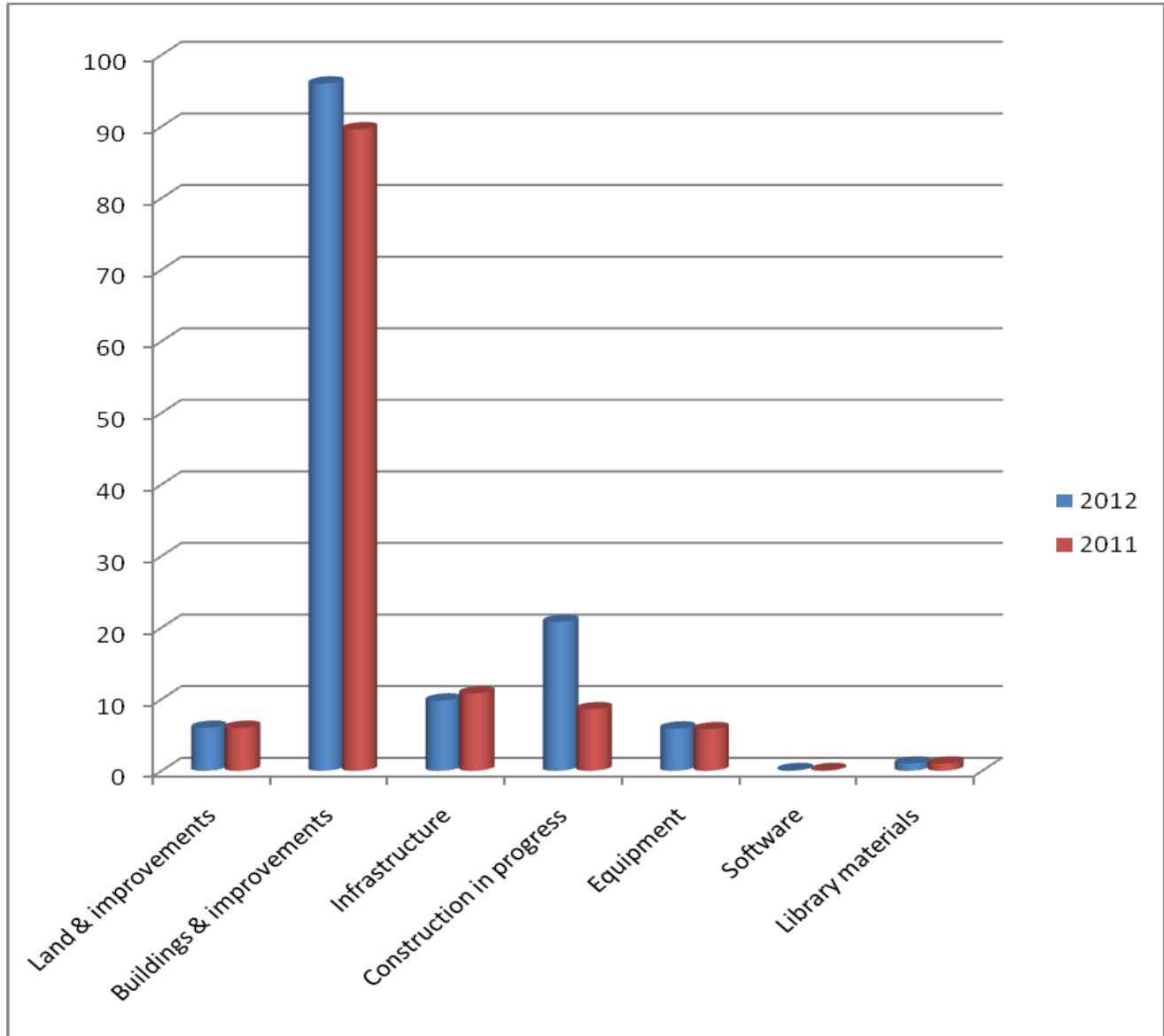
Table 3 shows the University's capital assets at year-end:

Table 3
Capital Assets at June 30, 2012 and 2011
Net of Depreciation (in millions)

	2012	2011
Land and improvements	\$ 6.0	\$ 6.0
Buildings and improvements	96.0	89.5
Infrastructure	9.8	10.5
Construction in progress	20.9	8.6
Equipment	5.9	6.3
Software	0.1	0.1
Library books	0.9	1.0
Total	\$ 139.6	\$ 122.0

STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2012

Capital Assets 2012 & 2011



During the 2011-2012 fiscal year the University began construction of a new student residence hall. This 308 bed, suite style housing complex will be completed in October 2012 at a cost of \$15 million. The University also razed two former residence halls.

Debt Administration—As of June 30, 2012 and 2011 the University had \$36.8 and \$11.3 million of bonds outstanding, respectively. Other long-term debt includes capital leases of \$0.4 million, compensated absences of \$1.5 million, and liabilities for the federal share of the student loan program of \$6.4 million. For 2011, other long-term debt included capital leases of \$0.5 million, compensated absences of \$1.5 million and liabilities for the federal share of the student loan program of \$6.4 million.

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Economic Concerns

The State of New Mexico lags behind the rest of the country in terms of economic recovery but it is believed that further reductions of state funding will not occur. Our continued enrollment growth has assisted the University in dealing with funding reductions from the State. A new formula funding model is being developed by the State and is shifting how funds are allocated. The old model allocated funding primarily on enrollment. The new model will allocate a portion of the funding based on performance measures including the graduation of students in science, math and engineering.

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, 2012

	Eastern New Mexico University	Component Units	
		ENMU Foundation	ENMU-R Foundation
ASSETS			
Current:			
Cash and cash equivalents	\$ 24,489,562	\$ 148,659	\$ 36,869
Receivables, net	9,033,266	-	-
Inventories	967,405	-	-
Prepaid expenses	962,613	129,956	-
Total Current Assets	<u>35,452,846</u>	<u>278,615</u>	<u>36,869</u>
Noncurrent:			
Notes receivable	6,760,514	-	-
Restricted cash and cash equivalents	407,900	-	273,476
Investments	40,562,511	10,588,760	3,421,228
Capital assets, net	139,643,282	-	-
Total Noncurrent Assets	<u>187,374,207</u>	<u>10,588,760</u>	<u>3,694,704</u>
 Total Assets	 <u>\$ 222,827,053</u>	 <u>\$ 10,867,375</u>	 <u>\$ 3,731,573</u>

The accompanying notes are an integral part of these financial statements

	Eastern New Mexico University	Component Units	
		ENMU Foundation	ENMU-R Foundation
LIABILITIES			
Current:			
Accounts payable	\$ 6,055,712	\$ 73,832	\$ -
Gift annuities payable	-	174,464	-
Accrued expenses and other liabilities	5,329,107	-	-
Deferred revenue	4,641,790	-	-
Deposits held for others	463,547	-	-
Bonds payable, current portion	1,470,000	-	-
Leases payable, current portion	63,648	-	-
Accrued compensated absences, current portion	977,844	-	-
Total Current Liabilities	19,001,648	248,296	-
Noncurrent:			
Bonds payable	35,365,000	-	-
Leases payable	292,112	-	-
Accrued compensated absences	527,973	-	-
Student loan program	6,389,314	-	-
Total Noncurrent Liabilities	42,574,399	-	-
Total Liabilities	61,576,047	248,296	-
NET ASSETS			
Invested in capital assets, net of related debt	99,757,495	-	-
Restricted:			
Nonexpendable:			
Endowments	12,363,604	9,259,188	1,450,027
Expendable:			
Scholarships and fellowship	-	1,006,765	2,087,197
Student loans	1,057,415	-	-
Quasi endowment and endowment interest	3,149,714	-	-
Debt service	3,803,900	-	-
Capital projects	535,745	-	-
Unrestricted	40,583,133	353,126	194,349
Total Net Assets	161,251,006	10,619,079	3,731,573
Total Liabilities and Net Assets	\$ 222,827,053	\$ 10,867,375	\$ 3,731,573

STATE OF NEW MEXICO
Eastern New Mexico University
Statements of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

	Eastern New Mexico University	Component Units	
		ENMU Foundation	ENMU-R Foundation
Operating Revenues:			
Student tuition and fees (net of scholarship allowance of \$8,920,292)	\$ 15,559,925	\$ -	\$ -
Auxiliary enterprise revenue	9,193,185	-	-
Federal grants and contracts	28,098,433	-	-
State and local grants and contracts	6,127,124	-	-
Private gifts, grants and contracts	4,603,551	191,243	50,467
Sales and services of educational departments	823,457	-	-
Other operating revenues	1,806,851	-	-
Total Operating Revenues	<u>66,212,526</u>	<u>191,243</u>	<u>50,467</u>
Operating Expenses:			
Education and general			
Instruction	31,561,500	-	-
Research	527,335	-	-
Public service	8,425,198	-	-
Academic support	5,595,531	-	-
Student services	8,578,183	-	-
Institutional support	9,670,507	507,299	3,169
Operations and maintenance of plant	7,259,125	-	-
Depreciation expense	6,802,757	-	-
Student aid, grants and stipends	35,157,855	-	-
Auxiliary enterprises	8,138,885	-	-
Administration and collection	-	74,290	-
Expended for scholarships	-	493,298	695,914
Other	4,346,846	31,332	66,858
Total Operating Expenses	<u>126,063,722</u>	<u>1,106,219</u>	<u>765,941</u>
Operating Income/(Loss)	<u>\$ (59,851,196)</u>	<u>\$ (914,976)</u>	<u>\$ (715,474)</u>

The accompanying notes are an integral part of these financial statements

	Eastern New Mexico University	Component Units	
		ENMU Foundation	ENMU-R Foundation
Non-operating Revenues/(Expenses)			
State appropriations	\$ 39,792,696	\$ -	\$ -
Local property taxes	3,654,023	-	-
PELL grant	15,292,952	-	-
Interest expense	(1,368,532)	-	-
Investment income/(loss)	49,597	(39,390)	90,252
Private gifts, grants and contracts	-	812,709	51,316
Additions to plant assets	30,000	-	-
Total Non-operating Revenues/(Expenses)	<u>57,450,736</u>	<u>773,319</u>	<u>141,568</u>
Income/(Loss) before Other Revenues and Expenses	(2,400,460)	(141,657)	(573,906)
Other Revenues/(Expenses)			
Capital appropriations	5,606,267	-	-
Investment income/(loss) on endowments	<u>(112,497)</u>	<u>(157,322)</u>	<u>(146,977)</u>
Total Other Revenues/(Expenses)	<u>5,493,770</u>	<u>(157,322)</u>	<u>(146,977)</u>
Increase in Net Assets	3,093,310	(298,979)	(720,883)
Net assets - Beginning of Year	<u>158,157,696</u>	<u>10,918,058</u>	<u>4,452,456</u>
Net Assets, End of Year	<u>\$ 161,251,006</u>	<u>\$ 10,619,079</u>	<u>\$ 3,731,573</u>

STATE OF NEW MEXICO
Eastern New Mexico University
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash Flows from Operating Activities	
Tuition and fees	\$ 15,227,568
Grants and contracts	37,057,801
Payments to suppliers	(65,673,162)
Payments to employees	(51,836,011)
Auxiliary enterprise charges	9,193,049
Sales and services of educational activities	823,460
Other receipts	2,390,234
Net Cash Provided/(Used) by Operating Activities	<u>(52,817,061)</u>
Cash Flows from Non-Capital Financing Activities	
State appropriations	39,910,640
Local property taxes	3,654,023
PELL grant	15,270,053
Other receipts	57,243
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>58,891,959</u>
Cash Flows from Capital and Related Financing Activities	
Capital appropriations	6,091,291
Proceeds from capital debt	26,871,379
Other	(155,297)
Purchases of capital assets	(24,325,631)
Principal paid on capital debt and leases	(1,711,715)
Interest paid on capital debt and leases	(1,135,719)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>5,634,308</u>
Cash Flows from Investing Activities	
Purchase of investments	(26,871,379)
Interest on investments	214,003
Transfer to cash	13,000,000
Other	57,242
Net Cash Provided/(Used) by Investing Activities	<u>(13,600,134)</u>
Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents	(1,890,928)
Cash, Restricted Cash, and Cash Equivalents - Beginning of Year	<u>26,788,390</u>
Cash, Restricted Cash, and Cash Equivalents - End of Year	<u>\$ 24,897,462</u>

The accompanying notes are an integral part of these financial statements

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

Operating income/(loss)	\$ (59,851,196)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operations:	
Depreciation	6,802,757
Change in assets and liabilities:	
Receivables, net	(1,143,288)
Inventories	(31,493)
Other assets	543,635
Accounts payable and accrued expenses	1,085,888
Other liabilities	32,624
Deferred revenue	(239,997)
Compensated absences	(15,991)
Net Cash Provided/(Used) by Operating Activities	<u>\$ (52,817,061)</u>

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STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2012

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, 2012, 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, 2012

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, 2012

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, 2012, 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, 2012

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, 2012

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, 2012.

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, 2012, \$9,678,859 of the University's bank balances of \$32,181,140 was exposed to custodial credit risk. \$9,678,859 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, 2012

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 July 21, 2011 to December 31, 2012 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 December 31, 2012, 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, 2012, \$0 of the component unit's bank balance of \$465,870 was exposed to uncollateralized and uninsured amounts.

Investments

At June 30, 2012, 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	\$ 7,406,361	Less than 90 days
State Investment Council (land grant)	Not Rated	9,144,123	Less than 90 days
<i>New MexiGROW</i> LGIP	AAAm	18,905,029	36 days
Reserve Contingency Fund	Unrated	5,821	Does not earn interest
Mutual Funds	Not Rated	30,573	Less than 90 days
Gabelli Equity Trust	A1	50,492	Less than 90 days
General Electric Capital Company	A1	52,260	Less than 90 days
JP Morgan Chase & Co	Baa1	54,260	Less than 90 days
Tennessee Valley Authority Power	Aaa	53,500	Less than 90 days
		<u>\$ 35,702,419</u>	

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2012

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, 2012, 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, 2012 for the University, consist of the following:

Student tuition and fees	\$ 4,616,660
Federal, state and private grants	4,900,984
Other	2,445,288
	<u>11,962,932</u>
Allowance for uncollectible accounts	<u>(2,929,666)</u>
	<u><u>\$ 9,033,266</u></u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2012

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is summarized as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated				
Land and improvements	\$ 6,047,167	\$ -	\$ 10,500	\$ 6,036,667
Construction in progress	8,608,107	21,565,545	9,278,049	20,895,603
Total capital assets not being depreciated	<u>14,655,274</u>	<u>21,565,545</u>	<u>9,288,549</u>	<u>26,932,270</u>
Capital assets being depreciated				
Buildings and improvements	147,788,133	9,970,308	-	157,758,441
Infrastructure	19,186,099	66,977	-	19,253,076
Equipment	39,098,467	1,536,702	4,088,636	36,546,533
Software	1,608,916	14,750	-	1,623,666
Library books	15,861,572	475,027	-	16,336,599
Total other capital assets, at cost	<u>223,543,187</u>	<u>12,063,764</u>	<u>4,088,636</u>	<u>231,518,315</u>
Less accumulated depreciation for				
Buildings and improvements	58,249,766	3,535,813	-	61,785,579
Infrastructure	8,727,439	750,405	-	9,477,844
Equipment	32,768,667	1,973,556	4,117,230	30,624,993
Software	1,518,422	39,069	-	1,557,491
Library books	14,857,482	503,914	-	15,361,396
Total accumulated depreciation	<u>116,121,776</u>	<u>6,802,757</u>	<u>4,117,230</u>	<u>118,807,303</u>
Other capital assets, net	<u>\$ 107,421,411</u>	<u>\$ 5,261,007</u>	<u>\$ (28,594)</u>	<u>\$ 112,711,012</u>
Capital asset summary				
Capital assets not being depreciated	\$ 14,655,274	\$ 21,565,545	\$ 9,288,549	\$ 26,932,270
Other capital assets, at cost	223,543,187	12,063,764	4,088,636	231,518,315
Total cost of capital assets	<u>238,198,461</u>	<u>33,629,309</u>	<u>13,377,185</u>	<u>258,450,585</u>
Less accumulated depreciation	<u>116,121,776</u>	<u>6,802,757</u>	<u>4,117,230</u>	<u>118,807,303</u>
Capital assets, net	<u>\$ 122,076,685</u>	<u>\$ 26,826,552</u>	<u>\$ 9,259,955</u>	<u>\$ 139,643,282</u>

NOTE 6: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities are summarized as follows:

Accrued Payroll	\$ 1,711,341
Accrued Taxes and Benefits	3,252,689
Other (accrued interest)	365,077
	<u>\$ 5,329,107</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2012

NOTE 7: DEFERRED REVENUE

Deferred revenue is summarized as follows:

Student tuition and fees	\$ 2,926,381
Federal, state and private grants	339,355
Other	1,376,054
	<u>\$ 4,641,790</u>

NOTE 8: LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Amount Due Within One Year
Bonds payable	\$ 11,345,000	\$ 28,050,000	\$ 2,560,000	\$ 36,835,000	\$ 1,470,000
Capital leases payable	457,295	-	98,352	355,760	63,648
Accrued compensated absences	1,521,810	152,082	1,145,919	1,505,817	977,844
Student loan program	6,389,314	-	-	6,389,314	-
	<u>\$ 19,713,419</u>	<u>\$ 28,202,082</u>	<u>\$ 3,804,271</u>	<u>\$ 45,085,891</u>	<u>\$ 2,511,492</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, 2012	Final Maturity
System Revenue Bond Series 2005	3.55-4.40%	\$ 7,275,000	06/30/13
General Obligation Building Bond Series 2005B	3.25-4.25%	2,000,000	06/30/26
System Revenue Bond Series 2011A	0.36-0.60%	485,000	04/01/13
System Revenue Bond Series 2011B	0.90-4.66%	27,075,000	06/30/36
		<u>\$ 36,835,000</u>	

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2012

NOTE 9: BONDS PAYABLE (continued)

Scheduled maturities of bonds payable are as follows for the years subsequent to June 30, 2012:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 Revenue Series			
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	470,000	229,533	699,533
2018-2022	2,630,000	857,760	3,487,760
2023-2027	2,515,000	271,498	2,786,498
	<u>7,275,000</u>	<u>2,489,423</u>	<u>9,764,423</u>
2005 GO Series B			
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>2,000,000</u>	<u>120,738</u>	<u>2,120,738</u>
2011 Revenue Series			
2013	485,000	1,012,362	1,497,362
2014	710,000	1,009,452	1,719,452
2015	715,000	1,003,061	1,718,061
2016	725,000	994,410	1,719,410
2017	735,000	983,607	1,718,607
2018-2022	3,940,000	4,656,432	8,596,432
2023-2027	5,000,000	3,985,493	8,985,493
2028-2032	7,745,000	2,746,468	10,491,468
2033-2037	7,505,000	884,847	8,389,847
	<u>27,560,000</u>	<u>17,276,132</u>	<u>44,836,132</u>
	<u>\$ 36,835,000</u>	<u>\$ 19,886,293</u>	<u>\$ 56,721,293</u>

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.

On July 29, 2011, the University issued \$28,050,000 of System Revenue Bonds (Series 2011). 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.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2012

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 \$56,721,293. During the current year, pledged revenue was \$36,585,557 compared to the annual debt requirements of \$1,533,648.

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, 2012, the future minimum lease payments required under the lease are as follows:

Year ended June 30,		
	2013	\$ 83,482
	2014	83,481
	2015	83,482
	2016	83,482
	2017	<u>83,482</u>
Total minimum lease payments		417,409
Amount representing interest		<u>(61,650)</u>
Present value of future minimum lease payments		<u><u>\$ 355,759</u></u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2012

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.

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.4% of their gross salary in fiscal year 2013. The University has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the University contributed 9.15% of the gross covered salary for employees earning more than \$20,000 annually. In fiscal year 2013 the University will contribute 10.9% of the gross covered salary of 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, 2012, 2011, and 2010 were \$3,545,004, \$4,410,056 and \$4,781,744, 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 2012, the University paid Risk Management \$1,090,148 in insurance premiums. The University believes that the outcome of all pending and threatened litigation will not have a material adverse effect on the financial position or operations of the University.

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

NOTE 15: POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2012

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.

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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>
FY13	2.000%	1.000%

Also, employers joining the program after January 2, 1998 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, 2012, 2011, and 2010 were \$694,994, \$605,269 and \$495,583, 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, 2012, the University has an obligation of \$8,207,932 for these contracts.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2012

NOTE 17: SUBSEQUENT PRONOUNCEMENTS

In November 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, 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.

In March 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 18: 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.

SUPPLEMENTARY INFORMATION

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, 2012

	Portales Campus			
	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Unrestricted and Restricted Beginning Net Assets	\$ 8,522,987	\$ 15,211,918	\$ 15,211,918	\$ -
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	26,656,300	26,899,351	26,827,278	(72,073)
Federal revenue sources	39,094,929	40,382,878	31,169,739	(9,213,139)
Tuition and fees	15,243,816	16,351,816	15,770,185	(581,631)
Tax levies	-	-	-	-
Land and permanent fund	620,000	620,000	641,423	21,423
Endowments and private gifts	2,486,500	2,536,500	1,946,001	(590,499)
Other	12,401,455	40,406,455	40,783,257	376,802
Total Unrestricted and Restricted Revenues	<u>96,503,000</u>	<u>127,197,000</u>	<u>117,137,883</u>	<u>(10,059,117)</u>
Unrestricted and Restricted Expenditures:				
Instruction	19,106,000	19,675,000	19,040,994	634,006
Academic support	5,173,000	6,229,000	4,757,936	1,471,064
Student services	3,225,000	3,314,000	2,542,944	771,056
Institutional support	5,564,000	6,016,000	5,202,151	813,849
Operation and maintenance of plant	5,182,000	5,435,000	4,695,790	739,210
Student social and cultural	902,000	1,052,000	820,609	231,391
Research	1,138,000	1,700,000	564,345	1,135,655
Public service	6,876,000	7,200,000	3,960,438	3,239,562
Internal service	415,000	758,000	295,116	462,884
Student aid	36,865,000	37,419,000	32,850,861	4,568,139
Auxiliary services	4,782,000	5,083,000	5,010,795	72,205
Intercollegiate athletics	3,216,000	3,510,000	3,258,982	251,018
Capital outlay	2,949,714	31,500,000	22,482,631	9,017,369
Building renewal and replacement	1,300,000	2,175,000	1,320,320	854,680
Retirement of indebtedness	1,334,598	2,262,000	2,244,387	17,613
Total Unrestricted and Restricted Expenditures	<u>98,028,312</u>	<u>133,328,000</u>	<u>109,048,299</u>	<u>24,279,701</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	<u>(1,525,312)</u>	<u>(6,131,000)</u>	<u>8,089,584</u>	<u>14,220,584</u>
Ending Net Assets	<u>\$ 6,997,675</u>	<u>\$ 9,080,918</u>	<u>\$ 23,301,502</u>	<u>\$ 14,220,584</u>

The accompanying notes are an integral part of these financial statements

Roswell Campus			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 18,389,828	\$ 20,085,645	\$ 15,809,699	\$ (4,275,946)
10,781,300	10,879,930	10,879,930	-
12,545,279	12,227,038	10,533,685	(1,693,353)
5,107,394	5,288,077	5,450,301	162,224
2,390,000	2,520,000	2,587,434	67,434
-	-	-	-
886,982	1,626,200	1,462,151	(164,049)
9,714,855	9,925,359	8,347,047	(1,578,312)
41,425,810	42,466,604	39,260,548	(3,206,056)
10,908,689	10,676,619	9,792,798	883,821
766,702	771,509	761,091	10,418
1,493,294	1,465,992	1,451,815	14,177
3,065,940	3,406,864	3,456,879	(50,015)
2,148,158	2,283,586	2,284,693	(1,107)
178,590	186,317	183,096	3,221
-	-	-	-
4,917,425	5,422,530	5,068,734	353,796
78,634	219,870	147,891	71,979
10,295,308	11,083,405	9,221,957	1,861,448
2,434,382	2,601,227	2,660,633	(59,406)
-	-	-	-
3,627,087	4,684,907	2,939,330	1,745,577
405,673	1,050,000	549,640	500,360
731,359	884,824	864,875	19,949
41,051,241	44,737,650	39,383,432	5,354,218
-	(4,280,212)	-	-
374,569	(6,551,258)	(122,884)	6,428,374
\$ 18,764,397	\$ 13,534,387	\$ 15,686,815	\$ 2,152,428

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, 2012

	Ruidoso Campus			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Unrestricted and Restricted Beginning Net Assets	\$ 1,383,192	\$ 2,157,959	\$ 2,157,959	\$ -
Unrestricted and Restricted - All operations				
Revenues				
State general fund appropriations	1,935,400	1,951,362	1,951,362	-
Federal revenue sources	3,105,185	3,215,185	2,054,535	(1,160,650)
Tuition and fees	756,200	730,250	624,961	(105,289)
Tax levies	970,000	1,000,000	1,066,589	66,589
Land and permanent fund	-	-	-	-
Endowments and private gifts	111,867	173,700	58,056	(115,644)
Other	1,530,748	1,660,602	1,667,613	7,011
Total Unrestricted and Restricted Revenues	<u>8,409,400</u>	<u>8,731,099</u>	<u>7,423,116</u>	<u>(1,307,983)</u>
Unrestricted and Restricted Expenditures				
Instruction	2,819,500	3,056,400	2,630,287	426,113
Academic support	351,000	362,200	340,626	21,574
Student services	368,500	383,200	333,653	49,547
Institutional support	923,800	1,106,600	980,914	125,686
Operation and maintenance of plant	375,400	401,900	277,833	124,067
Student social and cultural	-	-	-	-
Research	-	-	-	-
Public service	75,000	119,500	88,844	30,656
Internal service	(6,000)	(6,000)	(5,903)	(97)
Student aid	3,018,200	3,029,200	2,091,644	937,556
Auxiliary services	436,000	515,000	472,696	42,304
Intercollegiate athletics	-	-	-	-
Capital outlay	200,000	228,799	38,918	189,881
Building renewal and replacement	-	100,000	23,484	76,516
Retirement of indebtedness	-	-	-	-
Total Unrestricted and Restricted Expenditures	<u>8,561,400</u>	<u>9,296,799</u>	<u>7,272,996</u>	<u>2,023,803</u>
Net Transfers	-	-	-	-
Change in Net Assets (Budgetary Basis)	<u>(152,000)</u>	<u>(565,700)</u>	<u>150,120</u>	<u>715,820</u>
Ending Net Assets	<u>\$ 1,231,192</u>	<u>\$ 1,592,259</u>	<u>\$ 2,308,079</u>	<u>\$ 715,820</u>

The accompanying notes are an integral part of these financial statements

Total University			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 28,296,007	\$ 37,455,522	\$ 33,179,576	\$ (4,275,946)
39,373,000	39,730,643	39,658,570	(72,073)
54,745,393	55,825,101	43,757,959	(12,067,142)
21,107,410	22,370,143	21,845,447	(524,696)
3,360,000	3,520,000	3,654,023	134,023
620,000	620,000	641,423	21,423
3,485,349	4,336,400	3,466,208	(870,192)
23,647,058	51,992,416	50,797,917	(1,194,499)
<u>146,338,210</u>	<u>178,394,703</u>	<u>163,821,547</u>	<u>(14,573,156)</u>
32,834,189	33,408,019	31,464,079	1,943,940
6,290,702	7,362,709	5,859,653	1,503,056
5,086,794	5,163,192	4,328,412	834,780
9,553,740	10,529,464	9,639,944	889,520
7,705,558	8,120,486	7,258,316	862,170
1,080,590	1,238,317	1,003,705	234,612
1,138,000	1,700,000	564,345	1,135,655
11,868,425	12,742,030	9,118,016	3,624,014
487,634	971,870	437,104	534,766
50,178,508	51,531,605	44,164,462	7,367,143
7,652,382	8,199,227	8,144,124	55,103
3,216,000	3,510,000	3,258,982	251,018
6,776,801	36,413,706	25,460,879	10,952,827
1,705,673	3,325,000	1,893,444	1,431,556
2,065,957	3,146,824	3,109,262	37,562
<u>147,640,953</u>	<u>187,362,449</u>	<u>155,704,727</u>	<u>31,657,722</u>
-	(4,280,212)	-	4,280,212
<u>(1,302,743)</u>	<u>(13,247,958)</u>	<u>8,116,820</u>	<u>17,084,566</u>
<u>\$ 26,993,264</u>	<u>\$ 24,207,564</u>	<u>\$ 41,296,396</u>	<u>\$ 12,808,620</u>

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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, 2012

Schedule I
(Continued)

Reconciliation of change in net assets (budgetary basis)	
to change in net assets (GAAP basis):	
Change in net assets (budgetary basis)	\$ 8,116,820
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	(95,752)
Depreciation expense	(6,802,757)
Gain on sale of assets	(18,695)
Capital appropriations	2,686,187
Capital outlay expenditures	24,327,014
Loan funds	(35,629)
Bond payments	1,708,269
Bond proceeds	(26,871,379)
Other	79,232
Increase in net assets (GAAP basis)	\$ 3,093,310

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, 2012

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted - Instruction and General				
Unrestricted Beginning Net Assets	\$ 1,086,530	\$ 1,488,219	\$ 1,488,219	\$ -
Unrestricted Revenues				
Tuition	12,085,000	13,157,000	13,162,689	5,689
Miscellaneous fees	943,000	966,400	169,950	(796,450)
Government appropriations - federal	-	-	-	-
Government appropriations - state	23,655,800	23,655,800	23,655,902	102
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	80,000	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	641,423	21,423
Private gifts	-	-	-	-
Sales and services	50,000	50,000	53,016	3,016
Other	244,200	210,800	59,569	(151,231)
Total Unrestricted Revenues	37,678,000	38,740,000	37,742,549	(997,451)
Unrestricted Expenditures				
Instruction	18,106,000	18,675,000	18,536,411	138,589
Academic support	3,148,000	3,229,000	3,063,747	165,253
Student services	2,325,000	2,414,000	2,091,053	322,947
Institutional support	4,764,000	5,116,000	4,884,851	231,149
Operation and maintenance of plant	4,982,000	5,235,000	4,686,612	548,388
Total Unrestricted Expenditures	33,325,000	34,669,000	33,262,674	1,406,326
Net Transfers	(4,157,767)	(4,479,000)	(4,479,000)	-
Change in Net Assets (Budgetary Basis)	195,233	(408,000)	875	408,875
Ending Net Assets	\$ 1,281,763	\$ 1,080,219	\$ 1,489,094	\$ 408,875

The accompanying notes are an integral part of these financial statements

Roswell Campus			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 997,629	\$ 1,070,805	\$ 1,075,069	\$ 4,264
3,863,293	4,047,977	3,911,466	(136,511)
505,100	470,100	483,488	13,388
-	-	-	-
10,781,300	10,879,930	10,879,930	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
990,000	1,030,000	1,057,118	27,118
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
320,200	275,265	252,348	(22,917)
<u>16,459,893</u>	<u>16,703,272</u>	<u>16,584,350</u>	<u>(118,922)</u>
8,818,682	8,688,905	8,374,752	314,153
766,701	771,509	761,091	10,418
1,493,294	1,465,992	1,451,815	14,177
3,065,940	3,406,864	3,456,879	(50,015)
2,148,158	2,283,586	2,284,693	(1,107)
<u>16,292,775</u>	<u>16,616,856</u>	<u>16,329,230</u>	<u>287,626</u>
<u>(664,243)</u>	<u>(664,912)</u>	<u>(664,912)</u>	<u>-</u>
<u>(497,125)</u>	<u>(578,496)</u>	<u>(409,792)</u>	<u>168,704</u>
<u>\$ 500,504</u>	<u>\$ 492,309</u>	<u>\$ 665,277</u>	<u>\$ 172,968</u>

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, 2012

Ruidoso Campus

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
Unrestricted - Instruction and General				
Unrestricted Beginning Net Assets	175,845	246,216	246,216	-
Unrestricted Revenues				
Tuition	574,800	560,000	558,511	(1,489)
Miscellaneous fees	181,400	170,250	66,450	(103,800)
Government appropriations - federal	-	-	-	-
Government appropriations - state	1,935,400	1,951,362	1,951,362	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	-	-	-
Government contracts/grants - state	-	-	4,222	4,222
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Tax levies	970,000	1,000,000	1,066,589	66,589
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	11,800	14,288	54,416	40,128
Total Unrestricted Revenues	3,673,400	3,695,900	3,701,550	5,650
Unrestricted Expenditures				
Instruction	1,683,200	1,720,100	1,657,030	63,070
Academic support	331,000	342,200	332,555	9,645
Student services	328,500	343,200	320,528	22,672
Institutional support	898,800	1,007,900	927,613	80,287
Operation and maintenance of plant	370,400	396,900	277,833	119,067
Total Unrestricted Expenditures	3,611,900	3,810,300	3,515,559	294,741
Net Transfers	(81,000)	64,000	64,000	-
Change in Net Assets (Budgetary Basis)	(19,500)	(50,400)	249,991	300,391
Ending Net Assets	\$ 156,345	\$ 195,816	\$ 496,207	\$ 300,391

The accompanying notes are an integral part of these financial statements

Total University			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,260,004	\$ 2,805,240	\$ 2,809,504	\$ 4,264
16,523,093	17,764,977	17,632,666	(132,311)
1,629,500	1,606,750	719,888	(886,862)
-	-	-	-
36,372,500	36,487,092	36,487,194	102
-	-	-	-
80,000	80,000	-	(80,000)
-	-	4,222	4,222
-	-	-	-
-	-	-	-
1,960,000	2,030,000	2,123,707	93,707
-	-	-	-
620,000	620,000	641,423	21,423
-	-	-	-
50,000	50,000	53,016	3,016
576,200	500,353	366,333	(134,020)
57,811,293	59,139,172	58,028,449	(1,110,723)
28,607,882	29,084,005	28,568,193	515,812
4,245,701	4,342,709	4,157,393	185,316
4,146,794	4,223,192	3,863,396	359,796
8,728,740	9,530,764	9,269,343	261,421
7,500,558	7,915,486	7,249,138	666,348
53,229,675	55,096,156	53,107,463	1,988,693
(4,903,010)	(5,079,912)	(5,079,912)	-
(321,392)	(1,036,896)	(158,926)	877,970
\$ 1,938,612	\$ 1,768,344	\$ 2,650,578	\$ 882,234

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, 2012

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	243,051	170,876	(72,175)
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	4,225,000	5,006,949	2,486,770	(2,520,179)
Government contracts/grants - state	450,000	450,000	233,111	(216,889)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	250,000	300,000	86,384	(213,616)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>4,925,000</u>	<u>6,000,000</u>	<u>2,977,141</u>	<u>(3,022,859)</u>
Restricted Expenditures				
Instruction	1,000,000	1,000,000	504,583	495,417
Academic support	2,025,000	3,000,000	1,694,189	1,305,811
Student services	900,000	900,000	451,891	448,109
Institutional support	800,000	900,000	317,300	582,700
Operation and maintenance of plant	200,000	200,000	9,178	190,822
Total Restricted Expenditures	<u>4,925,000</u>	<u>6,000,000</u>	<u>2,977,141</u>	<u>3,022,859</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

Roswell Campus			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
679,655	607,701	560,503	(47,198)
1,410,352	1,380,013	857,543	(522,470)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,090,007	1,987,714	1,418,046	(569,668)
2,090,007	1,987,714	1,418,046	569,668
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,090,007	1,987,714	1,418,046	569,668
-	-	-	-
-	-	-	-
-	-	-	-
\$	\$	\$	\$
-	-	-	-

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, 2012

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted - Instruction and General				
Restricted Beginning Net Assets	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	226,300	326,300	102,423	(223,877)
Government contracts/grants - state	900,000	1,000,000	888,811	(111,189)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	100,000	173,700	56,520	(117,180)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>1,226,300</u>	<u>1,500,000</u>	<u>1,047,754</u>	<u>(452,246)</u>
Restricted Expenditures				
Instruction	1,136,300	1,336,300	973,257	363,043
Academic support	20,000	20,000	8,071	11,929
Student services	40,000	40,000	13,125	26,875
Institutional support	25,000	98,700	53,301	45,399
Operation and maintenance of plant	5,000	5,000	-	5,000
Total Restricted Expenditures	<u>1,226,300</u>	<u>1,500,000</u>	<u>1,047,754</u>	<u>452,246</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

Total University			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	243,051	170,876	(72,175)
-	-	-	-
5,130,955	5,940,950	3,149,696	(2,791,254)
2,760,352	2,830,013	1,979,465	(850,548)
-	-	-	-
-	-	-	-
-	-	-	-
350,000	473,700	142,904	(330,796)
-	-	-	-
-	-	-	-
<u>8,241,307</u>	<u>9,487,714</u>	<u>5,442,941</u>	<u>(4,044,773)</u>
4,226,307	4,324,014	2,895,886	1,428,128
2,045,000	3,020,000	1,702,260	1,317,740
940,000	940,000	465,016	474,984
825,000	998,700	370,601	628,099
205,000	205,000	9,178	195,822
<u>8,241,307</u>	<u>9,487,714</u>	<u>5,442,941</u>	<u>4,044,773</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, 2012

NOTE 1: BASIS OF PREPARATION

The accompanying Schedule of Budgeted and Actual - Current and Plant Funds - By Campus, for the year ended June 30, 2012, (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.

NOTE 3: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Excess of actual over budgeted expenditures in functions of budgetary control.

For the fiscal year ended June 30, 2012, expenditures exceeded the budget in the following function of budgetary control:

Roswell Campus	
Auxiliary services	\$ 59,406

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Deposit and Investment Accounts - University
June 30, 2012

Account Name	Account Type	Bank of America	Wells Fargo Bank	Wells Fargo Investment
Deposits				
Operational-Portales	Checking	\$ -	\$ -	\$ -
Bond Sinking-Portales	Checking	-	-	-
ENMU-San Juan Village	Checking	-	-	-
ENMU-Portales	Certificate of deposit	-	-	-
Operational-Ruidoso	Checking	-	-	-
Operational-Portales	Checking	-	35,000	-
Payroll-Portales	Checking	-	-	-
Title IV-Roswell	Checking	136,627	-	-
Operational-Roswell	Checking	804,860	-	-
Operating-Roswell	Checking	-	-	-
Payroll-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	-	162,957	-
Construction-Roswell	Checking	-	5,548	-
ENMU-Roswell	Certificate of deposit	-	10,000	-
ENMU-Roswell	Certificate of deposit	-	90,000	-
ENMU-Roswell	Money market/Bonds	-	-	204,254
Lloyd Treat	Money market	-	-	156,169
ENMU-Roswell	Money market/Bonds	-	-	4,339,099
Total amount of deposit in bank		941,487	303,505	4,699,522
Less: Insured/Non-public funds		-	-	4,699,522
Less: FDIC coverage		136,627	255,548	-
Total uninsured public funds		804,860	47,957	-
50% collateral requirements		-	6,129	-
102% collateral requirements		820,957	35,700	-
Pledged securities		820,957	98,551	-
Over/(Under) Collateralized		-	56,722	-
Bank balance		941,487	303,505	4,699,522
Outstanding items		(27,527)	-	-
Deposits in transit		4,530	88,176	-
Book balance		\$ 918,490	\$ 391,681	\$ 4,699,522
Investments				
ENMU - Portales	LGIP	\$ -	\$ -	\$ -
ENMU - Portales	LGIP	-	-	-
ENMU - Roswell	LGIP	-	-	-
ENMU - Roswell	Mutual Funds	-	-	30,573
ENMU - Roswell	Preferred Stocks	-	-	210,512
SIC Endowment Institution	Trust	-	-	-
SIC Endowment Fund	Land grant	-	-	-
		\$ -	\$ -	\$ 241,085

See accompanying independent auditors' report

Schedule IV

NM State Treasurer and Other	James Polk Stone National Bank	US Bank	Pioneer Savings and Trust	Compass Bank	Total
\$ -	\$ -	\$ 11,391,474	\$ -	\$ -	\$ 11,391,474
-	-	853,503	-	-	853,503
-	-	10,000	-	-	10,000
-	-	5,091,178	-	-	5,091,178
-	-	-	-	1,671,928	1,671,928
-	-	-	-	-	35,000
-	434,151	-	-	-	434,151
-	-	-	-	-	136,627
-	-	-	-	-	804,860
-	-	-	3,468,859	-	3,468,859
-	-	-	(101)	-	(101)
-	-	-	3,197,311	-	3,197,311
-	-	-	2,000	-	2,000
-	-	-	5,000	-	5,000
-	-	-	3,650	-	3,650
-	107,673	-	-	-	107,673
-	-	-	-	-	162,957
-	-	-	-	-	5,548
-	-	-	-	-	10,000
-	-	-	-	-	90,000
-	-	-	-	-	204,254
-	-	-	-	-	156,169
-	-	-	-	-	4,339,099
-	541,824	17,346,155	6,676,719	1,671,928	32,181,140
-	-	-	-	-	4,699,522
-	357,673	11,901,474	3,479,509	1,671,928	17,802,759
-	184,151	5,444,681	3,197,210	-	9,678,859
-	92,076	2,345,589	-	-	2,443,794
-	-	768,573	3,261,257	-	4,886,487
-	752,191	12,512,181	10,004,768	2,458,082	26,646,730
-	660,116	9,398,019	6,743,511	2,458,082	19,316,450
-	541,824	17,346,155	6,676,719	1,671,928	32,181,140
-	(13,062)	(2,179,245)	(305,954)	(27,759)	(2,553,547)
-	-	3,715	6,753	1,142	104,316
\$ -	\$ 528,762	\$ 15,170,625	\$ 6,377,518	\$ 1,645,311	\$ 29,731,909
\$ 3,199,118	\$ -	\$ -	\$ -	\$ -	\$ 3,199,118
13,906,565	-	-	-	-	13,906,565
1,805,167	-	-	-	-	1,805,167
-	-	-	-	-	30,573
-	-	-	-	-	210,512
7,406,361	-	-	-	-	7,406,361
9,144,123	-	-	-	-	9,144,123
\$ 35,461,334	\$ -	\$ -	\$ -	\$ -	\$ 35,702,419
					Petty cash 25,645
					Deposits and investments per schedule IV \$ 65,459,973
					Cash and restricted cash 24,897,462
					Investments 40,562,511
					Deposits and investments per Statement of Net Assets \$ 65,459,973

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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, 2012

**Schedule IV
(Continued)**

Name of Bank/Broker	Account Type	Balance per Bank	Reconciled Balance per Books
Eastern New Mexico University Foundation			
Deposit Accounts			
James Polk Stone National Bank	Deposit	\$ 68,035	\$ 66,169
Edward Jones	Deposit	82,490	82,490
		<u>\$ 150,525</u>	<u>\$ 148,659</u>
Investment Accounts			
Edward Jones	Stocks	\$ 541,137	\$ 541,137
Edward Jones	Mutual Funds	10,047,623	10,047,623
		<u>\$ 10,588,760</u>	<u>\$ 10,588,760</u>
ENMU-R Foundation			
Deposit Accounts			
Pioneer Bank	Deposit	\$ 41,869	\$ 36,869
Pioneer Bank	Certificate of deposit	169,272	169,272
Washington Federal Bank	Certificate of deposit	104,204	104,204
		<u>\$ 315,345</u>	<u>\$ 310,345</u>
Investment Accounts			
Wells Fargo Advisors	Mutual Fund	\$ 379,931	\$ 379,931
UBS Investments	Mutual Fund	748,770	748,770
US Trust	Mutual Fund	2,292,527	2,292,527
		<u>\$ 3,421,228</u>	<u>\$ 3,421,228</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Pledged Collateral
For the Year Ended June 30, 2012

Name of Depository	Description	Maturity	CUSIP Number
Wells Fargo Bank	FNMAP # 867437	5/1/2036	31409CV69
Wells Fargo Bank	AI5128	9/1/2026	3138AJVW9
Bank of America	Government National Mortgage Association	11/20/2040	36230MB22
Compass Bank	FHRR R008 FK	7/15/2023	31396U3A6
Compass Bank	FHLMC 3762 AV	10/15/2023	3137A3NJ4
Compass Bank	FNMA 2009-116 Class B	1/25/2025	31398GLY3
Compass Bank	FNMA 2009-116 Class B	1/25/2025	31398GLY3
Compass Bank	FNR 2005-63 HB	7/25/2025	31394EGP7
Compass Bank	FNMA 255982	9/1/2025	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 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	FFCB Call After 8/20/2012	8/20/2020	31331JYY3
James Polk Stone National Bank	Portales NM School District Bond	1/15/2016	736151DG3
US Bank	FNMA POOL AH5301	11/1/2025	3138A63K4
US Bank	FHLMC GOLD	7/1/2024	3128PM7M6
US Bank	FHLMC GOLD	10/1/2035	3128DFAU2

Total Collateral Pledged

See accompanying independent auditors' report

Fair Market Value	Name and Location of Safe Keeper
\$ 13,009	Wells Fargo, San Francisco, CA
85,542	
\$ 98,551	
\$ 820,957	Bank of America, N.A., Charlotte, NC
\$ 820,957	
\$ 92,032	Federal Home Loan Bank, Atlanta, GA
24,894	Federal Home Loan Bank, Atlanta, GA
113,680	Federal Home Loan Bank, Atlanta, GA
51,673	Federal Home Loan Bank, Atlanta, GA
38,452	Federal Home Loan Bank, Atlanta, GA
460,650	Federal Home Loan Bank, Atlanta, GA
27,658	Federal Home Loan Bank, Atlanta, GA
329,182	Federal Home Loan Bank, Atlanta, GA
55,940	Federal Home Loan Bank, Atlanta, GA
186,657	Federal Home Loan Bank, Atlanta, GA
14,065	Federal Home Loan Bank, Atlanta, GA
53,519	Federal Home Loan Bank, Atlanta, GA
70,513	Federal Home Loan Bank, Atlanta, GA
204,502	Federal Home Loan Bank, Atlanta, GA
174,007	Federal Home Loan Bank, Atlanta, GA
226,505	Federal Home Loan Bank, Atlanta, GA
78,209	Federal Home Loan Bank, Atlanta, GA
214,045	Federal Home Loan Bank, Atlanta, GA
41,899	Federal Home Loan Bank, Atlanta, GA
\$ 2,458,082	
\$ 10,004,768	Federal Home Loan Bank, Atlanta, GA
\$ 10,004,768	
\$ 652,191	Texas Independent Bank, Dallas, TX
100,000	Texas Independent Bank, Dallas, TX
\$ 752,191	
\$ 3,717,556	Federal Home Loan Bank, Dallas, TX
8,026,050	Federal Home Loan Bank, Dallas, TX
768,575	Federal Home Loan Bank, Dallas, TX
\$ 12,512,181	
\$ 26,646,730	

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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, 2012. 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, 2012, and have issued our report thereon dated October 22, 2012. 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC.

Internal Control Over Financial Reporting

Management of Eastern New Mexico University is responsible for establishing and maintaining effective 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 a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting as item 07-01. 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 12-01.

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 22, 2012

FEDERAL FINANCIAL ASSISTANCE

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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, 2012. 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, 2012.

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 22, 2012

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STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
MAJOR PROGRAMS	
<i>Student Financial Aid Cluster</i>	
	U.S. Department of Education
Portales Campus	SEOG
Roswell Campus	SEOG
Ruidoso Campus	SEOG
Portales Campus	College Workstudy Program
Roswell Campus	College Workstudy Program
Ruidoso Campus	College Workstudy Program
Portales Campus	Pell Grant
Portales Campus	Pell Grant-Prior Year
Portales Campus	Pell Grant-Prior Year
Roswell Campus	Pell Grant
Ruidoso Campus	Pell Grant
Portales Campus	Direct Loan
Portales Campus	Direct Loan
Roswell Campus	Direct Loan
Ruidoso Campus	Direct Loan
Ruidoso Campus	Direct Loan
Portales Campus	TEACH Grant
Total Student Financial Aid Cluster	
TOTAL MAJOR PROGRAMS	
NON-MAJOR PROGRAMS	
<i>Title V: Developing Hispanic Institutions</i>	
	U.S. Department of Education
Portales Campus	HIS-STEM & Articulation Program
Portales Campus	PPOHA Yr 1 10-11
Portales Campus	PPOHA Yr 2 11-12
Roswell Campus	Title V
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 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	ENMU Academic Prep Activity 1 Yr 3
Portales Campus	ENMU Nursing Pipeline Activity 1 Yr 3
Portales Campus	ENMU Project Management Activity 1 Yr 3
Portales Campus	CCC Academic Prep Activity 1 Yr 3
Portales Campus	CCC Nursing Pipeline Activity 1 Yr 3
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	P007A112641	\$ 334,382
84.007	P007A112641	119,422
84.007	P007A112641	23,884
84.033	P033A112641	849,440
84.033	P033A112641	297,706
84.033	P033A112641	43,676
84.063	P063P111823	8,088,666
84.063	P063P101823	5,442
84.063	P063P111823	(2,315)
84.063	P063P111823	5,933,140
84.063	P063P111823	1,266,911
84.268	P268K121823	18,274,038
84.268	P268K111823	49,663
84.268	P268K127196	907,920
84.268	P268K127251	654,956
84.268	P268K117251	(620)
84.379	P379T112823	104,500
		<u>36,950,811</u>
		<u>\$ 36,950,811</u>
84.031C	P031C110114	\$ 219,636
84.031M	P031M105036	261,516
84.031M	P031M115036	284,340
84.031S	P031S070015-11	427,395
84.031S	P031S090081	703
84.031S	P031S090081	8,270
84.031S	P031S090081	629
84.031S	P031S090081	5,030
84.031S	P031S090081	94,935
84.031S	P031S090081	56,067
84.031S	P031S090081	33,096
84.031S	P031S090081	103,212
84.031S	P031S090081	32,541
84.031S	P031S090081	162,350
84.031S	P031S090081	31,674
84.031S	P031S090081	75,073
84.031S	P031S090081	77,337
84.031S	P031S090081	5,957
		<u>1,879,761</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2012

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
NON-MAJOR PROGRAMS (continued)	
<i>TRIO Cluster</i>	
	U.S. Department of Education
Portales Campus	Student Support Services 10-11
Portales Campus	Student Support Services 11-12
Portales Campus	Talent Search 10-11
Portales Campus	Talent Search 11-12
Roswell Campus	Talent Search
Roswell Campus	Talent Search
Portales Campus	Upward Bound 10-11
Portales Campus	Upward Bound 11-12
Roswell Campus	Upward Bound
Roswell Campus	Upward Bound
Roswell Campus	EOC
Roswell Campus	EOC
<i>Total TRIO Cluster</i>	
<i>GEAR UP</i>	
	U.S. Department of Education
Roswell Campus	GEAR UP
Roswell Campus	GEAR UP
	U.S. Department of Education
Portales Campus	Project Maestros
<i>National Writing Project</i>	
	U.S. Department of Education
Portales Campus	High Plains Writing Project 10-11
Portales Campus	High Plains Writing Project 11-12
	U.S. Department of Education
	<i>Passed through the New Mexico</i>
	<i>State Department of Education</i>
Roswell Campus	Carl Perkins
Roswell Campus	Carl Perkins Carryover
Roswell Campus	Carl Perkins Carryover 6/11-9/11
Portales Campus	University Immersion Institute
	U.S. Department of Education
	<i>Passed through the New Mexico</i>
	<i>Higher Education Department</i>
Roswell Campus	ABE Federal
Roswell Campus	ABE Textbooks
Ruidoso Campus	ABE Federal
Portales Campus	Title II Teacher Quality
<i>Total U.S. Department of Education</i>	

See accompanying independent auditors' report.

Schedule VI
(Continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
84.042A	P042A101007	261,877
84.042A	P042A101007	100,695
84.044A	P044A060172	94,568
84.044A	P044A110619	276,207
84.044A	P044A060145-10	48,068
84.044A	P044A110605-11	241,808
84.047A	P047A071027	130,837
84.047A	P047A071027	242,060
84.047A	P047A070175-10	58,795
84.047A	P047A070175-11	213,370
84.066A	P066A060060-10B	40,075
84.066A	P066A110019	178,759
		<u>1,887,119</u>
84.334A	P334A050091-10	293,496
84.334A	P33A110054	1,071,902
84.365Z	T365Z120149	10,398
84.928A	92-NM02AMEND23	14,981
84.928A	92-NM02AMEND24	32,153
84.048	V048A080031	88,027
84.048	N/A	8,151
84.048	V048A080031A	15,470
84.293C	05-924-P527-0152	1,800
84.002	N/A	170,713
84.002	49828	5,585
84.002	N/A	55,401
84.367	11-950-1200-00001	38,946
		<u>42,524,714</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2012

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
NON-MAJOR PROGRAMS (continued)	
<i>Research and Development Cluster</i>	
	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-Varela
Portales Campus	INBRE-Varela
	National Science Foundation
Portales Campus	S-STEM Scholarships 10-11
Portales Campus	S-STEM Scholarships 11-12
	U.S. Department of Energy <i>Passed through University of New Mexico</i>
Portales Campus	US DOE-EPSCOR
Portales Campus	EPSCOR Seed Award
	<i>Passed through Sapphire Energy</i>
Portales Campus	SAPPHIRE Energy-US DOE
	<i>Passed through Arizona State University</i>
Portales Campus	WAESO
<i>Total Research and Development Cluster</i>	
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	
	<i>Passed through the New Mexico Children, Youth and Families Department</i>
Portales Campus	Aim High
Portales Campus	Basic Services
Portales Campus	Inclusion
Portales Campus	CYFD/PSD BSW Program
	<i>Department of Agriculture</i>
Portales Campus	USDA-NIFA HIS
Portales Campus	USDA-NIFA HIS
Portales Campus	USDA-SPRCA Challenge Grant
	<i>Passed through the New Mexico Children, Youth and Families Department</i>
Portales Campus	CDC Food Program
Roswell Campus	CDC Food Program
Roswell Campus	Food Program Upward Bound
<i>Total Department of Agriculture</i>	

See accompanying independent auditors' report.

Schedule VI
(Continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
93.389	Q01235	42,877
93.389	Q01235	70,094
93.389	Q01235	7,409
93.389	Q01235	900
47.076	DUE-0806472	70,184
47.076	DUE-0806472	28,970
81.049	DE-PS-08ER08-04	10,158
47.081	063013-8716	41,299
81.087	DE-EE0000393.001	132,275
47.074	KMS019-14-36/SUB	734
		<u>404,900</u>
93.596	10-690-9999-01005-3	24,816
93.596	10-690-9999-01005-3	59,989
93.596	10-690-9999-01005-3	15,397
93.658	13-1-98A	120,662
10.200	2010-38422-21231	39,223
10.200	2010-38422-21231	53,621
10.217	2011-38414-35041	6,949
10.558	191	309
10.558	50531	11,524
10.559	50531	3,114
		<u>114,740</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2012

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
	NON-MAJOR PROGRAMS (continued)
Roswell Campus	<i>Passed through the New Mexico Department of Health</i> CTG
Roswell Campus	<i>Department of Labor</i> Community Based Job Training
Ruidoso Campus Roswell Campus	<i>Passed through Santa Fe Community College</i> Trade Adjustment Assistance Community College IBEST
	Total Department of Labor
	National Science Foundation
Portales Campus Portales Campus	<i>Passed through New Mexico State University</i> Alliance for Minority Participation Alliance for Minority Participation
	Total National Science Foundation
Roswell Campus	Small Business Administration SBDC
Portales Campus	U.S. Department of Commerce PTFP-ENMU-Maljamar
Portales Campus Portales Campus	U.S. Army Corp of Engineers ACA Transfer Account Curation E3194
	Total Department of Interior
	TOTAL NON-MAJOR PROGRAMS
	TOTAL FEDERAL AWARDS

Schedule VI
(Continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
93.531	CDC-RFA-DP11-1103PPHF11	20,800
17.269	CB-18254-09-60	160,933
17.282	N/A	10,712
17.282	SGA/DFA PY 10-03	7,366
		<u>179,011</u>
47.076	Q00889	5,769
47.076	Q00889	250
		<u>6,019</u>
59.037	N/A	253,356
11.550	35-01-N09053	39,429
15.904	W81G6900259490	100
15.904	W81G6900259490	12,077
		<u>12,177</u>
		<u>\$ 6,825,199</u>
		<u><u>\$ 43,776,010</u></u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2012

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, 2012, outstanding student loan balances under the Federal Perkins Loan Program, CFDA #84.038, were \$6,681,748. Perkins loans awarded for the year ending June 30, 2012 totaled \$406,945. Additionally, the University processed \$20,486,473 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, 2012

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

- | | |
|--|-------------|
| 5. Dollar threshold to distinguish between Type A and Type B programs: | \$1,312,435 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2012

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 policies 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, 2012

B. FINDINGS – FINANCIAL STATEMENT AUDIT

12-01 Budget – Roswell Campus (Other)

Condition

During our testwork of budgets, we noted the Roswell campus overspent their budget in the following function:

Auxiliary services	\$ 59,406
--------------------	-----------

Criteria

The University's total expenditures or transfers may not exceed the amount shown in the approved budget in any function of budgetary control per the New Mexico Administrative Code (NMAC), title 5, chapter 3, part 4, paragraph 10.

Effect

The University has not complied with budgetary compliance requirements for the category referenced above as presented in the Schedule of Budgeted and Actual Revenues and Expenditures. Non-compliance could have an impact on future funding.

Cause

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

Recommendation

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

View of Responsible Officials and Planned Corrective Actions

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

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2012

C. FINDINGS – FEDERAL AWARDS

None

D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

07-01	Financial Statement Reporting and Control Process	Repeated
11-01	Stale Dated Checks – Roswell	Resolved and Not Repeated
11-02	Bank Reconciliation Preparation – Roswell	Resolved and Not Repeated
11-03	Improper Controls over Cash Receipts – Portales	Resolved and Not Repeated
11-04	Deficiencies in Internal Control Structure Design, Operation and Oversight – Portales	Resolved and Not Repeated

OTHER DISCLOSURES

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STATE OF NEW MEXICO
Eastern New Mexico University
Other Disclosures
June 30, 2012

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 22, 2012. 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, Member – Board of Regents
Randy Harris, President – Board of Regents
Karen Franklin, Controller – Roswell Campus
Joann Martinez, Director of Accounting and Student Accounts – Portales Campus
Terri Doerr, Accountant – Portales Campus
Kenny Prince, Accountant – Portales Campus
Carol Fletcher, Budget Analyst – Portales Campus
Ashley Keefer, Internal Auditor
Dr. John Madden, President – Roswell Campus
Eric Johnston-Ortiz, Vice President of Business Affairs – Roswell Campus
Jeanne Trujillo, Business Office – Ruidoso Campus
Sheila Farquer, Director of Business Affairs – Ruidoso Campus
Sherry Stewart, Grant Accountant – Portales Campus

Auditors

Jeff McWhorter, Partner
Shelley Olson, Supervisor

