



Eastern New Mexico University

Annual Financial Report

June 30, 2013



**STATE OF NEW MEXICO
EASTERN NEW MEXICO UNIVERSITY
FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2013**

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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 and the Bachelor of Science degree in Chemistry/Biochemistry is certified by the American Chemical Society. 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 a media site, 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, 2013

Board of Regents

Ex-Officio Members

The Honorable Susana Martinez

Governor of the State of New Mexico

Appointed Members

Term Expires

Mr. Brett Leach	2016	President
Ms. Jane Christensen	2018	Vice President
Mr. Chase Sturdevant	2014	Secretary
Mr. Robert "Chad" Lydick	2014	Member
Mr. Randy Harris	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 H. Balderas
New Mexico State Auditor
The U.S. Office of Management and Budget and
The Board of Regents
Eastern New Mexico University
Portales, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Eastern New Mexico University (the "University") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Eastern New Mexico University's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2013 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Eastern New Mexico University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eastern New Mexico University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Eastern New Mexico University, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons as of June 30, 2013 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, 2013, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern New Mexico University's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013 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* in considering Eastern New Mexico University's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 29, 2013

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the University's financial statements, which follow this section.

Financial Highlights

- As of June 30, 2013, the University's total assets decreased to \$222 million, \$1 million less than the 2012 level of \$223 million.
- Operating revenues totaled \$48 million in 2013, a decrease of \$18 million from 2012 while operating expenses totaled \$106 million, a decrease of \$20 million from 2012. Net non-operating revenues totaled \$64 million while non-operating expenditures were \$1.4million; state appropriations of \$42 million and Pell grant revenue of \$14 million are the primary components of non-operating revenues.
- Since 2005 our headcount enrollment has increased from 4,052 to 5,855. This is an increase of 44.4%. During the same time period our freshman enrollment has increased from 558 to 654, an increase of 17%. Our student retention rate has improved from 52% to 58.1% during this 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 positions 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 positions.
- The statement of revenues, expenses and changes in net positions 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.
- Due to the implementation of GASB No. 63 and 65, the presentation of the University's financial statements has changed to reflect the deferred inflows of resources and net positions.

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, 2013

Financial Analysis of the University as a Whole

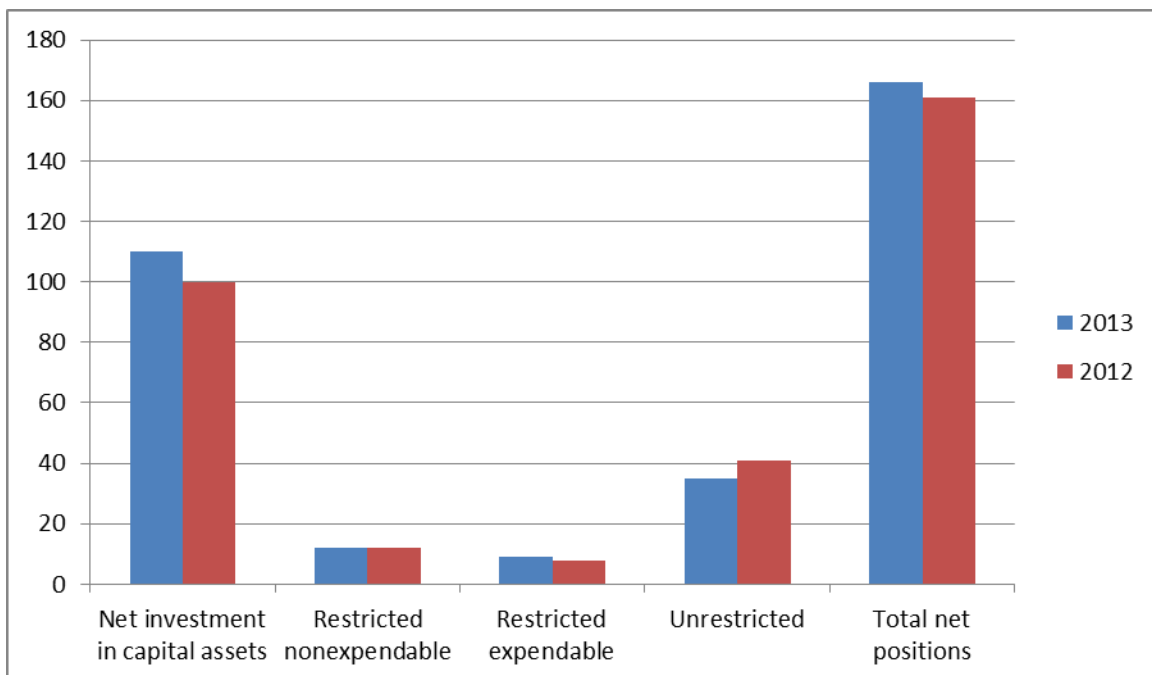
Net Positions. The University's total net positions increased to \$166 million from \$161 million in 2012. The gain is due primarily to the increase in capital assets in 2013.

Table 1 summarizes the University's net positions:

Table 1
Eastern New Mexico University's Net Positions
As of June 30, 2013 and 2012
(in millions of dollars)

	<u>2013</u>	<u>2012</u>
Current assets	\$ 36	\$ 35
Noncurrent assets other than capital assets	40	48
Capital assets, net	146	140
Total assets	<u>\$ 222</u>	<u>\$ 223</u>
Current liabilities	\$ 15	\$ 19
Noncurrent liabilities	41	43
Total liabilities	<u>\$ 56</u>	<u>\$ 62</u>
Deferred inflows of resources	\$ 0.2	\$ -
Total deferred inflows of resources	<u>\$ 0.2</u>	<u>\$ -</u>
Net investment in capital assets	\$ 110	\$ 100
Restricted nonexpendable	12	12
Restricted expendable	9	8
Unrestricted	35	41
Total net positions	<u>\$ 166</u>	<u>\$ 161</u>

Net Positions 2013 & 2012



STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Changes in Net Positions. Total operating revenues for the years ended June 30, 2013 and 2012, were \$48 and \$66 million respectively. Operating expenses were \$106 for 2013, an decrease of \$20 million from 2012. The significant change in revenues and expenditures is due to the financial statement presentation of the Direct Student Loan program, which omits both the revenues and expenditures of the program. Non-operating revenues were \$64 million while non-operating expenses were \$1.4 million for 2013 and non-operating revenues were \$65 million while non-operating expenses were \$1.4 million for 2012.

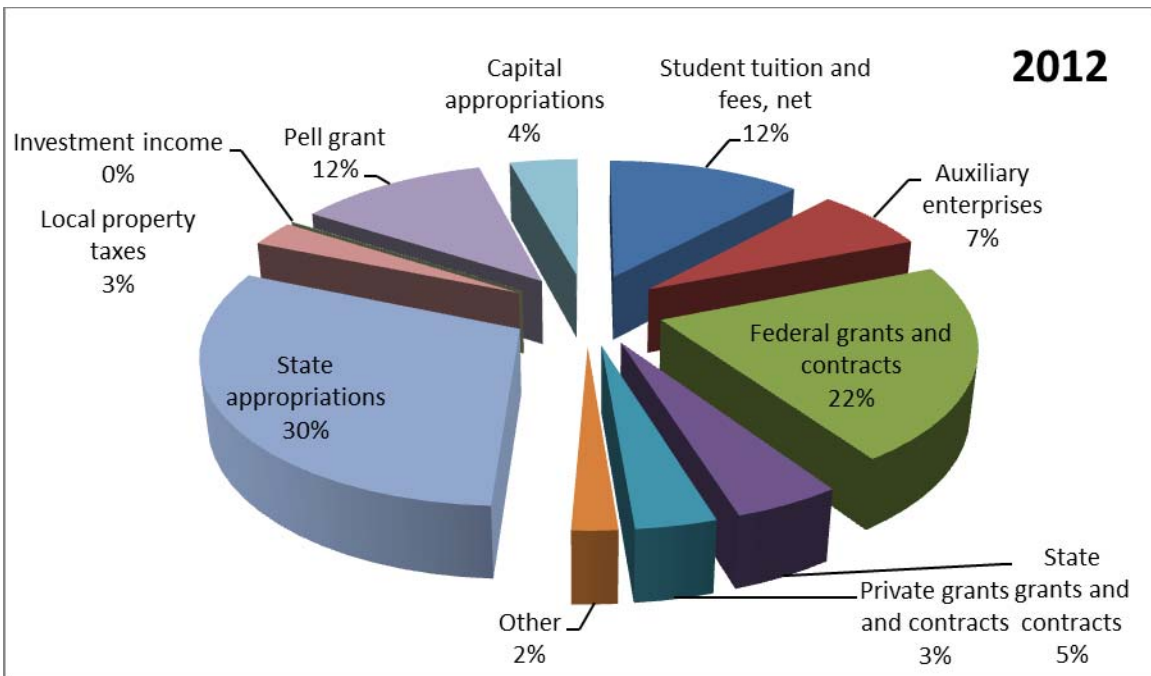
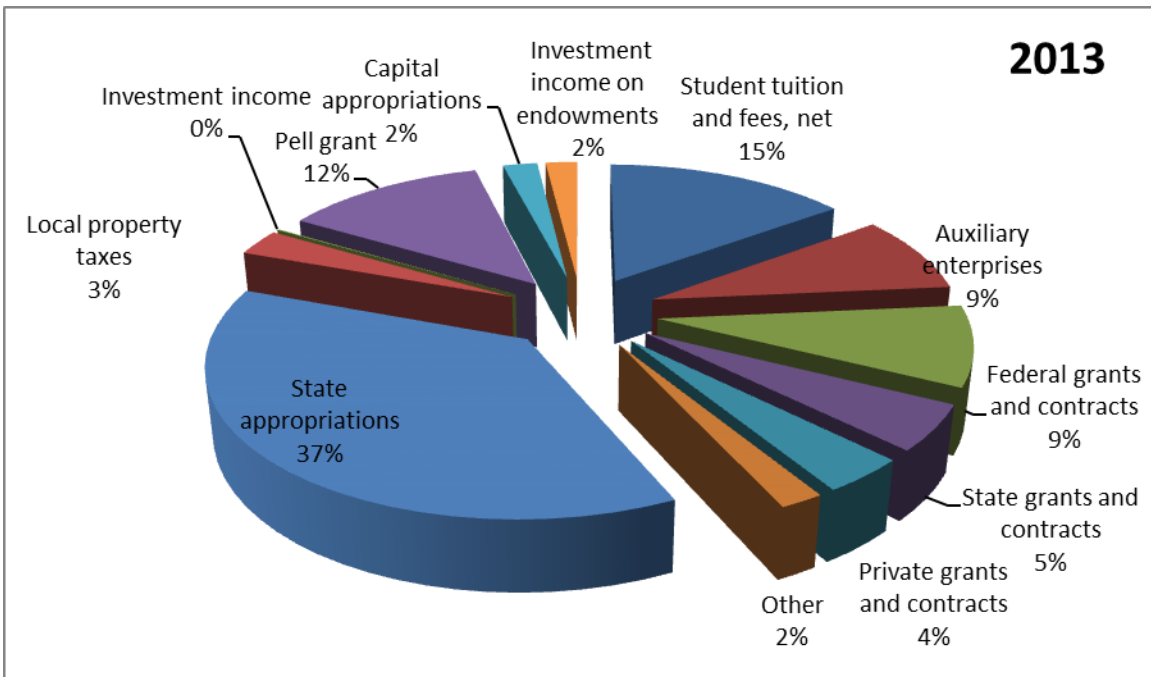
Table 2 summarizes the University's changes in net positions:

Table 2
Changes in Eastern New Mexico University's Net Positions
For the Year Ended June 30, 2013 and 2012
(in millions of dollars)

	<u>2013</u>	<u>2012</u>
Operating revenues		
Student tuition and fees, net	\$ 16.9	\$ 15.6
Auxiliary enterprises	9.6	9.2
Federal grants and contracts	9.9	28.1
State grants and contracts	5.6	6.1
Private grants and contracts	4.3	4.6
Other	2.2	2.6
Total operating revenues	<u>\$ 48.5</u>	<u>\$ 66.2</u>
Operating expenses		
Instruction	\$ 32.3	\$ 31.6
Research	0.5	0.5
Public service	8.4	8.4
Academic support	6.0	5.6
Student services	9.4	8.6
Institutional support	10.5	9.7
Operation and maintenance of plant	7.8	7.3
Depreciation and amortization	7.0	6.8
Student aid	15.1	35.2
Auxiliary enterprises	7.7	8.1
Other	1.3	4.3
Total operating expenses	<u>\$ 106.0</u>	<u>\$ 126.1</u>
Non-operating revenues (expenses)		
State appropriations	\$ 42.1	\$ 39.8
Local property taxes	3.3	3.7
PELL grant	14.0	15.3
Investment income	0.1	-
Interest on debt	(1.4)	(1.4)
Total non-operating revenues (expenses)	<u>\$ 58.1</u>	<u>\$ 57.4</u>
Capital appropriations, gifts and additions to permanent endowments	\$ 4.6	\$ 5.5

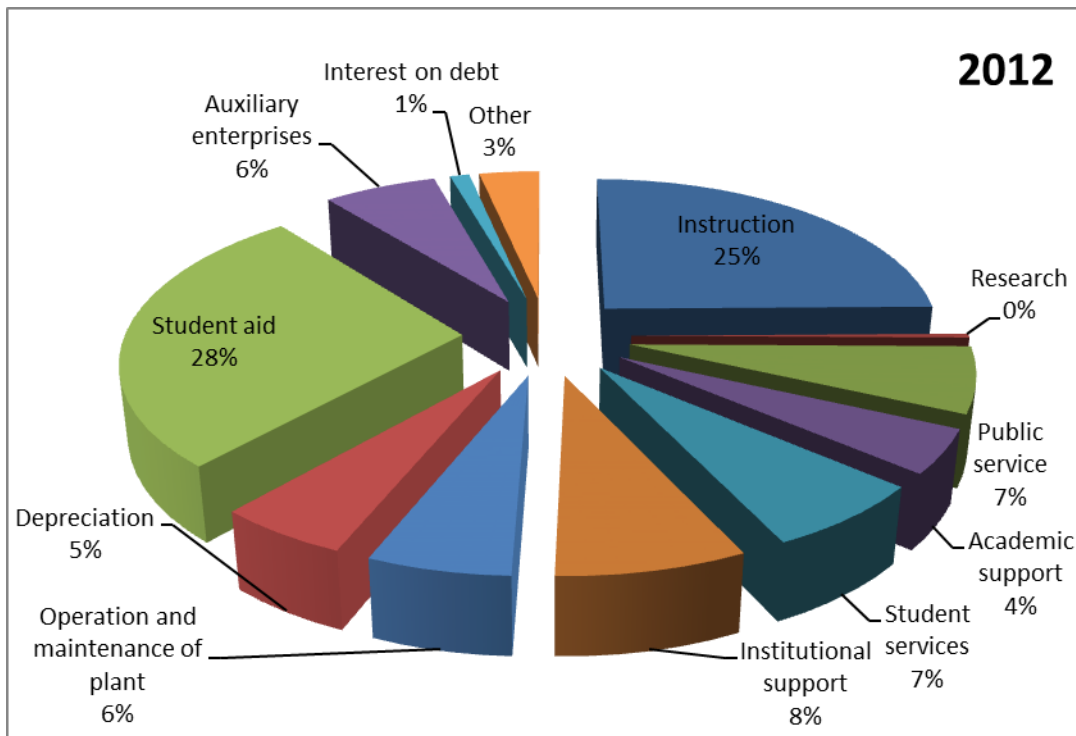
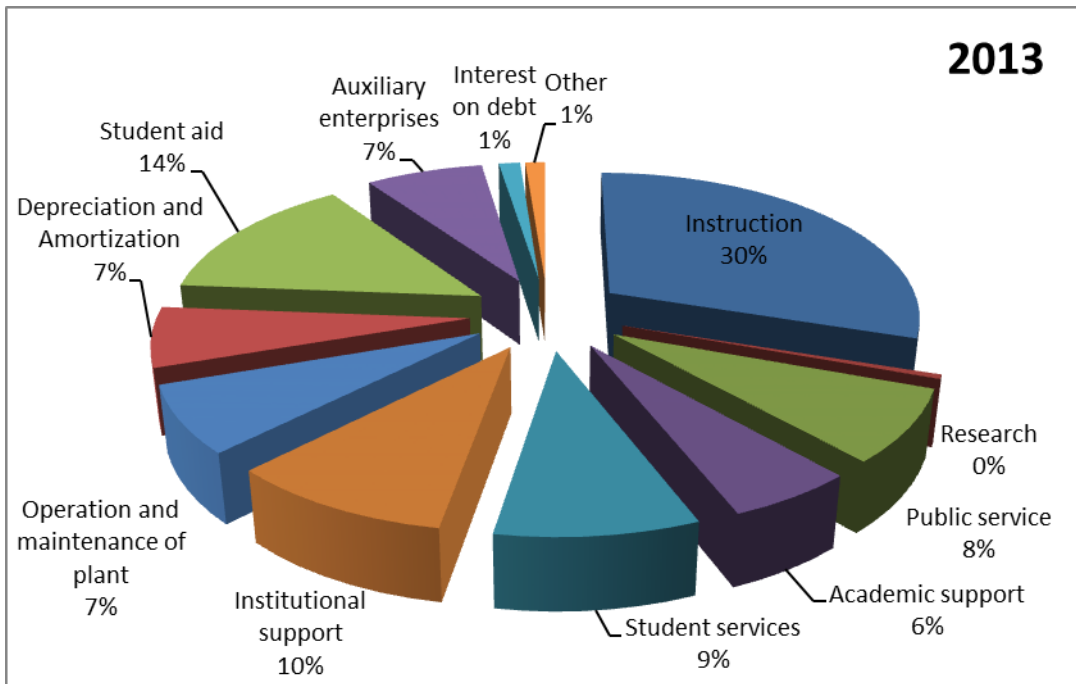
STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2013

Operating and Non-Operating Income



STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2013

Operating & Non-Operating Expense



STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2013

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):

	2013	2012
Current funds		
Unrestricted	0.6	4.2
Restricted	0.5	2.6
Plant funds	26.3	32.1

The budget adjustment to plant funds in 2013 was the result of anticipated expenditures funded by the 2011 bond issue and the 2012 General Obligation Bonds.

Capital Asset and Debt Administration

Capital Assets—As of June 30, 2013 and 2012, the University had \$145.7 and \$139.6 million respectively, invested in various capital assets, including buildings, equipment and construction.

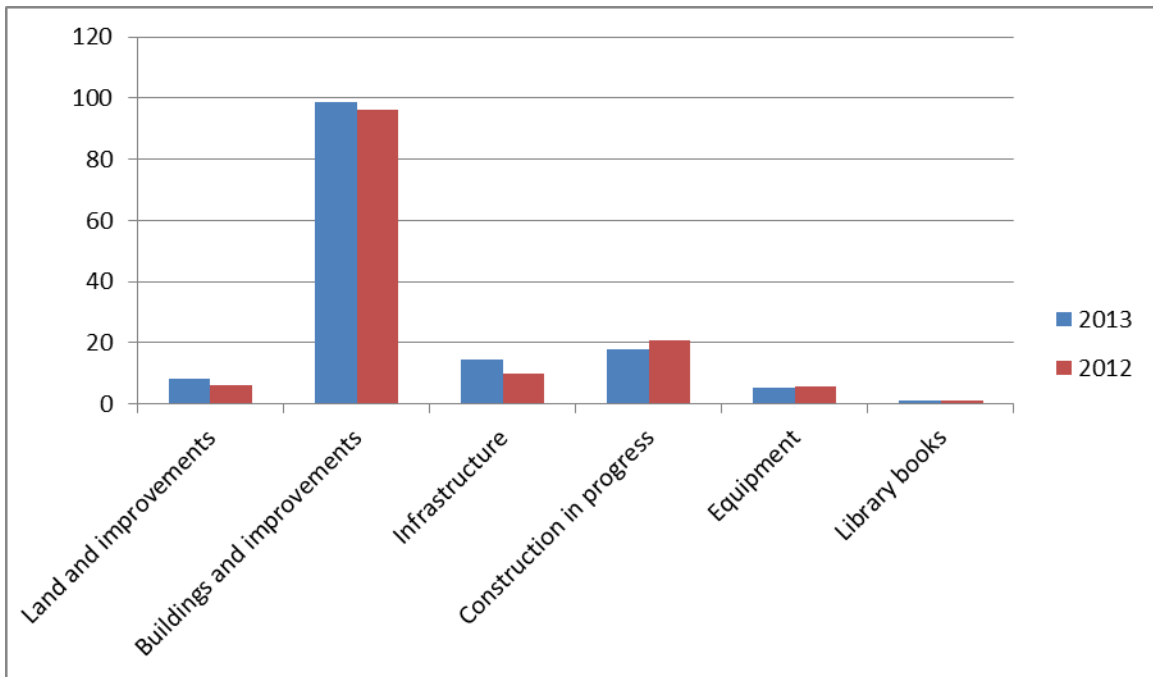
Table 3 shows the University's capital assets at year-end:

Table 3
Capital Assets at June 30, 2013 and 2012
Net of Depreciation (in millions)

	2013	2012
Land and improvements	\$ 8.1	\$ 6.0
Buildings and improvements	98.9	96.0
Infrastructure	14.5	9.8
Construction in progress	17.7	20.9
Equipment	5.5	5.9
Software	0.1	0.1
Library books	0.9	0.9
Total	\$ 145.7	\$ 139.6

STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2013

Capital Assets 2013 & 2012



During the 2012-13 fiscal year, the University completed construction of a new student residence hall. This 308 bed, suite style housing complex was completed in December 2012 at a cost of \$15.6 million. The University completed the replacement of the hot water loop and the Greyhound Arena HVAC infrastructure improvements.

Debt Administration—As of June 30, 2013 and 2012 the University had \$35.3 and \$36.8 million of bonds outstanding, respectively. Other long-term debt includes capital leases of \$.2 million, compensated absences of \$1.5 million, and liabilities for the federal share of the student loan program of \$6.4 million. For 2012, other long-term debt included capital leases of \$.4 million, compensated absences of \$1.5 million and liabilities for the federal share of the student loan program of \$6.4 million.

Economic Concerns

The State of New Mexico continues to balance its annual budget and has been increasing funding to higher education but funding has not yet been restored to the 2008 levels. The formula funding model continues to be adjusted by the state and is shifting how funds are allocated. The old model allocated funding primarily on enrollment. The adjusted model will allocate a larger 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

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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-Roswell Foundation does not issue separate financial statements.

The ENMU-Ruidoso Foundation, recognized as a 501(c)(3) in October 2012, does not issue separate financial statements.

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STATE OF NEW MEXICO
Eastern New Mexico University
Statements of Net Positions
June 30, 2013

	Eastern New Mexico University	Component Units		
		ENMU Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
ASSETS				
Current				
Cash and cash equivalents	\$ 28,761,032	\$ 241,276	\$ 12,659	\$ -
Receivables, net	6,112,870	-	-	18,221
Inventories	456,907	-	-	-
Prepaid expenses	566,925	108,456	-	-
Total current assets	<u>35,897,734</u>	<u>349,732</u>	<u>12,659</u>	<u>18,221</u>
Noncurrent				
Notes receivable	6,465,931	-	-	-
Restricted cash and cash equivalents	411,953	-	63,275	-
Investments	33,893,763	11,972,503	4,349,035	-
Capital assets, net	145,687,693	-	-	-
Total noncurrent assets	<u>186,459,340</u>	<u>11,972,503</u>	<u>4,412,310</u>	<u>-</u>
Total assets	<u>\$ 222,357,074</u>	<u>\$ 12,322,235</u>	<u>\$ 4,424,969</u>	<u>\$ 18,221</u>

The accompanying notes are an integral part of these financial statements

	Eastern New Mexico University	Component Units		
		ENMU Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
LIABILITIES				
Current				
Accounts payable	\$ 2,170,722	\$ 19,216	\$ 86,955	\$ -
Gift annuities payable	-	209,445	-	-
Accrued expenses and other liabilities	5,022,365	-	-	-
Unearned revenues	4,676,994	-	-	-
Deposits held for others	446,257	-	-	-
Bonds payable, current portion	1,740,000	-	-	-
Leases payable, current portion	67,197	-	-	-
Accrued compensated absences, current portion	1,036,227	-	-	-
Total current liabilities	<u>15,159,762</u>	<u>228,661</u>	<u>86,955</u>	<u>-</u>
Noncurrent				
Bond premium, net	40,779	-	-	-
Bonds payable	33,625,000	-	-	-
Leases payable	224,914	-	-	-
Accrued compensated absences	534,063	-	-	-
Student loan program	6,389,314	-	-	-
Total noncurrent liabilities	<u>40,814,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>55,973,832</u>	<u>228,661</u>	<u>86,955</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenues	<u>235,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>235,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITIONS				
Net investment in capital assets	110,030,580	-	-	-
Restricted				
Nonexpendable				
Endowments	12,269,451	10,734,678	2,283,612	-
Expendable				
Scholarships and fellowship	-	902,713	1,701,470	-
Student loans	1,323,501	-	-	-
Quasi endowment and endowment interest	4,579,734	-	-	-
Debt service	3,275,140	-	-	-
Capital projects	-	-	-	-
Unrestricted	<u>34,669,555</u>	<u>456,183</u>	<u>352,932</u>	<u>18,221</u>
Total net positions	<u>166,147,961</u>	<u>12,093,574</u>	<u>4,338,014</u>	<u>18,221</u>
Total liabilities, deferred inflows of resources, and net positions	<u>\$ 222,357,074</u>	<u>\$ 12,322,235</u>	<u>\$ 4,424,969</u>	<u>\$ 18,221</u>

STATE OF NEW MEXICO
Eastern New Mexico University
Statements of Revenues, Expenses and Changes in Net Positions
For the Year Ended June 30, 2013

	Eastern New Mexico University	Component Units		
		ENMU Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Operating revenues				
Student tuition and fees (net of scholarship allowance of \$8,885,895)	\$ 16,910,701	\$ -	\$ -	\$ -
Auxiliary enterprise revenue	9,604,865	-	-	-
Federal grants and contracts	9,928,681	-	-	-
State and local grants and contracts	5,587,221	-	-	-
Private gifts, grants and contracts	4,304,693	126,573	1,204,957	37,644
Sales and services of educational departments	852,077	-	-	-
Other operating revenues	1,289,956	-	-	-
Total operating revenues	<u>48,478,194</u>	<u>126,573</u>	<u>1,204,957</u>	<u>37,644</u>
Operating expenses				
Education and general				
Instruction	32,340,456	-	-	-
Research	522,073	-	-	-
Public service	8,406,043	-	-	-
Academic support	5,961,259	-	-	-
Student services	9,349,479	-	-	-
Institutional support	10,534,248	478,627	29,416	-
Operations and maintenance of plant	7,819,889	-	-	-
Depreciation	6,994,628	-	-	-
Amortization	(3,137)	-	-	-
Student aid, grants and stipends	15,104,435	-	-	-
Auxiliary enterprises	7,662,167	-	-	-
Administration and collection	-	115,013	-	-
Expended for scholarships	-	492,511	887,519	-
Other	1,311,520	42,686	110,841	19,423
Total operating expenses	<u>106,003,060</u>	<u>1,128,837</u>	<u>1,027,776</u>	<u>19,423</u>
Operating income/(loss)	<u>\$ (57,524,866)</u>	<u>\$ (1,002,264)</u>	<u>\$ 177,181</u>	<u>\$ 18,221</u>

The accompanying notes are an integral part of these financial statements

	Eastern New Mexico University	Component Units		
		ENMU Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Non-operating revenues/(expenses)				
State appropriations	\$ 42,095,937	\$ -	\$ -	\$ -
Local property taxes	3,333,274	-	-	-
PELL grant	13,987,724	-	-	-
Interest expense	(1,398,426)	-	-	-
Investment income/(loss)	55,268	342,718	93,332	-
Private gifts, grants and contracts	-	881,393	204,082	-
Total non-operating revenues/(expenses)	58,073,777	1,224,111	297,414	-
Income/(loss) before other revenues and expenses	548,911	221,847	474,595	18,221
Other revenues/(expenses)				
Capital appropriations	2,387,766	-	-	-
Investment income/(loss) on endowments	2,238,749	1,252,648	131,846	-
Total other revenues/(expenses)	4,626,515	1,252,648	131,846	-
Increase in net positions	5,175,426	1,474,495	606,441	18,221
Net positions, beginning of year	161,251,006	10,619,079	3,731,573	-
Restatement (Note 16)	(278,471)	-	-	-
Net positions, beginning of year, as restated	160,972,535	10,619,079	3,731,573	-
Net positions, end of year	\$ 166,147,961	\$ 12,093,574	\$ 4,338,014	\$ 18,221

STATE OF NEW MEXICO
Eastern New Mexico University
Statement of Cash Flows
For the Year Ended June 30, 2013

Cash flows from operating activities	
Tuition and fees	\$ 17,070,579
Grants and contracts	40,008,122
Payments to suppliers	(67,308,676)
Payments to employees	(54,143,625)
Auxiliary enterprise charges	9,625,764
Sales and services of educational activities	852,078
Other receipts	1,593,648
Net cash provided/(used) by operating activities	<u>(52,302,110)</u>
Cash flows from non-capital financing activities	
State appropriations	42,095,936
Local property taxes	3,333,275
PELL grant	13,987,724
Other	4,053
Net cash provided/(used) by non-capital financing activities	<u>59,420,988</u>
Cash flows from capital and related financing activities	
Capital appropriations	4,396,111
Restatement of prepaid bond expenses	(278,471)
Other	40,789
Purchases of capital assets	(13,039,041)
Principal paid on capital debt and leases	(1,533,648)
Interest paid on capital debt and leases	(1,406,526)
Net cash provided/(used) by capital and related financing activities	<u>(11,820,786)</u>
Cash flows from investing activities	
Interest on investments	2,163,709
Transfer to cash	6,813,722
Net cash provided/(used) by investing activities	<u>8,977,431</u>
Increase in cash, restricted cash, and cash equivalents	4,275,523
Cash, restricted cash, and cash equivalents, beginning of year	<u>24,897,462</u>
Cash, restricted cash, and cash equivalents, end of year	<u><u>\$ 29,172,985</u></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)	\$ (57,524,866)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operations	
Depreciation and amortization	6,991,491
Change in assets and liabilities	
Receivables, net	912,054
Inventories	510,499
Other assets	671,549
Accounts payable and accrued expenses	(4,183,635)
Other liabilities	(14,156)
Unearned revenue	35,202
Deferred inflows of resources	235,281
Compensated absences	64,471
Net cash provided/(used) by operating activities	<u>\$ (52,302,110)</u>

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STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

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

During the year ended June 30, 2013, the University adopted Governmental Accounting Standards Board (GASB) Statements No. 60 through 63 and 65. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements addresses issues related to service concession arrangements. The University does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows and inflows of resources. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, establishes 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.

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, the ENMU-Roswell Foundation, and the ENMU-Ruidoso Foundation are reported in the University's financial statements as discretely presented component units under *Governmental Accounting Standards Board (GASB) Statement No. 61*. 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-Roswell Foundation and the ENMU-Ruidoso Foundation do not prepare separately issued financial statements.

The University is a part of the primary government of the State of New Mexico; however, these basic financial statements are intended to present the net positions, changes in net positions 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 positions of the State of New Mexico as of June 30, 2013, and changes in its net positions and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (continued)

The University's financial statements are prepared in accordance with 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.

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.

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 disposed in accordance with sections 13-6-1 through 13-6-4, NMSA 1978.

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 Positions. 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 Foundations 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 Foundations and University management sets the annual distribution, which must be in accordance with the agreement entered into with endowment donors.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and improvements	50 years
Infrastructure	20 years
Software	10 years
Equipment	5 to 12 years
Library books	5 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, 2013, along with applicable taxes and benefits.

K. Net Positions

The University's net positions is classified as follows:

Net investment in capital assets 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 positions, expendable include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Net Positions (continued)

Restricted net positions, 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 positions 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 positions 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.

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 Positions. 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.

Unearned revenues and deferred inflows of resources consist 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.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and amortization expenses related to University capital assets and long-term debt.

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.

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 Positions.

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, 2013.

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.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

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, 2013, \$28,165,591 of the University's bank balances of \$35,017,673 was exposed to custodial credit risk. \$27,975,020 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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and 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.

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, 2013, \$94,662 of the component units' bank balances of \$522,306 was exposed to uncollateralized and uninsured amounts.

Investments

At June 30, 2013, investments of the University are summarized as follows:

<u>Credit Quality and Interest Rate Risk</u>			<u>Weighted Average Maturity</u>
<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>	
State Investment Council (pooled funds)	Not Rated	\$ 8,668,325	Less than 90 days
State Investment Council (land grant)	Not Rated	10,148,781	Less than 90 days
<i>New MexiGROW</i> LGIP	AAAm	9,926,709	59 day WAM(R); 90 day WAM(F)
Reserve Contingency Fund	Unrated	5,821	Does not earn interest
Mutual Funds	Not Rated	34,446	Less than 90 days
JP Morgan Chase & Co	Baa1	50,780	Less than 90 days
Tennessee Valley Authority Power	Aaa	50,740	Less than 90 days
		<u>\$ 28,885,602</u>	

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2013

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, 2013, 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, 2013 for the University, consist of the following:

Student tuition and fees	\$ 5,420,373
Federal, state and private grants	1,987,847
Other	2,182,698
	<u>9,590,918</u>
Allowance for uncollectible accounts	<u>(3,478,048)</u>
	<u><u>\$ 6,112,870</u></u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is summarized as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated				
Land and improvements	\$ 6,036,667	\$ 2,084,026	\$ -	\$ 8,120,693
Construction in progress	20,895,603	9,615,129	12,816,934	17,693,798
Total capital assets not being depreciated	<u>26,932,270</u>	<u>11,699,155</u>	<u>12,816,934</u>	<u>25,814,491</u>
Capital assets being depreciated				
Buildings and improvements	157,758,441	7,216,702	4,558,197	160,416,946
Infrastructure	19,253,076	5,765,866	-	25,018,942
Equipment	36,546,533	1,395,016	133,264	37,808,285
Software	1,623,666	-	-	1,623,666
Library books	16,336,599	463,622	-	16,800,221
Total capital assets being depreciated	<u>231,518,315</u>	<u>14,841,206</u>	<u>4,691,461</u>	<u>241,668,060</u>
Less accumulated depreciation for				
Buildings and improvements	61,785,579	3,620,822	3,877,740	61,528,661
Infrastructure	9,477,844	1,057,649	-	10,535,493
Equipment	30,624,993	1,803,911	129,341	32,299,563
Software	1,557,491	23,464	-	1,580,955
Library books	15,361,396	488,790	-	15,850,186
Total accumulated depreciation	<u>118,807,303</u>	<u>6,994,636</u>	<u>4,007,081</u>	<u>121,794,858</u>
Capital assets being depreciated, net	<u>\$ 112,711,012</u>	<u>\$ 7,846,570</u>	<u>\$ 684,380</u>	<u>\$ 119,873,202</u>
Capital asset summary				
Capital assets not being depreciated	\$ 26,932,270	\$ 11,699,155	\$ 12,816,934	\$ 25,814,491
Capital assets being depreciated	231,518,315	14,841,206	4,691,461	241,668,060
Total cost of capital assets	<u>258,450,585</u>	<u>26,540,361</u>	<u>17,508,395</u>	<u>267,482,551</u>
Less accumulated depreciation	118,807,303	6,994,636	4,007,081	121,794,858
Capital assets, net	<u>\$ 139,643,282</u>	<u>\$ 19,545,725</u>	<u>\$ 13,501,314</u>	<u>\$ 145,687,693</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2013

NOTE 6: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities are summarized as follows:

Accrued Payroll	\$ 2,007,441
Accrued Taxes and Benefits	2,654,799
Other (accrued interest)	360,125
	<u>\$ 5,022,365</u>

NOTE 7: UNEARNED REVENUES

Unearned revenues are summarized as follows:

Student tuition and fees	\$ 3,021,438
Federal, state and private grants	343,676
Other	1,311,880
	<u>\$ 4,676,994</u>

NOTE 8: LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
Bonds payable	\$ 36,835,000	\$ -	\$ 1,470,000	\$ 35,365,000	\$ 1,740,000
Capital leases payable	355,760	-	63,649	292,111	67,197
Accrued compensated absences	1,505,817	1,311,492	1,247,019	1,570,290	1,036,227
Student loan program	6,389,314	-	-	6,389,314	-
	<u>\$ 45,085,891</u>	<u>\$ 1,311,492</u>	<u>\$ 2,780,668</u>	<u>\$ 43,616,715</u>	<u>\$ 2,843,424</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, 2013	Final Maturity
General Obligation Building Bond Series 2005B	3.15-3.95%	\$ 1,400,000	08/15/15
System Revenue Bond Series 2005	3.25-4.25%	6,890,000	06/30/26
System Revenue Bond Series 2011B	0.90-4.66%	27,075,000	06/30/36
		<u>\$ 35,365,000</u>	

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2013

NOTE 9: BONDS PAYABLE (continued)

Scheduled maturities of bonds payable are as follows for the years subsequent to June 30, 2013:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 GO Series B			
2014	625,000	39,750	664,750
2015	650,000	16,719	666,719
2016	125,000	2,469	127,469
	<u>1,400,000</u>	<u>58,938</u>	<u>1,458,938</u>
2005 Revenue Series			
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	485,000	211,673	696,673
2019-2023	2,735,000	751,930	3,486,930
2024-2028	1,925,000	165,655	2,090,655
	<u>6,890,000</u>	<u>2,176,890</u>	<u>9,066,890</u>
2011 Revenue Series			
2014	710,000	1,009,452	1,719,452
2015	715,000	1,003,062	1,718,062
2016	725,000	994,410	1,719,410
2017	735,000	983,607	1,718,607
2018	750,000	969,790	1,719,790
2019-2023	4,050,000	4,547,909	8,597,909
2024-2028	5,565,000	3,797,127	9,362,127
2029-2033	8,075,000	2,417,721	10,492,721
2034-2038	5,750,000	540,693	6,290,693
	<u>27,075,000</u>	<u>16,263,771</u>	<u>43,338,771</u>
	<u>\$ 35,365,000</u>	<u>\$ 18,499,599</u>	<u>\$ 53,864,599</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, 2013

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 \$53,846,599. During the current year, pledged revenue was \$37,602,494 compared to the annual debt requirements of \$1,807,197.

NOTE 10: 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 5 to 12 years.

At June 30, 2013, the future minimum lease payments required under the lease are as follows:

Year ended June 30,		
	2014	\$ 83,481
	2015	83,482
	2016	83,482
	2017	83,482
Total minimum lease payments		<u>333,927</u>
Amount representing interest		<u>(41,816)</u>
Present value of future minimum lease payments		<u><u>\$ 292,111</u></u>

NOTE 11: 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.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 12: PENSION PLAN - EDUCATION RETIREMENT BOARD

Plan Description Substantially all of the University's full-time employees participate in an educational 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, other employees of state public school districts, colleges and universities, and some state agency employees) 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

Member Contributions Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.10% of their gross salary in fiscal year 2014; and 10.70% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions In fiscal year 2013 the University was required to contribute 12.40% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.90% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the University will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.90% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The University's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011 were \$3,961,021, \$3,545,004 and \$4,410,056, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 13: 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 2013, the University paid Risk Management \$1,181,837 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.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 14: POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. Eastern New Mexico 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.

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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, 2013, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; and each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The University's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$742,884, \$694,994 and \$605,269, respectively, which equal the required contributions for each year.

NOTE 15: COMMITMENTS

The University entered into agreements with contractors and architects for various construction projects at the Portales branch campus. As of June 30, 2013, the University has an obligation of \$851,581 for these contracts.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2013

NOTE 16: RESTATEMENT

The University has restated net position due to the correction of prior year errors and implementation of GASB No.'s 63 and 65. Beginning net position has been reduced by \$278,471 to adjust for bond amortization and bond issuance costs.

NOTE 17: JOINT POWERS AGREEMENTS

The University is a participant in a joint powers agreement establishing an Educational Cooperative. The agreement was formed July 1, 1984 and was organized for the purpose of procuring and delivering educational services and items of tangible personal property to the members at a reduced cost and exclusively for charitable, religious, educational, and scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code. There is no expiration date. Fiscal and audit responsibility lies with each participating member.

The University entered into a memorandum of understanding with the Eastern New Mexico Branch Community College in Ruidoso and the Eastern New Mexico University- Ruidoso Foundation, Inc. regarding the creation of the Foundation in Ruidoso.

Participants	Eastern New Mexico University Eastern New Mexico University- Ruidoso Eastern New Mexico University- Ruidoso Foundation, Inc.
Party Responsible for Operations	Eastern New Mexico University
Description	To create the Foundation to help promote and achieve the goals and objectives of Eastern New Mexico University- Ruidoso, and in doing so, assist in bringing about closer relationships, better understanding, and greater acceptance between Eastern New Mexico University- Ruidoso, its stakeholders and the community.
Beginning and Ending Dates	10/08/11- perpetuity
Total Estimated Cost	N/A
Amount Contributed in the Current Year	None
Audit Responsibility	Eastern New Mexico University
Fiscal Agent	Eastern New Mexico University
Agency where the entity reports	Eastern New Mexico University

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.

NOTE 19: SUBSEQUENT PRONOUNCEMENTS

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The University has early implemented this statement for the fiscal year ended June 30, 2013.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012 – an amendment of GASB Statements No. 10 and No. 62*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. This statement will be implemented during fiscal year ending June 30, 2014.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2013

NOTE 19: SUBSEQUENT PRONOUNCEMENTS (continued)

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. This statement is expected to have no effect on the University in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. This statement will be implemented during fiscal year ending June 30, 2015.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged. The University is analyzing the effects that this statement will have on their financial statements.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The University is analyzing the effects that this statement will have on their financial statements.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Unrestricted and Restricted - All Operations
For the Year Ended June 30, 2013

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted beginning net positions	\$ 9,080,918	\$ 23,301,501	\$ 23,301,501	\$ -
Unrestricted and restricted - all operations				
Revenues				
State general fund appropriations	28,520,700	28,520,700	28,617,825	97,125
Federal revenue sources	40,615,643	39,615,643	31,343,824	(8,271,819)
Tuition and fees	17,008,614	17,694,414	16,944,338	(750,076)
Tax levies	-	-	-	-
Land and permanent fund	620,000	540,000	672,540	132,540
Endowments and private gifts	2,456,500	2,456,500	2,834,321	377,821
Other	14,074,543	23,959,643	23,935,042	(24,601)
Total unrestricted and restricted revenues	<u>103,296,000</u>	<u>112,786,900</u>	<u>104,347,890</u>	<u>(8,439,010)</u>
Unrestricted and restricted expenses				
Instruction	20,579,000	20,829,000	19,907,205	921,795
Academic support	6,656,000	6,366,000	5,219,470	1,146,530
Student services	3,630,000	3,640,000	2,977,146	662,854
Institutional support	5,917,000	6,497,000	5,860,606	636,394
Operation and maintenance of plant	5,722,000	5,972,000	5,278,779	693,221
Student social and cultural	902,000	1,025,000	853,565	171,435
Research	1,645,000	1,725,000	533,759	1,191,241
Public service	6,868,000	6,218,000	4,013,361	2,204,639
Internal service	208,000	450,000	(859,702)	1,309,702
Student aid	37,589,000	37,900,000	33,986,190	3,913,810
Auxiliary services	5,002,000	5,502,000	5,106,618	395,382
Intercollegiate athletics	3,529,000	3,744,000	3,489,561	254,439
Capital outlay	1,600,000	22,786,000	11,584,590	11,201,410
Building renewal and replacement	1,300,000	3,190,000	939,617	2,250,383
Retirement of indebtedness	2,299,000	2,299,000	2,275,238	23,762
Total unrestricted and restricted expenses	<u>103,446,000</u>	<u>128,143,000</u>	<u>101,166,003</u>	<u>26,976,997</u>
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net positions (budgetary basis)	<u>(150,000)</u>	<u>(15,356,100)</u>	<u>3,181,887</u>	<u>18,537,987</u>
Ending net positions	<u>\$ 8,930,918</u>	<u>\$ 7,945,401</u>	<u>\$ 26,483,388</u>	<u>\$ 18,537,987</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		
\$ 13,534,387	\$ 15,686,815	\$ 15,686,815	\$ -
11,427,800	11,461,176	11,461,176	-
11,202,924	12,597,264	9,576,878	(3,020,386)
5,399,513	4,842,247	4,946,575	104,328
2,520,000	2,280,000	2,241,054	(38,946)
-	-	-	-
1,101,200	1,154,574	962,394	(192,180)
6,371,342	7,741,723	6,654,098	(1,087,625)
<u>38,022,779</u>	<u>40,076,984</u>	<u>35,842,175</u>	<u>(4,234,809)</u>
10,307,418	10,329,741	9,479,690	850,051
762,362	730,608	691,966	38,642
1,487,782	1,471,271	1,457,961	13,310
3,316,524	3,768,067	3,758,157	9,910
2,407,461	2,197,712	2,207,643	(9,931)
153,321	243,243	218,871	24,372
-	-	-	-
3,842,616	5,451,069	4,399,044	1,052,025
312,798	284,570	114,382	170,188
10,590,308	10,711,127	8,058,819	2,652,308
2,458,523	2,430,357	2,192,848	237,509
-	-	-	-
920,000	3,440,000	2,544,888	895,112
405,673	450,000	274,985	175,015
645,263	661,800	653,700	8,100
<u>37,610,049</u>	<u>42,169,565</u>	<u>36,052,954</u>	<u>6,116,611</u>
-	-	-	-
<u>412,730</u>	<u>(2,092,581)</u>	<u>(210,779)</u>	<u>1,881,802</u>
<u>\$ 13,947,117</u>	<u>\$ 13,594,234</u>	<u>\$ 15,476,036</u>	<u>\$ 1,881,802</u>

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Unrestricted and Restricted - All Operations (Continued)
For the Year Ended June 30, 2013

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted beginning net positions	\$ 1,592,259	\$ 2,308,079	\$ 2,308,079	\$ -
Unrestricted and restricted - all operations				
Revenues				
State general fund appropriations	2,089,400	2,077,054	2,077,054	-
Federal revenue sources	3,269,885	3,288,885	2,498,579	(790,306)
Tuition and fees	771,100	701,500	771,103	69,603
Tax levies	1,000,000	1,000,000	1,092,221	92,221
Land and permanent fund	-	-	-	-
Endowments and private gifts	200,000	200,000	20,753	(179,247)
Other	1,608,115	2,159,461	1,242,744	(916,717)
Total unrestricted and restricted revenues	8,938,500	9,426,900	7,702,454	(1,724,446)
Unrestricted and restricted expenses				
Instruction	3,111,000	3,155,000	2,841,436	313,564
Academic support	350,600	360,000	320,805	39,195
Student services	391,900	400,000	352,373	47,627
Institutional support	1,104,900	1,115,000	924,697	190,303
Operation and maintenance of plant	368,600	375,000	333,464	41,536
Student social and cultural	-	-	-	-
Research	-	-	-	-
Public service	75,000	125,000	60,431	64,569
Internal service	(6,000)	(1,000)	(263,853)	262,853
Student aid	3,076,000	3,085,000	1,666,698	1,418,302
Auxiliary services	409,600	464,600	397,558	67,042
Intercollegiate athletics	-	-	-	-
Capital outlay	100,000	657,000	95,512	561,488
Building renewal and replacement	-	100,000	-	100,000
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	8,981,600	9,835,600	6,729,121	3,106,479
Net transfers	-	-	-	-
Change in net positions (budgetary basis)	(43,100)	(408,700)	973,333	1,382,033
Ending net positions	<u>\$ 1,549,159</u>	<u>\$ 1,899,379</u>	<u>\$ 3,281,412</u>	<u>\$ 1,382,033</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		
\$ 24,207,564	\$ 41,296,395	\$ 41,296,395	\$ -
42,037,900	42,058,930	42,156,055	97,125
55,088,452	55,501,792	43,419,281	(12,082,511)
23,179,227	23,238,161	22,662,016	(576,145)
3,520,000	3,280,000	3,333,275	53,275
620,000	540,000	672,540	132,540
3,757,700	3,811,074	3,817,468	6,394
22,054,000	33,860,827	31,831,884	(2,028,943)
<u>150,257,279</u>	<u>162,290,784</u>	<u>147,892,519</u>	<u>(14,398,265)</u>
33,997,418	34,313,741	32,228,331	2,085,410
7,768,962	7,456,608	6,232,241	1,224,367
5,509,682	5,511,271	4,787,480	723,791
10,338,424	11,380,067	10,543,460	836,607
8,498,061	8,544,712	7,819,886	724,826
1,055,321	1,268,243	1,072,436	195,807
1,645,000	1,725,000	533,759	1,191,241
10,785,616	11,794,069	8,472,836	3,321,233
514,798	733,570	(1,009,173)	1,742,743
51,255,308	51,696,127	43,711,707	7,984,420
7,870,123	8,396,957	7,697,024	699,933
3,529,000	3,744,000	3,489,561	254,439
2,620,000	26,883,000	14,224,990	12,658,010
1,705,673	3,740,000	1,214,602	2,525,398
2,944,263	2,960,800	2,928,938	31,862
<u>150,037,649</u>	<u>180,148,165</u>	<u>143,948,078</u>	<u>36,200,087</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>219,630</u>	<u>(17,857,381)</u>	<u>3,944,441</u>	<u>21,801,822</u>
<u>\$ 24,427,194</u>	<u>\$ 23,439,014</u>	<u>\$ 45,240,836</u>	<u>\$ 21,801,822</u>

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STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Budgeted and Actual Revenues and Expenses
 Unrestricted and Restricted - All Operations (Continued)
 For the Year Ended June 30, 2013

Schedule I
(continued)

Reconciliation of change in net positions (budgetary basis) to change in net positions (GAAP basis)	
Change in net positions (budgetary basis)	\$ 3,944,441
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	2,109,804
Depreciation and amortization expense	(6,991,491)
Capital outlay expenditures	3,545,667
Loan funds	(27,382)
Bond payments	1,533,648
Other	1,060,739
Increase in net positions (GAAP basis)	\$ 5,175,426

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Unrestricted Current Funds - Instruction and General
For the Year Ended June 30, 2013

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted - instruction and general				
Unrestricted beginning net positions	\$ 1,080,219	\$ 1,489,092	\$ 1,489,092	\$ -
Unrestricted revenues				
Tuition	13,355,000	14,040,800	14,003,077	(37,723)
Miscellaneous fees	1,273,600	1,273,600	510,770	(762,830)
Government appropriations - federal	-	-	-	-
Government appropriations - state	25,492,500	25,492,500	25,492,500	-
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	540,000	672,541	132,541
Private gifts	-	-	-	-
Sales and services	50,000	55,000	58,969	3,969
Other	197,900	136,000	76,937	(59,063)
Total unrestricted revenues	<u>41,069,000</u>	<u>41,617,900</u>	<u>40,814,794</u>	<u>(803,106)</u>
Unrestricted expenses				
Instruction	19,579,000	19,829,000	19,429,270	399,730
Academic support	3,356,000	3,366,000	3,280,121	85,879
Student services	2,730,000	2,740,000	2,584,079	155,921
Institutional support	5,217,000	5,597,000	5,595,775	1,225
Operation and maintenance of plant	5,622,000	5,772,000	5,276,946	495,054
Total unrestricted expenses	<u>36,504,000</u>	<u>37,304,000</u>	<u>36,166,191</u>	<u>1,137,809</u>
Net transfers	<u>(4,370,000)</u>	<u>(4,478,000)</u>	<u>(4,478,000)</u>	<u>-</u>
Change in net positions (budgetary basis)	<u>195,000</u>	<u>(164,100)</u>	<u>170,603</u>	<u>334,703</u>
Ending net positions	<u>\$ 1,275,219</u>	<u>\$ 1,324,992</u>	<u>\$ 1,659,695</u>	<u>\$ 334,703</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		
\$ 492,309	\$ 665,277	\$ 665,277	\$ -
4,169,413	3,419,696	3,487,736	68,040
470,100	440,950	459,422	18,472
-	-	-	-
11,427,800	11,461,176	11,461,176	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,030,000	1,050,000	1,059,665	9,665
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
271,000	257,200	273,282	16,082
17,368,313	16,629,022	16,741,281	112,259
8,721,240	8,253,191	7,744,036	509,155
762,362	730,608	691,966	38,642
1,487,782	1,471,271	1,457,961	13,310
3,316,524	3,768,067	3,758,157	9,910
2,407,461	2,197,712	2,207,643	(9,931)
16,695,369	16,420,849	15,859,763	561,086
(603,462)	(126,550)	(126,550)	-
69,482	81,623	754,968	673,345
\$ 561,791	\$ 746,900	\$ 1,420,245	\$ 673,345

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Unrestricted Current Funds - Instruction and General (Continued)
For the Year Ended June 30, 2013

Ruidoso Campus

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
Unrestricted - instruction and general				
Unrestricted beginning net positions	195,816	496,207	496,207	-
Unrestricted revenues				
Tuition	599,600	540,000	541,076	1,076
Miscellaneous fees	171,500	161,500	230,027	68,527
Government appropriations - federal	-	-	-	-
Government appropriations - state	2,089,400	2,077,054	2,077,054	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	-	-	-	-
Government contracts/grants - state	-	-	-	-
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Tax levies	1,000,000	1,000,000	1,092,221	92,221
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	16,500	41,646	10,774	(30,872)
Total unrestricted revenues	<u>3,877,000</u>	<u>3,820,200</u>	<u>3,951,152</u>	<u>130,952</u>
Unrestricted expenses				
Instruction	1,774,700	1,800,000	1,775,144	24,856
Academic support	330,600	340,000	312,727	27,273
Student services	351,900	360,000	337,634	22,366
Institutional support	975,200	985,000	901,179	83,821
Operation and maintenance of plant	363,600	370,000	333,464	36,536
Total unrestricted expenses	<u>3,796,000</u>	<u>3,855,000</u>	<u>3,660,148</u>	<u>194,852</u>
Net transfers	<u>(81,000)</u>	<u>(81,000)</u>	<u>(81,000)</u>	<u>-</u>
Change in net positions (budgetary basis)	<u>-</u>	<u>(115,800)</u>	<u>210,004</u>	<u>325,804</u>
Ending net positions	<u>\$ 195,816</u>	<u>\$ 380,407</u>	<u>\$ 706,211</u>	<u>\$ 325,804</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		
\$ 1,768,344	\$ 2,650,576	\$ 2,650,576	\$ -
18,124,013	18,000,496	18,031,889	31,393
1,915,200	1,876,050	1,200,219	(675,831)
-	-	-	-
39,009,700	39,030,730	39,030,730	-
-	-	-	-
80,000	80,000	-	(80,000)
-	-	-	-
-	-	-	-
-	-	-	-
2,030,000	2,050,000	2,151,886	101,886
-	-	-	-
620,000	540,000	672,541	132,541
-	-	-	-
50,000	55,000	58,969	3,969
485,400	434,846	360,993	(73,853)
62,314,313	62,067,122	61,507,227	(559,895)
30,074,940	29,882,191	28,948,450	933,741
4,448,962	4,436,608	4,284,814	151,794
4,569,682	4,571,271	4,379,674	191,597
9,508,724	10,350,067	10,255,111	94,956
8,393,061	8,339,712	7,818,053	521,659
56,995,369	57,579,849	55,686,102	1,893,747
(5,054,462)	(4,685,550)	(4,685,550)	-
264,482	(198,277)	1,135,575	1,333,852
\$ 2,032,826	\$ 2,452,299	\$ 3,786,151	\$ 1,333,852

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Restricted Current Funds - Instruction and General
For the Year Ended June 30, 2013

Portales Campus

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
Restricted - instruction and general	-	-	-	-
Restricted beginning net positions	-	-	-	-
Restricted revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	-	97,125	97,125
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	5,250,000	5,250,000	2,628,229	(2,621,771)
Government contracts/grants - state	450,000	450,000	194,061	(255,939)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	300,000	300,000	157,600	(142,400)
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,077,015</u>	<u>(2,922,985)</u>
Restricted expenses				
Instruction	1,000,000	1,000,000	477,935	522,065
Academic support	3,300,000	3,300,000	1,939,349	1,360,651
Student services	900,000	900,000	393,067	506,933
Institutional support	700,000	700,000	264,831	435,169
Operation and maintenance of plant	100,000	100,000	1,833	98,167
Total restricted expenses	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,077,015</u>	<u>2,922,985</u>
Net transfers	-	-	-	-
Change in net positions (budgetary basis)	-	-	-	-
Ending net positions	<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		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
402,429	532,389	510,152	(22,237)
1,183,749	1,544,161	1,225,502	(318,659)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,586,178	2,076,550	1,735,654	(340,896)
1,586,178	2,076,550	1,735,654	340,896
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,586,178	2,076,550	1,735,654	340,896
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Restricted Current Funds - Instruction and General (Continued)
For the Year Ended June 30, 2013

Ruidoso Campus

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted - instruction and general				
Restricted beginning net positions	\$ -	\$ -	\$ -	\$ -
Restricted revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriations - federal	-	-	-	-
Government appropriations - state	-	-	-	-
Government appropriations - local	-	-	-	-
Government contracts/grants - federal	331,000	350,000	955,918	605,918
Government contracts/grants - state	1,000,000	1,000,000	137,254	(862,746)
Government contracts/grants - local	-	-	-	-
Private grants/contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	200,000	200,000	19,458	(180,542)
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>1,531,000</u>	<u>1,550,000</u>	<u>1,112,630</u>	<u>(437,370)</u>
Restricted expenses				
Instruction	1,336,300	1,355,000	1,066,295	288,705
Academic support	20,000	20,000	8,078	11,922
Student services	40,000	40,000	14,739	25,261
Institutional support	129,700	130,000	23,518	106,482
Operation and maintenance of plant	5,000	5,000	-	5,000
Total restricted expenses	<u>1,531,000</u>	<u>1,550,000</u>	<u>1,112,630</u>	<u>437,370</u>
Net transfers	-	-	-	-
Change in net positions (budgetary basis)	-	-	-	-
Ending net positions	<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		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	97,125	97,125
-	-	-	-
5,983,429	6,132,389	4,094,299	(2,038,090)
2,633,749	2,994,161	1,556,817	(1,437,344)
-	-	-	-
-	-	-	-
-	-	-	-
500,000	500,000	177,058	(322,942)
-	-	-	-
-	-	-	-
<u>9,117,178</u>	<u>9,626,550</u>	<u>5,925,299</u>	<u>(3,701,251)</u>
3,922,478	4,431,550	3,279,884	1,151,666
3,320,000	3,320,000	1,947,427	1,372,573
940,000	940,000	407,806	532,194
829,700	830,000	288,349	541,651
105,000	105,000	1,833	103,167
<u>9,117,178</u>	<u>9,626,550</u>	<u>5,925,299</u>	<u>3,701,251</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, 2013

NOTE 1: BASIS OF PREPARATION

The accompanying Schedule of Budgeted and Actual - Current and Plant Funds - By Campus (the Schedule), for the year ended June 30, 2013, 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 expenses 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 expenses on the budgetary 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 budgetary 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 positions as reported on a budgetary basis to the change in net positions 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, 2013, there were no expenditures that exceeded the budget in a function of budgetary control.

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Deposit and Investment Accounts - University
June 30, 2013

Account Name	Account Type	Bank of America	Wells Fargo Bank	Wells Fargo Investment
Deposits				
Operational-Portales	Checking	\$ -	\$ -	\$ -
Bond Sinking-Portales	Checking	-	-	-
Business Savings	Savings	-	-	-
ENMU-Portales	Certificate of deposit	-	-	-
Operational-Ruidoso	Checking	-	122,367	-
Payroll-Ruidoso	Checking	-	-	-
Payroll-Portales	Checking	-	-	-
Title IV-Roswell	Checking	46,144	-	-
Operational-Roswell	Checking	1,491,027	-	-
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	-	163,285	-
Construction-Roswell	Checking	-	5,548	-
ENMU-Roswell	Certificate of deposit	-	10,000	-
ENMU-Roswell	Certificate of deposit	-	90,000	-
ENMU-Roswell	Money market/Bonds	-	-	416,798
Lloyd Treat	Money market	-	-	265,331
ENMU-Roswell	Money market/Bonds	-	-	4,364,199
Total amount of deposit in bank		1,537,171	391,200	5,046,328
Less: Insured/Non-public funds		-	-	5,046,328
Less: FDIC coverage		250,000	377,915	-
Total uninsured public funds		1,287,171	13,285	-
50% collateral requirements		-	6,643	-
102% collateral requirements		1,520,848	-	-
Pledged securities		1,520,848	73,674	-
Over/(Under) Collateralized		-	67,032	-
Bank balance		1,537,171	391,200	5,046,328
Outstanding items		(32,732)	-	-
Deposits in transit		4,961	-	-
Book balance		<u>\$ 1,509,400</u>	<u>\$ 391,200</u>	<u>\$ 5,046,328</u>
Investments				
ENMU - Portales	LGIP	\$ -	\$ -	\$ -
ENMU - Portales	LGIP	-	-	-
ENMU - Roswell	LGIP	-	-	-
ENMU - Roswell	Mutual Funds	-	-	34,446
ENMU - Roswell	Preferred Stocks	-	-	101,520
SIC Endowment Institution	Trust	-	-	-
SIC Endowment Fund	Land grant	-	-	-
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,966</u>

See independent auditors' report

NM State Treasurer and Other		James Polk Stone National Bank	US Bank	Pioneer Savings and Trust	Compass Bank	Total						
\$	-	\$	-	\$	3,801,445	\$	-	\$	3,801,445			
	-		-		1,059,723		-		1,059,723			
	-		-		7,090,858		-		7,090,858			
	-		-		5,134,637		-		5,134,637			
	-		-		-		-		122,367			
	-		-		-		2,673,891		2,673,891			
	-	1,404,455	-		-		-		1,404,455			
	-	-	-		-		-		46,144			
	-	-	-		-		-		1,491,027			
	-	-	-		3,558,958		-		3,558,958			
	-	-	-		(122)		-		(122)			
	-	-	-		3,200,719		-		3,200,719			
	-	-	-		2,000		-		2,000			
	-	-	-		5,000		-		5,000			
	-	-	-		3,656		-		3,656			
	-	107,754	-		-		-		107,754			
	-	-	-		-		-		163,285			
	-	-	-		-		-		5,548			
	-	-	-		-		-		10,000			
	-	-	-		-		-		90,000			
	-	-	-		-		-		416,798			
	-	-	-		-		-		265,331			
	-	-	-		-		-		4,364,199			
	-	1,512,209	17,086,663	6,770,211	2,673,891				35,017,673			
	-	-	-	-	-		-		5,046,328			
	-	357,754	500,000	260,656	250,000				1,996,325			
	-	1,154,455	16,586,663	6,509,555	2,423,891				27,975,020			
	-	577,228	7,916,580	1,654,418	1,211,946				11,366,814			
	-	-	-	3,264,733	-				4,785,581			
	-	1,175,000	13,000,000	9,739,598	2,729,972				28,239,092			
	-	597,773	5,083,420	4,820,447	1,518,027				12,086,698			
	-	1,512,209	17,086,663	6,770,211	2,673,891				35,017,673			
	-	(11,190)	(585,542)	(220,916)	(21,360)				(871,740)			
	-	-	2,972	857	460				9,250			
\$	-	\$	1,501,019	\$	16,504,093	\$	6,550,152	\$	2,652,991	\$	34,155,183	
\$	3,203,624	\$	-	\$	-	\$	-	\$	-	\$	3,203,624	
	4,921,194		-		-		-		-		4,921,194	
	1,807,712		-		-		-		-		1,807,712	
	-		-		-		-		-		34,446	
	-		-		-		-		-		101,520	
	8,668,325		-		-		-		-		8,668,325	
	10,148,781		-		-		-		-		10,148,781	
\$	28,749,636	\$	-	\$	-	\$	-	\$	-	\$	28,885,602	
											Petty cash	25,963
											Deposits and investments per schedule IV	\$ 63,066,748
											Cash and restricted cash per Exhibit A-1	29,172,985
											Investments per Exhibit A-1	33,893,763
											Deposits and investments per Statement of Net Positions	\$ 63,066,748

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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, 2013

Schedule IV
(continued)

Name of Bank/Broker	Account Type	Balance per Bank	Reconciled
Eastern New Mexico University Foundation			
Deposit Accounts			
James Polk Stone National Bank	Deposit	\$ 346,662	\$ 141,566
Edward Jones	Deposit	99,710	99,710
		<u>\$ 446,372</u>	<u>\$ 241,276</u>
Investment Accounts			
Edward Jones	Stocks	\$ 480,593	\$ 480,593
Edward Jones	Mutual Funds	11,491,910	11,491,910
		<u>\$ 11,972,503</u>	<u>\$ 11,972,503</u>
ENMU-R Foundation			
Deposit Accounts			
Pioneer Bank	Deposit	\$ 12,659	\$ 12,659
Pioneer Bank	Certificate of deposit	12,875	12,875
Pioneer Bank	Certificate of deposit	50,400	50,400
		<u>\$ 75,934</u>	<u>\$ 75,934</u>
Investment Accounts			
Wells Fargo Advisors	Mutual Fund	\$ 448,936	\$ 448,936
UBS Investments	Mutual Fund	95,095	95,095
US Trust	Mutual Fund	3,805,004	3,805,004
		<u>\$ 4,349,035</u>	<u>\$ 4,349,035</u>

Fair Market Value	Name and Location of Safe Keeper
\$ 2,602	Wells Fargo, San Francisco, CA
4,168	Wells Fargo, San Francisco, CA
3,088	Wells Fargo, San Francisco, CA
63,816	Wells Fargo, San Francisco, CA
<u>\$ 73,674</u>	
\$ 695,022	Bank of America, N.A., Charlotte, NC
825,826	Bank of America, N.A., Charlotte, NC
<u>\$ 1,520,848</u>	
\$ 22,334	Federal Home Loan Bank, Atlanta, GA
109,560	Federal Home Loan Bank, Atlanta, GA
49,801	Federal Home Loan Bank, Atlanta, GA
280,495	Federal Home Loan Bank, Atlanta, GA
235,715	Federal Home Loan Bank, Atlanta, GA
42,760	Federal Home Loan Bank, Atlanta, GA
156,511	Federal Home Loan Bank, Atlanta, GA
9,518	Federal Home Loan Bank, Atlanta, GA
169,571	Federal Home Loan Bank, Atlanta, GA
287,193	Federal Home Loan Bank, Atlanta, GA
41,739	Federal Home Loan Bank, Atlanta, GA
94,299	Federal Home Loan Bank, Atlanta, GA
422,843	Federal Home Loan Bank, Atlanta, GA
124,891	Federal Home Loan Bank, Atlanta, GA
155,511	Federal Home Loan Bank, Atlanta, GA
45,757	Federal Home Loan Bank, Atlanta, GA
152,844	Federal Home Loan Bank, Atlanta, GA
47,987	Federal Home Loan Bank, Atlanta, GA
94,232	Federal Home Loan Bank, Atlanta, GA
146,863	Federal Home Loan Bank, Atlanta, GA
39,548	Federal Home Loan Bank, Atlanta, GA
<u>\$ 2,729,972</u>	
<u>\$ 9,739,598</u>	Federal Home Loan Bank, Atlanta, GA
<u>\$ 9,739,598</u>	
\$ 325,000 **	Texas Independent Bank, Dallas, TX
750,000 **	Texas Independent Bank, Dallas, TX
100,000 **	Texas Independent Bank, Dallas, TX
<u>\$ 1,175,000</u>	
\$ 13,000,000	Federal Home Loan Bank, Cincinnati, OH
<u>\$ 13,000,000</u>	
<u>\$ 28,239,092</u>	

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COMPLIANCE SECTION

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**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 H. Balderas
New Mexico State Auditor
The U.S. Office of Management and Budget and
The Board of Regents
Eastern New Mexico University
Portales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Eastern New Mexico University, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eastern New Mexico University's basic financial statements, and the related budgetary comparisons presented as supplementary information in the accompanying Schedules I, II, and III, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern New Mexico University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern New Mexico University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Eastern New Mexico University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Eastern New Mexico University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern New Mexico University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as findings FS 13-01 – FS-13-05.

Eastern New Mexico University's Responses to Findings

Eastern New Mexico University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Eastern New Mexico University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Eastern New Mexico University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern New Mexico University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP

Roswell, New Mexico

October 29, 2013

FEDERAL FINANCIAL ASSISTANCE

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Accounting & Consulting Group, LLP
Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Eastern New Mexico University's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Eastern New Mexico University's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility.

Our responsibility is to express an opinion on compliance for each of Eastern New Mexico University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Eastern New Mexico University's compliance.

Opinion on Each Major Federal Program

In our opinion, Eastern New Mexico University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA 13-01 – FA 13-02. Our opinion on each major federal program is not modified with respect to these matters.

Eastern New Mexico University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Eastern New Mexico University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Eastern New Mexico University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eastern New Mexico University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
October 29, 2013

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STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

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
Ruidoso Campus	SEOG Paid by College Workstudy Program
Portales Campus	College Workstudy Program
Roswell Campus	College Workstudy Program
Ruidoso Campus	College Workstudy Program
Portales Campus	Pell Grant
Ruidoso Campus	Pell Grant-Prior Year
Roswell Campus	Pell Grant-Prior Year
Roswell Campus	Pell Grant
Ruidoso Campus	Pell Grant
Portales Campus	TEACH Grant
<i>Total Student Financial Aid Cluster</i>	
<i>TRIO Cluster</i>	
	U.S. Department of Education
Portales Campus	Student Support Services 11-12
Portales Campus	Student Support Services 12-13
Portales Campus	Talent Search 11-12
Portales Campus	Talent Search 12-13
Roswell Campus	Talent Search
Roswell Campus	Talent Search
Portales Campus	Upward Bound 10-11
Portales Campus	Upward Bound 11-12
Portales Campus	Upward Bound 12-13
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
<i>WIA</i>	
<i>Passed through Eastern Area Workforce Development Board</i>	
Ruidoso Campus	WIA Adult Service
Ruidoso Campus	WIA Dislocated Worker

TOTAL MAJOR PROGRAMS

See independent auditors' report.
 See accompanying notes to the schedule of expenditures of federal awards.

<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	29,574
84.033	P033A112641	820,358
84.033	P033A112641	297,706
84.033	P033A112641	43,185
84.063	P063P111823	7,868,469
84.063	P063P101823	1,898
84.063	P063P111823	2,243
84.063	P063P111823	5,080,080
84.063	P063P111823	1,035,034
84.379	P379T112823	86,716
		<u>15,742,951</u>
84.042A	P042A101007	91,207
84.042A	P042A101007	265,083
84.044A	P044A110605-11	88,298
84.044A	P044A110605-12	205,759
84.044A	P044A110619	43,335
84.044A	P044A110619	232,932
84.047A	P047A071027	996
84.047A	P047A071027	77,301
84.047A	P047A121635	202,056
84.047A	P047A070175-11	52,335
84.047A	P047A121674-12	181,607
84.066A	P066A060060-12	249,903
84.066A	P066A110019	45,147
		<u>1,735,959</u>
84.334A	P33A110054	160,142
84.334A	P33A110054	1,209,267
17.258	OSC 12/13-ENMU-RU	485,128
17.260	OSC 12/13-ENMU-RU	240,450
		<u>\$ 19,573,897</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended June 30, 2013

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
NON-MAJOR PROGRAMS	
<i>Title V: Developing Hispanic Institutions</i>	
	U.S. Department of Education
Portales Campus	HIS-STEM & Articulation Program Year 1
Portales Campus	HIS-STEM & Articulation Program Year 2
Portales Campus	PPOHA Yr 1 10-11
Portales Campus	PPOHA Yr 2 11-12
Portales Campus	PPOHA Yr 2 12-13
Portales Campus	ENMU Academic Prep Activity 1 Yr 2
Portales Campus	ENMU Nursing Pipeline 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
Portales Campus	ENMU Project Management Activity 1 Yr 4
Portales Campus	ENMU Academic Prep Activity 1 Yr 4
Portales Campus	CCC Academic Prep Activity 1 Yr 4
Portales Campus	ENMU Nursing Pipeline Activity 1 Yr 4
Portales Campus	CCC Nursing Pipeline Activity 1 Yr 4
Roswell Campus	Title V (July-Sept)
Roswell Campus	Title V (Oct-Jun)
	<i>Total Title V: Developing Hispanic Institutions</i>
	U.S. Department of Education
Portales Campus	Project Maestros
Portales Campus	Project Maestros
	<i>National Writing Project</i>
	U.S. Department of Education
Portales Campus	High Plains Writing Project 11-12
Portales Campus	High Plains Writing Project 12-13
	U.S. Department of Education
	<i>Passed through the New Mexico Public Department of Education</i>
Roswell Campus	Carl Perkins
Roswell Campus	Carl Perkins Carryover 6/11-9/12
Portales Campus	University Immersion Institute
	U.S. Department of Education
	<i>Passed through the New Mexico Higher Education Department</i>
Roswell Campus	ABE Federal
Roswell Campus	ABE Textbooks
Roswell Campus	ABE Federal
Portales Campus	Title II Teacher Quality
	<i>Total U.S. Department of Education</i>

See independent auditors' report.
 See accompanying notes to the schedule of expenditures of federal awards.

Schedule VI
(continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
84.031C	P031C110114	\$ 244,857
84.031C	P031C110114	347,615
84.031M	P031M105036	30,890
84.031M	P031M115036	204,358
84.031M	P031M115036	325,765
84.031S	P031S090081	96
84.031S	P031S090081	29
84.031S	P031S090081	17,666
84.031S	P031S090081	65,158
84.031S	P031S090081	8,463
84.031S	P031S090081	44,336
84.031S	P031S090081	115,352
84.031S	P031S090081	58,933
84.031S	P031S090081	87,607
84.031S	P031S090081	97,323
84.031S	P031S090081	103,661
84.031S	P031S090081	13,173
84.031S	P031S090081	18,167
84.031S	P031S070015-11	396,954
84.031S	P031S120080	395,774
		<u>2,576,177</u>
84.365Z	T365Z120149	221,602
84.365Z	T365Z120149	14,023
84.928A	92-NM02AMEND23	2,847
84.928A	92-NM02AMEND24	20,000
84.048	V048A120031-12A	81,563
84.048	V048A110031A	11,371
84.293C	05-924-P527-0152	2,000
84.002	N/A	198,734
84.002	49828	28,972
84.002	N/A	43,317
84.367	11-950-1200-00001	61,569
		<u>22,110,494</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended June 30, 2013

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-Varela
Portales Campus	INBRE-Varela
Portales Campus	INBRE-Barlow
Portales Campus	INBRE-Stollar
Portales Campus	INBRE-Stollar
	U.S. Department of Energy <i>Passed through University of New Mexico</i>
Portales Campus	US DOE-EPSCOR
	<i>Passed through Sapphire Energy</i>
Portales Campus	SAPPHIRE Energy-US DOE
	<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 Year 1
Portales Campus	USDA-SPRCA Challenge Grant Year 2
	<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>
	<i>Passed through the New Mexico Department of Health</i>
Roswell Campus	CTG
	<i>Passed through the New Mexico State University</i>
Portales Campus	SWAG
	<i>Department of Labor</i>
Roswell Campus	Community Based Job Training

See independent auditors' report.
 See accompanying notes to the schedule of expenditures of federal awards.

Schedule VI
(continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
93.389	Q01235	31,242
93.389	Q01235	9,864
93.389	Q01235	33,276
93.389	Q01235	84,395
93.389	Q01235	20,551
81.049	DE-PS-08ER08-04	3,414
81.087	DE-EE0000393.001	<u>137,541</u>
		<u>320,283</u>
93.596	10-690-9999-01005-3	5,132
93.596	10-690-9999-01005-3	134,683
93.596	10-690-9999-01005-3	24,353
93.658	13-1-98A	117,636
10.200	2010-38422-21231	1,222
10.200	2010-38422-21231	19,563
10.217	2011-38414-35041	1,977
10.217	2011-38414-35041	6,038
10.558	191	11,475
10.558	50531	11,077
10.559	50531	<u>4,495</u>
		<u>55,847</u>
93.531	CDC-RFA-DP11-1103PPHF11	63,187
93.297		6,424
17.269	CB-18254-09-60	162,956

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended June 30, 2013

Location	Federal Grantor/Pass - Through Grantor/Program or Cluster Title
NON-MAJOR PROGRAMS (continued)	
<i>Department of Labor (continued)</i>	
	<i>Passed through Eastern Area Workforce Development Board</i>
Ruidoso Campus	ARRA State Energy Sector
	<i>Passed through New Mexico Department of Workforce Solutions</i>
Ruidoso Campus	ARRA State Energy Sector
	<i>Passed through Santa Fe Community College</i>
Ruidoso Campus	Trade Adjustment Assistance Community College
Ruidoso Campus	Trade Adjustment Assistance Community College
Roswell Campus	IBEST
	<i>Total Department of Labor</i>
	<i>National Science Foundation</i>
Ruidoso Campus	S-STEM Scholarships 11-12
Roswell Campus	S-STEM Scholarships 12-13
	<i>Passed through New Mexico State University</i>
Portales Campus	Alliance for Minority Participation
Portales Campus	Alliance for Minority Participation
	<i>Passed through University of New Mexico</i>
Portales Campus	EPSCOR Seed Award
	<i>Total National Science Foundation</i>
	<i>Small Business Administration</i>
Roswell Campus	SBDC
	<i>U.S. Department of Commerce</i>
Portales Campus	PBS Warning, Alert, and Response Network
	<i>U.S. Army Corp of Engineers</i>
Portales Campus	ACA Transfer Account
	TOTAL NON-MAJOR PROGRAMS
	TOTAL FEDERAL AWARDS

See independent auditors' report.
 See accompanying notes to the schedule of expenditures of federal awards.

Schedule VI
(continued)

<u>Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
17.275	OSC 12/13-ENMU-RU	25,000
17.275	63100-89000-R1DOL00008	93,320
17.282	N/A	11,506
17.282	N/A	19,197
17.282	TC-22550-11-60-A-35	34,739
		<u>346,718</u>
47.076	DUE-0806472	89,841
47.076	DUE-0806472	4,051
47.076	Q00889	10,386
47.076	Q00889	2,064
47.081	063013-8716	8,700
		<u>115,042</u>
59.037	N/A	243,933
11.553	51-51-W10606 43	36,086
15.904	W81G6900259490	2,850
		<u>\$ 4,734,349</u>
		<u>\$ 24,308,246</u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2013

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, 2013, outstanding student loan balances under the Federal Perkins Loan Program, CFDA #84.038, were \$6,333,759. Perkins Loans awarded for the year ended June 30, 2013 totaled \$479,829. Federal Direct Loans (which includes Stafford Loans and Parents' Plus Loans), CFDA #84.268, awarded for the year ended June 30, 2013 totaled \$19,645,617. Additionally, the University processed \$455,632 in new loans under the Alternative Student Loan Program. 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, 2013

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 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 | Unmodified |
| 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
Various	TRIO Cluster
84.334	GEAR Up
17.258 & 17.278	WIA Cluster

- | | |
|--|------------|
| 5. Dollar threshold to distinguish between Type A and Type B programs: | \$ 300,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT

FS 2013-01 Bank Reconciliation- Ruidoso (Other)

Condition

Cash per the general ledger does not tie to cash per the bank reconciliations at June 30, 2013 by \$959.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that cash accounts are reconciled and tie to the general ledger.

Effect

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

Cause

The University received electronic transfers late in June 2013 that were deposited after year end. These amounts were recorded as deposits in transit, but were not included in the general ledger.

Auditors' Recommendation

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

View of Responsible Officials and Planned Corrective Actions

Management concurs with the recommendation. Ruidoso staff will review all bank account transactions daily to ensure that all cash postings are timely made to the general ledger in the correct period.

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

FS 2013-02 Interest Recorded Incorrectly on Investments- Roswell (Other)

Condition

During the investments testwork, it was noted that a balance on investment statements received by the Roswell campus did not tie to what was recorded in the General Ledger. One investment had interest recorded of \$160 that was not recorded by the state until the subsequent month for the LGIP account.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that interest earned from investments be recorded in the correct period.

Effect

Incorrect postings to the general ledger and any potential irregularities can go undetected as well as misstate the actual investment balances. Such items may be indicative of errors or possible fraudulent activity and result in unnecessary adjustments which are not properly supported.

Cause

Interest earned on investments is not being recorded in the correct period.

Auditors' Recommendation

We recommend that interest earned is reviewed before it is posted to ensure that it is posted in the period received.

Views of Responsible Officials and Planned Corrective Actions

Accrued interest for June was incorrectly posted to the investment instead of interest receivable. Interest earnings is accurately stated but the result is \$160 misclassification between investments and receivables. We will review which account number is being used more closely.

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

FS 2013-03 Lack of Adequate Documentation for Credit Card Expenditures- Roswell (Other)

Condition

During the credit card disbursement testwork, it was noted in two instances out of 50 where the University did not follow its policy to ensure that all documentation ties and the grant manger’s signature is included on the Procurement Card Log for purchases using grant funds. In the first instance, the invoice did not match the payment disbursed. The invoice totaled \$174.82 while the payment was written for \$219.64. The second instance did not have the Grant Manger’s signature on the Procurement Card Log for an amount of \$167.29.

Criteria

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

Effect

The University may have paid for a credit card purchase that was not a valid expenditure. In addition, having lack of authorization for purchases made increases the risk for misappropriation, budget overspending, or fraudulent activities.

Cause

There was an oversight in the internal control process where policies were not followed.

Auditors’ Recommendation

It is our recommendation that the internal controls in place are followed for all nonrecurring items.

View of Responsible Officials and Planned Corrective Actions

Management agrees that internal controls need to be followed. New procedures will be put in place for the review of the logs and the Grant Manager will notify Purchasing whenever a grant index is created to ensure they always know when a grant signature is necessary.

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Findings and Questioned Costs
June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

FS 2013-04 Documentation Missing for Certain Grant Expenditures- Roswell (Other)

Condition

During testwork over grant expenditures, it was noted that in one instance out of 50 the policy on disbursements was not followed. The University's policy is to have all charges properly documented on the Procurement Card Log. There was not a charge of \$15.99 documented on the procurement log that corresponded with the charge on the receipt.

Criteria

According to the University's purchasing policy, Procurements Card Logs must have all charges documented.

Effect

The University could have disbursed funds for unauthorized purchases.

Cause

The internal control policies set forth by the University are not being followed for every disbursement.

Auditors' Recommendation

It is our recommendation that internal control policies are followed at all times.

View of Responsible Officials and Planned Corrective Actions

Mandatory procurement card training on the new procedures for card holders was done in April which states the requirement to list on the log what was purchased. This instance was before the new procedures training.

STATE OF NEW MEXICO
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June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

FS 2013-05 Accrued Compensation Calculated Incorrectly- Roswell (Other)

Condition

During the accrued compensation testwork, it was noted that compensated absences as calculated by the auditor for three employees out of 168 was \$2,139 under the amount calculated by the Roswell campus. Two of the differences were attributed to not including the full-time equivalent (FTE) percentage in the calculation while the third used a forced balance rather than a formula to calculate the ending balance. In addition, one sample out of 15 had the incorrect rate documented in the compensated absences listing than what was in the personnel file. This resulted in a difference of \$34.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that documentation supporting account balances be calculated correctly.

Effect

Inadequate documentation provides for the possibility of errors and omissions occurring in the financial reporting process.

Cause

Eastern New Mexico University- Roswell did not ensure that all formulas calculated the accrued leave balance correctly nor that the correct rates were used.

Auditors' Recommendation

We recommend that all employee rates are verified and formulas reviewed to ensure that all information is accurate prior to balances being finalized for the fiscal year end.

View of Responsible Officials and Planned Corrective Actions

Management agrees that the spreadsheet used needs to be reviewed to ensure formulas are maintained in all appropriate fields and we will verify through secondary sources the information given to us from others departments.

STATE OF NEW MEXICO
Eastern New Mexico University
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C. FINDINGS – FEDERAL AWARDS AUDIT

FA 2013-01 Gear Up Matching Documentation- Roswell (Other)

Federal Program Information:

Funding Agency: U.S. Department of Education

Title: Gaining Early Awareness and Readiness for Undergraduate Programs (Gear Up)

CFDA Number: 84.334A

Award Number: P334A110054

Award Period: 09/26/2011-09/25/2018

Questioned Costs: \$3,456

Condition

It was noted during testwork of the Gear Up program that three samples out of 40 did not follow the University's policies and procedure requirements for record keeping:

- The description date in the spreadsheet maintained by the client did not match the description on one Donated/In-Kind Goods and/or Services Report signed by the donor.
- One Donated/In-Kind Goods and/or Services Report was missing the signature/approval of the donor for an amount of \$365.
- All documentation was missing for \$3,456 reported on the client's spreadsheet for in-kind matches. In addition, the amount reported was improperly classified as travel when it was for wages.

Criteria

The A-102 Common Rule and OMB-Circular A-110 (2 CFR part 215) require that nonfederal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Good internal controls require that management maintain adequate documentation to support transaction amounts.

Effect

Eastern New Mexico University may fail to be in compliance with grant matching requirements.

Cause

The client did not maintain adequate accounting documentation confirming the donations of goods and/or services.

Auditors' Recommendation

We recommend that the University ensure that the proper documentation is maintained for each transaction, and the documentation clearly documents the value of the donated goods and/or services to ensure that all compliance requirements are met.

View of Responsible Officials and Planned Corrective Actions

The date was originally correct and inadvertently changed to the date the Director signed the form. In the future, all donation documentations will post as of the date of the event.

We normally attached the email from the Physical Plant to the donation documentation as proof of where this information originated from. We accidentally did not include the email page showing that the support was from the facilities department. GEAR UP has made the decision not to claim ENMU-Roswell facility donations in Year 3 (starting on 9/26/13) or any of the remaining years of the grant.

This donation form was removed from the binder, however, the Budget Specialist inadvertently did not remove the posting from the excel spreadsheet. This posting has now been removed from the donation spreadsheet.

The criteria states internal controls should be designed to reasonably ensure compliance. We are required to match federal dollars up to 100.22% of the grant. As of June 30, 2013, we had matched 123% at a level of \$1,506,993 in matching funds or \$286,192 above the grant level and we are adequately covered in meeting our grant requirements and the internal controls do reasonably ensure compliance.

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C. FINDINGS – FEDERAL AWARDS AUDIT (CONTINUED)

FA 2013-02 TRIO Special Tests and Provisions- Services Provided- Roswell (Other)

Federal program information:

Funding agency: U.S. Department of Education

Title: TRIO Cluster

CFDA number: 84.042 (TRIO-Student Support Services)
84.044 (TRIO-Talent Search)

Award period: 09/01/ 2012-06/30/2013

Questioned Costs: None

Condition

In two out of 40 student files tested during eligibility testwork, the University did not maintain records within student files to support the services provided to students within fiscal year 2013 in accordance with the *U.S. Office of Management and Budget (OMB) Circular A-133* Compliance Supplement. No documentation of meetings with students was available to review.

Criteria

The University is required to maintain records of services received by participants to verify the services provided to participants in accordance with *U.S. Office of Management and Budget (OMB) Circular A-133* Special Test and Provision #1.

Effect

Noncompliance with this requirement of *U.S. Office of Management and Budget (OMB) Circular A-133* may affect the University's required reporting and may jeopardize future funding.

Cause

The University did not ensure that student files were updated to reflect services provided to program participants in the programs noted above.

Auditors' Recommendation

The University should enact controls to ensure that all services provided to program participants are recorded and maintained in the student's files in order to maintain compliance with provisions of *U.S. Office of Management and Budget (OMB) Circular A-133*.

Views of Responsible Officials and Planned Corrective Actions

Management agrees. The Talent Search Director is now having each TS Program Specialist submit paperwork to him at the end of each week. The TS Director will check the paperwork to ensure that all activity is properly documented and placed in the student file.

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D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

07-01	Financial Statement Reporting and Control Process	Resolved and Not Repeated
12-01	Budget – Roswell Campus	Resolved and Not Repeated

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OTHER DISCLOSURES

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STATE OF NEW MEXICO
Eastern New Mexico University
Other Disclosures
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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 29, 2013. The following individuals were in attendance.

University Officials

Steven Gamble, President – Eastern New Mexico University
Randy Harris, Member – Board of Regents
Ashley Keefer, Internal Auditor
Scott Smart, Vice President of Business Affairs – Portales Campus
Carol Fletcher, Comptroller – Portales Campus
Joann Martinez, Director of Accounting and Student Accounts – Portales Campus
Terri Doerr, Accountant – Portales Campus
Laura Disney, Accountant – Portales Campus
Sherry Stewart, Grant Accountant – Portales Campus
Dr. John Madden, President – Roswell Campus
Eric Johnston-Ortiz, Vice President of Business Affairs – Roswell Campus
Karen Franklin, Controller – Roswell Campus
Michael Sexton, Director of Budget and Finance – Roswell Campus
Traci Dixon, Third Party Grant Manager – Roswell Campus
Sheila Farquer, Director of Business Affairs – Ruidoso Campus

Auditors

Shelley Olson, CPA- Supervisor