



Eastern New Mexico University

Annual Financial Report

June 30, 2016



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
Eastern New Mexico University
Table of Contents
June 30, 2016

	Exhibit	Page
INTRODUCTORY SECTION		
Table of Contents		4
Historical and Functional Synopsis		5
Official Roster		6
FINANCIAL SECTION		
Independent Auditors' Report		8-9
Management's Discussion and Analysis		11-19
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	A-1	20-21
Statement of Revenues, Expenses, and Changes in Net Position	A-2	22-23
Statement of Cash Flows	A-3	24-25
NOTES TO THE FINANCIAL STATEMENTS		27-49
	Statement/ Schedule	Page
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of the University's Proportionate Share of Net Pension Liability	I	52
Schedule of the University's Contributions	II	53
Notes to Required Supplementary Information		54
SUPPLEMENTARY INFORMATION		
Schedule of Budgeted and Actual Revenues and Expenses		
Unrestricted and Restricted- All Operations	III	56-61
Unrestricted Current Funds- Instruction and General	IV	62-65
Restricted Current Funds- Instruction and General	V	66-69
Notes to the Schedule of Budgeted and Actual Revenues and Expenses		
Current and Plant Fund-By Campus		70
SUPPORTING SCHEDULES		
Schedule of Deposits and Investment Accounts	VI	
University		72-73
Component Units		75
Schedule of Collateral Pledged by Depository for Public Funds	VII	76-77
Schedule of Joint Powers Agreements and Memorandums of Understanding	VIII	78-79
Schedule of Capital Outlay Appropriations	IX	80-81
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	X	
Portales and Ruidoso Campuses		82-84
Roswell Campus		86-87
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		90-91
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		92-93
Schedule of Expenditures of Federal Awards	XI	94-105
Notes to the Schedule of Expenditures of Federal Awards		106
Schedule of Findings and Questioned Costs	XII	107-113
OTHER DISCLOSURES		
		114

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 four hundred (400) acres in Portales. The University also operates branch campuses in Roswell and Ruidoso. The University is organized into the College of Business, College of Fine Arts, College of Education and Technology, College of Liberal Arts and Sciences, and 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, National Council for Accreditation of Teacher Education, and 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, 2016

Board of Regents

Ex-Officio Members

The Honorable Susana Martinez Governor of the State of New Mexico

Appointed Members

Term Expires

Mr. Terry Othick	2020	President
Ms. Susan Tatum	2020	Vice President
Ms. Veronica Ayala	2016	Treasurer/Secretary
Ms. Jane Christensen	2018	Member
Dr. Dan Patterson	2016	Member

University Officials

Dr. Steven Gamble	President
Dr. John Madden	President- Roswell Campus
Dr. Clayton Alred	President- Ruidoso Campus
Dr. Jeff Long	Vice President for Student Affairs
Mr. Scott Smart	Vice President for Business Affairs
Dr. Jamie Laurenz	Vice President for Academic Affairs
Mr. Clark Elswick	Vice President for Technology and System Chief Information Officer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
U.S. Office of Management and Budget and
The Board of Regents
Eastern New Mexico University
Portales, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University (the "University"), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the University's basic financial statements as listed in the table of contents. We also have 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, 2016 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 misstatement, whether due to fraud or error.

Auditors' 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 of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the 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 financial statement presentation.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributed to the transactions of the University. They do not purport to, and do not, present fairly, the financial position of the State of New Mexico as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the University, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the University referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended 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 19 and Schedules I and II and the Notes to the Required Supplementary Information on pages 52 through 54 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

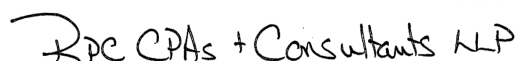
Our audit was conducted for the purpose of forming opinions on the financial statements and budgetary comparisons that collectively comprise the University's basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedules VI through X required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Schedules VI through IX required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules VI through IX required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedule X have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, NM
October 25, 2016

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STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2016

This section of the financial report presents discussion and analysis of Eastern New Mexico University's (the "University") financial performance during the year ended June 30, 2016. It was prepared by University management, and it is requested that it be read in conjunction with the University's financial statements that follows this section.

Financial Highlights

- As of June 30, 2016, the University's total assets increased to \$258.9 million, \$3.2 million more than the 2015 level of \$255.7 million.
- Operating revenues totaled \$45.6 million in 2016, a decrease of \$2.4 million from 2015, while operating expenses totaled \$105.4 million, an increase of \$0.5 million from 2015.
- Net nonoperating revenues totaled \$65.5 million while nonoperating expenditures were \$1.5 million. State appropriations of \$46.7 million and Pell grant revenue of \$9.8 million are the primary components of nonoperating revenues.
- From 2006 to 2015, the University's fall headcount enrollment has increased from 4,135 to 5,946. This is an increase of 43.7%. During the same time period the University's first time/full-time freshman enrollment decreased slightly from 612 to 601.

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
- Other supporting schedules
- Report on compliance
- Single audit report and schedule

The University's Basic Financial Statements

The basic financial statements include:

- The Statements of Net Position provides information about the University's financial condition at fiscal year end. It presents both a current year synopsis and a longer-term view of the University's assets, deferred outflows, liabilities, deferred inflows, and net position.
- The Statements of Revenues, Expenses, and Changes in Net Position 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 nonoperating 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 nonexchange transactions that have been traditionally considered to be a part of public university operations. A "nonexchange transaction" is one where the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.
- The Statement of Cash Flows provides a summary of the sources and uses of cash within the University during the year.
- Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the Vice President for 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, 2016

Financial Analysis of the University as a Whole

Net Position. The University's total net position increased to \$116.6 million from \$112.3 million in 2015. GASB Statement No. 68 implementation in 2015 required the University to recognize its share of the allocation of the State's unfunded portion of the Educational Retirement Board's (ERB) pension plan of \$6.5 billion as of June 30, 2015, which consists of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Due to the GASB Statement No. 68 implementation, there was a \$35.7 million deficit in unrestricted net position. The employer net pension liability allocation was determined by ERB, not by University management.

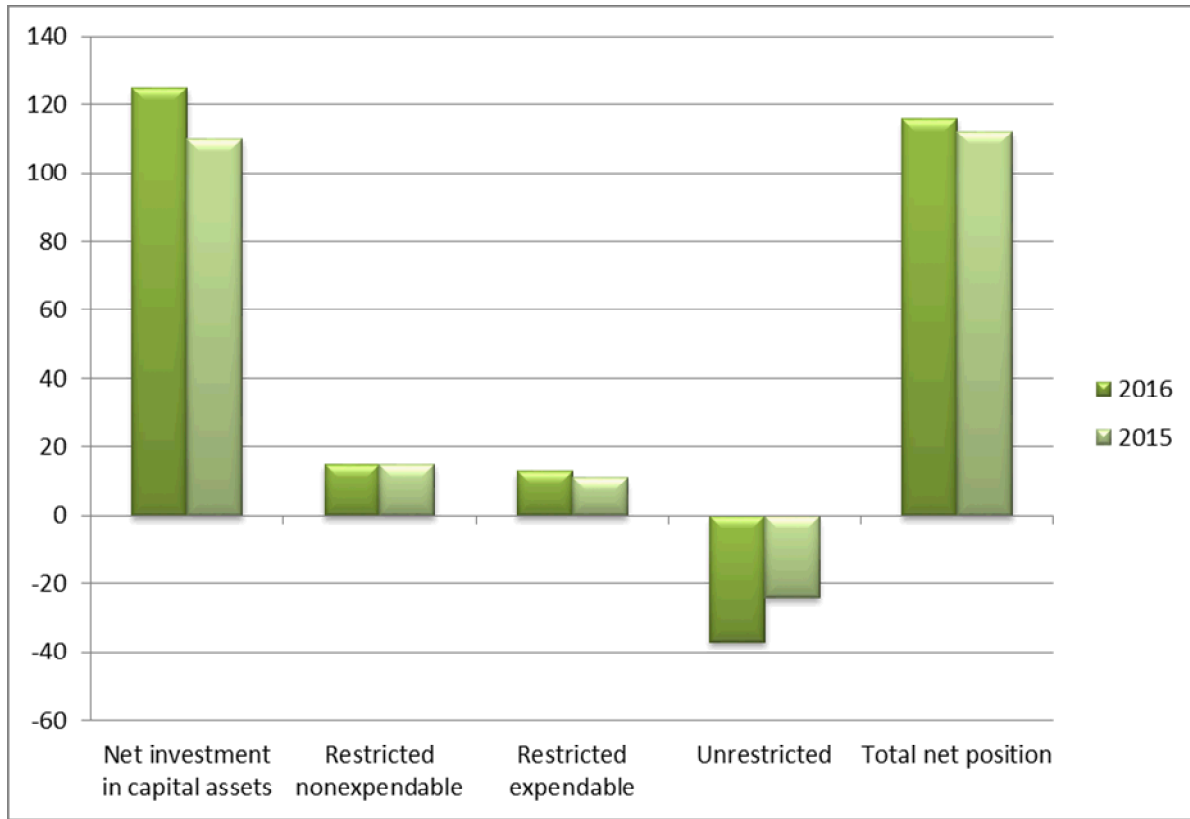
Table 1 summarizes the University's net position:

Eastern New Mexico University's Net Position
As of June 30, 2016 and 2015
(in millions of dollars)

	2016	2015
Current assets	\$ 81.1	\$ 61.7
Noncurrent assets other than capital assets	10.0	38.5
Capital assets, net	167.8	155.5
Total assets	258.9	255.7
Deferred outflows of resources	8.4	6.3
Total deferred outflows of resources	8.4	6.3
Total assets and deferred outflows of resources	\$ 267.3	\$ 262.0
Current liabilities	\$ 19.5	\$ 19.6
Noncurrent liabilities	126.5	121.1
Total liabilities	146.0	140.7
Deferred inflows of resources	4.7	9.0
Total deferred inflows of resources	4.7	9.0
Net investment in capital assets	124.9	110.9
Restricted nonexpendable	14.6	14.5
Restricted expendable	12.8	11.3
Unrestricted	(35.7)	(24.4)
Total net position	116.6	112.3
Total liabilities, deferred inflows of resources, and net position	\$ 267.3	\$ 262.0

STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2016

Net Position 2016 and 2015
 (in millions of dollars)



Changes in Net Position. Total operating revenues for the years ended June 30, 2016 and 2015, were \$45.6 and \$48.0 million, respectively. Operating expenses were \$105.4 million for 2016 and \$104.9 million for 2015. Nonoperating revenues were \$65.5 million while nonoperating expenses were \$1.5 million for 2016, and nonoperating revenues were \$67.5 million while nonoperating expenses were \$1.3 million for 2015. As a note, the direct student loan program is not included in the financial statement presentation, which omits both the revenues and expenditures of the program.

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2016

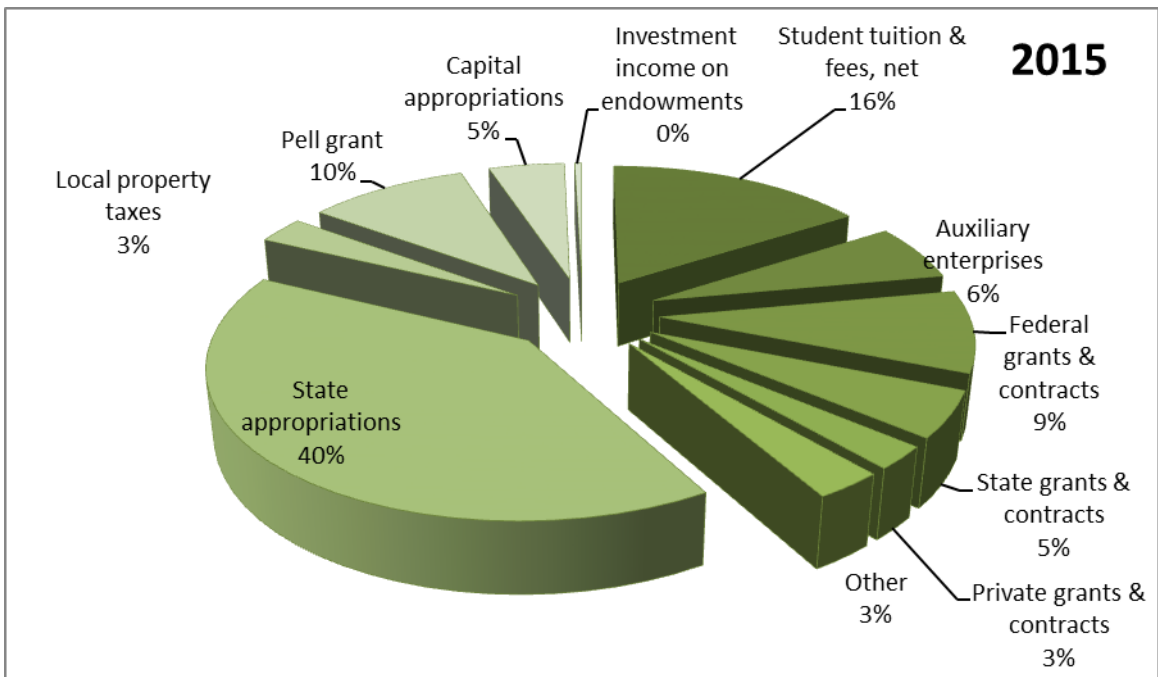
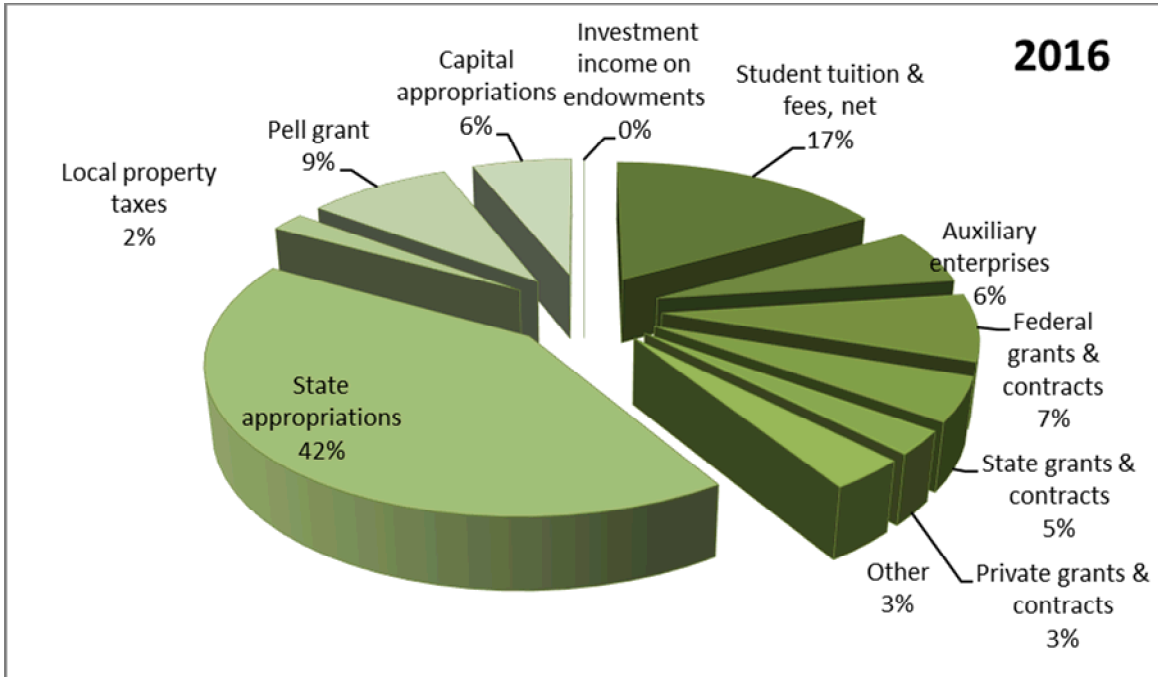
Table 2 summarizes the University's changes in net position:

Changes in Eastern New Mexico University's Net Position
For the Year Ended June 30, 2016 and 2015
(in millions of dollars)

	<u>2016</u>	<u>2015</u>
Operating revenues		
Student tuition and fees, net	\$ 18.8	\$ 18.4
Auxiliary enterprises	6.7	7.1
Federal grants and contracts	8.1	10.3
State grants and contracts	5.3	5.8
Private grants and contracts	2.9	2.9
Other	<u>3.8</u>	<u>3.5</u>
Total operating revenues	<u>\$ 45.6</u>	<u>\$ 48.0</u>
Operating expenses		
Instruction	\$ 32.9	\$ 33.0
Research	0.6	0.7
Public service	9.2	9.5
Academic support	5.5	6.2
Student services	10.0	9.5
Institutional support	12.3	11.3
Operation and maintenance of plant	7.9	8.0
Depreciation and amortization	7.5	7.4
Student aid	9.7	11.8
Auxiliary enterprises	5.3	5.8
Other	<u>4.5</u>	<u>1.7</u>
Total operating expenses	<u>\$ 105.4</u>	<u>\$ 104.9</u>
Nonoperating revenues (expenses)		
State appropriations	\$ 46.7	\$ 46.7
Local property taxes	2.3	3.4
Pell grant	9.8	11.4
Interest on debt	(1.5)	(1.3)
Investment income	(0.6)	(0.2)
Private gifts, grants, contracts	<u>0.3</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>\$ 57.0</u>	<u>\$ 60.0</u>
Other revenues (expenses)		
Capital appropriations	\$ 6.8	\$ 5.5
Investment income (loss) on expenses	<u>0.2</u>	<u>0.7</u>
Total nonoperating revenues (expenses)	<u>\$ 7.0</u>	<u>\$ 6.2</u>

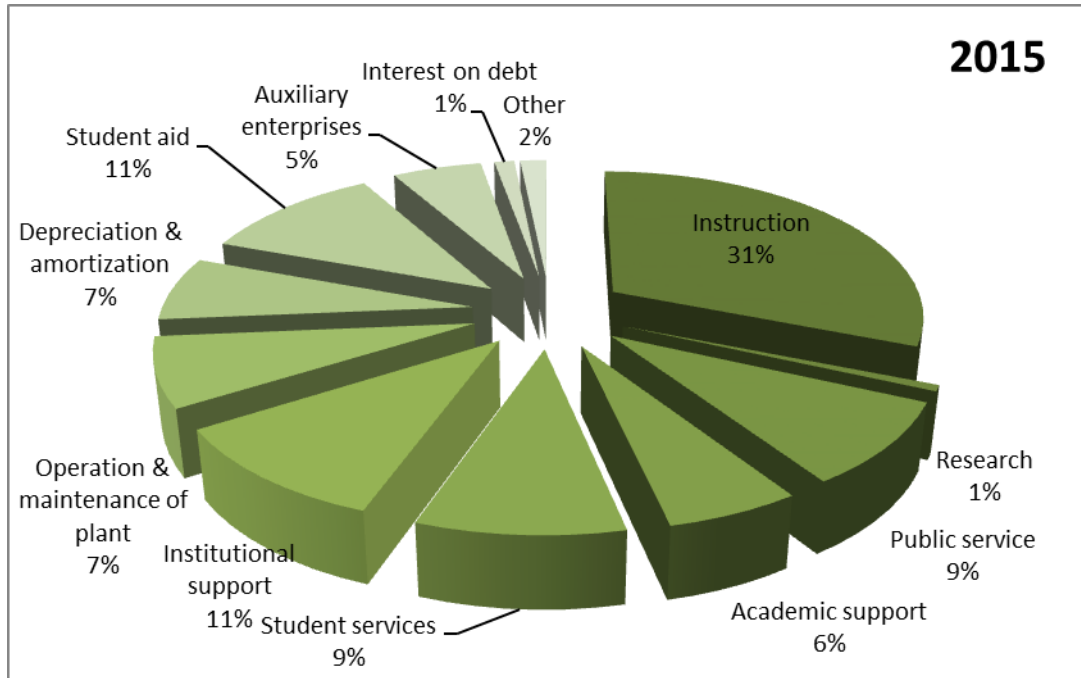
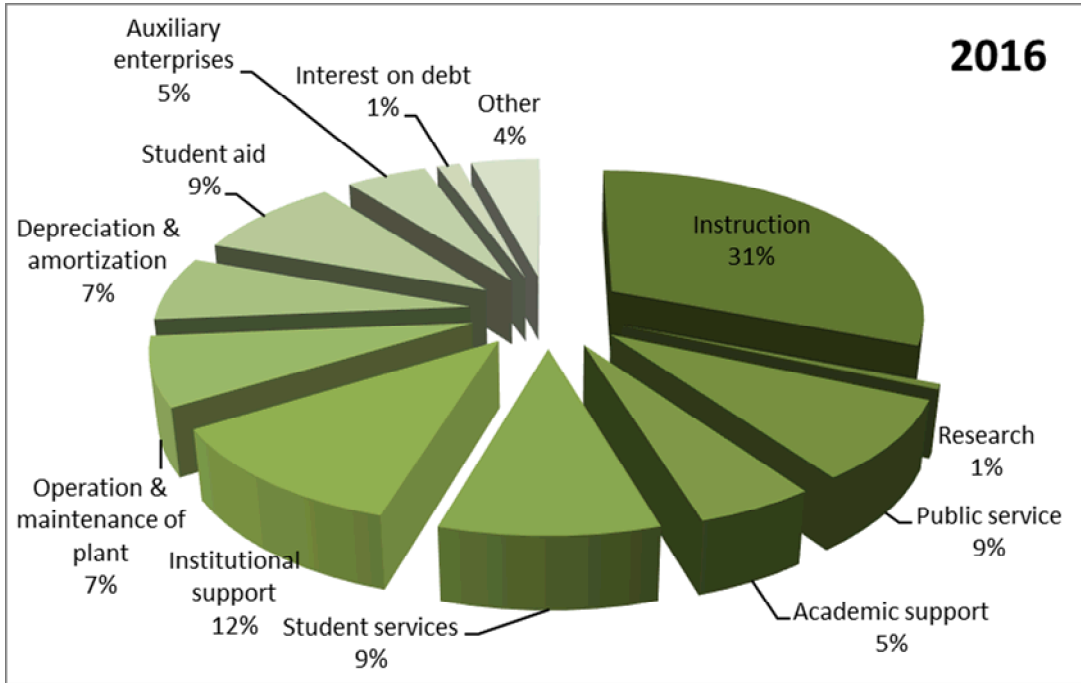
STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2016

Operating and Nonoperating Income
 (in millions of dollars)



STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2016

Operating and Nonoperating Expense
 (in millions of dollars)



STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2016

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 as follows (in millions):

	<u>2016</u>	<u>2015</u>
Current funds		
Unrestricted	\$ 0.8	\$ 0.9
Restricted	(2.8)	0.5
Plant funds	22.1	10.1

The budget adjustment to plant funds expenditures in 2016 was the result of anticipated expenditures for the new athletic stadium at the Portales campus. The change in restricted funds was due primarily to a decrease in federal financial aid awards.

Capital Asset and Debt Administration

Capital Assets- As of June 30, 2016 and 2015, the University had \$167.8 and \$155.5 million, respectively, invested in various capital assets, including buildings, equipment, and construction.

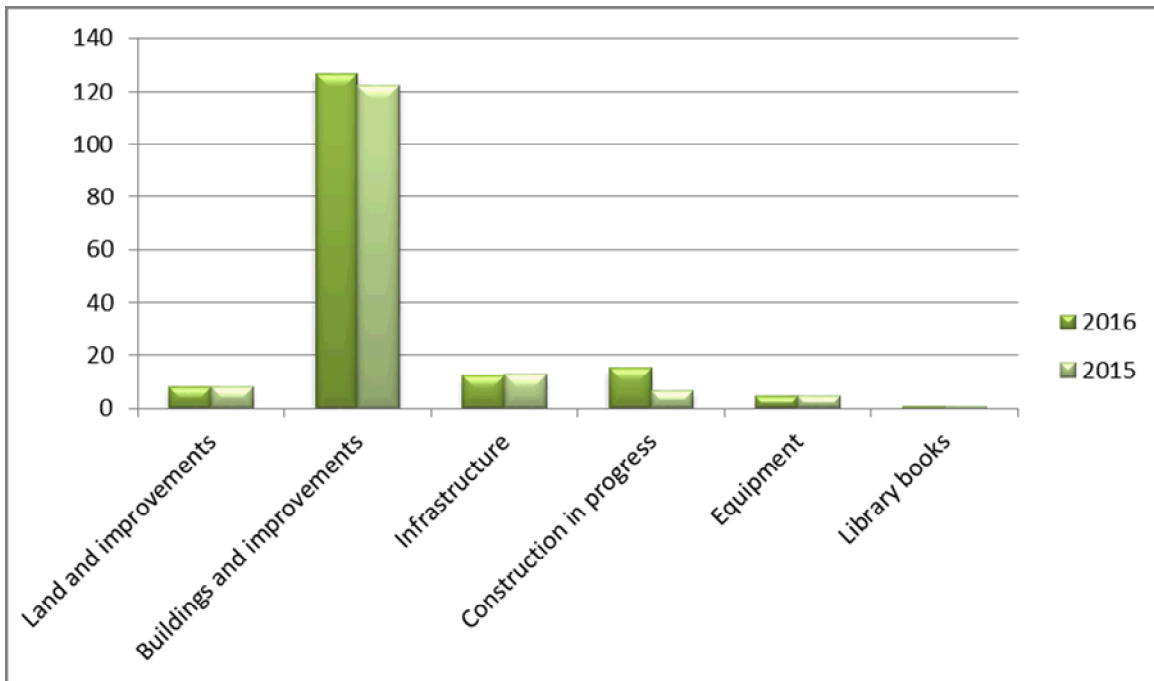
Table 3 shows the University's capital assets at year end:

Capital Assets at June 30, 2016 and 2015
 Net of Depreciation (in millions)

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 8.2	\$ 8.2
Construction in progress	15.1	6.7
Buildings and improvements	126.5	122.3
Infrastructure	12.5	12.7
Equipment	4.6	4.7
Software	-	0.1
Library books	0.9	0.8
	<u>0.9</u>	<u>0.8</u>
Total	<u>\$ 167.8</u>	<u>\$ 155.5</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2016

Capital Assets 2016 and 2015
 (in millions of dollars)



Capital Projects- In June of 2016, the Athletic Stadium at the Portales campus had a final estimated cost of \$15.3 million and scheduled to be completed by August of 2016, in time for the first home football game of the season. Phase II of the West Campus remodel project costing \$2 million was completed in the fall of 2015 and spring occupancy was near 100%. During the summer of 2016, the Golden Library was relocated to Bernalillo Hall, where it will be housed for the next two years while the Golden Student Success Center is renovated. The Portales campus also completed several small projects to improve the infrastructure of the campus. During the year, the Roswell branch campus completed infrastructure improvement projects. The Ruidoso campus purchased the building adjunct to the campus for \$.9 million to be used for instructional space and student meeting areas.

Debt Administration- As of June 30, 2016 and 2015 the University had \$42.8 and \$44.4 million of bonds outstanding, respectively. Other long-term debt includes capital leases of \$0.1 million, compensated absences of \$1.5 million, liabilities for the federal share of the student loan program of \$6.4 million, and net pension liability of \$78.5 million. For 2015, other long-term debt included capital leases of \$0.2 million, compensated absences of \$1.5 million, liabilities for the federal share of the student loan program of \$6.4 million, and with the implementation of GASB Statement No. 68, net pension liability of \$71.5 million.

Economic Concerns

The State of New Mexico continues to balance its annual budget, and in order to do so, it implemented a mid-year cut for higher education institutions. The University's 2016 state appropriations decreased by 0.60%, which was an overall cut of \$0.3 million. The University saw a slight increase in head count during fiscal year 2016, which offset the cuts slightly. For the 2017 fiscal year, there is a concern the state will once again cut higher education appropriations in order to balance budget shortfalls, which could be as high as 5.00% or \$2.8 million. The University is being proactive by reviewing expenses that can be reduced, and the goal is to cut expenses without having to use a significant amount of reserves. In addition, the University is anticipating further cuts during the 2017 legislative session, which will affect the 2018 fiscal year.

The formula funding model for higher education institutions in New Mexico is based upon enrollment growth and performance measures, which include the completion of certificates and degrees as well as enrollment of students' whose field of study is in science, math, and engineering. To stay in accordance with the formula, the University continues to have enrollment growth in the Communication Disorders programs and Nursing BSN and MSN programs. The University strives to offer in-demand degrees so students graduating from the University have employable skills.

STATE OF NEW MEXICO
Eastern New Mexico University
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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
1500 S. Ave. K
Business Affairs Station #4
Portales, NM 88130

Component Units

Complete financial statements for the Eastern New Mexico University Foundation can be obtained from the University's Controller at the address listed above.

The ENMU-Roswell Foundation and ENMU-Ruidoso Foundation do not issue separate financial statements.

STATE OF NEW MEXICO
Eastern New Mexico University
Statements of Net Position
June 30, 2016

	Eastern New Mexico University	Component Units		
		ENMU-Portales Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Assets and Deferred Outflows of Resources				
Assets				
Current assets				
Cash and cash equivalents	\$ 23,708,269	\$ 265,222	\$ 24,071	\$ 135,265
Investments	47,978,551	13,884,497	8,298,603	154,782
Receivables, net	4,902,259	174,830	-	-
State receivables	3,559,037			
Inventories	262,151	-	-	-
Prepaid expenses	719,101	-	-	-
Total current assets	<u>81,129,368</u>	<u>14,324,549</u>	<u>8,322,674</u>	<u>290,047</u>
Noncurrent assets				
Restricted cash and cash equivalents	833,555	-	150,653	-
Restricted investments	4,306,314	-	-	-
Notes receivable	4,866,685	-	-	-
Capital assets, net	167,775,375	108,456	-	-
Total noncurrent assets	<u>177,781,929</u>	<u>108,456</u>	<u>150,653</u>	<u>-</u>
Total assets	<u>258,911,297</u>	<u>14,433,005</u>	<u>8,473,327</u>	<u>290,047</u>
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	4,760,776	-	-	-
Change of assumptions	2,698,248	-	-	-
Changes in proportion	961,971	-	-	-
Total deferred outflows of resources	<u>8,420,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 267,332,292</u>	<u>\$ 14,433,005</u>	<u>\$ 8,473,327</u>	<u>\$ 290,047</u>

The accompanying notes are an integral part of these financial statements.

	Eastern New Mexico University	Component Units		
		ENMU-Portales Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current liabilities				
Accounts payable	\$ 1,526,191	\$ 16,012	\$ -	\$ 13,086
Accrued expenses and other liabilities	6,235,387	-	-	-
Gift annuities payable	-	193,593	-	-
Deposits held for others	864,070	-	-	-
Unearned revenues	8,164,729	-	-	-
Accrued compensated absences, current portion	1,147,922	-	-	-
Leases payable, current portion	79,074	-	-	-
Bonds payable, current portion	1,560,000	-	-	-
Total current liabilities	19,577,373	209,605	-	13,086
Noncurrent liabilities				
Accrued compensated absences	398,940	-	-	-
Leases payable	-	-	-	-
Bonds payable	41,200,000	-	-	-
Net pension liability	78,448,115	-	-	-
Student loan program	6,389,314	-	-	-
Total noncurrent liabilities	126,436,369	-	-	-
Total liabilities	146,013,742	209,605	-	13,086
Deferred inflows of resources				
Changes in proportion	2,781,491	-	-	-
Differences between expected and actual experience	1,474,135	-	-	-
Net difference between expected and actual investment earnings	495,270	-	-	-
Total deferred inflows of resources	4,750,896	-	-	-
Net position				
Net investment in capital assets	124,936,300	-	-	-
Restricted				
Nonexpendable				
Endowments	14,603,879	7,931,223	2,365,634	118,493
Expendable				
Scholarships and fellowship	-	5,348,972	2,634,433	60,029
Student loans	993,285	-	-	-
Quasi endowment and endowment interest	7,758,347	-	-	-
Debt service	3,955,082	-	-	-
Unrestricted	(35,679,239)	943,205	3,473,260	98,439
Total net position	116,567,654	14,223,400	8,473,327	276,961
Total liabilities, deferred inflows of resources, and net position	\$ 267,332,292	\$ 14,433,005	\$ 8,473,327	\$ 290,047

STATE OF NEW MEXICO
Eastern New Mexico University
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Component Units			
	Eastern New Mexico University	ENMU-Portales Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$8,168,113)	\$ 18,811,404	\$ -	\$ -	\$ -
Auxiliary enterprise revenue	6,743,189	-	-	-
Federal grants and contracts	8,073,685	-	-	-
State and local grants and contracts	5,284,132	-	-	-
Private gifts, grants, and contracts	2,894,917	123,558	226,073	86,558
Sales and services of educational departments	808,044	-	-	-
Other operating revenues	2,986,098	-	-	-
Total operating revenues	45,601,469	123,558	226,073	86,558
Operating Expenses				
Education and general				
Instruction	32,914,614	-	-	-
Research	609,254	-	-	-
Public service	9,238,167	-	-	-
Academic support	5,435,181	-	-	-
Student services	10,027,673	-	-	-
Institutional support	12,311,698	1,150,137	1,900	12,333
Operations and maintenance of plant	7,941,974	-	-	-
Depreciation	7,488,907	-	-	-
Student aid, grants and stipends	9,736,624	-	-	-
Auxiliary enterprises	5,292,396	-	-	-
Administration and collection	-	48,402	-	2,246
Expended for scholarships	-	262,135	124,271	14,417
Loss on disposal of capital assets	25,976	-	-	-
Other	4,398,871	49,390	70,948	1,309
Total operating expenses	105,421,335	1,510,064	197,119	30,305
Operating income (loss)	\$ (59,819,866)	\$ (1,386,506)	\$ 28,954	\$ 56,253

The accompanying notes are an integral part of these financial statements.

	Eastern New Mexico University	Component Units		
		ENMU-Portales Foundation	ENMU-Roswell Foundation	ENMU-Ruidoso Foundation
Nonoperating Revenues (Expenses)				
State appropriations	\$ 46,695,717	\$ -	\$ -	\$ -
Local property taxes	2,340,348	-	-	-
Pell grant	9,774,912	-	-	-
Interest expense	(1,456,714)	-	-	-
Investment income/(loss)	(660,288)	(1,016,073)	158,538	-
Private gifts, grants, and contracts	300,000	1,113,352	67,650	112,247
Total nonoperating revenues (expenses)	56,993,975	97,279	226,188	112,247
Income/(loss) before other revenues/ expenses	(2,825,891)	(1,289,227)	255,142	168,500
Other Revenues (Expenses)				
Capital appropriations	6,750,191	-	-	-
Investment income (loss) on endowments	323,568	-	(20,297)	-
Total other revenues (expenses)	7,073,759	-	(20,297)	-
Increase (decrease) in net position	4,247,868	(1,289,227)	234,845	168,500
Net position- beginning of year	112,319,786	15,512,627	8,238,482	108,461
Net position- end of year	\$ 116,567,654	\$ 14,223,400	\$ 8,473,327	\$ 276,961

STATE OF NEW MEXICO
Eastern New Mexico University
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash Flows From Operating Activities	
Tuition and fees	\$ 18,964,271
Grants and contracts	34,392,655
Payments to suppliers	(57,301,083)
Payments to employees	(57,597,590)
Auxiliary enterprise charges	6,737,935
Sales and services of educational activities	808,045
Other receipts	<u>2,907,100</u>
Net cash used by operating activities	<u>(51,088,667)</u>
Cash Flows From Investing Activities	
Purchase of investments	(19,348,462)
Net cash activity on investments	<u>(453,792)</u>
Net cash used by investing activities	<u>(19,802,254)</u>
Cash Flows From Noncapital Financing Activities	
State appropriations	46,695,717
Local property taxes	2,340,348
Pell grant	9,774,914
Payments from notes receivable	<u>647,634</u>
Net cash provided by noncapital financing activities	<u>59,458,613</u>
Cash Flows From Capital and Related Financing Activities	
Capital appropriations	4,353,212
Purchases of capital assets	(19,766,464)
Principal paid on capital debt and leases	(1,744,898)
Interest paid on capital debt and leases	(1,458,565)
Payment on bond issuance costs	<u>(56,191)</u>
Net cash used by capital and related financing activities	<u>(18,672,906)</u>
Decrease in cash, restricted cash, and cash equivalents	(30,105,214)
Cash, restricted cash, and cash equivalents- beginning of year	<u>54,647,038</u>
Cash, restricted cash, and cash equivalents- end of year	<u><u>\$ 24,541,824</u></u>

The accompanying notes are an integral part of these financial statements.

Reconciliation of net operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (59,819,866)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations	
Depreciation	7,488,907
Pension expense	533,658
Loss on disposal of capital assets	25,976
Changes in assets and liabilities	
Receivables, net	414,420
Inventories	75,418
Other assets	(29,414)
Accounts payable and accrued expenses	(380,634)
Unearned revenue	681,818
Compensated absences	5,648
Deposits held for others	(84,598)
	<u> </u>
Net cash provided (used) by operating activities	<u><u>\$ (51,088,667)</u></u>
Noncash transactions	
Capital grants and gifts	\$ 1,000

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STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

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 four hundred (400) acres in Portales. The University also operates branch campuses in Roswell and Ruidoso. The University is organized into the College of Business, College of Fine Arts, College of Education and Technology, College of Liberal Arts and Sciences, and Graduate School.

This summary of significant accounting policies of the University is presented to assist in the understanding of the University’s financial statements. The financial statements and notes are the representation of University’s management who is responsible for their integrity and objectivity. The financial statements of the University have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities.

During the year ended June 30, 2016, the University adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and a portion of 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2016.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In evaluating how to define the University for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the University has three component units required to be reported under GASB Statements No. 14, No. 39, or No. 61. These component units include the Eastern New Mexico University-(ENMU) Foundation, the ENMU-Ruidoso Foundation, and the ENMU-Roswell Foundation.

Separate audited financial statements of the ENMU-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 ENMU- Foundation was established in 1973, the ENMU-Ruidoso Foundation in 2011, and the ENMU-Roswell Foundation in 1969 to advance educational excellence at the University. The Foundations are component units of the University discretely presented and are reported upon as a part of the basic financial statements of the University. The Foundations engage in fundraising to support each of their respective campuses' academic programs, scholarships, building funds, and faculty/staff development. The Foundations coordinate all private capital fundraising for the University, including fund solicitations, gift acceptance, acknowledgements, and asset management. They are presented in the financial statements of the University due to the nature and significance of their relationship with Eastern New Mexico University. They are discretely presented to allow the financial statement users to distinguish between the University and the Foundations.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The University's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth or adopted by GASB and the Financial Accounting Standards Board (FASB), and their predecessors, the National Council on Governmental Accounting (NCGA) and the Accounting Principles Board (APB), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and New Mexico Commission on Higher Education's *Financial Reporting for Public Institutions in New Mexico*.

The business-type activities (proprietary and enterprise) financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. 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.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Nonoperating revenues include activities that have the characteristics of nonexchange 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 Position. 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.

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.

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. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital assets-related debt and bond expenses that are defined as nonoperating 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statements of Revenues, Expenses, and Changes in Net Position. The effects of assets due from the liabilities due to the individual campuses are eliminated in the Statements of Net Position.

C. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position

Deposits and investments: The University's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Both unrestricted and restricted cash are included in the Statement of Cash Flows.

State statutes authorize the University to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. 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.

Investments for the University are reported at fair market value, which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Income, gains, and losses on investments are reported as a component of investment income on the Statements of Revenues, Expenses, and Changes in Net Position.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

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 1978), except where a donor has specified otherwise. The investment committee of the Foundations and 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 investment earnings received during the year. The investment committees of the Foundations and University management set the annual distribution, which must be in accordance with the agreement entered into with endowment donors.

Receivables and payables: All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred. In the government-wide financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100.00% collectible.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Chaves and Lincoln Counties and remitted monthly to the University.

Prepaid expenses: Prepaid expenses include insurance and contract payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Inventory: The University's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventory they purchase as an asset and defer the recognition of the expenditures until the period in which the inventory is actually consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are defined by the University as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) is included as part of the governmental capital assets reported in the financial statements. Information technology equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	50
Infrastructure	20
Equipment	5-12
Software	10
Library books	5

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Deferred Outflow of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The University has three types of items that qualify for reporting in this category. Accordingly, the items, changes in proportion of \$961,971, change of assumptions of \$2,698,248, and employer contributions subsequent to the measurement date of \$4,760,776, have been reported as deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

Accrued expenses: Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by employees through June 30, 2016, along with the applicable Educational Retirement Board (ERB) and other pension costs.

Deferred inflows of resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The University has three types of deferred inflows which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, these items, net difference between projected and actual investment earnings, changes in proportion, and differences between expected and actual experience, are reported on the Statement of Net Position. Net differences between expected and actual investment earnings are amortized into pension expense over a five-year period. Changes in proportion and difference between expected and actual experience are amortized into pension expense over the average remaining service life of the employee participants. The University has recorded \$2,781,491 related to changes in proportion, \$495,270 in net differences between expected and actual investment earnings, and \$1,474,135 related to differences between expected and actual experience.

Compensated absences: The University permits employees to accumulate a limited amount of earned but unused vacation leave based on employment classification and length of employment. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Proprietary funds report the liability as incurred.

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on the length of service. No more than thirty (30) working days, or two hundred forty (240) hours of annual leave, may be paid out if an employee terminates with the University.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the proprietary fund that will pay it. In prior years, all of the related expenditures have been liquidated. Amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statements of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Long-term obligations: In the financial statements, long-term debt and other long-term obligations are reported as liabilities. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or on a straight-line basis if the difference is inconsequential. For financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net position classification policies and procedures: Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets:*
This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position:*
Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Nonexpendable restricted net position consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.
- c. *Unrestricted net position:*
All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

D. Income Taxes

The ENMU-Foundation, ENMU-Ruidoso Foundation, and ENMU-Roswell Foundation are not-for-profit corporations and have been recognized as tax-exempt pursuant to Sec. 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of an organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than a 50.00% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ended June 30, 2016.

The Foundations file their forms 990 in the U.S. federal jurisdiction and a copy is filed with the Attorney General of New Mexico, Registry of Charitable Organizations. The Foundations are generally no longer subject to examination by the Internal Revenue Service for years before 2013.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the University’s financial statements include the allowance for uncollectible accounts, depreciation on assets over their estimated useful lives, the current portion of compensated absences, the net pension liability and related deferred inflows and outflows of resources.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are prepared annually by University personnel and include a proposed operating budget of estimated revenues and expenditures for the ensuing fiscal year. The budget and subsequent revisions are presented to the University's Board of Regents, the State of New Mexico Higher Education Department, and the Department of Finance and Administration for approval. 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.

These budgets are prepared on a non-GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by the University Board in accordance with the above procedures.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis can be found in the budgetary statements.

NOTE 3. Deposit and Investments

State statutes authorize the investment of University 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. The University is not aware of any investments that did not meet the State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or noninterest 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 collateralized as required by statute. The financial institution must provide pledged collateral or 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in nondemand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asking price on United States treasury bills of the same maturity on the day of deposit.

Excess 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.

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 or 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.

Custodial Credit Risk- Deposits Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2016, \$25,159,323 of the University's bank balances of \$33,250,012 were exposed to custodial credit risk. \$24,314,546 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the University's name, and \$844,777 was uninsured and uncollateralized.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposit and Investments (continued)

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, 2016, none of the component units' bank balances of \$526,450 were uncollateralized and uninsured.

	<u>Bank of America</u>	<u>Compass Bank</u>	<u>James Polk Stone Community Bank</u>	<u>Pioneer Bank</u>
Amount of deposits	\$ 2,530,315	\$ 3,421,269	\$ 2,056,169	\$ 8,952,673
FDIC coverage	(250,000)	(272,434)	(357,915)	(260,681)
SIPC coverage	-	-	-	-
Total uninsured public funds	<u>2,280,315</u>	<u>3,148,835</u>	<u>1,698,254</u>	<u>8,691,992</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	<u>2,239,655</u>	<u>2,825,000</u>	<u>1,224,136</u>	<u>8,691,992</u>
Uninsured and uncollateralized	<u>\$ 40,660</u>	<u>\$ 323,835</u>	<u>\$ 474,118</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 1,140,158	\$ 1,574,418	\$ 849,127	\$ 2,708,553
Collateral requirement (102%)	-	-	-	3,274,885
Pledged securities	<u>2,239,655</u>	<u>2,825,000</u>	<u>1,224,136</u>	<u>12,784,438</u>
Over (under) collateralized	<u>\$ 1,099,497</u>	<u>\$ 1,250,582</u>	<u>\$ 375,009</u>	<u>\$ 13,350,770</u>
	<u>US Bank</u>	<u>Wells Fargo Bank</u>	<u>Moreton Capital Markets</u>	<u>Total</u>
Amount of deposits	\$ 9,575,508	\$ 657,392	\$ 6,056,686	\$ 33,250,012
FDIC coverage	(250,000)	(642,973)	-	(2,034,003)
SIPC coverage	-	-	(6,056,686)	(6,056,686)
Total uninsured public funds	<u>9,325,508</u>	<u>14,419</u>	<u>-</u>	<u>25,159,323</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	<u>9,325,508</u>	<u>8,255</u>	<u>-</u>	<u>24,314,546</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 6,164</u>	<u>\$ -</u>	<u>\$ 844,777</u>
Collateral requirement (50%)	\$ 4,662,754	\$ 7,210	\$ -	\$ 10,942,220
Collateral requirement (102%)	-	-	-	3,274,885
Pledged securities	<u>15,000,000</u>	<u>8,255</u>	<u>-</u>	<u>34,081,484</u>
Over (under) collateralized	<u>\$ 10,337,246</u>	<u>\$ 1,045</u>	<u>\$ -</u>	<u>\$ 26,414,149</u>

The collateral pledged is listed on Schedules VII of this report. 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.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 3. Deposit and Investments (continued)

Investments

The University invests excess cash in the *New MexiGROW* Local Government Investment Pool (LGIP). The LGIP investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not Securities and Exchange Commission (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 6-10-10P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

The University's investments at June 30, 2016 are summarized as follows:

Investment	Rating	Fair Value	Maturity
State Investment Council (pooled funds)	Not rated	\$ 11,182,511	Less than 90 days
State Investment Council (land grant)	Not rated	11,363,760	Less than 90 days
<i>New MexiGROW</i> LGIP	AAAm	19,025,545	44 day WAM(R); 77 day WAM(F)
U.S. treasury money market mutual funds	Aaa	4,306,314	Less than 365 days
		<u>\$ 45,878,130</u>	

The investments are listed on Schedule VI of this report. The types of investment, interest rate, maturity date, and fair value per security are included in this schedule.

The University also has \$780,158 in New Mexico Finance Authority (NMFA) cash that is not included as an investment but instead as restricted cash in the Statement of Net Position. The University has an additional amount of \$6,406,735 invested in certificates of deposits that are classified as investment on the Statement of Net Position but are considered deposits in Schedule VI of this report.

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 75.00% of the funds will be invested in equities and 25.00% in fixed income securities.

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

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposit and Investments (continued)

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Exhibit A-1	\$23,708,269
Restricted cash and cash equivalents per Exhibit A-1	833,555
Investments per Exhibit A-1	47,978,551
Restricted investments per Exhibit A-1	<u>4,306,314</u>
 Total cash, cash equivalents, and investments	 <u>76,826,689</u>
 Add: outstanding items	 3,112,492
Less: deposits in transit	(12,986)
Less: NMFA restricted cash and investments	(5,086,472)
Less: <i>New MexiGROW- LGIP</i>	(19,025,545)
Less: SIC endowment	(22,546,271)
Less: petty cash	<u>(17,895)</u>
 Bank balance of deposits	 <u><u>\$33,250,012</u></u>

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 3. Deposit and Investments (continued)

The University maintained a balance of \$11,182,511 in State Investment Council (SIC) endowment investments at year end which required fair value disclosure. The University also maintained a balance of \$11,367,016 in the SIC land grant at year end, which is not subject to the fair value disclosure as it represents the University's share in the State of New Mexico's Land Grant Permanent Fund.

The following table sets forth by level within the fair value hierarchy, the University's assets at fair value as of June 30, 2016:

Level 1	Level 2	Level 3	Total
\$ 2,485,515	\$ 8,696,996	\$ -	\$ 11,182,511

NOTE 4. Receivables, Net

At June 30, 2016, net receivables consisted of the following:

Student tuition and fees	\$7,418,976
Federal grants	818,676
State grants	3,559,037
Private grants	396,853
Other	1,844,812
	14,038,354
Allowance for uncollectible accounts	(5,577,058)
Receivables, net	\$8,461,296

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2016 is summarized as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated				
Land and improvements	\$ 8,242,712	\$ -	\$ -	\$ 8,242,712
Construction in progress	6,711,430	17,082,691	8,720,474	15,073,647
Total capital assets not being depreciated	<u>14,954,142</u>	<u>17,082,691</u>	<u>8,720,474</u>	<u>23,316,359</u>
Capital assets being depreciated				
Buildings and improvements	192,145,754	8,600,414	-	200,746,168
Infrastructure	25,345,915	1,023,013	-	26,368,928
Equipment	37,940,174	1,386,276	353,570	38,972,880
Software	1,623,666	-	-	1,623,666
Library books	15,171,901	394,544	4,231,820	11,334,625
Total capital assets being depreciated	<u>272,227,410</u>	<u>11,404,247</u>	<u>4,585,390</u>	<u>279,046,267</u>
Less accumulated depreciation				
Buildings and improvements	69,834,969	4,462,787	-	74,297,756
Infrastructure	12,661,143	1,153,055	-	13,814,198
Equipment	33,301,402	1,417,740	327,594	34,391,548
Software	1,608,796	6,532	-	1,615,328
Library books	14,251,448	448,793	4,231,820	10,468,421
Total accumulated depreciation	<u>131,657,758</u>	<u>7,488,907</u>	<u>4,559,414</u>	<u>134,587,251</u>
Total capital assets, net of depreciation	<u>\$ 155,523,794</u>	<u>\$ 20,998,031</u>	<u>\$ 8,746,450</u>	<u>\$ 167,775,375</u>
Capital asset summary				
Capital assets not being depreciated	\$ 14,954,142	\$ 17,082,691	\$ 8,720,474	\$ 23,316,359
Capital assets being depreciated	<u>272,227,410</u>	<u>11,404,247</u>	<u>4,585,390</u>	<u>279,046,267</u>
Total cost of capital assets	287,181,552	28,486,938	13,305,864	302,362,626
Less accumulated depreciation	<u>131,657,758</u>	<u>7,488,907</u>	<u>4,559,414</u>	<u>134,587,251</u>
Capital assets, net	<u>\$ 155,523,794</u>	<u>\$ 20,998,031</u>	<u>\$ 8,746,450</u>	<u>\$ 167,775,375</u>

NOTE 6. Accrued Expenses and Other Liabilities

Accrued liabilities for the year ended June 30, 2016 are summarized as follows:

Accrued payroll	\$ 2,236,692
Accrued taxes and benefits	3,628,695
Accrued interest	<u>370,000</u>
	<u>\$ 6,235,387</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 7. Unearned Revenues

Unearned revenues for the year ended June 30, 2016 are summarized as follows:

Student tuition and fees	\$ 3,205,496
Federal, state, and private grants	1,227,995
Other	<u>3,731,238</u>
	<u>\$ 8,164,729</u>

NOTE 8. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016 are summarized as follows:

	Balance			Balance	Amount
	June 30, 2015	Additions	Retirements	June 30, 2016	Due Within
					One Year
Bonds payable	\$ 44,430,000	\$ -	\$ 1,670,000	\$ 42,760,000	\$ 1,560,000
Capital leases payable	153,972	-	74,898	79,074	79,074
Accrued compensated absences	1,541,215	1,108,062	1,102,415	1,546,862	1,147,922
Student loan program	6,389,314	-	-	6,389,314	-
	<u>\$ 52,514,501</u>	<u>\$ 1,108,062</u>	<u>\$ 2,847,313</u>	<u>\$ 50,775,250</u>	<u>\$ 2,786,996</u>

Student loan program liabilities represent the federal share of the Perkins loan program. The program is currently being phased out, and the University is working on liquidating the balance. In the 2016 year, a payment of \$1,828,049 in excess cash was remitted back to the federal government.

NOTE 9. Bonds Payable

Outstanding bonds payable as of June 30, 2016 is summarized as follows:

Description	Interest Rate	Balance June 30, 2016	Final Maturity
System Revenue Bond Series 2011B	0.90-4.66%	\$ 24,925,000	04/01/36
System Improvement Revenue Bond Series 2015A	0.34-3.93%	12,195,000	04/01/45
System Revenue Refunding Bond Series 2015B	0.34-2.44%	5,640,000	04/01/26
		<u>\$ 42,760,000</u>	

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 9. Bonds Payable (continued)

Scheduled maturities of bonds payable are as follows for the years subsequent to June 30, 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011 Revenue Series			
2017	\$ 735,000	\$ 983,607	\$ 1,718,607
2018	750,000	969,790	1,719,790
2019	765,000	953,139	1,718,139
2020	785,000	933,709	1,718,709
2021	810,000	911,885	1,721,885
2022-2026	4,460,000	4,145,702	8,605,702
2027-2031	7,435,000	3,056,095	10,491,095
2032-2036	9,185,000	1,302,920	10,487,920
	<u>24,925,000</u>	<u>13,256,847</u>	<u>38,181,847</u>
2015 Improvement Revenue Series A			
2017	\$ 295,000	\$ 388,581	\$ 642,348
2018	295,000	386,663	683,581
2019	300,000	383,773	681,663
2020	300,000	379,963	683,773
2021	305,000	375,554	679,963
2022-2026	1,620,000	1,787,010	3,404,314
2027-2031	1,835,000	1,568,334	3,405,658
2032-2036	2,170,000	1,241,096	3,410,126
2036-2040	2,600,000	805,974	3,406,888
2041-2045	2,475,000	252,822	3,408,794
	<u>12,195,000</u>	<u>7,569,770</u>	<u>19,764,770</u>
2015 Revenue Refunding Series B			
2017	\$ 530,000	\$ 97,752	\$ 626,764
2018	535,000	94,306	627,752
2019	540,000	89,063	629,306
2020	545,000	82,205	629,063
2021	555,000	74,194	627,205
2022-2026	2,935,000	206,052	3,139,622
	<u>5,640,000</u>	<u>643,572</u>	<u>6,283,572</u>
	<u>\$ 42,760,000</u>	<u>\$ 21,470,189</u>	<u>\$ 64,230,189</u>

On April 19, 2005, the Roswell Branch Campus issued \$4,500,000 of General Obligation Building Bonds (Series 2005). The proceeds of the bonds were used for the purpose of erecting and furnishing, constructing, purchasing, and equipping a healthcare center for the University. These bonds were paid off as of June 30, 2016.

On July 29, 2011, the University issued \$28,050,000 of System Revenue Bonds (Series 2011). The proceeds of the bonds were used to (a) 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 (b) 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, 2016

NOTE 9. Bonds Payable (continued)

On May 1, 2015, the University issued \$18,655,000 of System Revenue Bonds (Series 2015). The proceeds of the bonds were used to (a) 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 (b) to pay all costs incidental to the foregoing and the issuance of the bonds.

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 and other miscellaneous revenue sources.

NOTE 10. Capital Leases Payable

The University purchased water saving commodes, retrofitted faucets, other equipment, and labor associated with those costs for the Portales branch at a cost of \$647,007 to provide the University with more efficient water usage. 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 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 from five (5) to twelve (12) years.

At June 30, 2016, the future minimum lease payments required under the lease are as follows:

	<u>Year ended June 30,</u>
	2016
	\$ 83,482
Total minimum lease payments	83,482
Amount representing interest	<u>(4,408)</u>
Present value of future minimum lease payments	<u>\$ 79,074</u>

NOTE 11. Pension Plan- Educational Retirement Board

Plan Description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico legislature and has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five (5) year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of seventy-five (75) or more; the member is at least sixty-five (65) years of age and has five (5) or more years of earned service credit; or the member has service credit totaling twenty-five (25) years or more.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of eighty (80) or more; the member is at least sixty-seven (67) years of age and has five (5) or more years of earned service credit; or the member has service credit totaling thirty (30) years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100.00% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50.00% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1st, beginning in the year the member attains or would have attained age sixty-five (65) or on July 1st of the year following the member's retirement date, whichever is later. Prior to June 30, 2013, the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4.00% nor be less than 2.00%, unless the change in CPI is less than 2.00%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013 for current and future retirees, the COLA was immediately reduced until the plan was 100.00% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with twenty-five (25) or more years of service credit will have a 10.00% COLA reduction; their average COLA will be 1.80%. All other retirees will have a 20.00% COLA reduction; their average COLA will be 1.60%. Once the funding is greater than 90.00%, the COLA reductions will decrease. The retirees with benefits at or below the median and with twenty-five (25) or more years of service credit will have a 5.00% COLA reduction; their average COLA will be 1.90%. All other retirees will have a 10.00% COLA reduction; their average will be 1.80%. Members on disability retirement are entitled to a COLA commencing on July 1st of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1st in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least ten (10) years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2.00% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2.00% of FAS times year of service projected to age sixty (60). The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age sixty (60), the regular optional forms of payments are then applied. A member with five (5) or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age sixty-five (65).

Contributions. The contribution requirements of defined benefit plan members and the University are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015, employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016, contributions remained the same. Contributions to the pension plan from the University were \$4,760,776 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the University reported a liability of \$78,448,115 for its proportionate share of the net pension liability. The University's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the University's proportion was 1.2239% percent, which was a decrease of 0.0026% from its proportion measured as of June 30, 2014.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

For the year ended June 30, 2016, the University recognized pension expense of \$5,294,183. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,474,135
Changes of assumptions	2,698,248	-
Net difference between projected and actual earnings on pension plan investments	-	495,270
Changes in proportion and differences between contributions and proportionate share of contributions	961,971	2,781,491
Employer contributions subsequent to the measurement date	4,760,776	-
Total	<u>\$ 8,420,995</u>	<u>\$ 4,750,896</u>

\$4,760,776 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2016	\$ (852,262)
2017	(812,242)
2018	(515,736)
2019	1,089,563
Thereafter	-

Actuarial Assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2014. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age fifty-five (55) and their COLA will be deferred until age sixty-seven (67).
3. COLAs for most retirees are reduced until ERB attains a 100.00% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining period	Amortized- closed thirty (30) years from June 30, 2012 to June 30, 2042
Asset valuation method	Five (5) year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary increases	Composition: 3.00% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than ten (10) years of service
Investment rate of return	7.75%
Retirement age	Experience based table of age and service rates
Mortality	90.00% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one (1) year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on June 14, 2014. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

The following schedule shows the current asset allocation policy adopted June 14, 2014 as well as the prior year allocation policy targets.

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>After 6/14/2014</u>	<u>Prior to 6/14/2014</u>
Equities		
<i>Domestic Equities</i>		
Large cap equities	18%	20%
Small- mid cap equities	2%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	10%	10%
Total equities	35%	37%
Fixed Income		
Opportunistic credit	20%	20%
Core bonds	6%	7%
Emerging market debt	2%	2%
Total fixed income	28%	29%
Alternatives		
Real estate - REITS	7%	5%
Real assets	8%	7%
Private equity	11%	8%
Absolute return	0%	3%
Global asset allocation	5%	5%
Risk parity	5%	5%
Total alternatives	36%	33%
Cash	1%	1%
Total	100%	100%

For the years ended June 30, 2015 and 2014, the annual money-weighted rates of return on pension plan investments were for each asset class above 4.06% and 14.71%, respectively.

Discount Rate. A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015 and June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five (5) year contribution history.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Notes to the Financial Statements
 June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year ended 2015. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as of it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Proportionate share of the net pension liability	\$ 105,557,180	\$ 78,448,115	\$ 55,673,679

Pension Plan Fiduciary Net Position. Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2015 and 2014, which are publicly available at www.nmerb.org.

Payables to the Pension Plan. The University remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016, there were no contributions due and payable for the University.

NOTE 12. Post-Employment Benefits- State Retiree Health Care Plan

Plan Description. The University contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA board was established by the Retiree Health Care Act (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 (5) 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 (2) years; and 4) former governing authority members who served at least four (4) 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.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 12. Post-Employment Benefits- State Retiree Health Care Plan (continued)

The Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal member cover plans 3, 4, or 5; municipal fire member cover plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.50% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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, 2016, 2015, and 2014 were \$789,574, \$781,347, and \$785,181, respectively, which equal the required contributions for each 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 2016, the University paid Risk Management \$1,437,105 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.

NOTE 14. Federal and State Grants

In the normal course of operations, the University receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

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, 2016, the University had an obligation of \$2,120,478 for these contracts.

NOTE 16. Concentrations

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

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Financial Statements
June 30, 2016

NOTE 17. Subsequent Events

The University has evaluated events subsequent to June 30, 2016 that would possibly require adjustment or disclosure in these financial statements through October 25, 2016, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2016 that would require adjustment or modification to the contents of these statements.

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The University will implement this standard during the fiscal year ended June 30, 2017. The University is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The University will implement this standard during the fiscal year ended June 30, 2017. The University is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The University expects this pronouncement to have a material effect on the University's financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The University will implement this standard during the fiscal year ended June 30, 2017. The University is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of the University's Proportionate
 Share of the Net Pension Liability
 Educational Retirement Board (ERB) Plan
 Last 10 Fiscal Years*

Schedule I

	2016	2015
Proportion of the net pension liability (asset)	1.22%	1.25%
Proportionate share of the net pension liability (asset)	\$ 78,448,115	\$ 71,531,017
Covered employee payroll	37,700,936	37,712,383
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	208.08%	189.68%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

* The amounts presented were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of the University's Contributions
 Educational Retirement Board (ERB) Plan
 Last 10 Fiscal Years*

Schedule II

	2016	2015
Contractually required contribution	\$ 4,760,776	\$ 4,785,777
Contributions in relation to the contractually required contribution	4,760,776	4,785,777
Contribution deficiency (excess)	-	-
Covered employee payroll	37,933,765	37,700,936
Contributions as a percentage of covered employee payroll	12.55%	12.69%

* The amounts presented were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to Required Supplementary Information
June 30, 2016

Changes of Benefit Terms. The COLA and retirement eligibility benefits changes in recent years are described in *Benefits Provided* subsection of the financial statement note disclosure *Pension Plan- Educational Retirement Board, General Information on the Pension Plan*.

Changes of Assumptions. The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described above.

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, 2016

	Portales Campus			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Unrestricted and restricted- all operations beginning fund balance	\$ 11,886,943	\$ 29,842,791	\$ 29,842,791	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	32,595,500	32,400,300	32,400,358	58
Federal revenue sources	33,450,801	33,449,901	27,734,239	(5,715,662)
Tuition and fees	20,841,010	20,931,010	18,749,463	(2,181,547)
Land and permanent fund	605,000	550,000	607,972	57,972
Endowments and private gifts	3,406,500	3,361,500	2,060,577	(1,300,923)
Tax levies	-	-	-	-
Other	19,193,189	22,930,289	21,831,865	(1,098,424)
Total unrestricted and restricted revenues	110,092,000	113,623,000	103,384,474	(10,238,526)
Unrestricted and Restricted Expenses				
Instruction	24,228,000	24,300,000	22,716,321	1,583,679
Academic support	7,291,000	7,360,000	4,383,413	2,976,587
Student services	3,640,000	3,710,000	3,207,606	502,394
Institutional support	7,105,000	7,250,000	7,170,374	79,626
Operation and maintenance of plant	6,544,000	6,300,000	5,536,626	763,374
Student social and cultural activities	944,000	1,060,000	944,765	115,235
Research	1,181,000	1,206,000	622,263	583,737
Public service	5,976,000	6,264,000	5,813,637	450,363
Internal service	262,000	262,000	(89,019)	351,019
Student aid, grants, and stipends	32,245,000	32,245,000	29,783,213	2,461,787
Auxiliary services	4,845,000	4,895,000	4,443,773	451,227
Intercollegiate athletics	5,174,000	5,325,000	4,024,252	1,300,748
Capital outlay	6,600,000	26,465,000	19,654,119	6,810,881
Building renewal and replacement	1,300,000	2,000,000	1,237,894	762,106
Retirement of indebtedness	3,082,000	3,099,000	3,074,183	24,817
Total unrestricted and restricted expenses	110,417,000	131,741,000	112,523,420	19,217,580
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	(325,000)	(18,118,000)	(9,138,946)	8,979,054
Ending fund balance	\$ 11,561,943	\$ 11,724,791	\$ 20,703,845	\$ 8,979,054

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		
\$ 16,671,741	\$ 18,606,290	\$ 18,606,290	\$ -
12,648,221	12,486,871	12,500,013	13,142
11,772,626	9,781,286	7,119,490	(2,661,796)
3,508,482	3,108,482	3,106,467	(2,015)
-	-	-	-
-	-	513	513
2,230,000	1,112,000	1,154,753	42,753
4,129,150	3,614,034	4,826,884	1,212,850
34,288,479	30,102,673	28,708,120	(1,394,553)
9,829,112	10,054,301	8,258,103	1,796,198
677,637	618,187	620,618	(2,431)
1,337,920	1,441,047	1,421,798	19,249
3,847,204	3,899,148	4,026,991	(127,843)
2,311,934	2,149,173	2,133,083	16,090
160,220	158,563	157,109	1,454
-	-	-	-
3,151,164	2,894,368	2,779,836	114,532
33,416	38,417	(289,405)	327,822
8,065,000	5,877,548	4,566,426	1,311,122
545,443	780,000	699,527	80,473
-	-	-	-
2,570,000	2,000,000	1,877,027	122,973
-	400,000	32,651	367,349
127,469	127,469	125,617	1,852
32,656,519	30,438,221	26,409,381	4,028,840
-	(52,475)	(52,475)	-
1,631,960	(388,023)	2,246,264	2,634,287
\$ 18,303,701	\$ 18,218,267	\$ 20,852,554	\$ 2,634,287

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, 2016

	Ruidoso Campus			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Unrestricted and restricted- all operations beginning fund balance	\$ 2,860,548	\$ 3,731,512	\$ 3,731,512	\$ -
Unrestricted and restricted revenues				
State general fund appropriations	2,122,400	2,127,485	2,127,485	-
Federal revenue sources	3,527,400	2,950,400	1,888,867	(1,061,533)
Tuition and fees	558,000	400,000	403,874	3,874
Land and permanent fund	-	-	-	-
Endowments and private gifts	235,000	135,000	14,612	(120,388)
Tax levies	1,115,000	1,126,150	1,185,595	59,445
Other	844,900	1,477,865	360,366	(1,117,499)
Total unrestricted and restricted revenues	8,402,700	8,216,900	5,980,799	(2,236,101)
Unrestricted and restricted expenses				
Instruction	2,689,000	2,569,000	2,032,258	536,742
Academic support	561,000	561,000	426,680	134,320
Student services	320,000	320,000	244,872	75,128
Institutional support	1,256,000	1,226,000	1,079,579	146,421
Operation and maintenance of plant	288,000	288,000	231,908	56,092
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	1,100,000	1,275,000	696,648	578,352
Internal service	(1,000)	1,000	(7,435)	8,435
Student aid, grants, and stipends	1,756,700	1,059,700	631,805	427,895
Auxiliary services	85,000	145,000	116,349	28,651
Intercollegiate athletics	-	-	-	-
Capital outlay	508,000	2,014,000	1,063,213	950,787
Building renewal and replacement	-	150,000	-	150,000
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	8,562,700	9,608,700	6,515,877	3,092,823
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	(160,000)	(1,391,800)	(535,078)	856,722
Ending fund balance	\$ 2,700,548	\$ 2,339,712	\$ 3,196,434	\$ 856,722

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		
\$ 31,419,232	\$ 52,180,593	\$ 52,180,593	\$ -
47,366,121	47,014,656	47,027,856	13,200
48,750,827	46,181,587	36,742,596	(9,438,991)
24,907,492	24,439,492	22,259,804	(2,179,688)
605,000	550,000	607,972	57,972
3,641,500	3,496,500	2,075,702	(1,420,798)
3,345,000	2,238,150	2,340,348	102,198
24,167,239	28,022,188	27,019,115	(1,003,073)
152,783,179	151,942,573	138,073,393	(13,869,180)
36,746,112	36,923,301	33,006,682	3,916,619
8,529,637	8,539,187	5,430,711	3,108,476
5,297,920	5,471,047	4,874,276	596,771
12,208,204	12,375,148	12,276,944	98,204
9,143,934	8,737,173	7,901,617	835,556
1,104,220	1,218,563	1,101,874	116,689
1,181,000	1,206,000	622,263	583,737
10,227,164	10,433,368	9,290,121	1,143,247
294,416	301,417	(385,859)	687,276
42,066,700	39,182,248	34,981,444	4,200,804
5,475,443	5,820,000	5,259,649	560,351
5,174,000	5,325,000	4,024,252	1,300,748
9,678,000	30,479,000	22,594,359	7,884,641
1,300,000	2,550,000	1,270,545	1,279,455
3,209,469	3,226,469	3,199,800	26,669
151,636,219	171,787,921	145,448,678	26,339,243
-	(52,475)	(52,475)	-
1,146,960	(19,897,823)	(7,427,760)	12,470,063
\$ 32,566,192	\$ 32,282,770	\$ 44,752,833	\$ 12,470,063

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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
For the Year Ended June 30, 2016

Schedule III
(continued)

Reconciliation of change in fund balance (budgetary basis) to change in fund balance (GAAP basis)	
Change in fund balance (budgetary basis)	\$ (7,427,760)
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	(16,902)
Depreciation and amortization expense	(7,488,907)
Capital outlay expenditures	19,740,487
Loan funds	(1,825,123)
Bond payments	1,744,898
Other	(478,825)
	4,247,868
Increase in fund balance (GAAP basis)	\$ 4,247,868

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Budgeted and Actual Revenues and Expenses
Unrestricted Current Funds- Instruction and General
For the Year Ended June 30, 2016

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning fund balance	\$ 1,315,856	\$ 1,742,129	\$ 1,742,129	\$ -
Unrestricted Revenues				
Tuition	14,737,000	14,827,000	14,809,435	(17,565)
Miscellaneous fees	3,297,000	3,297,000	937,593	(2,359,407)
Federal government appropriations	-	-	-	-
State government appropriations	29,018,400	28,844,600	28,844,658	58
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	73,825	(1,175)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	605,000	550,000	607,972	57,972
Private gifts	-	-	-	-
Sales and services	100,000	80,000	91,750	11,750
Tax levies	-	-	-	-
Other	132,600	74,400	251,952	177,552
Total unrestricted revenues	47,965,000	47,748,000	45,617,185	(2,130,815)
Unrestricted Expenses				
Instruction	23,228,000	23,300,000	22,158,462	1,141,538
Academic support	3,791,000	3,860,000	3,567,167	292,833
Student services	2,990,000	3,060,000	2,805,557	254,443
Institutional support	6,455,000	6,600,000	6,680,899	(80,899)
Operation and maintenance of plant	6,444,000	6,200,000	5,510,343	689,657
Total unrestricted expenses	42,908,000	43,020,000	40,722,428	2,297,572
Net transfers	(5,020,000)	(5,090,000)	(5,090,000)	-
Change in fund balance (budgetary basis)	37,000	(362,000)	(195,243)	166,757
Ending fund balance	\$ 1,352,856	\$ 1,380,129	\$ 1,546,886	\$ 166,757

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		
\$ 902,308	\$ 1,928,225	\$ 1,928,225	\$ -
2,885,832	2,485,832	2,398,063	(87,769)
622,650	622,650	708,404	85,754
-	-	-	-
12,238,500	12,165,200	12,165,200	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,050,000	1,050,000	1,082,017	32,017
245,900	205,284	342,371	137,087
17,042,882	16,528,966	16,696,055	167,089
8,233,319	8,099,142	6,526,591	1,572,551
677,637	618,187	620,618	(2,431)
1,337,920	1,441,047	1,421,798	19,249
3,847,204	3,899,148	4,026,991	(127,843)
2,311,934	2,149,173	2,133,083	16,090
16,408,014	16,206,697	14,729,081	1,477,616
(641,504)	(693,979)	(693,979)	-
(6,636)	(371,710)	1,272,995	1,644,705
\$ 895,672	\$ 1,556,515	\$ 3,201,220	\$ 1,644,705

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, 2016

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning fund balance	\$ 562,026	\$ 1,129,116	\$ 1,129,116	\$ -
Unrestricted Revenues				
Tuition	382,000	280,000	279,661	(339)
Miscellaneous fees	176,000	120,000	124,213	4,213
Federal government appropriations	-	-	-	-
State government appropriations	2,122,400	2,127,485	2,127,485	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments				-
Land and permanent fund				-
Private gifts				-
Sales and services				-
Tax levies	1,115,000	1,126,150	1,185,595	59,445
Other	22,600	39,565	55,986	16,421
Total unrestricted revenues	3,818,000	3,693,200	3,772,940	79,740
Unrestricted Expenses				
Instruction	1,544,000	1,544,000	1,251,300	292,700
Academic support	491,000	491,000	414,679	76,321
Student services	290,000	290,000	230,958	59,042
Institutional support	1,126,000	1,126,000	1,076,974	49,026
Operation and maintenance of plant	283,000	283,000	231,909	51,091
Total unrestricted expenses	3,734,000	3,734,000	3,205,820	528,180
Net transfers	(81,000)	(975,000)	(975,000)	-
Change in fund balance (budgetary basis)	3,000	(1,015,800)	(407,880)	607,920
Ending fund balance	\$ 565,026	\$ 113,316	\$ 721,236	\$ 607,920

The accompanying notes are an integral part of these financial statements.

Total University			
Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,780,190	\$ 4,799,470	\$ 4,799,470	\$ -
18,004,832	17,592,832	17,487,159	(105,673)
4,095,650	4,039,650	1,770,210	(2,269,440)
-	-	-	-
43,379,300	43,137,285	43,137,343	58
-	-	-	-
75,000	75,000	73,825	(1,175)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
605,000	550,000	607,972	57,972
-	-	-	-
100,000	80,000	91,750	11,750
2,165,000	2,176,150	2,267,612	91,462
401,100	319,249	650,309	331,060
68,825,882	67,970,166	66,086,180	(1,883,986)
33,005,319	32,943,142	29,936,353	3,006,789
4,959,637	4,969,187	4,602,464	366,723
4,617,920	4,791,047	4,458,313	332,734
11,428,204	11,625,148	11,784,864	(159,716)
9,038,934	8,632,173	7,875,335	756,838
63,050,014	62,960,697	58,657,329	4,303,368
(5,742,504)	(6,758,979)	(6,758,979)	-
33,364	(1,749,510)	669,872	2,419,382
\$ 2,813,554	\$ 3,049,960	\$ 5,469,342	\$ 2,419,382

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, 2016

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	5,300,000	5,300,000	1,921,672	(3,378,328)
State government contracts/grants	300,000	300,000	251,077	(48,923)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	300,000	300,000	119,162	(180,838)
Sales and services	-	-	-	-
Tax levies	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	5,900,000	5,900,000	2,291,911	(3,608,089)
Restricted Expenses				
Instruction	1,000,000	1,000,000	557,859	442,141
Academic support	3,500,000	3,500,000	816,246	2,683,754
Student services	650,000	650,000	402,049	247,951
Institutional support	650,000	650,000	489,475	160,525
Operation and maintenance of plant	100,000	100,000	26,282	73,718
Total unrestricted expenses	5,900,000	5,900,000	2,291,911	3,608,089
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

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		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,186,072	1,633,488	1,412,968	(220,520)
409,721	321,671	318,544	(3,127)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,595,793	1,955,159	1,731,512	(223,647)
1,595,793	1,955,159	1,731,512	223,647
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,595,793	1,955,159	1,731,512	223,647
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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, 2016

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	1,030,000	980,000	791,149	(188,851)
State government contracts/grants	150,000	150,000	15,603	(134,397)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	200,000	100,000	2,726	(97,274)
Sales and services	-	-	-	-
Tax levies	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	1,380,000	1,230,000	809,478	(420,522)
Restricted Expenses				
Instruction	1,145,000	1,025,000	780,959	244,041
Academic support	70,000	70,000	12,001	57,999
Student services	30,000	30,000	13,914	16,086
Institutional support	130,000	100,000	2,604	97,396
Operation and maintenance of plant	5,000	5,000	-	5,000
Total unrestricted expenses	1,380,000	1,230,000	809,478	420,522
Net transfers	-	-	-	-
Change in fund balance (budgetary basis)	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

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		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,516,072	7,913,488	4,125,789	(3,787,699)
859,721	771,671	585,224	(186,447)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
500,000	400,000	121,888	(278,112)
-	-	-	-
-	-	-	-
-	-	-	-
8,875,793	9,085,159	4,832,901	(4,252,258)
3,740,793	3,980,159	3,070,330	909,829
3,570,000	3,570,000	828,247	2,741,753
680,000	680,000	415,963	264,037
780,000	750,000	492,079	257,921
105,000	105,000	26,282	78,718
8,875,793	9,085,159	4,832,901	4,252,258
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Schedule of Budgeted and Actual Revenues and Expenses
Current and Plant Funds- By Campus
June 30, 2016

NOTE 1. Basis of Presentation

The accompanying Schedule of Budgeted and Actual- Current and Plant Funds- By Campus (the "Schedule"), for the year ended June 30, 2016, is prepared on the basis of accounting prescribed by the State of New Mexico Higher Education Department (HED). HED 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 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, HED, and the State Budget Division of the Department of Finance and Administration (DFA). To amend the budget, the University requires the following order of approval:

- 1) University President
- 2) University Board of Regents
- 3) The State of New Mexico Higher Education Department
- 4) The 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 position as reported on a budgetary basis to the change in net position as reported using GAAP. 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 the New Mexico Administrative Code 5.3.4.10- 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 expenditures over budgeted amounts. The University had no expenditures exceeding approved budgetary authority for the year ended June 30, 2016.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Deposit and Investment Accounts- University
June 30, 2016

Account Name	Account Type	Bank of America	Compass Bank
Deposits			
Operational- Portales	Checking- interest bearing	\$ -	\$ -
Payroll- Portales	Checking- interest bearing	-	-
Bond Sinking- Portales	Checking- interest bearing	-	-
Wire Clearing ENMU- Portales	Checking- interest bearing	-	-
Operational- Ruidoso	Checking- interest bearing	-	3,390,620
Operational- Roswell	Checking- interest bearing	2,195,740	-
Title IV- Roswell	Checking- noninterest bearing	334,575	-
Operating- Roswell	Checking- noninterest bearing	-	-
Payroll- Roswell	Checking- noninterest bearing	-	-
Sweep- Roswell	Checking- interest bearing	-	-
ENMU- Roswell Sweep	Checking- interest bearing	-	-
Construction- Roswell	Checking- noninterest bearing	-	-
10 Year Equity- Ruidoso	Certificate of deposit	-	22,434
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	-	-
ENMU- Roswell	Certificate of deposit	-	-
ENMU- Roswell	Certificate of deposit	-	-
ENMU- Roswell	Certificate of deposit	-	-
ENMU- Roswell	Certificate of deposit	-	-
Gear Up- Roswell	Certificate of deposit	-	-
Faculty Endowment- Roswell	Certificate of deposit	-	-
Unrestricted Investment- Roswell	Certificate of deposit	-	-
Gear Up- Roswell	Money market	-	-
Faculty Endowment- Roswell	Money market	-	-
Unrestricted Investment- Roswell	Money market	-	-
NMFA Reserve Account- Portales	Mutual funds	-	-
ENMU - Portales	LGIP	-	-
ENMU - Roswell	LGIP	-	-
SIC Endowment Fund- Portales	Land grant	-	-
SIC Endowment Institution	Trust	-	-
Total amount of deposit in bank		2,530,315	3,421,269
Outstanding items		(12,289)	(22,044)
Deposits in transit		6,452	1,134
Book balance		<u>\$ 2,524,478</u>	<u>\$ 3,400,359</u>

See independent auditors' report.

James Polk Stone Community Bank	Pioneer Bank	US Bank	Wells Fargo Bank	Moreton Capital Markets	NMFA	NM State Treasurer and Other	Total
\$ -	\$ -	\$ 8,237,331	\$ -	\$ -	\$ -	\$ -	\$ 8,237,331
1,948,254	-	-	-	-	-	-	1,948,254
-	-	1,338,077	-	-	-	-	1,338,077
-	-	100	-	-	-	-	100
-	-	-	-	-	-	-	3,390,620
-	-	-	-	-	-	-	2,195,740
-	-	-	-	-	-	-	334,575
-	5,731,608	-	-	-	-	-	5,731,608
-	(288)	-	-	-	-	-	(288)
-	3,210,672	-	-	-	-	-	3,210,672
-	-	-	3,444	-	-	-	3,444
-	-	-	5,548	-	-	-	5,548
-	-	-	-	-	-	-	22,434
-	2,000	-	-	-	-	-	2,000
-	5,000	-	-	-	-	-	5,000
-	3,681	-	-	-	-	-	3,681
107,915	-	-	-	-	-	-	107,915
-	-	-	164,417	-	-	-	164,417
-	-	-	90,000	-	-	-	90,000
-	-	-	10,002	-	-	-	10,002
-	-	-	383,981	-	-	-	383,981
-	-	-	-	1,009,260	-	-	1,009,260
-	-	-	-	271,630	-	-	271,630
-	-	-	-	4,721,180	-	-	4,721,180
-	-	-	-	27,964	-	-	27,964
-	-	-	-	22,007	-	-	22,007
-	-	-	-	4,645	-	-	4,645
-	-	-	-	-	5,086,472	-	5,086,472
-	-	-	-	-	-	17,209,812	17,209,812
-	-	-	-	-	-	1,815,733	1,815,733
-	-	-	-	-	-	11,363,760	11,363,760
-	-	-	-	-	-	11,182,511	11,182,511
2,056,169	8,952,673	9,575,508	657,392	6,056,686	5,086,472	41,571,816	79,908,300
(3,872)	(497,924)	(2,576,363)	-	-	-	-	(3,112,492)
-	666	4,734	-	-	-	-	12,986
\$ 2,052,297	\$ 8,455,415	\$ 7,003,879	\$ 657,392	\$ 6,056,686	\$ 5,086,472	\$ 41,571,816	\$ 76,808,794

Plus: Petty cash	17,895
Less: investments per Exhibit A-1	(47,978,551)
Less: restricted cash and cash equivalents per Exhibit A-1	(833,555)
Less: restricted investments per Exhibit A-1	(4,306,314)
Cash and cash equivalents per Exhibit A-1	<u>\$ 23,708,269</u>

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STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Deposit and Investment Accounts- Component Units
June 30, 2016

Schedule VI
(continued)

Name of Bank/Broker	Account Type	Balance per Bank	Reconciled
Eastern New Mexico University Foundation			
Deposit accounts			
James Polk Stone National Bank	Checking- interest bearing	\$ 128,934	\$ 116,240
Edward Jones	Money market	148,982	148,982
		<u>\$ 277,916</u>	<u>\$ 265,222</u>
Investment accounts			
Edward Jones	Stocks	\$ 1,373	\$ 1,373
Edward Jones	Mutual funds	13,883,124	13,883,124
		<u>\$ 13,884,497</u>	<u>\$ 13,884,497</u>
ENMU- Roswell Foundation			
Deposit accounts			
Pioneer Bank	Checking- interest bearing	\$ 42,645	\$ 24,071
Pioneer Bank	Certificate of deposit	70,624	150,653
		<u>\$ 113,269</u>	<u>\$ 174,724</u>
Investment accounts			
Wells Fargo Advisors	Mutual Fund	\$ 782,466	\$ 782,466
UBS Investments	Mutual Fund	1	1
US Trust	Mutual Fund	5,308,220	5,308,220
Edward Jones	Mutual Fund	1,506,521	1,506,521
New Mexico Oil Corporation	Equity	701,395	701,395
		<u>\$ 8,298,603</u>	<u>\$ 8,298,603</u>
ENMU- Ruidoso Foundation			
Deposit accounts			
Compass Bank	Checking- noninterest bearing	\$ 135,265	\$ 135,265
		<u>\$ 135,265</u>	<u>\$ 135,265</u>
Investment accounts			
Lincoln County Community Foundation	Endowment	\$ 22,768	\$ 22,768
Lincoln County Community Foundation	Endowment	6,662	6,662
Lincoln County Community Foundation	Endowment	115,339	115,339
Lincoln County Community Foundation	Endowment	10,013	10,013
		<u>\$ 154,782</u>	<u>\$ 154,782</u>

See independent auditors' report.

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2016

Name of Depository	Description	Maturity	CUSIP/Commitment/ LOC Number
Bank of America	Fed. Ntl. Mtg. Asso.	2/20/2041	36230S3XO
	Fed. Ntl. Mtg. Asso.	1/1/2100	3140F1UM2
	Total Bank of America		
Compass Bank	FHLB Atlanta	10/19/2016	85004
	FHLB Atlanta	11/21/2016	86285
	FHLB Atlanta	12/21/2016	87737
	FHLB Atlanta	3/2/2017	90971
	FHLB Atlanta	4/14/2017	92846
	Total Compass Bank		
James Polk Stone Community Bank	Carlsbad NM Muni SD	8/1/2019	142735DV8
	FHLB Step Up Callable	4/30/2024	3130A1MA3
	Total James Polk Stone Community Bank		
Pioneer Bank	FHLB	1/11/2021	313381L29
	FFCB	12/17/2021	3133EC6W9
	Total Pioneer Bank		
U.S. Bank	Letter of Credit		
	Total U.S. Bank		
		N/A	N/A
Wells Fargo Bank	FN AR1117	2/1/2043	3138NXG35
	Total Wells Fargo Bank		
	Total pledged collateral		

See independent auditors' report.

Fair Market Value	Name and Location of Safe Keeper
\$ 1,575,743	Bank of America, N.A., Charlotte, NC
<u>663,912</u>	Bank of America, N.A., Charlotte, NC
<u>2,239,655</u>	
650,000	Federal Home Loan Bank, Atlanta, GA
1,500,000	Federal Home Loan Bank, Atlanta, GA
500,000	Federal Home Loan Bank, Atlanta, GA
50,000	Federal Home Loan Bank, Atlanta, GA
<u>125,000</u>	Federal Home Loan Bank, Atlanta, GA
<u>2,825,000</u>	
1,123,020	Texas Independent Bank, Dallas, TX
<u>101,116</u>	Texas Independent Bank, Dallas, TX
<u>1,224,136</u>	
5,007,315	Federal Home Loan Bank, Atlanta, GA
<u>7,777,123</u>	Federal Home Loan Bank, Atlanta, GA
<u>12,784,438</u>	
<u>15,000,000</u>	Federal Home Loan Bank, Cincinnati, OH
<u>15,000,000</u>	
<u>8,255</u>	Bank of New York Mellon, New York, NY
<u>8,255</u>	
<u>\$ 34,081,484</u>	

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Joint Powers Agreements and
 Memorandums of Understanding
 June 30, 2016

Participants	Responsible Party	Description
Joint Powers Agreements		
Eastern New Mexico University (the "University") and public educational institutions within the State of New Mexico	Eastern New Mexico University	To procure and deliver educational service 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
The University and the State Investment Council (SIC)	Eastern New Mexico University	To establish a relationship between the University and the SIC for the SIC to act as the investment manager for the University's funds
The University and Portales Municipal Schools	Eastern New Mexico University	To establish a relationship between the University and Portales Municipal Schools to share ownership and joint operation of a multi-use sports stadium constructed on land owned by the University
Memorandums of Understanding		
The University, Eastern New Mexico University-Ruidoso (ENMU-Ruidoso), and Eastern New Mexico University-Ruidoso Foundation (ENMU-Ruidoso Foundation)	Eastern New Mexico University	To create the ENMU-Ruidoso Foundation to help promote and achieve the goals and objective of ENMU-Ruidoso, and in doing so, assist in bringing about closer relationships, better understanding, and greater acceptance between ENMU-Ruidoso, its stakeholders, and the community
The University, Eastern New Mexico University-Roswell (ENMU-Roswell) and Eastern New Mexico University-Roswell Foundation (ENMU-Roswell Foundation)	Eastern New Mexico University	To create the ENMU-Roswell Foundation to help promote and achieve the goals and objective of ENMU-Roswell, and in doing so, assist in bringing about closer relationships, better understanding, and greater acceptance between ENMU-Roswell, its stakeholders, and the community

See independent auditors' report.

<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt. Agency Report Rev. & Exp.</u>
7/1/1984	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
11/17/1998	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
7/1/2014	6/30/2044	Between \$8.0 million and \$13.0 million	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
10/8/2011	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
4/30/2012	6/30/2016	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University

STATE OF NEW MEXICO
Eastern New Mexico University
Schedule of Capital Outlay Appropriations
June 30, 2016

Project #	Campus	Description	Source of Funding	Original Appropriation
14-1295	Portales	Golden Student Success Center	GOB 2015	\$ 11,000,000
A2599	Portales	Student instruction labs information technology	STB 2016A	135,000
15-0979	Portales	Electrical system upgrade	STB 2015	900,000
A2598	Portales	Stadium construction	STB 2016A	<u>256,000</u>
				<u>12,291,000</u>
14-1294	Ruidoso	Main entrance	GOB 2015	325,000
15-0977	Ruidoso	Ruidoso trades program	STB 2015	<u>600,000</u>
				<u>925,000</u>
14-1291	Roswell	Library acquisitions	GOB 2015	32,583
14-1293	Roswell	Critical infrastructure	GOB 2015	3,000,000
15-0975	Roswell	CDL simulation system	STB 2015	90,000
A2596	Roswell	Physical plant department trucks	STB 2016A	<u>30,000</u>
				<u>3,152,583</u>
				<u>\$ 16,368,583</u>

See independent auditors' report.

Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
3/25/2015- 6/30/2018	\$ 1,474,730	\$ 334,435	\$ 9,190,835
6/26/2016- 6/30/2018	-	-	135,000
8/12/2015- 6/30/2019	830,360	20,247	49,393
6/23/2016- 6/30/2020	-	-	256,000
	<u>2,305,090</u>	<u>354,682</u>	<u>9,631,228</u>
3/25/2015- 6/30/2018	22,291	32,829	269,880
8/12/2015-6/30/2019	-	52,072	547,928
	<u>22,291</u>	<u>84,901</u>	<u>817,808</u>
3/25/2015- 6/30/2018	16,144	-	16,439
3/25/2015- 6/30/2018	407,539	401,311	2,191,150
8/12/2015- 6/30/2019	-	90,000	-
6/23/2016- 6/30/2020	-	30,000	-
	<u>423,683</u>	<u>521,311</u>	<u>2,207,589</u>
	<u>\$ 2,751,064</u>	<u>\$ 960,894</u>	<u>\$ 12,656,625</u>

STATE OF NEW MEXICO
 Eastern New Mexico University- Portales and Ruidoso Campuses
 Schedule of Vendor Information for Purchases
 Exceeding \$60,000 (Excluding GRT)
 June 30, 2016

Prepared by Agency Staff: Chief Procurement Officer on June 30, 2016

<u>RFB#/ RFP#</u>	<u>Type of Procurement</u>	<u>Vendor Name</u>	<u>Did Vendor Win Contract?</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>
256	Competitive (RFP or RFB)	Chaparral HVAC	Winner	\$101,920.00	NA
P279-13	Competitive (RFP or RFB)	Summit Electric	Winner	\$185,294.00	NA
1848	Competitive (RFP or RFB)	Eppendorf	Winner	\$86,444.00	NA
1848	Competitive (RFP or RFB)	Fisher Scientific	Loser		NA
1849	Competitive (RFP or RFB)	Reed Roofing	Winner	\$103,446.00	NA
1849	Competitive (RFP or RFB)	WWRC	Loser		NA
1850	Competitive (RFP or RFB)	Empire Paper	Winner	\$40,396.00	NA
1850	Competitive (RFP or RFB)	Wagner Supply	Winner	\$36,156.00	NA
1850	Competitive (RFP or RFB)	Tronex	Winner	\$4,927.00	NA
1850	Competitive (RFP or RFB)	Unipak	Loser		NA
1850	Competitive (RFP or RFB)	All American Poly	Loser		NA
1850	Competitive (RFP or RFB)	LD Supply	Loser		NA
1850	Competitive (RFP or RFB)	Miller Paper	Loser		NA
1850	Competitive (RFP or RFB)	Interboro Packaging Corp.	Loser		NA
1850	Competitive (RFP or RFB)	AFP Industries	Loser		NA
1851	Competitive (RFP or RFB)	Carpenter Bus	Winner	\$133,900.00	NA
1851	Competitive (RFP or RFB)	Creative Bus Sales	Loser		NA
1851	Competitive (RFP or RFB)	Tillery Bus Sales	Loser		NA

See independent auditors' report.

<u>Physical Address of Vendor (City, State)</u>	<u>Did the Vendor provide documentation of eligibility for in-state preference?</u>	<u>Did the Vendor provide documentation of eligibility for veteran's preference?</u>	<u>Description of Work</u>
Portales, New Mexico	Yes	No	To provide HVAC services
Albuquerque, New Mexico	Yes	No	To purchase transformer upgrade
Hauppauge, New York	No	No	To purchase a PhotoBio reactor
Hanover Park, Illinois	No	No	To purchase a PhotoBio reactor
Clovis, New Mexico	Yes	No	To remodel roofs in West Campus
Clovis, New Mexico	Yes	No	To remodel roofs in West Campus
Amarillo, Texas	No	No	To purchase custodial supplies and equipment
Lubbock, Texas	No	No	To purchase custodial supplies and equipment
Mount Oliver, New Jersey	No	No	To purchase custodial supplies and equipment
Brooklyn, New York	No	No	To purchase custodial supplies and equipment
Piscataway, New Jersey	No	No	To purchase custodial supplies and equipment
Albuquerque, New Mexico	Yes	No	To purchase custodial supplies and equipment
Amarillo, Texas	No	No	To purchase custodial supplies and equipment
Montgomery, New York	No	No	To purchase custodial supplies and equipment
Miami, Florida	No	No	To purchase custodial supplies and equipment
Franklin, Tennessee	No	No	To purchase a bus for athletics
Albuquerque, New Mexico	Yes	No	To purchase a bus for athletics
Moriarty, New Mexico	Yes	No	To purchase a bus for athletics

STATE OF NEW MEXICO
 Eastern New Mexico University- Portales and Ruidoso Campuses
 Schedule of Vendor Information for Purchases
 Exceeding \$60,000 (Excluding GRT)
 June 30, 2016

<u>RFB#/ RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>		<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>
1853	Competitive (RFP or RFB)	Wagner Equipment Co.	Winner	\$81,500.00	
1853	Competitive (RFP or RFB)	Associated Supply Co., Inc.	Loser		
N/A	Sole Source	SPX Cooling Tech.	Winner	\$144,683.00	

See independent auditors' report.

Name and Physical Address of <u>ALL</u> Vendor(s) That Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Description of Work
Albuquerque, New Mexico	Yes	No	To purchase equipment
Lubbock, Texas	No	No	To purchase equipment
Overland Park, Kansas	No	No	To purchase a cooling tower

STATE OF NEW MEXICO
Eastern New Mexico University- Roswell Campus
Schedule of Vendor Information for Purchases
Exceeding \$60,000 (Excluding GRT)
June 30, 2016

Prepared by Agency Staff: Director of Accounting and Budget on June 16, 2016

<u>RFB#/ RFP#</u>	<u>Type of Procurement</u>	<u>Vendor Name</u>	<u>Did Vendor Win Contract?</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>
431	Competitive (RFP or RFB)	DKG & Associates	Winner	\$875,500.00	N/A
431	Competitive (RFP or RFB)	Speir Construction	Winner	\$385,170.00	N/A
431	Competitive (RFP or RFB)	Allen Roofing Company	Loser		N/A
431	Competitive (RFP or RFB)	Noble Journeyman Construction	Loser		N/A
431	Competitive (RFP or RFB)	WWRC	Loser		N/A
01-16	Competitive (RFP or RFB)	Simulator Systems Inter.	Winner	\$181,900.00	N/A
01-16	Competitive (RFP or RFB)	Advanced Training Systems	Loser		N/A
01-16	Competitive (RFP or RFB)	Doron Precision Systems	Loser		N/A
01-16	Competitive (RFP or RFB)	D.P. Associates (L-3 Communications)	Loser		N/A

See independent auditors' report.

Physical Address of Vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veteran's preference?	Description of Work
Albuquerque, New Mexico	Yes	No	To replace roofs throughout campus
Artesia, New Mexico	Yes	No	To replace roofs throughout campus
Roswell, New Mexico	Yes	No	To replace roofs throughout campus
El Paso, Texas	No	No	To replace roofs throughout campus
Clovis, New Mexico	Yes	No	To replace roofs throughout campus
Tulsa, Oklahoma	No	No	To design and build a CDL simulator system
Petersburgh, Florida	No	No	To design and build a CDL simulator system
Binghamton, New York	No	No	To design and build a CDL simulator system
Salt Lake City, Utah	No	No	To design and build a CDL simulator system

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COMPLIANCE SECTION

**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***

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University (the "University") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and the budgetary comparisons presented as supplementary information, and have issued our report thereon dated October 25, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

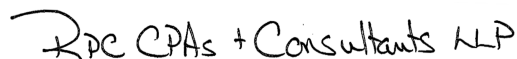
We noted certain matters that are required to be reported per section 12-6-5, NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5, NMSA 1978 Findings as items NM 2016-001, NM 2016-002, NM 201-003, NM 2016-004, and NM 2016-005.

The University's Responses to Findings

The University's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, NM
October 25, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget
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 ("the University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Other Matters

The result of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item FA 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

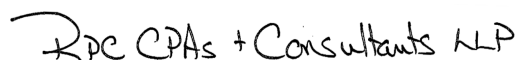
Report on Internal Control Over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, NM
October 25, 2016

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
Major Programs	
<u>U.S. Department of Education</u>	
Student Financial Aid Cluster	
Portales	SEOG
Roswell	SEOG
Ruidoso	SEOG
Portales	SEOG-ACA
Roswell	SEOG-ACA
Ruidoso	SEOG-ACA
Portales	SEOG Paid by College Workstudy Program
Roswell	SEOG Paid by College Workstudy Program
Portales	SEOG Paid by College Workstudy Program ACA
Roswell	SEOG Paid by College Workstudy Program ACA
Portales	College Workstudy Program
Roswell	College Workstudy Program
Ruidoso	College Workstudy Program
Portales	College Workstudy Program-ACA
Roswell	College Workstudy Program-ACA
Ruidoso	College Workstudy Program-ACA
Portales	College Workstudy Program-Non Match FWS
Roswell	College Workstudy Program-Non Match FWS
Portales	Pell Grant
Roswell	Pell Grant
Ruidoso	Pell Grant
Portales	Pell Grant-Prior Year
Roswell	Pell Grant-Prior Year
Portales	TEACH Grant
Portales	TEACH Grant-Prior Year

Total Student Financial Aid Cluster

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

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
84.007	P007A152641	\$ 313,483	\$ -	\$ -
84.007	P007A152641	111,958	-	-
84.007	P007A152641	22,391	-	-
84.007	P007A152641	20,899	-	-
84.007	P007A152641	7,464	-	-
84.007	P007A152641	1,493	-	-
84.033	P033A152641	63,454	-	-
84.033	P033A152641	14,042	-	-
84.033	P033A152641	4,230	-	-
84.033	P033A152641	936	-	-
84.033	P033A152641	593,109	-	-
84.033	P033A152641	240,231	-	-
84.033	P033A152641	23,662	-	-
84.033	P033A152641	39,541	-	-
84.033	P033A152641	16,045	-	-
84.033	P033A152641	1,577	-	-
84.033	P033A152641	167,543	-	-
84.033	P033A152641	26,451	-	-
84.063	P063P151823	6,536,112	-	-
84.063	P063P151823	2,768,101	-	-
84.063	P063P151823	461,223	-	-
84.063	P063P141823	6,129	-	-
84.063	P063P141823	3,349	-	-
84.379	P379T161823	12,547	-	-
84.379	P379T151823	1,854	-	-
		<u>11,457,824</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
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Major Programs (continued)

U.S. Department of Education (continued)

TRIO Cluster

Portales	Student Support Services 14-15
Portales	Student Support Services 15-16
Roswell	Student Support Services 15-16
Portales	Talent Search 13-14
Portales	Talent Search 14-15
Portales	Talent Search 15-16
Roswell	Talent Search September-June
Roswell	Talent Search July-August
Portales	Upward Bound 13-14
Portales	Upward Bound 14-15
Portales	Upward Bound 15-16
Roswell	Upward Bound July-August
Roswell	Upward Bound September-June
Roswell	EOC July-August
Roswell	EOC September-June

Total TRIO Cluster

	Gaining Early Awareness and Readiness for Undergraduate Programs
Roswell	GEAR Up July- September 25th
Roswell	GEAR Up September 26- June

Total Gaining Early Awareness and Readiness for Undergraduate Programs

Total U.S. Department of Education (major)

Total major programs

Nonmajor Programs

U.S. Department of Agriculture

	Higher Education- Institution Challenge Grant Program
Portales	USDA-NIFA HSI
Portales	USDA-NIFA HSI

Total Higher Education- Institution Challenge Grant Program

	Hispanic Serving Institutions Education Grants
Portales	USDA-NIFA HSI

	Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants
	<i>Passed through New Mexico State University</i>
Portales	Alliance for Minority Participation

See independent auditors' report.

See accompanying notes to the schedule of expenditures of federal awards.

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
84.042A	P042A101007	58,444	-	-
84.042A	P042A101007	256,697	-	-
84.042A	PO42A151610	167,616	-	-
84.044A	P044A110619	49,005	-	-
84.044A	P044A110619	183,048	-	-
84.044A	P044A110619	175,799	-	-
84.044A	P044A110605-15	262,864	-	-
84.044A	PO44A110605-14	56,293	-	-
84.047A	P047A121635	24,909	-	-
84.047A	P047A121635	62,539	-	-
84.047A	P047A121635	193,604	-	-
84.047A	P047A121674-14	72,445	-	-
84.047A	P047A121674-15	216,312	-	-
84.066A	P-066A110019-14	45,630	-	-
84.066A	P066A110019-15	266,999	-	-
		<u>2,092,204</u>	<u>-</u>	<u>-</u>
84.334A	P334A110054-14	79,762	-	-
84.334A	P334A110054-15	1,026,628	-	-
		<u>1,106,390</u>	<u>-</u>	<u>-</u>
		<u>14,656,418</u>	<u>-</u>	<u>-</u>
		<u>\$ 14,656,418</u>	<u>\$ -</u>	<u>\$ -</u>
10.217	2014-70003-22367	\$ 10,332	\$ -	\$ -
10.217	2014-70003-22367	<u>35,118</u>	<u>-</u>	<u>-</u>
		<u>45,450</u>	<u>-</u>	<u>-</u>
10.223	2015-38422-24062	69,395	-	-
10.226	EQ01613	19,040	-	-

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
Nonmajor Programs (continued)	
<u>U.S. Department of Agriculture (continued)</u>	
	<i>Passed through the New Mexico Children, Youth, and Families Department</i>
	Child and Adult Care Food Program (CACFP)
Portales	CDC Food Program
	Summer Food Service Program for Children (SFSPC)
Roswell	Food Program Upward Bound
	USDA Forest Service- Lincoln National Forest
Ruidoso	Collaborative Restoration Grant
	Public Television Station Digital Transition Grant Program
Portales	KENW Mescalero Translator Project
Total U.S. Department of Agriculture	
<u>U.S. Department of the Interior</u>	
	State Wildlife Grants
	<i>Passed through New Mexico Game and Fish Department</i>
Portales	New Mexico Game and Fish
Total U.S. Department of the Interior	
<u>U.S. Department of Labor</u>	
	WIA Cluster
	<i>Passed through Eastern Area Workforce Development Board</i>
Ruidoso	WIA Adult Service
Ruidoso	WIA Dislocated Worker
Total WIA Cluster	
	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant
	<i>Passed through Santa Fe Community College</i>
Roswell	TAACCCT
Ruidoso	Trade Adjustment Assistance Community College
Ruidoso	Trade Adjustment Assistance Community College
Ruidoso	Trade Adjustment Assistance Community College
Total Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant	
Total U.S. Department of Labor	

See independent auditors' report.

See accompanying notes to the schedule of expenditures of federal awards.

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
10.558	0191	8,636	-	-
10.559	50531	4,054	-	-
10.679	13-DG-11030800-015	120,726	-	-
10.681	NM1601-B33	<u>68,749</u>	<u>-</u>	<u>-</u>
		<u>336,050</u>	<u>-</u>	<u>-</u>
15.634	51600-0000052245	<u>17,313</u>	<u>-</u>	<u>-</u>
		<u>17,313</u>	<u>-</u>	<u>-</u>
17.258	OSC15/16-ENMU-RU	373,804	-	-
17.278	OSC15/16-ENMU-RU	<u>126,242</u>	<u>-</u>	<u>-</u>
		<u>500,046</u>	<u>-</u>	<u>-</u>
17.282	411322-3501-102	410,165	-	-
17.282	TC-26486-14-60-A-35	23	-	-
17.282	TC-26486-14-60-A-35	88,857	-	-
17.282	TC-26486-14-60-A-35	<u>101,275</u>	<u>-</u>	<u>-</u>
		<u>600,320</u>	<u>-</u>	<u>-</u>
		<u>1,100,366</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
Nonmajor Programs (continued)	
	<u>U.S. Department of Transportation</u>
	<i>Passed through New Mexico Department of Transportation</i>
Portales	National Priority Safety Programs
	Total U.S. Department of Transportation
	<u>National Science Foundation</u>
	Office of Cyberinfrastructure
Portales	EPSCOR-Biofuel
Portales	EPSCOR-Osmotic Power
Portales	EPSCOR Seed Award
	Total National Science Foundation
	<u>Small Business Administration</u>
	Small Business Development Centers
	<i>Passed through Santa Fe Community College</i>
Roswell	SBDC
	Total Small Business Administration
	<u>U.S. Department of Education</u>
	Adult Education- Basic Grants to States
	<i>Passed through the New Mexico Higher Education Department</i>
Roswell	ELCIVICS
Roswell	ABE Textbooks
Roswell	ABE Federal
Ruidoso	ABE Federal
	Total Adult Education-Basic Grants to States

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

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
20.616	16-ST-05d-112	775	-	-
		775	-	-
47.080	IIA-1301346	58,825	-	-
47.080	IIA-1301346	3,382	-	-
47.080	IIA-1301346	28,943	-	-
		91,150	-	-
59.037	SBAAHQ-13-B-0041	135,064	-	-
		135,064	-	-
84.002	V002A140032	31,841	-	-
84.002	49828	17,037	-	-
84.002	V002A140032	180,542	-	-
84.002	N/A	68,488	-	-
		297,908	-	-

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
Nonmajor Programs (continued)	
<u>U.S. Department of Education (continued)</u>	
	Higher Education-Institutional Aid- Title III, Part F, and Title V Cluster
Portales	HSI-STEM & Articulation Program Year 2
Portales	HSI-STEM & Articulation Program Year 3
Portales	HSI-STEM & Articulation Program Year 4
Portales	HSI-STEM & Articulation Program Year 5
Portales	PPOHA Yr 4 13-14
Portales	PPOHA Yr 5 14-15
Portales	ENMU HSI Proj Eval & Mgmt
Portales	ENMU Rural HSI Inst Partner
Portales	CCC Rural HSI Inst Partner
Roswell	Title V
Roswell	Title V Coop Roswell
Roswell	Title V Coop Taos
Ruidoso	Title V: Prgms for First Responder
Ruidoso	Title V: Prgms for First Responder
	<i>Total Higher Education- Institutional Aid- Title III, Part F, and Title V Cluster</i>
	<i>Passed through the New Mexico Public Education Department</i>
	Career and Technical Education- Basic Grants to States (Perkins IV)
Portales	CTLP/CTSO Federal
Roswell	Carl Perkins
Roswell	Carl Perkins Non Traditional Grant
Roswell	Carl Perkins carryover July-September 2015
Roswell	Carl Perkins carryover - December 2015
	<i>Total Career and Technical Education- Basic Grants to States (Perkins IV)</i>
Portales	University Immersion Institute
	English Language Acquisition State Grants
Portales	Project Maestros 12-13
Portales	Project Maestros 13-14
Portales	Project Maestros 15-16
	<i>Total English Language Acquisition State Grants</i>

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

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
84.031C	P031C110114	412	-	-
84.031C	P031C110114	30,527	-	-
84.031C	P031C110114	184,750	-	-
84.031C	P031C110114	205,479	-	-
84.031M	P031M1105036	35,128	-	-
84.031M	P031M1105036	149,079	-	-
84.031S	P031S150047	56,507	-	-
84.031S	P031S150047	57,484	-	-
84.031S	P031S150047	19,422	-	-
84.031S	P031S120080-14	428,694	-	-
84.031S	P031S150229	88,093	-	-
84.031S	P031S150229	44,832	-	-
84.031S	P031S140171	211,925	-	-
84.031S	P031S140171	244,200	-	-
		<u>1,756,532</u>	<u>-</u>	<u>-</u>
84.048	16-924-00012	310,085	-	-
84.048A	V048A140031 24177	115,629	-	-
84.048A	16-924-00312	69,825	-	-
84.048A	V048A140031A 24179	23,766	-	-
84.048A	V048A140031A 24179	3,745	-	-
		<u>523,050</u>	<u>-</u>	<u>-</u>
84.293C	05-924-P527-0152	2,875	-	-
84.365Z	T365Z120149	5,375	-	-
84.365Z	T365Z120149	93,822	-	-
84.365Z	T365Z120149	198,084	-	-
		<u>297,281</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Campus Location	Federal Grantor/Pass- Through Grantor/Program or Cluster Title
Nonmajor Programs (continued)	
	<u>U.S. Department of Education (continued)</u>
	Improving Teacher Quality State Grants
	<i>Passed through the New Mexico Higher Education Department</i>
Portales	Unpacking the NMCCSS
Portales	ITQ-Unpacking the NMCCSS
	<i>Total Improving Teacher Quality State Grants</i>
	Total U.S. Department of Education (nonmajor)
	Total U.S. Department of Education (major and nonmajor)
	<u>U.S. Department of Health and Human Services</u>
	National Center for Research Resources
	<i>Passed through New Mexico State University</i>
Portales	INBRE-Montgomery
Portales	INBRE-Barlow
Portales	INBRE-Stollar
	<i>Total National Center for Research Resources</i>
	<i>Passed through the New Mexico Children, Youth, and Families Department</i>
	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Portales	CYFD Federal 15-16
	Foster Care Title IV-E
Portales	CYFD/PSD BSW Program
	Biomedical Research and Research Training
	<i>Passed through New Mexico State University</i>
Portales	INBRE-Montgomery
Portales	INBRE-Barlow
Portales	INBRE-Stollar
	<i>Total Biomedical Research and Research Training</i>
	Total U.S. Department of Health and Human Resources
	Total nonmajor programs
	Total federal awards

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

<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Recipients</u>	<u>Noncash Assistance</u>
84.367	15-950-1200-0001	19,755	-	-
84.367	16-950-1200-0001	94,400	-	-
		<u>114,155</u>	<u>-</u>	<u>-</u>
		<u>2,991,801</u>	<u>-</u>	<u>-</u>
		<u>17,648,219</u>	<u>-</u>	<u>-</u>
93.859	Q01347	20,956	-	-
93.859	Q01347	64,400	-	-
93.859	Q01347	72,801	-	-
		<u>158,157</u>	<u>-</u>	<u>-</u>
93.596	14-690-15994-1	268,170	-	-
93.658	15-690-17359	119,568	-	-
93.859	Q01676	7,981	-	-
93.859	Q01676	19,318	-	-
93.859	Q01676	32,934	-	-
		<u>60,233</u>	<u>-</u>	<u>-</u>
		<u>606,128</u>	<u>-</u>	<u>-</u>
		<u>\$ 5,278,647</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>\$ 19,935,065</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Eastern New Mexico University
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2016

NOTE 1. Significant Accounting Policies

Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Eastern New Mexico University (the “University”) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 unearned revenues until earned.

The University is not a direct participant in federally funded student loan programs where it enables them to track outstanding balances of the loan. Other than the student loans listed, the University has no federally funded loans or loan guarantees as of June 30, 2016.

NOTE 2. Student Loans

As of June 30, 2016, outstanding student loan balances under the Federal Perkins Loan Program, CFDA #84.038, were \$4,790,197. Perkins Loans awarded for the year ended June 30, 2016 totaled \$5,100. Federal Direct Loans (which includes Stafford Loans and Parents' Plus Loans), CFDA #84.268, awarded for the year ended June 30, 2016 totaled \$17,002,167. Additionally, the University processed \$661,012 in new loans under the Alternative Student Loan Program. The Schedule of Expenditures of Federal Awards does not include these amounts.

NOTE 3. Indirect Cost Rates

The University did not elect to use the allowed 10% indirect cost rate. A lower rate of 8% is used for the programs.

NOTE 4. Federally Funded Insurance

The University has no federal funded insurance.

NOTE 5. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$19,935,065
Total expenditures funded by other sources	<u>86,942,984</u>
Total expenditures per statement of revenues, expenditures, and changes in net position	<u>\$106,878,049</u>

STATE OF NEW MEXICO
 Eastern New Mexico University
 Schedule of Findings and Questioned Costs
 June 30, 2016

Section I- Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards

- | | |
|---|------------|
| 1. Type of auditor's report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.007, 84.033, 84.063, 84.268, 84.379	Student Financial Aid Cluster
84.042A, 84.044A, 84.047A, 84.066A	TRIO Cluster
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs

- | | |
|--|------------|
| 5. Dollar threshold to distinguish between type A and type B programs: | \$ 750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Section II- Prior Year Audit Findings

None

Section III- Financial Statement Findings

None

Section IV- New Mexico State Audit Rule Section 12-6-5, NMSA 1978 Findings

NM 2016-001 TRIO-Upward Bound Eligibility Verification Documentation Missing- Portales (Finding That Does Not Rise to the Level of Significant Deficiency)

Condition: During our eligibility testwork, it was noted in one instance out of 40 where a signed statement was not included in the file that showed the student certified that neither parent attended college and the student qualified as a potential first generation student.

Criteria: 34 CFR section 645.4 documents that the grantee requirements for documenting the low-income and first-generation status of participants is to obtain and maintain a signed statement from a dependent's parent, or a signed statement from an independent participant.

Effect: Without the proper documentation on file, the University cannot be sure that the student was placed in the correct eligibility category.

Cause: The University did not maintain the interest form on file that documented that neither parent attended college.

Auditors' Recommendation: The University should ensure that all required documents are maintained on site in each file and are periodically reviewed for accuracy and completeness.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the Upward Bound program did not have a completed interest form for a student on file. The new Upward Bound Director has implemented processes/procedures to ensure accurate recordkeeping for each student. The initial process to review all active participant files for all required forms began October 1, 2016. The review process will continue until it is completed. This finding is expect to be resolved by June 30, 2017.

Section IV- New Mexico State Audit Rule Section 12-6-5, NMSA 1978 Findings (continued)

NM 2016-002 TRIO- Eligibility Verification Documentation Missing- Roswell (Finding That Does Not Rise to the Level of Significant Deficiency)

Condition: During our eligibility testwork, it was noted in one instance out of 40 where there was no signed application in the file for a participant in the Educational Opportunity Center (EOC) program. The missing application would have certified that the individual's information was correct, that the individual authorized the release of information, and that the student agreed to the services provided by the EOC program. It was also noted in one instance out of 40 that a student participating in the Talent Search program was flagged as being low income despite no information present in the application to indicate that the student was low income. The evaluation acceptance sheet marked the student as receiving free lunch, but there was no documentation on where the information came from to show it was verified, and this was not a school that granted free lunches to all students.

Criteria: 34 CFR section 644.32(c)(1) for the Educational Opportunity Center program documents that a grantee must maintain a record of the basis for the grantee's determination that the participant is eligible to participate in the project under 644.3. Part 644.32(a)(2) documents that the grantee shall determine the status of a low-income individual on the basis of the documentation described in section 402(e) of the HEA, which then requires that documentation consists of a a) signed statement from the individual, individual's parent or legal guardian depending on if the student is independent, b) verification from another governmental source, c) a signed financial aid application, or d) a signed United States or Puerto Rico income tax return.

34 CFR section 643.32(a)(2) for the Talent Search program documents that the grantee shall determine the status of a low-income individual on the basis of the documentation described in section 402(e) of the HEA, which then requires that documentation consists of a a) signed statement from the individual, individual's parent or legal guardian depending on if the student is independent, b) verification from another governmental source, c) a signed financial aid application, or d) a signed United States or Puerto Rico income tax return.

Effect: Without the proper documentation on file, the University cannot be sure that the student was placed in the correct eligibility category.

Cause: The University did not maintain the required documents on file to ensure the accuracy of the eligibility verification.

Auditors' Recommendation: The University should ensure that all required documents are maintained on site in each file and are periodically reviewed for accuracy and completeness.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the Educational Opportunity Center program did not have a completed interest form for a student on file. Educational Opportunity Center staff will ensure that application is filled out completely and signed by student. The Educational Opportunity Center Director will request weekly work from Educational Opportunity Center staff for review. Educational Talent Search will require all files have a permission form, tax information, FAFSA (Pell eligible), other school documentation (free lunch eligible), or indication on application form to verify that a student is first generation or first generation and low income. The files will be reviewed to determine eligibility weekly. This finding is expected to be resolved by June 30, 2017.

Section IV- New Mexico State Audit Rule Section 12-6-5, NMSA 1978 Findings (continued)

NM 2016-003 TRIO- Failure to Meet Earmarking Requirements- Roswell (Other Noncompliance)

Condition: During review of earmarking requirements, it was noted that for the Roswell campus, the Student Support Services (SSS) program served a 134 students during its first year; the program requires that first-year grantees serve 140 students.

Criteria: 34 CFR section 646.32(a) documents that for each year of the project period, a grantee must serve at least the number of participants that the Secretary identifies in the Federal Registrar notice inviting applications for a competition. Through this notice, the Secretary also provides the minimum and maximum grant award amounts for the competition.

Effect: Not serving the required minimum of students could result in noncompliance with the Student Support Services grant and loss of funding.

Cause: The University did not serve the required number of students for the 2016 grant year.

Auditors' Recommendation: The University should ensure that every effort is met to meet the required minimum of students served and that all earmarking requirements are followed each year.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the Student Support Services program did not serve the amount of students per the first-year requirements. Student Support Services was a new grant program for the 2015-2016 school year. It became fully staffed in November 2015, and completed academic advisement training in December 2015. As the Spring 2016 semester progressed, Student Support Services continued to recruit participants for the program. As the Spring semester progressed, other campus service areas became more familiar with the program requirements and specific eligibility standards and provided referrals. Student Support Services already has the 144 participants required for the 2016-2017 project year. Student Support Services was able to coordinate with other TRIO programs, such as Upward Bound and Talent Search, for intake of new first time full time students who meet the TRIO eligibility requirements. Better integration with the Student Success Center to identify students who meet the program eligibility requirements. Student Support Services has established a good working relationship with the Student Services Center in identifying and assisting program eligible students at the One Stop Center. Student Support Services has established a quality reputation on campus for referrals by faculty and staff. This finding is considered to be resolved as of October 28, 2016.

Section IV- New Mexico State Audit Rule Section 12-6-5, NMSA 1978 Findings (continued)

NM 2016-004 Gear Up- Incorrect Amounts on Matching Reports- Roswell (Finding That Does Not Rise to the Level of Significant Deficiency)

Condition: During our matching testwork for Gear Up, it was noted in two instances out of 40 where the time and effort hours reported were calculated incorrectly. The total amount of time was overstated by 13 hours in the amount of \$838.76.

Criteria: 34 CFR section 694.7(a) documents that an applicant must state in its application the percentage of the cost of the GEAR UP project the applicant will provide for each year from nonfederal funds and must make substantial progress towards meeting the matching percentage stated in its approved application for each year of the project period.

Effect: Without the proper documentation on file, the University is at risk of not meeting the nonfederal match for the grant.

Cause: The University did not ensure that the hours reported were reviewed carefully for accuracy.

Auditors' Recommendation: The University should ensure that all required documents are maintained on site in each file and are reviewed for accuracy and completeness prior to approval.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the GEAR UP program had two instances of using incorrect amount on matching reports. The GEAR UP Program Director will review and update GEAR UP Time and Effort documentation to insure correct time is logged for matching requirements. In future collection of the Time & Effort, each form will be recalculated. This finding is expected to be resolved by June 30, 2017.

Section IV- New Mexico State Audit Rule Section 12-6-5, NMSA 1978 Findings (continued)

NM 2016-005 Gear Up- Incorrect Benefit Rate Used- Roswell (Finding That Does Not Rise to the Level of Significant Deficiency)

Condition: During our review of nonfederal match documentation, it was noted that the University is using a rate of 33% to calculate time and effort amounts when its policy is to use a rate of 30%. For the grant year ending September 25, 2015, this would have reduced time and effort reporting by \$25,968.57. For the grant year ending September 25, 2016, this would have reduced time and effort reporting by \$22,451.29. Neither change would have brought the University under their required match threshold for that year.

Criteria: 34 CFR section 694.7(a) documents that an applicant must state in its application the percentage of the cost of the GEAR UP project the applicant will provide for each year from nonfederal funds and must make substantial progress towards meeting the matching percentage stated in its approved application for each year of the project period.

Effect: Using a cost rate that has not been approved in the policies could result in a change in nonfederal match amounts that could bring the University under their matching requirements.

Cause: The University has not updated their policies to reflect the current rate of 33% is a more accurate estimate of time and effort rather than the 30%.

Auditors' Recommendation: The University should update policies as changes occur and have them approved by the responsible individuals.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the GEAR UP program used an incorrect benefit rate of 33%. The GEAR UP Program Director will review and update the GEAR UP Policies and Procedures to reflect actual documentation of the Nonfederal Match calculation of 30%. This finding is expected to be resolved by June 30, 2017.

Section V- Federal Award Findings

FA 2016-001 TRIO- Failure to Meet Earmarking Requirements- Portales (Noncompliance)

Federal Program information:

Title: TRIO Cluster-Student Support Services
Funding Agency: U.S. Department of Education
Pass Through: None
CFDA Number: 84.042
Award Year and Number: P042A101007
Questioned Costs: None

Condition: During review of earmarking requirements, it was noted that for the Portales campus, the Student Support Services program served 195 students, while being funded to serve 300 students during the 2016 fiscal year. It was also noted that only 65% of the students served fell into the first-generation low-income (FGLI) or individuals with disabilities categories, while program requirements require that 67% of participants in the SSS program fall into these categories.

Criteria: 34 CFR section 646.32(a) documents that for each year of the project period, a grantee must serve at least the number of participants that the Secretary identifies in the Federal Registrar notice inviting applications for a competition. Through this notice, the Secretary also provides the minimum and maximum grant award amounts for the competition.

34 CFR section 646.11 documents that not less than two-thirds of the project participants are to be low-income individuals who are first generation college students or individuals with disabilities. The remaining participants are to be low-income individuals, first generation college students, or individuals with disabilities, and not less than one-third of the individuals with disabilities served are to be also low-income individuals.

Effect: Not serving the required minimum of students could result in noncompliance with the Student Support Services grant and loss of funding.

Cause: The University did not serve the required number of students for the last APR report submitted during the 2016 fiscal year nor were the required number of FGLI or individuals with disabilities served.

Auditors' Recommendation: The University should ensure that every effort is met to meet the required minimum of students served and that all earmarking requirements are followed each year.

Views of Responsible Officials and Planned Corrective Actions: Management agrees that the Student Support Service program did not meet the earmarking requirements in 2014-2015 as reported in the Annual Performance Report. During fiscal year 2015-2016 audit, it was discovered the data elements entered into a third party database for the fiscal year 2014-2015 in December 2015 were incomplete during a data transfer to the Department of Education, which resulted in a failure to meet earmarking requirements. The staff in the Student Support Service program has since increased back-up processes to ensure data is accurately recorded and submitted.

As of October 2016, the Student Support Service program staff began working with the third party database administrators to ensure student data is complete. ENMU will complete its initial upload to the Department of Education in early November 2016 in order to review for potential problems. For Fiscal Year 2015-2016, the Student Support Service program is anticipating to report 300 students for earmarking requirements to meet the requirement set by Department of Education for the Fiscal Year 15-16 Annual Performance Report due December 2, 2016. This finding is expected to be resolved by the regulatory deadline of submission.

STATE OF NEW MEXICO
Eastern New Mexico University
Other Disclosures
June 30, 2016

Exit Conference

An exit conference was held on October 25, 2016. In attendance were the following:

Representing Eastern New Mexico University

Susan Tatum	Board of Regents Vice President
Dr. Dan Patterson	Board of Regents Member (via telephone)
Steven Gamble	President of Eastern New Mexico University
Dr. John Madden	President of ENMU- Roswell
Carol Fletcher	Controller- Portales campus
Karen Franklin	Controller- Roswell campus
Joann Martinez	Director of Accounting and Student Accounts- Portales Campus
Eric Johnston-Ortiz	Vice President of Business Affairs- Roswell campus
Dr. Ken McGuire	Vice President of Academic Affairs- Roswell campus
Mike Martinez	Vice President of Student Affairs- Roswell campus
Sheila Farquer	Director of Business Affairs- Ruidoso campus
Brent Small	Financial Aid Director
Reta Neal	TRIO Director- Portales campus
Jimi Van Blaricom	Upward Bound Director- Portales campus
Greg Martinez	Director of Student Outreach- TRIO- Roswell campus
Daniel Herrera	Talent Search Program Director- Roswell campus
Mona Miranda	Upward Bound Specialist- Roswell campus
Mike Gomez	Gear Up Director- Roswell campus
Traci Dixon	Grant Manager- Roswell campus
Terri Doer	Accountant- Portales campus
Laura Disney	Accountant- Portales campus
Kenny Prince	Accountant- Portales campus

Representing RPC CPAs + Consultants, LLP

Robert Cordova, CPA	A&A Partner
Jessica Small (Huff), CPA	In-charge Senior

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes for Eastern New Mexico University from the original books and records provided to them by the management of the University. The responsibility for the financial statements remains with the University.