



# **Eastern New Mexico University**

## **ANNUAL FINANCIAL REPORT**

**JUNE 30, 2017**



## INTRODUCTORY SECTION

**EASTERN NEW MEXICO UNIVERSITY**  
**TABLE OF CONTENTS**  
**JUNE 30, 2017**

Page

**INTRODUCTORY SECTION**

Table of Contents	1
Historical and Functional Synopsis	2
Official Roster	3

**FINANCIAL SECTION**

Independent Auditor's Report	4
Management's Discussion and Analysis (Unaudited)	7

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	21

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of the University's Proportionate Share of Net Pension Liability	54
Schedule of the University's Contributions	55
Notes to Required Supplementary Information	56

**SUPPLEMENTARY INFORMATION**

Schedules of Budgeted and Actual Revenues and Expenses	
Unrestricted and Restricted - All Operations	57
Reconciliation of Changes in Net Position - Budget Basis to GAAP Basis	61
Unrestricted - Instruction and General	62
Restricted - Instruction and General	66
Notes to the Schedules of Budgeted and Actual Revenues and Expenses	70

**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Deposit and Investment Accounts	
University	71
Component Units	72
Schedule of Collateral Pledged by Depository for Public Funds	73
Schedule of Joint Powers Agreements	74
Schedule of Capital Outlay Appropriations	75

**COMPLIANCE**

Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	79
Independent Auditor's 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>	80
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	82
Summary Schedule of Prior Audit Findings	85
Schedule of Findings and Questioned Costs	86
Schedule of Section 12-6-5 NMSA 1978 Findings	96
Exit Conference	98

**EASTERN NEW MEXICO UNIVERSITY  
HISTORICAL AND FUNCTIONAL SYNOPSIS  
JUNE 30, 2017**

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.

**EASTERN NEW MEXICO UNIVERSITY  
OFFICIAL ROSTER  
JUNE 30, 2017**

**Board of Regents**

<u>Ex-Officio Member</u>		
The Honorable Susana Martinez		Governor of the State of New Mexico
<u>Appointed Members</u>	<u>Term Expires</u>	<u>Position</u>
Dr. Dan Patterson	December 2022	President
Mr. Terry Othick	December 2020	Vice President
Mr. Kekoa VonSchriltz	December 2018	Secretary/Treasurer
Ms. Jane Christensen	December 2018	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 AUDITOR'S REPORT

Timothy Keller  
New Mexico State Auditor 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, 2017, 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, 2017, 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity's internal control. Accordingly, we express no such opinion.

Timothy Keller  
New Mexico State Auditor and  
The Board of Regents  
Eastern New Mexico University

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, 2017, 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, 2017, 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 7 through 16, the Schedule of the University's Proportionate Share of Net Pension Liability, the Schedule of the University's Contributions, and the Notes to the Required Supplementary Information on pages 54 through 56 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.



Timothy Keller  
New Mexico State Auditor and  
The Board of Regents  
Eastern New Mexico University

*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 the other supplementary information, as listed in the table of contents as 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 other information 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 other supplementary information 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, 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.

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish above the letters.

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 30, 2017

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. It was prepared by University management and it is requested that it be read in conjunction with the University’s financial statements, which follow this section.

**Financial Highlights**

- As of June 30, 2017, the University’s total assets decreased to \$251.1 million, \$7.7 million less than the 2016 level of \$258.9 million; however, this is due to a state mandated restatement of \$11.4 million due to the manner in which the State of New Mexico accounts for the Land Grant and Permanent Fund. If this state mandated restatement had not occurred the total assets would have increased to \$3.5 million.
- Operating revenues totaled \$52.5 million in 2017, an increase of \$6.9 million from 2016 while operating expenses totaled \$106.1 million, an increase of \$.7 million from 2016.
- Net non-operating revenues totaled \$63.7 million while non-operating expenditures were \$1.5 million; state appropriations of \$43.4 million and Pell grant revenue of \$9.8million are the primary components of non-operating revenues.
- The Portales campus fall 2007 to fall 2016 headcount enrollment has increased from 4,180 to 6,014. This is an increase of 43.9%. During the same time period, the University’s first time/full time freshman enrollment increased from 548 to 623.
- GASB Statement No. 68 requires 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 \$7.2 billion; the University’s share is \$86.2 million.

**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 Statement 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 Statement 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 classified as non-operating revenues. The line item entitled “loss before other revenues, expenses, gains or losses” may give a more complete picture of the results of the University’s operations during the year, including income resulting from non-exchange transactions that have been traditionally considered to be a part of public university operations. A “non-exchange

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

transaction" is one in which the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.

- The Statement of Cash Flows provides a summary of the sources and uses of cash within the University during the year.
- Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the Vice President for Business Affairs, Scott W. Smart, at (575) 562-2611.

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

**Net Position.** The University's total net positions decreased to \$113.8 million from \$116.6 million in 2016. 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 \$86.2 million as of June 30, 2016. Due to the GASB Statement No. 68 there was a \$32.2 million deficit in unrestricted net position. The employer net pension liability allocation was determined by the ERB not by University management.

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

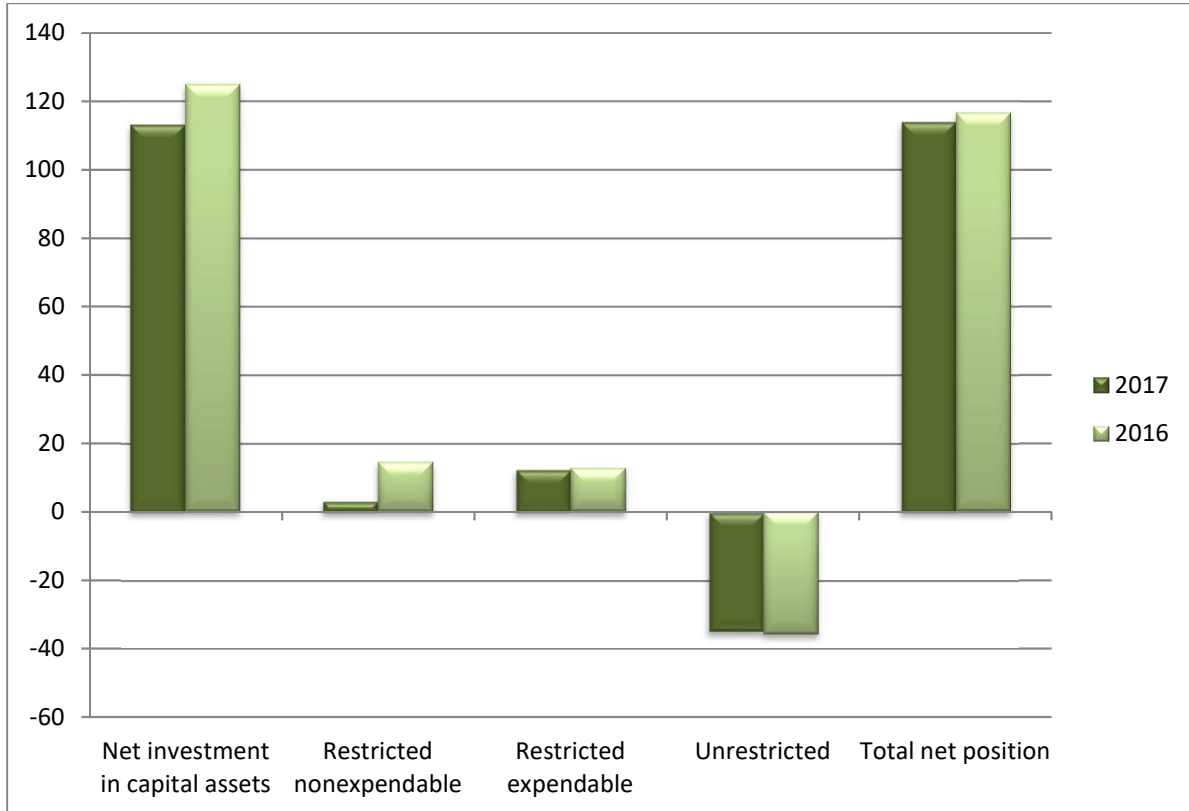
Table 1 summarizes the University's net position:

Condensed Net Position  
For the Years Ended June 30, 2017 and 2016  
(in millions of dollars)

	<b>2017</b>	2016
<b>ASSETS</b>		
Current assets	\$ 38.6	\$ 81.1
Noncurrent assets other than capital assets	38.1	10.0
Capital assets, net	174.4	167.8
<b>Total assets</b>	<b>251.1</b>	258.9
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <b>12.7</b>	 8.4
 <b>LIABILITIES AND NET POSITION</b>		
Current liabilities	16.7	19.5
Noncurrent liabilities	130.0	126.5
<b>Total liabilities</b>	<b>146.7</b>	146.0
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <b>3.3</b>	 4.7
 <b>NET POSITION</b>		
Net investment in capital assets	133.1	124.9
Restricted nonexpendable	3.2	14.6
Restricted expendable	9.7	12.8
Unrestricted	(32.2)	(35.7)
<b>Total net position</b>	<b>\$ 113.8</b>	\$ 116.6

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Net Position 2017 and 2016 (in millions of dollars)



**Changes in Net Position.** Total operating revenues for the years ended June 30, 2017 and 2016, were \$52.5 and \$45.6 million, respectively. Operating expenses were \$106.1 for 2017 and \$105.4 million for 2016. Non-operating revenues were \$63.7 million while non-operating expenses were \$1.5 million for 2017 and non-operating revenues were \$65.5 million while non-operating expenses were \$1.5 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.

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

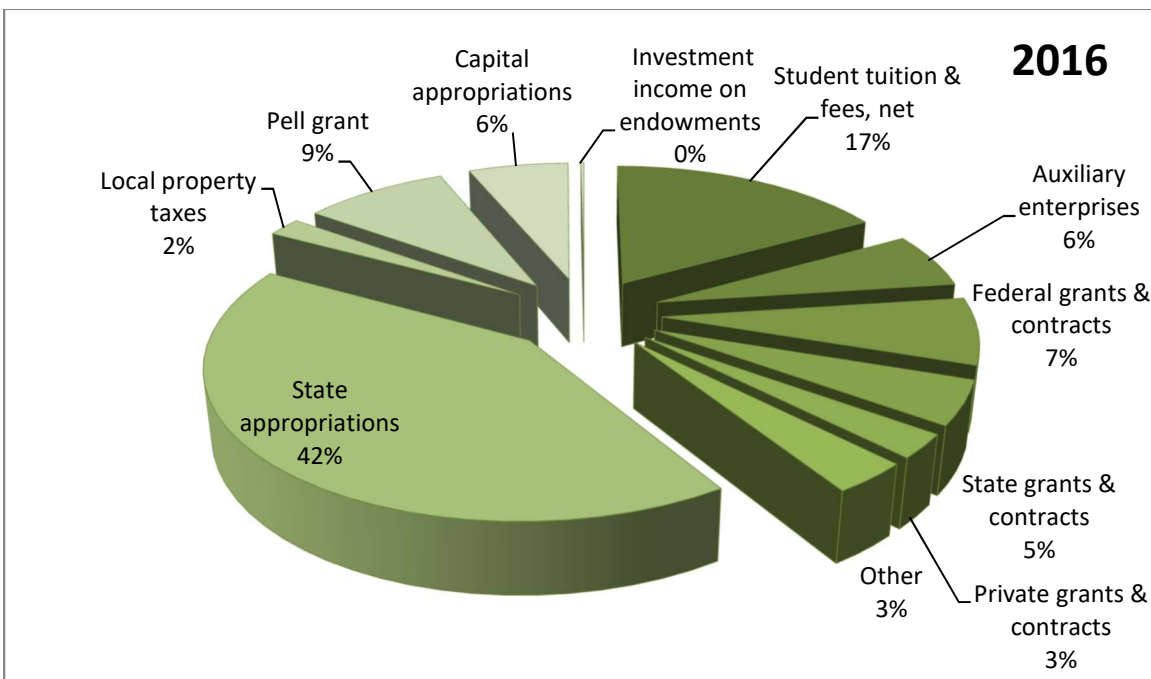
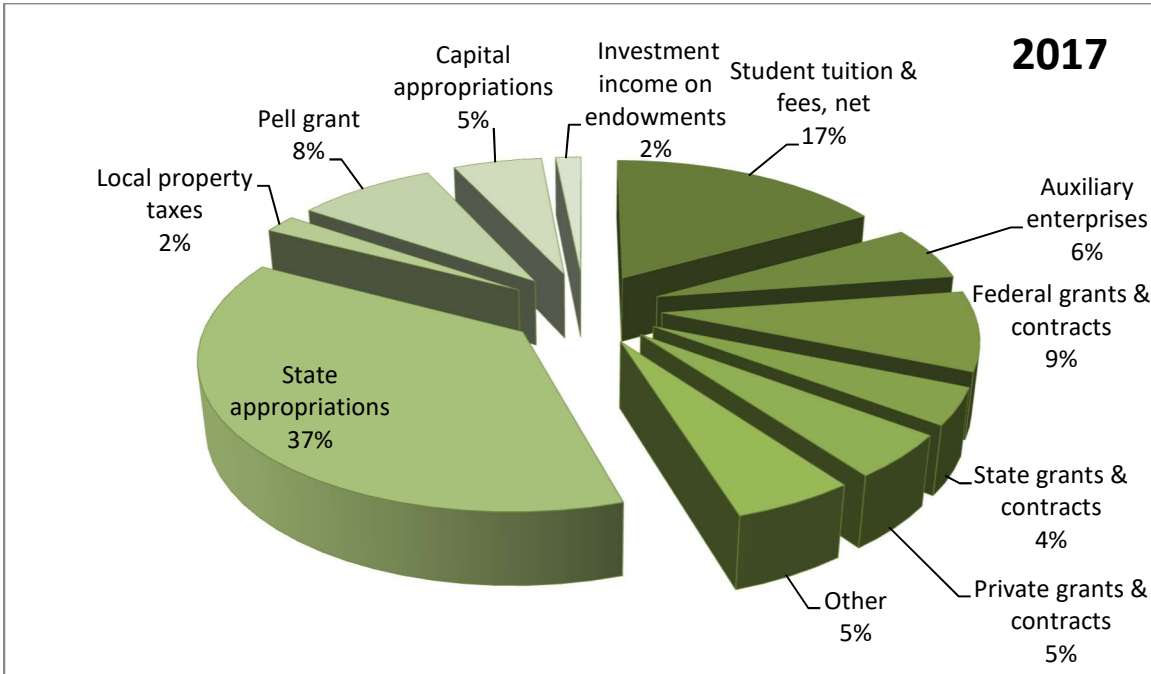
Table 2 summarizes the University's changes in net position:

Changes in Condensed Net Position  
For the Years Ended June 30, 2017 and 2016  
(in millions of dollars)

	2017	2016
<b>Operating revenues</b>		
Student tuition and fees, net	\$ 19.5	\$ 18.8
Auxiliary enterprises	6.8	6.7
Federal grants and contracts	10.0	8.1
State grants and contracts	4.6	5.3
Private grants and contracts	5.5	2.9
Other	6.1	3.8
<b>Total operating revenues</b>	<b>\$ 52.5</b>	<b>\$ 45.6</b>
<b>Operating expenses</b>		
Instruction	\$ 33.3	\$ 32.9
Research	0.6	0.6
Public service	9.0	9.2
Academic support	5.5	5.5
Student services	10.5	10.0
Institutional support	13.3	12.3
Operation and maintenance of plant	8.0	7.9
Depreciation and amortization	7.9	7.5
Student aid	10.0	9.7
Auxiliary enterprises	5.3	5.3
Other	2.7	4.5
<b>Total operating expenses</b>	<b>\$ 106.1</b>	<b>\$ 105.4</b>
<b>Nonoperating revenues (expenses)</b>		
State appropriations	\$ 43.4	\$ 46.7
Local property taxes	2.3	2.3
Pell grant	9.8	9.8
Investment income (loss) on expenses	1.8	0.2
Interest on debt	-	0.6
Investment income	(1.5)	(1.5)
Private gifts, grants, contracts	0.1	0.3
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 55.9</b>	<b>\$ 58.4</b>
<b>Other revenues (expenses)</b>		
Capital appropriations	\$ 6.3	\$ 6.8
<b>Total capital contributions</b>	<b>\$ 6.3</b>	<b>\$ 6.8</b>

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

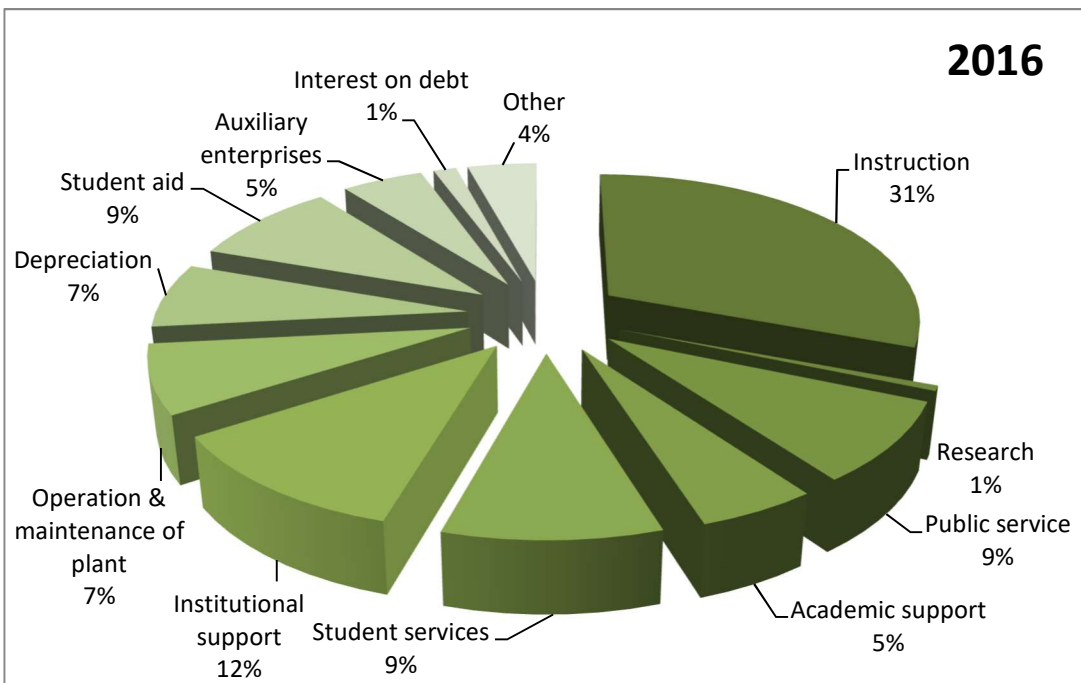
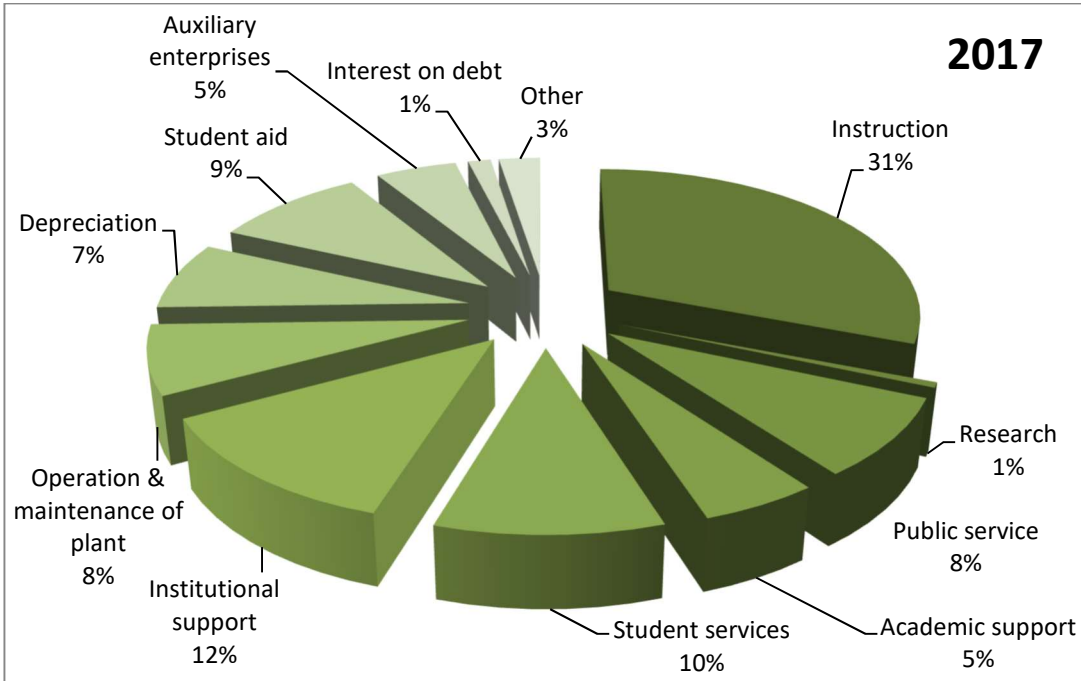
Operating and Nonoperating Income (in millions of dollars)





**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Operating and Nonoperating Expense (in millions of dollars)



**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

***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>2017</u>	<u>2016</u>
Current funds		
Unrestricted	\$ 0.8	\$ 0.8
Restricted	(3.1)	(2.8)
Plant funds	21.1	22.1

The budget adjustment to plant funds expenditures in 2017 was the result of anticipated expenditures for the renovation of the Golden Library, which will become the Golden Student Success Center and the completion of a new athletic stadium, both 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 2017, the University had \$167.8 and \$174.3 million, respectively, invested in various capital assets, including buildings, equipment and construction.

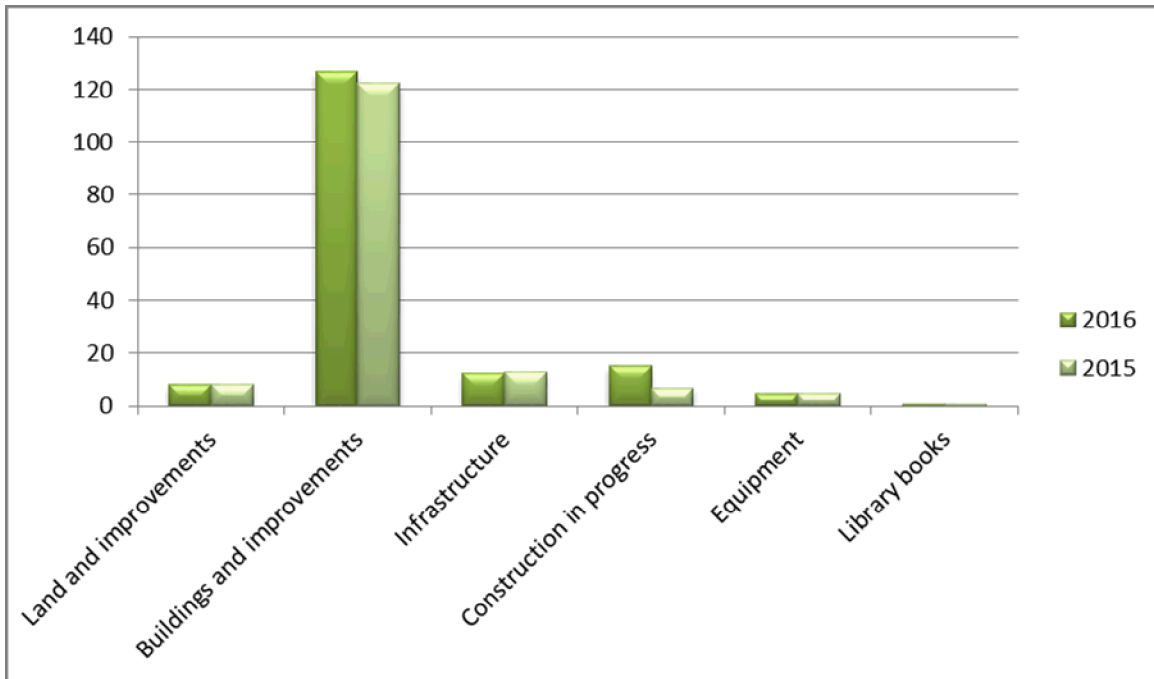
Table 3 shows the University's capital assets at year end:

Capital Assets at June 30, 2017 and 2016  
Net of Depreciation (in millions)

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 8.2	\$ 8.2
Construction in progress	136.7	15.1
Buildings and improvements	13.1	126.5
Infrastructure	10.5	12.5
Equipment	4.9	4.6
Library books	0.9	0.9
<b>Total</b>	<b><u>\$ 174.3</u></b>	<b><u>\$ 167.8</u></b>

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Capital Assets 2017 and 2016  
(in millions of dollars)



**Capital Projects.** In June 2016, the Athletic Stadium at the Portales campus had a final estimated cost of \$15.5 million and was completed by August 2016, in time for the first home football game of the season. The Golden Library continues to be located at Bernalillo Hall, while the Golden Student Success Center is renovated. Currently, the project is on schedule and will be completed by May 2018. 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 and purchased a CDL simulator system. The Ruidoso campus renovated the front entrance of the building.

**Debt Administration.** As of June 30, 2017, and 2016 the University had \$41.2 and \$42.8 million of bonds outstanding, respectively. Other long-term debt includes compensated absences of \$1.6 million, and liabilities for the federal share of the student loan program of \$3.8 million and the GASB 68 requirement of net pension liability of \$86.2 million. The final payment for the Water Conservation Lease was made during the fiscal year. For 2016, other long-term debt included capital leases of \$.1 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 68, net pension liability of \$78.5 million.

**EASTERN NEW MEXICO UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

***Economic Concerns***

The State of New Mexico continues to balance its annual budget and in order to do so, it implemented a 2% cut at the beginning of fiscal year 2017 for higher education. Mid-year, an additional cut of 5% to higher education was legislated in a special session. The University's 2017 state appropriations decreased by 7% or \$3.3 million. The majority of the state appropriation reduction was covered with University reserves. In 2017-2018, the State cut appropriations by 1%. The loss of revenue from state appropriations (a total of 8%) was accounted for in the development of the 2017-2018 by cutting positions via natural attrition, cutting expense budgets, and raising tuition and fees.

For the fiscal year 2018-2019, there is a concern the state will once again cut higher education in order to balance budget short falls. The University is being proactive by looking to enrollment growth beyond the state's borders.

Even with all the cuts the University continues to hold true to its mission: Student Success. The University continues to offer various accredited programs. This past year, ENMU prepared for and hosted the Higher Learning Commission accreditation team and results of that visit will be announced in the fall of 2017.

The University continues to have high enrollment growth in the Communication Disorders program and Nursing BSN and MSN programs. The University strives to offer in-demand degrees so students graduating from the University have employable skills.

***Contacting the University's Financial Management***

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

Board of Regents  
Eastern New Mexico University  
Business Affairs Station #4  
1500 S. Ave K  
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 does not issue separate financial statements.

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

**EASTERN NEW MEXICO UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Component Units			
	Eastern New Mexico University	ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 27,503,050	\$ 324,317	\$ 9,244	\$ 157,903
State receivables	5,137,660	-	-	-
Receivables other, net	5,039,822	125,350	-	-
Inventories	256,712	-	-	-
Prepaid expenses	668,652	-	-	-
<b>Total current assets</b>	<u>38,605,896</u>	<u>449,667</u>	<u>9,244</u>	<u>157,903</u>
<b>Noncurrent Assets</b>				
Investments	32,123,122	16,417,406	9,346,443	179,956
Restricted cash and cash equivalents	797,787	-	-	-
Restricted investments	913,565	-	-	-
Notes receivable	4,390,341	-	-	-
Capital assets, net	174,330,952	108,456	-	-
<b>Total noncurrent assets</b>	<u>212,555,767</u>	<u>16,525,862</u>	<u>9,346,443</u>	<u>179,956</u>
<b>Total assets</b>	<u>251,161,663</u>	<u>16,975,529</u>	<u>9,355,687</u>	<u>337,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pensions	<u>12,680,102</u>	-	-	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	1,440,748	156,018	-	17,325
Accrued expenses and other liabilities	4,828,193	-	-	-
Gift annuities payable	-	248,533	-	-
Deposits held for others	910,131	-	-	-
Unearned revenues	6,809,421	-	-	-
Accrued compensated absences	1,145,014	-	-	-
Bonds payable	1,580,000	-	-	-
<b>Total current liabilities</b>	<u>16,713,507</u>	<u>404,551</u>	<u>-</u>	<u>17,325</u>
<b>Noncurrent Liabilities</b>				
Accrued compensated absences	440,093	-	-	-
Bonds payable	39,620,000	-	-	-
Net pension liability	86,206,077	-	-	-
Student loan program	3,761,267	-	-	-
<b>Total noncurrent liabilities</b>	<u>130,027,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>146,740,944</u>	<u>404,551</u>	<u>-</u>	<u>17,325</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	<u>3,273,763</u>	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	133,130,952	108,456	-	-
Restricted				
Nonexpendable endowments	3,240,119	8,048,189	2,597,846	123,523
Expendable				
Scholarships and fellowship	-	7,618,550	2,870,469	78,851
Student loans	297,423	-	-	-
Quasi endowment & endowment interest	9,360,956	-	-	-
Unrestricted	<u>(32,202,392)</u>	<u>795,783</u>	<u>3,887,372</u>	<u>118,160</u>
<b>Total net position</b>	<u>\$ 113,827,058</u>	<u>\$ 16,570,978</u>	<u>\$ 9,355,687</u>	<u>\$ 320,534</u>

See Notes to Financial Statements.

**EASTERN NEW MEXICO UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Component Units			
	Eastern New Mexico University	ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of discounts and allowances of \$8,261,911)	\$ 19,500,777	\$ -	\$ -	\$ -
Federal grants and contracts	9,999,121	-	-	-
Auxiliary enterprise revenue	6,824,659	-	-	-
Private gifts, grants, and contracts	5,495,508	200,421	207,567	77,702
State and local grants and contracts	4,641,062	-	-	-
Sales and services of educational departments	883,449	-	-	-
Other operating revenues	5,146,549	-	-	-
<b>Total operating revenues</b>	<u>52,491,126</u>	<u>200,421</u>	<u>207,567</u>	<u>77,702</u>
<b>OPERATING EXPENSES</b>				
Education and general				
Instruction	33,345,135	-	-	-
Research	622,706	-	-	-
Public service	9,019,829	-	-	-
Academic support	5,552,230	-	-	-
Student services	10,460,706	-	-	-
Institutional support	13,263,724	1,077,276	7,092	40,509
Operation and maintenance of plant	7,950,940	-	-	-
Depreciation	7,864,561	-	-	-
Loss on disposal of capital assets	1,218	-	-	-
Student aid, grants and stipends	10,011,656	-	-	-
Auxiliary enterprises	5,320,277	-	-	-
Expended for scholarships	-	363,854	96,358	17,274
Other	2,675,863	106,822	73,963	725
<b>Total operating expenses</b>	<u>106,088,845</u>	<u>1,547,952</u>	<u>177,413</u>	<u>58,508</u>
<b>Operating income (loss)</b>	<u>(53,597,719)</u>	<u>(1,347,531)</u>	<u>30,154</u>	<u>19,194</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	43,364,091	-	-	-
Local property taxes	2,321,692	-	-	-
Federal pell grant	9,749,561	-	-	-
Investment income	1,790,888	2,366,173	821,502	24,379
Private gifts, grants and contracts	-	1,328,936	30,704	-
Interest on capital asset related debt	(1,467,316)	-	-	-
<b>Total nonoperating revenues</b>	<u>55,758,916</u>	<u>3,695,109</u>	<u>852,206</u>	<u>24,379</u>
<b>Income before capital contributions</b>	<u>2,161,196</u>	<u>2,347,578</u>	<u>882,360</u>	<u>43,573</u>
Capital appropriations	6,316,934	-	-	-
Capital grants and gifts	145,033	-	-	-
<b>Total capital contributions</b>	<u>6,461,967</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>8,623,164</u>	<u>2,347,578</u>	<u>882,360</u>	<u>43,573</u>
<b>NET POSITION</b>				
Net position, beginning of year	116,567,654	14,223,400	8,473,327	276,961
Impact of change in accounting policy (Note 17)	(11,363,760)	-	-	-
<b>Net position, end of year</b>	<u>\$ 113,827,058</u>	<u>\$ 16,570,978</u>	<u>\$ 9,355,687</u>	<u>\$ 320,534</u>

See Notes to Financial Statements.

**EASTERN NEW MEXICO UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Cash Flows From Operating Activities**

Tuition and fees	\$ 20,102,744
Grants and contracts	17,937,080
Payments to suppliers	(40,671,871)
Payments to employees	(56,522,224)
Auxiliary enterprise charges	6,819,578
Sales and services of educational equipment	883,449
Other receipts	<u>5,223,737</u>
<b>Net cash used by operating activities</b>	<b><u>(46,227,507)</u></b>

**Cash Flows From Investing Activities**

Interest on investments	1,582,248
Net cash activity on investments	<u>8,117,016</u>
<b>Net cash provided by investing activities</b>	<b><u>9,699,264</u></b>

**Cash Flows From Noncapital Financing Activities**

State appropriations	43,364,091
Local property tax levies	2,303,701
Pell grant	9,749,561
Payments from notes receivable	443,778
Repayment of Federal Perkins Loan Excess Liquid Cash	<u>(2,628,047)</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>53,233,084</u></b>

**Cash Flows From Capital and Related Financing Activities**

Proceeds from capital debt	18,003
Capital appropriations	4,441,744
Purchases of capital assets	(14,276,324)
Principal paid on capital debt	(1,639,074)
Interest paid on capital debt	<u>(1,467,316)</u>
<b>Net cash used by capital and related financing activities</b>	<b><u>(12,922,967)</u></b>

**Net increase in cash, restricted cash, and cash equivalents**

	<u>3,781,874</u>
Cash, restricted cash, and cash equivalents, beginning of year	24,541,815
Reclassification of cash to investment	<u>(22,852)</u>
Cash, restricted cash, and cash equivalents, beginning of year, as adjusted	<u>24,518,963</u>
<b>Cash, restricted cash, and cash equivalents, end of year</b>	<b><u>\$ 28,300,837</u></b>

*See Notes to Financial Statements.*



**EASTERN NEW MEXICO UNIVERSITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (53,597,719)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	7,864,561
Loss on disposal of capital assets	1,218
Pension expense under GASB 68	2,117,594
Change in assets and liabilities:	
Receivables, net	159,005
Deferred Outflows - subsequent year contributions	(95,876)
Inventories	5,440
Other assets	81,909
Accounts payable and accrued liabilities	(1,492,633)
Other liabilities	46,061
Unearned revenue	(1,355,310)
Compensated absences	38,243
<b>Net cash used by operating activities</b>	<u>\$ (46,227,507)</u>
Non-cash transactions:	
Capital grants and gifts	<u>\$ 145,033</u>

*See Notes to Financial Statements.*

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

The University adopted the following accounting standards during the year ended June 30, 2017:

The University adopted GASB 76 during the year ended June 30, 2017. 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. There was no material impact to the University for the year ended June 30, 2017.

The University adopted GASB 77 during the year ended June 30, 2017. GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period, and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose: (1) the names of the governments that entered into the agreements and (2) the specific taxes being abated, and the gross dollar amount of taxes abated during the period. See Note 10.

The University adopted GASB 79 during the year ended June 30, 2017. 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. There was no material impact to the University for the year ended June 30, 2017.

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 University adopted GASB 80 during the year ended June 30, 2017. GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. There were no changes in component unit reporting for the year ended June 30, 2017.

The University adopted GASB 82 during the year ended June 30, 2017. 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. There was no material impact to the University for the year ended June 30, 2017.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

**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.

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

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

**Financial Reporting Entity (Continued)**

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.

**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.

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.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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.

**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.

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.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

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 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10 and April 10. Property taxes uncollected after November 10 and April 10 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:



**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

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

**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 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, 2017, 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.

**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.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

*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.

*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.

*Unrestricted net position:* All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**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% 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, 2017.

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 2014.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

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

**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.

**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, 2017 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, 2017.

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.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)**

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, 2017, \$23,159,651 of the University's bank balances of \$31,909,761 were exposed to custodial credit risk. \$17,127,701 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the University's name, and \$6,031,890 was uninsured and uncollateralized.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**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.

	Bank of America *	Compass Bank	James Polk Stone Community Bank	Pioneer Bank
Amount of deposits	\$ 6,281,890	\$ 3,659,214	\$ 608,571	\$ 8,488,353
FDIC coverage	(250,000)	(272,852)	(357,969)	(500,000)
SIPC coverage	-	-	-	-
Total uninsured public funds	<u>6,031,890</u>	<u>3,386,362</u>	<u>250,602</u>	<u>7,988,353</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	-	3,050,000	250,602	7,988,353
Uninsured and uncollateralized	<u>\$ 6,031,890</u>	<u>\$ 336,362</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 3,015,945	\$ 1,693,181	\$ 125,301	\$ 3,994,177
Pledged securities	-	3,050,000	1,177,442	9,699,418
Over (under) collateralized	<u>\$ (3,015,945)</u>	<u>\$ 1,356,819</u>	<u>\$ 1,052,141</u>	<u>\$ 5,705,242</u>

	US Bank	Wells Fargo Bank	Moreton Capital Markets	Total
Amount of deposits	\$ 5,752,444	\$ 395,679	\$ 6,723,610	\$ 31,909,761
FDIC coverage	(250,000)	(395,679)	(6,509,595)	(8,536,095)
SIPC coverage	-	-	(214,015)	(214,015)
Total uninsured public funds	<u>5,502,444</u>	<u>-</u>	<u>-</u>	<u>23,159,651</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	5,502,444	-	-	16,791,399
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368,252</u>
Collateral requirement (50%)	\$ 2,751,222	\$ -	\$ -	\$ 11,579,826
Pledged securities	7,000,000	-	-	20,926,860
Over (under) collateralized	<u>\$ 4,248,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,347,035</u>

\*Bank of America account. At close of the bank's business day, the deposit total is swept out of the bank and invested in federal funds. At opening of the bank's business day, the federal funds are sold and cash deposited back in the bank.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)**

Certificates of deposit in Wells Fargo and Moreton Capital consist of brokered certificates of deposit from different financial institutions. None of the certificates of deposit per financial institution exceed FDIC insurance limits. Collateral pledged by financial institution is presented in the Schedule of Collateral Pledged by Depository for Public Funds 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.

*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, 2017 are summarized as follows:

Investment	Rating	Fair Value	Maturity
State Investment Council (pooled funds)	Not rated	\$ 12,979,525	Less than 90 days
New MexiGROW LGIP	AAAm	19,120,758	58 day WAM(R) 106 day WAM(F)
U.S. treasury money market mutual funds	Aaa	913,565	Less than 365 days
Certificate of Deposit	N/A	22,839	10 year
		<u>\$ 33,036,687</u>	

The investments are listed on the Schedule of Deposits and Investment Accounts of this report.

The University also has \$92,350 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 \$6,832,853 invested in certificates of deposits that are classified as investment on the Statement of Net Position but are considered deposits in the Schedule of Deposits and Investment Accounts - University.

*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.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)**

*Interest Rate Risk - State Investment Council Investments.* The State Investment Council does not have a policy for interest rate risk management, but its practice is to address interest risk through the management of debt investment duration.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University has an investment policy that requires an allocation percentage of 75% of the funds will be invested in equities and 25% in fixed income securities.

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

**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.



**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

**NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)**

The University maintained a balance of \$12,979,525 in State Investment Council (SIC) endowment investments at year-end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the University's assets at fair value as of June 30, 2017:

Level 1	Level 2	Level 3	Total
\$ 3,066,045	\$ 9,913,480	\$ -	\$ 12,979,525

**NOTE 4. RECEIVABLES, NET**

At June 30, 2017, net receivables consisted of the following:

Student tuition and fees	\$	9,143,381
Federal grants		1,314,305
State grants		5,137,660
Private grants		35,132
Other		476,424
		16,106,902
Allowance for uncollectible accounts		(5,929,420)
<b>Receivables, net</b>	<b>\$</b>	<b>10,177,482</b>

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is summarized as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Capital assets not being depreciated</b>				
Land and improvements	\$ 8,242,712	\$ -	\$ -	\$ 8,242,712
Construction in progress	15,073,647	12,085,344	16,677,714	10,481,277
<b>Total capital assets not being depreciated</b>	<u>23,316,359</u>	<u>12,085,344</u>	<u>16,677,714</u>	<u>18,723,989</u>
<b>Capital assets being depreciated</b>				
Buildings and improvements	200,746,168	14,910,873	178,893	215,478,148
Infrastructure	26,368,928	1,976,902	-	28,345,830
Equipment	38,972,880	1,811,633	1,444,555	39,339,959
Software	1,623,666	-	-	1,623,666
Library materials	11,334,625	460,681	3,131,779	8,663,527
<b>Total capital assets being depreciated</b>	<u>279,046,267</u>	<u>19,160,089</u>	<u>4,755,227</u>	<u>293,451,130</u>
<b>Less accumulated depreciation</b>				
Buildings and improvements	74,297,756	4,669,398	42,934	78,924,220
Infrastructure	13,814,198	1,304,903	-	15,119,101
Equipment	34,391,548	1,440,755	1,432,933	34,399,370
Software	1,615,328	3,582	-	1,618,910
Library materials	10,468,421	445,924	3,131,779	7,782,566
<b>Total accumulated depreciation</b>	<u>134,587,251</u>	<u>7,864,561</u>	<u>4,607,646</u>	<u>137,844,166</u>
<b>Total capital assets, net of depreciation</b>	<u>\$ 167,775,375</u>	<u>\$ 23,380,872</u>	<u>\$ 16,825,294</u>	<u>\$ 174,330,952</u>
<b>Capital asset summary</b>				
Capital assets not being depreciated	\$ 23,316,359	\$ 12,085,344	\$ 16,677,714	\$ 18,723,989
Capital assets being depreciated	279,046,267	19,160,089	4,755,227	293,451,130
Total cost of capital assets	302,362,626	31,245,433	21,432,941	312,175,118
Less accumulated depreciation	134,587,251	7,864,561	4,607,646	137,844,166
<b>Capital assets, net</b>	<u>\$ 167,775,375</u>	<u>\$ 23,380,872</u>	<u>\$ 16,825,294</u>	<u>\$ 174,330,952</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 6. ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued liabilities for the year ended June 30, 2017 are summarized as follows:

Accrued payroll	\$ 1,308,324
Accrued taxes and benefits	3,156,869
Accrued interest	<u>363,000</u>
<b>Total</b>	<b>\$ <u>4,828,193</u></b>

**NOTE 7. UNEARNED REVENUES**

Unearned revenues for the year ended June 30, 2017 are summarized as follows:

Student tuition and fees	\$ 3,764,097
Federal, state, and private grants	2,081,164
Other	<u>964,160</u>
	<b>\$ <u>6,809,421</u></b>

**NOTE 8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2017 are summarized as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year
Bonds payable	\$ 42,760,000	\$ -	\$ 1,560,000	\$ <b>41,200,000</b>	\$ 1,580,000
Capital leases payable	79,074	-	79,074	-	-
Accrued compensated absences	1,546,862	1,167,913	1,129,669	<b>1,585,106</b>	1,145,014
Student loan program	<u>6,389,314</u>	<u>-</u>	<u>2,628,047</u>	<b><u>3,761,267</u></b>	<u>-</u>
<b>Total</b>	<b>\$ <u>50,775,250</u></b>	<b>\$ <u>1,167,913</u></b>	<b>\$ <u>5,396,790</u></b>	<b>\$ <u>46,546,373</u></b>	<b>\$ <u>2,725,014</u></b>

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 2017 year, a payment of \$799,998 in excess cash was remitted back to the federal government.

**NOTE 9. BONDS PAYABLE**

Outstanding bonds payable as of June 30, 2017 is summarized as follows:

Description	Interest Rate	Balance June 30, 2017	Final Maturity
System Revenue Bond Series 2011B	0.90-4.66%	\$ <b>24,190,000</b>	April 1, 2036
System Improvement Revenue Bond Series 2015A	0.34-3.93%	<b>11,900,000</b>	April 1, 2045
System Revenue Refunding Bond Series 2015B	0.34-2.44%	<u>5,110,000</u>	April 1, 2026
<b>Total</b>		<b>\$ <u>41,200,000</u></b>	

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 9. BONDS PAYABLE (CONTINUED)**

Scheduled maturities of bonds payable are as follows for the years subsequent to June 30, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2011 Revenue Series</b>			
2018	\$ 750,000	\$ 969,790	\$ 1,719,790
2019	765,000	953,139	1,718,139
2020	785,000	933,708	1,718,708
2021	810,000	911,885	1,721,885
2022	830,000	887,909	1,717,909
2023-2027	5,000,000	3,985,493	8,985,493
2028-2032	7,745,000	2,746,469	10,491,469
2033-2037	<u>7,505,000</u>	<u>884,847</u>	<u>8,389,847</u>
	<u>24,190,000</u>	<u>12,273,240</u>	<u>36,463,240</u>
<b>2015 Improvement Revenue Series A</b>			
2018	295,000	386,664	681,664
2019	300,000	383,773	683,773
2020	300,000	379,963	679,963
2021	305,000	375,553	680,553
2022	310,000	370,459	680,459
2023-2027	1,655,000	1,751,161	3,406,161
2028-2032	1,895,000	1,511,576	3,406,576
2033-2037	2,245,000	1,162,739	3,407,739
2037-2041	2,705,000	705,435	3,410,435
2042-2046	<u>1,890,000</u>	<u>153,855</u>	<u>2,043,855</u>
	<u>11,900,000</u>	<u>7,181,178</u>	<u>19,081,178</u>
<b>2015 Revenue Refunding Series B</b>			
2018	535,000	94,307	629,307
2019	540,000	89,063	629,063
2020	545,000	82,205	627,205
2021	555,000	74,194	629,194
2022	565,000	64,925	629,925
2023-2027	<u>2,370,000</u>	<u>141,124</u>	<u>2,511,124</u>
	<u>5,110,000</u>	<u>545,818</u>	<u>5,655,818</u>
<b>Total</b>	<u>\$ 41,200,000</u>	<u>\$ 20,000,236</u>	<u>\$ 61,200,236</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 9. BONDS PAYABLE (CONTINUED)**

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.

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. TAX ABATEMENTS**

**Abatements of Other Governments.** The University is subject to tax abatements granted by (1) Chaves County through the County Industrial Revenue Bond Act (2) the City of Roswell and (3) the Village of Ruidoso through the Industrial Revenue Bond Act, and (4) the New Mexico Hospital Loan Council, an entity created by the State of New Mexico. These programs have the stated purposes of promoting industry and trade other than retail trade in the county and municipalities, and to provide the healthcare industry with access to low-cost capital, respectively.

**Industrial Revenue Bonds.** Under the County Industrial Revenue Bond Act [4-59 NMSA 1978] and the Industrial Revenue Bond Act [3-32 NMSA 1978], the county commission or city council, respectively, can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. Under the New Mexico Hospital Equipment Loan Act [58-23 NMSA 1978], the New Mexico Hospital Loan Council can vote to induce an industrial revenue bond in order to finance any real or personal property, instrument, service, or operational necessity that is determined by the Council to be directly or indirectly needed for medical care treatment or research, or to operate the health facility. The county, city, or loan council, respectively, may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100 percent. This reduction or exemption is applicable for the life of the bond issue, not to exceed thirty years from the date the bonds were issued, and is a significant benefit for borrowers that would not otherwise qualify for a property tax exemption under other constitutional or statutory provisions. Information relevant to disclosure of those programs for the fiscal year ended June 30, 2017 follows:

**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

**NOTE 10. TAX ABATEMENTS (CONTINUED)**

<b>Agency number for Agency making the disclosure (Disclosing Agency)</b>	5003	5003	5003
<b>Disclosing Agency Name</b>	Chaves County	Chaves County	Chaves County
<b>Disclosing Agency Type</b>	County Government	County Government	County Government
<b>Tax Abatement Agreement Name</b>	Roswell Solar Project Agreement Series 2015A	Anderson Wind Farm Agreement Series 2012	AC Nutrition Agreement Series 2000
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
<b>Agency number of Affected Agency</b>	955	955	955
<b>Agency type of Affected Agency</b>	Higher Education Institution	Higher Education Institution	Higher Education Institution
<b>Recipient(s) of tax abatement</b>	Roswell Solar LLC	Anderson Wind Farm	AC Nutrition
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds	Industrial Revenue Bonds	Industrial Revenue Bonds
<b>Specific Tax Being Abated</b>	Property Tax	Property Tax	Property Tax
<b>Authority under which abated tax is paid to Affected Agency</b>	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$84,067	\$7,443	\$460

**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

**NOTE 10. TAX ABATEMENTS (CONTINUED)**

<b>Agency number for Agency making the disclosure (Disclosing Agency)</b>	6148	6148	6148
<b>Disclosing Agency Name</b>	City of Roswell	City of Roswell	City of Roswell
<b>Disclosing Agency Type</b>	Municipality	Municipality	Municipality
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bonds Project Agreement	Industrial Revenue Bonds Project Agreement	Industrial Revenue Bonds Project Agreement
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
<b>Agency number of Affected Agency</b>	955	955	955
<b>Agency type of Affected Agency</b>	Higher Education Institution	Higher Education Institution	Higher Education Institution
<b>Recipient(s) of tax abatement</b>	Sunrise Energy Ventures New Mexico, LLC	Leprino Foods Company	Sunrise Energy Ventures New Mexico, LLC
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds	Industrial Revenue Bonds	Industrial Revenue Bonds
<b>Specific Tax Being Abated</b>	Property Tax	Property Tax	Property Tax
<b>Authority under which abated tax is paid to Affected Agency</b>	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$15,341	\$13,479	This information was not provided by the abating agency

**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

**NOTE 10. TAX ABATEMENTS (CONTINUED)**

<b>Agency number for Agency making the disclosure (Disclosing Agency)</b>	6152	452
<b>Disclosing Agency Name</b>	Village of Ruidoso	New Mexico Hospital Equipment Loan Council
<b>Disclosing Agency Type</b>	Municipality	State Agency
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond Agreement	Lease Agreement (New Mexico Hospital Equipment Loan Council/Lovelace Health System, Inc. dated 12/1/2012; 'Roswell Regional Hospital Project')
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Eastern New Mexico University - Ruidoso Campus	Eastern New Mexico University
<b>Agency number of Affected Agency</b>	955	955
<b>Agency type of Affected Agency</b>	Higher Education Institution	Higher Education Institution
<b>Recipient(s) of tax abatement</b>	Hotel Ruidoso, LLC	Lovelace Health System, Inc.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bond	Hospital Equipment Loan Act (New Mexico Statue 58-23-29 )
<b>Specific Tax Being Abated</b>	Ad Valorem Taxes	Property Tax
<b>Authority under which abated tax is paid to Affected Agency</b>	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978	Hospital Equipment Loan Act (New Mexico Statue 58-23-29 )
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$2,760	Valuation of property is determined by Chavez County. However, the following values are based on what has been determined by Chavez County. The Council does not confirm nor validate these amounts. Property Tax = \$7,352.58



**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD**

**Plan description.** The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is considered a component unit of the State's financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Benefits provided.** A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) 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-year period, whichever is greater.

**Summary of Plan Provisions for Retirement Eligibility.** 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 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

**Forms of Payment.** 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.

**Benefit Options.** The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Disability Benefit.** An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

**Cost of Living Adjustment (COLA).** All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

Members on disability retirement are entitled to a COLA commencing on July 1 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 1 in the third full year of retirement.

**Refund of Contributions.** Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

**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 years ended June 30, 2016 and 2017, contributions remained the same. Contributions to the pension plan from the University were \$4,867,710 for the year ended June 30, 2017.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2017, the University reported a liability of \$86,206,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the University's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the University's proportion was 1.1979%, which was a decrease of 0.0260% from its proportion measured at June 30, 2015.

For the year ended June 30, 2017, the University recognized pension expense of \$5,323,570. At June 30, 2017, 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	\$ 373,994	\$ 819,929
Changes of assumptions	1,754,810	-
Net difference between projected and actual earnings on pension plan investments	5,145,785	-
Changes in proportion and differences between contributions and proportionate share of contributions	537,803	2,453,834
Employer contributions subsequent to the measurement date	4,867,710	-
<b>Total</b>	<u>\$ 12,680,102</u>	<u>\$ 3,273,763</u>

The University reported \$4,867,710 as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,	
2018	\$ 363,719
2019	656,618
2020	2,263,442
2021	1,254,850
Thereafter	-
<b>Total</b>	<u>\$ 4,538,629</u>

**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Actuarial assumptions.** The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Composed of 3.0% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3% inflation rate and a 4.75% real rate of return. 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.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	<b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB. <b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012. <b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. <b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. <b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for pre-retirement mortality.
Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4% interest, compounded annually, applicable to the account balance in the past as well as the future.)
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed income	28%	
Alternatives	36%	
Cash	1%	
	100%	7.75%

**Discount rate.** A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Additionally, contributions received through Alternative Retirement Plan (ARP) 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-year contribution history.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**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 presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net pension liability	\$ 114,177,948	\$ 86,206,077	\$ 62,997,328

**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, 2017 and 2016, which are publicly available at [www.nmerb.org](http://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, 2017, there were no contributions due and payable for the University.

**NOTE 12. ALTERNATIVE RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD**

**Alternative Retirement Plan.** Effective October 1991, the New Mexico legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third party contractors for NMERB. The administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), and Fidelity Investments. These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers as may be necessary or advisable to discharge their duties under the ARP, and have certain discretionary authority to decide matters under the ARP. As the ARP trustee NMERB is responsible for selecting investment options that provide a prudent rate of return, and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.

**Eligibility.** Employees of the University of New Mexico, New Mexico State University, New Mexico Institute of Mining and Technology, New Mexico Highlands University, Eastern New Mexico University, Western New Mexico University, Central New Mexico Community College, Clovis Community College, Luna Community College, Mesalands Community College, New Mexico Junior College, Northern New Mexico College, San Juan

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 12. ALTERNATIVE RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

College and Santa Fe Community College are eligible to make an election to participate within ninety days of employment. Information about the ARP is distributed by the employer. Those who do not elect to participate in the ARP remain members of the regular defined benefit retirement plan. Section 22-11-47(D) NMSA 1978 allows an ARP participant a one-time option to make an irrevocable switch to the defined benefit retirement plan after seven years of ARP participation.

**Form of Payment.** Retirement, death, and other benefits are based upon contributions made and earnings accumulated on those contributions, in accordance with the terms of the applicable vendor contracts and Internal Revenue Service Code. Retirement benefits shall, at the option of the employee, be paid:

- In the form of a lifetime income, if held in an annuity contract,
- Payments for a term of years, or
- A single-sum cash payment.

ARP retirement, death, and other benefits, including disability benefits, cannot be paid from the funds administered by NMERB.

**ARP Contributions.** For the year ended June 30, 2017, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 3% of the employees' gross salary to NMERB. The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 3% contributions to the Plan. The 3% contribution remitted for the ARP for the year ended June 30, 2017 was \$148,830.

**NOTE 13. 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.



**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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, New Mexico 87107.

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

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

The 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, 2017, 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, 2017, 2016, and 2015 were \$793,248, \$789,574, and \$781,347, respectively, which equal the required contributions for each year.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 14. CONTINGENT LIABILITIES**

The University currently is party to various litigation and other claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the University. During 2017, the University paid Risk Management \$1,176,814 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 15. 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 16. COMMITMENTS**

The University entered into agreements with contractors and architects for various construction projects at all three campuses. As of June 30, 2017, the University had an obligation of \$18,204,754 for these contracts.

**NOTE 17. ADOPTION OF NEW ACCOUNTING POLICY – LAND GRANT PERMANENT FUND**

Effective fiscal year 2017, the State of New Mexico adopted a new accounting policy to account for the Land Grant beneficiaries interest in the State of New Mexico's State Land Grant Permanent Fund. Prior to fiscal year 2017, certain land grant beneficiaries, including the University, reported its interest in the Land Grant Permanent Fund (LGPF) as an investment including any gains and losses. The New Mexico State Investment Council (SIC) also included the entire balance and activity of the LGPF in its separately issued financial statements. Both the SIC's and certain Land Grant beneficiaries LGPF balances and activity have been accounted for in the statewide Comprehensive Annual Financial Report (CAFR) through fiscal year 2016.

To eliminate double-counting of LGPF balances in CAFR, the State Controller's Office, in consultation with the Office of the State Auditor and the Governmental Accounting Standards Board, determined that LGPF balances should only be reported in the SIC's separately issued financial statements (and included in the statewide CAFR). This determination was based on several factors including a legal opinion that indicates title to the land grant land and the corpus derived from the land grant lands are state assets with resulting distribution of income to the Land Grant beneficiaries.

Accordingly, the University has included the effect of the State's adoption of this new accounting policy in its 2017 financial statements. The University's interest in the LGPF on July 1, 2016 was \$11,363,760. The University's Statement of Revenues, Expenses, and Changes in Net Position includes an adjustment to reduce the current year beginning net position in the amount of \$11,363,760.

The University continues to receive and account for its share of income distributions from the LGPF. For the year ended June 30, 2017, the University recorded \$682,095 in income distributions from the LGPF.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 18. CONCENTRATIONS**

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

**NOTE 19. ACCOUNTING PRONOUNCEMENTS WITH FUTURE EFFECTIVE DATES**

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 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 June 30, 2018 financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017* was issued. Effective Date: The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect the June 30, 2018 financial statements.

In June 2017, GASB Statement No. 87, *Leases* was issued. Effective Date: For reporting periods beginning after December 15, 2019. The University is still evaluating how this pronouncement will affect future financial statements.

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017**

**NOTE 20. SUBSEQUENT EVENTS**

The University has evaluated events subsequent to June 30, 2017 that would possibly require adjustment or disclosure in these financial statements through October 30, 2017, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2017 that would require adjustment or modification to the contents of these statements.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**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 (UNAUDITED)**

	June 30		
Fiscal Year	2017	2016	2015
Measurement Date	2016	2015	2014
Proportion of the net pension liability (asset)	1.1979%	1.22%	1.25%
Proportionate share of the net pension liability (asset)	\$ 86,206,077	\$ 78,448,115	\$ 71,531,017
Covered employee payroll	<u>37,933,765</u>	<u>37,700,936</u>	<u>37,712,383</u>
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	<u>227.25%</u>	<u>208.08%</u>	<u>189.68%</u>
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

The amounts presented were determined as of June 30. 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 Notes to Required Supplementary Information.*

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS (UNAUDITED)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,867,710	\$ 4,760,776	\$ 4,785,777
Contributions in relation to the contractually required contribution	<u>4,867,710</u>	<u>4,760,776</u>	<u>4,785,777</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	<u>39,298,444</u>	<u>37,933,765</u>	<u>37,000,936</u>
Contributions as a percentage of covered employee payroll	12.39%	12.55%	12.69%

The amounts presented were determined as of June 30. 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 Notes to Required Supplementary Information.*

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**JUNE 30, 2017**

**Changes of benefit terms and assumptions.** There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.



**SUPPLEMENTARY INFORMATION**

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Portales Campus			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 11,849,791	\$ 20,703,845	\$ 20,703,845	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	31,617,400	30,036,500	30,036,490	(10)
Federal revenue sources	32,549,901	32,549,901	28,072,274	(4,477,627)
Tuition and fees	21,893,610	21,916,610	20,291,293	(1,625,317)
Land and permanent fund	-	-	-	-
Endowments and private gifts	535,000	640,300	682,095	41,795
Tax levies	3,917,500	2,367,500	2,322,526	(44,974)
Other	26,422,589	41,033,189	23,533,625	(17,499,564)
Total unrestricted and restricted revenues	<u>116,936,000</u>	<u>128,544,000</u>	<u>104,938,303</u>	<u>(23,605,697)</u>
Unrestricted and Restricted Expenses				
Instruction	24,521,000	24,371,000	22,746,473	1,624,527
Academic support	6,107,000	5,257,000	4,079,050	1,177,950
Student services	3,731,000	3,931,000	3,280,829	650,171
Institutional support	7,586,000	8,486,000	7,847,467	638,533
Operation and maintenance of plant	6,067,000	6,067,000	5,547,075	519,925
Student social and cultural activities	964,000	1,200,000	849,958	350,042
Research	1,164,000	1,200,000	598,070	601,930
Public service	5,861,000	6,675,000	5,127,798	1,547,202
Internal service	238,000	275,000	30,496	244,504
Student aid, grants, and stipends	32,116,000	31,650,000	30,366,357	1,283,643
Auxiliary services	4,770,000	5,000,000	4,553,640	446,360
Intercollegiate athletics	5,775,000	4,425,000	4,168,392	256,608
Capital outlay	13,100,000	30,600,000	12,659,485	17,940,515
Building renewal and replacement	1,300,000	3,605,000	2,369,892	1,235,108
Retirement of indebtedness	3,140,000	3,140,000	3,106,389	33,611
Total unrestricted and restricted expenses	<u>116,440,000</u>	<u>135,882,000</u>	<u>107,331,371</u>	<u>28,550,629</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>496,000</u>	<u>(7,338,000)</u>	<u>(2,393,068)</u>	<u>4,944,932</u>
Ending net position	<u>\$ 12,345,791</u>	<u>\$ 13,365,845</u>	<u>\$ 18,310,777</u>	<u>\$ 4,944,932</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 18,198,806	\$ 20,852,553	\$ 20,852,553	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	11,913,800	11,318,110	11,318,110	-
Federal revenue sources	10,767,291	9,557,624	7,616,167	(1,941,457)
Tuition and fees	2,931,794	2,850,000	3,006,197	156,197
Land and permanent fund	1,060,000	1,060,000	1,100,689	40,689
Endowments and private gifts	-	-	-	-
Tax levies	-	5,000	707,825	702,825
Other	1,437,421	3,092,310	3,328,922	236,612
Total unrestricted and restricted revenues	<u>28,110,306</u>	<u>27,883,044</u>	<u>27,077,910</u>	<u>(805,134)</u>
Unrestricted and Restricted Expenses				
Instruction	9,583,015	8,579,112	8,066,085	513,027
Academic support	651,920	1,072,770	1,053,460	19,310
Student services	1,453,195	1,521,069	1,468,900	52,169
Institutional support	4,032,288	4,309,245	4,131,712	177,533
Operation and maintenance of plant	2,539,294	2,534,556	2,048,745	485,811
Student social and cultural activities	161,954	170,452	187,994	(17,542)
Research	-	-	-	-
Public service	3,381,850	2,561,916	3,007,717	(445,801)
Internal service	7,250	(213,864)	(214,544)	680
Student aid, grants, and stipends	5,875,000	5,462,003	4,442,255	1,019,748
Auxiliary services	469,000	734,000	730,901	3,099
Intercollegiate athletics	-	-	-	-
Capital outlay	200,000	1,500,000	1,088,205	411,795
Building renewal and replacement	300,000	103,525	93,575	9,950
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	<u>28,654,766</u>	<u>28,334,784</u>	<u>26,105,005</u>	<u>2,229,779</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(544,460)</u>	<u>(451,740)</u>	<u>972,905</u>	<u>(3,034,913)</u>
Ending net position	<u>\$ 17,654,346</u>	<u>\$ 20,400,813</u>	<u>\$ 21,825,458</u>	<u>\$ (3,034,913)</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 2,339,712	\$ 3,196,434	\$ 3,196,434	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	2,071,100	1,967,900	1,983,622	15,722
Federal revenue sources	2,947,900	2,517,900	2,023,535	(494,365)
Tuition and fees	423,500	417,700	403,511	(14,189)
Land and permanent fund	1,115,000	1,115,000	1,203,012	88,012
Endowments and private gifts	-	-	-	-
Tax levies	135,000	135,000	34,909	(100,091)
Other	1,349,700	1,349,700	613,366	(736,334)
Total unrestricted and restricted revenues	<u>8,042,200</u>	<u>7,503,200</u>	<u>6,261,955</u>	<u>(1,241,245)</u>
Unrestricted and Restricted Expenses				
Instruction	2,433,000	2,388,150	1,822,395	565,755
Academic support	483,000	432,650	295,000	137,650
Student services	345,000	345,000	377,025	(32,025)
Institutional support	1,227,000	1,227,000	1,013,779	213,221
Operation and maintenance of plant	271,000	271,000	196,648	74,352
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	1,250,000	1,040,000	805,463	234,537
Internal service	-	-	(16,512)	16,512
Student aid, grants, and stipends	1,063,200	863,200	662,393	200,807
Auxiliary services	-	16,900	7,338	9,562
Intercollegiate athletics	-	-	-	-
Capital outlay	953,000	1,000,000	492,132	507,868
Building renewal and replacement	50,000	150,000	-	150,000
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	<u>8,075,200</u>	<u>7,733,900</u>	<u>5,655,661</u>	<u>2,078,239</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(33,000)</u>	<u>(230,700)</u>	<u>606,294</u>	<u>836,994</u>
Ending net position	<u>\$ 2,306,712</u>	<u>\$ 2,965,734</u>	<u>\$ 3,802,728</u>	<u>\$ 836,994</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 32,388,309	\$ 44,752,832	\$ 44,752,832	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	45,602,300	43,322,510	43,338,222	15,712
Federal revenue sources	46,265,092	44,625,425	37,711,976	(6,913,449)
Tuition and fees	25,248,904	25,184,310	23,701,001	(1,483,309)
Land and permanent fund	2,175,000	2,175,000	2,303,701	-
Endowments and private gifts	535,000	640,300	682,095	41,795
Tax levies	4,052,500	2,507,500	3,065,260	557,760
Other	29,209,710	45,475,199	27,475,913	(17,999,286)
Total unrestricted and restricted revenues	<u>153,088,506</u>	<u>163,930,244</u>	<u>138,278,168</u>	<u>(25,780,777)</u>
Unrestricted and Restricted Expenses				
Instruction	36,537,015	35,338,262	32,634,953	2,703,309
Academic support	7,241,920	6,762,420	5,427,510	1,334,910
Student services	5,529,195	5,797,069	5,126,754	670,315
Institutional support	12,845,288	14,022,245	12,992,958	1,029,287
Operation and maintenance of plant	8,877,294	8,872,556	7,792,468	1,080,088
Student social and cultural activities	1,125,954	1,370,452	1,037,952	332,500
Research	1,164,000	1,200,000	598,070	601,930
Public service	10,492,850	10,276,916	8,940,978	1,335,938
Internal service	245,250	61,136	(200,560)	261,696
Student aid, grants, and stipends	39,054,200	37,975,203	35,471,005	2,504,198
Auxiliary services	5,239,000	5,750,900	5,291,879	459,021
Intercollegiate athletics	5,775,000	4,425,000	4,168,392	256,608
Capital outlay	14,253,000	33,100,000	14,239,822	18,860,178
Building renewal and replacement	1,650,000	3,858,525	2,463,467	1,395,058
Retirement of indebtedness	3,140,000	3,140,000	3,106,389	33,611
Total unrestricted and restricted expenses	<u>153,169,966</u>	<u>171,950,684</u>	<u>139,092,037</u>	<u>32,858,647</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(81,460)</u>	<u>(8,020,440)</u>	<u>(813,869)</u>	<u>7,077,870</u>
Ending net position	<u>\$ 32,306,849</u>	<u>\$ 36,732,392</u>	<u>\$ 43,938,963</u>	<u>\$ 7,206,571</u>

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES  
RECONCILIATION OF CHANGES IN NET POSITION – BUDGET BASIS TO GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Reconciliation of change in net position (budgetary basis)  
to change in net position (GAAP basis):**

Change in net position budgetary basis	\$ (813,869)
Endowment fund items	1,800,875
Depreciation and amortization expense	(7,864,561)
Gain/Loss on sale of assets	(111,117)
Capital outlay expenditures	14,567,718
Loan funds	1,426,774
Bond payments	1,639,074
Bond proceeds	-
Other (Includes GASB 68--Penison Expense Adj)	(2,021,730)
<b>Change in net position financial statements</b>	<u><u>\$ 8,623,164</u></u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED – INSTRUCTION AND GENERAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,380,129	\$ 1,546,887	\$ 1,546,887	\$ -
Unrestricted Revenues				
Tuition	15,394,000	15,174,000	15,141,258	(32,742)
Miscellaneous fees	3,514,300	3,534,300	1,770,465	(1,763,835)
Federal government appropriations	-	-	-	-
State government appropriations	28,346,500	26,929,200	26,929,190	(10)
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	72,333	(2,667)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	535,000	640,300	682,095	41,795
Private gifts	-	-	-	-
Sales and services	90,000	90,000	92,050	2,050
Other	123,200	153,200	156,747	3,547
Total unrestricted revenues	<u>48,078,000</u>	<u>46,596,000</u>	<u>44,844,138</u>	<u>1,751,862</u>
Unrestricted Expenses				
Instruction	23,521,000	23,371,000	22,274,243	1,096,757
Academic support	3,757,000	3,757,000	3,596,384	160,616
Student services	3,081,000	3,031,000	2,843,778	187,222
Institutional support	6,686,000	6,986,000	6,898,841	87,159
Operation and maintenance of plant	5,967,000	5,967,000	5,531,190	435,810
Total unrestricted expenses	<u>43,012,000</u>	<u>43,112,000</u>	<u>41,144,436</u>	<u>1,967,564</u>
Net transfers	(5,065,000)	(3,695,000)	(3,695,000)	-
Change in net position (budgetary basis)	<u>1,000</u>	<u>(211,000)</u>	<u>4,702</u>	<u>215,702</u>
Ending net position	<u>\$ 1,381,129</u>	<u>\$ 1,335,887</u>	<u>\$ 1,551,589</u>	<u>\$ 215,702</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,556,527	\$ 3,201,220	\$ 3,201,220	\$ -
Unrestricted Revenues				
Tuition	2,247,669	2,493,221	2,368,839	(124,382)
Miscellaneous fees	684,125	356,779	637,358	280,579
Federal government appropriations	-	-	-	-
State government appropriations	11,913,800	11,318,110	11,318,110	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,060,000	1,060,000	1,100,689	40,689
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	10,285	10,285
Sales and services	-	-	-	-
Other	193,250	199,470	271,356	71,886
Total unrestricted revenues	<u>16,098,844</u>	<u>15,427,580</u>	<u>15,706,637</u>	<u>279,057</u>
Unrestricted Expenses				
Instruction	7,427,068	6,647,383	6,021,668	625,715
Academic support	651,920	1,072,770	1,053,460	19,310
Student services	1,453,195	1,521,069	1,468,900	52,169
Institutional support	4,032,288	4,309,245	4,131,712	177,533
Operation and maintenance of plant	2,539,294	2,534,556	2,048,745	485,811
Total unrestricted expenses	<u>16,103,765</u>	<u>16,085,023</u>	<u>14,724,485</u>	<u>1,360,538</u>
Net transfers	(630,193)	(880,193)	(880,193)	-
Change in net position (budgetary basis)	<u>(635,114)</u>	<u>(1,537,636)</u>	<u>101,959</u>	<u>1,639,595</u>
Ending net position	<u>\$ 921,413</u>	<u>\$ 1,663,584</u>	<u>\$ 3,303,179</u>	<u>\$ 1,639,595</u>



**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 113,316	\$ 721,237	\$ 721,237	\$ -
Unrestricted Revenues				
Tuition	337,900	332,100	309,953	(22,147)
Miscellaneous fees	85,600	85,600	93,558	7,958
Federal government appropriations	-	-	-	-
State government appropriations	2,071,100	1,967,900	1,983,622	15,722
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	2,744	2,744
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,115,000	1,115,000	1,203,012	88,012
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	16,400	16,400	80,905	64,505
Total unrestricted revenues	<u>3,626,000</u>	<u>3,517,000</u>	<u>3,673,794</u>	<u>156,794</u>
Unrestricted Expenses				
Instruction	1,408,000	1,343,150	1,026,016	317,134
Academic support	413,000	362,650	283,037	79,613
Student services	315,000	315,000	366,221	(51,221)
Institutional support	1,127,000	1,127,000	1,010,956	116,044
Operation and maintenance of plant	266,000	266,000	196,648	69,352
Total unrestricted expenses	<u>3,529,000</u>	<u>3,413,800</u>	<u>2,882,878</u>	<u>530,922</u>
Net transfers	(81,000)	(631,000)	(631,000)	-
Change in net position (budgetary basis)	<u>16,000</u>	<u>(527,800)</u>	<u>159,916</u>	<u>687,716</u>
Ending net position	<u>\$ 129,316</u>	<u>\$ 193,437</u>	<u>\$ 881,153</u>	<u>\$ 687,716</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**UNRESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 3,049,972	\$ 5,469,344	\$ 5,469,344	\$ -
Unrestricted Revenues				
Tuition	17,979,569	17,999,321	17,820,050	(179,271)
Miscellaneous fees	4,284,025	3,976,679	2,501,381	(1,475,298)
Federal government appropriations	-	-	-	-
State government appropriations	42,331,400	40,215,210	40,230,922	15,712
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	75,077	77
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	2,175,000	2,175,000	2,303,701	128,701
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	535,000	640,300	682,095	41,795
Private gifts	-	-	10,285	10,285
Sales and services	90,000	90,000	92,050	2,050
Other	332,850	369,070	509,008	139,938
Total unrestricted revenues	<u>67,802,844</u>	<u>65,540,580</u>	<u>64,224,569</u>	<u>(1,316,011)</u>
Unrestricted Expenses				
Instruction	32,356,068	31,361,533	29,321,927	2,039,606
Academic support	4,821,920	5,192,420	4,932,881	259,539
Student services	4,849,195	4,867,069	4,678,899	188,170
Institutional support	11,845,288	12,422,245	12,041,509	380,736
Operation and maintenance of plant	8,772,294	8,767,556	7,776,583	990,973
Total unrestricted expenses	<u>62,644,765</u>	<u>62,610,823</u>	<u>58,751,799</u>	<u>3,859,024</u>
Net transfers	(5,776,193)	(5,206,193)	(5,206,193)	-
Change in net position (budgetary basis)	<u>(618,114)</u>	<u>(2,276,436)</u>	<u>266,577</u>	<u>2,543,013</u>
Ending net position	<u>\$ 2,431,858</u>	<u>\$ 3,192,908</u>	<u>\$ 5,735,921</u>	<u>\$ 2,543,013</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**RESTRICTED – INSTRUCTION AND GENERAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
<b>Restricted Revenues</b>				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	4,400,000	4,400,000	2,033,736	(2,366,264)
State government contracts/grants	300,000	300,000	160,729	(139,271)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	300,000	300,000	161,993	(138,007)
Sales and services	-	-	-	-
Other	-	-	-	-
<b>Total unrestricted revenues</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,356,458</b>	<b>(2,643,542)</b>
<b>Restricted Expenses</b>				
Instruction	1,000,000	1,000,000	472,230	527,770
Academic support	2,350,000	1,500,000	482,666	1,017,334
Student services	650,000	900,000	437,051	462,949
Institutional support	900,000	1,500,000	948,626	551,374
Operation and maintenance of plant	100,000	100,000	15,885	84,115
<b>Total unrestricted expenses</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>2,356,458</b>	<b>2,643,542</b>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	\$ -	\$ -	\$ -	\$ -

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**RESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
<b>Restricted Revenues</b>				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	1,834,276	1,587,729	1,693,945	106,216
State government contracts/grants	321,671	339,000	347,262	8,262
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	5,000	3,210	(1,790)
Sales and services	-	-	-	-
Other	-	-	-	-
<b>Total unrestricted revenues</b>	<b>2,155,947</b>	<b>1,931,729</b>	<b>2,044,417</b>	<b>112,688</b>
<b>Restricted Expenses</b>				
Instruction	2,155,947	1,931,729	2,044,417	(112,688)
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<b>Total unrestricted expenses</b>	<b>2,155,947</b>	<b>1,931,729</b>	<b>2,044,417</b>	<b>(112,688)</b>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
<b>Ending net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**RESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	980,000	1,000,000	806,248	(193,752)
State government contracts/grants	150,000	150,000	13,682	(136,318)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	100,000	100,000	2,040	(97,960)
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>1,230,000</u>	<u>1,250,000</u>	<u>821,970</u>	<u>(428,030)</u>
Restricted Expenses				
Instruction	1,025,000	1,045,000	796,380	248,620
Academic support	70,000	70,000	11,963	58,037
Student services	30,000	30,000	10,804	19,196
Institutional support	100,000	100,000	2,823	97,177
Operation and maintenance of plant	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total unrestricted expenses	<u>1,230,000</u>	<u>1,250,000</u>	<u>821,970</u>	<u>428,030</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**RESTRICTED – INSTRUCTION AND GENERAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Total University			
	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	7,214,276	6,987,729	4,533,929	(2,453,800)
State government contracts/grants	771,671	789,000	521,673	(267,327)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	400,000	405,000	167,243	(237,757)
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>8,385,947</u>	<u>8,181,729</u>	<u>5,222,845</u>	<u>(2,958,884)</u>
Restricted Expenses				
Instruction	4,180,947	3,976,729	3,313,027	663,702
Academic support	2,420,000	1,570,000	494,629	1,075,371
Student services	680,000	930,000	447,855	482,145
Institutional support	1,000,000	1,600,000	951,449	648,551
Operation and maintenance of plant	<u>105,000</u>	<u>105,000</u>	<u>15,885</u>	<u>89,115</u>
Total unrestricted expenses	<u>8,385,947</u>	<u>8,181,729</u>	<u>5,222,845</u>	<u>2,958,884</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**NOTES TO THE SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1. BASIS OF PRESENTATION**

The Schedules of Budgeted and Actual Revenue and Expenses (the "Schedule"), for the year ended June 30, 2017, are prepared on the basis of accounting prescribed by the State of New Mexico Higher Education Department (HED). 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.

**OTHER SUPPLEMENTARY INFORMATION**



**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - UNIVERSITY**  
**JUNE 30, 2017**

Account Name	Account Type	James P Stone									Total	
		Bank of America	Compass Bank	Community Bank	Pioneer Bank	US Bank	Wells Fargo Bank	Moreton Capital Markets	NMFA	NM State Treasurer and SIC		
Deposits												
Operational - Portales	Checking- interest bearing	\$ -	\$ -	\$ -	\$ -	\$ 4,384,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,384,174
Payroll - Portales	Checking- interest bearing	-	-	500,602	-	-	-	-	-	-	-	500,602
Bond Sinking - Portales	Checking- interest bearing	-	-	-	-	1,368,170	-	-	-	-	-	1,368,170
Wire Clearing ENMU - Portales	Checking- interest bearing	-	-	-	-	100	-	-	-	-	-	100
Operational - Ruidoso	Checking- interest bearing	-	3,596,362	-	-	-	-	-	-	-	-	3,596,362
Operational - Roswell	Checking- interest bearing	-	-	-	-	-	-	-	-	-	-	-
Title IV - Roswell	Checking- noninterest bearing	72,752	-	-	-	-	-	-	-	-	-	72,752
Operating - Roswell	Checking- noninterest bearing	6,209,138	-	-	4,992,937	-	-	-	-	-	-	11,202,075
Title IV - Ruidoso	Checking- noninterest bearing	-	40,000	-	-	-	-	-	-	-	-	40,000
Payroll - Roswell	Checking- noninterest bearing	-	-	-	(110)	-	-	-	-	-	-	(110)
Sweep - Roswell	Checking- interest bearing	-	-	-	3,220,368	-	-	-	-	-	-	3,220,368
ENMU - Roswell Sweep	Checking- interest bearing	-	-	-	-	-	5,548	-	-	-	-	5,548
ENMU - Ruidoso	Certificate of deposit	-	22,852	-	-	-	-	-	-	-	-	22,852
ENMU - Roswell	Certificate of deposit	-	-	-	2,000	-	-	-	-	-	-	2,000
ENMU - Roswell	Certificate of deposit	-	-	-	5,000	-	-	-	-	-	-	5,000
ENMU - Roswell	Certificate of deposit	-	-	-	3,680	-	-	-	-	-	-	3,680
ENMU - Roswell	Certificate of deposit	-	-	107,969	-	-	-	-	-	-	-	107,969
ENMU - Roswell	Certificate of deposit	-	-	-	164,478	-	-	-	-	-	-	164,478
ENMU - Roswell	Certificate of deposit	-	-	-	90,000	-	-	-	-	-	-	90,000
ENMU - Roswell	Certificate of deposit	-	-	-	10,000	-	-	-	-	-	-	10,000
ENMU - Roswell	Certificate of deposit	-	-	-	-	-	390,131	-	-	-	-	390,131
Gear Up - Roswell	Certificate of deposit	-	-	-	-	-	-	1,233,577	-	-	-	1,233,577
Faculty Endowment - Roswell	Certificate of deposit	-	-	-	-	-	-	165,298	-	-	-	165,298
Unrestricted Investment-Roswell	Certificate of deposit	-	-	-	-	-	-	4,660,720	-	-	-	4,660,720
Gear Up- Roswell	Money market	-	-	-	-	-	-	8,342	-	-	-	8,342
Faculty Endowment- Roswell	Money market	-	-	-	-	-	-	129,327	-	-	-	129,327
Unrestricted Investment-Roswell	Money market	-	-	-	-	-	-	76,346	-	-	-	76,346
NMFA Reserve Account- Portales	Mutual funds	-	-	-	-	-	-	-	1,005,915	-	-	1,005,915
ENMU - Portales	LGIP	-	-	-	-	-	-	-	-	17,296,178	-	17,296,178
ENMU - Roswell	LGIP	-	-	-	-	-	-	-	-	1,824,580	-	1,824,580
SIC Endowment Institution	Trust	-	-	-	-	-	-	-	-	12,979,525	-	12,979,525
Total amount of deposit in bank		6,281,890	3,659,214	608,571	8,488,353	5,752,444	395,679	6,273,610	1,005,915	32,100,283	-	64,565,959
Outstanding items		(11,671)	(35,062)	(27,545)	(113,013)	(3,081,604)	-	-	-	-	-	(3,268,895)
Deposits in transit		2,469	-	-	7,675	9,863	-	-	-	-	-	20,007
Book balance		<u>\$ 6,272,688</u>	<u>\$ 3,624,152</u>	<u>\$ 581,026</u>	<u>\$ 8,383,015</u>	<u>\$ 2,680,703</u>	<u>\$ 395,679</u>	<u>\$ 6,273,610</u>	<u>\$ 1,005,915</u>	<u>\$ 32,100,283</u>	-	61,317,071
Plus: petty cash												20,453
Less: investments												(32,123,122)
Less: restricted cash and cash equivalents												(797,787)
Less: restricted investments												(913,565)
Cash and cash equivalents												<u>\$ 27,503,050</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS – COMPONENT UNITS**  
**JUNE 30, 2017**

Name of Bank/Broker	Account Type	Balance per Bank	Reconciled
<b>Eastern New Mexico University Foundation</b>			
Deposit accounts			
James Polk Stone National Bank	Checking- interest bearing	\$ 838,562	\$ 229,055
Edward Jones	Money market	<u>95,262</u>	<u>95,262</u>
		<u>\$ 933,824</u>	<u>\$ 324,317</u>
Investment accounts			
Edward Jones	Stocks	\$ 2,365	\$ 2,365
Edward Jones	Mutual funds	<u>16,415,047</u>	<u>16,415,047</u>
		<u>\$ 16,417,412</u>	<u>\$ 16,417,412</u>
<b>ENMU - Roswell Foundation</b>			
Deposit accounts			
Pioneer Bank	Checking- interest bearing	\$ 9,244	\$ 11,706
Pioneer Bank	Certificate of deposit	<u>120,861</u>	<u>120,881</u>
		<u>\$ 130,105</u>	<u>\$ 132,587</u>
Investment accounts			
Wells Fargo Advisors	Mutual Fund	\$ 845,901	\$ 845,901
US Trust	Mutual Fund	5,904,412	5,904,412
Edward Jones	Mutual Fund	1,876,129	1,876,129
New Mexico Oil Corporation	Equity	<u>599,140</u>	<u>599,140</u>
		<u>\$ 9,225,582</u>	<u>\$ 9,225,582</u>
<b>ENMU - Ruidoso Foundation</b>			
Deposit accounts			
Compass Bank	Checking- noninterest bearing	\$ 162,473	\$ 157,903
		<u>\$ 162,473</u>	<u>\$ 157,903</u>
Investment accounts			
Lincoln County Community Foundation	Endowment	\$ 11,028	\$ 11,028
Lincoln County Community Foundation	Endowment	24,969	24,969
Lincoln County Community Foundation	Endowment	5,182	5,182
Lincoln County Community Foundation	Endowment	5,046	5,046
Lincoln County Community Foundation	Endowment	<u>1,037</u>	<u>1,037</u>
		<u>\$ 47,262</u>	<u>\$ 47,262</u>

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS**  
**JUNE 30, 2017**

Name of Depository	Description	Maturity	CUSIP/Commitment/ LOC Number	Fair Market Value	Name and Location of Safe Keeper
Compass Bank	FHLB Atlanta	10/19/2017	100949	\$ 650,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	11/21/2017	102315	1,100,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	12/21/2017	102971	200,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	12/21/2017	103885	750,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	6/21/2018	111855	<u>350,000</u>	Federal Home Loan Bank, Atlanta, GA
<b>Total Compass Bank</b>				<u>3,050,000</u>	
James P Stone Community Bank	Carlsbad NM Muni SD	8/1/2019	142735DV8	1,077,310	Texas Independent Bank, Dallas, TX
James P Stone Community Bank	FHLB Step Up Callable	4/30/2024	3130A1MA3	<u>100,132</u>	Texas Independent Bank, Dallas, TX
				<u>1,177,442</u>	
Pioneer Bank	FFCB	7/12/2023	3133EGLK9	4,880,021	Federal Home Loan Bank, Atlanta, GA
Pioneer Bank	FFCB	10/19/2022	3133EGMW2	<u>4,819,397</u>	Federal Home Loan Bank, Atlanta, GA
				<u>9,699,418</u>	
U.S. Bank	Letter of Credit	N/A	N/A	<u>7,000,000</u>	Federal Home Loan Bank, Cincinnati, OH
<b>Total pledged collateral</b>				<u>\$ 20,926,860</u>	

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2017**

Participants	Responsible Party	Description	Begin Date	End Date	Estimated Amount of Project	Amount Contributed in Fiscal Year	Audit Responsibility	Fiscal Agent	Name of Govt. Agency Report Rev. & Exp.
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	7/1/1984	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
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	#####	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
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	4/22/2014	6/30/2044	Between \$8.0 million and \$13.0 million	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF CAPITAL OUTLAY APPROPRIATIONS  
JUNE 30, 2017**

Project #	Campus	Description	Source of Funding	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
14-1295	Portales	Golden Student Success Center	GOB 2015	\$ 11,000,000	3/25/2015- 6/30/2018	\$ 4,642,750	\$ 6,357,250	\$ -
A2599	Portales	Student instruction labs information tech	STB 2016A	135,000	6/26/2016- 6/30/2018	86,173	48,827	-
15-0979	Portales	Electrical system upgrade	STB 2015	900,000	8/12/2015- 6/30/2019	900,000	-	-
A2598	Portales	Stadium construction	STB 2016A	<u>256,000</u>	<u>6/23/2016- 6/30/2020</u>	<u>256,000</u>	<u>-</u>	<u>-</u>
				<u>12,291,000</u>		<u>5,884,923</u>	<u>6,406,077</u>	<u>-</u>
14-1294	Ruidoso	Main entrance	GOB 2015	325,000	3/25/2015- 6/30/2018	302,709	22,291	-
15-0977	Ruidoso	Ruidoso trades program	STB 2015	<u>600,000</u>	<u>8/12/2015- 6/30/2019</u>	<u>10,240</u>	<u>41,832</u>	<u>547,928</u>
				<u>925,000</u>		<u>312,949</u>	<u>64,123</u>	<u>547,928</u>
14-1291	Roswell	Library acquisitions	GOB 2015	32,583	3/25/2015- 6/30/2018	25,981	-	6,602
14-1293	Roswell	Critical infrastructure	GOB 2015	3,000,000	3/25/2015- 6/30/2018	1,171,847	459,108	1,369,045
15-0975	Roswell	CDL simulation system	STB 2015	90,000	8/12/2015- 6/30/2019	90,000	-	-
A2596	Roswell	Physical plant department trucks	STB 2016A	<u>30,000</u>	<u>6/23/2016- 6/30/2020</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
				<u>3,152,583</u>		<u>1,317,828</u>	<u>459,108</u>	<u>1,375,647</u>
				<u>\$ 16,368,583</u>		<u>\$ 7,515,700</u>	<u>\$ 6,929,308</u>	<u>\$ 1,923,575</u>

## COMPLIANCE

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Campus	Federal CFDA	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Pass-through Entity Identifier	Amount	Amount Passed Through to Subrecipients
<b>MAJOR FEDERAL PROGRAMS</b>					
<b>US Department of Education</b>					
Direct Awards					
<i>Student Financial Assistance Cluster</i>					
Portales	84.007	Federal Supplemental Educational Opportunity Grants	N/A	\$ 334,382	\$ -
Roswell	84.007	Federal Supplemental Educational Opportunity Grants	N/A	119,422	-
Ruidoso	84.007	Federal Supplemental Educational Opportunity Grants	N/A	23,884	-
Portales	84.033	Federal Work-Study Program	N/A	873,102	-
Roswell	84.033	Federal Work-Study Program	N/A	297,706	-
Ruidoso	84.033	Federal Work-Study Program	N/A	20,015	-
Portales	84.038	Federal Perkins Loans	N/A	4,392,226	-
Roswell	84.038	Federal Perkins Loans	N/A	397,973	-
Portales	84.063	Federal Pell Grant Program	N/A	6,686,251	-
Roswell	84.063	Federal Pell Grant Program	N/A	2,625,321	-
Ruidoso	84.063	Federal Pell Grant Program	N/A	431,323	-
Portales	84.268	Federal Direct Student Loans	N/A	16,747,630	-
Roswell	84.268	Federal Direct Student Loans	N/A	290,845	-
Ruidoso	84.268	Federal Direct Student Loans	N/A	86,653	-
Portales	84.379	Teacher Education Assistance for College and Higher Education Grants	N/A	<u>18,168</u>	-
<i>Total Student Financial Assistance Cluster</i>				<u>33,344,901</u>	<u>-</u>
<i>Higher Education Institutional Aid</i>					
Portales	84.031	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	N/A	352,683	-
Roswell	84.031	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	N/A	112,752	-
Portales	84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	544,775	-
Roswell	84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	858,626	-
Ruidoso	84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	<u>570,213</u>	-
84.031 Subtotal				<u>2,439,049</u>	-
<b>Total US Department of Education</b>				<u>35,783,950</u>	<u>-</u>
<b>TOTAL MAJOR FEDERAL PROGRAMS</b>				<u>35,783,950</u>	<u>-</u>
<b>NONMAJOR FEDERAL PROGRAMS</b>					
<b>US Department of Agriculture</b>					
Direct Awards					
Portales	10.217	Higher Education - Institution Challenge Grants Program	N/A	\$ 31,954	\$ -
Portales	10.223	Hispanic Serving Institutions Education Grants	N/A	69,975	-
Portales	10.681	Public Television Station Digital Transition Grant Program	N/A	19,592	-
Pass-Through Awards from NM State University					
Portales	10.226	Secondary and Two-Year Postsecondary Agriculture Ed Challenge Grants	EQ01613	10,315	-
Pass-Through Awards from NM Children Youth and Families Department					
Portales	10.558	Department of Defense Impact Aid	191	10,168	-
Roswell	10.559	Summer Food Service Program for Children	3122	<u>5,032</u>	-
<b>Total US Department of Agriculture</b>				<u>147,036</u>	<u>-</u>
<b>US Department of the Interior</b>					
Direct Awards					
Portales	15.904	Watershed Protection and Flood Prevention	N/A	9,048	-

See Notes to Schedule of Expenditures of Federal Awards.

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Campus	Federal CFDA	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Pass-through Entity Identifier	Amount	Amount Passed Through to Subrecipients
<b>Pass-Through Awards from NM Game and Fish</b>					
Portales	15.634	State Wildlife Grants	51600-0000056057	\$ 5,237	-
Portales	15.634	State Wildlife Grants	51600-0000054089	17,500	-
Portales	15.634	State Wildlife Grants	GG51600-000005605	13,750	-
15.634 Subtotal				36,487	-
<b>Total US Department of the Interior</b>				<b>45,535</b>	<b>-</b>
<b>US Department of Labor</b>					
<b>Pass-Through Awards from Eastern Area Workforce Development Board</b>					
Ruidoso	17.258	WIOA Adult Program	OSC16/17-ENMU-RU	420,800	-
Ruidoso	17.260	WIA Dislocated Workers	OSC16/17-ENMU-RU	141,648	-
<b>Pass-Through Awards from Santa Fe Community College</b>					
Roswell	17.282	Trade Adjust Assistance Community College and Career Training Grants	411322-3501-102	319,090	-
Ruidoso	17.282	Trade Adjust Assistance Community College and Career Training Grants	TC-26486-14-60-A-35	92,769	-
Ruidoso	17.282	Trade Adjust Assistance Community College and Career Training Grants	TC-26486-14-60-A-35	129,830	-
17.282 Subtotal				541,689	-
<b>Total US Department of Labor</b>				<b>1,104,137</b>	<b>-</b>
<b>US Department of Transportation</b>					
<b>Pass-Through Awards from NM Department of Transportation</b>					
Portales	20.616	National Priority Safety Programs	16-ST-05d-112	1,967	-
Portales	20.616	National Priority Safety Programs	17-ST-RF-112	899	-
20.616 Subtotal				2,866	-
<b>Total US Department of Transportation</b>				<b>2,866</b>	<b>-</b>
<b>National Science Foundation</b>					
<b>Direct Awards</b>					
Ruidoso	47.076	Education and Human Resources	N/A	33,022	-
Portales	47.080	Office of Cyberinfrastructure	N/A	54,345	-
<b>Total National Science Foundation</b>				<b>87,367</b>	<b>-</b>
<b>US Small Business Administration</b>					
<b>Direct Awards</b>					
Roswell	59.037	Small Business Development Centers	N/A	152,601	-
<b>Total US Small Business Administration</b>				<b>152,601</b>	<b>-</b>
<b>US Department of Education</b>					
<b>Direct Awards</b>					
<i>TRIO Cluster</i>					
Portales	84.042	Student Support Services	N/A	354,948	-
Roswell	84.042	Student Support Services	N/A	161,719	-
Roswell	84.042	Student Support Services	N/A	44,249	-
Portales	84.044	Talent Search Program	N/A	233,079	-
Roswell	84.044	Talent Search Program	N/A	408,130	-
Portales	84.047	Upward Bound	N/A	278,632	-
Roswell	84.047	Upward Bound	N/A	283,568	-
Roswell	84.066	TRIO Educational Opportunity Centers	N/A	337,572	-
<i>Total TRIO Cluster</i>				<b>2,101,897</b>	<b>-</b>
Roswell	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		1,228,974	-
Portales	84.365	National Professional Development Program		266,976	-
<b>Pass-Through Awards from NM Higher Education Department</b>					
Roswell	84.002	Adult Education - Basic Grants to States	V002A160032	171,268	-
Roswell	84.002	Adult Education - Basic Grants to States	V002A160032	24,321	-
Ruidoso	84.002	Adult Education - Basic Grants to States	V002A160032	73,376	-
84.002 Subtotal				268,965	-

See Notes to Schedule of Expenditures of Federal Awards.



**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Campus	Federal CFDA	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Pass-through Entity Identifier	Amount	Passed Through to Subrecipients
Portales	84.048	Career and Technical Education -- Basic Grants to States	17 924 00005 A1	\$ 326,668	-
Roswell	84.048	Career and Technical Education -- Basic Grants to States	V048A160031-16A	110,003	-
Roswell	84.048	Career and Technical Education -- Basic Grants to States	V048A150331-15B	33,318	-
Roswell	84.048	Career and Technical Education -- Basic Grants to States	17-924-00199	59,535	-
		84.048 Subtotal		<u>529,524</u>	-
Portales	84.293	Foreign Language Assistance Program	05-924-P527-0152	3,114	-
Portales	84.367	Supporting Effective Instruction State Grants	16-950-1200-0001	75,614	-
		<b>Total US Department of Education</b>		<u>4,475,064</u>	-
<b>US Department of Health and Human Services</b>					
Pass-Through Awards from NM Children Youth and Families Department					
Portales	93.596	Child Care and Development Fund	14-690-15994-1	372,255	-
Portales	93.658	Foster Care_Title IV-E	15-690-17359	133,443	-
Pass-Through Awards from NM State University					
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	27,288	-
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	5,254	-
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	59,558	-
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	22,919	-
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	82,914	-
Portales	93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	35,030	-
		93.859 Subtotal		<u>232,963</u>	-
		<b>Total US Department of Health and Human Services</b>		<u>738,661</u>	-
<b>TOTAL NONMAJOR FEDERAL PROGRAMS</b>				<u>6,753,267</u>	-
<b>GRAND TOTAL ALL FEDERAL PROGRAMS</b>				<u>\$ 42,537,217</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

**EASTERN NEW MEXICO UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation.** The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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.

**NOTE 2. STUDENT LOANS**

For the Federal Perkins Loan program, CFDA #84.038, the University has continuing reporting requirements on both the ending prior year balances and current year awards. The University has reported outstanding student loan balances in the amount of \$4,790,199 as of June 30, 2016 in the SEFA. As of July 1, 2016, the University is no longer participating in the Federal Perkins Loan Program. The University has reported outstanding student loan balances in the amount of \$4,344,811 as of June 30, 2017.

For the Federal Direct Student Loan program, CFDA #84.268, the University does not have continuing reporting requirements. Therefore, the University has only reported the current year awards in the SEFA in the amount of \$17,125,128.

**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, or as allowed 45% of salaries and wages.

**NOTE 4. RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS**

Federal awards revenue per Statement of Revenues, Expenditures, and Changes in Net Position	
Federal grants and contract revenue	\$ 9,999,121
Federal pell grant revenue	<u>9,749,561</u>
<b>Total federal awards revenue</b>	<b>19,748,682</b>
Reconciling items	
Federal direct loans advanced to students	17,125,128
Perkins loans outstanding at end of prior year	4,790,199
Federal Perkins loan excess liquid cash returned	799,998
Federal ACA (IDC)	101,439
Pell receivable - Roswell campus	(6,667)
Federal revenue that is fee for service	<u>(21,562)</u>
<b>Total federal expenditures</b>	<b><u>\$ 42,537,217</u></b>



**INDEPENDENT AUDITOR'S 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**

Timothy Keller  
New Mexico State Auditor  
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, 2017, 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 30, 2017.

**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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as item 2017-001.

Timothy Keller  
New Mexico State Auditor  
The Board of Regents  
Eastern New Mexico University

### **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*.

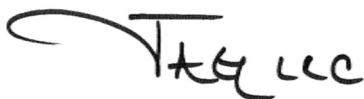
We noted certain matters that are required to be reported per section 12-6-5, NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2017-004 and 2017-005.

### **The University's Responses to Findings**

The University's responses to the findings 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.



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 30, 2017



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

Timothy Keller  
New Mexico State Auditor  
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, 2017. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's 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.

Timothy Keller  
New Mexico State Auditor  
Board of Regents  
Eastern New Mexico University

### **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, 2017.

### **Other Matters**

The result of our auditing procedures disclosed instances 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 items 2016-001, 2017-002, and 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings 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 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, we identified certain deficiencies in internal

Timothy Keller  
New Mexico State Auditor  
Board of Regents  
Eastern New Mexico University

control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-003, that we consider to be significant deficiencies.

The University's response to the internal control over compliance 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.

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.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 30, 2017

**EASTERN NEW MEXICO UNIVERSITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2017**

**Financial Statement Findings**

None

**Federal Award Findings**

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

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

NM 2016-001	TRIO - Upward Bound Eligibility Verification Documentation Missing - Portales	<b>Resolved</b>
NM 2016-002	TRIO - Eligibility Verification Documentation Missing - Roswell	<b>Resolved</b>
NM 2016-003	TRIO - Failure to Meet Earmarking Requirements - Roswell	<b>Resolved</b>
NM 2016-004	Gear Up - Incorrect Amounts on Matching Reports - Roswell	<b>Resolved</b>
NM 2016-005	Gear Up - Incorrect Benefit Rate Used - Roswell	<b>Resolved</b>



**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

***Basic Financial Statements***

**University:**

Type of auditor's report issued: Unmodified  
 Internal control over financial reporting:  
 · Material weakness (es) identified?  yes  no  
 · Significant deficiency (ies) identified?  yes  none reported  
 Noncompliance material to financial statements noted?  yes  no

**Component Units:**

Type of auditor's report issued: Unmodified  
 Internal control over financial reporting:  
 · Material weakness (es) identified?  yes  no  
 · Significant deficiency (ies) identified?  yes  none reported  
 Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

**University:**

Internal control over major programs:  
 · Material weakness (es) identified?  yes  no  
 · Significant deficiency (ies) identified?  yes  none reported  
 Type of auditor's report issued on compliance for major programs: Unmodified  
 Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268, 84.379	Student Financial Assistance Cluster
84.031	Higher Education Institutional Aid

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2017**

**Section II - Financial Statement Findings**

**2017-001      SEGREGATION OF DUTIES – MATERIAL WEAKNESS AT THE INDIVIDUAL COMPONENT UNIT  
LEVEL - ENMU - ROSWELL FOUNDATION**

Type of Finding: Material Weakness  
Finding Category: Financial Reporting

**CONDITION**

The ENMU – Roswell Foundation (Foundation) has one individual that records all financial transactions of the Foundation, performs the monthly bank and investment reconciliations without review, and also has signature authority for each of the bank and investment accounts. Per our test work over this area, we noted no differences that would require an adjustment.

**CRITERIA**

One of the key functions of establishing internal controls over an organization’s assets and resources is a proper segregation of duties over recordkeeping, custodianship and authorization. Segregation of duties serves two key purposes:

1. It provides oversight as well as review to catch errors.
2. It mitigates the risk of fraud or theft as it makes it necessary for two people to collude in order to misappropriate assets or falsify transactions.

**EFFECT**

With the ability for one individual to record the financial transactions, perform the monthly bank reconciliations, as well as having signature authority for each of the bank accounts, the Foundation does not have segregation of duties in its accounting processes. It was noted on the bank check stock that two signatures are required, however this is not a key control that overcomes the lack of segregation of duties within the Foundation as financial institutions do not always check for two signatures or verify signatures against a signature card.

**CAUSE**

Historically, there was another individual performing the accounting and reconciliation functions for the Foundation, however this individual is no longer available to perform these duties. As a result, the current process now has one person performing all recordkeeping and reconciliations, custodianship, and authorization which has resulted in a breakdown in proper segregation of duties within the Foundation’s internal control environment.

**RECOMMENDATION**

There are a number of alternatives the Foundation may pursue to achieve an appropriate level of segregation of duties. We provide three possible alternatives on the following page. There may be additional options the Foundation may wish to pursue. The key is to ensure there is proper segregation of duties over the recordkeeping, custodian, and authorization in the accounting environment.

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2017**

**2017-001      SEGREGATION OF DUTIES – MATERIAL WEAKNESS AT THE INDIVIDUAL COMPONENT UNIT  
LEVEL - ENMU - ROSWELL FOUNDATION (CONTINUED)**

- 1. Documentation of Substantial Internal Review and Removal of Current Signatory.** The Foundation's Executive Committee could review, in detail, the financial reporting, monthly bank and investment activities and related reconciliations. These reviews of the financial reporting, monthly bank and investment statements, and related reconciliations would then be documented by initialing the monthly statements and reconciliation reports to provide evidence of their oversight and review. The individual, who is a current member of the Foundation's Executive Committee, and currently is recording the financial transactions and preparing checks for disbursement should be removed from signatory authority. There are currently two executive committee members not involved in the recordkeeping and custodianship process that have signatory authority, and if needed, additional board members could be utilized as signatories on the Foundation Bank and Investment accounts.
  
- 2. Hiring and Training of a Foundation employee.** There is also the potential of training another individual to accomplish the accounting and reconciliation functions of the Foundation as was the case in the past. If an individual could be trained and /or one found who possesses the appropriate level of accounting skills, then their activities could be authorized and reviewed by members of the executive committee.
  
- 3. Use the University as the Accounting Function.** Another avenue would be to place the accounting function of the Foundation with the Eastern New Mexico University – Roswell campus accounting department. (The Eastern New Mexico University - Portales campus accounting department already does the accounting for both the Portales and Ruidoso Foundations and has done so for many years). It appears as though the Current Memorandum of Agreement between the Eastern New Mexico University Roswell Branch and the Foundation allows for this type of activity to occur. This alternative would bring the financial reporting of the Foundation under the same system of internal controls in place within the University thus assuring better segregation of duties.

**MANAGEMENT RESPONSE**

**Corrective Action(s):** The Roswell Foundation President will approve all invoices and the ENMU-Roswell Business Office will produce the checks from the Roswell Foundation's accounting software. The checks will be given to the Roswell Foundation's Coordinator for matching with the invoices, obtaining signatures from two Board members, and mailing. A copy of the check with the invoice will be given to the Roswell Foundation Treasurer. Deposits will be prepared by the Roswell Foundation Coordinator with copies of the checks and deposit slips being given to the Roswell Foundation Treasurer for recording. The bank reconciliations will be prepared by the ENMU-Roswell Business Office.

**Responsible Person(s):** Roswell Foundation Coordinator (ENMU-Roswell employee), ENMU-Roswell Director of General Accounting and Budget.

**Timeline of corrective action:** This will begin November 1, 2017 after approval of the Roswell Foundation Board at the October meeting.

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2017**

**Section III - Federal Award Findings and Questioned Costs**

**2016-001      TRIO - FAILURE TO MEET EARMARKING REQUIREMENTS – PORTALES CAMPUS**

***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:** 2015, 2016  
**Questioned Costs:** None  
**Type of Finding:** Compliance

**CONDITION**

June 30, 2016: The University (Portales campus) did not serve the 300 students it was required to serve in the Student Support Services program. The Annual Progress Report(APR) submitted during fiscal year 2016 (for fiscal year ended June 30, 2015) noted that 195 students were served. Additionally, only 65% of the students served fell into 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.

June 30, 2017 Update: The University (Portales campus) did not serve the 300 students it was required to serve in the Student Support Services program. The Annual Progress Report(APR) submitted during fiscal year 2017 (for fiscal year ended June 30, 2016) noted that 186 students were served. Additionally, only 60% of the students served fell into 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 and not less than one-third of the individuals with disabilities served are to be also be low-income individuals. The remaining participants are to be low-income individuals, first generation college students, or individuals with disabilities.

**EFFECT**

As a result of not serving the required minimum of students during fiscal years 2015 and 2016, the federal interest was harmed. Accordingly, in May 2017, the University returned \$246,249 to the US Department of Education for not serving the required number of students.

**CAUSE**

The University did not serve the required number of students as noted in the APRs for Academic Year 2014-2015 submitted during the year ended June 30, 2016 and Academic Year 2015-2016 submitted during the year ended June 30, 2017.

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2017**

**2016-001      TRIO - FAILURE TO MEET EARMARKING REQUIREMENTS – PORTALES CAMPUS (CONTINUED)**

**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.

**MANAGEMENT RESPONSE**

**Corrective Action(s):** Update for 2017 - Management agrees the Student Support Services program did not meet the earmarking requirements for the 15-16 grant's fiscal year as reported in Annual Performance Report, which was filed in December of 2016. ENMU changed leadership of this program on January 30, 2017. With the change in leadership, the following corrective actions were implemented to meet the required earmarking requirements to ensure program compliance.

- An assessment of the status of the TRIO SSS Program was completed.
- The TRIO SSS Corrective Action Plan was developed and approved by the U.S. Department of Education TRIO SSS Program Officer.
- The TRIO SSS Policies and Procedures Manual was developed and implemented.
- A TRIO SSS Physical and Electronic Documentation Process was implemented which included documentation/form development, documentation collection practices, data verification methods, and workflow structures.

For the grant's fiscal year 2016-2017, the Student Support Service program is anticipating submitting the Annual Performance Report with 300 students who meet the earmarking requirements as set by Department of Education.

**Responsible Persons:** Vice President of Student Affairs and Student Support Services Program Director

**Timeline of Corrective Actions:** Submission of Annual Performance Report by December 1, 2017.

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2017**

**2017-002      STUDENT FINANCIAL AID—ENROLLMENT REPORTING (PORTALES AND ROSWELL CAMPUSES)**

***Federal Program information:***

**Title:** Student Financial Assistance Cluster  
**Funding Agency:** U.S. Department of Education  
**Pass Through:** None  
**CFDA Number:** 84.007, 84.033, 84.063, 84.268, 84.379  
**Award Year:** 2017  
**Questioned Costs:** None  
**Type of Finding:** Significant Deficiency/Noncompliance

**CONDITION**

Portales Campus: During our testing of the Student Financial Assistance program at ENMU-Portales for the compliance requirements under Enrollment Reporting, we noted that 8 out of 40 students tested were not properly reported or not reported to the National Student Loan Database System (NSLDS) when they either withdrew or graduated. An additional four students had no records for the University in the NSLDS website. Student status changes were not reported on the NSLDS web site for the Fall Semester, some students were reported as withdrawn instead of graduated in the Fall Semester. During the Spring Semester one student was shown as withdrawing in the Fall Semester on NSLDS instead of graduating in the spring, and one student did not show up on the NSLDS website. In the Summer Semester, two students show no records on the NSLDS website, and one shows as scheduled to graduate in the Fall of 2017 instead of in the summer of 2017.

Roswell Campus: During our testing of the Student Financial Assistance Program at ENMU-Roswell for the compliance requirements under Enrollment Reporting, we noted 3 out of 40 students tested that were not accurately reported to the NSLDS when they graduated. These students graduated in the Spring and Summer Semesters and are shown as withdrawn on the NSLDS website, one showing withdrawn in 2015, receiving their certificate in the Summer Semester of 2017, without the students' record being changed on the NSLDS website. One student did not apply for graduation until a subsequent term and so the record was not changed. Additionally, one student the majors did not match between the enrollment record and the graduation record.

**CRITERIA**

Per 34 CFR section 685.309, schools must complete and return within 15 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Unless a roster will be submitted within 60 days, enrollment information must be reported within 30 days when attendance changes for students. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves of absence.

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2017**

**2017-002      STUDENT FINANCIAL AID–ENROLLMENT REPORTING (PORTALES AND ROSWELL CAMPUSES)**  
**(CONTINUED)**

**EFFECT**

By not reporting the students' enrollment change as required, the University is not in compliance with program requirements. The effective management of the NSLDS program is dependent on timely and accurate reporting from participating institutions. Not reporting enrollment changes timely results in the NSLDS database not matching University's records.

**CAUSE**

Portales Campus: At ENMU Portales, the differences appear to have been caused by data entry errors to the Clearinghouse and not verifying the transmission of all data from the Clearinghouse to the NSLDS.

Roswell Campus: At ENMU-Roswell, the difference between the Withdraw "W" and Graduated "G" appears to be a system issue related to certain students turning in their graduation paperwork after their attendance was completed. It was not realized that an additional process was needed for reporting these students after the graduation paperwork was turned in.

**RECOMMENDATION**

We recommend that the University develop and implement policies and procedures to ensure that all students with enrollment changes are reported timely and accurately to NSLDS as required and that a secondary review be used to ensure that all necessary students have been reported. A team effort is needed to assure all compliance requirements over the Student Financial Aid program are met as required.

**MANAGEMENT RESPONSE**

**Corrective Action Portales Campus:** Management agrees that students were not properly reported to the NSLDS. Staff verified that all students identified in the finding for the Portales campus were reported to the National Student Clearinghouse (NSC); however, the Clearinghouse did not transmit the data to NSLDS. Communication with the Clearinghouse staff was initiated to determine the cause of the data transmission failure to NSLDS. At the time of this response, the Clearinghouse staff has not yet responded to ENMU's inquiry.

To ensure the Portales Campus is in compliance with NSLDS reporting, staff will verify the data sent to the Clearinghouse is transmitted to NSLDS in a timely manner. Once the Registrar's office submits enrollment or degree data to the Clearinghouse, staff will verify with the Clearinghouse that the data was transmitted to NSLDS. The Registrar's office and the Financial Aid office will work together to ensure the NSLDS reporting data was received timely and accurately. This new procedure will take place immediately.

**Corrective Action Roswell Campus:** ENMU-Roswell agrees that Graduation records must be reported to the NSC/NSLDS in a timely manner so that records match at both the institution and the NSC/NSLDS. Further research into these exception records revealed that not all Graduation records were picked up in the normal reporting functionality of the Banner reporting processes. The records in question will be corrected, along with any other records that may not have been identified in the sample. Additional processes, along with additional checks and balances, will be implemented internally to ensure that all graduation records are being reported to the Clearinghouse. This issue will also be submitted to Ellucian as a possible defect in Banner reporting functionality, and ENMU-Roswell will work with Ellucian to implement a more permanent solution. There is also

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2017**

**2017-002      STUDENT FINANCIAL AID–ENROLLMENT REPORTING (PORTALES AND ROSWELL CAMPUSES)  
(CONTINUED)**

significant reason to believe that this is a very widespread issue among institutions nationwide, and that additional guidance will be forthcoming from both the NSC and/or the U.S. Department of Education in the near future. It is important to note that because the Graduation Date that will be reported for these student records will be the same as the required Withdrawal date already reported, there is no financial risk to the students in question.

**Responsible Person(s) Portales Campus:** Portales Registrar and Financial Aid Director.

**Responsible Person(s) Roswell Campus:** Executive Director of Student Services.

**Timeline of Corrective Actions Portales Campus:** Effective immediately.

**Timeline of Corrective Actions Roswell Campus:** Current exception records in question will be corrected immediately. Additional processes for identifying and reporting graduate records will be implemented with the next graduate record reporting period in January 2018, and will remain in effect until a more permanent solution is identified. A more permanent solution will be dependent on further guidance from Ellucian (Banner) and the NSC.



**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2017**

**2017-003      STUDENT FINANCIAL ASSISTANCE—RETURN TO TITLE IV (ROSWELL CAMPUS)**

***Federal Program information:***

**Title:** Student Financial Assistance Cluster  
**Funding Agency:** U.S. Department of Education  
**Pass Through:** None  
**CFDA Number:** 84.007, 84.033, 84.063, 84.268  
**Award Year:** 2017  
**Questioned Costs:** None  
**Type of Finding:** Significant Deficiency/Noncompliance

**CONDITION**

During our testing of the Student Financial Assistance program at ENMU-Roswell for the compliance requirements under Return to Title IV we determined that 3 of the 10 students tested did not have a Return to Title IV calculation completed. These were students that unofficially withdrew, one in the Fall Semester, and three students in the Spring Semester.

**CRITERIA**

Per 34 CFR section 668.22(a)(1) through(a)(5), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student, as of the date the institution's determination that the student withdrew, the difference must be returned to the Title IV programs, and no additional disbursements may be made to the student for the payment period or period of enrollment. A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours.

Also, per 34 CFR section 668.22(j), an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

Lastly, per 34 CFR section 668.173(b), returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

**EFFECT**

Not performing the calculation of days attended can result in the institution not returning the required amount of funds. Also, failure to return funds timely could result in improper use of federal funds.

**CAUSE**

The calculations were not completed for one individual tested in the fall and two individuals in the spring.

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2017**

**2017-003      STUDENT FINANCIAL ASSISTANCE—RETURN TO TITLE IV (ROSWELL CAMPUS) (CONTINUED)**

**RECOMMENDATION**

We recommend that the University ensures that the return review process is designed to calculate return to Title IV on individuals who officially or unofficial withdraw from the institution.

**MANAGEMENT RESPONSE**

Management agrees with the finding.

**Corrective Action:** ENMU-Roswell will review and revise our process to ensure the timely calculation and return of Title IV funds for students who cease attendance at the institution.

**Responsible Person(s):** The ENMU-Roswell Director of Financial Aid.

**Timeline of Corrective Action:** Immediately.

**EASTERN NEW MEXICO UNIVERSITY  
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS  
JUNE 30, 2017**

**2017-004      NOTIFICATION TO OSA AND BOARD APPROVAL FOR DISPOSAL OF CAPITAL ASSETS**

**Type of Finding:** Compliance

**Finding Category:** Capital Assets

**CONDITION**

During our testing of capital assets disposals, we noted that the University disposed of 8 items of x-ray related equipment that were included with the sale of a building. The sale of the building was approved by the Board of Regents. However, for the X-ray equipment, the New Mexico State Auditor's Office (OSA) was not notified of the equipment disposal nor was the Board of Regents given notification to approve the disposal of equipment, as required by New Mexico State Statute.

**CRITERIA**

OSA Approval. Section 13-6-1, NMSA 1978 requires the state educational institution to give notification at least thirty days prior to its action of making any deletion by sending a copy of its official finding, the proposed disposition of the property, and the appropriate approval authority to the state auditor, duly sworn and subscribed under oath by each member of the authority approving the action. The section also requires the institution to designate a committee of at least three officials of the governing authority to approve and oversee the disposition, and to maintain a record of the finding and proposed disposition in the official minutes.

**CAUSE**

Equipment was included in the sale of the building and the reporting requirements for the equipment portion of the sale were not considered.

**EFFECT**

The University did not comply with Section 13-6-1, NMSA 1978, related to the disposal of equipment by the University.

**RECOMMENDATION**

We recommend additional guidance to staff who may be involved in the asset disposal process in the future to ensure proper notifications are made in order to be in compliance with state statute.

**MANAGEMENT RESPONSE**

**Corrective Action(s):** A newly called Property Disposition Oversight Committee has been put in place. This committee will review all equipment disposition requests and verify that all equipment on the capital assets list is properly approved by the ENMU Board or Regents and that resolution is sent to the State of New Mexico Office of the State Auditor.

**Responsible Person(s):** Vice President for Business Affairs, Controller, Director of the Physical Plant, and Purchasing Buyer.

**Timeline for corrective action:** The newly called Property Disposition Oversight Committee is currently in place at the time of this finding report.

**EASTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)**  
**JUNE 30, 2017**

**2017-005      COLLATERALIZATION OF BANK ACCOUNT (ROSWELL CAMPUS)**

**CONDITION**

The University had one bank account (checking) in the amount of \$6,209,138 that was uninsured over the \$250,000 FDIC insurance amount and did not have pledged collateral for at least 50% of the uninsured portion. The University did not have pledged collateral in place to meet the State requirement.

**CRITERIA**

New Mexico State Statute Section 6-10-17, NMSA 1978, requires the University to collateralize an amount equal to one-half of the balance not covered by the Federal Deposit Insurance Corporation (FDIC) for depository accounts.

**CAUSE**

This bank account also had a sweep account arrangement. The balance of this bank account's funds is automatically swept at the close of the bank's day for the purchase of fed funds. Fed funds are then sold the next morning and cash is deposited back in the bank. It was management's understanding that the bank had provided pledged collateral, in accordance with New Mexico State Statute Section 6-10-17, NMSA 1978, during the day when cash was in the bank account.

**EFFECT**

The bank account was not collateralized appropriately, and the University was not in compliance with the State's cash collateralization requirements.

**RECOMMENDATION**

The University should arrange for pledged collateral for this bank account in excess of the FDIC coverage of \$250,000.

**MANAGEMENT RESPONSE**

Management now agrees that we did not have pledged collateral to meet the State requirement. While we agree we did not meet the letter of the statute we believe the spirit of the statute was met in the protection of public funds. The funds are swept into Fed Funds overnight and in the event of bank failure, FDIC practice allows for any standing orders (sweep) to complete and we have access to the funds.

**Corrective Action(s):** We have started the process of obtaining a Letter of Credit issued by a federal home loan bank.

**Responsible Person(s):** Vice President for Business Affairs and the Controller.

**Timeline for corrective action:** The Letter of Credit is in process and will be complete during the first week of November 2017.

**EASTERN NEW MEXICO UNIVERSITY  
EXIT CONFERENCE  
JUNE 30, 2017**

An exit conference was held on October 23, 2017. In attendance were the following:

**Representing Eastern New Mexico University**

Jane Christensen	Board of Regents Member
Edwin B. Tatum	Board of Regents Member
Dr. Jeff Elwell	President of Eastern New Mexico University
Dr. John Madden	President of ENMU-Roswell
Dr. Clayton Alred	President of ENMU-Ruidoso (Telephone)
Scott Smart	Vice President of Business Affairs-Portales campus
Eric Johnston-Ortiz	Vice President of Business Affairs-Roswell campus
Dr. Jeff Long	Vice President of Student Affairs-Portales campus
Mike Martinez	Vice President of Student Affairs-Roswell campus
Clark Elswick	Vice President of Technology and System CIO-Portales campus
John Montgomery	Assistant Vice President for Program Development and Research-Portales campus
Carol Fletcher	Controller-Portales campus
Karen Franklin	Controller-Roswell campus
Joann Martinez	Director of Accounting and Student Accounts-Portales campus
Brent Small	Financial Aid Director-Portales campus
Ana Bhakta	Financial Aid Director-Roswell campus
Linda Neel	Executive Director of Student Services-Roswell campus
Jan Terry-Sanchez	Associate Director for Financial Aid-Portales campus
DeLynn Bargas	Interim Registrar-Portales campus
Chris Meeks	Financial Aid Operations Manager-Roswell campus
Jessica Small	Internal Auditor/Affirmative Action Officer-Portales campus
Terri Doerr	Accountant-Portales campus
Laura Disney	Accountant-Portales campus
Kenny Prince	Accountant-Portales campus

**Jaramillo Accounting Group LLC (JAG)**

Scott Eliason, CPA	Partner
--------------------	---------

*Jaramillo Accounting Group (JAG) assisted in the preparation of the financial statements presented in this report. The University's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.*