



**KRIEGEL/GRAY/SHAW & CO., P.C.**

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# **WESTERN NEW MEXICO UNIVERSITY**

## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2011**

# WESTERN NEW MEXICO UNIVERSITY

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# WESTERN NEW MEXICO UNIVERSITY

OFFICIAL ROSTER  
JUNE 30, 2011

## BOARD OF REGENTS

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The Honorable Susana Martinez	Governor of the State of New Mexico
Dr. Jose Z. Garcia	Secretary for Higher Education Department

### Appointed Members

Charles R. Briggs	President
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**INDEPENDENT AUDITORS' REPORT**

Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico

We have audited the accompanying financial statements of the business-type activities of Western New Mexico University (University) and the discretely presented component unit (Western New Mexico Foundation, Inc. (Foundation)) as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. We have also audited the budget comparisons presented as supplementary information for the year ended June 30, 2011, as listed in the accompanying table of contents. These basic financial statements and budget comparisons are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the University are intended to present the financial position and changes in its financial position and cash flows, where applicable, of only that portion of the financial reporting entity of the business-type activities information of the State of New Mexico that is attributable 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, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements of the University referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and the discretely presented component unit as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects the budgetary comparisons for the year then ended in conformity with budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary comparisons, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico  
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2011, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Individual Deposit Accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Individual Deposit Accounts have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.

November 3, 2011

**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 JUNE 30, 2011

**Overview of the Financial Statements and Financial Analysis**

Western New Mexico University is proud to present its financial statements for fiscal year 2011. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Please refer to the separate report titled "Western New Mexico Foundation Financial Statements" for these same three financial statements for the component unit.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year.

**Statement of Net Assets**

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (Assets minus Liabilities).

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. The reader is also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, is net of debt. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

	June 30		<u>Variance</u>
	<u>2010</u>	<u>2011</u>	
<b>Assets</b>			
Current assets	\$18,039,589	\$17,238,492	(\$801,097)
Noncurrent assets	33,053,175	34,903,083	1,849,908
<b>Total Assets</b>	<b>\$51,092,764</b>	<b>\$52,141,575</b>	<b>\$1,048,811</b>
<b>Liabilities</b>			
Current liabilities	\$5,817,208	\$5,070,942	(\$746,266)
Noncurrent liabilities	4,656,161	3,799,666	(856,495)
<b>Total Liabilities</b>	<b>\$10,473,369</b>	<b>\$8,870,608</b>	<b>(\$1,602,761)</b>
<b>Net Assets</b>			
Invested in capital assets,			
Net of debt	\$24,060,775	\$25,692,334	\$1,631,559
Restricted – nonexpendable	5,103,925	5,787,780	683,854
Restricted – expendable	6,602,887	5,627,291	(975,596)
Unrestricted	4,851,808	6,163,562	1,311,754
<b>Total Net Assets</b>	<b>\$40,619,395</b>	<b>\$43,270,967</b>	<b>\$2,651,572</b>

**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

Total net assets of the institution were increased by \$2,651,572 as a result of current year activity. This is primarily due to a decrease of \$1.6 million in total liabilities. Lower construction activity in comparison to activity a year ago which was focused on the completion of two major capital projects resulted in a decrease of \$0.7 million. Outstanding revenue bond debt decreased by \$0.4 million as a result of a payment toward the principal. Liabilities further decreased by \$0.4 million for early retirement plan obligations after fully meeting the obligations of six participants while adding only one additional participant coupled with a slight decrease in vacation leave. Deferred revenue also slightly decreased by \$0.1 million from decreased enrollment for upcoming terms.

Total assets for the year increased by \$1.0 million overall with noncurrent assets increasing by \$1.8 million. This is primarily due to construction in process for \$1.2 million consisting of four major projects (Castorena Hall Renovation, Chino Building Renovation, Juan Chacon-Interior, and President's residence renovation) and the completion of Phase I of Light Hall. An increase of \$0.6 million in endowments also contributed from an increase in the State of NM land grant permanent fund along with a market appreciation in securities. This increase was slightly offset by a decrease in current assets of \$0.8 million from lower grants and contract receivables as well as capital receivables.

The increase in Net assets invested in capital assets, net of debt is directly associated with the increase reflected in noncurrent assets and the decrease in outstanding revenue bond debt. Net assets were further increased by \$0.7 million in the area of restricted-nonexpendable due to interest income and an increase in the market value of the endowed securities and the permanent fund endowment. The \$1.0 million reduction in restricted-expendable is due to utilization of prior years funding for Building and Equipment Renewal and Replacement (BR&R and ER&R) funds as less funding was available as a result of utilizing funds from BR&R for instruction and general purposes as authorized through statute. Utilization included expenditures for authorized projects in the amount of \$0.7 million for the President's residence renovation and Light Hall renovation. The \$1.3 million increase in Unrestricted net assets is due primarily to revenues exceeding expenditures. The change in net assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service mission of the University, however, the increase in Unrestricted Net Assets will provide for fiscal stability of the University during continuing, economic challenging times with an extended duration period.

**Statement of Revenues, Expenses and Changes in Net Assets**

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenue, expenses, gains and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

	June 30		Variance
	2010	2011	
<b>Operating Revenues</b>			
Tuition and fees	\$4,639,123	\$4,677,747	\$38,624
Federal grants and contracts	7,661,003	8,748,842	1,087,839
State and local grants and contracts	2,107,515	1,924,010	(183,505)
Sales and services auxiliary enterprises	2,410,582	2,364,307	(46,275)
Other	1,574,681	1,614,634	39,953
<i>Total Operating Revenue</i>	<u>18,392,904</u>	<u>19,329,540</u>	<u>936,636</u>
<b>Expenses</b>			
Instruction and general	25,331,574	25,644,476	312,902
Public service	2,721,956	1,102,264	(1,619,692)
Student aid grants and stipends	2,884,905	3,139,055	254,150
Auxiliary enterprises	1,419,783	1,428,524	8,741
Athletics	2,100,924	2,190,584	89,660
Other expenditures	1,277,147	545,825	(731,322)
Depreciation	2,396,484	2,343,437	(53,047)
<i>Total Expenses</i>	<u>38,132,773</u>	<u>36,394,165</u>	<u>(1,738,608)</u>
<i>Operating Loss</i>	<u>(19,739,869)</u>	<u>(17,064,625)</u>	<u>2,675,244</u>
<b>Nonoperating Revenues (Expenses)</b>			
State appropriations/special appropriations and other nonoperating revenue	19,501,619	17,624,957	(1,876,662)
Gain/(Loss) before other revenues and expenses	(238,250)	560,332	798,582
Other revenues/(expenses)	5,994,521	2,091,240	(3,903,281)
<i>Net Increase/(Decrease) in Net Assets</i>	<u>\$5,756,271</u>	<u>\$2,651,572</u>	<u>(\$3,104,699)</u>



**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

The Statement of Revenues, Expenses and Changes in Net Assets reflect an increase in net assets at the end of the year of \$2,651,572. Operating revenues were up by \$0.9 million from the previous year. Federal grants and contracts revenue was \$1.1 million higher primarily due to increased financial aid of \$0.8 million with the remaining \$0.3 million from other federal revenue. This was slightly offset by \$0.2 million due to decreased state and local grants and contracts revenue. Other revenue stayed constant. Operating expenses were lower by \$1,738,608 than the previous year. A decrease of \$1.0 million in public service resulted from Early Childhood Program and instructional television expenses being classified as instruction and general expenses in FY11; the remaining \$0.6 million for public service resulted from the transfer of the administration of the New Mexico Works program to NMSU. Excluding this reclassification, instruction and general expenses decreased \$0.7 million. The decrease in the instructional area was due to 1) \$0.4 million for reduced workforce training of employees laid-off from the mining industry due to cessation of program, 2) \$0.3 million for reduced expenditures in the Early Childhood Program and a \$0.2 million decrease in nursing instruction both as a result of reduced funding, 3) \$0.3 million from reduced education-related instruction from faculty attrition, 4) \$0.2 million from reduced extended university expenses resulting from employee vacancies, and 5) \$0.1 million from decreased grant expenditures for the Math and Science awards. These decreased instruction and general costs were somewhat offset by 1) increased institutional support expenses of \$0.3 million for the EPSCoR and RUS (Rural Utility Services) grants and 2) increased student services expenses of \$0.2 million from instructional television expenses now being charged to this area, increased dual enrollment costs, and additional recruiting costs allocated from Athletics. Other expenditures decreased by \$0.7 million as prior year plant expenditures were \$4.1 million higher from the completed construction projects in the prior year somewhat offset by construction in process and other equipment purchases of \$2.3 million and reduced depreciation of \$1.1 million from the demolition of the Student Memorial center in FY11. Operating expenses were slightly offset by an increase of \$0.3 million from increased student financial aid. The reduction to nonoperating revenues and expenses was due to both a lower original base appropriation and lower special appropriations for 2011 as a result of the State's worsening economic condition. The base appropriation was further reduced by 7.3% during 2011 based on unimproved economic conditions. Other revenues were down by \$3.9 million due to decreased capital appropriations which funded the major projects in FY10.

**Statement of Cash Flows**

The final statement presented by Western New Mexico University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

	June 30		<u>Variance</u>
	<u>2010</u>	<u>2011</u>	
Net cash used by operating activities	(\$16,959,228)	(\$16,297,739)	\$661,489
Net cash provided by noncapital financing activities	19,297,739	17,450,296	(1,847,443)
Net cash provided by investing activities	(1,631,397)	(687,747)	943,650
Net cash used by capital and related financing	(1,126,260)	(875,024)	251,236
Net increase (decrease) in cash and cash equivalents	(419,146)	(410,214)	8,932
Cash at beginning of year	3,031,310	2,612,164	(419,146)
<i>Cash at end of year</i>	<b>\$2,612,164</b>	<b>\$2,201,950</b>	<b>(\$410,214)</b>

**Capital Asset and Debt Administration**

The University had minimal capital asset additions for facilities in the current fiscal year. Capital asset additions include final construction for the School of Nursing and its new parking lot area, structural and roof renovations to Light Hall, roof renovations to two housing dormitories, and the cafeteria floor renovation. Construction in process at year-end included the renovations of the President's residence, Castorena administration building, Chino Building Renovation, and interior of the Juan Chacon Building. Some of the renovation will accomplish the planned consolidation of student services. Outstanding debt used for previous construction was reduced to a principal amount of \$3,530,000 and the corresponding rating from Moody's was Aaa.

**Budget/Actual Variances**

The original unrestricted non-I&G revenue budget was revised to reflect a decrease in other sources to allow for the reimbursement of only two major plant construction projects rather than multiple projects. Emphasis was placed on the completion of the School of Nursing and the renovation of the Juan Chacon Building. In addition, the demolition of the old Student Memorial building was completed from BR&R funding instead of plant funds. The revised budget also reflected an increase in sales and services in Auxiliary Enterprises and Public Service to allow for additional revenue collected for housing, cafeteria, the Childcare Food Program, and various conferences. Miscellaneous fees were increased to allow for additional fees collected based on the increased enrollment. State appropriations were decreased to include the reduction as mandated by the legislature based on the bleak economic outlook. Revenues were under the final budget by \$4.5 million due to implementation of a staggered timeline to minimize the impact planned construction projects will have on various departments. Expenses were also revised to allow for plant construction and for utilization of the supplemental BR&R and equipment funding. However, expenses were significantly under the final budget by \$4,351,807 primarily due to the deferral of construction projects based on the staggered completion schedule and deferred building repairs based on priority changes. The original unrestricted non-I&G transfer budget was revised to allow the University to retain additional BR&R funds in I&G for operations. As a result, this additional funding along with reduced operating costs eliminated the budgeted transfer from plant. Unrestricted I&G fund revenues were marginally higher than the final budget. Expenditures, however, were \$1,712,097 lower than the final budget primarily due to (1) lower salary and benefit costs of \$1.1 million primarily in instruction as a result of budgeted positions remaining vacant, (2) lower utility costs in the amount of \$0.3 million, and (3) lower supply and travel costs in the amount of \$0.3 million. The lower supply costs were mainly attributable to increased collection efforts resulting in fewer account write-offs for students.

Restricted revenue and expenditure budgets were revised to reflect grants obtained by the institution after the start of the fiscal year. Actual performance in restricted funds was different from the final budget due to multi-year grants being awarded yet budgeted for the current year. Remaining revenue and expenditures will occur in the subsequent year based on the multi-year awards.

**WESTERN NEW MEXICO UNIVERSITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

**Comparative Analysis**

Comparative financial information was presented in previous sections of this document.

**Economic Outlook:**

The current economic outlook of the nation and local economic conditions will have a significant impact regarding future enrollment. Freeport-McMoran (previously Phelps Dodge) took measures to reduce cost in the latter part of 2008 and carried over actions into 2009, which has had a significant impact on local employment. Grant County ranks among the top counties in the State as having the highest unemployment rate. This has resulted in individuals deciding to attend the university as no work is available.

This fall semester has resulted in record high enrollments for the university with headcount enrollment increasing significantly at both undergraduate and graduate levels therefore contributing to the significantly increased overall student credit hour generation. We have experienced growth in on-line course offerings at both the undergraduate and graduate level and dual enrollment. We are continuing our efforts in these areas as well as expanding offerings of graduate programs, both on-line and face-to-face. Slightly less than one-third of the enrollment increase in the fall is directly related to individuals participating in workforce training as a result of employee reductions at Freeport-McMoran and related contractors. We will most likely see declines in enrollment in future years as these individuals move through the system, but should have some sustaining enrollment as the new programs offered are in areas of high market demand and we will continue to expand our on-line course offerings at both the undergraduate and graduate levels.

National and local economic conditions will continue to have an impact on future enrollments as well as funding availability from the State. Based on economic conditions within the State, it is almost certain that funding will be decreased in fiscal year 2010 as well as reductions in state appropriations for fiscal year 2011. There is also potential for formula workload as a result of enrollment increase in fiscal year 2010 to not be fully funded for fiscal year 2012 due to the State's economic condition, which would impact appropriation levels in fiscal year 2012.

# WESTERN NEW MEXICO UNIVERSITY

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government	Component Unit
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$2,011,566	\$660,156
Cash endowments	\$190,384	\$0
Cash restricted for other organizations	0	209,332
Accounts receivable, net of \$83,661 and \$0 allowance	101,074	2,713
Contract and grant receivables, net of \$0 allowance	738,846	0
Student receivables, net of \$1,769,416 allowance	1,898,970	0
Capital grant receivables	539,531	0
Due from Foundation	95,155	0
Certificates of deposit	11,419,385	0
Inventories	2,452	0
Prepaid assets	241,129	0
<i>Total current assets</i>	17,238,492	872,201
<b>Noncurrent Assets</b>		
Endowment investment	5,597,396	5,281,396
Assets Held for Sale	0	6,800
Capital assets, net of accumulated depreciation	29,305,687	257,345
<i>Total noncurrent assets</i>	34,903,083	5,545,541
<i>Total assets</i>	\$52,141,575	\$6,417,742
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables and accrued liabilities	\$2,818,359	\$0
Accrued compensated absences	75,934	0
Accrued incentive retirement payable	146,257	0
Deferred revenue	1,442,467	0
Bonds payable - current portion	435,419	0
Due to Western New Mexico University	0	95,155
Deposits held for others	152,506	209,332
<i>Total current liabilities</i>	5,070,942	304,487
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	370,737	0
Accrued incentive retirement/bonus payable	250,995	0
Bonds payable - long-term portion	3,177,934	0
<i>Total noncurrent liabilities</i>	3,799,666	0
<i>Total liabilities</i>	8,870,608	304,487

The Notes to Financial Statements are an integral part of these statements.

# WESTERN NEW MEXICO UNIVERSITY

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government	Component Unit
<b>Net Assets</b>		
Invested in capital assets, net of related debt	25,692,334	257,345
Restricted for		
Nonexpendable		
Restricted (endowment fund balances)	5,787,780	5,393,918
Expendable		
Scholarships, research, instruction and other loans	254,497	503,390
Capital projects	4,663,258	0
Debt service	709,536	0
Unrestricted	6,163,562	(41,398)
<b>Total net assets</b>	<b>43,270,967</b>	<b>6,113,255</b>
<b>Total liabilities and net assets</b>	<b>\$52,141,575</b>	<b>\$6,417,742</b>

The Notes to Financial Statements are an integral part of these statements.

# WESTERN NEW MEXICO UNIVERSITY

## STATEMENT OF REVENUES, EXPENSES AND

### CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2011

	Primary Government	Component Unit
<b>Operating Revenues</b>		
Tuition and fees	\$10,141,719	\$0
Tuition discounts and allowances	(5,463,972)	0
	4,677,747	0
Federal grants and contracts	8,748,842	0
State and local grants and contracts	1,924,010	0
Private local grants and contracts	119,203	0
State land and permanent fund and investment income	220,992	824,374
Sales and services of auxiliary enterprises	2,364,307	0
Contributions	0	278,524
Other	1,274,439	1,100
<i>Total operating revenues</i>	19,329,540	1,103,998
<b>Operating Expenses</b>		
Instruction and general		
Instruction	14,785,566	0
Academic support	1,501,479	0
Student services	2,421,495	0
Institutional support	4,340,871	0
Operations and maintenance support	2,595,065	0
	25,644,476	0
Public service	1,102,264	0
Student aid grants and stipends	8,603,027	0
Tuition discounts and allowances	(5,463,972)	0
Auxiliary enterprises	1,428,524	0
Athletics	2,190,584	0
Other expenditures	545,825	0
Awards and grants to individuals	0	222,140
Operating expenses	0	151,279
Depreciation	2,343,437	18,128
<i>Total expenses</i>	36,394,165	391,547
<i>Operating (loss) income</i>	(17,064,625)	712,451

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2011**

	Primary Government	Component Unit
Non operating revenues (expenses)		
State appropriations	17,450,296	0
Interest and investment income	174,661	0
<i>Net nonoperating revenues</i>	17,624,957	0
<i>(Loss) income before other revenues, expenses, gains and losses</i>	560,332	712,451
Other		
Capital appropriations	2,092,106	0
Gain/(Loss) on asset disposition	(866)	0
<i>Net other revenues/(expenses)</i>	2,091,240	0
<i>Increase in net assets</i>	2,651,572	712,451
Net assets		
Net assets - beginning of year	40,619,395	5,400,804
<i>Net assets, end of year</i>	<b>\$43,270,967</b>	<b>\$6,113,255</b>

The Notes to Financial Statements are an integral part of these statements.

# WESTERN NEW MEXICO UNIVERSITY

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

	Primary Government	Component Unit
<b>Cash Flows From Operating Activities</b>		
Adjustment to reconcile increase in net assets to net cash provided by operating activities		
Tuition and fees	\$9,967,104	\$0
Grants and contracts	11,300,856	0
Sales and services of educational activities	2,362,834	0
Other operating receipts	1,506,975	1,161,148
Payments to employees for salaries and benefits	(22,522,842)	(80,169)
Payments to suppliers	(8,394,563)	(44,670)
Loans grants issued to students and employees	(10,518,103)	(222,140)
<i>Net cash (used) provided by operating activities</i>	(16,297,739)	814,169
<b>Cash Flows From Noncapital Financing Activities</b>		
State appropriations	17,450,296	0
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(4,495,942)	(4,217,138)
Interest received on investments	3,633,534	0
Sale of investments	174,661	3,806,589
<i>Net cash provided by investing activities</i>	(687,747)	(410,549)
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	(3,555,442)	(38,602)
Disposition of capital assets	211,699	150
Capital appropriations received	2,878,719	0
Repayments of capital debt	(410,000)	0
<i>Net cash used by capital and related financing activities</i>	(875,024)	(38,452)
<i>Net (decrease) increase in cash and cash equivalents</i>	(410,214)	365,168
Cash and cash equivalents, beginning of year	2,612,164	294,988
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$2,201,950</b>	<b>\$660,156</b>

The Notes to Financial Statements are an integral part of these statements.



# WESTERN NEW MEXICO UNIVERSITY

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

	Primary Government	Component Unit
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating (loss) income	(\$17,064,625)	\$712,451
Adjustments to reconcile operating (loss) income to net cash used by operating activities		
Depreciation expense	2,343,437	18,128
Amortization expense	(10,419)	0
Loss on asset disposition	(866)	0
Unrealized (gain)/loss on investments	0	164,658
Changes in assets and liabilities		
Receivables	431,338	(636)
Short-term investments	(23,786)	0
Inventories	215	0
Other assets	(801,423)	(6,800)
Accounts payable and accrued expenses	(589,281)	0
Due to Western New Mexico University	0	12,379
Grants and awards payable	0	(86,011)
Deferred revenue	(95,880)	0
Incentive Retirement/Bonus Payable	(449,632)	0
Compensated absences	(36,817)	0
<b><i>Net cash used by operating activities</i></b>	<b><i>(\$16,297,739)</i></b>	<b><i>\$814,169</i></b>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

*Background.* In March 1893, the first meeting of the Board of Regents was held and plans were made for the construction of the Normal School to open in the fall of 1894. The first classes were held in September 1894 in the First Presbyterian Church with two faculty and forty students while the foundation was laid for "Old Main," the first campus building.

The first administrative head of the Normal School was Professor George Selby, who served only the first year. Charles M. Light became the President in 1895 and continued through the 1913-14 academic year. Miss Isabelle Eckles became the first graduate and also the leader of many graduates to excel in business, education, science, mining, ranching and government.

In the 1900's, the Normal School continued to expand with the addition of new buildings including Ritch Hall in 1906, and Fleming Hall, now the University Museum, in 1917. Telephones were installed on campus this same year. In 1923, the name of the School became New Mexico State Teacher College and five years later Light Hall was completed. In 1928, the men's dorm at Bowden Hall was finished and plans were begun to create a new high school at the east edge of the campus. In 1949, enrollment increased due to returning veterans after World War II and the name was changed to New Mexico Western College. The institution continued to experience considerable growth from 1952-1962. In the winter of 1963, the name of the institution was changed again to Western New Mexico University in keeping with the further broadening of the scope and mission of the institution.

The mission of Western New Mexico University is to provide quality, affordable and accessible educational opportunities to the people of New Mexico. Exemplary teaching, quality programs, enhanced regional service and cultural diversity are components of this mission. The University offers a range of certificate, associate, undergraduate and graduate programs and has been accredited by North Central Association of Colleges and Schools since 1942.

In fall of 2010, Western New Mexico University's student enrollment was 3,446 (including its off-campus educational centers) taught by 102 faculty members. The campus consists of 49 buildings on 230 acres. Four buildings are currently undergoing major renovations. Over three-fourths (76%) of Western's student population is from rural southwestern New Mexico. Its major service area is the neighboring four-county region comprised of Catron, Grant, Hidalgo and Luna counties. Additionally, some of Western's students come from other countries including Australia, Belgium, Mexico, Canada, China, Germany, Nigeria, Brazil, New Zealand, Fiji Islands, Kenya, South Africa, South Korea, Bosnia-Herzegovina, Portugal, Sweden, and the United Kingdom. Students range in age from late teens to senior citizens. Western students are 62% female, 38% male and have been recognized as strength for the bilingual and multi-cultural population of the region. The four largest ethnic groups are Hispanic (49%), Anglo (35%), American Indian (4%), and African American (3%).

Western New Mexico University continues to build upon its reputation for quality education in a stunning southwestern mountain environment along the Continental Divide.

The New Mexico State Auditor has determined the University is included as part of primary government of the State of New Mexico.

*Basis of Accounting.* For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. Grants are recognized when all eligibility requirements are met.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

*Reporting Entity.* In May 2002, Governmental Accounting Standards Board issued Statement No 39. The statement established standards for identifying a component unit through evaluation of the reporting entity and significance of certain related party transactions, defined as potential component units. In evaluating how to define the University for financial reporting purposes, management has evaluated the University's potential component units. The basic, but not the only, criterion for including a potential component unit as part of the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the University. 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 University is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the University's reporting entity.

In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the University. The decision to include a potential component unit in the University's reporting entity is based upon several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Western New Mexico Foundation, Inc. (Foundation) is presented as a discretely presented component unit in these financial statements due to:

1. The economic resources received by the Foundation are entirely for the direct benefit of the University's constituents.
2. The University has an ongoing economic interest in the net assets of the Foundation.

The Foundation was organized as a not-for-profit New Mexico corporation under 501(c)(3) of the Internal Revenue Code. The Foundation receives support from contributions, earnings on investments and rental of real estate.

The separate financial statements of the Foundation can be obtained from Vance Redfern, Executive Director at the Western New Mexico Foundation, Inc., P.O. Box 680, Silver City, New Mexico 88062.

*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.

*Budget.* The University follows the requirements established by the Higher Education Department (HED) in formulating its budgets and in exercising budgetary control. It is through the HED's policy that, when the appropriation has been made to the University, its Board of Regents can, in general, adopt an operating budget within the limits of available income.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

*Procedures for Approval of Operating Budgets*

1. The University will then submit an original typed copy that has been approved by the University's regents to the HED's office by May 1st.
2. HED acts on approval of the budgets.
3. The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for appropriation by the University in subsequent years.

*Budgetary Control.* Total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary control are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total expenditures in instruction and general; (3) total expenditures of each budget function in current funds other than instruction and general; and (4) within the plant funds budget, the items of budgetary control are major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. Budget revisions must be approved by the executive secretary of the HED and then by the Budget Division of the Department of Finance and Administration. Budgets are not legally binding for the component unit.

*Cash and Cash Equivalents.* For purposes of the statement of cash flows, cash and cash equivalents include demand, savings, and money market accounts with an original maturity of 3 months or less.

*Investments.* Certain investments such as debt and equity securities and pooled investment funds are recorded at market value in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* change in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net assets. The carrying value of investments is based on quoted market prices.

Investments are made in accordance with the Constitution of the State of New Mexico and the policies of the Board of Regents.

*Inventories.* Inventories of supplies and materials held for sale or use are stated substantially at the lower of cost (first-in, first-out) or market value.

*Income Taxes.* The University, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code, and consistent with the provisions under Section 501(c)(3) of the Internal Revenue Code.

*Accounts Receivable.* The University records student tuition and fees and student accounts receivable at rates established at the time a student registers for classes. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Provision for uncollectible student accounts is recorded to maintain an adequate allowance for anticipated losses. The net balance of accounts receivable is expected to be collected within one year of the date of the financial statements (none are considered long-term).

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

*Deferred Revenue.* Revenue for each academic session is reported within the fiscal year during which the session's refund period ends. Revenues for the summer session starting in May 2010, are shown as income in the accompanying financial statements if the session's refund period ends prior to June 30, 2010. If summer courses' refund period is not over as of June 30, 2010, then courses are reported in next fiscal year. After refund period has expired, tuition is considered as earned and recognized as revenue. Deferred revenues also include amounts received from grant and contract sponsors that have not been earned.

*Noncurrent Investments.* Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

*Capital Assets.* Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$1,000 or more, and an estimated useful life of greater than one year for items purchased prior to July 1, 2005. Effective July 1, 2005, the capitalization policy threshold was increased to \$5,000. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The Foundation has capitalized certain assets considered to be historical treasures and works of art; however, they are not depreciable as a result of this classification. The items were recorded at fair market value at date of donation or acquisition and consist of pottery, paintings, LP records, and books.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20-25 years for infrastructure and land improvements, 10 years for library books, and 5 to 12 years for equipment.

According to University policy, conversion of sick leave accrual to cash is not permitted, and no amount for sick pay has been recorded in the current unrestricted fund. At June 30, 2011, the accrued vacation pay amounted to \$446,671. This amount does not exceed a normal year's accumulation.

*Compensated Absences.* The University accounts for the accumulated vacation leave on the accrual basis in accordance with GASB 16. All permanent, employees hired prior to August 1, 1992, accumulate vacation time as a full-time employee at the rate of 12 hours (1 1/2 days) per month. Part-time employees are prorated proportionately. Full-time employees hired after August 1, 1992, accumulate vacation time at the rate of 8 hours per month effective on their date of hire. Part-time employees are prorated proportionately. Employees may accumulate up to a maximum of 160 hours (4 weeks) vacation time during their period of employment. Accumulated unpaid vacation is accrued when incurred in the current unrestricted fund.

*Noncurrent Liabilities.* Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

*Net Assets.* The University's net assets are classified as follows:

*Invested in Capital Assets - Net of Related Debt.* This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

*Restricted Net Assets.* Those net assets that have constraints:

- a. Externally imposed by creditors, grantors, contributions, or laws or regulations of other governments.
- b. Imposed by law through constitutional provisions or enabling legislation.

*Restricted Net Assets - Nonexpendable.* Nonexpendable restricted net assets consist of endowment and similar type funds in 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, which may either be expended or added to principal.

*Restricted Net Assets - Expendable.* Expendable restricted net assets are resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

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

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

*Classification of Revenues.* The University has classified its revenues as either operating or non operating revenues according to the following criteria:

*Operating Revenues.* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

*Nonoperating Revenues.* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

*Presentation.* Certain classifications of prior year information have been made to conform to current year presentation.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. CASH AND INVESTMENTS**

*Cash.* The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2011.

*Investments.* The Vice President for Business and Finance and the Comptroller are authorized to purchase and sell investments of the University. Investments are required to be made in a prudent manner so as to ensure an acceptable yield with a minimum risk within the guidelines of the University's investment policy, which requires investment in securities or other financial instruments which are not contrary to 6-8-10 NMSA 1978, existing bond covenants or other externally placed restrictions. The investments not related to the Foundation consisted of four U.S. Government notes and one FDIC insured certificate of deposit at June 30, 2011.

Investments of \$17,016,781 for the University and \$5,281,396 for the Foundation at June 30, 2011 represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

The University's endowment securities had a market appreciation during the year of \$203,333. If and when the securities have a market appreciation, none of the market appreciation will be available for authorization of expenditure by the governing board.

The Foundation endowment securities also had a market appreciation of \$452,240 at year end to reflect market value. If and when the securities have a market appreciation, the amount available for expenditure must be authorized by the governing board. Effective July 1, 2009, in accordance with House Bill 454, revised guidelines for the Uniform Prudent Management of Institutional Funds Act were provided for the investment and expenditure of endowment funds which requires adherence by the Foundation. The governing board authorized a spending limit of 2.5% of available portfolio funds for scholarship awards and 2% to cover administrative costs during fiscal year 2011.

The endowment investments are recorded as non current assets in the Statement of Net Assets.

At June 30, 2011, the investments of the University and its component unit consisted of the following.

	Fair Value
<b>Primary Institution</b>	
U.S. Government backed notes	\$1,720,984
Certificates of Deposit	11,423,385
Endowment Securities:	
Equity Securities	843,314
Investment held by others*	3,029,098
<b>Total investments</b>	<b>\$17,016,781</b>

\*This amount represents the University's undivided interest in the State of New Mexico Land Grant Permanent Fund held by the New Mexico State Investment Council. In accordance with State Statutes, the Land Grant Permanent Fund is held by the State of New Mexico for the benefit of the University.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

<b>Component Unit</b>	<u>Fair Value</u>
<b>Endowment Securities:</b>	
<b>U.S. Government and Agency Securities</b>	
Federal Home Loan Mortgage	\$0
U.S. Treasury Note	19,840
Federal National Mortgage Association	0
<i>Total U.S. Government and Agency Securities</i>	19,840
Equity securities	2,981,625
Certificate of deposit	116,026
Bond Mutual Funds	2,163,905
<i>Total investments</i>	<b>\$5,281,396</b>

*Collateralization of Deposits.* At June 30, 2011 the recorded values of cash and time deposits with financial institutions were as follows. Bank balances (which differ from the reported values due to reconciling items) are categorized as follows:

	<u>Primary Institution</u>	<u>Component Unit</u>
Amount insured by the Federal Deposit Insurance Corporation	\$752,763	\$262,508
Amount insured by the Securities Investor Protection Corporation	0	608,553
Amount collateralized with securities held in the University's name by their agent	1,603,337	0
Uncollateralized	0	0
<i>Total Cash and Time Deposit Bank Balances</i>	2,356,100	871,061
Other reconciling items on deposit accounts	(154,153)	(1,573)
<i>Total reported cash balance</i>	<b>\$2,201,947</b>	<b>\$869,488</b>

*Custodial Credit Risk-Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the University's deposit may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the University's bank balance of \$2,356,100 was uninsured and uncollateralized. All collateralized deposits were held by the pledging bank's trust department in the University's name.

*Interest Rate Risk.* In accordance with the University's investment policy, investment maturities for cash balances are scheduled to coincide with projected cash flows. The University does not commit any discretionary funds to maturities longer than ten years from the date of purchase. Funds are only committed to maturities longer than five years from date of purchase if directly related to a specific capital or other long-term project. Investment of non-discretionary funds reflect maturity dates not to exceed the final maturity dates established within the funds' restrictive purposes. At least 50% of all cash balances are invested in maturities less than two years.



**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

A summary of the investments and its respective maturities at June 30, 2011 and its exposure to interest rate risk:

	Fair Value	Less Than One Year	1 – 5 Years	6 – 10 Years	Greater Than 10 Years
<b>Long-Term Investments:</b>					
<b><u>Primary Institution:</u></b>					
Items not subject to interest rate risk:					
Equity Securities and Investments held by Others					
	\$3,872,412	\$0	\$0	\$0	\$0
Certificate of Deposit	11,423,385	8,422,225	2,997,160	0	4,000
Federal Natl. Mortgage Assn.	1,320,248	0	400,663	495,014	424,571
Federal Home Loan Notes	400,736	0	400,736	0	0
<b>Total long-term investments</b>	<b>\$17,016,781</b>	<b>\$8,422,225</b>	<b>\$3,798,559</b>	<b>\$495,014</b>	<b>\$428,571</b>

The University invests in equity securities in accordance with the laws of 1991, Chapter 69 of the State of New Mexico and Chapter 21, Article 1, Section 10 of the NMSA, 1978 Compilation. The brokered certificates of deposits were purchased in \$250,000 denominations at 47 separate financial institutions and are fully insured by FDIC.

	Fair Value	Less Than One Year	1 – 5 Years	6 – 10 Years	Greater Than 10 Years
<b>Long-Term Investments:</b>					
<b><u>Component Unit:</u></b>					
Items not subject to interest rate risk:					
Equity Securities and Bond Mutual Funds					
	\$5,145,530	\$6,029	\$581,359	\$1,103,419	\$3,454,723
U.S. Government Agency oblig.	19,840	0	0	0	19,840
Certificates of Deposit	116,026	62,427	53,599	0	0
<b>Total long-term investments</b>	<b>\$5,281,396</b>	<b>\$68,456</b>	<b>\$634,958</b>	<b>\$1,103,419</b>	<b>\$3,474,563</b>

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*Credit Risk.* The University's investment policy limits investment in money market instruments and other securities of commercial banks, broker-dealers or recognized financial institutions to those rated in the highest Rating Category by any nationally recognized statistical rating organization (NRSROs) or which are guaranteed by a person or entity whose long-term debt obligations are rated in the highest Rating Category by any NRSRO, including, without limitation, securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USC Sections 80(a)-1 et. Seq., which invest only in, or whose securities are secured only by, obligations of the government of the United States of America. The University's investment in mutual funds were unrated by Moody's or Standard and Poor's. The University's investment in the endowment fund is governed by a revocable trust agreement with the Foundation. The fixed income investments held in trust for the University by the Foundation have, in the aggregate, a weighted average rating of Aa1 by Moody's Investor Service.

*Concentration of Credit Risk.* The University diversifies its use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio is invested in a single security type or with a single financial institution or at a single maturity. The University holds no investments with any issuer that represents 5% or more of total investments.

*Custodial Credit Risk-Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the component unit's deposit may not be returned to it. The Foundation does not have a deposit policy for custodial risk. As of June 30, 2011, none of the component unit's bank balance of \$869,488 was uninsured and uncollateralized. However, there are no collateralized deposits required.

*Custodial Credit Risk-Endowment Investments.* U.S. government notes are the primary investments the University has for its endowments. Due to one note being called and a subsequent note purchased, a residual amount was remaining which is invested in a certificate of deposit. For an investment, this is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University's custodial risk policy for University endowment funds is in accordance with the laws of 1991, Chapter 69 of the State of New Mexico and Chapter 21, Article 1, Section 10 of the NMSA, 1978 compilation. As of June 30, 2011, the University's endowment balance in Federal National Mortgage Association Notes and Federal Home Loan Notes was \$1,320,248 and \$400,736, respectively.

Of the investment in corporate stocks and bonds, the University had no custodial credit risk exposure at June 30, 2011.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3. CAPITAL ASSETS**

Following are the changes in capital assets for the years ended June 30:

	Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
<b>Capital assets not being depreciated:</b>					
Land	\$904,080	\$0	\$0	\$0	\$904,080
Buildings in process	614,167	2,176,394	(824,223)	0	1,966,338
<b>Total capital assets not being depreciated</b>	<b>\$1,518,247</b>	<b>\$2,176,394</b>	<b>(\$824,223)</b>	<b>\$0</b>	<b>\$2,870,418</b>
<b>Other Capital Assets:</b>					
Land improvements	\$2,835,322	\$540,551	\$0	\$0	\$3,375,873
Buildings	62,754,086	0	824,223	(63,811)	63,514,498
Equipment	10,074,398	593,350	0	(86,364)	10,581,384
Library materials	11,218,180	245,147	0	(61,524)	11,401,803
<b>Total other capital assets</b>	<b>86,881,986</b>	<b>1,379,048</b>	<b>824,223</b>	<b>(211,699)</b>	<b>88,873,558</b>
<b>Accumulated Depreciation for:</b>					
Land improvements	2,282,941	67,960	0	0	2,350,901
Buildings	39,550,452	1,525,449	0	63,811	41,012,090
Equipment	8,482,152	475,461	0	86,234	8,871,379
Library materials	9,990,140	274,567	0	60,788	10,203,919
<b>Total accumulated depreciation</b>	<b>60,305,685</b>	<b>2,343,437</b>	<b>0</b>	<b>210,833</b>	<b>62,438,289</b>
<b>Other capital assets, net</b>	<b>\$26,576,301</b>	<b>(\$964,389)</b>	<b>\$824,223</b>	<b>(\$866)</b>	<b>\$26,435,269</b>
<b>Capital Assets Summary:</b>					
Capital assets not being depreciated	\$1,518,247	\$2,176,394	(\$824,223)	\$0	\$2,870,418
Other capital assets, at cost	86,881,986	1,379,048	824,223	(211,699)	88,873,558
<b>Total cost of capital assets</b>	<b>88,400,233</b>	<b>3,555,442</b>	<b>0</b>	<b>(211,699)</b>	<b>91,743,976</b>
Accumulated depreciation	(60,305,685)	(2,343,437)	0	210,833	(62,438,289)
<b>Capital assets, net</b>	<b>\$28,094,548</b>	<b>\$1,212,005</b>	<b>\$0</b>	<b>(\$866)</b>	<b>\$29,305,687</b>

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, is as follows:

	Beginning Balance	Additions	Retirements	Adjmts	Ending Balance	Amount Due in One year
<b>Bonds, Notes Payable:</b>						
Bond payable	\$3,940,000	\$0	(\$410,000)	\$0	\$3,530,000	\$425,000
Bond premium	93,773	0	(10,420)	0	83,353	10,419
Accrued compensated absences	483,488	266,651	(303,468)	0	446,671	75,934
<b>Total</b>	<b>\$4,517,261</b>	<b>\$266,651</b>	<b>(\$723,888)</b>	<b>\$0</b>	<b>\$4,060,024</b>	<b>\$511,353</b>

Additional information regarding Revenue Bonds Payable is included at Note 5.

**NOTE 5. REVENUE BONDS**

Revenue bonds payable consisted of the following:

Description	Interest Rate	Balance June 30
System Refunding and Improvement Revenue Bonds, Series 2005, Due June 15, 2019	3.25% - 5.00%	\$3,530,000
Bond premium		83,353
		<b>\$3,613,353</b>

The scheduled maturities of the revenue bonds and notes payable are as follows:

	Principal	Interest	Total
2012	\$425,000	\$153,937	\$578,937
2013	440,000	138,000	578,000
2014	460,000	116,000	576,000
2015	480,000	93,000	573,000
2016 - 2019	1,725,000	157,000	1,882,000
<b>Totals</b>	<b>\$3,530,000</b>	<b>\$657,937</b>	<b>\$4,187,937</b>

The bonds outstanding are secured by the collection of monies from all income producing facilities of the University, gross proceeds from student fees and certain other revenue as further defined in the bond resolutions.

Interest expense incurred during June 30, 2011, was \$169,313 and is recorded in other expenditures.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6. EMPLOYEE BENEFITS**

*Workers' Compensation Insurance.* The University is insured for workers' compensation through the State of New Mexico General Services Department-Risk Management Division (RMD). RMD provides workers' compensation for all employees as required by state law. The University remits payments to RMD for this coverage based on premium statements received from RMD. Total expense for the year ended June 30, 2011, was \$121,942 which has been charged to expenditures.

*Retirement Plan.* Substantially all of the University's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of State public school districts, colleges, and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to: ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2010, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. Western New Mexico University was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and Western New Mexico University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Western New Mexico University's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$1,601,596, \$1,666,735, and \$1,633,196, respectively, which equal the amount of the required contributions for each fiscal year. The University's contributions to ERB for the Foundation for the fiscal years ending June 30, 2011, 2010, and 2009 were \$10,013, \$8,566, and \$8,389, respectively.

When employing retired PERA members, Western New Mexico University must remit 12.4% of applicable wages to ERB when member's annual salary is less than \$20,000. The rate is 10.9% when salary is in excess of \$20,000. The University's contributions for PERA retirees were \$26,521 for fiscal year ending June 30, 2011.

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

Eligible retirees are: 1) retirees who make contributions to the funds for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6. EMPLOYEE BENEFITS (CONTINUED)**

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at: 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

The Retiree Health Care Act (Section 107C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute 0.833% of their salary. In the fiscal years ending June 30, 2012, through June 30, 2013, the contribution rates for employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go-basis. The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The University's contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$251,485, \$208,061, and \$199,818, respectively, which equal the required contributions for each year. The University's contributions to the RHCA for the Foundation for the years ended June 30, 2011, 2010, and 2009 were \$1,516, \$1,526, and \$1,404, respectively.

*Incentive Retirement Policy.* As of June 30, 2011, 15 faculty members had entered into the incentive retirement plan. At June, 30, 2011, the incentive retirement payable is \$280,912 of which \$146,257 is payable within one year.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6. EMPLOYEE BENEFITS (CONTINUED)**

Tenured faculty members may negotiate for and take advantage of an appreciable and substantial monetary benefit in consideration for voluntary selection of early retirement. The faculty members requesting benefits under the program must:

1. Reach the age of 60 to 69 on or before July 1 of the calendar year preceding the proposed date of incentive retirement.
2. Be employed under appointment with tenure with ten or more years of continuous service at WNMU.
  - A. Participants receive a financial incentive in exchange for surrender of tenure and termination of employment, as specified in a written incentive retirement contract, described below. Specific dollar settlement incentive amounts are based on a percentage of the participant's base salary for the first year and the preceding year's base salary (as approved by the President of the University) for all future years of the program.
  - B. The amount of the incentive retirement payment is calculated as provided below:

<u>Age*</u>	<u>Percentage</u>	<u>Normal Incentive Payout Period</u>
60	100%	5 years (20% of base pay per year)
61	100%	4 years (25% of base pay per year)
62	100%	3 years (33.33% of base pay per year)
63	87.5%	3 years (29.16% of base pay per year)
64	75%	3 years (25% of base pay per year)
65	62.5%	2 years (31.25% of base pay per year)
66	50%	2 years (25% of base pay per year)
67	37.5%	1 payment
68	25%	1 payment
69	12.5%	1 payment

\*On or before July 1 of each year preceding the academic year in which individual elects to participate in the program. No benefit shall be payable to an individual requesting to participate who has reached age 70 on or before July 1 of the year preceding the request.

- C. Payments under the Incentive Retirement Plan for participants are made in equal monthly installments for the period specified above beginning thirty days from the effective date of termination; however, a modified payment schedule may be negotiated between the participant and the University.

*Retention Bonus.* As the President remained in the position of President of Western New Mexico University throughout the full term of his employment agreement which ended on June 30, 2011, the University shall pay the President a retention bonus in an amount equal to the most recent annual salary of the President, in equal monthly installments over a period of twenty-four months. The first installment of the Retention Bonus shall be paid on July 29, 2011, as amended. The retention bonus became fully earned as of June 30, 2010. It is accrued in these statements as both a current liability and a long-term liability in the amount of \$116,340 each for a total of \$232,680.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

*Operating Leases.* The University is obligated under certain lease (rental) agreements, which are accounted for as operating leases. Incorporated in each lease agreement is a fiscal funding clause, which allows the University to cancel the operating lease if funding for future periods is not appropriated. The likelihood of such an occurrence is considered to be remote by the University. Rent expense for the year ended June 30, 2011 was \$399,836.

Future minimum rental payments required under operating leases is as follows for the years subsequent to June 30, 2011:

2012	\$341,840
2013	290,009
2014	95,532
2015	59,360
2016	5,797
Thereafter	0
	<hr/> <b>\$792,538</b> <hr/>

Construction obligations of \$6,010,203 are not presented in the financial statements. These obligations represent unfinished contracts with various entities.

*Contingencies.* Reimbursements for amounts expended by the University under the terms of federal and state grants and contracts are subject to audit and possible adjustments by the granting agency. Grants and contracts for the years ended June 30, 2010 and 2009 are pending audits by federal and state agencies. It is the opinion of University management that adjustments, if any, will not have a material effect on the University's financial position or results of operations.

*State Risk Management Pool* - The University as a state University defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. Annual premiums are paid to the Office of Risk Management for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the University.
2. Coverage to protect the University's property and assets.

The University is a defendant in legal actions arising from normal business activities. Management believes that those actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the University's financial position or results of operations.



**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. JOINT POWERS AGREEMENTS**

- (1) Western New Mexico University and the New Mexico State Transportation Department entered into a joint powers agreement to conduct a four-day school bus inspector certification program, effective June 13, 2003, and termination is to be determined. The purpose of the agreement is to certify school bus inspectors as determined by the department director, and WNMU is to disperse stipends and per diem reimbursements to individuals who complete the certification. The agreement continues in force until rescinded or terminated by either party. WNMU acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. The amount of the agreement is \$35,000; no funds were applicable to Western New Mexico University for fiscal year 2011.

**NOTE 9. PAYABLES AND ACCRUED LIABILITIES**

Payables and accrued liabilities consist of the following at June 30, 2011:

Trade payables	\$1,466,609
Accrued payroll	418,659
Accrued bonus, payroll taxes, insurance, and retirement benefits	800,842
Other accrued liabilities	132,249
	<u>\$2,818,359</u>

**NOTE 10. RESTRICTED NET ASSETS – ENABLING LEGISLATION**

No portion of the University's June 30, 2010 restricted net assets is restricted due to enabling legislation for House Bills for Capital Projects.

**NOTE 11. SPECIAL CAPITAL OUTLAY APPROPRIATIONS**

The University has the following capital outlay appropriations as of June 30, 2011:

<u>Description</u>	<u>Appropriated Amount</u>	<u>Expended TTD</u>	<u>Encumbered Balance</u>	<u>Remaining Amount</u>	<u>Amount to Revert</u>
Chino Computing Center Renovation	\$2,000,000	\$42,874,	\$1,957,126	\$0	\$0
Infrastructure (GO Bond)	6,000,000	1,295,915	3,386,025	1,318,060	0
Infrastructure (Sev Tax Bonds)	400,000	313,458	86,542	0	0
<b>Grand Total</b>	<b>\$8,400,000</b>	<b>\$1,652,247</b>	<b>\$5,429,693</b>	<b>\$1,318,060</b>	<b>\$0</b>

## SUPPLEMENTARY INFORMATION

**WESTERN NEW MEXICO UNIVERSITY**  
**UNRESTRICTED AND RESTRICTED - ALL OPERATIONS**  
**COMBINED REVENUES, EXPENDITURES, AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS**  
**YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Beginning Fund Balance	\$5,947,662	\$11,807,420	\$11,807,420	\$0
<b>Revenues</b>				
State general fund appropriations	17,840,500	17,480,300	17,450,296	(30,004)
Federal revenue sources	6,597,063	7,970,250	8,751,441	781,191
Tuition and fees	7,994,218	8,840,310	9,206,399	366,089
Land and permanent fund	158,000	163,010	220,992	57,982
Endowments and private gifts	0	1,000	1,000	0
Other	8,145,782	15,023,404	8,849,868	(6,173,536)
<i>Total revenues</i>	<u>40,735,563</u>	<u>49,478,274</u>	<u>44,479,996</u>	<u>(4,998,278)</u>
<b>Expenditures</b>				
Instruction	14,502,117	16,869,131	15,118,858	1,750,273
Academic support	1,664,580	1,719,447	1,501,479	217,968
Student services	2,529,501	2,681,653	2,421,495	260,158
Institutional support	4,349,837	4,573,370	4,340,871	232,499
Oper. & maint. of plant	3,005,480	3,016,656	2,595,065	421,591
Research	0	183,481	61,132	122,349
Public service	334,713	1,482,828	1,102,264	380,564
Auxiliary enterprises	1,409,743	1,520,373	1,428,524	91,849
Intercollegiate athletics	2,149,087	2,179,974	2,190,584	(10,610)
Capital outlay	2,459,268	6,712,952	2,342,041	4,370,911
Renewal and replacements	356,486	2,539,633	1,429,535	1,110,098
Retirement of indebtedness	745,982	745,982	737,250	8,732
Other (student social and cultural; internal service departments; student aid and independent operations)	8,580,943	10,028,654	9,201,049	827,605
<i>Total expenditures</i>	<u>42,087,737</u>	<u>54,254,134</u>	<u>44,470,147</u>	<u>9,783,987</u>
Net Transfers	0	0	0	0
Change in net assets-budgetary basis	(1,352,174)	(4,775,860)	9,849	4,785,709
<i>Ending Fund Balance</i>	<u>\$4,595,488</u>	<u>\$7,031,560</u>	<u>\$11,817,269</u>	<u>\$4,785,709</u>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**COMBINED REVENUES, EXPENDITURES,**  
**AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

**RECONCILIATION OF BUDGET BASIS TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES (GAAP) BASIS**

Budget basis expenditures	\$44,470,147
Capital expenditures	(3,344,609)
Depreciation	2,132,604
Incentive retirement salaries	(333,292)
Scholarship allowance	(5,463,972)
Bond payments	(420,419)
Other	(646,291)
<hr/>	
<i><b>GAAP basis expenses</b></i>	<b>\$36,394,168</b>
<hr/>	
Budget basis revenues	\$44,479,996
Scholarship allowance	(5,463,972)
Endowment funds	30,579
<hr/>	
<i><b>GAAP basis revenues</b></i>	<b>\$39,046,603</b>
<hr/>	

The reporting of actuals (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.

**WESTERN NEW MEXICO UNIVERSITY**  
**UNRESTRICTED - NON INSTRUCTION & GENERAL**  
**REVENUES, EXPENDITURES, AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS**  
**YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Beginning Fund Balance	\$4,894,624	\$8,616,545	\$8,616,545	\$0
<b>Revenues</b>				
Tuition	0	0	0	0
Miscellaneous fees	620,353	705,339	725,152	19,813
Government appropriation - federal	0	0	0	0
Government appropriations-state	1,876,700	1,815,800	1,815,808	8
Government appropriations-local	0	30,000	0	(30,000)
Government grants/contracts - federal	0	0	0	0
Government grants/contracts - state	0	0	0	0
Government grants/contracts - local	0	0	0	0
Private grants/contracts	0	0	0	0
Endowments	0	0	0	0
Land and permanent fund	0	0	0	0
Private gifts	0	0	0	0
Sales & service	1,936,153	1,930,875	1,925,189	(5,686)
Other sources	3,228,548	7,616,976	3,499,862	(4,117,114)
<i>Total revenues</i>	<u>7,661,754</u>	<u>12,098,990</u>	<u>7,966,011</u>	<u>(4,132,979)</u>
<b>Expenditures</b>				
Instruction and general	0	0	0	0
Student social and cultural	540,826	646,537	485,055	161,482
Research	0	30,000	0	30,000
Public service	88,713	402,806	242,969	159,837
Internal service departments	83,058	143,094	112,967	30,127
Student aid	368,230	377,230	374,711	2,519
Auxiliary enterprises	1,409,743	1,520,373	1,428,524	91,849
Intercollegiate athletics	2,149,087	2,179,974	2,190,584	(10,610)
Independent operations	0	0	0	0
Capital outlay	2,459,268	6,712,952	2,342,041	4,370,911
Renewal and replacements	356,486	2,539,633	1,429,535	1,110,098
Retirement of indebtedness	745,982	745,982	737,250	8,732
<i>Total expenditures</i>	<u>8,201,393</u>	<u>15,298,581</u>	<u>9,343,636</u>	<u>5,954,945</u>
Net Transfers	(526,067)	757,977	722,981	(34,996)
Change in net assets-budgetary basis	(1,065,706)	(2,441,614)	(654,644)	1,786,970
<i>Ending Fund Balance</i>	<u>\$3,828,918</u>	<u>\$6,174,931</u>	<u>\$7,961,901</u>	<u>\$1,786,970</u>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**RESTRICTED - NON INSTRUCTION & GENERAL**  
**REVENUES, EXPENDITURES, AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS**  
**YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Beginning Fund Balance	\$0	\$0	\$0	\$0
<b>Revenues</b>				
Tuition	0	0	0	0
Miscellaneous fees	0	0	0	0
Government appropriation - federal	0	0	0	0
Government appropriations-state	0	0	0	0
Government appropriations-local	0	0	0	0
Government grants/contracts - federal	6,137,323	7,258,014	7,039,663	(218,351)
Government grants/contracts - state	1,108,006	1,882,301	1,431,904	(450,397)
Government grants/contracts - local	589,500	874,981	76,912	(798,069)
Private grants/contracts	0	80,000	508,679	428,679
Endowments	0	0	0	0
Land and permanent fund	0	0	0	0
Private gifts	0	0	0	0
Sales & service	0	0	0	0
Other sources	0	0	240,041	240,041
<i>Total restricted revenues</i>	7,834,829	10,095,296	9,297,199	(798,097)
<b>Expenditures</b>				
Instruction and general	0	0	0	0
Student social and cultural	0	0	0	0
Research	0	153,481	61,132	92,349
Public service	246,000	1,080,022	859,295	220,727
Internal service departments	0	0	0	0
Student aid	7,588,829	8,861,793	8,228,316	633,477
Auxiliary enterprises	0	0	0	0
Intercollegiate athletics	0	0	0	0
Independent operations	0	0	0	0
Capital outlay	0	0	0	0
Renewal and replacements	0	0	0	0
Retirement of indebtedness	0	0	0	0
<i>Total restricted expenditures</i>	7,834,829	10,095,296	9,148,743	946,553
Net Transfers	0	0	(148,456)	(148,456)
Change in net assets-budgetary basis	0	0	0	0
<i>Ending Fund Balance</i>	\$0	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**UNRESTRICTED - INSTRUCTION & GENERAL**  
**REVENUES, EXPENDITURES, AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS**  
**YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Beginning Fund Balance	\$1,053,038	\$3,190,875	\$3,190,875	\$0
<b>Revenues</b>				
Tuition	6,565,304	7,152,384	7,390,419	238,035
Miscellaneous fees	808,561	982,587	1,090,828	108,241
Government appropriation - federal	0	0	0	0
Government appropriations-state	15,963,800	15,634,500	15,634,488	(12)
Government appropriations-local	0	0	0	0
Government grants/contracts - federal	10,000	16,091	31,726	15,635
Government grants/contracts - state	0	0	0	0
Government grants/contracts - local	0	0	0	0
Private grants/contracts	0	0	0	0
Endowments	0	0	0	0
Land and permanent fund	158,000	163,010	220,992	57,982
Private gifts	0	1,000	1,000	0
Sales & service	639,302	500,568	439,117	(61,451)
Other sources	215,387	226,136	193,767	(32,369)
<i>Total unrestricted revenues</i>	<u>24,360,354</u>	<u>24,676,276</u>	<u>25,002,337</u>	<u>326,061</u>
<b>Expenditures</b>				
Instruction	14,077,613	15,005,044	13,630,675	1,374,369
Academic support	1,614,209	1,585,143	1,366,024	219,119
Student services	2,472,095	2,586,524	2,333,309	253,215
Instructional support	4,023,000	4,083,686	3,855,591	228,095
Oper. & maint. of plant	2,985,972	2,992,148	2,577,720	414,428
<i>Total unrestricted expenditures</i>	<u>25,172,889</u>	<u>26,252,545</u>	<u>23,763,319</u>	<u>2,489,226</u>
Net Transfers	526,067	(757,977)	(574,525)	183,452
Change in net assets-budgetary basis	(286,468)	(2,334,246)	664,493	2,998,739
<i>Ending Fund Balance</i>	<u>\$766,570</u>	<u>\$856,629</u>	<u>\$3,855,368</u>	<u>\$2,998,739</u>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**RESTRICTED - INSTRUCTION & GENERAL**  
**REVENUES, EXPENDITURES, AND BEGINNING AND ENDING BALANCES**  
**BUDGET COMPARISONS**  
**YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Beginning Fund Balance	\$0	\$0	\$0	\$0
<b>Revenues</b>				
Tuition	0	0	0	0
Miscellaneous fees	0	0	0	0
Government appropriation - federal	0	0	0	0
Government appropriation - state	0	0	0	0
Government appropriation - local	0	0	0	0
Government grants/contracts - federal	449,740	696,145	1,680,052	983,907
Government grants/contracts - state	381,486	1,850,282	492,106	(1,358,176)
Government grants/contracts - local	47,400	61,285	42,291	(18,994)
Private grants/contracts	0	0	0	0
Endowments	0	0	0	0
Land and permanent fund	0	0	0	0
Private gifts	0	0	0	0
Sales & service	0	0	0	0
Other sources	0	0	0	0
<i>Total revenues</i>	878,626	2,607,712	2,214,449	(393,263)
<b>Expenditures</b>				
Instruction	424,504	1,864,087	1,488,183	375,904
Academic support	50,371	134,304	135,455	(1,151)
Student services	57,406	95,129	88,186	6,943
Institutional support	326,837	489,684	485,280	4,404
Oper. & maint. of plant	19,508	24,508	17,345	7,163
<i>Total expenditures</i>	878,626	2,607,712	2,214,449	393,263
Net Transfers	0	0	0	0
Change in net assets-budgetary basis	0	0	0	0
<i>Ending Fund Balance</i>	\$0	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.



**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS**  
**YEAR ENDED JUNE 30, 2011**

Name of Bank	Account Type	Balance per bank statement	Reconciling Items	Reconciled balance per books
<b>Wells Fargo, Silver City, NM</b>				
Federal funds	Checking	\$11	\$0	\$11
Debt service cash	Checking	343,281	(185,477)	157,804
1988 bonds	Checking	345,356	197,956	543,312
Operating	Checking	3,953	(223,804)	(219,851)
Operating	Sweep	1,603,337		1,603,337
<b>Wells Fargo Brokerage Services, LLC</b>				
Money market (U.S. Govt. Agency)	Money Market	51,987		51,987
<b>Bank of The Southwest, T or C, NM</b>				
Operating	Checking	1,545	(545)	1,000
<b>1st National Bank, Centennial, CO</b>				
Federal	Checking	58,617		58,617
Petty Cash	Cash on Hand			5,730
<b>PRIMARY INSTITUTION CASH</b>		<b>\$2,408,087</b>	<b>(\$211,870) *</b>	<b>\$2,201,947</b>
<b>AmBank, Silver City, NM</b>				
Operating	Checking	\$62,398	(\$1,074)	\$61,324
Money market	Money market	168,086	(499)	167,587
<b>Wells Fargo Bank, Silver City, NM</b>				
Operating	Checking	32,024		32,024
Wells Fargo #75051900	Money market	590,604		590,604
Wells Fargo #75051901	Money market	3,496		3,496
<b>Various investment accounts</b>				
SmithBarney Citigroup #338-06177-16-013	Money Market	6,303		6,303
SmithBarney Citigroup #335-02836-18-013	Money Market	8,150		8,150
<b>COMPONENT UNIT CASH</b>		<b>\$871,061</b>	<b>(\$1,573) *</b>	<b>\$869,488</b>
<b>*Reconciling Items:</b>				
Deposits in transit			\$21,286	
Outstanding Checks:			(228,553)	
Pending transfers out			(13,024)	(\$1,573)
Pending transfers in			12,479	0
Credit card			(3,828)	
Returned Checks			(230)	
			<b>(\$211,870)</b>	<b>(\$1,573)</b>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

Name of Bank/Broker	Investment Type	Market Value
<b>Primary Institution</b>		
Wells Fargo, Silver City, NM Held in Wells Fargo vault	Stock	\$843,314
Wells Fargo Brokerage Services, LLC Brokered Certificates of Deposit (47 banks)	CDs	11,423,385
Federal Home Loan Note	Note	400,736
Freddie Mac Discount Note	Note	0
Federal National Mortgage Assn	Note	1,320,248
State Investment Council Land Grant Permanent Fund	See Note Below	3,029,098
<b>Primary Institution Investments</b>		<b>\$17,016,781</b>
<b>Component Unit</b>		
Wells Fargo #75051901	Fixed Income Mutual Fund	\$552,274
Wells Fargo #75051900	Fixed Income Mutual Fund	1,611,631
	Stock	1,770,575
	Real Asset Funds	524,445
	US Treasury Bond	19,840
	Alternative Investments	307,281
SmithBarney Citigroup #338-06177-16-013	CD's	116,026
	Stock	368,251
Held at WNMU Foundation	BP Amoco Stock	11,073
<b>Component Unit Investments</b>		<b>\$5,281,396</b>

Note: The University has an undivided interest in the State of New Mexico Land Grant Permanent Fund. For further detail for the types of investments held in the Land Grant Permanent Fund, please refer to the separately issued June 30, 2011 financial statements of the State Investment Council.

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2011**

	Bank Balance				Total
	Bank of the Southwest T or C, NM	1st National Bank Centennial CO	Wells Fargo Silver City New Mexico	Wells Fargo Brokerage Services, LLC	
<b>FUNDS ON DEPOSIT</b>					
Demand deposits	\$1,545	\$58,617	\$2,295,938	\$51,987	\$2,408,087
Certificates of Deposit	0	0	0	11,423,385	11,423,385
LESS Money Market (U.S. Govt. Agency)	0	0	0	(51,987)	(51,987)
<b>FDIC INSURANCE</b>					
Demand deposits, time deposits	(1,545)	(58,617)	(692,601)	(10,533,192)	(11,285,955)
<b>TOTAL UNINSURED PUBLIC FUNDS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,603,337</b>	<b>\$890,193</b>	<b>\$2,493,530</b>
<i>AMOUNT SUBJECT TO 102% COLLATERAL</i>			\$1,603,337		
<i>AMOUNT SUBJECT TO 50% COLLATERAL</i>			\$0		
Fifty percent collateral requirement per Section 6-10-17 NMSA for above			\$0		
One hundred two percent collateral requirements per Section 6-10-10 (H) NMSA			\$1,635,404		
<b>AMOUNT OF COLLATERAL REQUIRED</b>			<b>\$1,635,404</b>		
<b>PLEGDED COLLATERAL</b>					
	Safe- keeping Location	Type of Security			
	Wells Fargo Los Angeles CA	Federal Nat'l Mtg. Assoc. Conventional Loan Security CUSIP #36225A4J6 Maturity Date - July 1, 2028	\$0	\$0	\$1,635,404
			\$0	\$0	\$0
<i>Total Pledged Collateral</i>			0	0	1,635,404
<i>Deficit/(excess) of pledged collateral over the required amount</i>			\$0	\$0	(\$0)
			\$0	\$0	\$0

Note: On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions.

The Component Unit did not have any collateralized deposits at June 30, 2011.

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2011**

Federal Grantor - Program Title	Federal CFDA Number	State Award Number	Fiscal Year Expenses
<b><u>U.S. Department of Education</u></b>			
<b>Direct Student Financial Aid</b>			
Pell Grant Program - regular	84.063		\$6,665,708
College Work - Study Program	84.033		200,000
Supplemental Educational Opportunity Grants	84.007		94,684
Student Direct Loans	84.268		10,417,225
Federal Family Education Loan Program	84.032		72,165
TEACH Grant	84.379		7,000
Perkins Student Loan Program	84.038		0
Title V	84.031S		0
Rehabilitation long-term training	84.129L		0
Academic Competiveness Grant	84.375		46,575
SMART Grant	84.376		9,500
<b>Total Direct Student Financial Aid</b>			<b>17,512,857</b>
<b>Pass-Through NM Department of Education</b>			
Adult Basic Education #1	84.002	2006-910-000104	147,697
Adult Basic Education #2	84.029E	2006-910-000104	64,774
Carl Perkins	84.038	850-000-0910-24177	105,509
Math & Science Partnership	84.366	08-924-0259	126,181
Title II - El Puente	84.367A	S367B060028A	173,790
ARRA Education Stabilization	84.394A	WNMU 962-1/2	468,354
<b>Pass-Through Bureau of Indian Affairs</b>			
School Improvement	84.027A	CMK0E020144	0
<b>Total Indirect U.S. Department of Education</b>			<b>1,086,305</b>
<b>Total U.S. Department of Education</b>			<b>\$18,599,162</b>
<b>Department of Health and Human Services</b>			
Nurse Education Practice and Retention	93.359		\$207,113
<b>Pass-Through NM Department of Children, Youth and Families</b>			
Title IV - E CYFD Social Work	93.658	10-690-10317	\$115,657
New Mexico Works	93.558	Q01393	0
Growing Up Together Strong	93.995	6APHPA006019-0101	5,734
ARRA CYFD Stimulus Portion	93.596	10-690-9999-01004-1	0
<b>Total Health and Human Services</b>			<b>\$328,504</b>
<b>Pass-Through (NSF)</b>			
EPSCoR Grant	47.082		\$252,173
<b>U.S. Department of Agriculture &amp; Rural Development</b>			
Rural Utility Service Grant	10.855		\$166,722
<b>Other</b>			
WIA - Training	17.246		\$88,668
Small Business Development	59.037		\$25,000
<b>Total Federal Assistance</b>			<b>\$19,460,229</b>

The Notes to Financial Statements are an integral part of these statements.

**WESTERN NEW MEXICO UNIVERSITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2011**

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

*Basis of Presentation.* The accompanying Schedule of Expenditures of Federal Awards includes all federal assistance to the University that had activity during 2011 or accrued revenue at June 30, 2011. This schedule has been prepared on the accrual basis of accounting. Revenues are recorded for financial reporting purposes when the University has met the qualifications for the respective program.

**NOTE 2. STUDENT FINANCIAL ASSISTANCE**

The University administers the Perkins Loan Program. Total outstanding loans under this US Department of Education program at June 30, 2011, were \$765,768. Total loan expenditures and disbursements, including administrative expenses, for the fiscal year ended June 30, 2011, were \$32,449. The schedule of Federal Expenditures of Federal Awards only includes an amount which represents administrative costs and additional advances, including the University's matching requirement expended for the year ended June 30, 2011.

During the fiscal year ended June 30, 2011, the University processed \$10,417,225 of new loans under the Direct Guaranteed Student Loan Program, which includes Stafford Loans, Parents' Loans for Undergraduate Students, and Supplemental Loans for Students in the amount of \$72,165.



**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***

Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico

We have audited the financial statements of the business-type activities of Western New Mexico University (University) and the discretely presented component unit (Western New Mexico Foundation, Inc. (Foundation)) as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 3, 2011. We have also audited the financial statements and budgetary comparisons presented as supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Western New Mexico University's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico  
Page Two

**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*.

This report is intended solely for the information and use of management, the Board of Regents, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, the Higher Education Department, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.

November 3, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico

**Compliance**

We have audited the compliance of Western New Mexico University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Western New Mexico University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Western New Mexico University's management. Our responsibility is to express an opinion on Western New Mexico University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western New Mexico University's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western New Mexico University's compliance with those requirements.

In our opinion, Western New Mexico University complied in all material respects, with the 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, 2011.



Mr. Hector H. Balderas, State Auditor and  
Board of Regents  
Western New Mexico University  
Silver City, New Mexico  
Page Two

**Internal Control Over Compliance**

The management of Western New Mexico University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Western New Mexico University's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency* in an 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Regents, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, the Higher Education Department, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.

November 3, 2011

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of Auditor's Report issued:

**Unqualified**

**Internal Control Over Financial Reporting:**

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   No  
 \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

**FEDERAL AWARDS**

**Internal Control Over Major Programs:**

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   No  
 \_\_\_\_\_ Yes      X   No

Type of Auditor's Report issued on compliance for major programs:

**Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_\_\_ Yes      X   No

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007, 84.032, 84.038, 84.375 and 84.376	Student Financial Assistance Cluster
84.394A	ARRA – Ed Stabilization

Dollar threshold used to distinguish between Type A and Type B Programs:    \$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

None.

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

None.

**WESTERN NEW MEXICO UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –  
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –  
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

**2010-01 Student Financial Assistance Cluster**  
CFDA # 84.032

Resolved and not repeated.

**WESTERN NEW MEXICO UNIVERSITY**  
**EXIT CONFERENCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**EXIT CONFERENCE:**

The exit conference was held November 14, 2011 and was attended by the following:

**From Western New Mexico University:**

Dr. Joseph Shepard, President  
Julie Morales, Executive Assistant to the President  
Sherri Bays, Vice President for Business Affairs  
Yolee O'Connell, Comptroller  
Kelly Clark, Regent

**From Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA, Shareholder