

The University *of* New Mexico

Audit Report 2016

For the fiscal year ended June 30, 2016



THE UNIVERSITY OF NEW MEXICO

June 30, 2016

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Cover photo: UNM Comprehensive Cancer Center

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THE UNIVERSITY OF NEW MEXICO

June 30, 2016

BOARD OF REGENTS AND PRINCIPAL OFFICERS

Board of Regents

Appointed Members

	<i>Title:</i>	<i>Term Expires:</i>
Robert M. Doughty	President	12/31/2020
Marron Lee	Vice President	12/31/2020
Jack L. Fortner	Secretary/Treasurer	12/31/2016
Thomas Clifford	Member	12/31/2018
Bradley C. Hosmer	Member	12/31/2016
Suzanne Quillen	Member	12/31/2018
Ryan Berryman	Student Member	12/31/2016

Ex officio Members

The Honorable Susana Martinez	Governor of the State of New Mexico
Dr. Barbara Damron	Secretary of Higher Education

Advisors

Pamela Pyle	President, Faculty Senate
Kyle Biederwolf	President, Associated Students of the University of New Mexico
Glenda Lewis	President, Graduate & Professional Student Association
Danelle Callan	President, Staff Council
James B. Lewis	President, UNM Alumni Association
Kathy Guimond	President, UNM Retiree Association
Daniel Perea	President, UNM Parent Association
Michelle Coons	Chair, UNM Foundation

Principal Administrative Officials

University

Robert G. Frank	President
David W. Harris	Executive Vice President for Administration, COO and CFO
Chaouki Abdallah	Provost and Executive Vice President for Academic Affairs
Dr. Paul Roth	Chancellor for Health Sciences

UNM Hospitals

Stephen W. McKernan	Chief Executive Officer
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Principal Financial Officials

Main Campus

Andrew Cullen	Associate Vice President of Budget, Planning and Analysis
Elizabeth Metzger	University Controller

Health Sciences Center

Ava J. Lovell	Senior Executive Officer for Finance & Administration, HSC
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UNM Hospitals

Ella B. Watt	Chief Financial Officer
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KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

The Board of Regents
University of New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the University of New Mexico (the University or UNM), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the departmental financial statements of the UNM Hospital and the UNM Behavioral Operations, collectively known as the clinical operations of the University (clinical operations), which constitutes 25%, 42%, and 47% (including all clinical and patient revenues), respectively, of the assets, net position, and revenues of the primary institution total as of and for the year ended June 30, 2016 and which constitutes 25%, 40%, and 55%, (including all clinical and patient revenues), respectively, of the assets, net position, and revenues of the primary institution totals as of and for the year ended June 30, 2015. In addition, we did not audit the financial statements of certain discretely presented component units, the UNM Medical Group, Inc., and Sandoval Regional Medical Center (SRMC), which constitutes 48%, 23%, and 83%, respectively, of the assets, net position, and revenues of the discretely presented component units total as of and for the year ended June 30, 2016 and which constitutes 43%, 23%, and 84%, respectively, of the assets, net position, and revenues of the discretely presented component units total as of and for the year ended June 30, 2015. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such clinical operations (including all clinical and patient revenues) and component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair



presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the University of New Mexico, as of June 30, 2016 and 2015, and the respective changes in financial position, or where applicable, the cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 2 (D) to the financial statements, effective July 1, 2015, the Company adopted *Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the schedule of Proportionate Share of Net Pension Liability and Employer Contributions – Pension (schedule 1) and the schedule of Funding Progress and Employer Contributions – Other Postemployment Benefits (schedule 2) on pages 8–30, 100, and 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit and that of the other auditors were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying discretely presented component unit combining schedules (schedules 3 through 6), budget comparison (schedules 7 through 9), schedule of pledged collateral (schedule 10), schedule of individual deposit and investment accounts (schedule 11), schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (schedule 12), and other information such as the schedule of pledged revenues – university only (schedule 13), and schedule of vendor information (schedule 14) are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The discretely presented component unit combining schedules (schedules 3 through 6), budget comparison (schedules 7 through 9), schedule of pledged collateral (schedule 10), schedule of individual deposit and investment accounts (schedule 11), and schedule of expenditures of federal awards, as required by Title 2 U.S Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (schedule 12) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the discretely presented component unit combining schedules (schedules 3 through 6), budget comparison (schedules 7 through 9), schedule of pledged collateral (schedule 10), schedule of individual deposit and investment accounts (schedule 11), and schedule of expenditures of federal awards, as required by Title 2 U.S Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (schedule 12) are fairly stated in all material respects in relation to the basic financial statements as a whole based on our audit and the report of other auditors.

The schedule of pledged revenues – university only (schedule 13) and schedule of vendor information (schedule 14) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the University’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University’s internal control over financial reporting and compliance.

KPMG LLP

Albuquerque, New Mexico
November 22, 2016

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THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

The following discussion and analysis provides an overview of the financial position and activities of The University of New Mexico (University or UNM) as of and for the years ended June 30, 2016, 2015, and 2014. This discussion should be read in conjunction with the accompanying financial statements and notes. Management has prepared the basic financial statements and the related note disclosures along with this discussion and analysis. As such, the basic financial statements, notes, and this discussion are the responsibility of University management.

This Management's Discussion and Analysis (MD&A) includes comparative financial information of the primary institution for fiscal years 2016, 2015, and 2014. The MD&A does not include information of the discretely presented component units, for which separately issued financial statements are available.

About the Financial Statements

The University presents its financial statements in a business-type activity format, in accordance with the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. The audit report includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, and Notes to the Basic Financial Statements.

The **Statement of Net Position** is the balance sheet for the University. It is a point-in-time financial statement; the purpose of which is to give the readers of the financial statements a fiscal snapshot of the University. The statement presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

The **Statement of Revenues, Expenses, and Changes in Net Position** is the income statement for the University. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement begins with a presentation of the operating revenues received by the institution. Operating revenues are defined by GASB as revenues arising from an exchange (earned) transaction. In a public university, such as UNM, income from state government appropriations, although not earned, is heavily relied upon to pay operating expenses for almost all instruction and general programs. However, GASB defines state appropriation income as nonoperating revenues, causing the presentation of a large operating loss on the first page of the Statement of Revenues, Expenses, and Changes in Net Position. The operating loss is offset by nonoperating revenues (expenses) in the next section of this statement.

The **Statement of Cash Flows** presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is useful in assessing the University's ability to generate net cash flows and meet its obligations as they come due. It is prepared using the direct method of cash flows, and as such, presents gross, rather than net, amounts for the year's activities.

The **Notes to the Basic Financial Statements** follow the financial statements and present additional information in support of the financial statements.

THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2016

Statement of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2016, 2015, and 2014 is as follows:

	2016	2015	2014
Assets			
Current assets	\$ 1,005,757,771	\$ 942,298,897	\$ 767,576,688
Capital assets, net	1,146,095,452	1,152,857,240	1,175,435,571
Other noncurrent assets	554,065,719	525,614,505	555,801,397
Total assets	\$ 2,705,918,942	\$ 2,620,770,642	\$ 2,498,813,656
Deferred Outflows of Resources	\$ 135,701,123	\$ 93,655,965	\$ 13,103,421
Liabilities			
Current liabilities	\$ 356,965,728	\$ 326,572,919	\$ 292,279,807
Noncurrent liabilities	1,638,768,984	1,477,271,648	601,611,505
Total liabilities	\$ 1,995,734,712	\$ 1,803,844,567	\$ 893,891,312
Deferred Inflows of Resources	\$ 27,513,977	\$ 100,823,842	\$ 0
Net Position			
Net investment in capital assets	\$ 668,039,117	\$ 652,756,234	\$ 635,881,369
Restricted - nonexpendable	321,532,137	332,253,960	332,481,783
Restricted - expendable	66,046,701	60,585,857	74,853,494
Unrestricted	(237,246,579)	(235,837,853)	574,809,119
Total net position	\$ 818,371,376	\$ 809,758,198	\$ 1,618,025,765

Assets

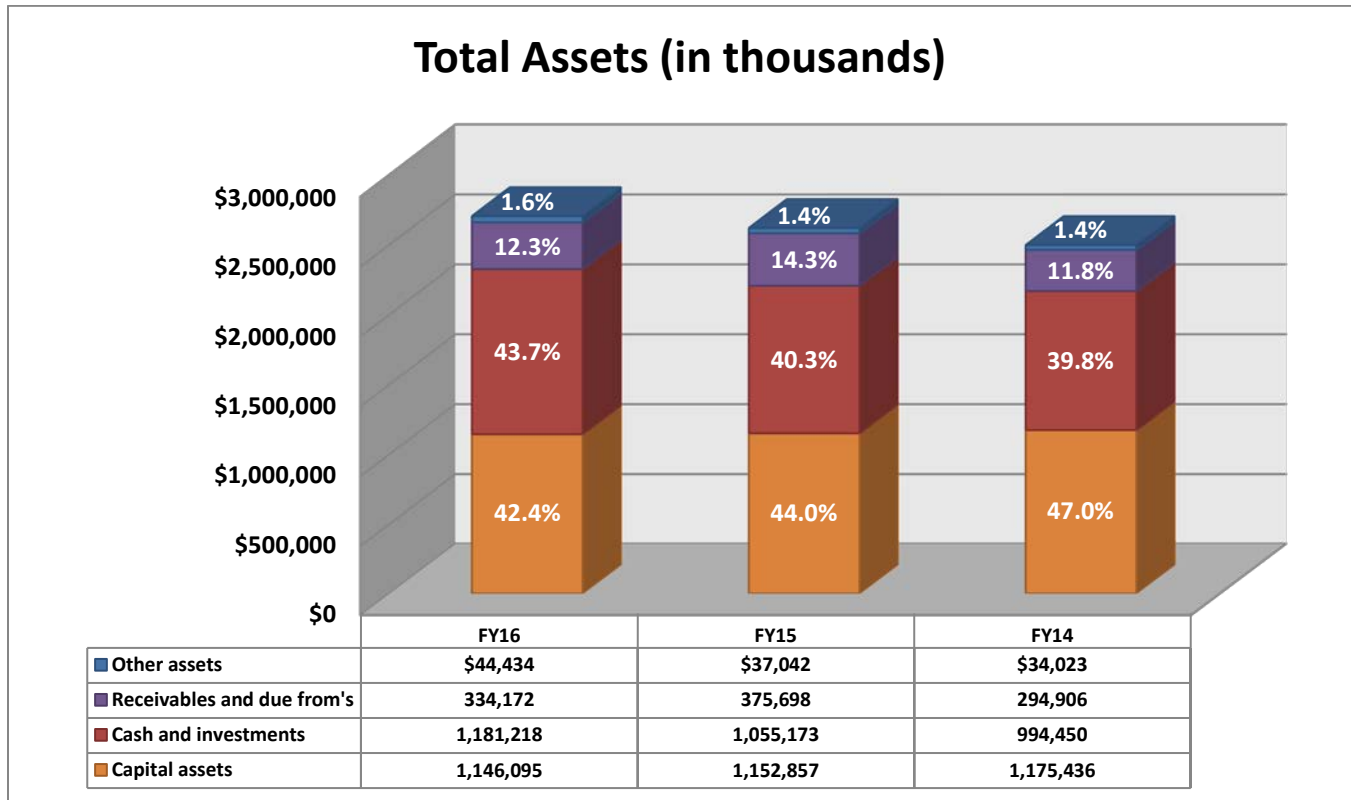
Current assets include cash and other assets that are deemed to be consumed or convertible to cash within one year. The most significant current assets of the University are cash and cash equivalents, net receivables, and short-term investments consisting of certificates of deposit, U.S. Treasury Bills, and other government-backed securities.

Noncurrent assets of the University primarily consist of endowments and capital assets, net of accumulated depreciation.

THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

The composition of total assets is represented in the following chart:



Total assets increased by \$85.1 million from FY15 to FY16 and \$122.0 million from FY14 to FY15. The increase in total assets from FY15 to FY16 included an increase of \$126.0 million in cash and investments offset by decreases of \$41.5 million in receivables and due from's and \$6.8 million in net capital assets. The increase in cash and investments was largely comprised of an increase of \$85.4 million in short-term investments primarily as a result of a change in the Callable Funds Agreement with the UNM Foundation, dated July 27, 2015, which called for a transfer of all nonendowed gifts and endowed spending distributions to UNM when received rather than when spent by UNM, and an increase of \$54.3 million in cash and cash equivalents primarily due to \$55.2 million of unspent bond proceeds from the 2016 UNM Bond issuance. The decrease in receivables and due from's was largely comprised of a decrease of \$43.0 million due from UNM Foundation as a result of the change to the Callable Funds Agreement and a decrease of \$11.5 million due from Lobo Development Corporation as a result of a revision to a loan agreement between UNM and Lobo Development Corporation. The decrease in net capital assets was due primarily to the additions to accumulated depreciation exceeding the additions to capital assets by \$6.4 million.

The increase in total assets from FY14 to FY15 included increases of \$80.8 million in receivables and due from's and \$60.7 million in cash and investments offset by a decrease of \$22.6 million in net capital assets. The increase in receivables and due from's was primarily the result of an increase of \$34.5 million in patient receivables, largely due to the conversion of amounts paid as Medicaid supplemental payments such as Upper Payment Limit and capitated payments such as State Coverage Initiative (SCI) in 2014 that were billed on an individual claim basis in 2015, and an increase of \$25.9 million due from the UNM Foundation as a result of a change in the Treasury Operating Agreement, which allows the UNM Foundation to invest nonendowed gifts and endowed spending distributions until spent by the

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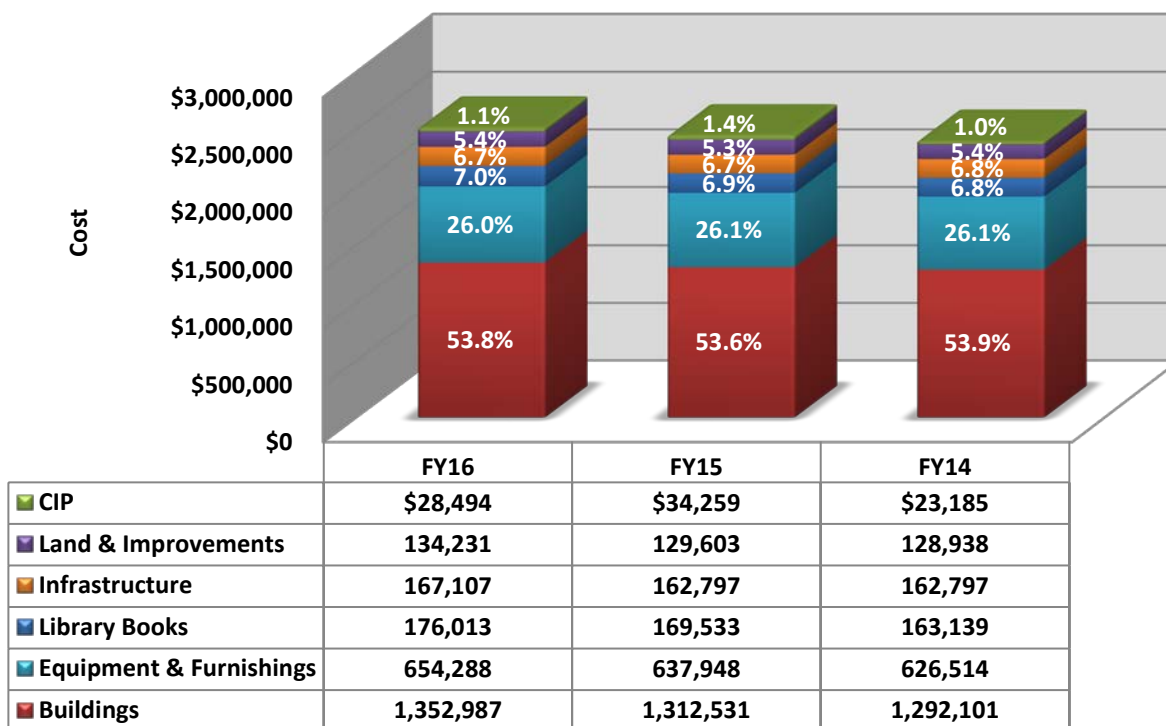
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

University. The increase in cash and investments was largely the result of an increase of \$40.2 million in cash and cash equivalents at the University of New Mexico Hospital. The decrease in net capital assets was due primarily to the additions to accumulated depreciation exceeding the additions to capital assets by \$22.0 million.

Capital Assets and Debt Activity: Capital assets are the largest category of noncurrent assets and are shown net of accumulated depreciation, at \$1.15 billion, \$1.15 billion, and \$1.18 billion as of June 30, 2016, 2015, and 2014, respectively. During FY16, the largest increase within capital assets for the University was Buildings. Overall, the University increased Buildings by \$36.1 million in FY16, compared to net increases of \$18.8 million in FY15 and \$7.5 million in FY14. The University's increase in Buildings in FY16 was due to renovations/additions to existing buildings as well as the purchase of a building. The major renovations/additions completed during FY16 were \$15.6 million to Clark Hall (Chemistry), \$5.7 million to the Science and Math Learning Center, and \$3.6 million to the Taos Student Success Center. The purchase of the UNM West Building for \$11.0 million was also completed in FY16. Other major capital projects completed in FY16 include the Valencia Chilled Water Phase 1 and Valencia Loop Road.

The University's increase in Buildings in FY15 was due to renovations to existing buildings as well as the construction of a new building. The major renovations completed during FY15 were renovations totaling \$7.3 million to 1650 University Towers, \$3.4 million to Castetter Hall (Biology), and \$1.6 million to Zimmerman Library. The construction of the North Valley Clinic totaling \$4.3 million was also completed in FY15. Other major capital projects completed in FY15 include the Los Alamos Science Labs Renovation, the North Golf Course Renovations, and the McKinnon Family Tennis Center.

Capital Assets at Cost (in thousands)



THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

New and ongoing major projects include Farris Engineering Center (FEC) renovations, the McKinnon Center for Management (Anderson School of Management), the Physics and Astronomy Interdisciplinary Science (PAIS) Building, and the Health Education Building Phase 3 (HEB3). At the branch campuses, new and ongoing major projects include the Health Careers Training Center at the Taos Campus, and Zollinger Library, Lyons Hall renovations, and Infrastructure and Fire Protection at the Gallup Campus.

The FEC renovation project includes renovations to space in the Centennial Engineering Building. That renovated space will house the displaced faculty and staff currently in the FEC during that major renovation. The remodel to FEC is to upgrade energy efficiency, code, and fire/life safety. Project scope includes offices, computational (dry) laboratories, computer research rooms, administrative suites, and student study and event areas, with additional shelled basement space prepared for future office, dry lab, and experimental (wet) lab infill. A data learning lab/server room will be designed and constructed in FEC to provide rack space for computer sciences data and research experimentation.

The McKinnon Center for Management project is an approximately \$25 million project that will be presented for approval to the State Board of Finance in September 2016.

PAIS is in the design phase. Voters will vote on the 2016 appropriation in November 2016. An additional \$35 million in funding from UNM bonds will be added for a total project cost of approximately \$66 million.

HEB3 is in the construction phase and will add approximately 75,000 square feet of additional classroom space. It includes 10 classrooms of varying capacities. Active learning classrooms with advanced technology will provide venues for nursing, pharmacy, and medicine classes. The Interprofessional Healthcare Simulation Center will be augmented with 20 seminar/tutorial classrooms containing an exam table, and existing procedure rooms will be modified to address the need for additional assessment and practice sites.

The Taos Health Careers Center tenant improvement project will include teaching spaces for a simulation lab, massage therapy, EMT training, Chemistry lab, Biology lab, general classrooms, and support spaces. It will also include faculty offices, conference areas, study areas, and a new IT closet. Other aspects of the renovation will address the exterior of the building such as stucco, roofing, drainage, window repair, and infrastructure upgrades.

Gallup Zollinger Library is a project that will renovate 8,250 square feet. It will provide programmatic improvements to include relocated library stacks, a new learning commons and reference desk on the upper floor, and group study rooms on the lower floor. It will improve accessibility by installing a new elevator and a fire-rated staircase between the upper and lower floors.

Capital assets for Clinical Operations, which includes the University of New Mexico Hospital (Hospital) and the University of New Mexico Behavioral Health Operations (UNM Psychiatric Center and UNM Children's Psychiatric Center), net of accumulated depreciation, were \$232.5 million, \$239.3 million, and \$247.9 million as of June 30, 2016, 2015, and 2014, respectively. Within Clinical Operations during FY16, the largest capital increases were within major moveable equipment, which increased by \$12.6 million, and buildings and building improvements, which increased by \$4.4 million. For the Hospital, the larger major moveable equipment purchases included a new patient financial billing system, a Gammacell 3000 blood irradiator, a Selenia Dimensions 3D mammography system, and several

THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

microscopes. The larger building improvement projects that were capitalized included renovations in the main hospital laboratory, rehabilitation, 4th floor outpatient pharmacy, and the endoscopy procedure rooms. Several new projects were initiated during FY16 including renovations to the orthopedic rehabilitation clinic and renovations to accommodate new pediatric sedation bays. These projects were part of the construction in progress balance at June 30, 2016. For the Behavioral Health Operations, capital expenditures included improvements to the children's facility courtyard for safety reasons and to improve the drainage system of the area. At the end of fiscal year 2016, several improvement projects were in progress, which includes a renovation on the second floor of the adult facility to turn existing space into a new primary care outpatient clinic and a project to rehabilitate a part of the second floor for a counseling room to support the Center's Adolescent Counseling Program at the Addictions and Substance Abuse programs building.

Within Clinical Operations during FY15, the largest capital increases were within major moveable equipment, which increased by \$6.7 million, and building service equipment, which increased by \$3.1 million. For the Hospital, the larger major moveable equipment purchases included a telesurgery system for operating room integration, a Somatom Definition CT scanner, and a digital diagnostic radiography system. The larger building service equipment projects included renovations in the intravenous pharmacy and eye clinic departments. For the Behavioral Health Operations, capital expenditures included improvements to the adult and children's inpatient areas, elevator replacements, and lighting and fire sprinkler upgrades.

UNM's bonds payable totaled \$544.6 million, \$507.3 million, and \$565.1 million at June 30, 2016, 2015, and 2014, respectively. The current portion of this debt was \$21.7 million, \$20.5 million, and \$19.9 million at June 30, 2016, 2015, and 2014, respectively. Included in those totals are Federal Housing Administration (FHA) insured Hospital Mortgage Revenue Bonds. The loan guarantee is considered federal assistance subject to the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Accordingly, the loan guarantee is considered a federal award for purposes of UNM's June 30, 2016, 2015, and 2014 Single Audit.

Deferred Outflows of Resources

Deferred outflows of resources increased by \$42.0 million from FY15 to FY16 and \$80.6 million from FY14 to FY15. Deferred outflows of resources include deferred outflows related to pensions, interest rate swaps that are deemed cash flow hedges, and deferred losses on bond refundings. The most significant deferred outflow of resources is related to pensions. The recognition of a deferred outflow of resources related to pensions resulted from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*, which was effective beginning in FY15. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pensions. The amount recognized as a deferred outflow of resources related to pensions was \$115.7 million as of June 30, 2016 and was primarily comprised of cash contributions of \$65.4 million made by the University to the defined benefit plan during FY16, \$36.8 million due to changes in assumptions, and \$13.2 million resulting from the change from FY14 to FY15 in the University's proportionate share of total employer contributions to the pension plan. The amount recognized as a deferred outflow of resources related to pensions was \$80.4 million as of June 30, 2015 and was comprised of cash contributions of \$64.8 million made by the University to the defined-benefit plan during FY15 and \$15.6 million resulting from the change from FY13 to FY14 in the University's proportionate share of total employer contributions to the pension plan.

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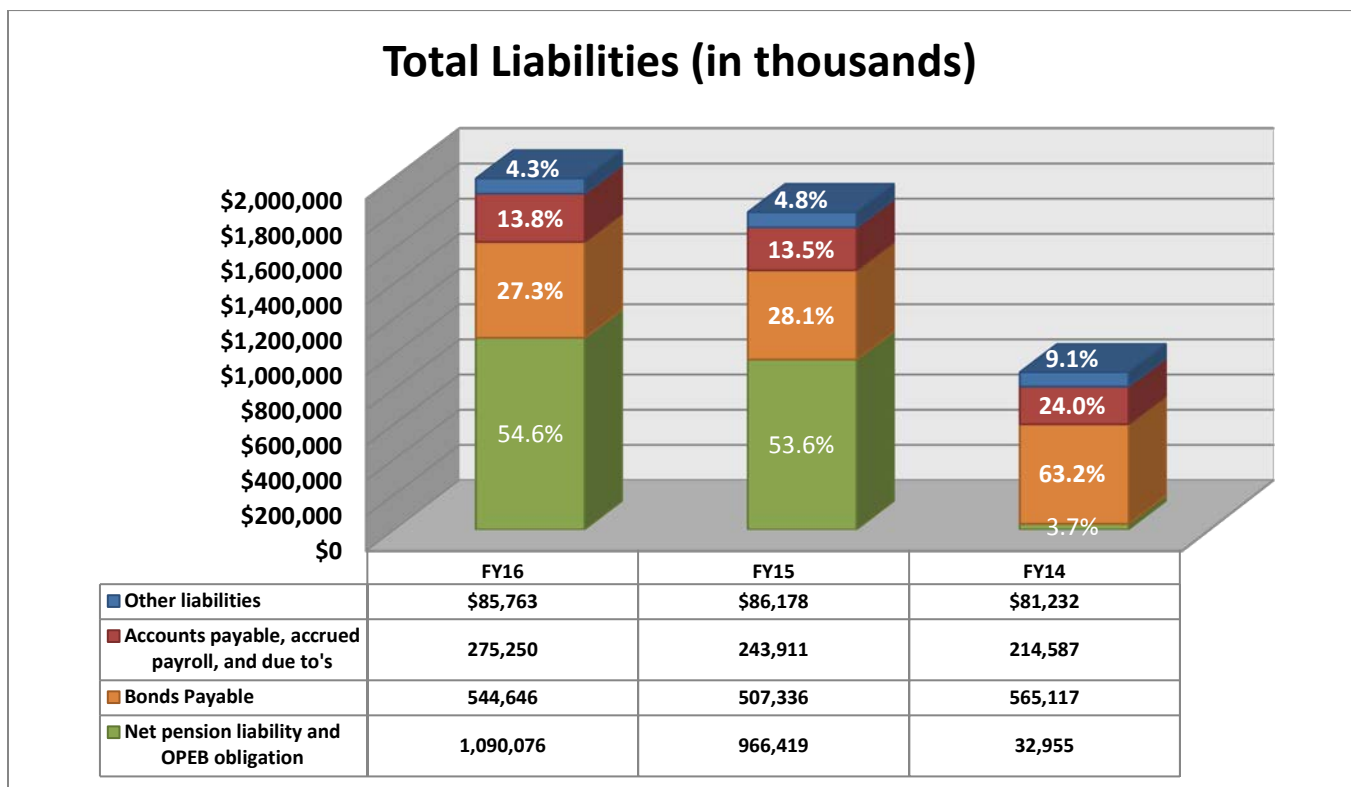
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

Liabilities

Current liabilities are generally defined as amounts due within one year. The most significant current liabilities of the University are accounts payable, accrued payroll, unearned revenue, and accrued compensated absences.

Noncurrent liabilities of the University primarily consist of the net pension liability, the noncurrent portion of bonds payable, and the net Other Postemployment Benefits (OPEB) obligation.

The composition of total liabilities is represented in the following chart:



Total liabilities increased by \$191.9 million from FY15 to FY16 and \$910.0 million from FY14 to FY15. The increase in total liabilities from FY15 to FY16 included increases of \$123.7 million in net pension liability and OPEB obligation, \$37.3 million in bonds payable, and \$31.3 million in accounts payable, accrued payroll, and due to's. The increase in net pension liability and OPEB obligation was comprised of an increase in the net pension liability of \$130.5 million due to an overall increase in the net pension liability of the pension plan as reported by the State of New Mexico Educational Retirement Board as well as an increase in the University's proportionate share of that overall liability, and a decrease of \$6.8 million in the net OPEB obligation as a result of the Clinical Operations' termination of its OPEB plan. The increase in bonds payable was the result of the issuance of the Series 2016A and 2016B Subordinate Lien System Refunding Revenue Bonds to refund certain maturities of the Series 2007 Bonds and to provide additional funding for capital projects. The increase in accounts payable, accrued payroll, and due to's was primarily comprised of a \$17.8 million increase in estimated third-party payor settlements within the Clinical Operations, primarily due to the increase in intergovernmental transfers due to the State of New Mexico, and a \$14.7 million increase in the amount payable to vendors and employees.

THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2016

The increase in total liabilities from FY14 to FY15 included increases of \$933.5 million in net pension liability and OPEB obligation and \$29.3 million in accounts payable, accrued payroll, and due to's offset by a decrease of \$57.8 million in bonds payable. The increase in net pension liability and OPEB obligation was comprised of the initial recognition in FY15 of a net pension liability of \$937.8 million due to the implementation of GASB Statement No. 68 and a decrease of \$4.3 million in the net OPEB obligation. The increase in accounts payable, accrued payroll, and due to's was primarily the result of a \$17.5 million increase in the amount payable to vendors and employees, an \$11.2 million increase in the estimated third-party payor settlements liability within the Clinical Operations, and a \$3.0 million increase in accrued compensated absences. The decrease in bonds payable was primarily the result of the refundings and redemptions of the University of New Mexico Subordinate Lien System Improvement Revenue Bonds, Series 2003A, 2003B, 2003C, and 2005 and the FHA insured Hospital Mortgage Revenue Bonds, Series 2004, which resulted in the reduction of the principal balances.

Deferred Inflows of Resources

Deferred inflows of resources decreased by \$73.3 million from FY15 to FY16 and increased by \$100.8 million from FY14 to FY15. Deferred inflows of resources include deferred inflows related to pensions and deferred gains on bond refundings. The most significant deferred inflow of resources is related to pensions. The recognition of a deferred inflow of resources related to pensions resulted from the implementation of GASB Statement No. 68. The amount recognized as a deferred inflow of resources related to pensions was \$26.6 million as of June 30, 2016 and was comprised of \$5.2 million for the net difference between projected and actual earnings on pension plan investments, \$19.8 million for the differences between the expected and actual experience in the measurement of the total pension liability, and \$1.6 million resulting from the change from FY14 to FY15 in the Clinical Operations' proportionate share of total employer contributions to the pension plan. The amount recognized as a deferred inflow of resources related to pensions was \$99.9 million as of June 30, 2015 and was comprised of \$85.2 million for the net difference between projected and actual earnings on pension plan investments, \$14.0 million for the differences between the expected and actual experience in the measurement of the total pension liability, and \$662 thousand resulting from the change from FY13 to FY14 in the Clinical Operations' proportionate share of total employer contributions to the pension plan.

Net Position

Total net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) is classified by the University's ability to use the net position to meet operating needs. Net position that is restricted as to its use by sponsoring agencies, donors, or other non-UNM entities is classified as either "nonexpendable" or "expendable." Restricted nonexpendable net position includes true endowments and State Land and Permanent Fund. Restricted expendable net position is generated by contracts, grants, gifts, and assets required to be set aside for debt service. The restricted net position is further classified in general terms as to the function for which it must be used. Unrestricted net position may be used to meet operating needs of the University.

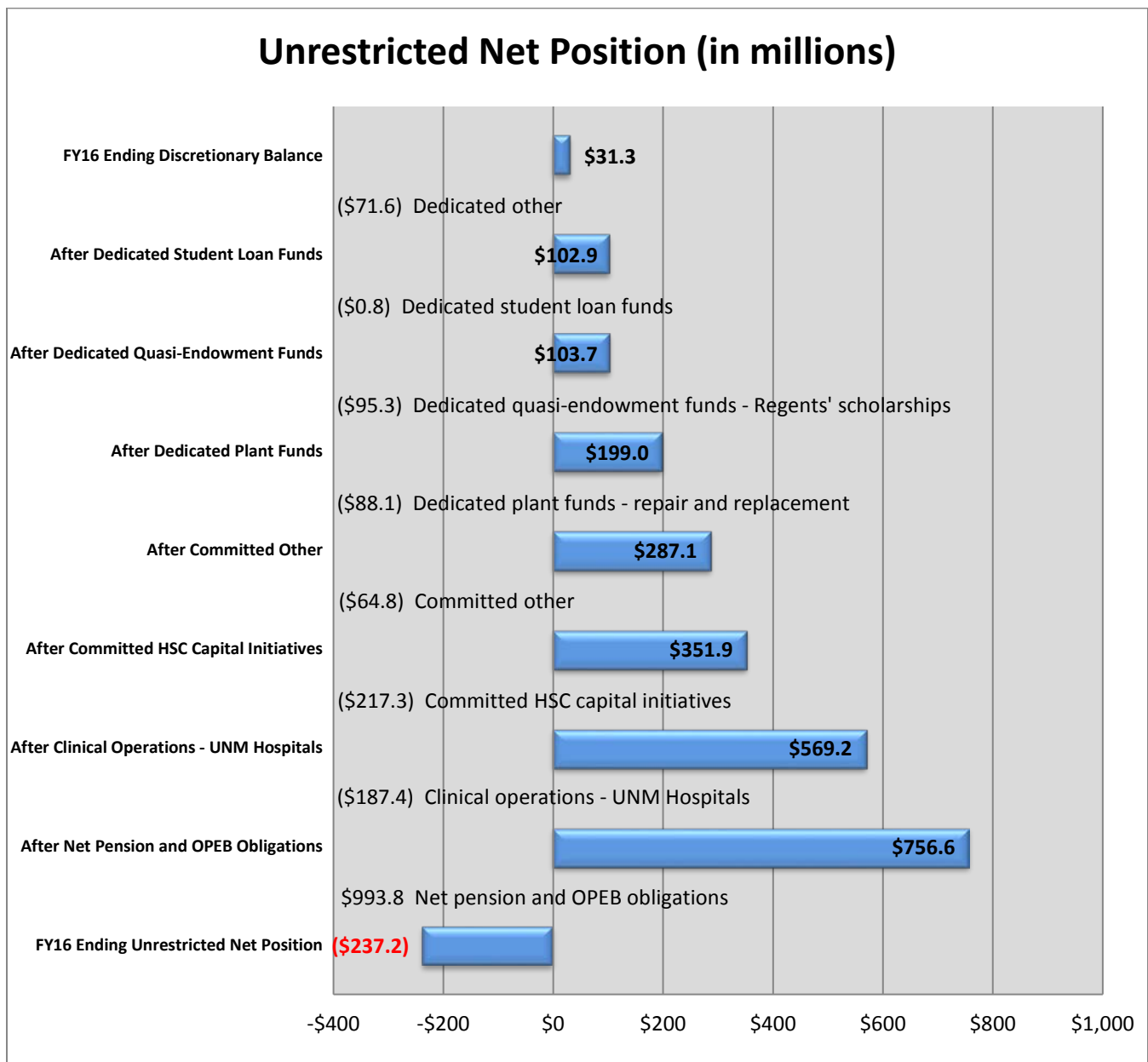
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Unrestricted Net Position: Unrestricted net position is subject to contractual commitments and dedications to support the missions of the University in current and future years. The net position of unrestricted funds of the Primary Institution fall into one of three categories:

- 1) **Committed:** A formal, written commitment/contract has been made for these funds. Examples include signed employment offer letters to Deans, Department Chairs, and Research Faculty, start-up funds for new research projects, cost share on awarded sponsored agreements, and appropriated state funding for special projects.
- 2) **Dedicated:** An Executive Vice President, Vice President, Dean, or Department Chair has dedicated these funds for a clear, focused purpose to support the missions of the University.
- 3) **Discretionary:** The remaining funds that are not committed or dedicated.

The chart below is a step-down analysis of the University's unrestricted net position:



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Statement of Revenues, Expenses, and Changes in Net Position

A comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015, and 2014 is as follows:

	2016	2015	2014
Operating Revenues			
Tuition and fees, net	\$ 134,062,423	\$ 134,670,377	\$ 138,115,447
Grants and contracts	280,338,376	271,172,386	262,058,256
Other patient-related services	149,456,906	264,636,778	144,596,266
Sales and services, net	237,499,945	237,601,964	211,747,386
Other operating revenues	54,682,198	51,568,614	42,061,604
Clinical operations, net	707,974,588	636,803,664	555,626,111
Total operating revenues	\$ 1,564,014,436	\$ 1,596,453,783	\$ 1,354,205,070
Operating Expenses			
Instruction	\$ 284,258,438	\$ 281,539,273	\$ 267,251,445
Research	181,204,407	172,109,446	170,779,418
Public service	376,019,950	346,203,712	315,148,991
Academic support	48,698,278	49,868,586	48,652,384
Student services	31,056,068	29,641,098	28,790,932
Institutional support	69,297,694	67,523,733	61,494,708
Operation of plant	139,876,072	146,048,891	148,907,606
Student aid and activities	45,174,753	47,976,706	57,066,830
Intercollegiate athletics	33,378,182	31,825,352	30,809,738
Auxiliary enterprises	50,479,013	53,232,478	49,729,746
Other operating expenses	53,766,222	50,440,105	50,171,114
Clinical operations	807,324,696	732,228,685	686,303,468
Total operating expenses	\$ 2,120,533,773	\$ 2,008,638,065	\$ 1,915,106,380
Nonoperating Revenues			
Appropriations	\$ 320,077,993	\$ 315,878,587	\$ 300,150,920
Federal pell grants	48,624,312	50,691,119	54,015,619
Gifts	30,481,503	26,918,337	27,923,651
Investment income	5,032,271	11,318,098	70,178,886
Other nonoperating revenues	21,224,268	10,427,432	17,172,659
Clinical operations	114,353,828	116,027,009	139,649,811
Net nonoperating revenues	\$ 539,794,175	\$ 531,260,582	\$ 609,091,546
Income (loss) before capital contributions	(15,034,087)	119,076,300	48,190,236
Capital contributions	25,338,340	24,622,466	7,478,611
Change in net position	\$ 8,613,178	\$ 143,698,766	\$ 55,668,847
Net position - beginning of year	809,758,198	1,618,025,765	1,562,356,918
Impact of change in accounting pronouncement	0	(951,966,333)	0
Net position - end of year	\$ 818,371,376	\$ 809,758,198	\$ 1,618,025,765

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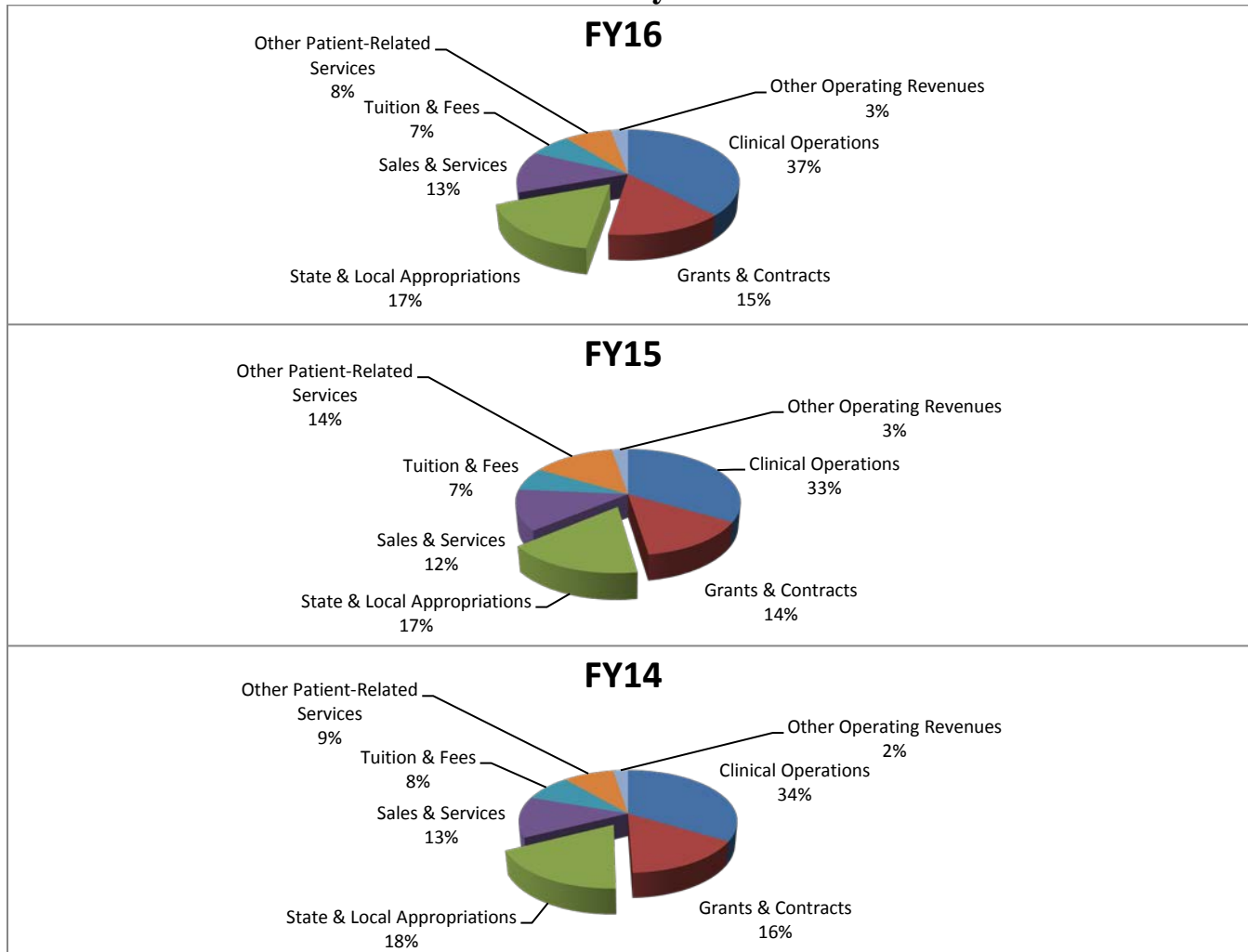
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Revenues

The presentation of revenues, as defined by GASB, requires that state and local appropriation income be excluded when calculating the financial results of operations. This presentation method results in an “operating loss.” The operating loss is offset by “nonoperating revenues (expenses)” to arrive at an actual result of operations amount. The definition of “nonoperating revenues” revolves around the concept of exchange versus nonexchange transactions. State and local appropriations, along with the Bernalillo County Mill Levy, are considered revenues from nonexchange transactions, because they do not involve an exchange of value for value. Conversely, tuition income is defined as “operating revenues,” because a student pays tuition (value) to receive an education (value). Other nonoperating revenues are federal pell grants, state lottery scholarships, gifts, and income from investing and capital activities.

Although State of New Mexico appropriations are considered nonoperating revenues in the basic financial statements, the University uses these funds to support all instruction and general programs. If state and local appropriations were included in operating revenues, they would comprise 17%, 17%, and 18% of total operating revenues for fiscal years 2016, 2015, and 2014, respectively. The following charts depict operating revenues (with state and local appropriations) by source:

Revenues by Source



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Operating Revenues: Operating revenues for the University decreased by 2.0% from 2015 to 2016 and increased by 17.9% from 2014 to 2015. Revenues from Clinical Operations and other patient-related services are a significant portion of the University's total net operating revenues. It is comprised of gross patient revenues, net of contractual allowances, charity care, provision for doubtful accounts, and any third-party cost report settlements. Revenues from Clinical Operations and other patient-related services decreased by 4.9% from FY15 to FY16 and increased by 28.7% from FY14 to FY15.

UNM Health Sciences Center (HSC) offers a financial assistance program called UNM Care to which all eligible patients are encouraged to apply. This program assigns patients primary care providers and enables them to receive care throughout UNM HSC locations. This program is available to Bernalillo County residents who also meet certain income and asset thresholds. Patients applying for coverage under UNM Care must apply for coverage under Medicaid or the Health Insurance Exchange (HIX), if eligible. Patients may continue to receive UNM Care until they receive Medicaid eligibility or notification of coverage under the HIX. Patients certified under Medicaid or the HIX may continue to qualify for UNM Care as a secondary coverage for copays and deductibles if they meet the income guidelines. UNM HSC uses the same sliding income scale as the Affordable Care Act to determine if insurance coverage is considered affordable. If coverage is determined not affordable, patients may be granted a hardship waiver to qualify for UNM Care and would not be required to pursue coverage under the HIX.

As of June 30, 2016, 2015, and 2014, there were approximately 6,800, 7,000, and 20,200 active enrollees in UNM Care, respectively. The income threshold for UNM Care is 300% of the federal poverty level, and patients may apply for this program at various locations throughout the UNM HSC and various community locations. UNM HSC does not pursue collection of amounts determined to qualify as charity care, with the exception of copayments.

UNM HSC provides care to patients who are either uninsured or underinsured and who do not meet the criteria for financial assistance. UNM HSC encourages patients to meet with a financial counselor to develop payment arrangements. Although UNM HSC pursues collection of these accounts, usually through an extended payment plan or a discounted rate, interest is not charged on these accounts, liens are not placed on property or assets, and judgments are not filed against the patients. These accounts are fully reserved and recorded as a provision for uncollectible accounts. Provision expenses recorded for fiscal years 2016, 2015, and 2014 were \$52.8 million, \$66.9 million, and \$137.0 million, respectively.

UNM HSC incurs costs associated with providing charity care and other services for which payment is not received. As of June 30, 2016, the estimated cost of care for providing these services was \$97.9 million compared to \$124.7 million in FY15 and \$229.5 million in FY14.

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Tuition and fees are also a major component of the University's total net operating revenues. UNM's total credit hour production for 2015-16 was 679,105. This represents nearly flat credit hour totals compared to the previous year. Record degree production, increasing retention, and improved four- and five-year completion rates continue to take place. There are good indicators of enrollment stability including the continued growth of traditional students. Strategic initiatives to provide opportunities for adult learners in distance education are progressing. Enrollment and tuition rate changes in academic functions of the University were as follows:

	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>
Enrollment change (headcount)	-1.4%	-2.5%	-1.3%
Tuition rate change (full-time resident undergraduate)	3.4%	0%	6.6%

Nonoperating Revenues/Expenses: Net nonoperating revenues increased by 1.6% from FY15 to FY16 and decreased by 12.8% from FY14 to FY15. Nonoperating revenues are primarily driven by state appropriations, federal pell grants, gifts received by the University, and investment income/loss. The major reasons for the increase in net nonoperating revenues in FY16 were a \$6.6 million decrease in interest expense on capital asset-related debt as a result of recent refundings of certain bonds, a \$4.2 million increase in state appropriations, and a \$3.6 million increase in gifts to the University. Other significant changes in net nonoperating revenues were decreases of \$6.3 million in investment income due to weakened investment market conditions, \$2.1 million in federal pell grants, and \$1.3 million in state lottery scholarships.

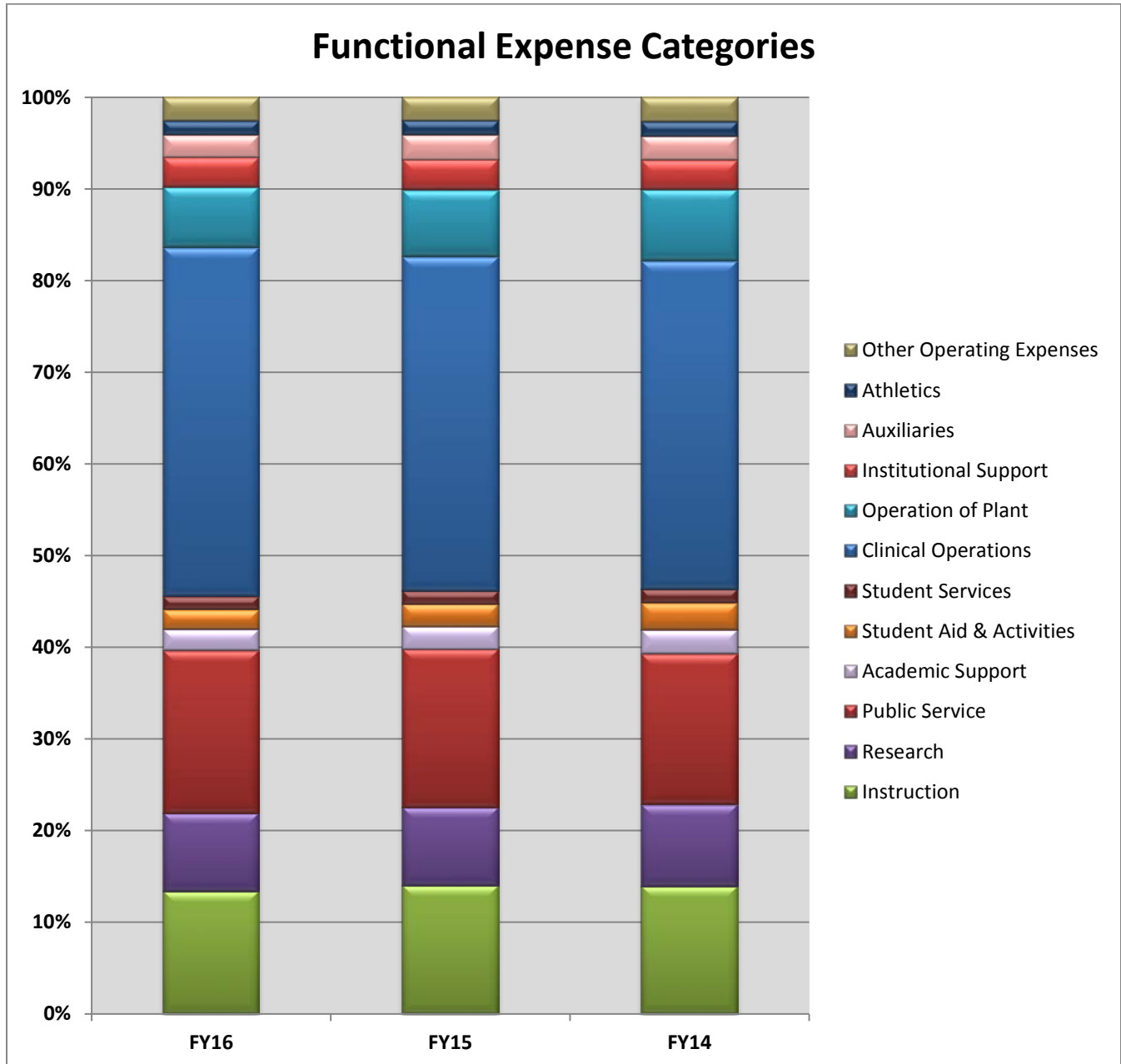
The major reason for the decrease in nonoperating revenues in FY15 was an \$84.2 million decrease in investment income, which was comprised of a \$58.9 million decrease at the University and a \$25.3 million decrease at the Clinical Operations, due to weakened investment market conditions. Other significant changes in net nonoperating revenues were an increase of \$16.3 million in state appropriations and decreases of \$3.3 million in federal pell grants and \$3.0 million in state lottery scholarships.

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Expenses

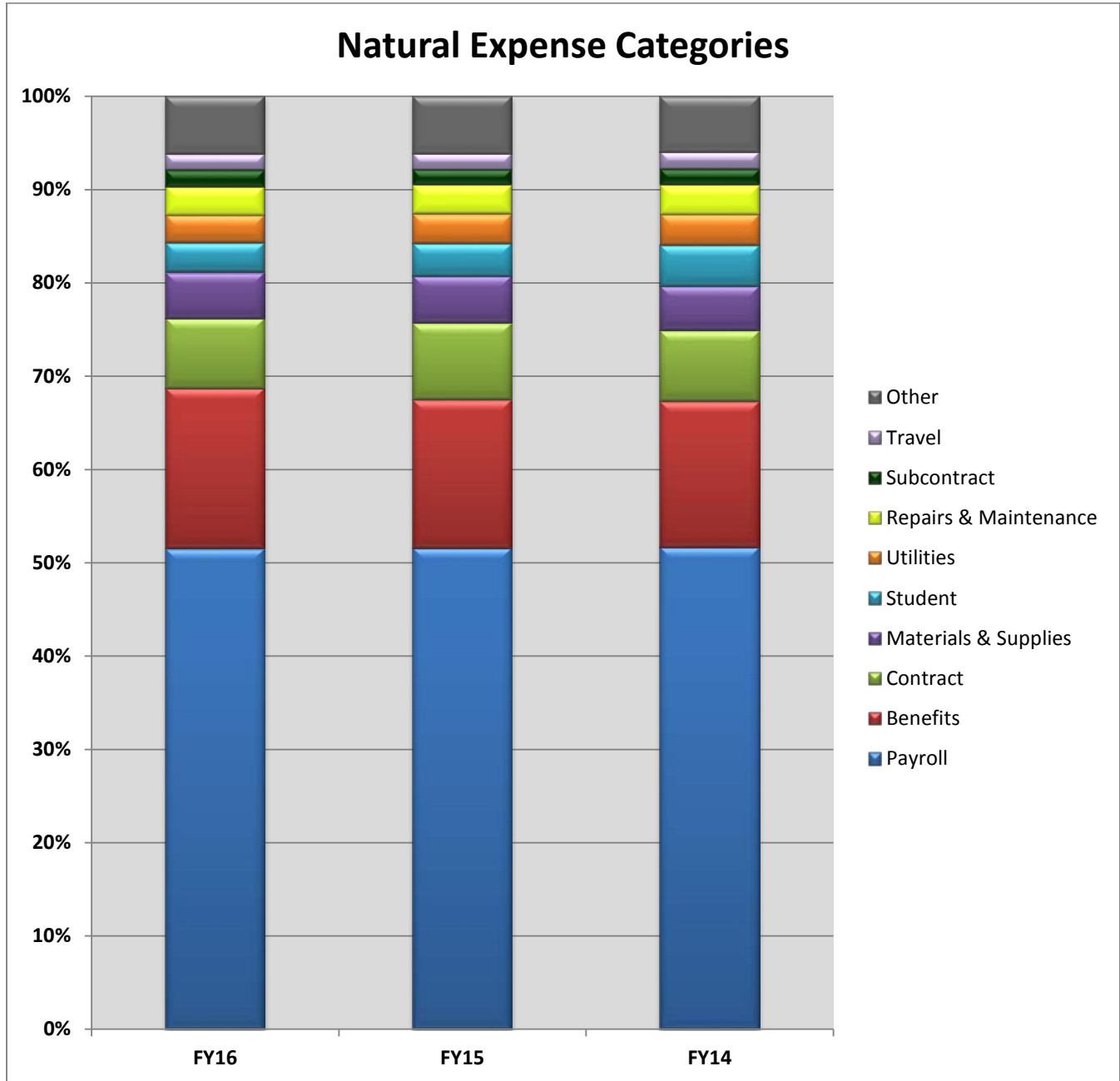
Operating Expenses: GASB standards allow public universities to present operating expenses in either a functional or natural format. UNM chose to present expenses on the statement of revenues, expenses, and changes in net position by the major functions of the University. The chart below shows the distribution of operating expenses by functional category (smaller categories have been combined) for the years ended June 30, 2016, 2015, and 2014:



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The chart below shows total expenses by natural category (excluding Clinical Operations) for the years ended June 30, 2016, 2015, and 2014:



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Changes in Net Position

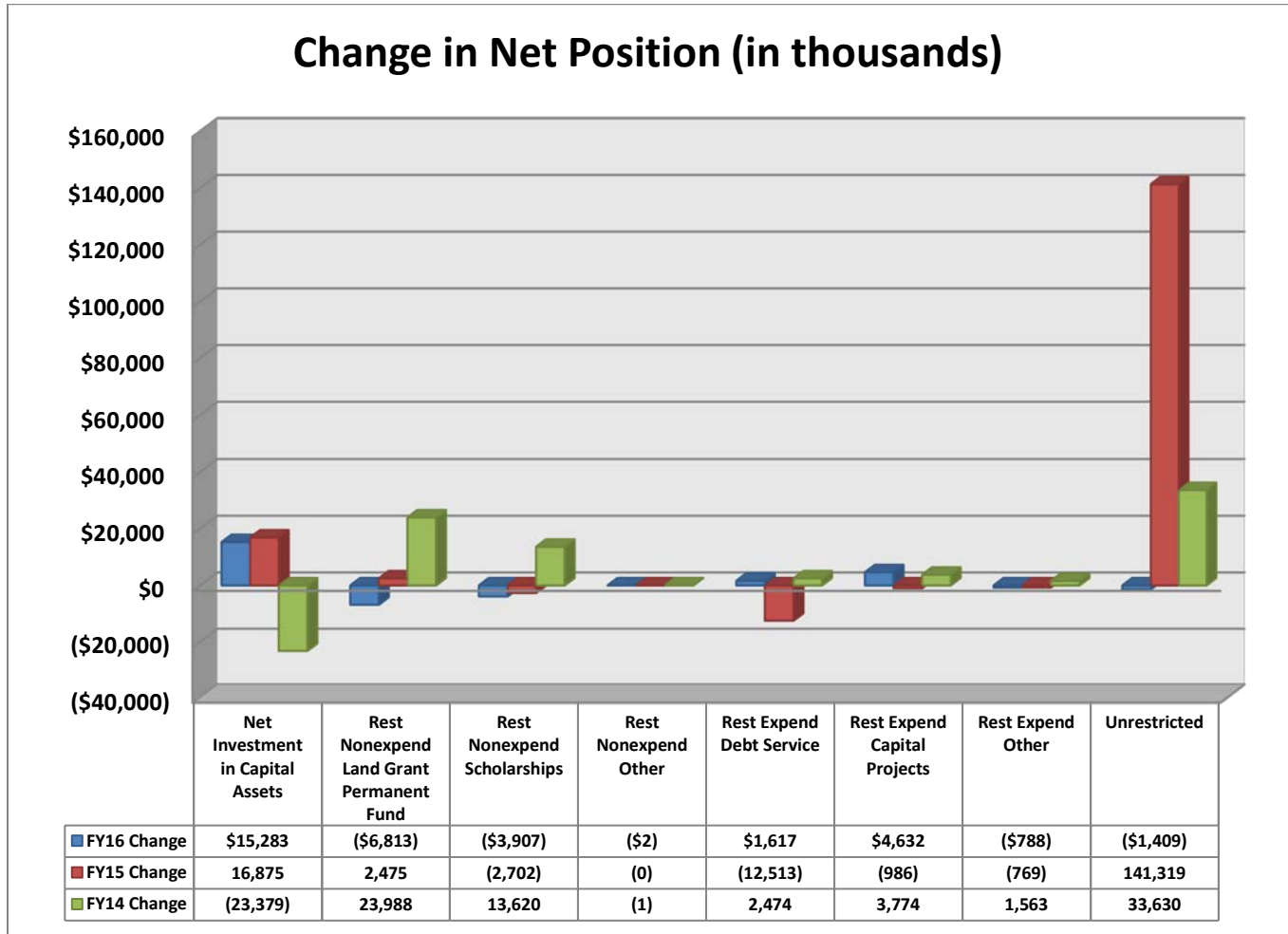
The University's total change in net position showed a net increase of \$8.6 million for FY16, a net decrease of \$808.3 million for FY15, and a net increase of \$55.7 million for FY14. The major changes in net position in FY16 included increases of \$15.3 million in net investments in capital assets and \$4.6 million restricted for capital projects and decreases of \$6.8 million in the net position of the land grant permanent fund and \$1.4 million in unrestricted net position. The most significant reason for the decrease in unrestricted net position was an increase of \$17.5 million in pension expense as reported to the University by the State of New Mexico Educational Retirement Board per the requirements of GASB Statement No. 68. Other significant changes to unrestricted net position were a gain of \$6.8 million on the reversal of the Clinical Operations' OPEB liability and a net investment loss of \$5.6 million on the University's share of the Consolidated Investment Fund (CIF). The increase in the net position of net investments in capital assets was primarily due to a \$37.3 million increase in bonds payable offset by an addition of \$55.2 million in unspent bond proceeds. The increase in the net position of restricted capital projects was the result of the recognition of revenue for several capital projects including the HSC Domenici Center Phase 3 and infrastructure upgrades at the Valencia Campus. The decrease in the net position of the land grant permanent fund was due to the recognition of \$6.8 million in net unrealized losses in FY16.

The major changes in net position in FY15 included decreases of \$810.6 million in unrestricted net position and \$12.5 million in the net position of the debt service and a \$16.9 million increase in net investments in capital assets. The most significant reason for the decrease in unrestricted net position was the restatement of the FY15 beginning net position as a result of the implementation of GASB Statement No. 68, which decreased unrestricted net position by \$952.0 million. To a much lesser extent, a \$5.7 million net investment loss on the University's share of the CIF also decreased the unrestricted net position. A \$123.7 million increase in the net position of the HSC capital initiatives committed for the development of clinical facilities and a \$4.3 million decrease in the net OPEB obligation resulted in increases to the unrestricted net position. The decrease in the net position of the debt service was primarily due to the refunding of the FHA insured Hospital Mortgage Revenue Bonds, Series 2004, which reduced the total debt service through a combination of lower interest rates and using the balances in the no longer required 2004 Series mortgage reserve, debt service reserve, collateral, surplus, and redemption accounts. The increase in the net position of net investments in capital assets was primarily due to a \$10.7 million increase in construction in progress at the University and a \$42.9 million decrease in the bonds payable at the Clinical Operations due to the refunding of the FHA insured Hospital Mortgage Revenue Bonds, Series 2004.

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The chart below shows the changes in net position by category for the fiscal years ended June 30, 2016, 2015, and 2014. For better comparability, it excludes the restatement of the FY15 beginning net position as a result of the implementation of GASB Statement No. 68, which decreased unrestricted net position by \$952.0 million:



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Statement of Cash Flows

A comparison of the University's changes in cash and cash equivalents for the years ended June 30, 2016, 2015, and 2014 is as follows:

	2016	2015	2014
Cash provided by (used in):			
Operating activities	\$ (429,884,415)	\$ (333,743,001)	\$ (474,555,036)
Noncapital financing activities	591,357,520	508,831,662	525,322,657
Capital and related financing activities	(35,638,706)	(146,136,248)	(93,476,420)
Investing activities	(71,555,101)	36,111,504	42,668,538
Net increase (decrease) in cash and cash equivalents	54,279,298	65,063,917	(40,261)
Cash and cash equivalents — beginning of year	251,191,958	186,128,041	186,168,302
Cash and cash equivalents — end of year	\$ 305,471,256	\$ 251,191,958	\$ 186,128,041

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating the University's ability to generate future net cash flows to meet its obligations as they become due and aids in determining the need for external financing. The statement is divided into four sections based on major activity: operating, noncapital financing, capital and related financing, and investing.

Cash received from operations consists primarily of receipts from insurance and patients, student tuition and fees, and grants and contracts. Payments to employees and suppliers represent the largest use of cash for operations. Cash provided by noncapital financing activities is used to fund operating activities in a public university, such as UNM. Major sources of cash provided by noncapital financing activities for the University are state appropriations, federal Pell grants, Bernalillo County mill levy, and gifts to the University. Capital and related financing activities consist primarily of payments on the purchase of capital assets, principal and interest payments on bonds, and cash received on capital appropriations and bond issuances. Cash flows from investing activities include shifts between cash and investments, distributions from the state land grant permanent fund, and investment income.

Fiduciary Fund

Effective July 1, 2013, the University established the University of New Mexico Welfare Benefit Trust (Trust), a voluntary employees' beneficiary association (VEBA) trust. The Trust is tax-exempt under section 501(c)(9) of the Internal Revenue Code and is a blended component unit of the University presented as a fiduciary fund (exhibits D and E). The Trust was established to provide a funding vehicle to which participants and the University contribute to prefund, in part, the cost of OPEB for eligible retirees of the University. In order for a retiree of the University to be eligible for other postemployment benefits, the employee must have been hired prior to July 1, 2015 and must contribute to the Trust for at least five continuous years immediately prior to retirement. The University matches the employees' contributions to the Trust. In FY16, the University and employee contributions were \$2.9 million each, and the Trust earned \$698,663 in investment income. In FY15, the University and employee

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contributions were \$3.1 million each, and the Trust earned \$51,529 in investment income.

Budget Activity

Operating budgets are submitted for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the State Budget Division of the Department of Finance and Administration (DFA). Similarly, separate legislative budget requests are submitted to the Board of Regents, HED, and the DFA for inclusion in the State of New Mexico Executive Budget for consideration of appropriations by the state legislature.

Original budgets for each fiscal year are prepared many months in advance based on: (a) prior year expenditure and revenue activity, (b) best estimates of projected revenue and expenditure activity for the budgeted year, and (c) internal budget reviews with departments on campus. During the fiscal year, original budgets are revised to more accurately reflect current needs of the institution and to include previously unanticipated events in both revenues and expenditures categories.

At the beginning of the fiscal year, State General Fund appropriations for Main Campus increased approximately \$2.2 million, or 1.1%, and the Regents approved a 3.4% base tuition and fee increase. This new funding was allocated for Academic Affairs initiatives, Marketing and IT initiatives, and fixed costs. These increases were possible due to the additional state support and tuition increases, but more importantly, as the result of internal budget reallocations. In addition, 5% of budget allocations to departments were held back in anticipation of a possible enrollment decline.

During the fiscal year, the University experienced a 1.4% decrease in Fall Student Headcount, which resulted in a revenue shortfall of \$3.9 million dollars. In addition, due to revenue shortfalls at the state, Instruction & General (I&G) State General Fund appropriations decreased by \$1.1 million or 0.6%. These two events only resulted in a net shortfall of approximately 1.5%. Therefore, 3.5% of the budget allocations that were held back were released to the departments.

At HSC, notable activities that impacted the budget for FY16 were an increase in patient volume and related clinical revenues of \$17.2 million, an increase in sponsored contracts and grants revenues of \$5.2 million, and a rescission of state appropriated funding of \$673 thousand. In total, revenues increased by \$25.4 million, or 4.6%, over FY15.

Significant changes in expenses and transfers at HSC were an increase in clinical faculty FTE and contract services expenses of \$17.1 million due to the increase in patient volume, an increase in research contracts and grants expenses of \$5.2 million, and an increase in net transfers of \$5.8 million driven mainly by transfers to plant for capital initiatives and equipment. Together, expenses and transfers increased by \$29.9 million, or 5.5%, over FY15. Overall, HSC had net income of \$5.8 million, approximately \$500 thousand over FY15, primarily as a result of generating adequate revenue to cover the increased patient care costs and planned capital expenditures in FY16.

Overall, the University's change in net position on a budgetary basis for unrestricted and restricted funds was an increase of \$87.1 million (schedule 7), which for FY16 can be directly attributed to Capital Outlay projects related to the University's 2016 Bond Issue. The University's change in net position on a budgetary basis for Unrestricted I&G funds was a net increase of \$584,049 (schedule 8).

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Endowments

At June 30, 2016, endowment assets totaled \$597.8 million, including \$395.1 million in the CIF and \$202.7 million in the University's share of the state's Land Grant Permanent Fund.

The UNM Board of Regents has delegated authority to the UNM Foundation Investment Committee to act as the official "Advisory Committee" to oversee and manage the combined endowment assets of the University and the Foundation. The pooled assets are combined for investment purposes and operated as a unitized pool known as the CIF.

The CIF finished the fiscal year with a return on investment of -1.3%, as compared to 0.5% in the previous fiscal year. During the fiscal year ended June 30, 2016, U.S. equities and international equities in the CIF posted returns of 2.1% and -10.1%, respectively. Private equity investments returned 1.6%, real assets returned -9.1%, fixed income investments returned 3.0%, and marketable alternatives returned 2.0%.

Sponsored Programs

The University has a Carnegie classification of Doctoral University/Highest Research Activity - one of 115 nationwide. This high distinction is carried by 81 public and 34 private institutions. In order to be classified as such an institution, universities must award 20 or more research/scholarship doctoral degrees each year and meet the criteria for the Highest Research Activity classification based on measurements including research and development (R&D) expenditures in science and engineering (S&E), R&D expenditures in non-S&E fields, S&E research staff, and doctoral conferrals in the fields of humanities, social science, STEM (science, technology, engineering, and mathematics), and others.

During FY16, federal and state agencies, industry, foundations, and national laboratories awarded \$358.8 million in contract and grant awards to UNM for sponsored projects ranging from engineering to medicine and education to the humanities. The Main and Branch campuses were awarded \$193.8 million, and the HSC was awarded \$165.0 million.

The majority of contracts and grants, 69%, were awarded by federal agencies, while the remaining came from the following sources: State of New Mexico, 11%; foundations, 9%; industry, 6%; national laboratories, 1%; and other, 4%.

Factors Impacting Future Periods

With the goal of creating an innovation ecosystem in downtown Albuquerque, Innovate ABQ, a collaborative initiative between UNM, STC.UNM, government, and the business community, was launched in 2013. Innovate ABQ is a project that includes financial contributions from UNM, STC.UNM, the City of Albuquerque, the County of Bernalillo, the U.S. Economic Development Administration, and Nusenda Credit Union. The vision for the project is the creation of an integrated, highly connected technology community that will foster innovation, technological advancement, and entrepreneurial activity. The community will include compatible research and commercial labs, science and technology companies, educational programs, business services, support services, commercial and retail businesses, residential living space, and related facilities. A goal of the project is to create a one-stop-shop environment for companies, entrepreneurs, and investors in an innovation community connected to the University and to downtown Albuquerque. The project will encourage, bolster, and

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enhance innovative economic development, job creation, and technology creation and transfer. It will also strengthen the economic base of Albuquerque through business and job creation and improve the lives and economic well-being of the citizens of the City of Albuquerque and the students, faculty, and graduates of UNM. A seven-acre property in downtown Albuquerque was acquired, which will be the physical site for Innovate ABQ and the heart of a larger innovation district. Development and construction for the site has commenced.

The State of New Mexico is currently experiencing significant budget shortfalls, largely related to reduced oil and gas tax revenues. In September 2016, in anticipation of state appropriation reductions to the University in the current fiscal year (FY17), with the projection of further cuts in FY18, the University imposed a moratorium on the hiring of new or replacement staff for regular and temporary positions at its main and branch campuses. This moratorium will be in effect for at least six months, after which the University will evaluate its fiscal situation and determine if any modifications to the moratorium are necessary. Faculty hiring at the main and branch campuses is also expected to be significantly curtailed. All financial savings associated with the moratorium will be swept centrally to help offset midyear and recurring state appropriation reductions. A special session in the New Mexico legislature to address the state's budget shortfall was concluded in October 2016. The special session resulted in a 5% state appropriation reduction to higher education in FY17, amounting to a \$9.8 million cut to UNM's main campus.

On March 1, 2016, the University closed on the 2016 Series A and B Subordinate Lien System Refunding Revenue Bonds. In addition to refunding certain maturities of the outstanding Series 2007 Bonds, proceeds from this bond issuance will be used for several capital projects. They include the Johnson Center expansion and renewal, a new building for the Anderson School of Management, and the renovation of Smith Plaza.

Effective December 1, 2016, UNM must be in compliance with the revised overtime rule established by the Wage and Hour Division of the U.S. Department of Labor, which is set forth in the Fair Labor Standards Act. The revised rule redefines the salary threshold that determines if an employee is considered exempt (salaried) or nonexempt (hourly). This salary threshold has been raised from \$455 to \$913 per week (from \$23,660 to \$47,476 annually). In general, the University's approach will be to modify any exempt position at a grade 12 and below to nonexempt status with no change in annual base salary. Exempt positions in a grade 13 or higher will remain exempt and will be required to meet the new weekly threshold of \$913.

In the 2016 New Mexico State legislative session, House Bill 2 was issued which stated that the Human Services Department (HSD) "...shall reduce reimbursement rates to Medicaid providers..." This was in response to significant shortfalls in state revenues, largely related to reduced oil and gas taxes. On April 29, 2016, HSD published Medical Assistance Program Manual Supplement Number 16-01 announcing that the HSD would be implementing payment rate reductions to be effective July 1, 2016. The HSD convened a subcommittee of the Medicaid Advisory Committee (MAC) to provide recommendations for reductions. On June 29, 2016, HSD issued Supplement Number 16-03 that finalized the reductions that were effective July 1, 2016. Inpatient hospital reimbursement rates at acute care and critical access hospitals were decreased by 5%. This reduction applies to all payment methodologies for inpatient hospital services, including Diagnosis Related Group (DRG) methodology, reimbursement for capital costs and outlier payments. Supplemental 16-03 also adjusted Safety Net Care Pool (SNCP) rates for other hospitals within the state from 62.0% to 49.5%. This rate for the Hospital remains unchanged at 45.0% above the base rate.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended June 30, 2016

Hospital outpatient reimbursement rates at acute care, critical access, and outpatient rehabilitative hospitals were reduced by 3%. Outpatient hospital laboratory services were reduced by 6% to align with the Medicaid fee schedule for laboratory services and to reflect movement of the Medicaid fee schedule to 94% of Medicare rates for laboratory services. The Hospital's reimbursement from Medicaid managed care organizations (MCO) is based on the state outpatient fee schedules. Reimbursement rates for both fee-for-service and Medicaid MCO patients are impacted by this outpatient reduction.

Supplement 16-03 delayed implementation of certain fee schedule reductions for physicians and other practitioners until August 1, 2016, to allow for further analysis by HSD. On July 20, 2016, HSD published Supplement Number 16-07 with final reductions that were effective August 1, 2016. HSD considers the fee schedule for the Medicare program to be the "standard for fee-for-service payment methodology in America...and intends to move its reimbursement policy for the Medicaid program toward greater alignment with a percentage of Medicare rates." The supplement states that "New Mexico's Medicaid rates were 7th highest in the nation in 2014, at an average of 91% of Medicare and 25% above the national average for state Medicaid programs." HSD implemented a first phase of reductions effective August 1, 2016 and a second phase of reductions to be effective January 1, 2017. The practitioner reductions effective August 1, 2016, range from 0% to 6% depending on a comparison of each Current Procedural Terminology (CPT) code's current reimbursement rate to Medicare reimbursement rates, with a goal of reimbursement being at or below 94% of Medicare reimbursement rates. For the reductions effective January 1, 2017, HSD intends to move any rates that are above 100% of Medicare rates to 94% of Medicare rates. The state does not expect these reductions in inpatient and outpatient hospital and practitioner reimbursement to have an impact on Medicaid recipient access to providers. The impact of these inpatient, outpatient, and practitioner reductions is estimated at \$8.4 million on the Hospital and \$130,000 on the Behavioral Health Operations.

The Hospital currently has a three-year agreement with Molina Healthcare to provide services to Medicaid patients. During fiscal 2016, Molina forced reopening of negotiations by threatening contract termination as it sought substantial reductions in its Medicaid payments to the Hospital. In lieu of termination and the corresponding impact to Medicaid beneficiaries, the Hospital and Molina have tentatively agreed to a reduction in rates for both inpatient acute and outpatient services that would be effective for dates of service beginning August 1, 2016. These reductions are estimated to impact the Hospital by \$22.4 million and the Behavioral Health Operations by \$260,000.

The Bernalillo County mill levy that the Hospital receives is based on property values. It is possible that the amount of the mill levy may remain flat or potentially decrease as a result of reduced property values and slowdowns in the building construction industry. The voters approved the renewal of the mill levy in the November 2008 election. The mill levy is subject to approval by the Bernalillo County voters every eight years, and it will be up for renewal in the November 2016 election. On August 23, 2016, the Bernalillo County Commission voted to place the mill levy on the November ballot.

The Hospital is the only Level I Trauma Center in the state and is at physical capacity to treat adult patients. As such, the Hospital has engaged the services of a national architectural and engineering firm with experience in designing teaching hospitals to identify location, size, phasing and staging for a replacement hospital. The report is expected to be completed in November 2016.

THE UNIVERSITY OF NEW MEXICO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended June 30, 2016

Requests for Additional Financial Information

This financial report is designed to provide the executive and legislative branches of the State of New Mexico, the public, the University's retailers and vendors, and other interested parties with a general overview of the financial position as of June 30, 2016 and 2015, and the results of its operations, cash flows, and variances from the budgets for the years then ended for the University of New Mexico.

If you have any questions about this report or need additional financial information, contact The University of New Mexico, Financial Services, 1700 Lomas NE, Suite 3100, MSC01 1300, Albuquerque, New Mexico 87131.

For internal audit inquiries and reports, see information available at <http://www.unm.edu/~iaudit>.

To download additional copies of this report, or to obtain prior year copies of this report, go to <http://fsd.unm.edu/annual-reports.html> and select the Annual Audit Report link.

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THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Net Position as of June 30, 2016 and 2015

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2016	2015	2016	2015
ASSETS				
Current assets				
Cash and cash equivalents (note 3)	\$ 250,262,261	\$ 251,191,958	\$ 55,006,252	\$ 48,761,357
Cash and cash equivalents – restricted (note 3)	-	-	9,931,320	46,230,827
Short-term investments (note 3)	413,856,833	328,420,401	10,684,140	10,830,746
Accounts receivable, net (note 4)	67,031,108	73,153,636	2,577,117	2,724,192
Patient receivables, net (note 4)	131,740,263	135,311,251	39,879,776	38,776,003
Notes receivable, net (note 5)	2,789,693	3,274,328	-	-
Due from component units	40,624,790	81,775,098	-	-
Estimated third-party payor settlements	58,459,432	37,253,510	826,489	1,942,338
Other receivables, net (note 4)	5,986,032	5,278,587	1,431,123	1,082,231
Inventories	20,454,909	20,558,560	2,429,933	2,134,711
Due from The University of New Mexico	-	-	5,050,205	7,915,550
Other current assets	14,552,450	6,081,568	1,179,121	1,294,543
Total current assets	\$ 1,005,757,771	\$ 942,298,897	\$ 128,995,476	\$ 161,692,498
Noncurrent assets				
Cash and cash equivalents (note 3)	\$ -	\$ -	\$ 4,664,762	\$ 1,350,028
Cash and cash equivalents – restricted (note 3)	55,208,995	-	-	-
Notes receivable, net – noncurrent (note 5)	9,273,235	9,665,543	-	-
Investments (note 3)	259,160,148	266,017,924	217,808,619	226,125,367
Land grant permanent fund (note 3)	202,729,929	209,543,087	-	-
Due from component units	18,267,043	29,986,430	-	-
Due from The University of New Mexico	-	-	-	350,000
Derivative instruments – interest rate swaps overlay (note 12)	1,591,991	2,115,637	-	-
Other noncurrent assets	7,834,378	8,285,884	6,138,768	6,456,207
Capital assets, net (note 6)	1,146,095,452	1,152,857,240	149,211,704	168,977,197
Total noncurrent assets	\$ 1,700,161,171	\$ 1,678,471,745	\$ 377,823,853	\$ 403,258,799
Total assets	\$ 2,705,918,942	\$ 2,620,770,642	\$ 506,819,329	\$ 564,951,297
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions (note 16)	\$ 115,739,057	\$ 80,401,217	\$ -	\$ -
Interest rate swaps (note 12)	13,350,038	11,151,419	-	-
Loss on bond refundings	6,612,028	2,103,329	-	-
Total deferred outflows of resources	\$ 135,701,123	\$ 93,655,965	\$ -	\$ -
LIABILITIES				
Current liabilities				
Accounts payable and accrued payroll (note 7)	\$ 164,101,044	\$ 149,356,455	\$ 18,798,155	\$ 16,816,017
Advance funding received	-	-	147,393	92,550
Due to The University of New Mexico (note 11)	-	-	40,624,790	81,775,098
Due to component units (note 11)	5,050,205	7,915,550	-	-
Estimated third-party payor settlements	52,606,029	34,789,462	1,201,016	1,432,930
Accrued compensated absences (note 8)	53,492,555	51,499,913	-	-
Other accrued liabilities (note 9)	5,263,802	11,247,188	1,739,375	1,129,633
Unearned revenue (note 10)	46,238,980	44,567,972	766,399	1,341,598
Bonds payable – current portion (notes 11 and 12)	21,717,969	20,455,532	3,540,000	3,380,000
Long-term debt – current portion (note 11)	-	-	981,891	956,306
Annuities payable (note 11)	-	-	337,890	340,768
Deposits and funds held for others	8,495,144	6,740,847	-	-
Total current liabilities	\$ 356,965,728	\$ 326,572,919	\$ 68,136,909	\$ 107,264,900
Noncurrent liabilities (note 11)				
Bonds payable – noncurrent (notes 11 and 12)	\$ 522,928,081	\$ 486,880,750	\$ 124,960,000	\$ 128,500,000
Due to The University of New Mexico (note 11)	-	-	18,267,043	29,986,430
Due to component units (note 11)	-	350,000	-	-
Long-term debt (note 11)	-	-	5,412,548	6,394,439
Student loan program (note 11)	12,202,926	12,232,657	-	-
Net pension liability (notes 11 and 16)	1,068,222,984	937,754,765	-	-
Net OPEB obligation (notes 11 and 17)	21,853,100	28,664,283	-	-
Derivative instruments – interest rate swaps (notes 11 and 12)	13,350,038	11,151,419	-	-
Annuities payable (note 11)	-	-	2,089,450	2,308,853
Other noncurrent liabilities (note 11)	211,855	237,774	-	-
Total noncurrent liabilities	\$ 1,638,768,984	\$ 1,477,271,648	\$ 150,729,041	\$ 167,189,722
Total liabilities	\$ 1,995,734,712	\$ 1,803,844,567	\$ 218,865,950	\$ 274,454,622
DEFERRED INFLOWS OF RESOURCES				
Related to pensions (note 16)	\$ 26,615,905	\$ 99,877,591	\$ -	\$ -
Gain on bond refundings	898,072	946,251	-	-
Unearned revenue	-	-	836,759	898,205
Total deferred inflows of resources	\$ 27,513,977	\$ 100,823,842	\$ 836,759	\$ 898,205

(Continued)

EXHIBIT A

Statements of Net Position as of June 30, 2016 and 2015

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2016	2015	2016	2015
NET POSITION				
Net investment (deficiency) in capital assets	\$ 668,039,117	\$ 652,756,234	\$ (742,917)	\$ 3,226,354
Restricted for:				
Nonexpendable:				
Land grant permanent fund	202,729,929	209,543,087	-	-
Scholarships	112,795,918	116,702,505	-	-
Grants, bequests, and contributions	6,006,290	6,008,368	172,831,532	174,596,320
Expendable:				
Scholarships	2,612,592	2,684,304	-	-
Grants, bequests, and contributions	16,872,368	17,588,467	-	-
Debt service	36,134,105	34,516,975	13,349,404	11,257,843
Capital projects	10,427,636	5,796,111	-	-
Other	-	-	19,347,972	21,725,800
Unrestricted (note 19)	(237,246,579)	(235,837,853)	82,330,629	78,792,153
Total net position	\$ 818,371,376	\$ 809,758,198	\$ 287,116,620	\$ 289,598,470

See accompanying notes to the basic financial statements.

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2016 and 2015

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2016	2015	2016	2015
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$78,826,363 in 2016 and \$75,155,145 in 2015)	\$ 134,062,423	\$ 134,670,377	\$ -	\$ -
Net patient service (note 13)	-	-	253,808,979	246,692,538
Other patient-related services (note 13)	149,456,906	264,636,778	-	-
Federal grants and contracts	210,967,778	203,794,253	-	1,498,048
State and local grants and contracts	36,803,729	31,360,003	-	-
Nongovernmental grants, contracts, bequests, and contributions	32,566,869	36,018,130	25,494,856	29,653,920
Sales and services	194,962,443	192,434,632	25,161,604	26,794,182
Auxiliary enterprises (net of scholarship allowances of \$9,463,534 in 2016 and \$9,513,342 in 2015)	42,537,502	45,167,332	-	-
Other operating revenues	54,682,198	51,568,614	24,738,156	26,771,751
Clinical operations (note 13)				
University of New Mexico Hospital (net of provision for doubtful accounts of \$52,093,114 in 2016 and \$62,804,301 in 2015)	682,068,962	603,515,957	-	-
University of New Mexico Behavioral Health Operations (net of provision for doubtful accounts of \$667,413 in 2016 and \$4,084,866 in 2015)	25,905,626	33,287,707	-	-
Total operating revenues	\$ 1,564,014,436	\$ 1,596,453,783	\$ 329,203,595	\$ 331,410,439
OPERATING EXPENSES				
Educational and general				
Instruction	\$ 284,258,438	\$ 281,539,273	\$ -	\$ -
Research	181,204,407	172,109,446	-	-
Public service	376,019,950	346,203,712	-	-
Academic support	48,698,278	49,868,586	-	-
Student services	31,056,068	29,641,098	-	-
Institutional support	69,297,694	67,523,733	-	-
Operation and maintenance of plant	78,913,642	84,960,746	-	-
Depreciation expense	60,962,430	61,088,145	10,761,893	11,793,480
Student aid	34,609,222	38,891,018	-	-
Student activities	10,565,531	9,085,688	-	-
Intercollegiate athletics	33,378,182	31,825,352	-	-
Auxiliary enterprises	50,479,013	53,232,478	-	-
Other operating expenses	53,766,222	50,440,105	304,890,171	292,791,988
Distributions to The University of New Mexico	-	-	28,292,544	26,224,604
Clinical operations				
University of New Mexico Hospital	755,311,896	680,537,181	-	-
University of New Mexico Behavioral Health Operations	52,012,800	51,691,504	-	-
Total operating expenses	\$ 2,120,533,773	\$ 2,008,638,065	\$ 343,944,608	\$ 330,810,072
Operating income (loss)	\$ (556,519,337)	\$ (412,184,282)	\$ (14,741,013)	\$ 600,367

(Continued)

Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2016 and 2015

	PRIMARY INSTITUTION		COMPONENT UNITS	
	2016	2015	2016	2015
NONOPERATING REVENUES (EXPENSES)				
State appropriations	\$ 312,386,187	\$ 308,196,174	\$ 1,256,900	\$ 813,100
Local appropriations	7,691,806	7,682,413	6,152,531	6,080,650
Federal pell grants	48,624,312	50,691,119	-	-
State lottery scholarships	33,716,721	34,973,379	-	-
Gifts	30,481,503	26,918,337	-	-
Federal bond subsidy	-	-	1,960,076	1,998,362
Investment income (loss) (note 3)	5,032,271	11,318,098	(2,003,300)	(1,164,851)
Other nonoperating revenues and expenses, net	1,069,653	(4,304,520)	70,444	(904,460)
Interest on capital asset-related debt	(13,393,421)	(20,006,539)	(6,635,012)	(7,068,906)
Loss on disposal of capital assets	(168,685)	(234,888)	-	-
Distributions to The University of New Mexico	-	-	(380,000)	(150,000)
Clinical operations (note 13)				
University of New Mexico Hospital	92,424,448	95,061,389	-	-
University of New Mexico Behavioral Health Operations	21,929,380	20,965,620	-	-
Net nonoperating revenues (expenses)	\$ 539,794,175	\$ 531,260,582	\$ 421,639	\$ (396,105)
Income (loss) before capital contributions	\$ (16,725,162)	\$ 119,076,300	\$ (14,319,374)	\$ 204,262
Capital appropriations	\$ 25,189,601	\$ 23,693,702	\$ -	\$ -
Capital grants and gifts	116,835	374,148	-	-
Federal stabilization grant	31,904	554,616	-	-
Contributions to permanent endowments	-	-	11,837,524	11,703,589
Total capital contributions	\$ 25,338,340	\$ 24,622,466	\$ 11,837,524	\$ 11,703,589
Change in net position	\$ 8,613,178	\$ 143,698,766	\$ (2,481,850)	\$ 11,907,851
NET POSITION				
Net position at beginning of year	809,758,198	1,618,025,765	289,598,470	277,690,619
Impact of change in accounting pronouncement (note 2(D))	-	(951,966,333)	-	-
Net position at end of year	\$ 818,371,376	\$ 809,758,198	\$ 287,116,620	\$ 289,598,470

See accompanying notes to the basic financial statements.

THE UNIVERSITY OF NEW MEXICO

BASIC FINANCIAL STATEMENTS

Statements of Cash Flows for the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 134,882,586	\$ 132,059,627
Grants and contracts	291,906,224	270,559,652
Insurance and patients	953,556,496	921,369,850
Sales and services	193,823,658	185,103,835
Auxiliary enterprise charges	42,169,943	46,874,472
Payments to suppliers	(614,707,438)	(511,045,234)
Payments to employees	(1,095,844,967)	(1,045,719,485)
Payments for benefits	(223,213,679)	(222,672,223)
Payments for utilities	(39,232,205)	(41,084,982)
Payments for scholarships and fellowships	(42,425,039)	(45,174,060)
Loans issued to students	(1,484,136)	(1,580,951)
Collection of loans to students	2,099,192	2,229,202
Payments to State of New Mexico for intergovernmental transfer	(12,220,335)	(15,353,372)
Other payments	(19,194,715)	(9,309,332)
Net cash used in operating activities	<u>\$ (429,884,415)</u>	<u>\$ (333,743,001)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 325,518,721	\$ 321,313,054
Local appropriations	7,691,806	7,682,413
Federal pell grants	48,004,174	50,656,889
State lottery scholarships	37,117,743	31,572,357
Drawdowns of federal direct loan proceeds	115,185,199	123,754,055
Disbursements of federal direct loans to students	(114,955,752)	(121,648,445)
Bernalillo County mill levy	95,777,420	93,128,895
Land and permanent fund	844,779	918,901
Gifts and cash received from University of New Mexico Foundation	71,938,720	2,712,961
Federal stabilization grants	54,739	545,082
Other nonoperating receipts (payments)	4,179,971	(1,804,500)
Net cash provided by noncapital financing activities	<u>\$ 591,357,520</u>	<u>\$ 508,831,662</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest payments on bonds	\$ (21,499,371)	\$ (30,009,524)
Capital appropriations	24,242,832	15,551,487
Capital gifts and grants	118,913	374,587
Proceeds from bond issuance	179,075,134	248,708,271
Principal payments of bonds	(141,310,532)	(303,817,934)
Collection of loan to Lobo Development Corporation	458,711	601,056
Cash received from disposal of capital assets	216,315	306,112
Purchase of capital assets	(75,024,231)	(74,343,695)
Other payments	(1,916,477)	(3,506,608)
Net cash used in capital and related financing activities	<u>\$ (35,638,706)</u>	<u>\$ (146,136,248)</u>

(Continued)

EXHIBIT C

Statements of Cash Flows for the years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Bond trustee funds released by refinancing	\$ -	\$ 42,591,086
Payments for 2015 bond reserve fund	(1,909,877)	(15,071,979)
Proceeds from sale and maturities of investments	392,965,442	293,234,304
Purchase of investments	(473,790,895)	(320,482,410)
Distributions from land grant permanent fund	9,888,203	9,518,002
Investment income	1,292,026	26,322,501
	\$ (71,555,101)	\$ 36,111,504
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents – beginning of year	251,191,958	186,128,041
	\$ 305,471,256	\$ 251,191,958
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (556,519,337)	\$ (412,184,282)
Adjustments to reconcile net operating loss to net cash used in operating activities		
Depreciation expense	93,959,115	94,794,223
Bad debt expense	55,302,962	68,667,409
Changes in assets and liabilities		
Accounts receivable	(7,581,296)	(6,591,938)
Patient receivables	(49,189,539)	(101,428,007)
Estimated third-party payor settlements	(21,205,922)	(1,795,672)
Notes receivable	647,497	920,351
Inventories	103,651	(3,501,649)
Other assets	(789,188)	240,465
Due from component units	236,684	(5,286,076)
Due to component units	490,995	(4,782,655)
Accounts payable	6,605,578	21,498,368
Accrued expenses and compensated absences	5,556,975	(2,110,480)
Other current liabilities	(58,720)	(364,733)
Estimated third-party payor liability	17,816,567	11,228,908
Unearned revenue	2,870,870	1,687,963
Net pension liability	130,468,219	(13,095,614)
Deferred outflows of resources	(35,337,840)	(80,206,983)
Deferred inflows of resources	(73,261,686)	98,567,401
	\$ (429,884,415)	\$ (333,743,001)
NONCASH TRANSACTIONS		
Cancellation of portion of loan to Lobo Development Corporation for transfer of capital asset	\$ 11,001,206	\$ -

See accompanying notes to the basic financial statements.

University of New Mexico Retiree Welfare Benefit Trust
 Statements of Fiduciary Net Position as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 418,779	\$ 54,768
Investments	16,617,328	10,425,306
Interest receivable	8,362	10,641
Total assets	<u>\$ 17,044,469</u>	<u>\$ 10,490,715</u>
LIABILITIES		
Unsettled transactions	\$ 125,680	\$ -
Total liabilities	<u>\$ 125,680</u>	<u>\$ -</u>
NET POSITION		
Net position held in trust for pension benefits and other purposes	\$ 16,918,789	\$ 10,490,715
Total net position	<u>\$ 16,918,789</u>	<u>\$ 10,490,715</u>

See accompanying notes to the basic financial statements.

University of New Mexico Retiree Welfare Benefit Trust
 Statements of Changes in Fiduciary Net Position for the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ADDITIONS		
University of New Mexico contributions	\$ 2,875,747	\$ 3,080,800
Employee contributions	2,875,747	3,080,800
Investment income	698,663	51,529
Total revenues	<u>\$ 6,450,157</u>	<u>\$ 6,213,129</u>
DEDUCTIONS		
Administrative expenses	\$ 22,083	\$ 5,000
Total expenses	<u>\$ 22,083</u>	<u>\$ 5,000</u>
Increase in fund net position	\$ 6,428,074	\$ 6,208,129
Net position at beginning of year	10,490,715	4,282,586
Net position at end of year	<u>\$ 16,918,789</u>	<u>\$ 10,490,715</u>

See accompanying notes to the basic financial statements.

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

(1) Creation and Purpose of Entity

The University of New Mexico (the University or UNM) was created by the Constitution of New Mexico, Sections 21-7-4 through 21-7-25, New Mexico Statutes Annotated, 1978 Compilation, under which it is responsible for providing the inhabitants of the State of New Mexico and such others as the Board of Regents may determine with the means of acquiring a thorough knowledge of the various branches of literature, science, and the arts.

The University is part of the primary government of the State of New Mexico, and its financial data is included with the financial data in the State of New Mexico's Comprehensive Annual Financial Report. These financial statements present financial information that is attributable to the University and does not purport to present the financial position of the State of New Mexico.

(2) Basis of Presentation and Summary of Significant Accounting Policies

(A) Basis of Presentation

The University and its component units present their financial statements in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The statement presentation required by GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, provides a comprehensive entity-wide perspective of the University's assets, liabilities, and net position, revenues, expenses and changes in net position, and cash flows.

The University has adopted GASB Statement 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*. GASB Statement 39 provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as discretely presented component units based on the nature and significance of their relationship with the University. GASB Statement 61 modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for blending component units within the primary government in certain circumstances. As required by GASB Statements 14, 39, and 61, these basic financial statements present the University and its component units.

The following entities are presented in the financial statements as component units based on criteria as set forth in GASB Statements 14, 39, and 61:

Discretely Presented Component Units

- **The University of New Mexico Foundation, Inc.**

The University of New Mexico Foundation, Inc. (Foundation) is a nonprofit corporation, organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico. The majority of the University's investments are managed by the Foundation. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas Blvd. NE, Suite 203, Albuquerque, NM 87131.

- **The Robert O. Anderson Schools of Management Foundation**

The Robert O. Anderson Schools of Management Foundation (ASMF) is a nonprofit corporation organized in 1971 to promote continued education to the business community. ASMF provides professional workshops, seminars, guest symposiums, a master's degree program and funding for various faculty fellowships, research grants, and student scholarships. The University of New Mexico, The Robert O. Anderson Schools of Management Foundation, MSC05 3090, 1924 Las Lomas NE, Albuquerque, NM 87131.

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- **STC.UNM**

STC.UNM (formerly known as Science & Technology Corporation @ UNM) is a nonprofit corporation formed under the auspices of the 1989 New Mexico University Research Park Act and the New Mexico Nonprofit Corporation Act. The business of the corporation is to manage the commercialization of technologies developed by the University's faculty and manage the real estate development of the Science & Technology Park at The University of New Mexico on the South Campus. STC.UNM, 801 University Blvd. SE, Suite 101, Albuquerque, NM 87106.

- **University of New Mexico Lobo Club**

The University of New Mexico Lobo Club (Club) is a nonprofit corporation established to operate as a fund-raising entity in support of the athletic programs at the University. The University of New Mexico Lobo Club, Department of Athletics, MSC04 2680, 1 University of New Mexico, Albuquerque, NM 87131.

- **Lobo Development Corporation**

Lobo Development Corporation was established in October 2007, under the State of New Mexico's University Research Park and Economic Development Act. Lobo Development Corporation was established to benefit UNM's Regents in the management and development of University-owned real estate. The activities of Lobo Development Corporation include the acquisition, development, disposition, and rental of University real estate. Lobo Development Corporation, 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

- **Lobo Energy, Inc.**

Lobo Energy, Inc. (LEI) was formed by the UNM Regents in June 1998, under the University Research Park Act to be a separate 501(c)(3) corporation wholly owned by UNM. Its responsibilities include the procurement of natural gas and electricity, operations, and maintenance of all production facilities, and energy measurement and management systems. Lobo Energy, Inc., 800 Bradbury Dr. SE, Suite 216, Albuquerque, NM 87106.

- **The University of New Mexico Alumni Association**

The University of New Mexico Alumni Association (the Association) is a not-for-profit organization that was incorporated August 29, 1962 to provide and coordinate events and activities for the purpose of maintaining a positive relationship between the University and its alumni. The University of New Mexico Alumni Association at Hodgin Hall, Albuquerque, NM 87131.

- **University of New Mexico Medical Group**

University of New Mexico Medical Group (UNMMG) is a nonprofit corporation that was organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the School of Medicine (SOM) and the University of New Mexico Health Sciences Center (HSC). University of New Mexico Medical Group, 933 Bradbury Street SE, Suite 2222, Albuquerque, NM 87106.

- **Sandoval Regional Medical Center**

Sandoval Regional Medical Center (SRMC) is a teaching hospital located in Sandoval County that was formed by the UNM Regents in August 2009 and is a New Mexico nonprofit corporation organized under and pursuant to the New Mexico University Research Park and Economic Development Act. The creation of SRMC is largely a result of collaborative efforts between the UNM Medical Group (UNMMG) and UNM Hospital (UNMH), and accordingly, UNMMG and UNMH have representation on its board. Sandoval Regional Medical Center, PO Box 80600, Albuquerque, NM 87198-0600.

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- **Innovate ABQ, Inc.**

Innovate ABQ, Inc. is a nonprofit corporation established under the provisions of the New Mexico Nonprofit Corporation Act and the State of New Mexico University Research Park and Economic Development Act and is operated exclusively for charitable, scientific, and educational purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Innovate ABQ, Inc., a public/private partnership, is a research and high technology business district located between the main University campus and downtown Albuquerque, New Mexico that serves as a catalyst for a new innovation economy in New Mexico and other educational initiatives for the University. Innovate ABQ, Inc., 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

Blended Component Unit

- **University of New Mexico Retiree Welfare Benefit Trust**

The University of New Mexico Retiree Welfare Benefit Trust is a voluntary employees' beneficiary association (VEBA) trust that is tax-exempt under Section 501(c)(9) of the IRC and is presented as a fiduciary fund in the financial statements. The trust was established to provide a funding vehicle to which participants and the University contribute to prefund, in part, the cost of other postemployment benefits (OPEB) for eligible retirees of the University.

The University's basic financial statements also include "clinical operations." Clinical operations include the two healthcare providers, the University of New Mexico Hospital (Hospital) and the University of New Mexico Behavioral Health Operations, whose operations are summarized to be compatible with University reporting; these operations are not legally separate entities and, therefore, are operating as divisions of the University. The clinical operations, when combined with the University's School of Medicine, College of Nursing, and College of Pharmacy, are referred to as the University of New Mexico Health Sciences Center (HSC) and are included in the Primary Institution financial statement information.

The discretely presented component units, the Hospital, and the University of New Mexico Behavioral Health Operations, have separately audited financial statements, which can be obtained at their separate administrative offices.

(B) *Basis of Accounting*

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

(C) *Significant Accounting Policies*

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources and disclosure of contingent assets, liabilities, and deferred outflows and inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ significantly from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of all highly liquid investments with original maturities of three months or less.

Accounts receivable: The University records student accounts receivable at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain an adequate allowance for probable losses.

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Patient receivables: Clinical Operations receive payment for services rendered to patients under payment arrangements with payors, which include (i) Medicare and Medicaid, (ii) other third-party payors including commercial carriers and health maintenance organizations, and (iii) others. The other payor category includes United States Public Health Service, self-pay, counties, and other government agencies. Clinical Operations reserve progressive percentages beginning at 90 days for all payors, ramping up to 100% fully reserved at 210 days. Self-pay receivables are fully reserved after 30 days when they are referred to internal collections, and they are charged off when they are deemed uncollectible and are turned over to a collection agency. The following summarizes the percentage of gross patient receivables from all payors as of June 30:

	<u>2016</u>	<u>2015</u>
Medicare and Medicaid	60%	65%
Other third-party payors	24%	27%
Others	<u>16%</u>	<u>8%</u>
	<u>100%</u>	<u>100%</u>

Investments: The University measures and records its investments at fair value. GASB Statement 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the case of pooled funds or mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as publicly quoted. Within the Consolidated Investment Fund (CIF), the alternative investments are valued as reported by the general partners and fund managers. Management reviews and evaluates the valuation received from third parties and believes the carrying amount to be a reasonable estimate of fair value. As limited partnerships investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. The income from the University's interest in the Land Grant Permanent Fund, which interests are managed by the New Mexico State Investment Council, is distributed monthly to the University. Additional information about investments and their fair value is provided in note 3.

The endowment spending policy provides that the total annual distribution of spendable income to each unit of the CIF, a unitized investment pool, shall not exceed 6% nor be less than 4% of the average market value of a unit of the CIF. The average market value of a unit will be based on the average unit values of the CIF for the preceding 20 quarters. The target annual distribution rate shall be 5% of the average unit market value. If, in any given 20-quarter rolling period, total return is less than target annual distribution, actual distribution shall not be less than 4% of the average unit market value for such 20-quarter rolling period. If in any 20-quarter rolling period the distribution exceeds 5% of the current market value, the CIF Investment Committee will determine the actual distribution.

Assets held by others, which are neither in the possession of nor under the control of the University, are not reflected in the accompanying basic financial statements. The most significant example is assets held by the Sandia Foundation from which UNM is entitled to 45% of the income but has no title to the assets themselves. However, income earned on such assets upon which the University has claim is recorded in the accompanying basic financial statements.

Inventories: Inventories, consisting mainly of items held for resale, are principally stated at cost using the retail method, or market value if lower.

Capital assets: Capital assets are recorded at original cost, or fair value if donated. Per Section 12-6-10 NMSA 1978, the University's capitalization policy for movable equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The University includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with New Mexico Administrative Code, Title 2 Public Finance, Chapter 20 Accounting by Governmental Entities, Part 1 Accounting and Control of Fixed Assets of State Government, Section 9, software purchased for internal use is capitalized and depreciated. 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. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50

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years for buildings, 20 years for land improvements and infrastructure, 5 years for library books, and a range of 3 to 15 years for equipment. Loaned equipment from private and federal sources is not owned by the University, and is not an asset. This equipment is monitored by the University and totals \$3,861,790 and \$3,513,355 at June 30, 2016 and 2015, respectively.

As an institute of higher education in existence for over 100 years, the University has acquired significant collections of art, rare books, historical treasures, and other special collections. The purpose of these collections is for public exhibition, education, or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents' policies regarding accessioning and deaccessioning. However, because of their invaluable and irreplaceable nature, these collections are not recorded as capital assets but are reported as other noncurrent assets in the statements of net position.

Bonds Payable: Bonds payable are special obligations of the Regents of the University and do not constitute a debt or liability of the State of New Mexico or any political subdivision thereof. Each bond is secured, as described in the applicable trust indentures, by certain pledged revenues, representing certain revenues of the Regents after the payment of certain operating and maintenance expenses and pre-existing debt service obligations. The issuance of the bonds does not directly, indirectly, or contingently obligate the state or any political subdivision to levy any form of taxation or to make any appropriation for their payment. The Regents do not have taxing power.

The University issues fixed and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount outstanding, with each rate not exceeding maximum rates permitted by law.

Variable rate bonds have an assumed Standby Purchase Agreement (SBPA), which states that the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in marketing the bonds. In this event, the interest rate paid by the University will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of time, designated in the SBPA, they are deemed to be "bank bonds" and the University will be required to repurchase the bonds from the SBPA issuer.

Derivatives: The University follows GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. Derivatives are financial arrangements used to manage or hedge specific risks or to make investments. Changes in fair value for those derivative instruments that meet the criteria for hedging instruments under GASB Statement 53 are reported as deferred inflows and outflows of resources. Changes in fair value of investment derivative instruments, which are ineffective hedging instruments, are reported as a component of investment income.

The University has entered into interest rate swap agreements with rated swap counter parties in order to utilize synthetic fixed rate structures in order to generate cash flow savings and to hedge against interest rate risk. By entering into a swap agreement, the University hedges its interest rate exposure on the associated variable rate bonds. With the exception of two swaps that are considered investments, the swaps are considered hedging derivatives. Additional information about the swap agreements is provided in note 12.

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

Annual leave plan: Employees are allowed to accumulate 252 hours of leave. Upon separation from employment for reasons other than retirement, death, or involuntary separation, employees are paid for unused accrued annual leave, not to exceed 168 hours. Upon separation of employment for reasons of retirement, death, or involuntary

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separation, employees (or their estates in case of death) are paid for unused accrued annual leave, not to exceed 252 hours.

Sick leave plan: Prior to 1984, the University's sick leave plan placed no limitation on the number of hours an employee could accumulate. When the plan was revised, the existing accumulation of hours was placed into separate pools and employees may be paid 28.5% of the value of those hours on retirement from the University. Also under the revised plan, employees are entitled to receive cash payments, at a rate equal to 50% of the employee's hourly wage, for accumulated unused sick leave exceeding 600 hours for full-time employees, 450 hours for employees with a FTE between 0.75 and full-time, and 300 hours for employees with a FTE between 0.5 and 0.75, up to 120 hours per fiscal year. Upon retirement or death, employees are paid, at a rate equal to 50% of the employee's hourly wage, for accumulated unused sick leave exceeding 600 hours for full-time employees, 450 hours for employees with a FTE between 0.75 and full-time, and 300 hours for employees with a FTE between 0.5 and 0.75, not to exceed 440 hours.

Net position:

Net investment in capital assets represents the University's total investment in capital assets, net of outstanding debt 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 net investment in capital assets. Unspent bond proceeds for the University were \$60,636,302 and \$5,351,335 at June 30, 2016 and 2015, respectively. The Hospital had no unspent bond proceeds at June 30, 2016 and 2015, respectively. Unamortized prepaid bond insurance for the University was \$239,457 and \$726,917 at June 30, 2016 and 2015, respectively.

Restricted net position represents those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted *expendable* net position is resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties. Restricted *nonexpendable* net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.

Unrestricted net position, which may contain multiple year contractual commitments, consists of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes.

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 toward restricted resources, and then toward unrestricted resources.

Revenues: Are classified as operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances, b) patient services, c) sales and services, and d) contracts and grants.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as a) appropriations, b) gifts, c) investment income, and d) mill levy. These revenue streams are recognized under GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Appropriations are recognized in the year they are appropriated, regardless of when actually received. Gifts are recognized when all applicable eligibility requirements have been met. Investment income is recognized in the period when it is earned. The mill levy is recognized in the period it is levied by Bernalillo County.

Student tuition and fee revenues and auxiliary enterprises revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees, other student charges, and auxiliary enterprises charges, the University has recorded a scholarship allowance.

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Net patient service revenues are recorded at the estimated net realizable amount due from patients, third-party payors, and others for services rendered, and a provision for doubtful accounts. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contractual adjustments resulting from agreements with various organizations to provide services for amounts that differ from billed charges, including services under Medicare, Medicaid, and certain managed care programs, are recorded as deductions from patient revenues. Accounts, when determined to be uncollectible, are charged against the allowance for doubtful accounts.

The clinical operations provide care to patients who meet certain criteria under its charity care policy without expectation of payment or at amounts less than established rates. The clinical operations do not pursue collection of amounts determined to qualify as charity care with the exception of copayments. Charity care is treated as a deduction from gross revenue.

Contract and grant revenues are recognized when all of the eligibility requirements have been met.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year and are available to the University in subsequent years according to House Bill 2, Appropriations Act, Section J, found on Page 186.

Unearned revenue consists primarily of advances from contracts and grants, prepayments of tuition and fees for the summer semester, and prepayments of tickets to public and athletic events.

Expenses: Are classified as operating or nonoperating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expense, b) scholarships and fellowships, net of scholarship discounts and allowances, c) utilities, supplies, and other services, d) professional fees, and e) depreciation expenses related to university property, plant, and equipment.

Nonoperating expenses include interest on capital asset-related debt and bond expenses that are defined as nonoperating expenses by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

(D) *Changes in Accounting Policies and Statements*

Effective July 1, 2014, the University adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pensions. As a result of the implementation of GASB Statement 68, the University restated net position as of July 1, 2014. This restatement was a decrease of \$951,966,333 to unrestricted net position as of July 1, 2014. The implementation of GASB Statement 68 also resulted in the recognition in fiscal year 2015 of \$937,754,765 in net pension liability, \$80,401,217 in deferred outflows of resources, and \$99,877,591 in deferred inflows of resources, all of which had not been recognized prior to fiscal year 2015. The net pension liability represents the University's proportionate share of the total net pension liability of the ERB defined-benefit plan based on an annual actuarial valuation performed on that plan.

The University adopted GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining a fair value measurement for financial reporting purposes. The Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

During the fiscal year ended June 30, 2016, the University implemented GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes GASB Statement 55,

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The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and identifies the hierarchy of generally accepted accounting principles for state and local governments.

GASB Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from guidance in actuarial standards for financial reporting purposes, and (3) the classification of payments made by employers to satisfy plan member contribution requirements. This Statement is effective for the fiscal year ending September 30, 2018 with early adoption allowed. The University has early adopted this Statement and presents the payroll-related measures in the Notes to the Schedule and Supplementary Information in accordance with GASB Statement 82.

(E) *Income Taxes*

As an instrumentality of the State of New Mexico, the income generated by the University in the exercise of its essential governmental functions is excluded from federal income tax under IRC Section 115. However, income generated from activities unrelated to the exempt purpose of the University would be subject to tax under IRC Section 511(a)(2)(B).

As part of a state institution of higher education, the income of the University of New Mexico Hospital and the University of New Mexico Behavioral Health Operations is generally excluded from federal and state income taxes under Section 115(1) of the IRC. However, income generated from activities unrelated to these entities' exempt purpose is subject to income taxes under IRC Section 511(a)(2)(B).

(F) *Joint Powers Agreements*

- (1) The Regents of The University of New Mexico and the Board of County Commissioners of the County of Bernalillo entered into a lease agreement for operation and lease of county healthcare facilities, effective July 1, 1999, amended June 2004 and terminating June 20, 2040. The purpose of the agreement is to operate and maintain UNM Hospital and UNM Behavioral Health Operations in accordance with the provisions of the Hospital Funding Act for the term of the agreement. The agreement continues in force until rescinded or terminated by either party. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (2) The University has entered into Joint Powers Agreements with fifty-two (52) Municipal School Districts (the Districts) throughout the State of New Mexico. The University and the Districts have formed an organization for promoting their mutual educational purposes known as the New Mexico Research and Study Council (Council). The purpose of this agreement is to create a mechanism by which the Districts can jointly and cooperatively undertake any activities in their function of providing public educational services. The University has entered into this agreement in order to facilitate such joint activities. This agreement remains in force until terminated. The Council may be terminated by a two-thirds vote of all current parties. UNM acts as fiscal agent, reporting revenues and expenses, and accepting audit responsibility. There is no specific amount estimated since the agreement describes an ongoing relationship.
- (3) The Regents of the University of New Mexico, the Regents of New Mexico State University, and the Regents of the New Mexico Institute of Mining and Technology entered into an agreement to form the New Mexico University Research Consortium (NMURC) effective May 4, 2006. The purpose of the Research Consortium is to promote statewide cooperation in attracting research resources to New Mexico, managing them for the state's higher education research facilities, other New Mexico research facilities and for the benefit of New Mexico economic development. The agreement continues in force indefinitely. Any party may choose to withdraw with 60 days' written notice. At such time, the remaining parties have 45 days to agree to maintain the NMURC or the Joint Powers Agreement will terminate on the date of withdrawal.
- (4) The University of New Mexico Natural Heritage Program (NHP) and the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) entered into a Joint Powers Agreement effective August 8, 2005, amended on April 28, 2008 and December 20, 2010. EMNRD's Rare and Endangered Plant Program often receives federal grants to develop projects that require botanical field research, greenhouse studies, and data

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management. NHP, as a branch of the UNM-Southwest Museum of Biology, maintains the only comprehensive database for New Mexico rare and endangered plant species and is capable of providing professional field and research assistance, greenhouse access, and data management. The purpose of the agreement is for administrative efficiency so that the projects can be carried out through a single program. The agreement continues indefinitely unless earlier terminated by one or both parties.

- (5) The Regents of the University of New Mexico and the Board of Education of Albuquerque Public Schools, District No. 12 entered into a Joint Powers Agreement concerning the ownership and operation of an educational television facility known as KNME-TV with an effective date of September 16, 1968, amended April 1978. The purpose of the agreement is to make a useful and beneficial educational facility available to both parties over an extended period of time. The agreement continues for an indefinite term and may be terminated upon a) mutual agreement of the parties, b) continued inability of one party to perform its obligations, or c) inadequacy of the facility to fulfill the educational television needs of both parties accompanied by the expressed desire of either party to terminate.

(G) *Reclassifications*

Certain 2015 amounts have been reclassified in order to be consistent with the 2016 presentation.

(H) *Impact of Recently Issued Accounting Standards*

- (1) GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined-contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The scope of this Statement includes OPEB plans administered through trusts that meet certain criteria. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined-benefit OPEB through OPEB plans that are not administered through trusts that meet certain criteria. This Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. GASB Statement 74 is effective for periods beginning after June 15, 2016 (fiscal year 2017), and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 74 will have on its financial statements.
- (2) GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about define-benefit OPEB also are addressed. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. GASB Statement 75 is effective for periods beginning after June 15, 2017 (fiscal year 2018), and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 75 will have on its financial statements.

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- (3) GASB Statement 77 – *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about a reporting government’s own tax abatement agreements as well as those that are entered into by other governments and that reduce the reporting government’s tax revenues. A tax abatement results from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Disclosing the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. GASB Statement 77 is effective for periods beginning after December 15, 2015 (fiscal year 2017), and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 77 will have on its financial statements.
- (4) GASB Statement 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*, by adding criterion that requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. GASB Statement 80 is effective for periods beginning after June 15, 2016 (fiscal year 2017), and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 80 will have on its financial statements.
- (5) GASB Statement 81 – *Irrevocable Split-Interest Agreements*. Split-interest agreements are defined as a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that 1) a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, 2) a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests, and 3) a government recognize revenue when the resources become applicable to the reporting period. GASB Statement 81 is effective for periods beginning after December 15, 2016 (fiscal year 2018), and earlier application is encouraged. The University is currently evaluating the impact GASB Statement 81 will have on its financial statements.

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(3) Cash, Cash Equivalents, and Investments

(A) Cash and Cash Equivalents

The Primary Institution's cash accounts are held in demand and time deposits at various financial institutions and had carrying amounts totaling \$250,262,261 and \$251,191,958 at June 30, 2016 and 2015, respectively. New Mexico statutes require financial institutions to pledge qualifying collateral to the Primary Institution to cover at least 50% of uninsured deposits. All collateral is held by third parties in safekeeping. The Primary Institution is at risk to the extent that its funds are uninsured or uncollateralized. These amounts are invested in overnight sweep accounts and are collateralized at 102% of the invested balance. At June 30, 2016 and 2015, these funds were collateralized by government agency securities held in the Primary Institution's name. At June 30, 2016 and June 30, 2015, the total Primary Institution's deposits were fully insured and/or collateralized.

During FY16, the Primary Institution invested bond proceeds to be used for future capital projects in a guaranteed investment contract held at another financial institution. This cash equivalent had a carrying amount of \$55,208,995 at June 30, 2016 and is subject to custodial credit risk.

A summary of cash and cash equivalents at June 30, 2016 and 2015 is as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Demand and time deposits	\$254,387,977	\$254,811,334
Guaranteed investment contract	55,208,995	-
Other (includes VEBA fiduciary fund cash, petty cash, and component units' cash held by UNM)	(4,125,716)	(3,619,376)
Total	<u>\$305,471,256</u>	<u>\$251,191,958</u>

The Component Units' cash accounts held in demand and time deposits at various institutions had carrying amounts totaling \$69,602,334 and \$96,342,212 at June 30, 2016 and 2015, respectively. Certain amounts are invested in overnight sweep accounts and are collateralized at various levels of the invested balance. At June 30, 2016 and 2015, these funds were collateralized by government-backed securities held in the Component Unit's name. At June 30, 2016 and June 30, 2015, the total Component Units' public deposits were fully insured and/or collateralized.

(B) Investments

University investments are grouped into three major categories for financial reporting purposes: Temporary investments, the CIF, and other long-term investments. Temporary investments are primarily funds available for current operations. Under the University's investment policies, temporary investment funds may be invested in the following instruments:

- Money market funds
- Certificates of deposit (fully insured by the Federal Deposit Insurance Corporation [FDIC])
- Commercial paper
- Bankers' acceptances
- U.S. government agencies
- Corporate bonds (minimum BBB/Baa2 rating or better) per issue
- Industrial floaters
- U.S. Treasuries
- Municipal bonds — both taxable and tax-exempt (minimum A/A2 rating or better) per issue
- Global fixed-income securities: nondollar denominated securities

Temporary investments also include unspent bond proceeds that are dedicated to various facilities construction projects on campus. Bond proceeds may be invested in all of the securities allowed for temporary funds, as well as Repurchase Agreements and Guaranteed Investment Contracts (GICs). Such construction projects are reported as capital assets in the accompanying statements of net position (note 6). The bond obligations are reported as bonds payable in the accompanying statements of net position (notes 11 and 12).

THE UNIVERSITY OF NEW MEXICO

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

The CIF is a unitized internal investment pool consisting of gifted endowment funds of the University and gifted endowment funds of the UNM Foundation. The CIF operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for an annual distribution. The investment of the CIF endowment funds is in accordance with the laws of 1991, chapter 69 of the State of New Mexico. In accordance with UNM and the Foundation's Memorandum, the endowment assets of UNM and the UNM Foundation are commingled for investment purposes, whenever possible, in the CIF. The investment of UNM and the UNM Foundation endowment funds is in accordance with Sections 6-8-10 and 46-9-12, NMSA 1978. At June 30, 2016 and 2015, UNM's portion of the CIF was \$208,100,929 and \$216,840,567, respectively.

Consolidated Investment Fund

	<u>2016</u>	<u>2015</u>
Units:		
UNM Foundation	573,990	570,951
University of New Mexico	638,750	655,318
	<u>1,212,740</u>	<u>1,226,269</u>
Fair Value (in millions):		
UNM Foundation	\$ 187.0	\$ 189.0
University of New Mexico	208.1	216.8
	<u>\$ 395.1</u>	<u>\$ 405.8</u>

Other long-term investments primarily consist of debt service, debt service reserve, and plant renewal and replacement funds. Also reported in the other long-term investments category is UNM's ownership share of the New Mexico State Land Grant Permanent Fund; the assets of which are managed by the New Mexico State Investment Council (SIC).

The state constitution provides for 21 beneficiaries of the Land Grant Permanent Fund, of which UNM is one. The valuation of each beneficiary's share is calculated by the SIC and investment income, gains, and losses are distributed accordingly. At June 30, 2016 and 2015, the value of UNM's share of the Land Grant Permanent Fund was \$202,729,929 and \$209,543,087, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

Total Primary Institution investments by type at June 30, 2016 and 2015 are as follows:

	Temporary Investments	Consolidated Investment Fund	Other Long- Term Investments	UNM Retiree Welfare Benefit Trust	Fair Value
Primary Institution 2016					
Cash	\$ 244,192	\$ -	\$ -	\$ -	\$ 244,192
Money Market	7,749,570	9,494,292	18,574,536	2,255,291	38,073,689
Certificate of Deposit	-	-	1,826,423	5,280,437	7,106,860
Guaranteed Investment Contract	-	-	55,208,995	-	55,208,995
U.S. Treasury Securities	127,505,695	-	-	-	127,505,695
U.S. Government Agencies	112,195,097	-	9,618,185	-	121,813,282
Corporate Bonds/Notes	147,759,529	-	-	-	147,759,529
Municipal Bonds	15,886,356	-	-	-	15,886,356
Mutual Funds — Fixed	-	72,264,884	-	-	72,264,884
Mutual Funds — Equity	-	161,713,622	-	7,875,556	169,589,178
Equity	946,385	-	21,040,440	-	21,986,825
Exchange-Traded Funds	1,570,009	11,468,939	-	-	13,038,948
Illiquid Real Assets	-	17,049,026	-	-	17,049,026
Private Equity	-	44,404,114	-	-	44,404,114
Marketable Alternatives	-	78,745,541	-	1,206,044	79,951,585
Land Grant Permanent Fund	-	-	202,729,929	-	202,729,929
CIF due to/from UNM	-	365	(365)	-	-
<i>Guaranteed Investment Contract (cash equivalent)</i>	-	-	(55,208,995)	-	(55,208,995)
<i>University of New Mexico Foundation, Inc Investments held in Consolidated Investment Fund</i>	-	(187,039,854)	-	-	(187,039,854)
Total Investments	\$ 413,856,833	\$ 208,100,929	\$ 253,789,148	\$ 16,617,328	\$ 892,364,238

	Temporary Investments	Consolidated Investment Fund	Other Long- Term Investments	UNM Retiree Welfare Benefit Trust	Fair Value
Primary Institution 2015					
Cash	\$ 536,393	\$ -	\$ -	\$ 1,503,597	\$ 2,039,990
Money Market	13,632,971	7,356,619	16,668,122	259,310	37,917,022
Certificate of Deposit	-	-	1,600,507	8,662,399	10,262,906
U.S. Treasury Securities	113,177,516	-	-	-	113,177,516
U.S. Government Agencies	61,434,677	-	9,408,643	-	70,843,320
Corporate Bonds/Notes	120,122,237	-	-	-	120,122,237
Municipal Bonds	16,922,084	-	-	-	16,922,084
Mutual Funds — Fixed	-	70,090,153	-	-	70,090,153
Mutual Funds — Equity	-	173,414,982	-	-	173,414,982
Equity	1,055,970	-	21,453,460	-	22,509,430
Exchange-Traded Funds	1,538,553	12,525,380	-	-	14,063,933
Illiquid Real Assets	-	19,113,638	-	-	19,113,638
Private Equity	-	42,210,748	-	-	42,210,748
Marketable Alternatives	-	81,134,345	-	-	81,134,345
Land Grant Permanent Fund	-	-	209,543,087	-	209,543,087
CIF due to/from UNM	-	(46,625)	46,625	-	-
<i>University of New Mexico Foundation, Inc Investments held in Consolidated Investment Fund</i>	-	(188,958,673)	-	-	(188,958,673)
Total Investments	\$ 328,420,401	\$ 216,840,567	\$ 258,720,444	\$ 10,425,306	\$ 814,406,718

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

Total Component Unit investments by type at June 30, 2016 and 2015 are as follows:

	Temporary Investments	Consolidated Investment Fund	Other Long- Term Investments	Fair Value
Component Units 2016				
Money Market Account	\$ -	\$ 4,494,300	\$ 7,411,546	\$ 11,905,846
Mortgage-/Asset-Backed Bonds	713,827	-	-	713,827
U.S. Treasury Securities	1,091,324	-	-	1,091,324
U.S. Government Agencies	121,981	-	11,550,577	11,672,558
Corporate Bonds/Notes	444,266	-	6,103,024	6,547,290
Municipal Bonds	33,184	-	3,383,876	3,417,060
Mutual Funds	2,087,829	-	1,708,703	3,796,532
Mutual Funds — Fixed	-	34,206,576	-	34,206,576
Mutual Funds — Equity	813,626	76,547,125	-	77,360,751
Equity	4,499,258	-	189,114	4,688,372
Exchange-Traded Funds	-	5,428,821	-	5,428,821
Illiquid Real Assets	-	8,070,155	-	8,070,155
Private Equity	-	21,018,683	-	21,018,683
Marketable Alternative	568,878	37,274,194	-	37,843,072
Real Estate	300,986	-	195,912	496,898
Other	8,981	-	226,013	234,994
Total Investments	\$ 10,684,140	\$ 187,039,854	\$ 30,768,765	\$ 228,492,759

	Temporary Investments	Consolidated Investment Fund	Other Long- Term Investments	Fair Value
Component Units 2015				
Money Market Account	\$ -	\$ 3,403,867	\$ 5,404,485	\$ 8,808,352
Certificate of Deposit	1,112,399	-	1,007,725	2,120,124
U.S. Government Agencies	-	-	11,055,533	11,055,533
Corporate Bonds/Notes	-	-	5,786,942	5,786,942
Municipal Bonds	-	-	3,964,827	3,964,827
Mutual Funds	9,174,655	-	9,231,430	18,406,085
Mutual Funds — Fixed	-	32,637,179	-	32,637,179
Mutual Funds — Equity	-	80,749,943	-	80,749,943
Equity	-	-	11,054	11,054
Exchange-Traded Funds	-	5,832,389	-	5,832,389
Illiquid Real Assets	-	8,900,183	-	8,900,183
Private Equity	-	19,655,253	-	19,655,253
Marketable Alternative	251,416	37,779,859	-	38,031,275
Real Estate	292,276	-	319,330	611,606
Other	-	-	385,368	385,368
Total Investments	\$ 10,830,746	\$ 188,958,673	\$ 37,166,694	\$ 236,956,113

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

Additional Risk Disclosures for Investments – GASB Statements 3 and 40 require certain additional disclosures related to the risks of custodial credit, interest rates, credit, foreign currency, and concentration of credit associated with deposits and investments.

Custodial Credit Risk — For an investment, custodial credit risk 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 investment or collateral securities that are in possession of an outside party. Mutual funds and external investment pools are not exposed to custodial credit risk. The University does not have a policy concerning custodial credit risk on investments.

At June 30, 2016, the Primary Institution had \$55,208,995 in investments that had exposure to custodial credit risk, and at June 30, 2015, the Primary Institution had no investments subject to custodial credit risk. At June 30, 2016 and 2015, the Component Units had exposure to custodial credit risk in the amounts of \$10,387,960 and \$7,026,278, respectively.

Interest rate risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The University does have policies to mitigate exposure to interest rate risk by prohibiting certain high-risk investments and investment practices and by establishing duration and maturity guidelines for investments. A summary of the investments at June 30, 2016 and 2015 and their exposure to interest rate risk are as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

<i>Primary Institution 2016</i>	Fair Value	Investment Maturities			
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
Items subject to interest rate risk:					
Money Market	\$ 28,579,397	\$ 28,579,397	\$ -	\$ -	\$ -
Certificates of Deposit	7,106,860	5,983,349	1,123,511	-	-
Guaranteed Investment Contract	55,208,995	1,849,496	53,359,499	-	-
U.S. Treasury Securities	127,505,695	5,964,215	113,374,297	8,167,183	-
U.S. Government Agencies	121,813,282	32,114,704	80,833,784	8,864,794	-
Corporate Bonds/Notes	147,759,529	29,263,733	118,495,796	-	-
Municipal Bonds	15,886,356	6,884,079	8,083,143	919,134	-
	<u>\$ 503,860,114</u>	<u>\$ 110,638,973</u>	<u>\$ 375,270,030</u>	<u>\$ 17,951,111</u>	<u>\$ -</u>
Items not subject to interest rate risk:					
Cash	\$ 244,192				
Money Market Account	9,494,292				
Mutual Funds — Fixed	72,264,884				
Mutual Funds — Equity	169,589,178				
Equity	21,986,825				
Exchange-Traded Funds	13,038,948				
Illiquid Real Assets	17,049,026				
Private Equity	44,404,114				
Marketable Alternatives	79,951,585				
Land Grant Permanent Fund	202,729,929				
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>	<u>(187,039,854)</u>				
	\$ 443,713,119				
Guaranteed Investment Contract (cash equivalent)	(55,208,995)				
Total Investments	<u>\$ 892,364,238</u>				

<i>Primary Institution 2015</i>	Fair Value	Investment Maturities			
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
Items subject to interest rate risk:					
Money Market	\$ 33,154,926	\$ 33,154,926	\$ -	\$ -	\$ -
Certificates of Deposit	10,262,906	3,985,613	6,277,293	-	-
U.S. Treasury Securities	113,177,516	849,737	112,327,779	-	-
U.S. Government Agencies	70,843,320	7,879,421	61,467,484	1,496,415	-
Corporate Bonds/Notes	120,122,237	21,825,557	96,876,438	1,420,242	-
Municipal Bonds	16,922,084	4,484,264	12,437,820	-	-
	<u>\$ 364,482,989</u>	<u>\$ 72,179,518</u>	<u>\$ 289,386,814</u>	<u>\$ 2,916,657</u>	<u>\$ -</u>
Items not subject to interest rate risk:					
Cash	\$ 2,039,990				
Money Market Account	7,356,619				
Mutual Funds — Fixed	70,090,153				
Mutual Funds — Equity	173,414,982				
Equity	21,453,460				
Exchange-Traded Funds	12,525,380				
Illiquid Real Assets	19,113,638				
Private Equity	42,210,748				
Marketable Alternatives	81,134,345				
Land Grant Permanent Fund	209,543,087				
<i>University of New Mexico Foundation, Inc</i>					
<i>Investments held in Consolidated Investment Fund</i>	<u>(188,958,673)</u>				
	\$ 449,923,729				
Total Investments	<u>\$ 814,406,718</u>				

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

<i>Component Units 2016</i>	Fair Value	Investment Maturities			
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
Items subject to interest rate risk:					
U.S. Government Agencies/Treasuries	\$ 12,763,882	\$ 3,496,412	\$ 9,087,482	\$ 47,660	\$ 132,328
Mortgage-/Asset-Backed Bonds	713,827	-	126,651	27,011	560,165
Corporate Bonds/Notes	6,547,290	2,355,621	3,974,217	99,006	118,446
Municipal Bonds	3,417,060	623,159	1,221,609	1,181,040	391,252
	<u>\$ 23,442,059</u>	<u>\$ 6,475,192</u>	<u>\$ 14,409,959</u>	<u>\$ 1,354,717</u>	<u>\$ 1,202,191</u>
Items not subject to interest rate risk:					
Money Market Account	\$ 11,905,846				
Mutual Funds	3,796,532				
Mutual Funds — Fixed	34,206,576				
Mutual Funds — Equity	77,360,751				
Equity	4,688,372				
Exchange-Traded Funds	5,428,821				
Illiquid Real Assets	8,070,155				
Private Equity	21,018,683				
Marketable Alternatives	37,843,072				
Real Estate	496,898				
Other	234,994				
	<u>\$ 205,050,700</u>				
Total Investments	\$ 228,492,759				

<i>Component Units 2015</i>	Fair Value	Investment Maturities			
		Less than 1 Year	1—5 Years	6—10 Years	Greater than 10 Years
Items subject to interest rate risk:					
Certificates of Deposit	\$ 2,120,124	\$ 1,822,189	\$ 297,935	\$ -	\$ -
U.S. Government Agencies/Treasuries	11,055,533	1,763,127	9,292,406	-	-
Corporate Bonds/Notes	5,786,942	982,436	4,804,506	-	-
Municipal Bonds	3,964,827	653,289	1,391,957	1,319,996	599,585
	<u>\$ 22,927,426</u>	<u>\$ 5,221,041</u>	<u>\$ 15,786,804</u>	<u>\$ 1,319,996</u>	<u>\$ 599,585</u>
Items not subject to interest rate risk:					
Money Market Account	\$ 8,808,352				
Mutual Funds	18,406,085				
Mutual Funds — Fixed	32,637,179				
Mutual Funds — Equity	80,749,943				
Equity	11,054				
Exchange-Traded Funds	5,832,389				
Illiquid Real Assets	8,900,183				
Private Equity	19,655,253				
Marketable Alternatives	38,031,275				
Real Estate	611,606				
Other	385,368				
	<u>\$ 214,028,687</u>				
Total Investments	\$ 236,956,113				

Credit risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information, as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk. The University does have a policy to limit its exposure to credit risk that states that investments should have an average credit quality of A1/A+ or better and security ratings of investment grade. A summary of the investments at June 30, 2016 and 2015 and their exposure to credit risk are as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

Primary Institution 2016

Items subject to credit risk:

Credit Rating	Money Market	Guaranteed Investment Contract	U.S. Government Agencies	Corporate Bonds/Notes	Municipal Bonds	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ 112,195,097	\$ 1,487,131	\$ 2,072,781	\$ 115,755,009
Moody's — Aa1	-	-	-	2,004,920	3,195,066	5,199,986
Moody's — Aa2	-	-	-	7,206,155	2,611,045	9,817,200
Moody's — Aa3	-	-	-	15,830,863	6,865,772	22,696,635
Moody's — A1	-	-	-	23,324,047	736,186	24,060,233
Moody's — A2	-	-	-	22,363,486	-	22,363,486
Moody's — A3	-	-	-	23,128,531	-	23,128,531
Moody's — Baa1	-	-	-	37,511,232	-	37,511,232
Moody's — Baa2	-	-	-	14,903,164	-	14,903,164
Not Rated	28,579,397	55,208,995	9,618,185	-	405,506	93,812,083
Total items subject to credit risk	\$ 28,579,397	\$ 55,208,995	\$ 121,813,282	\$ 147,759,529	\$ 15,886,356	\$ 369,247,559

Items not subject to credit risk:

Cash	\$ 244,192
Money Market Account	9,494,292
Certificate of Deposit	7,106,860
U.S. Treasury Securities	127,505,695
Mutual Funds — Fixed	72,264,884
Mutual Funds — Equity	169,589,178
Equity	21,986,825
Exchange-Traded Funds	13,038,948
Illiquid Real Assets	17,049,026
Private Equity	44,404,114
Marketable Alternatives	79,951,585
Land Grant Permanent Fund	202,729,929
Total items not subject to credit risk	\$ 765,365,528

University of New Mexico Foundation, Inc.
Investments held in Consolidated Investment Fund — Not Rated \$ (187,039,854)

Guaranteed Investment Contract (cash equivalent) \$ (55,208,995)

Total Investments **\$ 892,364,238**

Primary Institution 2015

Items subject to credit risk:

Credit Rating	Money Market	Guaranteed Investment Contract	U.S. Government Agencies	Corporate Bonds/Notes	Municipal Bonds	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ 60,436,067	\$ 1,497,752	\$ 2,480,297	\$ 64,414,116
S&P — AAA	-	-	-	-	150,311	150,311
Moody's — Aa1	-	-	-	6,431,889	3,959,261	10,391,150
S&P — AA+	-	-	998,610	-	-	998,610
Moody's — Aa2	-	-	-	2,806,886	5,295,036	8,101,922
Moody's — Aa3	-	-	-	11,996,554	3,393,994	15,390,548
Moody's — A1	-	-	-	19,297,439	1,643,185	20,940,624
Moody's — A2	-	-	-	16,324,479	-	16,324,479
Moody's — A3	-	-	-	15,190,998	-	15,190,998
Moody's — Baa1	-	-	-	33,199,450	-	33,199,450
Moody's — Baa2	-	-	-	11,925,050	-	11,925,050
Moody's — Baa3	-	-	-	1,451,740	-	1,451,740
Not Rated	33,154,926	-	9,408,643	-	-	42,563,569
Total items subject to credit risk	\$ 33,154,926	\$ -	\$ 70,843,320	\$ 120,122,237	\$ 16,922,084	\$ 241,042,567

Items not subject to credit risk:

Cash	\$ 2,039,990
Money Market Account	7,356,619
Certificate of Deposit	10,262,906
U.S. Treasury Securities	113,177,516
Mutual Funds — Fixed	70,090,153
Mutual Funds — Equity	173,414,982
Equity	21,453,460
Exchange-Traded Funds	12,525,380
Illiquid Real Assets	19,113,638
Private Equity	42,210,748
Marketable Alternatives	81,134,345
Land Grant Permanent Fund	209,543,087
Total items not subject to credit risk	\$ 762,322,824

University of New Mexico Foundation, Inc.
Investments held in Consolidated Investment Fund — Not Rated \$ (188,958,673)

Total Investments **\$ 814,406,718**

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June 30, 2016 and 2015

Component Units 2016

Items subject to credit risk:

Credit Rating	U.S. Government Agencies	Corporate Bonds/Notes	Mortgage-/Asset-Backed Bonds	Municipal Bonds	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ -	\$ 651,091	\$ 651,091
S&P — AAA	-	-	120,287	230,819	351,106
Moody's — Aa1	-	-	-	148,347	148,347
S&P — AA+	121,981	26,212	-	-	148,193
Moody's — Aa2	-	-	-	986,539	986,539
S&P — AA	11,550,577	1,729,691	-	101,992	13,382,260
Moody's — Aa3	-	-	-	607,509	607,509
S&P — A	-	2,928,168	-	127,209	3,055,377
Moody's — A1	-	-	-	10,356	10,356
Moody's — A2	-	-	-	32,101	32,101
Moody's — A3	-	-	-	63,702	63,702
S&P — A-	-	100,136	-	-	100,136
S&P — BBB+	-	181,983	-	33,184	215,167
S&P — BBB	-	1,563,938	-	-	1,563,938
S&P — BBB-	-	17,162	-	-	17,162
Not Rated	1,091,324	-	593,540	424,211	2,109,075
Total items subject to credit risk	\$ 12,763,882	\$ 6,547,290	\$ 713,827	\$ 3,417,060	\$ 23,442,059

Items not subject to credit risk:

Money Market Account	\$ 11,905,846
Mutual Funds	3,796,532
Mutual Funds — Fixed	34,206,576
Mutual Funds — Equity	77,360,751
Equity	4,688,372
Exchange-Traded Funds	5,428,821
Illiquid Real Assets	8,070,155
Private Equity	21,018,683
Marketable Alternative	37,843,072
Real Estate	496,898
Other	234,994
Total items not subject to credit risk	\$ 205,050,700
Total Investments	\$ 228,492,759

Component Units 2015

Items subject to credit risk:

Credit Rating	U.S. Government Agencies	Corporate Bonds/Notes	Other Bonds	Municipal Bonds	Fair Value
Moody's — Aaa	\$ -	\$ -	\$ -	\$ 797,087	\$ 797,087
S&P — AAA	11,055,533	-	-	232,164	11,287,697
Moody's — Aa1	-	-	-	380,230	380,230
Moody's — Aa2	-	-	-	1,108,922	1,108,922
S&P — AA	-	1,241,991	-	321,518	1,563,509
Moody's — Aa3	-	-	-	436,746	436,746
S&P — A	-	3,722,843	-	238,501	3,961,344
Moody's — A1	-	-	-	106,217	106,217
Moody's — A2	-	-	-	57,454	57,454
Moody's — A3	-	-	-	64,662	64,662
S&P — BBB	-	822,108	-	-	822,108
Not Rated	-	-	-	221,326	221,326
Total items subject to credit risk	\$ 11,055,533	\$ 5,786,942	\$ -	\$ 3,964,827	\$ 20,807,302

Items not subject to credit risk:

Money Market Account	\$ 8,808,352
Certificate of Deposit	2,120,124
Mutual Funds	18,406,085
Mutual Funds — Fixed	32,637,179
Mutual Funds — Equity	80,749,943
Equity	11,054
Exchange-Traded Funds	5,832,389
Illiquid Real Assets	8,900,183
Private Equity	19,655,253
Marketable Alternative	38,031,275
Real Estate	611,606
Other	385,368
Total items not subject to credit risk	\$ 216,148,811
Total Investments	\$ 236,956,113

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Foreign currency risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. In order to mitigate foreign currency risk, University policy allows for currency forwards to be implemented as a hedge to the global fixed income portfolio when deemed appropriate. In addition, University policy states that the portfolio will not invest more than 5% of the total market value of its investments (measured at the time of purchase) in the debt obligations of any single fixed income issuer; however, securities issued and guaranteed by Organization for Economic Cooperation and Development (OECD) nations may be held without limitation. At June 30, 2016 and 2015, the University had no investments subject to foreign currency risk.

Concentration of Credit Risk — Concentration risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The University does have a policy to limit its exposure to concentrated credit risk that states that investments shall be diversified with the intent to minimize the risk of large investment losses. For the fiscal year ended June 30, 2016, the University had 8.77% of its investments in Blackrock US Equity Fund (held at Northern Trust), 7.84% in Blackrock World Ex US (also held at Northern Trust), and 5.48% in a Guaranteed Investment Contract held at Bayern Landesbank.

Investment Income — At June 30, 2016 and 2015, investment income consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution Investment Income		
<i>Investment Revenue</i>		
Investment income	\$ 1,818,627	\$ 1,186,411
Land Grant Permanent Fund distributions	9,888,203	9,518,002
<i>Realized Gains (Losses)</i>		
Endowments — Consolidated Investment Fund	1,283,444	10,264,329
Nonendowment investments	265,566	355,320
<i>Unrealized Gains (Losses)</i>		
Land Grant Permanent Fund	(6,813,158)	2,474,642
Endowments — Consolidated Investment Fund	(6,046,371)	(13,086,226)
Nonendowment investments	4,635,960	605,620
Primary Institution Investment Income	<u>\$ 5,032,271</u>	<u>\$ 11,318,098</u>
Component Units Investment Income	<u>\$ (2,003,300)</u>	<u>\$ (1,164,851)</u>

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Fair Value Measurement – The University and its component units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- *Level 1* inputs are quoted prices (unadjusted) for identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.
- *Level 3* inputs are unobservable inputs for an asset.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the University and its component units consider the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The investments valued using NAV include the following strategies:

- Multi-strategy hedge funds
- Event driven hedge funds
- Equity hedge funds
- Distressed/restructuring hedge funds
- Global macro hedge funds
- Systematic diversified risk hedge funds
- Private equity
- Illiquid Real Assets
- Mutual Funds-Fixed
- Mutual Funds-Equity

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June 30, 2016 and 2015

A summary of fair value measurements at June 30, 2016 and 2015 are as follows:

<i>Primary Institution 2016</i>	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Investments held by the Primary Institution</i>				
Certificates of Deposit	\$ 7,106,860	\$ -	\$ 7,106,860	\$ -
U.S. Treasury Securities	127,505,695	127,505,695	-	-
U.S. Government Agencies	121,813,282	-	121,813,282	-
Corporate Bonds/Notes	147,759,529	-	147,759,529	-
Municipal Bonds	15,886,356	-	15,886,356	-
Mutual Funds — Fixed	42,354,727	42,354,727	-	-
Equity	21,986,825	21,986,825	-	-
Exchange-Traded Funds	13,038,948	13,038,948	-	-
Total	\$ 497,452,222	\$ 204,886,195	\$ 292,566,027	\$ -

<i>Investments measured at the NAV:</i>	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Marketable Alternatives	\$ 79,951,585	\$ -	Monthly/Quarterly/ Annually	2 to 90 days
Private Equity	44,404,114	25,408,958	-	-
Illiquid Real Asset Funds	17,049,026	2,967,099	-	-
Mutual Funds — Fixed	29,910,157	-	-	5 to 60 days
Mutual Funds — Equity	169,589,178	-	-	1 to 2 days
Total	\$ 340,904,060	\$ 28,376,057		

Investments measured at the amortized cost:

Guaranteed Investment Contract	\$ 55,208,995	\$ -	-	-
Money Market	38,073,689			
Total	\$ 93,282,684			

Other:

Cash	\$ 244,192			
Land Grant Permanent Fund	202,729,929			
<i>Guaranteed Investment Contract (cash equivalent)</i>	(55,208,995)			
<i>University of New Mexico Foundation, Inc Investments held in Consolidated Investment Fund</i>	(187,039,854)			
Total Investments	\$ 892,364,238			

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June 30, 2016 and 2015

<i>Primary Institution 2015</i>	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments held by the Primary Institution				
Certificates of Deposit	\$ 10,262,906	\$ -	\$ 10,262,906	\$ -
U.S. Treasury Securities	113,177,516	113,177,516	-	-
U.S. Government Agencies	70,843,320	-	70,843,320	-
Corporate Bonds/Notes	120,122,237	-	120,122,237	-
Municipal Bonds	16,922,084	-	16,922,084	-
Mutual Funds — Fixed	40,885,080	40,885,080	-	-
Equity	22,509,430	22,509,430	-	-
Exchange-Traded Funds	14,063,933	14,063,933	-	-
Total	\$ 408,786,506	\$ 190,635,959	\$ 218,150,547	\$ -

<i>Investments measured at the NAV:</i>	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Marketable Alternatives	\$ 81,134,345	\$ -	Monthly/Quarterly/ Annually	2 to 90 days
Private Equity	42,210,748	7,634,858	-	-
Illiquid Real Asset Funds	19,113,638	3,681,628	-	-
Mutual Funds — Fixed	29,205,073	-	-	5 to 60 days
Mutual Funds — Equity	173,414,982	-	-	1 to 2 days
Total	\$ 345,078,786	\$ 11,316,486		

Investments measured at the amortized cost:

Money Market	\$ 37,917,022
Total	\$ 37,917,022

Other:

Cash	\$ 2,039,990
Land Grant Permanent Fund	209,543,087
<i>University of New Mexico Foundation, Inc</i> <i>Investments held in Consolidated Investment</i> <i>Fund</i>	(188,958,673)
Total Investments	\$ 814,406,718

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June 30, 2016 and 2015

<i>Component Units 2016</i>	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Investments held by the Component Units</i>				
Mortgage-/Asset-Backed Bonds	\$ 713,827	\$ -	\$ 713,827	\$ -
U.S. Government Agencies	12,763,882	-	12,763,882	-
Corporate Bonds/Notes	6,547,290	-	6,547,290	-
Municipal Bonds	3,417,060	-	3,417,060	-
Mutual Funds	3,796,532	3,796,532	-	-
Mutual Funds — Fixed	20,048,606	20,048,606	-	-
Mutual Funds — Equity	813,626	813,626	-	-
Equity	4,688,372	4,688,372	-	-
Exchange-Traded Funds	5,428,821	5,428,821	-	-
Real Estate	496,898	496,898	-	-
Alternative Investments	59,112	59,112	-	-
Other	234,994	226,013	8,981	-
Total	\$ 59,009,020	\$ 35,557,980	\$ 23,451,040	\$ -

<i>Investments measured at the NAV:</i>	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Marketable Alternatives	\$ 37,783,960	\$ -	Monthly/Quarterly/ Annually	2 to 90 days
Private Equity	21,018,683	12,026,060	-	-
Illiquid Real Asset Funds	8,070,155	1,404,328	-	-
Mutual Funds — Fixed	14,157,970	-	-	5 to 60 days
Mutual Funds — Equity	76,547,125	-	-	1 to 2 days
Total	\$ 157,577,893	\$ 13,430,388		

Investments measured at the amortized cost:

Money Market	\$ 11,905,846
Total	\$ 11,905,846
Total Investments	\$ 228,492,759

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June 30, 2016 and 2015

<i>Component Units 2015</i>	Fair Value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Investments held by the Component Units</i>				
Certificates of Deposit	\$ 1,112,399	\$ -	\$ 1,112,399	\$ -
U.S. Government Agencies	11,055,533	-	11,055,533	-
Corporate Bonds/Notes	5,786,942	-	5,786,942	-
Municipal Bonds	3,964,827	-	3,964,827	-
Mutual Funds	18,406,085	18,406,085	-	-
Mutual Funds — Fixed	19,037,962	19,037,962	-	-
Equity	11,054	11,054	-	-
Exchange-Traded Funds	5,832,389	5,832,389	-	-
Real Estate	611,606	611,606	-	-
Alternative Investments	63,856	63,856	-	-
Other	385,368	385,368	-	-
Total	\$ 66,268,021	\$ 44,348,320	\$ 21,919,701	\$ -

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
<i>Investments measured at the NAV:</i>				
Marketable Alternatives	\$ 37,967,419	\$ -	Monthly/Quarterly/ Annually	2 to 90 days
Private Equity	19,655,253	3,554,790	-	-
Illiquid Real Asset Funds	8,900,183	1,714,166	-	-
Mutual Funds — Fixed	13,599,217	-	-	5 to 60 days
Mutual Funds — Equity	80,749,943	-	-	1 to 2 days
Total	\$ 160,872,015	\$ 5,268,956		

Investments measured at the amortized cost:

Certificates of Deposit	\$ 1,007,725
Money Market	8,808,352
Total	\$ 9,816,077
Total Investments	\$ 236,956,113

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June 30, 2016 and 2015

(4) Accounts Receivable, Patient Receivables, and Other Receivables

Accounts receivable, patient receivables, and other receivables are shown net of allowances for doubtful accounts in the accompanying statements of net position. At June 30, 2016 and 2015, receivables consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution accounts receivable, net		
Contracts and grants	\$ 36,499,078	\$ 40,942,266
HSC health services	2,526,847	2,553,152
Sales and services	10,094,346	8,022,942
Auxiliaries	11,706,612	10,739,925
Tuition and fees	14,070,048	14,455,659
State lottery scholarships	-	3,401,023
State of New Mexico bonds	11,953,671	11,006,901
Other	1,284,736	1,920,345
	<u>\$ 88,135,338</u>	<u>\$ 93,042,213</u>
Less: Allowances for doubtful accounts	<u>(21,104,230)</u>	<u>(19,888,577)</u>
	<u>\$ 67,031,108</u>	<u>\$ 73,153,636</u>
Component Units accounts receivable, net	<u>\$ 2,577,117</u>	<u>\$ 2,724,192</u>
Primary Institution patient receivables, net		
Patient receivables	\$ 445,258,577	\$ 356,467,431
Less: Allowance for doubtful accounts	<u>(313,518,314)</u>	<u>(221,156,180)</u>
	<u>\$ 131,740,263</u>	<u>\$ 135,311,251</u>
Component Units patient receivables, net		
Patient receivables	\$ 98,736,947	\$ 79,906,284
Less: Allowance for doubtful accounts	<u>(58,857,171)</u>	<u>(41,130,281)</u>
	<u>\$ 39,879,776</u>	<u>\$ 38,776,003</u>
Primary Institution other receivables, net		
Bernalillo County Treasurer	\$ 1,739,691	\$ 1,667,762
Other receivables	4,246,341	3,610,825
	<u>\$ 5,986,032</u>	<u>\$ 5,278,587</u>
Component Units other receivables, net	<u>\$ 1,431,123</u>	<u>\$ 1,082,231</u>

(5) Notes Receivable

Notes receivable are shown net of allowance for doubtful accounts in the accompanying statements of net position. At June 30, 2016 and 2015, notes receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution notes receivable, net		
Current		
Student loans	<u>\$ 2,789,693</u>	<u>\$ 3,274,328</u>
Noncurrent		
Student loans	<u>\$ 9,273,235</u>	<u>\$ 9,665,543</u>

Federal Perkins Loans make up approximately 71% and 70% of the student loans at June 30, 2016 and 2015, respectively. Under this program, the federal government provides funds for approximately 75% of the total contribution for student loans, with the University providing the remaining balance. Under certain conditions, such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University 10% for the amounts canceled on loans originated prior to July 1, 1993 under the Federal Perkins Loan Program.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

(6) Capital Assets (in thousands)

	Year Ended June 30, 2016				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
University capital assets not being depreciated					
Land	\$ 49,644	\$ -	\$ 2,824	\$ -	\$ 52,468
Construction in progress	26,357	40,851	(44,680)	(36)	22,492
Fabricated equipment in progress	-	31	-	-	31
Total capital assets not being depreciated	<u>\$ 76,001</u>	<u>\$ 40,882</u>	<u>\$ (41,856)</u>	<u>\$ (36)</u>	<u>\$ 74,991</u>
University depreciable capital assets					
Land improvements	\$ 65,350	\$ -	\$ 1,446	\$ -	\$ 66,796
Infrastructure	162,797	-	4,310	-	167,107
Buildings	1,129,016	-	36,100	-	1,165,116
Equipment and furnishings	228,803	14,018	-	(13,082)	229,739
Library books	169,533	6,480	-	-	176,013
Total depreciable capital assets	<u>\$ 1,755,499</u>	<u>\$ 20,498</u>	<u>\$ 41,856</u>	<u>\$ (13,082)</u>	<u>\$ 1,804,771</u>
Less: Accumulated depreciation for					
Land improvements	\$ (39,114)	\$ (2,173)	\$ -	\$ -	\$ (41,287)
Infrastructure	(89,902)	(7,837)	-	-	(97,739)
Buildings	(441,388)	(31,251)	-	-	(472,639)
Equipment and furnishings	(190,913)	(13,177)	-	12,733	(191,357)
Library books	(156,620)	(6,524)	-	-	(163,144)
Total accumulated depreciation	<u>\$ (917,937)</u>	<u>\$ (60,962)</u>	<u>\$ -</u>	<u>\$ 12,733</u>	<u>\$ (966,166)</u>
University depreciable capital assets, net	<u>\$ 837,562</u>	<u>\$ (40,464)</u>	<u>\$ 41,856</u>	<u>\$ (349)</u>	<u>\$ 838,605</u>
Capital asset summary					
University capital assets not being depreciated	\$ 76,001	\$ 40,882	\$ (41,856)	\$ (36)	\$ 74,991
University depreciable capital assets at cost	1,755,499	20,498	41,856	(13,082)	1,804,771
University total cost of capital assets	<u>\$ 1,831,500</u>	<u>\$ 61,380</u>	<u>\$ -</u>	<u>\$ (13,118)</u>	<u>\$ 1,879,762</u>
Less: Accumulated depreciation	(880,931)	(59,436)	-	11,840	(928,527)
Less: Accumulated depreciation – Auxiliaries	(37,006)	(1,526)	-	893	(37,639)
University capital assets, net	<u>\$ 913,563</u>	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ (385)</u>	<u>\$ 913,596</u>
Clinical Operations capital assets	\$ 615,171	\$ 26,208	\$ -	\$ (8,020)	\$ 633,359
Less: Accumulated depreciation	(375,877)	(32,997)	-	8,014	(400,860)
Clinical Operations capital assets, net	<u>\$ 239,294</u>	<u>\$ (6,789)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ 232,499</u>
Primary Institution capital assets, net	<u>\$ 1,152,857</u>	<u>\$ (6,371)</u>	<u>\$ -</u>	<u>\$ (391)</u>	<u>\$ 1,146,095</u>
Component Units capital assets, net	<u>\$ 168,977</u>	<u>\$ (1,851)</u>	<u>\$ -</u>	<u>\$ (17,914)</u>	<u>\$ 149,212</u>

The University capitalizes interest expense incurred during the period an asset is being prepared for its intended use. For the years ended June 30, 2016 and 2015, the University capitalized interest expense of \$0 and \$64,224, respectively.

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	Year Ended June 30, 2015				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
University capital assets not being depreciated					
Land	\$ 49,391	\$ 236	\$ 17	\$ -	\$ 49,644
Construction in progress	15,705	29,565	(18,913)	-	26,357
Total capital assets not being depreciated	<u>\$ 65,096</u>	<u>\$ 29,801</u>	<u>\$ (18,896)</u>	<u>\$ -</u>	<u>\$ 76,001</u>
University depreciable capital assets					
Land improvements	\$ 65,217	\$ -	\$ 133	\$ -	\$ 65,350
Infrastructure	162,797	-	-	-	162,797
Buildings	1,110,253	-	18,763	-	1,129,016
Equipment and furnishings	228,083	11,421	-	(10,701)	228,803
Library books	163,139	6,394	-	-	169,533
Total depreciable capital assets	<u>\$ 1,729,489</u>	<u>\$ 17,815</u>	<u>\$ 18,896</u>	<u>\$ (10,701)</u>	<u>\$ 1,755,499</u>
Less: Accumulated depreciation for					
Land improvements	\$ (36,989)	\$ (2,125)	\$ -	\$ -	\$ (39,114)
Infrastructure	(82,298)	(7,604)	-	-	(89,902)
Buildings	(410,885)	(30,503)	-	-	(441,388)
Equipment and furnishings	(186,735)	(14,338)	-	10,160	(190,913)
Library books	(150,102)	(6,518)	-	-	(156,620)
Total accumulated depreciation	<u>\$ (867,009)</u>	<u>\$ (61,088)</u>	<u>\$ -</u>	<u>\$ 10,160</u>	<u>\$ (917,937)</u>
University depreciable capital assets, net	<u>\$ 862,480</u>	<u>\$ (43,273)</u>	<u>\$ 18,896</u>	<u>\$ (541)</u>	<u>\$ 837,562</u>
Capital asset summary					
University capital assets not being depreciated	\$ 65,096	\$ 29,801	\$ (18,896)	\$ -	\$ 76,001
University depreciable capital assets at cost	1,729,489	17,815	18,896	(10,701)	1,755,499
University total cost of capital assets	\$ 1,794,585	\$ 47,616	\$ -	\$ (10,701)	\$ 1,831,500
Less: Accumulated depreciation	(830,588)	(59,523)	-	9,180	(880,931)
Less: Accumulated depreciation – Auxiliaries	(36,421)	(1,565)	-	980	(37,006)
University capital assets, net	<u>\$ 927,576</u>	<u>\$ (13,472)</u>	<u>\$ -</u>	<u>\$ (541)</u>	<u>\$ 913,563</u>
Clinical Operations capital assets	\$ 602,089	\$ 25,146	\$ (212)	\$ (11,852)	\$ 615,171
Less: Accumulated depreciation	(354,229)	(33,706)	212	11,846	(375,877)
Clinical Operations capital assets, net	<u>\$ 247,860</u>	<u>\$ (8,560)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ 239,294</u>
Primary Institution capital assets, net	<u>\$ 1,175,436</u>	<u>\$ (22,032)</u>	<u>\$ -</u>	<u>\$ (547)</u>	<u>\$ 1,152,857</u>
Component Units capital assets, net	<u>\$ 168,606</u>	<u>\$ 429</u>	<u>\$ (58)</u>	<u>\$ -</u>	<u>\$ 168,977</u>

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June 30, 2016 and 2015

(7) Accounts Payable and Accrued Payroll

At June 30, 2016 and 2015, accounts payable and accrued payroll consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution accounts payable and accrued payroll		
Trade payables	\$ 24,116,646	\$ 21,560,031
Clinical operations – trade payables	62,562,670	49,991,014
Accrued payroll	41,216,920	41,779,193
Clinical operations – accrued payroll	17,120,329	13,262,693
Self-insurance reserve	15,480,749	18,842,981
Clinical operations – self-insurance reserve	3,603,730	3,920,543
	<u>\$ 164,101,044</u>	<u>\$ 149,356,455</u>
 Component Units accounts payable and accrued payroll	 <u>\$ 18,798,155</u>	 <u>\$ 16,816,017</u>

(8) Accrued Compensated Absences

During the years ended June 30, 2016 and 2015, the following changes occurred in accrued compensated absences:

<u>Fiscal Year</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30</u>
2016	\$ 51,499,913	\$ 59,932,447	\$ (57,939,805)	\$ 53,492,555
2015	48,493,643	57,292,287	(54,286,017)	51,499,913

The portion of accrued compensated absences due after one year is not material and, therefore, is not presented separately.

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June 30, 2016 and 2015

(9) Other Accrued Liabilities — Current

At June 30, 2016 and 2015, other accrued liabilities consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution other accrued liabilities		
Bond interest	\$ 1,475,576	\$ 1,503,342
Clinical operations – bond interest	88,110	426,825
Other	3,516,605	9,156,644
Clinical operations – other	183,511	160,377
	<u>\$ 5,263,802</u>	<u>\$ 11,247,188</u>
Component Units other accrued liabilities	<u>\$ 1,739,375</u>	<u>\$ 1,129,633</u>

(10) Unearned Revenue

At June 30, 2016 and 2015, unearned revenue consisted of the following:

	<u>2016</u>	<u>2015</u>
Primary Institution unearned revenue		
Contracts and grants	\$ 28,326,271	\$ 25,644,410
Prepaid tuition and fees	6,336,126	6,840,219
Prepaid auxiliary operations sales	5,036,601	4,438,163
Gifts	5,248,024	6,447,886
Sales and services	1,141,053	1,060,598
Other	150,905	136,696
	<u>\$ 46,238,980</u>	<u>\$ 44,567,972</u>
Component Units unearned revenue	<u>\$ 766,399</u>	<u>\$ 1,341,598</u>

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(12) Bonds Payable

(A) University

The University pledges substantially all unrestricted revenues, excluding state appropriations, to satisfy its bond obligations. Pledged revenues for the University were \$493,182,806 and \$495,645,485 as of June 30, 2016 and 2015 (see Schedule 13).

At June 30, 2016 and 2015, bonds payable for the University consisted of the following:

	<u>2016</u>	<u>2015</u>
Subordinate Lien System Refunding & Improvement Revenue Bonds	\$158,435,000	\$ -
Series 2016A with interest ranging from		
2.0% to 5.0% – final maturity 2046		
Subordinate Lien System Refunding & Improvement Revenue Bonds	8,030,000	-
Series 2016B with interest ranging from		
0.72% to 2.48% – final maturity 2024		
Subordinate Lien System Improvement Revenue Bonds	8,475,000	9,715,000
Series 2014A with interest ranging from		
3.0% to 5.0% – final maturity 2033		
Subordinate Lien System Improvement Revenue Bonds	3,005,000	3,365,000
Series 2014B with interest ranging from		
0.496% to 3.28% – final maturity 2024		
Subordinate Lien System Improvement Revenue Bonds	95,475,000	97,615,000
Series 2014C with interest ranging from		
1.5% to 5.0% – final maturity 2035		
Subordinate Lien System Improvement Revenue Bonds	29,165,000	30,545,000
Series 2012 with interest ranging from		
2.0% to 5.0% – final maturity 2032		
Subordinate Lien System Improvement Revenue Bonds	5,010,000	127,865,000
Series 2007 A&B with interest ranging from		
4.0% to 5.95% – final maturity 2036		
Subordinate Lien System Refunding Revenue Bonds	17,450,000	19,060,000
Series 2002B (Variable) with a synthetic fixed interest rate of		
3.83% achieved through an interest rate exchange agreement –		
final maturity 2026		
Subordinate Lien System Refunding Revenue Bonds	32,460,000	33,405,000
Series 2002C (Variable) with a synthetic fixed interest rate of		
3.94% achieved through an interest rate exchange agreement –		
final maturity 2030		
Subordinate Lien System Improvement Revenue Bonds	28,755,000	31,020,000
Series 2001 Variable Rate Demand Bonds — rates reset weekly		
Weekly rate as of June 30, 2016 was 0.41%		
Ceiling of 12% – final maturity 2026		
System Revenue Bonds	921,702	1,332,234
Series 2000A with interest ranging from		
5.5% to 6.35% – final maturity 2019		
System Revenue Refunding Bonds	11,600,000	13,670,000
Series 1992A with interest ranging from		
5.60% to 6.25% – final maturity 2021		
	<u>\$398,781,702</u>	<u>\$367,592,234</u>
Add: Bond premiums	36,917,132	24,774,894
Less: Bond discounts	(17,784)	(30,846)
Current portion of bonds payable	<u>(16,177,969)</u>	<u>(14,420,532)</u>
Noncurrent bonds payable	<u>\$419,503,081</u>	<u>\$377,915,750</u>

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June 30, 2016 and 2015

Future debt service for the University as of June 30, 2016 for the bonds is as follows:

Year ending June 30	Principal	Interest	Total
2017	\$ 16,177,969	\$ 17,706,907	\$ 33,884,876
2018	16,851,924	17,044,513	33,896,437
2019	17,976,809	16,043,492	34,020,301
2020	19,225,000	14,803,926	34,028,926
2021	20,070,000	13,969,603	34,039,603
2022–2026	111,615,000	55,877,091	167,492,091
2027–2031	97,285,000	32,926,120	130,211,120
2032–2036	75,650,000	14,591,800	90,241,800
2037–2041	10,780,000	3,990,126	14,770,126
2042–2046	13,150,000	1,619,000	14,769,000
	<u>\$ 398,781,702</u>	<u>\$ 188,572,578</u>	<u>\$ 587,354,280</u>

Defeased Bonds:

The University has defeased certain System Revenue Bonds as follows:

On October 1, 1992, the University defeased \$3,095,000 of the 1986A series, \$24,765,000 of the 1989 series, and \$4,825,000 of the 1991 series. Sinking fund moneys in the amount of \$36,650,538 from the 1992A Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. The refunding resulted in debt service savings to the University. The remaining principal outstanding in the escrow account at June 30, 2016 is \$4,825,000.

On March 1, 2016, the University defeased \$113,375,000 of the 2007A tax-exempt series revenue bonds. An escrow account was funded in the amount of \$120,925,885 from the 2016A Refunding and Improvement Revenue Bonds, and that amount was placed in an irrevocable trust to provide for all future debt service payments. The refunding resulted in debt service savings to the University. The remaining principal outstanding in the escrow account at June 30, 2016 is \$113,375,000.

On March 1, 2016, the University defeased \$7,480,000 of the 2007B taxable series revenue bonds. An escrow account was funded in the amount of \$8,087,834 from the 2016B Refunding and Improvement Revenue Bonds, and that amount was placed in an irrevocable trust to provide for all future debt service payments. The refunding resulted in debt service savings to the University. The remaining principal outstanding in the escrow account at June 30, 2016 is \$7,480,000.

The liability for defeased bonds and the related assets held in trust are not included in the accompanying basic financial statements since the University has satisfied its obligation for payment of the defeased bonds.

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Refundings:

On March 1, 2016, the University closed on the 2016 Series A and B refunding and new money bonds.

2016A Series. The Series 2016A Subordinate Lien System Refunding Revenue Bonds were issued by the University to a) refund certain maturities of the Regents' outstanding Series 2007A Bonds, b) purchase, erect, alter, remodel, expand, improve, repair, furnish, and equip buildings, improvements, and facilities for the use of the University, including, but not limited to, the Anderson School of Management new facility project, the Johnson Center expansion and renewal project, and the Smith Plaza project, c) fund capitalized interest for the 2016A Bonds, d) acquire a reserve fund insurance policy to fund a debt service reserve fund for the 2016A Bonds, and e) fund the costs of issuance associated therewith (collectively, the 2016A project).

Sources of Funds

Bond Proceeds	\$ 160,290,000
Net Premium	17,572,970
Total Sources of Funds	<u><u>\$177,862,970</u></u>

Uses of Funds

Deposit to Refunding Escrow	\$ 120,925,885
Deposit to Project Fund	55,003,759
Deposit to Capital Interest Fund	469,869
Costs of Issuance	600,000
Underwriter's Discount	652,376
Surety Premium	211,081
Total Uses of Funds	<u><u>\$177,862,970</u></u>

Cash Flow Differential

<u>Prior Refunded</u> <u>Debt Service</u>	<u>Refunding</u> <u>Debt Service</u>	<u>Refunding</u> <u>Savings</u>
\$ 200,358,113	\$ 172,220,658	\$ 28,137,455

Economic Gain (Loss)

Net PV savings from Cash Flow	\$ 21,129,803
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2016B Series. The Series 2016B Subordinate Lien System Refunding Revenue Bonds were issued by the University to a) refund certain maturities of the Regents' outstanding Series 2007A Bonds, b) acquire a reserve fund insurance policy to fund a debt service reserve fund for the 2016B Bonds, and c) fund the costs of issuance associated therewith (collectively, the 2016B project).

Sources of Funds

Bond Proceeds	\$ 8,215,000
Total Sources of Funds	\$ 8,215,000

Uses of Funds

Deposit to Refunding Escrow	\$ 8,087,834
Deposit to Debt Service Reserve Fund	2,387
Costs of Issuance	70,000
Underwriter's Discount	38,349
Surety Premium	16,430
Total Uses of Funds	\$ 8,215,000

Cash Flow Differential

<u>Prior Refunded Debt Service</u>	<u>Refunding Debt Service</u>	<u>Refunding Savings</u>
\$ 11,656,690	\$ 10,623,285	\$ 1,033,405

Economic Gain (Loss)

Net PV savings from Cash Flow	\$ 935,773
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Standby Purchase Agreements:

A SBPA provides liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. Liquidity fees for the years ended June 30, 2016 and 2015 were \$239,731 and \$454,750, respectively. On December 31, 2014, the SBPA with JP Morgan expired. A new SBPA with U.S. Bank was entered into on December 31, 2014. A schedule including the provider and maturities is presented below, as of June 30, 2016:

	<u>U.S. Bank</u>			
<u>Liquidity Expiration</u>	<u>Series 2001</u>	<u>Series 2002B</u>	<u>Series 2002C</u>	<u>Grand Total</u>
12/29/2017	\$ 28,755,000	\$ 17,450,000	\$ 32,460,000	\$78,665,000

The following provides the terms of the debt service requirements that would result if the SBPA commitments were to be exercised (bank bond rate, accelerated payment schedule, and lien):

- (1) Bank Rate: means, a rate per annum equal to (i) the period from and including the purchase date of such bank bond to and including the 30th day following such purchase date, the sum of 2% plus the base rate for such day, (ii) for the period from and including the 31st day immediately following the related purchase date to and including the 120th day following the related purchase date, the sum of 2.5% plus the base rate for such day, and (iii) the period from and after the 121st day immediately following the related purchase date, the sum of 3% plus the base rate for such day; provided that from and after the occurrence of an event of default, the "bank rate" shall mean the default rate; provided, further, that at no time shall the bank rate be less than the per annum interest rate applicable to bonds that are not bank bonds.

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- (2) Base Rate: means, for any day, an interest rate per annum equal to the highest of (i) the sum of 1% plus the prime rate for such day, (ii) the sum of 1% plus the federal funds rate for such day, (iii) the sum of 1% plus the Securities Industry and Financial Markets Association (SIFMA) rate for such day, and (iv) 7.5%. Each change in the base rate shall take effect at the time of any change in the prime rate or federal funds rate.

Liquidity Fees

	2001	2002B	2002C	Total
FY16	<u>\$ 88,116</u>	<u>\$ 54,142</u>	<u>\$ 97,473</u>	<u>\$ 239,731</u>
FY15	<u>\$ 171,069</u>	<u>\$ 106,118</u>	<u>\$ 177,563</u>	<u>\$ 454,750</u>

On September 1, 2015, Sections 7.1(c)(iii) and 7.1(c)(iv) of the SBPA were amended in order to clarify the University's reporting requirements. The amendments are as follows:

Section 7.1(c)(iii) of each of the Standby Bond Purchase Agreements is hereby amended in its entirety to read as follows:

(iii) as soon as practicable and, in any event, within 180 calendar days after the end of the fourth fiscal quarter of each fiscal year of the Board, a statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows of the Board as of the end of each such annual fiscal period then ended and the Historical Debt Service Coverage calculation in comparative form against (x) the figures for the corresponding annual fiscal period from the previous fiscal year and (y) the Board's budget for such fiscal year, all in reasonable detail.

Section 7.1(c)(iv) of each of the Standby Bond Purchase Agreements is hereby amended in its entirety to read as follows:

(iv) as soon as practicable and, in any event, within 60 calendar days after the end of the second quarter of each fiscal year of the Board, (a) a statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows of the Board as of the end of each such semiannual fiscal period then ended, in each case, in comparative form against (x) the figures for the corresponding semiannual fiscal period from the previous fiscal year and (y) the Board's budget for such fiscal year, all in reasonable detail, and (b) a consolidating semiannual summary of all restricted and unrestricted cash and investments held in any endowment or operating fund for the portion of the fiscal year then ended.

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Interest Rate Swap Agreements:

On June 30, 2016, the University had the following derivative instruments outstanding:

Item/ Counterparty	Type	Objective	Effective Date	Maturity Date	Terms	Current Year Fair Value	Prior Year Fair Value	Current Year Notional Amount	Prior Year Notional Amount
Hedging Derivatives									
A - JP Morgan	Pay- fixed/Receive- variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.16% Fixed	\$ (1,338,940)	\$ (1,234,806)	\$ 7,188,750	\$ 7,755,000
B - JP Morgan	Pay- fixed/Receive- variable interest rate swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.94% Fixed	\$ (7,564,146)	\$ (5,946,753)	\$ 32,460,000	\$ 33,405,000
C - JP Morgan	Pay- fixed/Receive- variable interest rate swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.83% Fixed	\$ (3,097,897)	\$ (2,723,506)	\$ 17,450,000	\$ 19,060,000
D - RBC Royal Bank	Pay- fixed/Receive- variable interest rate swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.185% Fixed	\$ (1,349,055)	\$ (1,246,354)	\$ 7,188,750	\$ 7,755,000
Investment Derivatives									
E - JP Morgan	Pay- variable/Receive- variable interest rate swap	Hedge against falling SIFMA rates related to the 2001 System Improvement Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2026	Receive 63.55% of 5-year LIBOR swap rate + .31% - Pay SIFMA	\$ 384,450	\$ 614,281	\$ 14,377,500	\$ 15,510,000
F - JP Morgan	Pay- variable/Receive- variable interest rate swap	Hedge against falling SIFMA rates related to the 2002C Refunding Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2030	Receive 63.55% of 5-year LIBOR swap rate + .31% - Pay SIFMA	\$ 1,207,541	\$ 1,501,356	\$ 32,460,000	\$ 33,405,000

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The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Risks

Credit risk. Each of the University's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counterparty to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

<u>Entity</u>	<u>Moody's</u>		<u>S & P</u>		<u>Fitch</u>	
	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>
JP Morgan	Aa3	P-1	A+	A1	AA-	F1+
RBC Royal Bank	Aa3	P-1	AA-	A1+	AA	F1+

Interest rate risk. The University is exposed to interest rate risk on its receive-variable, pay-fixed underlying interest rate swaps. As the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the University's net payment on the underlying swaps increases. Alternatively, on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, as LIBOR and the SIFMA swap index increases, the University's net payment on the overlay swaps increases.

Basis risk. The variable-rate debt hedged by the University's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every seven days. The University is exposed to basis risk on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, because the variable-rate payments received by the University on these derivative instruments are based on a rate (LIBOR) other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2016, the interest rate on the University's variable-rate hedged debt (SIFMA) is 0.41%, while the 63.55% of five year LIBOR + 0.31% is 0.8325%.

Termination risk. The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the University is exposed to termination risk on Derivative Instruments B and C, because the contract provides the counterparty with an option to terminate the contract if the 180-day SIFMA is equal to or greater than 7% (knockout provision). The 180-day SIFMA is defined as the weighted average rate taken from the USD floating SIFMA index rates published within the previous 180-day period. If, at the time of termination, a derivative instrument is in a liability position, the University would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk. The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or, in the case of a termination option, if the counterparty exercises its option, the University will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose the University to rollover risk because the counterparty has the option to terminate the contract by exercising a knockout option.

Foreign currency risk. The University has no exposure to foreign currency risk from its derivative instruments.

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Commitments

All of the University's derivative instruments include provisions that require the University to post collateral in the event its credit rating falls below certain levels. The University has entered into a two-way Credit Support Annex (CSA) with the swap counterparties, which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps' mark-to-market values are above the mandated thresholds:

Rating	Swap MTM Threshold for Party's A & B	
AA/Aa2 and >	USD	\$ 25,000,000
AA-/Aa3	USD	\$ 20,000,000
A+/A1	USD	\$ 15,000,000
A/A2	USD	\$ 10,000,000
A-/A3	USD	\$ 5,000,000
BBB+/Baa1 and <	USD	\$ -

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions, net of the effect of applicable netting arrangements. If the University or the counterparty does not post collateral, the derivative instrument may be terminated. The University's credit rating is AA/Aa2 at June 30, 2016; therefore, no collateral has been posted.

Derivative Instrument Payments and Hedged Debt

As of June 30, 2016, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates on hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2017	\$ 4,650,000	\$ 176,996	\$ 2,257,866	\$ 7,084,862
2018	4,840,000	185,038	2,105,121	7,130,159
2019	5,570,000	190,231	1,951,031	7,711,262
2020	6,320,000	200,356	1,761,980	8,282,336
2021	6,580,000	203,362	1,557,280	8,340,642
2022	6,855,000	200,285	1,354,096	8,409,381
2023	7,155,000	190,748	1,152,536	8,498,284
2024	7,465,000	172,467	955,609	8,593,076
2025	7,770,000	146,150	761,916	8,678,066
2026	9,900,000	114,811	566,374	10,581,185
2027	2,900,000	64,736	325,992	3,290,728
2028	3,030,000	51,094	239,016	3,320,110
2029	3,160,000	34,343	153,136	3,347,479
2030	2,470,000	15,685	65,949	2,551,634

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Fiscal Year Changes in Swap Valuations

The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2016. Swaps A through D are deemed cash flow hedges, and therefore, in addition to recording the liability at fair value, the University has recorded an offsetting deferred outflow of resources. Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset to the deferred outflow of resources. The fair value change in fiscal year 2016 for the hedge instruments was a \$2,198,619 increase to the liability and an equal offsetting increase to the deferred outflow of resources. For fiscal year 2015, the change was a \$569,471 increase to the liability and an equal offsetting increase to the deferred outflow of resources. Swaps E and F are not cash flow hedges, but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2016 was recorded to unrealized losses in the amount of \$523,646. As of June 30, 2015, the fair value change for swaps E and F was recorded to unrealized gains in the amount of \$209,643.

(B) Clinical Operations

On June 9, 2004, the Regents adopted a Parameters Resolution authorizing the construction of the Children's Hospital and Critical Care Pavilion (CHCCP) and issuing bonds insured by HUD. On October 14, 2004, the Regents adopted Resolutions authorizing the amendment of the Lease to accommodate the requirements of HUD and to authorize execution of the HUD documents. On October 14, 2004, UNM Board of Regents issued FHA insured Hospital Mortgage Revenue Bonds (University of New Mexico Hospital Project), Series 2004 in the aggregate principal amount of \$192,250,000. Interest on the bonds ranged from 2% to 5% and was paid semiannually on each January 1 and July 1, commencing January 1, 2005. The Series 2004 bonds were issued for the purpose of financing the construction, equipping, and furnishing of the CHCCP, which provides care to patients requiring trauma, children's and women's services, funding the Debt Service Reserve Fund, and paying costs of issuance associated with the bonds.

In conjunction with this construction project, HUD, under Section 242 CFDA No. 14.128, issued a loan guarantee for the mortgage amount of \$183,399,000, and Regents adopted Resolutions authorizing the Final Endorsement of the HUD Insurance.

On December 12, 2014, the Regents adopted a Parameters Resolution authorizing the issuance of the GNMA-Backed, HUD-Insured Mortgage Bonds to redeem and refinance the remaining 2004 bonds. On May 7, 2015, the Regents adopted Resolutions authorizing the execution of amended FHA Documents and Loan Modification Documents in connection with the redemption and refinancing of the remaining 2004 bonds.

On May 14, 2015, the Hospital issued \$115,000,000 in new bonds (2015 Series bonds) to refinance the remaining 2004 bonds. The bonds were issued pursuant to a Trust Indenture, dated as of May 1, 2015, by and between the Hospital and Wells Fargo Bank, National Association, as Trustee for the purpose of refinancing the CHCCP. The 2015 Series bonds carry interest rates that range from 0.484% to 3.532%.

The Regents granted the Bond Trustee in respect of the UNMH HUD-Insured Bonds a security interest in all of UNM Hospital's cash (with the exception of the proceeds of the UNM Hospital mill levy and state appropriations), accounts receivable, contract rights, and the proceeds of the same. In addition, in that certain Regulatory Agreement signed by the Regents, that is still in effect today, the University agreed and committed to HUD that it would not "assign, transfer, dispose of, or encumber any personal property of the project including revenues from any source..." As a result, of the \$719,328,089 in cash and short-term investments held by the Primary Institution as of June 30, 2016, \$395,531,827 is cash reserves of UNM Hospital subject to the security interest granted by the Regents to the Bond Trustee and to the restrictions in the Regulatory Agreement.

The refinancing of the 2004 Series bonds during fiscal year 2015 reduced the Hospital's total debt service payments by approximately \$56.7 million through 2032 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$15.9 million.

The 2015 Series bonds were issued as special limited obligations of the Hospital and are secured primarily by fully modified mortgage-backed securities in the aggregate principal amount of \$109,585,926 (the GNMA Securities), issued by Prudential Huntoon Paige Associates, Ltd. (the Lender), guaranteed as to principal and interest by the Government National Mortgage Association (GNMA), with respect to the Mortgage Note.

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Under the GNMA Mortgage-Backed Securities Program, the GNMA Securities are a “fully modified pass-through” mortgage-backed security issued and serviced by the Lender. The face amount of the GNMA Securities is to be the same amount as the outstanding principal balance of the Mortgage Note. The Lender is required to pass through to the Trustee, as the holder of the GNMA Securities, by the 15th day of each month, the monthly scheduled installments of principal and interest on the Mortgage Note (less the GNMA guaranty fee and the Lender’s servicing fee), whether or not the Lender receives such payment from the Hospital under the Mortgage Note, plus any unscheduled prepayments of principal of the Mortgage Note received by the Lender. The GNMA Securities are issued solely for the benefit of the Trustee on behalf of the Bondholders, and any and all payments received with respect to the GNMA Securities are solely for the benefit of the Bondholders.

Issuance costs totaling \$1,753,016 associated with the 2015 Series bonds were recorded as an expense in fiscal year 2015 and were paid from operating funds. Interest expense associated with the bonds payable was approximately \$3,183,000 and \$6,868,000, net of amortization of bond premium totaling approximately \$0 and \$925,000 for the years ended June 30, 2016 and 2015, respectively. Interest income earned from the investment of the bond proceeds was approximately \$1,946 and \$683,000 for the years ended June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, bonds payable for the Clinical Operations consisted of the following:

	<u>2016</u>	<u>2015</u>
FHA Insured Hospital Mortgage Revenue Bonds Series 2015 with interest ranging from 0.484% to 3.532% – final maturity 2032	\$108,965,000	\$115,000,000
	<u>\$108,965,000</u>	<u>\$115,000,000</u>
Less: Current portion of bonds payable	<u>(5,540,000)</u>	<u>(6,035,000)</u>
Noncurrent bonds payable	<u>\$103,425,000</u>	<u>\$108,965,000</u>

Future debt service for the Clinical Operations as of June 30, 2016 for the bonds is as follows:

Year ending June 30	Principal	Interest	Total
2017	\$ 5,540,000	\$ 3,171,979	\$ 8,711,979
2018	5,605,000	3,120,623	8,725,623
2019	5,700,000	3,040,023	8,740,023
2020	5,815,000	2,937,537	8,752,537
2021	5,950,000	2,818,446	8,768,446
2022–2026	32,535,000	11,543,238	44,078,238
2027–2031	39,085,000	5,445,814	44,530,814
2032	8,735,000	232,141	8,967,141
	<u>\$ 108,965,000</u>	<u>\$ 32,309,801</u>	<u>\$ 141,274,801</u>

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(C) Primary Institution

At June 30, 2016 and 2015, bonds payable for the primary institution consisted of the following:

	2016			2015		
	Current	Noncurrent	Total	Current	Noncurrent	Total
University	\$ 16,177,969	\$419,503,081	\$435,681,050	\$ 14,420,532	\$377,915,750	\$392,336,282
Clinical Operations	5,540,000	103,425,000	108,965,000	6,035,000	108,965,000	115,000,000
Total	<u>\$ 21,717,969</u>	<u>\$522,928,081</u>	<u>\$544,646,050</u>	<u>\$ 20,455,532</u>	<u>\$486,880,750</u>	<u>\$507,336,282</u>

(D) Component Units

In November 2010, SRMC issued \$133,425,000 in aggregate principal amount of its Taxable Revenue Build America Bonds (Direct Pay) (GNMA Collateralized – UNM Sandoval Regional Medical Center Project) Series 2010A with a maturity date of July 20, 2036 and \$10,000,000 in aggregate principal amount of its Taxable Revenue Recovery Zone Economic Development Bonds (Direct Pay) (GNMA Collateralized – UNM Sandoval Regional Medical Center Project) Series 2010B with a maturity date of July 20, 2037. The Bonds were issued pursuant to a Trust Indenture, dated as of October 1, 2010, by and between the SRMC and Wells Fargo Bank, National Association, as Trustee for the purpose of financing the SRMC facility and to pay certain costs associated with the issuance of the bonds.

The bonds were issued as special limited obligations of SRMC and are secured primarily by fully modified mortgage-backed securities in the aggregate principal amount of \$127,164,027 (the GNMA Securities), to be issued by Prudential Huntoon Paige Associates, Ltd. (the Lender), guaranteed as to principal and interest by GNMA, with respect to the Mortgage Note.

Under the GNMA Mortgage-Backed Securities Program, the GNMA Securities are a “fully modified pass-through” mortgage-backed security issued and serviced by the Lender. The face amount of the GNMA Securities is to be the same amount as the outstanding principal balance of the Mortgage Note. The Lender is required to pass through to the Trustee, as the holder of the GNMA Securities, by the 15th day of each month, the monthly scheduled installments of principal and interest on the Mortgage Note (less the GNMA guarantee fee and the Lender’s servicing fee), whether or not the Lender receives such payment from SRMC under the Mortgage Note, plus any unscheduled prepayments of principal of the Mortgage Note received by the Lender. The GNMA Securities are issued solely for the benefit of the Trustee on behalf of the Bondholders and any and all payments received with respect to the GNMA Securities are solely for the benefit of the Bondholders.

Effective October 1, 2010, SRMC entered into a Financing Agreement with the Lender and the Trustee. Under the Financing Agreement, the Lender agreed to originate a Mortgage Note in favor of the Lender and secured by a leasehold mortgage on the project. The Mortgage Note is insured by the FHA pursuant to Section 242 of the National Housing Act of 1934 and to provide security for the Bonds, the Trustee will use the proceeds of the Bonds to purchase from the Lender the GNMA Securities. SRMC has agreed to use the proceeds of the Mortgage Note to acquire, construct, and equip the construction of SRMC.

Additionally, in fiscal year 2011, the Regents of UNM made an equity contribution of \$46 million to SRMC as part of the requirements of the FHA guarantee. These funds were to sustain the preopening operational costs and working capital needs of SRMC.

Under the terms of the Trust Indenture, SRMC has granted to the Trustee all rights, title, and interests to all revenues, receipts, interest, income, investment earnings, and other monies received or to be received by the Trustee, including monies received or to be received from the GNMA Securities and all investment earnings from the GNMA Securities. Upon issuance of the Bonds, the proceeds were placed in trust with the Trustee, and the proceeds are to be used to purchase from the Lender the GNMA Securities, or to redeem the bonds according to the various early, optional, and mandatory redemption provisions of the Bonds.

As of June 30, 2016 and 2015, the balance of the Mortgage Note equaled the balance of the GNMA securities.

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At June 30, 2016 and 2015, bonds payable for SRMC consisted of the following:

	<u>2016</u>	<u>2015</u>
Taxable Revenue Build America Bonds	\$118,760,000	\$122,140,000
Series 2010A with fixed-interest rate of 4.5% – final maturity 2036		
Taxable Revenue Recovery Zone Economic Development Bonds	9,740,000	9,740,000
Series 2010B with fixed-interest rate of 5.0% – final maturity 2037		
	<u>\$128,500,000</u>	<u>\$131,880,000</u>

SRMC is eligible to receive cash subsidy payments from the United States Department of Treasury equal to 35% of the interest payable on the Build America Bonds (Series 2010A), and 45% of the interest payable on the Recovery Zone Economic Development Bonds (Series 2010B), payable on or about each respective interest payment date, which payments lower the overall true cost of the bonds to 3.33%. Pursuant to the Budget Control Act of 2011, as postponed by the American Taxpayer Relief Act of 2012, the budget sequestration impact was a reduction of 7.2%, effective March 1, 2013. This had the effect of changing the subsidy payment from the United States Department of Treasury equal to 32.48% of the interest payable on the Build America Bonds (Series 2010A), and 41.76% of the interest payable on the Recovery Zone Economic Development Bonds (Series 2010B). For Federal fiscal year 2016, beginning October 1, 2015, the sequestration percentage changed slightly to 6.8%.

Future debt service for SRMC as of June 30, 2016 for the bonds is as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,540,000	\$ 5,791,938	\$ 9,331,938
2018	3,715,000	5,630,613	9,345,613
2019	3,890,000	5,461,525	9,351,525
2020	4,075,000	5,284,338	9,359,338
2021	4,275,000	5,098,713	9,373,713
2022–2026	24,645,000	22,381,588	47,026,588
2027–2031	31,170,000	16,203,988	47,373,988
2032–2036	39,430,000	8,390,863	47,820,863
2037–2038	13,760,000	683,700	14,443,700
	<u>\$ 128,500,000</u>	<u>\$ 74,927,266</u>	<u>\$ 203,427,266</u>

The bonds are subject to various redemption provisions as set forth in the Trust Indenture, including Special Mandatory Redemption, Scheduled Mandatory Redemption, and Optional Redemption. The Special Mandatory Redemption provisions are contingent on various events, including but not limited to circumstances that result in the trust estate receiving early payments on the GNMA Securities, or in the event the balance of GNMA Securities after completion of the construction are less than the amount of outstanding bonds. SRMC completed final endorsement of the project on June 18, 2014. The balance of the GNMA Securities was less than the amount of the outstanding bonds by \$3.7 million. As a result, on July 15, 2014, a special mandatory redemption occurred in the amounts of \$3.48 million for the Series 2010A bonds and \$260,000 for the Series 2010B bonds. On July 21, 2014, the scheduled mandatory redemption in the amount of \$6.17 million for the Series 2010A bonds occurred.

On July 20, 2015, the scheduled mandatory bond redemption payment was made by SRMC on the Series 2010A; a principal payment of \$1.67 million and an interest payment of \$2.75 million. On January 20, 2016, a principal payment of \$1.71 million and an interest payment of \$2.71 million were made. No principal payment was due on the Series 2010B bonds, but interest payments of \$243,500 were made on both dates.

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The Mortgage Note bears interest at 4.61%. The Mortgage Note has a term of 299 months following the commencement of amortization and matures on July 1, 2037. Principal and interest are payable in equal monthly installments upon commencement of amortization. A mortgage servicing fee of 12 basis points and a GNMA guaranty fee of 13 basis points are also included in the monthly payment, for a total of 4.86%. The Mortgage Note is subject to optional prepayment beginning on January 20, 2021 or thereafter, and mandatory prepayment at any time based on the occurrence of certain events, including the receipt of any mortgage insurance proceeds.

(13) Patient Service and Clinical Operations Revenues

A summary of other patient-related services revenues is as follows for the years ended June 30:

Primary Institution	2016	2015
University Clinicians Program (UCP)	\$ 71,868,156	\$ 70,757,267
HSC capital initiatives	-	128,981,761
Other	77,588,750	64,897,750
Other patient-related services revenues	<u>\$ 149,456,906</u>	<u>\$ 264,636,778</u>

Below is a summary of the Clinical Operations revenues:

Clinical Operations	2016	2015
Operating revenues		
Net patient service revenues	\$ 872,467,318	\$ 911,755,348
Other operating revenues	25,077,054	26,406,169
Operating revenues before eliminations	\$ 897,544,372	\$ 938,161,517
Less: Intercompany transactions eliminated	(189,569,784)	(301,357,853)
Operating revenues	<u>\$ 707,974,588</u>	<u>\$ 636,803,664</u>
Nonoperating revenues (expenses)		
Bernalillo County mill levy	\$ 95,849,349	\$ 93,249,305
State appropriations	13,038,299	13,116,900
Investment income	479,924	15,776,284
Bequests and contributions	2,110,970	2,577,861
Equity in earnings of TriCore and TriCore Lab Service Corp	(413,021)	339,947
Land grant permanent fund earnings	850,430	820,156
Interest on capital asset-related debt	(3,182,592)	(6,867,704)
Gain on reversal of OPEB liability (note 17)	6,811,183	-
Other nonoperating expenses	(1,190,714)	(2,985,740)
Net nonoperating revenues	<u>\$ 114,353,828</u>	<u>\$ 116,027,009</u>

Below is a summary of net patient service revenues of the component units:

Component Units	2016	2015
Net patient service revenues	<u>\$ 253,808,979</u>	<u>\$ 246,692,538</u>

The Hospital is reimbursed by the Medicare and Medicaid programs on a prospective payment basis for hospital services, with certain items reimbursed at an interim rate with final settlement determined after submission of annual cost reports by the Hospital. The annual cost reports are subject to audit by the Medicare Administrative Contractor and the Medicaid audit agent. Cost reports through 2013 have been final settled for the Medicaid programs. Cost reports through 2011, except for 2005, have been final settled for the Medicare program. Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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(14) Leases

At June 30, 2016 and 2015, the University and the Clinical Operations had various lease arrangements summarized as follows:

(A) University and Clinical Operations as Lessees

(a) Capital Leases

Any existing capital leases are immaterial, and accordingly, there are no capital leases recorded at June 30, 2016 and 2015.

(b) Operating Leases

The University's rent expense for operating leases amounted to \$6,321,789 and \$6,297,517 for the years ended June 30, 2016 and 2015, respectively.

The Clinical Operations are committed under various leases for building and office space and data processing equipment. Rental expenses on operating leases and other non-lease equipment were \$10,556,279 and \$10,579,859 in 2016 and 2015, respectively, and includes amounts paid to the University of \$3,555,547 and \$3,524,187 in 2016 and 2015, respectively, which are eliminated in these basic financial statements.

(c) Minimum Lease Payments

The following is a schedule of future minimum lease payments for Primary Institution operating leases at June 30, 2016:

Year ending June 30	Lease Payments
2017	\$ 6,454,895
2018	5,351,851
2019	4,981,277
2020	3,365,458
2021	1,730,872
2022–2026	9,933,826
2027–2031	4,555,589
2032–2036	4,071,398
2037–2041	30,464
2042 and thereafter	524
	<u>\$ 40,476,154</u>

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(B) *University as Lessor*

The University is lessor of various properties under operating lease agreements. For the years ended June 30, 2016 and 2015, respectively, total lease income, which includes annually renewable lease agreements, was \$7,014,991 and \$7,061,378.

The following is a schedule of minimum future lease income under lease terms exceeding one year as of June 30, 2016:

Year ending June 30	Lease Income
2017	\$ 6,259,705
2018	4,645,213
2019	4,186,826
2020	4,221,536
2021	4,144,636
2022–2026	5,043,837
2027–2031	4,791,069
2032–2036	4,791,029
2037–2041	4,791,019
2042 and thereafter	11,718,274
	<u>\$ 54,593,144</u>

(15) **Risk Management**

The University currently is a party to various litigation claims brought in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management) that provides general liability, auto liability, medical malpractice, physical damage, and workers' compensation insurance. The Risk Management program liability insurance coverage includes most employee liability claims; those claims falling outside this state program are in limited amounts and are covered by the University from its operating budget either by direct payment or by the procurement of insurance coverage from a private carrier. The University paid Risk Management \$21,483,244 and \$22,716,849 in insurance premiums during fiscal years 2016 and 2015, respectively. The University's exposure is limited to \$2,500 per any first party incurred property loss, with the exception of theft, which has a \$5,000 deductible. After conferring with legal counsel concerning pending litigation and claims, the University administration believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the University. Effective July 1, 2014, the University determined to self-insure the case of Maria Cummings, et al. vs. Board of Regents.

As a part of the University, the Hospital has immunity from tort liability except as waived by the New Mexico Legislature. In this connection, under the New Mexico Tort Claims Act (NMTCA), the New Mexico Legislature waived the State's and the Hospital's sovereign immunity for claims arising out of negligence out of the operation of the Hospital, the treatment of the Hospital's patients, and the healthcare services provided by Hospital employees. In addition, the NMTCA limits, as an integral part of this waiver of sovereign immunity, the amount of damages that can be assessed against the Hospital on any tort claim including medical malpractice, professional, or general liability claims.

The NMTCA provides that total liability for all claims that arise out of a single occurrence shall not exceed \$700,000 set forth as follows: (a) \$200,000 for real property; (b) up to \$300,000 for past and future medical and medically related expenses; and (c) up to \$400,000 for past and future noneconomic losses (such as pain and suffering) incurred or to be incurred by the claimant. While the language of the NMTCA does not expressly provide for third-party claims such as loss of consortium, the New Mexico appellate court decisions have allowed claimants to seek loss of consortium. As a result, if loss of consortium claims are presented, those claims cannot exceed \$350,000 in the aggregate. Thus, it appears that if a claim presents both direct claims and third-party claims, the maximum exposure of the Public Liability Fund, and, therefore, UNM Hospitals, cannot exceed \$1,050,000. The NMTCA prohibits the award of punitive or exemplary damages against the Hospital.

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The NMTCA requires the State Risk Management Division to provide coverage to the Hospital for those torts where the Legislature has waived the state's immunity from liability up to the damages limits of the NMTCA, as described above, plus the cost incurred in defending any claims and/or lawsuits (including attorney's fees and expenses), with no deductible and with no self-insured retention by the Hospital. As a result of the foregoing, the Hospital is fully covered for claims and/or lawsuits relating to medical malpractice or professional liability occurring at the Hospital.

Effective July 1, 2009, the University began self-insuring its health and dental benefits. Under the plans, all eligible employees are provided access to the provider networks of Blue Cross Blue Shield, Presbyterian Health Plan, and UNM Health Plan for health services and Delta Dental for dental services. Blue Cross Blue Shield of New Mexico, Presbyterian Health Plan, and UNM Health provide administrative claim payment services for the University's health plans and Delta Dental for the dental plan. Liabilities are based on an estimate of claims that have been incurred but not reported (IBNR), invoices received but not yet paid, and catastrophic claims not covered by the University's excess claims carriers. At June 30, 2016 and 2015, the estimated amount of the University's claims and accrued invoices was \$15.5 million and \$18.8 million, respectively, which is included in accrued payroll. The liability for claims incurred but not reported was based on the actuarial analysis calculated using information provided by Healthcare Analytics.

Changes in the reported self-insurance liability for health, dental, and life benefits for the University resulted from the following:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2016	\$ 18,842,981	\$ 68,877,466	\$ (72,239,698)	\$ 15,480,749
2015	22,555,358	66,866,336	(70,578,713)	18,842,981

The Hospital sponsors a self-insured health plan in which UNM Behavioral Health Operations also participate, as all employees are under the centralized umbrella of the Hospital. Blue Cross Blue Shield of New Mexico and HMO New Mexico (BCBSNM and HMONM) provide administrative claim payment services for the Hospital's plan. Liabilities are based on an estimate of claims that have been incurred but not reported and claims received but not yet paid. At June 30, 2016 and 2015, the estimated amount of the Hospital's claims and accrued invoices was \$3.3 million and \$3.6 million, respectively, which is included in accrued payroll. As the Hospital receives all cash and pays all obligations of UNM Behavioral Health Operations, the estimated amount of the UNM Behavioral Health Operations' IBNR and accrued invoices recorded in the Hospital's accrued payroll was approximately \$284,000 and \$314,000 at June 30, 2016 and 2015, respectively. The liability for IBNR was based on actuarial analysis calculated using information provided by BCBSNM.

Changes in the reported self-insurance liability for health, dental, and life benefits for Clinical Operations resulted from the following:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2016	\$ 3,920,543	\$ 40,204,573	\$ (40,521,386)	\$ 3,603,730
2015	4,241,555	37,039,342	(37,360,354)	3,920,543

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(16) Retirement Plans and Postemployment Benefits

(A) University

General Information about the Pension Plan

Plan Description: ERB was created by the state's Educational Retirement Act, Sections 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates. Substantially all of the University's full-time employees and a small portion (approximately 39) of the Clinical Operations' (University of New Mexico Hospital and University of New Mexico Behavioral Health Operations) full-time employees participate in the Plan.

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

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

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

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

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the Plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the

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smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions: The contribution requirements of plan members and the University are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal years ended June 30, 2016 and 2015, employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. The University's contributions to ERB for the fiscal years ended June 30, 2016, 2015, and 2014 were \$65,089,594, \$64,475,614, and \$59,182,701, respectively, which equal the amount of the required contributions for each fiscal year. The Clinical Operations' contributions to ERB for the fiscal years ended June 30, 2016, 2015, and 2014 were \$338,154, \$357,206, and \$391,000, respectively, which equal the amount of the required contributions for each fiscal year.

Alternative Retirement Plan

Certain eligible employees of the University may choose to participate in the Alternative Retirement Plan (ARP), a defined-contribution plan, in lieu of the ERB defined-benefit plan. ARP is administered by the ERB.

The benefit received upon retirement is based on the amount contributed to the annuity carrier during the participant's career, subject to any investment gains or losses. Each participant contributes to the ARP the same amount, which the participant would be required to contribute to ERB if the participant were a member of that retirement system. The University contributes the same amount, which it would be required to contribute to ERB if the participant were a member of that retirement system, with an amount equal to 3% of gross annual salary being remitted to ERB to offset the impact of the ARP on the defined-benefit plan, and the remainder being remitted to the annuity carrier on behalf of the participant. Employees participating in ARP do not accrue rights to benefits in the ERB defined-benefit plan as a result of the 3% contribution being made to the ERB fund.

Employees are 100% vested in both the employee and employer contributions upon enrollment in the ARP program, less the 3% contribution that is remitted to ERB. Employees can make an annual election to switch ARP providers. After seven years of participation in the ARP plan, employees can make a onetime switch to the ERB defined-benefit plan. ARP participants can apply for a distribution of their ARP contributions upon separation from the University.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and certain sensitivity information were based on annual actuarial valuations performed as of June 30, 2015 and June 30, 2014. At June 30, 2016, the University and Clinical Operations reported liabilities of \$1,062,373,366 and \$5,849,618, respectively, for their proportionate shares of the net pension liability. The proportion of the June 30, 2016 net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. At June 30, 2015, the University and Clinical Operations reported liabilities of \$931,629,101 and \$6,125,664, respectively, for their proportionate shares of the net pension liability. The proportion of the June 30, 2015 net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the University's proportion was 16.40157 percent, which was an increase of 0.07362 percent from its proportion measured as of June 30, 2014. At June 30, 2014, the University's proportion was 16.32795 percent, which was an increase of 0.33415 percent from its proportion measured as of June 30, 2013. At June 30, 2015, the Clinical Operations' proportion was 0.09031 percent, which was a decrease of 0.01705 percent from its proportion measured as of June 30, 2014. At June 30, 2014, the Clinical Operations' proportion was 0.10736 percent, which was a decrease of 0.01421 percent from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2016, the University and Clinical Operations recognized pension expense of \$87,245,436 and \$382,863, respectively. For the year ended June 30, 2015, the University and Clinical Operations recognized pension expense of \$69,903,390 and \$194,215, respectively. At June 30, 2016 and 2015, the University and Clinical Operations reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year Ended June 30, 2016					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	University	Clinical Operations	Total	University	Clinical Operations	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 19,695,458	\$ 117,908	\$ 19,813,366
Changes of assumptions	36,540,680	201,200	36,741,880	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	325,358	325,358	4,782,007	417,652	5,199,659
Changes in proportion and differences between University and Clinical Operations contributions and proportionate share of contributions	13,244,071	-	13,244,071	-	1,602,880	1,602,880
University and Clinical Operations contributions subsequent to the measurement date	65,089,594	338,154	65,427,748	-	-	-
Total	\$ 114,874,345	\$ 864,712	\$ 115,739,057	\$ 24,477,465	\$ 2,138,440	\$ 26,615,905

	Year Ended June 30, 2015					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	University	Clinical Operations	Total	University	Clinical Operations	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 13,878,021	\$ 91,254	\$ 13,969,275
Net difference between projected and actual earnings on pension plan investments	-	-	-	84,689,380	556,868	85,246,248
Changes in proportion and differences between University and Clinical Operations contributions and proportionate share of contributions	15,568,397	-	15,568,397	-	662,068	662,068
University and Clinical Operations contributions subsequent to the measurement date	64,475,614	357,206	64,832,820	-	-	-
Total	\$ 80,044,011	\$ 357,206	\$ 80,401,217	\$ 98,567,401	\$ 1,310,190	\$ 99,877,591

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The \$65,427,748 reported as deferred outflows of resources related to pensions resulting from University and Clinical Operations contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The \$64,832,820 reported as deferred outflows of resources related to pensions resulting from University and Clinical Operations contributions subsequent to the measurement date of June 30, 2014 was recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending		Clinical	
June 30	University	Operations	Total
2017	4,008,057	(768,859)	3,239,198
2018	3,940,233	(704,884)	3,235,349
2019	2,603,642	(219,740)	2,383,902
2020	14,755,354	81,601	14,836,955
Total	\$ 25,307,286	\$ (1,611,882)	\$ 23,695,404

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

- All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ended June 30, 2015 and thereafter.
- Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
- COLAs for most retirees are reduced until ERB attains a 100% funded status.
- These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ended June 30, 2014.
- For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

ERB approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- Lower wage inflation from 4.25% to 3.75%.
- Update the mortality tables to incorporate generational improvements.
- Update demographic assumptions to use currently published tables, which may result in minor calculation changes.
- Maintain current 3.00% inflation assumption.
- Retain net 4.75% real return assumption.
- Retain 7.75% nominal return assumption.
- No change to COLA assumption of 2.00% per year.
- Maintain current payroll growth assumption of 3.50%.

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- Maintain experience-based rates for members who joined ERB by June 30, 2010.
- Remove population growth assumption for projections.
- Lower population growth from 0.50% to zero (no impact on valuation results).

The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composed of 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2015 using Scale AA (one year setback for females)

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The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each asset class included in the Plan's target asset allocation for 2015 and 2014 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	Long-Term Expected Real Rate of Return	
	2015	2014
Cash	3.25%	3.75%
Treasuries	3.50%	4.00%
IG Corp Credit	4.75%	5.25%
MBS	3.75%	4.25%
Core Bonds	3.98%	4.46%
TIPS	4.00%	4.50%
High Yield Bonds	5.75%	6.00%
Bank Loans	6.00%	6.25%
Global Bonds (Unhedged)	2.25%	3.00%
Global Bonds (Hedged)	2.41%	3.13%
EMD External	6.00%	7.00%
EMD Local Currency	6.75%	7.25%
Large Cap Equities	7.50%	7.75%
Small/Mid Cap Equities	7.75%	8.00%
International Equities (Unhedged)	8.00%	8.25%
International Equities (Hedged)	8.47%	8.48%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	9.75%
Private Debt	8.00%	8.25%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.50%
Commodities	5.75%	6.00%
Hedge Funds	6.75%	7.00%

The target allocation for each major asset class is summarized in the following table:

<u>Asset Class</u>	Target Allocation
Fixed income	28%
Domestic equity	20%
International equity	15%
Real estate	7%
Real assets	8%
Private equity	11%
Absolute return	0%
Global asset allocation	5%
Risk parity	5%
Cash	1%
Total	100%

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

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to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the University's and Clinical Operations' proportionate shares of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the University's and Clinical Operations' net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	Year Ended June 30, 2016		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net pension liability	\$ 1,429,494,338	\$ 1,062,373,366	\$ 753,953,532
Clinical Operations' proportionate share of the net pension liability	7,871,054	5,849,618	4,151,404
Total	\$ 1,437,365,392	\$ 1,068,222,984	\$ 758,104,936

	Year Ended June 30, 2015		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net pension liability	\$ 1,267,588,506	\$ 931,629,101	\$ 651,011,493
Clinical Operations' proportionate share of the net pension liability	8,334,674	6,125,664	4,280,674
Total	\$ 1,275,923,180	\$ 937,754,765	\$ 655,292,167

Pension plan fiduciary net position: Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and 2014, which are publicly available at www.nmerb.org.

(B) Clinical Operations

The Clinical Operations have a defined-contribution plan covering eligible employees, which provides retirement benefits. The name of the plan is UNM Hospital Tax Sheltered Annuity Plan, formerly known as the University of New Mexico Hospital/Bernalillo Medical Center Tax Sheltered Annuity Plan. The Clinical Operations contribute either 5.5% or 7.5% of an employee's salary to the plan, depending on employment level. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. The plan is administered by the Hospital's Human Resources Department.

The expense for the defined-contribution plan was \$14,032,000 and \$13,530,000 in fiscal years 2016 and 2015, respectively. Total employee contributions under this plan were \$16,651,000 and \$14,708,000 in fiscal years 2016 and 2015, respectively. In 2012, a Roth 403b defined-contribution plan option was added. Total employee contributions were \$1,192,000 and \$900,000 in fiscal years 2016 and 2015, respectively.

The Clinical Operations also have a deferred compensation plan, called the UNM Hospital 457(b) Deferred Compensation Plan, which provides employees with an additional retirement savings plan. The Clinical Operations do not contribute to this plan. Employees can make voluntary contributions to this plan. The plan was established by the

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UNM Hospital Board of Trustees and can be amended at its discretion. The plan is administered by the Hospital's Human Resources Department. There was no expense for the deferred compensation plan in 2016 and 2015, respectively, as the Clinical Operations do not contribute to this plan. Total employee contributions under this plan were \$2,888,000 and \$2,661,000 in fiscal years 2016 and 2015, respectively.

In addition, the Clinical Operations have a 401(a) defined-contribution plan, called the UNM Hospital 401(a) Plan, which was established for the purpose of providing retirement benefits for eligible participants and their beneficiaries. The 401(a) plan allows for tax-deferred employer contributions in set amounts determined by position grade. The plan was established by the UNM Hospital Board of Trustees and can be amended at its discretion. All assets of the plan are held in a trust fund, are not considered Clinical Operations assets, and are under the direction of a plan administrator. The expense for the 401(a) defined-contribution plan was \$521,000 and \$464,000 in fiscal years 2016 and 2015, respectively. Only the Clinical Operations contribute to this plan.

A small portion (approximately 39) of the Clinical Operations' full-time employees participates in the ERB defined-benefit plan authorized under the Educational Retirement Act as described above.

(17) Other Postemployment Benefits

(A) University

Plan Description: The University offers health, dental, and life insurance coverage to employees and their eligible dependents. However, employees hired after June 30, 2015 will not be eligible for OPEB other than basic life insurance. The authority to establish and amend the benefit provisions and contribution requirements rests with the Board of Regents.

In order for a retiree of the University to be eligible for OPEB other than basic life insurance, the employee must have been hired prior to July 1, 2015 and contribute to a Voluntary Employees' Beneficiary Association (VEBA) Trust for at least five continuous years immediately prior to retirement. If hired prior to July 1, 2013 and retiring prior to July 1, 2018, employees must continually contribute to the VEBA Trust. Employees were automatically enrolled into the VEBA Trust upon its establishment unless they requested to opt out. Opportunities to opt out will occur annually during the benefits open enrollment period. The University matches the employees' contributions to the VEBA Trust. Contribution percentages are as follows:

VEBA Trust contribution as a % of payroll			
	Employee	UNM	Total
FY 2014	0.50%	0.50%	1.00%
FY 2015	0.75%	0.75%	1.50%
FY 2016	0.75%	0.75%	1.50%
FY 2017	0.75%	0.75%	1.50%
FY 2018 and after	1.00%	1.00%	2.00%

Eligible retirees of the University receive healthcare coverage through a self-insured medical plan, including prescription drugs, available through UNM Health, Presbyterian Health Plan, BCBS of New Mexico, and Express Scripts. Eligible Medicare retirees (for retirees 65 years of age and over) receive healthcare coverage through one of five fully insured medical/prescription plans: Lovelace Enhanced, Lovelace Standard, Presbyterian PPO UNM Select, Presbyterian PPO UNM Premier, and UHC AARP Indemnity. Eligible retirees are also offered two self-funded dental plans. Basic life insurance benefits are available to retirees of the University without the requirement to opt in to the VEBA Trust.

For the University, at the valuation date of July 1, 2014, there were a total of 2,944 retirees and 6,607 active participants.

Funding Policy: The contribution requirements of plan members are established and may be amended by the Board of Regents. Retiree contributions for medical and dental are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the University. Retirees are required to contribute a percentage of the premium based on their preretirement annual salary.

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits through the VEBA Trust. In the most recent actuarial valuation for fiscal year 2015, the pay-as-you-go

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expense of the University was \$6,099,600, net of retiree contributions, and total contributions to the VEBA Trust were \$6,208,000.

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was 3.3% funded. The University's AAL, the present value of all future expected postretirement health payments and administrative costs attributable to past service, was \$119,240,800, and the actuarial value of assets was \$3,903,900, resulting in an UAAL of \$115,336,900. The covered payroll (annual payroll of active employees covered by the plan) was \$509,475,300, and the ratio of the UAAL to the covered payroll was 22.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, the healthcare cost trend, and the discount rate. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress and employer contributions (Schedule 2), presented as required supplemental information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities (AALs) and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 6.7% annual discount rate, which is a blended rate of the University's 4.5% general rate of return for unfunded assets and the University's 8% fully funded rate of return. The actuarial valuation assumes an annual healthcare cost trend rate for pre-Medicare medical and prescription drug benefits of 7% initially, reduced by decrements to a rate of 5% after eight years. For post-Medicare medical and prescription drug benefits, the annual healthcare cost trend rate was 9% initially, reduced by decrements to a rate of 5% after nine years. For dental benefits, the annual healthcare cost trend rate was 5%. These rates included a 3% inflation assumption. The unfunded actuarial accrued liability (UAAL) is amortized over the maximum acceptable period of 30 years and is calculated assuming an open, level percentage of projected payroll. Payroll is projected to increase 2% per annum.

(B) Clinical Operations

Prior to fiscal year 2016, the UNM Hospital and UNM Behavioral Health Operations participated in a single-employer defined-benefit plan that offered postemployment healthcare coverage to eligible retirees and their dependents. As of December 31, 2015 this defined-benefit plan was terminated and is no longer available to employees or employee dependents of the Clinical Operations. The reversal of the \$6,811,183 reserve at June 30, 2015 was recognized as a nonoperating gain on the Statements of Revenues, Expenses, and Changes in Net Position.

(C) Annual OPEB Cost and Net OPEB Obligation

The Primary Institution's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

	<u>University</u>	<u>Clinical Operations</u>	<u>Total</u>
Annual required contribution	\$ 11,712,000	\$ -	\$ 11,712,000
Interest on net OPEB obligation	1,784,600	-	1,784,600
Adjustment to annual required contribution	<u>(1,689,200)</u>	<u>-</u>	<u>(1,689,200)</u>
Annual OPEB cost (expense)	11,807,400	-	11,807,400
Contributions made	11,807,400	-	11,807,400
Gain on termination of OPEB plan	-	6,811,183	6,811,183
Increase (decrease) in net OPEB obligation	<u>-</u>	<u>(6,811,183)</u>	<u>(6,811,183)</u>
Net OPEB obligation beginning of year	21,853,100	6,811,183	28,664,283
Net OPEB obligation end of year	<u>\$ 21,853,100</u>	<u>\$ -</u>	<u>\$ 21,853,100</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year 2016 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
University			
6/30/2016	\$ 11,807,400	100.0%	\$ 21,853,100
6/30/2015	11,807,400	140.5%	21,853,100
6/30/2014	10,029,000	87.5%	26,636,000
Clinical Operations			
6/30/2016	\$ (6,811,183)	100.0%	\$ -
6/30/2015	541,000	9.1%	6,811,183
6/30/2014	584,000	9.8%	6,319,183
Total Primary Institution			
6/30/2016	\$ 11,807,400	100.0%	\$ 21,853,100
6/30/2015	12,348,400	134.7%	28,664,283
6/30/2014	10,613,000	83.3%	32,955,183

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(18) Commitments and Contingencies

(A) Commitments

In addition to the lease commitments in note 14, the University had commitments totaling \$62,166,321 at June 30, 2016. These commitments consisted of the following:

	<u>2016</u>
Materials and services	\$ 36,003,961
Construction projects	<u>26,162,360</u>
Total	<u>\$ 62,166,321</u>

(B) Contingencies

The University is liable or contingently liable in connection with certain claims that arise in the normal course of its activities. It is the opinion of management that uninsured losses resulting from these claims would not be material to the University's financial position or operations.

The University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. University administration believes that the liability, if any, for reimbursement that may arise as the results of audits, would not be material to the financial position or operations of the University.

(C) Mortgage Reserve Fund

On November 15, 2004, the Hospital established a mortgage reserve fund in accordance with the requirements and conditions of the FHA Regulatory Agreement. On May 14, 2015, a new mortgage reserve fund was established for the 2015 Series bonds.

The Mortgage Reserve Fund's final required contribution of \$1,910,199 will be made in fiscal year 2017, at which time the Mortgage Reserve Fund will be fully funded.

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(19) Unrestricted Net Position – Committed and Dedicated

Unrestricted net position is subject to contractual commitments and dedications to support the missions of the University in current and future years. The net position of unrestricted funds of the Primary Institution fall into one of three categories:

- **Committed:** A formal, written commitment/contract has been made for these funds. Examples include signed employment offer letters to Deans, Department Chairs, and Research Faculty, start-up funds for new research projects, cost share on awarded sponsored agreements, and appropriated state funding for special projects.
- **Dedicated:** An Executive Vice President, Vice President, Dean, or Department Chair has dedicated these funds for a clear, focused purpose to support the missions of the University.
- **Discretionary:** The remaining funds that are not committed or dedicated.

The following is a breakdown of the University's unrestricted net position as of June 30 (unaudited):

	<u>2016</u>	<u>2015</u>
Unrestricted net position	\$ (237,246,579)	\$ (235,837,853)
Less:		
Working capital – patient care operations		
Clinical operations – UNM Hospitals	<u>187,428,075</u>	<u>173,820,081</u>
Total working capital – patient care operations	187,428,075	173,820,081
Net pension and OPEB obligations		
Pension	(971,976,486)	(950,152,491)
OPEB	<u>(21,853,100)</u>	<u>(21,853,100)</u>
Total net pension and OPEB obligations	(993,829,586)	(972,005,591)
Committed		
HSC capital initiatives	217,325,259	221,925,844
Other	<u>64,830,438</u>	<u>43,272,879</u>
Total committed	282,155,697	265,198,723
Dedicated		
Plant funds – repair and replacement	88,064,429	75,101,314
Quasi-endowment funds – Regents' scholarships	95,326,062	100,916,041
Student loan funds	773,564	750,972
Other	<u>71,549,549</u>	<u>68,482,004</u>
Total dedicated	255,713,604	245,250,331
Ending discretionary funds balance	<u>\$ 31,285,631</u>	<u>\$ 51,898,603</u>

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(20) Capital Initiatives

In fiscal year 2015, the Hospital and the UNM HSC entered into an MOU for a ninth year to collaborate on strategic capital projects. Per the agreement, funding is set aside and committed for the development of clinical facilities. Capital project disbursements from capital initiatives funds in fiscal years 2016 and 2015 and the ending balances for each year are reflected in the table below.

As of June 30, 2016, the ending balance of \$217,325,259 was comprised of cash. As of June 30, 2015, the ending balance of \$221,925,844 was comprised of \$171,425,844 in cash with a due from UNM Hospital for the remainder.

The Regents granted the Bond Trustee in respect of the UNMH HUD-Insured Bonds a security interest in all of UNM Hospital's cash (with the exception of the proceeds of the UNM Hospital mill levy and state appropriations), accounts receivable, contract rights, and the proceeds of the same. In addition, in that certain Regulatory Agreement signed by the Regents in 2004, that is still in effect today, the University agreed and committed to HUD that it would not "assign, transfer, dispose of, or encumber any personal property of the project including revenues from any source..." Lastly, in accordance with the terms of the Lease under which the University leases a portion of the UNM Hospital facility from Bernalillo County, all reserves of the UNM Hospital covered by the Lease are restricted to use for operation and maintenance of the UNM Hospital.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Contributions to Fund</u>	<u>Capital Project Disbursements from Fund</u>	<u>Ending Balance</u>
2016	\$ 221,925,844	\$ -	\$ (4,600,585)	\$ 217,325,259
2015	98,250,189	128,981,761	(5,306,106)	221,925,844

(21) Subsequent Events

Management has evaluated subsequent events through November 22, 2016 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2016. This date represents the date the financial statement audit report was available to be issued. The University is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION – PENSION

Schedule of Proportionate Share of Net Pension Liability and Employer Contributions

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last 10 fiscal years. Fiscal Year 2015 was the first year of implementation, therefore, only two years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	<u>2016</u>	<u>2015</u>
University's and Clinical Operations' proportion of the net pension liability (asset)	16.49188%	16.43531%
University's and Clinical Operations' proportionate share of the net pension liability (asset)	\$ 1,068,222,984	\$ 937,754,765
University's and Clinical Operations' covered payroll	\$ 450,281,155	\$ 446,728,272
University's and Clinical Operations' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	237.23%	209.92%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

Schedule of Employer Contributions - ERB Plan

	<u>2016</u>	<u>2015</u>
Statutorily required employer contribution	\$ 65,427,748	\$ 64,832,820
Contributions in relation to the statutorily required contribution	\$ 65,427,748	\$ 64,832,820
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's and Clinical Operations' covered payroll	\$ 470,690,396	\$ 450,281,155
Contributions as a percentage of covered payroll	13.90%	14.40%

Notes to Schedules:

Changes of Benefit Terms

The COLA and retirement eligibility benefits changes in recent years are described in the *Benefits Provided* subsection of the financial statement note disclosure *General Information on the Pension Plan*.

Changes of Assumptions

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

1. Fiscal year 2015 valuation assumptions that changed:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Update the mortality tables to incorporate generational improvements
 - c. Update demographic assumptions to use currently published tables, which may result in minor calculation changes
 - d. Remove population growth assumption for projections
 - e. Lower population growth from 0.50% to zero (no impact on valuation results)
2. Assumptions that were not changed:
 - a. Maintain current 3.00% inflation assumption
 - b. Retain net 4.75% real return assumption
 - c. Retain 7.75% nominal return assumption
 - d. No change to COLA assumption of 2.00% per year
 - e. Maintain current payroll growth assumption of 3.50%
 - f. Maintain experience-based rates for members who joined ERB by June 30, 2010

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *General Information on the Pension Plan*.

REQUIRED SUPPLEMENTAL INFORMATION – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Schedule of Funding Progress and Employer Contributions

The schedule of funding progress and the schedule of employer contributions present multiyear trend information for the past three actuarial valuations comparing the actuarial value of plan assets to the actuarial accrued liability, and the actual contributions of UNM to the annual required contributions.

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
University						
7/1/2014	\$ 3,903,900	\$ 119,240,800	\$ 115,336,900	3.3%	\$ 509,475,300	22.6%
7/1/2013	\$ -	\$ 94,680,000	\$ 94,680,000	0.0%	\$ 539,654,500	17.5%
7/1/2012	\$ -	\$ 94,156,000	\$ 94,156,000	0.0%	\$ 525,889,400	17.9%
Clinical Operations						
7/1/2014	\$ -	\$ 3,783,560	\$ 3,783,560	0.0%	\$ 263,517,235	1.4%
7/1/2013	\$ -	\$ 3,804,250	\$ 3,804,250	0.0%	\$ 271,548,181	1.4%
7/1/2012	\$ -	\$ 4,034,000	\$ 4,034,000	0.0%	\$ 260,548,507	1.5%

Schedule of Employer Contributions - OPEB

Actuarial Valuation Date	Annual Required Contributions (ARC)	Actual Contributions	% Contributed
University			
7/1/2014	\$ 11,712,000	\$ 16,590,300	142%
7/1/2013	\$ 9,809,000	\$ 8,779,000	89%
7/1/2012	\$ 9,162,000	\$ 9,376,000	102%
Clinical Operations			
7/1/2014	\$ 581,000	\$ 49,000	8%
7/1/2013	\$ 609,000	\$ 57,000	9%
7/1/2012	\$ 606,000	\$ 110,000	18%

Summary of Key Actuarial Methods and Assumptions

Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Period	30 Years
Discount Rate	6.7% University, 4.0% Clinical Operations
Projected Payroll Growth Rate	2.0% University, 1.5% Clinical Operations
Healthcare Cost Trend Rate	University: Pre-Medicare: 7% initially, reduced by decrements to a rate of 5% after eight years Post-Medicare: 9% initially, reduced by decrements to a rate of 5% after nine years Dental: 5%
	Clinical Operations: Select: 8% , reduced by 0.5% each year until reaching the ultimate trend Ultimate: 4.5%

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Net Position as of June 30, 2016 – Discretely Presented Component Units

	University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	Innovate ABQ, Inc.	UNM Lobo Club
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,591,688	\$ 1,603,802	\$ 1,114,568	\$ 85,859	\$ 3,723,250
Cash and cash equivalents – restricted	3,893,462	-	100,000	-	-
Short-term investments	-	1,962,749	623,350	-	-
Accounts receivable, net	984,757	595,052	927,937	965	55,600
Patient receivables, net	-	-	-	-	-
Estimated third-party payor settlements	-	-	-	-	-
Other receivables, net	-	-	-	-	-
Inventories	-	28,849	-	-	-
Due from The University of New Mexico	-	108,382	-	-	-
Due from affiliates	-	-	-	-	-
Other current assets	301,810	81,773	-	-	3,209
Total current assets	<u>\$ 8,771,717</u>	<u>\$ 4,380,607</u>	<u>\$ 2,765,855</u>	<u>\$ 86,824</u>	<u>\$ 3,782,059</u>
Noncurrent assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	192,283,008	-	444	-	-
Other noncurrent assets	5,338,078	-	-	-	-
Capital assets, net	63,227	-	21,047	6,884,654	-
Total noncurrent assets	<u>\$ 197,684,313</u>	<u>\$ -</u>	<u>\$ 21,491</u>	<u>\$ 6,884,654</u>	<u>\$ -</u>
Total assets	<u>\$ 206,456,030</u>	<u>\$ 4,380,607</u>	<u>\$ 2,787,346</u>	<u>\$ 6,971,478</u>	<u>\$ 3,782,059</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,834,440	\$ 10,394	\$ 458,100	\$ 187	\$ 3,257
Advance funding received	147,393	-	-	-	-
Due to The University of New Mexico	3,776,869	1,080,358	463,834	-	2,906,873
Due to affiliates	-	-	-	-	-
Estimated third-party payor settlements	-	-	-	-	-
Unearned revenue	-	766,399	-	-	-
Bonds payable – current	-	-	-	-	-
Long-term debt – current	-	-	-	-	-
Annuities payable	337,890	-	-	-	-
Other current liabilities	717,251	-	1,022,124	-	-
Total current liabilities	<u>\$ 6,813,843</u>	<u>\$ 1,857,151</u>	<u>\$ 1,944,058</u>	<u>\$ 187</u>	<u>\$ 2,910,130</u>
Noncurrent liabilities					
Bonds payable – noncurrent	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt – noncurrent	-	-	-	-	-
Due to The University of New Mexico	3,577,933	-	-	-	-
Annuities payable	2,089,450	-	-	-	-
Total noncurrent liabilities	<u>\$ 5,667,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 12,481,226</u>	<u>\$ 1,857,151</u>	<u>\$ 1,944,058</u>	<u>\$ 187</u>	<u>\$ 2,910,130</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ 836,759
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 836,759</u>
NET POSITION					
Net investment in capital assets	\$ 63,227	\$ -	\$ 21,047	\$ 6,884,654	\$ -
Restricted nonexpendable	172,831,532	-	-	-	-
Restricted expendable	18,773,332	497,330	-	-	-
Unrestricted	2,306,713	2,026,126	822,241	86,637	35,170
Total net position	<u>\$ 193,974,804</u>	<u>\$ 2,523,456</u>	<u>\$ 843,288</u>	<u>\$ 6,971,291</u>	<u>\$ 35,170</u>

See accompanying independent auditors' report.

SCHEDULE 3

Lobo Development Corporation	Lobo Energy, Inc.	The University of New Mexico Alumni Association	UNM Medical Group, Inc.	UNM Sandoval Regional Medical Center, Inc.	Total before Eliminations	Component Unit Eliminations	Total
\$ 3,054,053	\$ 462,954	\$ 833,199	\$ 23,788,644	\$ 16,748,235	\$ 55,006,252	\$ -	\$ 55,006,252
-	-	-	-	5,937,858	9,931,320	-	9,931,320
-	-	8,098,041	-	-	10,684,140	-	10,684,140
-	9,600	3,206	-	-	2,577,117	-	2,577,117
-	-	-	28,279,121	11,600,655	39,879,776	-	39,879,776
-	-	-	-	826,489	826,489	-	826,489
-	-	-	312,755	1,118,368	1,431,123	-	1,431,123
-	-	-	-	2,401,084	2,429,933	-	2,429,933
-	-	-	4,941,823	-	5,050,205	-	5,050,205
-	-	-	197,804	47,567	245,371	(245,371)	-
3,096	-	12,910	-	776,323	1,179,121	-	1,179,121
<u>\$ 3,057,149</u>	<u>\$ 472,554</u>	<u>\$ 8,947,356</u>	<u>\$ 57,520,147</u>	<u>\$ 39,456,579</u>	<u>\$ 129,240,847</u>	<u>\$ (245,371)</u>	<u>\$ 128,995,476</u>
\$ -	\$ -	\$ -	\$ 4,664,762	\$ -	\$ 4,664,762	\$ -	\$ 4,664,762
-	-	-	18,113,621	7,411,546	217,808,619	-	217,808,619
-	-	-	800,690	-	6,138,768	-	6,138,768
14,661,863	9,940,425	-	3,284,128	114,356,360	149,211,704	-	149,211,704
<u>\$ 14,661,863</u>	<u>\$ 9,940,425</u>	<u>\$ -</u>	<u>\$ 26,863,201</u>	<u>\$ 121,767,906</u>	<u>\$ 377,823,853</u>	<u>\$ -</u>	<u>\$ 377,823,853</u>
<u>\$ 17,719,012</u>	<u>\$ 10,412,979</u>	<u>\$ 8,947,356</u>	<u>\$ 84,383,348</u>	<u>\$ 161,224,485</u>	<u>\$ 507,064,700</u>	<u>\$ (245,371)</u>	<u>\$ 506,819,329</u>
\$ 25,486	\$ 43,903	\$ 94,873	\$ 5,465,301	\$ 10,862,214	\$ 18,798,155	\$ -	\$ 18,798,155
-	-	-	-	-	147,393	-	147,393
371,072	-	-	30,681,140	1,344,644	40,624,790	-	40,624,790
-	-	-	47,567	197,804	245,371	(245,371)	-
-	-	-	-	1,201,016	1,201,016	-	1,201,016
-	-	-	-	-	766,399	-	766,399
-	-	-	-	3,540,000	3,540,000	-	3,540,000
-	981,891	-	-	-	981,891	-	981,891
-	-	-	-	-	337,890	-	337,890
-	-	-	-	-	1,739,375	-	1,739,375
<u>\$ 396,558</u>	<u>\$ 1,025,794</u>	<u>\$ 94,873</u>	<u>\$ 36,194,008</u>	<u>\$ 17,145,678</u>	<u>\$ 68,382,280</u>	<u>\$ (245,371)</u>	<u>\$ 68,136,909</u>
\$ -	\$ -	\$ -	\$ -	\$ 124,960,000	\$ 124,960,000	\$ -	\$ 124,960,000
-	5,412,548	-	-	-	5,412,548	-	5,412,548
14,689,110	-	-	-	-	18,267,043	-	18,267,043
-	-	-	-	-	2,089,450	-	2,089,450
<u>\$ 14,689,110</u>	<u>\$ 5,412,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,960,000</u>	<u>\$ 150,729,041</u>	<u>\$ -</u>	<u>\$ 150,729,041</u>
<u>\$ 15,085,668</u>	<u>\$ 6,438,342</u>	<u>\$ 94,873</u>	<u>\$ 36,194,008</u>	<u>\$ 142,105,678</u>	<u>\$ 219,111,321</u>	<u>\$ (245,371)</u>	<u>\$ 218,865,950</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,759	\$ -	\$ 836,759
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,759	\$ -	\$ 836,759
\$ (398,319)	\$ 3,545,986	\$ -	\$ 3,284,128	\$ (14,143,640)	\$ (742,917)	\$ -	\$ (742,917)
-	-	-	-	-	172,831,532	-	172,831,532
-	-	-	-	13,426,714	32,697,376	-	32,697,376
3,031,663	428,651	8,852,483	44,905,212	19,835,733	82,330,629	-	82,330,629
<u>\$ 2,633,344</u>	<u>\$ 3,974,637</u>	<u>\$ 8,852,483</u>	<u>\$ 48,189,340</u>	<u>\$ 19,118,807</u>	<u>\$ 287,116,620</u>	<u>\$ -</u>	<u>\$ 287,116,620</u>

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Net Position as of June 30, 2015 – Discretely Presented Component Units

	University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	UNM Lobo Club
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,357,462	\$ 1,278,314	\$ 1,131,066	\$ 3,807,185
Cash and cash equivalents – restricted	40,243,562	-	133,907	-
Short-term investments	-	1,997,888	637,162	-
Accounts receivable, net	1,186,756	1,173,838	139,893	146,032
Patient receivables, net	-	-	-	-
Estimated third-party payor settlements	-	-	-	-
Other receivables, net	-	-	-	-
Inventories	-	47,472	-	-
Due from The University of New Mexico	-	74,888	-	-
Due from affiliates	-	-	-	-
Other current assets	219,271	90,722	-	2,432
Total current assets	<u>\$ 44,007,051</u>	<u>\$ 4,663,122</u>	<u>\$ 2,042,028</u>	<u>\$ 3,955,649</u>
Noncurrent assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	203,075,170	-	11,054	-
Due from The University of New Mexico	-	-	-	-
Other noncurrent assets	5,755,016	-	-	-
Capital assets, net	87,930	-	7,012,926	-
Total noncurrent assets	<u>\$ 208,918,116</u>	<u>\$ -</u>	<u>\$ 7,023,980</u>	<u>\$ -</u>
Total assets	<u>\$ 252,925,167</u>	<u>\$ 4,663,122</u>	<u>\$ 9,066,008</u>	<u>\$ 3,955,649</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,383,410	\$ 25,268	\$ 364,287	\$ 5,169
Advance funding received	92,550	-	-	-
Due to The University of New Mexico	46,309,339	829,724	352,507	3,050,430
Due to affiliates	-	-	-	-
Estimated third-party payor settlements	-	-	-	-
Unearned revenue	-	1,341,598	-	-
Bonds payable – current	-	-	-	-
Long-term debt – current	-	-	-	-
Annuities payable	340,768	-	-	-
Other current liabilities	460,988	-	597,161	-
Total current liabilities	<u>\$ 48,587,055</u>	<u>\$ 2,196,590</u>	<u>\$ 1,313,955</u>	<u>\$ 3,055,599</u>
Noncurrent liabilities				
Bonds payable – noncurrent	\$ -	\$ -	\$ -	\$ -
Long-term debt – noncurrent	-	-	-	-
Due to The University of New Mexico	4,067,388	-	-	-
Annuities payable	2,308,853	-	-	-
Total noncurrent liabilities	<u>\$ 6,376,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 54,963,296</u>	<u>\$ 2,196,590</u>	<u>\$ 1,313,955</u>	<u>\$ 3,055,599</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	\$ -	\$ -	\$ -	\$ 898,205
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,205</u>
NET POSITION				
Net investment in capital assets	\$ 87,930	\$ -	\$ 7,012,926	\$ -
Restricted nonexpendable	174,596,320	-	-	-
Restricted expendable	21,145,692	500,075	-	1,298
Unrestricted	2,131,929	1,966,457	739,127	547
Total net position	<u>\$ 197,961,871</u>	<u>\$ 2,466,532</u>	<u>\$ 7,752,053</u>	<u>\$ 1,845</u>

See accompanying independent auditors' report.

SCHEDULE 4

Lobo Development Corporation	Lobo Energy, Inc.	The University of New Mexico Alumni Association	UNM Medical Group, Inc.	UNM Sandoval Regional Medical Center, Inc.	Total before Eliminations	Component Unit Eliminations	Total
\$ 1,792,401	\$ 864,756	\$ 985,800	\$ 23,359,944	\$ 13,184,429	\$ 48,761,357	\$ -	\$ 48,761,357
-	-	-	-	5,853,358	46,230,827	-	46,230,827
-	-	8,195,696	-	-	10,830,746	-	10,830,746
34,863	9,744	33,066	-	-	2,724,192	-	2,724,192
-	-	-	28,476,374	10,299,629	38,776,003	-	38,776,003
-	-	-	-	1,942,338	1,942,338	-	1,942,338
-	-	-	14,636	1,067,595	1,082,231	-	1,082,231
-	-	-	-	2,087,239	2,134,711	-	2,134,711
50,000	-	-	7,790,662	-	7,915,550	-	7,915,550
-	-	-	103,542	-	103,542	(103,542)	-
-	-	33,800	-	948,318	1,294,543	-	1,294,543
<u>\$ 1,877,264</u>	<u>\$ 874,500</u>	<u>\$ 9,248,362</u>	<u>\$ 59,745,158</u>	<u>\$ 35,382,906</u>	<u>\$ 161,796,040</u>	<u>\$ (103,542)</u>	<u>\$ 161,692,498</u>
\$ -	\$ -	\$ -	\$ 1,350,028	\$ -	\$ 1,350,028	\$ -	\$ 1,350,028
-	-	-	17,634,658	5,404,485	226,125,367	-	226,125,367
350,000	-	-	-	-	350,000	-	350,000
-	30	-	701,161	-	6,456,207	-	6,456,207
26,066,226	10,489,738	-	3,541,317	121,779,060	168,977,197	-	168,977,197
<u>\$ 26,416,226</u>	<u>\$ 10,489,768</u>	<u>\$ -</u>	<u>\$ 23,227,164</u>	<u>\$ 127,183,545</u>	<u>\$ 403,258,799</u>	<u>\$ -</u>	<u>\$ 403,258,799</u>
<u>\$ 28,293,490</u>	<u>\$ 11,364,268</u>	<u>\$ 9,248,362</u>	<u>\$ 82,972,322</u>	<u>\$ 162,566,451</u>	<u>\$ 565,054,839</u>	<u>\$ (103,542)</u>	<u>\$ 564,951,297</u>
\$ 24,885	\$ 68,117	\$ 4,371	\$ 5,264,640	\$ 9,675,870	\$ 16,816,017	\$ -	\$ 16,816,017
-	-	-	-	-	92,550	-	92,550
601,056	-	-	30,272,990	359,052	81,775,098	-	81,775,098
-	-	-	-	103,542	103,542	(103,542)	-
-	-	-	-	1,432,930	1,432,930	-	1,432,930
-	-	-	-	-	1,341,598	-	1,341,598
-	-	-	-	3,380,000	3,380,000	-	3,380,000
-	956,306	-	-	-	956,306	-	956,306
-	-	-	-	-	340,768	-	340,768
-	-	-	71,484	-	1,129,633	-	1,129,633
<u>\$ 625,941</u>	<u>\$ 1,024,423</u>	<u>\$ 4,371</u>	<u>\$ 35,609,114</u>	<u>\$ 14,951,394</u>	<u>\$ 107,368,442</u>	<u>\$ (103,542)</u>	<u>\$ 107,264,900</u>
\$ -	\$ -	\$ -	\$ -	\$ 128,500,000	\$ 128,500,000	\$ -	\$ 128,500,000
-	6,394,439	-	-	-	6,394,439	-	6,394,439
25,919,042	-	-	-	-	29,986,430	-	29,986,430
-	-	-	-	-	2,308,853	-	2,308,853
<u>\$ 25,919,042</u>	<u>\$ 6,394,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,500,000</u>	<u>\$ 167,189,722</u>	<u>\$ -</u>	<u>\$ 167,189,722</u>
<u>\$ 26,544,983</u>	<u>\$ 7,418,862</u>	<u>\$ 4,371</u>	<u>\$ 35,609,114</u>	<u>\$ 143,451,394</u>	<u>\$ 274,558,164</u>	<u>\$ (103,542)</u>	<u>\$ 274,454,622</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 898,205	\$ -	\$ 898,205
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 898,205	\$ -	\$ 898,205
\$ (453,872)	\$ 3,138,993	\$ -	\$ 3,541,317	\$ (10,100,940)	\$ 3,226,354	\$ -	\$ 3,226,354
-	-	-	-	-	174,596,320	-	174,596,320
-	-	-	-	11,336,578	32,983,643	-	32,983,643
2,202,379	806,413	9,243,991	43,821,891	17,879,419	78,792,153	-	78,792,153
<u>\$ 1,748,507</u>	<u>\$ 3,945,406</u>	<u>\$ 9,243,991</u>	<u>\$ 47,363,208</u>	<u>\$ 19,115,057</u>	<u>\$ 289,598,470</u>	<u>\$ -</u>	<u>\$ 289,598,470</u>

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2016 –
Discretely Presented Component Units

	University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	Innovate ABQ, Inc.	UNM Lobo Club
REVENUES					
Operating revenues					
Sales and services	\$ -	\$ 2,904,245	\$ -	\$ -	\$ 93,365
Net patient service	-	-	-	-	-
Nongovernmental grants, bequests, and contributions	19,038,409	334,479	250,000	-	5,871,968
Operational support	8,078,389	-	2,034,000	-	-
Other operating revenues	411,897	19,192	2,634,045	22,425	9,447
Total operating revenues	<u>\$ 27,528,695</u>	<u>\$ 3,257,916</u>	<u>\$ 4,918,045</u>	<u>\$ 22,425</u>	<u>\$ 5,974,780</u>
EXPENSES					
Operating expenses					
General and administrative	\$ 12,658,223	\$ 2,448,152	\$ 1,425,616	\$ 63,401	\$ 257,705
Depreciation expense	-	-	51,411	64,025	-
Program expenses	-	589,326	3,175,624	141,221	5,717,322
Distributions to the University of New Mexico	28,292,544	-	-	-	-
Total operating expenses	<u>\$ 40,950,767</u>	<u>\$ 3,037,478</u>	<u>\$ 4,652,651</u>	<u>\$ 268,647</u>	<u>\$ 5,975,027</u>
Net operating income (loss)	<u>\$ (13,422,072)</u>	<u>\$ 220,438</u>	<u>\$ 265,394</u>	<u>\$ (246,222)</u>	<u>\$ (247)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Local appropriations	-	-	-	-	-
Federal bond subsidy	-	-	-	-	-
Investment income	(2,402,519)	(37,157)	(10,052)	-	33,572
Other nonoperating revenues	-	(126,357)	53,406	-	-
Interest expense	-	-	-	-	-
Distributions to the University of New Mexico	-	-	-	-	-
Total nonoperating revenues	<u>\$ (2,402,519)</u>	<u>\$ (163,514)</u>	<u>\$ 43,354</u>	<u>\$ -</u>	<u>\$ 33,572</u>
Income (loss) before other revenues	<u>\$ (15,824,591)</u>	<u>\$ 56,924</u>	<u>\$ 308,748</u>	<u>\$ (246,222)</u>	<u>\$ 33,325</u>
Capital contributions	\$ -	\$ -	\$ (7,217,513)	\$ 7,217,513	\$ -
Contributions to permanent endowments	11,837,524	-	-	-	-
Total other revenues	<u>\$ 11,837,524</u>	<u>\$ -</u>	<u>\$ (7,217,513)</u>	<u>\$ 7,217,513</u>	<u>\$ -</u>
Change in net position	<u>\$ (3,987,067)</u>	<u>\$ 56,924</u>	<u>\$ (6,908,765)</u>	<u>\$ 6,971,291</u>	<u>\$ 33,325</u>
Net position at beginning of year	<u>197,961,871</u>	<u>2,466,532</u>	<u>7,752,053</u>	<u>-</u>	<u>1,845</u>
Net position at end of year	<u>\$ 193,974,804</u>	<u>\$ 2,523,456</u>	<u>\$ 843,288</u>	<u>\$ 6,971,291</u>	<u>\$ 35,170</u>

See accompanying independent auditors' report.

SCHEDULE 5

Lobo Development Corporation	Lobo Energy, Inc.	The University of New Mexico Alumni Association	UNM Medical Group, Inc.	UNM Sandoval Regional Medical Center, Inc.	Total
\$ 2,714,102	\$ 2,171,065	\$ 8,795	\$ 17,270,032	\$ -	\$ 25,161,604
-	-	-	177,185,317	76,623,662	253,808,979
-	-	-	-	-	25,494,856
-	-	-	-	-	10,112,389
49	-	523,032	10,454,123	551,557	14,625,767
<u>\$ 2,714,151</u>	<u>\$ 2,171,065</u>	<u>\$ 531,827</u>	<u>\$ 204,909,472</u>	<u>\$ 77,175,219</u>	<u>\$ 329,203,595</u>
\$ 354,106	\$ 127,877	\$ 200,264	\$ 204,522,165	\$ 70,949,371	\$ 293,006,880
559,703	549,313	-	1,081,340	8,456,101	10,761,893
136,590	1,291,300	831,908	-	-	11,883,291
-	-	-	-	-	28,292,544
<u>\$ 1,050,399</u>	<u>\$ 1,968,490</u>	<u>\$ 1,032,172</u>	<u>\$ 205,603,505</u>	<u>\$ 79,405,472</u>	<u>\$ 343,944,608</u>
\$ 1,663,752	\$ 202,575	\$ (500,345)	\$ (694,033)	\$ (2,230,253)	\$ (14,741,013)
\$ -	\$ -	\$ -	\$ 1,256,900	\$ -	\$ 1,256,900
-	-	-	-	6,152,531	6,152,531
-	-	-	-	1,960,076	1,960,076
29,815	6,717	101,176	263,265	11,883	(2,003,300)
156,546	-	7,661	-	(20,812)	70,444
(585,276)	(180,061)	-	-	(5,869,675)	(6,635,012)
(380,000)	-	-	-	-	(380,000)
<u>\$ (778,915)</u>	<u>\$ (173,344)</u>	<u>\$ 108,837</u>	<u>\$ 1,520,165</u>	<u>\$ 2,234,003</u>	<u>\$ 421,639</u>
\$ 884,837	\$ 29,231	\$ (391,508)	\$ 826,132	\$ 3,750	\$ (14,319,374)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	11,837,524
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,837,524</u>
\$ 884,837	\$ 29,231	\$ (391,508)	\$ 826,132	\$ 3,750	\$ (2,481,850)
1,748,507	3,945,406	9,243,991	47,363,208	19,115,057	289,598,470
<u>\$ 2,633,344</u>	<u>\$ 3,974,637</u>	<u>\$ 8,852,483</u>	<u>\$ 48,189,340</u>	<u>\$ 19,118,807</u>	<u>\$ 287,116,620</u>

THE UNIVERSITY OF NEW MEXICO

Combining Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2015 –
Discretely Presented Component Units

	University of New Mexico Foundation, Inc.	The Robert O. Anderson Schools of Management Foundation	STC.UNM	UNM Lobo Club
REVENUES				
Operating revenues				
Sales and services	\$ -	\$ 2,631,515	\$ -	\$ 156,622
Net patient service	-	-	-	-
Federal grants and contracts	-	-	1,498,048	-
Nongovernmental grants, bequests, and contributions	18,183,206	276,661	5,500,000	5,694,053
Operational support	8,156,825	-	2,846,500	-
Other operating revenues	803,838	18,471	2,779,047	15,835
Total operating revenues	<u>\$ 27,143,869</u>	<u>\$ 2,926,647</u>	<u>\$ 12,623,595</u>	<u>\$ 5,866,510</u>
EXPENSES				
Operating expenses				
General and administrative	\$ 12,213,276	\$ 2,073,147	\$ 1,329,022	\$ 272,697
Depreciation expense	-	-	114,243	-
Program expenses	-	624,613	3,454,809	5,686,739
Distributions to the University of New Mexico	26,224,604	-	-	-
Total operating expenses	<u>\$ 38,437,880</u>	<u>\$ 2,697,760</u>	<u>\$ 4,898,074</u>	<u>\$ 5,959,436</u>
Net operating income (loss)	<u>\$ (11,294,011)</u>	<u>\$ 228,887</u>	<u>\$ 7,725,521</u>	<u>\$ (92,926)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations	\$ -	\$ -	\$ -	\$ -
Local appropriations	-	-	-	-
Federal bond subsidy	-	-	-	-
Investment income	(794,918)	(789)	(533,081)	30,745
Other nonoperating revenues	-	(29,107)	90,245	-
Interest expense	-	-	(38,082)	-
Distributions to the University of New Mexico	-	-	-	-
Total nonoperating revenues	<u>\$ (794,918)</u>	<u>\$ (29,896)</u>	<u>\$ (480,918)</u>	<u>\$ 30,745</u>
Income (loss) before other revenues	<u>\$ (12,088,929)</u>	<u>\$ 198,991</u>	<u>\$ 7,244,603</u>	<u>\$ (62,181)</u>
Contributions to permanent endowments	<u>\$ 11,703,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other revenues	<u>\$ 11,703,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position	<u>\$ (385,340)</u>	<u>\$ 198,991</u>	<u>\$ 7,244,603</u>	<u>\$ (62,181)</u>
Net position at beginning of year	<u>198,347,211</u>	<u>2,267,541</u>	<u>507,450</u>	<u>64,026</u>
Net position at end of year	<u>\$ 197,961,871</u>	<u>\$ 2,466,532</u>	<u>\$ 7,752,053</u>	<u>\$ 1,845</u>

See accompanying independent auditors' report.

SCHEDULE 6

Lobo Development Corporation	Lobo Energy, Inc.	The University of New Mexico Alumni Association	UNM Medical Group, Inc.	UNM Sandoval Regional Medical Center, Inc.	Total
\$ 3,333,208	\$ 2,788,665	\$ 11,327	\$ 17,872,845	\$ -	\$ 26,794,182
-	-	-	171,937,619	74,754,919	246,692,538
-	-	-	-	-	1,498,048
-	-	-	-	-	29,653,920
-	-	-	-	-	11,003,325
549,338	-	482,233	10,603,631	516,033	15,768,426
<u>\$ 3,882,546</u>	<u>\$ 2,788,665</u>	<u>\$ 493,560</u>	<u>\$ 200,414,095</u>	<u>\$ 75,270,952</u>	<u>\$ 331,410,439</u>
\$ 394,467	\$ 193,852	\$ 62,877	\$ 199,428,736	\$ 64,065,761	\$ 280,033,835
709,285	540,359	-	808,099	9,621,494	11,793,480
318,695	2,082,006	591,291	-	-	12,758,153
-	-	-	-	-	26,224,604
<u>\$ 1,422,447</u>	<u>\$ 2,816,217</u>	<u>\$ 654,168</u>	<u>\$ 200,236,835</u>	<u>\$ 73,687,255</u>	<u>\$ 330,810,072</u>
\$ 2,460,099	\$ (27,552)	\$ (160,608)	\$ 177,260	\$ 1,583,697	\$ 600,367
\$ -	\$ -	\$ -	\$ 813,100	\$ -	\$ 813,100
-	-	-	-	6,080,650	6,080,650
-	-	-	-	1,998,362	1,998,362
20,916	(1,166)	(11,610)	119,061	5,991	(1,164,851)
-	-	24,362	-	(989,960)	(904,460)
(805,415)	(207,677)	-	-	(6,017,732)	(7,068,906)
(150,000)	-	-	-	-	(150,000)
<u>\$ (934,499)</u>	<u>\$ (208,843)</u>	<u>\$ 12,752</u>	<u>\$ 932,161</u>	<u>\$ 1,077,311</u>	<u>\$ (396,105)</u>
\$ 1,525,600	\$ (236,395)	\$ (147,856)	\$ 1,109,421	\$ 2,661,008	\$ 204,262
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,703,589
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,703,589
\$ 1,525,600	\$ (236,395)	\$ (147,856)	\$ 1,109,421	\$ 2,661,008	\$ 11,907,851
222,907	4,181,801	9,391,847	46,253,787	16,454,049	277,690,619
<u>\$ 1,748,507</u>	<u>\$ 3,945,406</u>	<u>\$ 9,243,991</u>	<u>\$ 47,363,208</u>	<u>\$ 19,115,057</u>	<u>\$ 289,598,470</u>

Budget Comparison – Unrestricted and Restricted – All Operations
For the year ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Final Budget vs Actuals Favorable (Unfavorable)</u>
Unrestricted and Restricted Beginning Net Position	\$ 272,974,504	\$ 465,107,643	\$ 465,107,643	\$ -
Unrestricted and Restricted Revenues:				
Tuition and Fees	\$ 200,247,803	\$ 197,974,298	\$ 198,724,534	\$ 750,236
Federal Government Appropriations	59,803,688	59,803,688	50,468,751	(9,334,937)
State Government Appropriations	325,361,181	323,455,481	323,181,386	(274,095)
Local Government Appropriations	7,671,200	7,771,200	7,691,805	(79,395)
Federal Government Contracts/Grants	191,122,064	184,742,889	171,239,316	(13,503,573)
State Government Contracts/Grants	92,808,744	96,078,220	93,459,743	(2,618,477)
Local Government Contracts/Grants	2,915,188	2,819,191	1,733,380	(1,085,811)
Private Contracts/Grants	45,354,051	44,199,017	48,630,131	4,431,114
Endowments and Private Gifts	774,130	1,160,048	989,935	(170,113)
Land and Permanent Fund	8,828,332	9,228,332	9,888,203	659,871
Sales and Services	374,682,297	396,890,593	378,560,926	(18,329,667)
Other	150,336,546	353,675,387	333,064,621	(20,610,766)
Total Unrestricted and Restricted Revenues	<u>\$ 1,459,905,224</u>	<u>\$ 1,677,798,344</u>	<u>\$ 1,617,632,731</u>	<u>\$ (60,165,613)</u>
Unrestricted and Restricted Expenditures:				
Instruction	\$ 294,743,524	\$ 293,325,393	\$ 279,406,769	\$ 13,918,624
Academic Support	59,357,993	55,778,710	53,771,430	2,007,280
Student Services	38,012,148	33,120,992	30,900,554	2,220,438
Institutional Support	70,845,152	72,464,776	68,373,402	4,091,374
Operations and Maintenance	51,786,057	49,675,030	46,274,834	3,400,196
Student Social and Cultural	10,786,088	11,356,360	10,946,064	410,296
Research	191,116,564	191,417,533	173,934,727	17,482,806
Public Service	380,202,108	386,846,530	372,228,013	14,618,517
Internal Services	682,178	4,882,486	(542,019)	5,424,505
Student Aid, Grants, and Stipends	141,165,740	141,140,652	126,892,775	14,247,877
Auxiliary Services	55,818,918	56,390,330	50,708,841	5,681,489
Intercollegiate Athletics	33,130,309	34,056,101	33,014,986	1,041,115
Independent Operations	81,708,078	84,112,409	82,921,096	1,191,313
Capital Outlay	73,737,208	53,170,386	50,088,823	3,081,563
Building Renewal and Replacement	11,000,000	11,000,000	9,715,172	1,284,828
Retirement of Indebtedness	33,942,813	163,892,379	154,238,699	9,653,680
Total Unrestricted and Restricted Expenditures	<u>\$ 1,528,034,878</u>	<u>\$ 1,642,630,067</u>	<u>\$ 1,542,874,166</u>	<u>\$ 99,755,901</u>
Net Transfers	\$ 7,599,760	\$ 11,971,503	\$ 12,388,185	\$ 416,682
Change in Net Position (Budgetary Basis)	\$ (60,529,894)	\$ 47,139,780	\$ 87,146,750	\$ 40,006,970
Ending Net Position	<u>\$ 212,444,610</u>	<u>\$ 512,247,423</u>	<u>\$ 552,254,393</u>	<u>\$ 40,006,970</u>

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10 – Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures, B. Instruction and general, C. Each budget function in current funds other than instruction and general, D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service, and E. Each individual item of transfer between funds and/or functions.

See accompanying independent auditors' report.

Budget Comparison - Unrestricted - Instruction & General
For the year ended June 30, 2016

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Favorable (Unfavorable)
Unrestricted Beginning Net Position	\$ 39,675,635	\$ 50,465,111	\$ 50,465,111	\$ -
Unrestricted Revenues:				
Tuition and Fees	\$ 179,491,732	\$ 177,474,328	\$ 177,909,325	\$ 434,997
Federal Government Appropriations	-	-	-	-
State Government Appropriations	279,688,400	278,019,400	278,034,995	15,595
Local Government Appropriations	7,671,200	7,771,200	7,691,805	(79,395)
Federal Government Contracts/Grants	180,000	180,000	188,685	8,685
State Government Contracts/Grants	2,200	24,379	24,700	321
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	-	5,453	5,453
Endowments and Private Gifts	-	-	-	-
Land and Permanent Fund	8,800,000	9,200,000	9,888,203	688,203
Sales and Services	1,185,291	1,257,106	617,338	(639,768)
Other	61,324,315	63,854,931	64,123,097	268,166
Total Unrestricted Revenues	<u>\$ 538,343,138</u>	<u>\$ 537,781,344</u>	<u>\$ 538,483,601</u>	<u>\$ 702,257</u>
Unrestricted Expenditures:				
Instruction	\$ 282,731,848	\$ 282,323,310	\$ 270,835,212	\$ 11,488,098
Academic Support	58,477,119	55,013,226	53,199,516	1,813,710
Student Services	31,618,231	31,662,853	30,509,187	1,153,666
Institutional Support	70,468,889	72,078,513	68,278,180	3,800,333
Operations and Maintenance	51,728,592	49,617,565	46,274,834	3,342,731
Total Unrestricted Expenditures	<u>\$ 495,024,679</u>	<u>\$ 490,695,467</u>	<u>\$ 469,096,929</u>	<u>\$ 21,598,538</u>
Net Transfers	<u>\$ (54,586,510)</u>	<u>\$ (63,148,621)</u>	<u>\$ (68,802,623)</u>	<u>\$ (5,654,002)</u>
Change in Net Position (Budgetary Basis)	<u>\$ (11,268,051)</u>	<u>\$ (16,062,744)</u>	<u>\$ 584,049</u>	<u>\$ 16,646,793</u>
Ending Net Position	<u>\$ 28,407,584</u>	<u>\$ 34,402,367</u>	<u>\$ 51,049,160</u>	<u>\$ 16,646,793</u>

See accompanying independent auditors' report.

Budget Comparison - Restricted - Instruction & General
For the year ended June 30, 2016

	Original Budget	Final Budget	Actuals	Final Budget vs Actuals Favorable (Unfavorable)
	\$ -	\$ -	\$ -	\$ -
Restricted Beginning Net Position	-	-	-	-
Restricted Revenues:				
Tuition and Fees	\$ -	\$ -	\$ -	\$ -
Federal Government Appropriations	33,688	33,688	-	(33,688)
State Government Appropriations	19,960	19,960	-	(19,960)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	11,132,495	10,083,150	7,115,058	(2,968,092)
State Government Contracts/Grants	2,327,717	1,673,794	922,174	(751,620)
Local Government Contracts/Grants	111,610	105,707	74,173	(31,534)
Private Contracts/Grants	5,694,725	909,575	1,041,108	131,533
Endowments and Private Gifts	-	-	-	-
Land and Permanent Fund	-	-	-	-
Sales and Services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>\$ 19,320,195</u>	<u>\$ 12,825,874</u>	<u>\$ 9,152,513</u>	<u>\$ (3,673,361)</u>
Restricted Expenditures:				
Instruction	\$ 12,011,676	\$ 11,002,083	\$ 8,571,557	\$ 2,430,526
Academic Support	880,874	765,484	571,914	193,570
Student Services	6,393,917	1,458,139	391,367	1,066,772
Institutional Support	376,263	386,263	95,222	291,041
Operations and Maintenance	57,465	57,465	-	57,465
Total Restricted Expenditures	<u>\$ 19,720,195</u>	<u>\$ 13,669,434</u>	<u>\$ 9,630,060</u>	<u>\$ 4,039,374</u>
Net Transfers	<u>\$ 400,000</u>	<u>\$ 843,560</u>	<u>\$ 477,547</u>	<u>\$ (366,013)</u>
Change in Net Position (Budgetary Basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

THE UNIVERSITY OF NEW MEXICO

Reconciliation of Budgetary Basis to Financial Statement Basis
 Unrestricted and Restricted - All Operations
 For the year ended June 30, 2016

Total Unrestricted and Restricted Revenues:

Budgetary Basis	\$ 1,617,632,731
Reconciling items:	
University of New Mexico Hospital (amount not in budgetary basis)	774,493,410
Carrie Tingley Hospital (amount included in budgetary basis)	(17,696,143)
University of New Mexico Behavioral Health Operations (amount not in budgetary basis)	47,835,006
Children's Psychiatric Center (amount included in budgetary basis)	(7,877,710)
Scholarship allowance (amount not in budgetary basis)	(88,289,897)
Endowment fund items (amount not in budgetary basis)	492,860
Land grant permanent fund endowment income (amount not in budgetary basis)	(6,813,158)
Investment in plant items (amount not in budgetary basis)	444,958
Bond proceeds (amount not in financial statements)	(177,708,170)
Other fund items (amount not in budgetary basis)	2,481,190
Revenue/expenditure classification differences	(1,064,328)
Other	(1,108,211)
Total reconciling items	<u>\$ 525,189,807</u>
Total reconciled unrestricted and restricted revenues per budgetary basis	<u>\$ 2,142,822,538</u>
Basic Financial Statements	
Operating revenues	\$ 1,564,014,436
Nonoperating revenues	552,286,627
Nonoperating revenues netted in other nonoperating revenues and expenses	1,183,135
Capital contributions	25,338,340
Total unrestricted and restricted revenues per financial statements	<u>\$ 2,142,822,538</u>
Difference	<u>\$ -</u>

Total Unrestricted and Restricted Expenditures:

Budgetary Basis	\$ 1,542,874,166
Reconciling items:	
University of New Mexico Hospital (amount not in budgetary basis)	755,311,896
Carrie Tingley Hospital (amount included in budgetary basis)	(18,042,551)
University of New Mexico Behavioral Health Operations (amount not in budgetary basis)	52,012,800
Children's Psychiatric Center (amount included in budgetary basis)	(11,557,732)
Scholarship allowance (amount not in budgetary basis)	(88,289,897)
Endowment fund items (amount not in budgetary basis)	(2,319,713)
Investment in plant items (amount not in financial statements)	(503,645)
Depreciation expense (amount not in budgetary basis)	60,962,430
Capitalized expenditures (amount not in financial statements)	(61,510,496)
Bond principal payments (amount not in financial statements)	(137,315,532)
GASB 68 pension expense (amount not in budgetary basis)	21,823,995
Reclassification of GASB 45 OPEB expense to institutional fund (amount not in budgetary basis)	21,853,100
Revenue/expenditure classification differences	(1,064,328)
Other	(25,133)
Total reconciling items	<u>\$ 591,335,194</u>
Total reconciled unrestricted and restricted expenditures per budgetary basis	<u>\$ 2,134,209,360</u>
Basic Financial Statements	
Operating expenditures	\$ 2,120,533,773
Nonoperating expenditures	13,562,106
Nonoperating expenditures netted in other nonoperating revenues and expenses	113,481
Total unrestricted and restricted expenditures per financial statements	<u>\$ 2,134,209,360</u>
Difference	<u>\$ -</u>

See accompanying independent auditors' report.

THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Collateral as of June 30, 2016 - Primary Institution

Financial Institution	Account Type	Account Name	Book Balance	Bank Balance	
Bank of America*	Checking	UNMH Operating Account	\$ 49,452,338	\$ 49,452,266	
		Less FDIC Insurance		500,000	
		Uninsured Public Funds		\$ 48,952,266	
		Collateral Requirement (50%)		\$ 24,476,133	
		Fair Value of Collateral		\$ 48,952,265	
		Over (Under) Collateralized		\$ 24,476,132	
		Los Alamos National Bank	Checking	Los Alamos Campus Depository	\$ 3,614
		Less FDIC Insurance		3,614	
		Uninsured Public Funds		\$ -	
U.S. Bank	Checking	General Depository	\$ 111,158,707	\$ 117,607,903	
		Taos Education Center Depository	-	-	
		Valencia Campus Depository	-	-	
		Gallup Campus Depository	-	-	
			\$ 111,158,707	\$ 117,607,903	
			Less FDIC Insurance		250,000
			Uninsured Public Funds		\$ 117,357,903
			Collateral Requirement (50%)		\$ 58,678,952
			Fair Value of Collateral		\$ 154,263,346
			Over (Under) Collateralized		\$ 95,584,394
Wells Fargo*	Checking	UNMH Operating Account	\$ 43,749,013	\$ 77,300,818	
		UNMH Operating Account	50,024,305	50,024,305	
	Savings		\$ 93,773,318	\$ 127,325,123	
		Less FDIC Insurance		500,000	
			Uninsured Public Funds		\$ 76,800,818
			Collateral Requirement (50%)		\$ 63,412,562
			Fair Value of Collateral		\$ 144,221,427
			Over (Under) Collateralized		\$ 80,808,865
			Guaranteed Investment Contract	\$ 55,208,995	
			Total Petty Cash - Primary Institution	195,983	
		Component Unit deposits held by UNM	(4,250,672)		
		Net non-depository cash and cash equivalents	(71,027)		
Total Cash and Cash Equivalents – Primary Institution			\$ 305,471,256	\$ 294,388,906	

* UNM Hospital

See accompanying independent auditors' report.

SCHEDULE 10

CUSIP Identification	Maturity Date	Type of Securities	Amount
Main Campus*			
3137B2SK7	06/15/2043	FHLMC \$	154,263,346

CUSIP Identification	Maturity Date	Type of Securities	Amount
UNM Hospital**			
31417BZU4	05/01/2042	FNMA \$	858
31417AR50	12/01/2041	FNMA	182,448
3138WEQ77	05/01/2045	FNMA	12,894,614
3138WD6Q9	02/01/2045	FNMA	21,022,407
3138EHXR8	02/01/2042	FNMA	1,894,400
3138EGJZ8	10/01/2038	FNMA	4,088,939
31389VZ67	03/01/2017	FNMA	60
31389VZ75	03/01/2017	FNMA	821
31389VWX1	03/01/2017	FNMA	22,993
31389RDX1	02/01/2017	FNMA	5,303
31384WLN8	05/01/2031	FNMA	5
31335HHS5	12/01/2018	FMAC	277
3132GUBR4	06/01/2042	FMAC	6,265,515
3132GRHL8	02/01/2042	FMAC	140,562
31294KNX9	02/01/2018	FMAC	1,251
31417B6D4	06/01/2042	FNMA	2,431,812
<i>Total Bank Of America</i>			\$ 48,952,265

3138WTRU2	06/01/2043	FNMA \$	43,318,748
3138WCPC1	08/01/2029	FNMA	15,964,548
3138WBFL4	03/01/2034	FNMA	4,265,486
3138W3RL9	02/01/2043	FNMA	32,761,289
3138E0WL9	12/01/2026	FNMA	21,361,342
3132QSKR8	09/01/2045	FMAC	19,272,935
31418BUN4	09/01/2035	FNMA	7,277,079
<i>Total Wells Fargo</i>			\$ 144,221,427

Total Pledged Collateral **\$ 154,263,346**

Total Pledged Collateral **\$ 193,173,692**

* - Pledged collateral is held by U.S. Bank in the University's name

** - Pledged collateral is held in safekeeping by the Bank of New York Mellon

THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Collateral as of June 30, 2016 - Component Units

Financial Institution	Account Type	Account Name	Book Balance	Bank Balance
UNM Foundation				
Nusenda Federal Credit Union	Cash	General Fund	\$ 78,515	\$ 78,515
		Less NCUA Insurance		78,515
		Uninsured Public Funds		\$ -
Wells Fargo Bank	Cash	UNM Foundation Operating	\$ 4,066,394	\$ 4,116,953
		Development	2,279,471	2,079,863
			\$ 6,345,865	\$ 6,196,816
		Less FDIC Insurance		250,000
		Uninsured Public Funds		\$ 5,946,816
		Collateral Requirement (50%)		\$ 2,973,408
		Fair Value of Collateral		\$ 6,008,812
		Over (Under) Collateralized		\$ 3,035,404
	Other	Foundation Money Market	\$ 954,555	\$ 954,555
		Foundation deposits held by UNM	\$ 106,215	
Total Cash and Cash Equivalents – UNM Foundation			\$ 7,485,150	\$ 7,229,886
Lobo Development				
Compass Bank	Checking	Business Checking	\$ 52,248	\$ 61,084
		Less FDIC Insurance		61,084
		Uninsured Public Funds		\$ -
Other	Lobo Development deposits held by UNM	\$ 3,001,805		
Total Cash and Cash Equivalents – Lobo Development			\$ 3,054,053	\$ 61,084
Lobo Energy				
Compass Bank	Checking	Business Checking	\$ 23,259	\$ 25,027
		Less FDIC Insurance		25,027
		Uninsured Public Funds		\$ -
Other	Lobo Energy deposits held by UNM	\$ 439,695		
Total Cash and Cash Equivalents – Lobo Energy			\$ 462,954	\$ 25,027
UNM Medical Group (UNMMG)				
Wells Fargo Bank	Checking	UNMMG Operating Account	\$ 27,579,969	\$ 27,986,053
		UNMMG Cancer Center	41,543	41,543
		UNMMG Truman RX	75,000	75,000
		UNMMG Savings	525,324	525,324
			\$ 28,221,836	\$ 28,627,920
		Less FDIC Insurance		(616,543)
		Uninsured Public Funds		\$ 28,011,377
		Collateral Requirement (50%)		\$ 14,005,689
		Fair Value of Collateral		\$ 46,628,274
		Over (Under) Collateralized		\$ 32,622,585
Other	UNMMG Petty Cash	\$ 5,900	\$ 5,900	
	UNMMG Cash/Money Market	\$ 225,670	\$ 225,670	
Total Cash and Cash Equivalents – UNMMG			\$ 28,453,406	\$ 28,859,490
Component Units - Public Money Entities			\$ 39,455,563	\$ 36,175,487
Anderson Schools of Management Foundation				
		STC:UNM	\$ 1,603,802	\$ 1,596,739
		Innovate ABQ	1,214,568	1,363,172
		UNM Lobo Club	85,859	151,432
		UNM Alumni Association	3,723,250	482,591
		Sandoval Regional Medical Center	833,199	660,332
			22,686,093	18,112,839
Component Units - Non--Public Money Entities			\$ 30,146,771	\$ 22,367,105
Total Cash and Cash Equivalents – Component Units			\$ 69,602,334	\$ 58,542,592

* FDIC Insurance (If account is non-interest bearing transaction account, all deposits are covered per Dodd-Frank Insurance Provision)

See accompanying independent auditors' report.

SCHEDULE 10

CUSIP Identification	Maturity Date	Type of Securities	Amount
UNM Medical Group***			
3132J9QB7	5/1/2043	FMAC, FGPC	\$ 17,423,011
3138LUSQ9	6/1/2042	FNMA, FNMS	3,840,218
31417CCC7	6/1/2042	FNMA, FNMS	15,639,863
31417FNA2	2/1/2043	FNMA, FNMS	9,725,182
<i>Total Pledged Collateral</i>			<u>\$ 46,628,274</u>

CUSIP Identification	Maturity Date	Type of Securities	Amount
UNM Foundation****			
3128MJTQ3	11/1/2043	FN-30	\$ 1,937,223
36179NTD0	11/1/2043	FN-30	4,071,589
<i>Total Pledged Collateral</i>			<u>\$ 6,008,812</u>

*** - Pledged collateral is held by Wells Fargo's trust departments or their agent in UNMMG's name

**** - Pledged collateral is held by Wells Fargo's trust departments in UNM Foundation's name

THE UNIVERSITY OF NEW MEXICO

Schedule of Individual Deposit and Investment Accounts as of June 30, 2016 - Primary Institution

Individual Deposit Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Bank of America*	UNMH Operating Account	\$ 49,452,266	\$ 49,452,338
Los Alamos National Bank	Los Alamos Campus Depository	3,614	3,614
U.S. Bank	General Depository	117,607,903	111,158,707
	Gallup Campus Depository	-	-
	Taos Education Center Depository	-	-
Wells Fargo*	UNMH Operating Account	77,300,818	43,749,013
	UNMH Operating Account	50,024,305	50,024,305
Other	UNM Project Funding from Bond Issue	-	55,208,995
	UNM Petty Cash	-	153,850
	UNMH Petty Cash	-	42,133
	Component Unit deposits held by UNM	-	(4,250,672)
	Net non-depository cash and cash equivalents	-	(71,027)
Total Primary Institution – Cash		\$ 294,388,906	\$ 305,471,256

* UNM Hospital

See accompanying independent auditors' report.

SCHEDULE 11

Individual Investment Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books	
Bank of Oklahoma	Retirement of Indebtedness	Cash	\$ 10,638	\$ 10,638
		U.S. Government Agencies	955,001	955,001
		Money Market	259,550	259,550
	VEBA Trust Investment Account	Certificate of Deposit	1,826,423	1,826,423
		Money Market	2,255,291	2,255,291
		Certificate of Deposit	5,280,437	5,280,437
		AI-Mutual Funds	1,044,076	1,044,076
		AI-Mutual Funds-REIT	161,968	161,968
		Mutual Funds - Closed-end Equity	1,793,036	1,793,036
		Mutual Funds - Equity	6,082,520	6,082,520
	Bayern LB	Construction Projects from bond	Guaranteed Investment Contract	55,208,995
Fidelity Investments	ASM Endowment Account	Cash	11,709	11,709
		Equity	946,386	946,386
		Exchange-Traded Funds	1,570,009	1,570,009
Morgan Stanley	Operating Investment Account	Cash	115,031	115,031
		Money Market	6,057,781	6,057,781
		U.S. Treasury Securities	103,948,955	103,948,955
		U.S. Government Agencies	100,909,272	100,909,272
		Corporate Bonds	147,759,529	147,759,529
		Municipal Bonds	15,886,356	15,886,356
	UNMH Short-Term Investment Accounts	Money Market	21,531	21,531
		U.S. Treasury Securities	23,556,740	23,556,740
		U.S. Government Agencies	11,285,825	11,285,825
		U.S. Government Agencies	11,285,825	11,285,825
Northern Trust	Primary Institution CIF	Money Market	9,494,292	9,494,292
		Mutual Funds - Fixed	72,264,884	72,264,884
		Mutual Funds - Equity	161,713,622	161,713,622
		Exchange-Traded Funds	11,468,939	11,468,939
		Illiquid Real Assests	17,049,026	17,049,026
		Private Equity	44,404,114	44,404,114
		Marketable Alternatives	78,745,541	78,745,541
		Marketable Alternatives	78,745,541	78,745,541
Wells Fargo	Bldg, Renewal & Replacement	Cash	106,814	106,814
		U.S. Government Agencies	6,822,134	6,822,134
	Retirement of Indebtedness	Money Market	3,857,789	3,857,789
		U.S. Government Agencies	1,841,050	1,841,050
	UNMH Trust Accounts (Short term)	Money Market	74,683	74,683
	UNMH Trust Accounts (Long term)	Money Market	16,052,772	16,052,772
	Investment in TLSC	UNMH Other Investments	Equity	4,493,935
Investment in TriWest		Equity	5,000,000	5,000,000
Investment in TRL (TriCore)		Equity	11,546,504	11,546,504
	Less: Foundation Interest in CIF	(187,039,854)	(187,039,854)	
	Less: Guaranteed Investment Contract	(55,208,995)	(55,208,995)	
		\$ 689,634,309	\$ 689,634,309	
Land Grant Permanent Fund	See Note Below	\$ 202,729,929	\$ 202,729,929	
Total Primary Institution – Investments		\$ 892,364,238	\$ 892,364,238	

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 financial statements of the SIC.

THE UNIVERSITY OF NEW MEXICO

Schedule of Individual Deposit and Investment Accounts as of June 30, 2016 - Component Units

Individual Deposit Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Component Units – Public Money Entities			
UNM Foundation			
Fidelity	Deferred Compensation Plan	\$ 138,556	\$ 138,556
Nusenda Credit Union	Operating Fund	78,515	78,515
Southwest Securities	Charitable Trust Fund	27,679	27,679
UBS Financial Services	Endowed Chair	506,093	506,093
	Endowed Professorship	201,445	201,445
Wells Fargo	Operating	4,116,953	4,066,394
	Development	2,079,863	2,279,471
	Irrevocable Trust Fund	80,782	80,782
Other*	UNM Operating	-	106,215
		\$ 7,229,886	\$ 7,485,150
Lobo Development			
Compass Bank	Business Checking	\$ 61,084	\$ 52,248
Other*	UNM Operating	-	3,001,805
		\$ 61,084	\$ 3,054,053
Lobo Energy			
Compass Bank	Business Checking	\$ 25,027	\$ 23,259
Other*	UNM Operating	-	439,695
		\$ 25,027	\$ 462,954
UNM Medical Group (UNMMG)			
Wells Fargo Bank	UNMMG Operating Accounting	\$ 27,986,053	\$ 27,579,969
	UNMMG Cancer Center	41,543	41,543
	UNMMG Truman RX	75,000	75,000
	UNMMG Savings	525,324	525,324
	UNMMG Money Market	225,670	225,670
Other*	UNMMG Petty Cash	5,900	5,900
		\$ 28,859,490	\$ 28,453,406
Component Units – Public Money Entities			
		\$ 36,175,487	\$ 39,455,563
	Anderson Schools of Management Foundation	\$ 1,596,739	\$ 1,603,802
	STC.UNM	1,363,172	1,214,568
	Innovate ABQ	151,432	85,859
	UNM Lobo Club	482,591	3,723,250
	UNM Alumni Association	660,332	833,199
	Sandoval Regional Medical Center	18,112,839	22,686,093
Component Units – Non-Public Money Entities			
		\$ 22,367,105	\$ 30,146,771
Total Component Units – Cash			
		\$ 58,542,592	\$ 69,602,334

* - Held by Primary Institution in General Depository Account
See accompanying independent auditors' report.

SCHEDULE 11

Individual Investment Accounts

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Component Units – Public Money Entities			
UNM Foundation			
Fidelity	Deferred Compensation Plan	Mutual Funds-Equity	\$ 130,633 \$ 130,633
Southwest Securities	Charitable Trust Fund	Equity	188,670 188,670
		Mutual Funds-Equity	257,656 257,656
		Mutual Funds-Fixed	12,080 12,080
UBS Financial Services	Endowed Chair	Municipal Bonds	2,691,231 2,691,231
		Other	24,702 24,702
	Endowed Professorship	Municipal Bonds	232,625 232,625
Wells Fargo	Charitable Trust Fund	Mutual Funds-Equity	934,599 934,599
		Mutual Funds-Fixed	373,735 373,735
		Real Estate	195,912 195,912
		Other	201,311 201,311
Other*	Endowments	Consolidated Investment Fund	187,039,854 187,039,854
Total UNM Foundation - Investments		\$ 192,283,008	\$ 192,283,008
UNMMG			
Morgan Stanley Smith Barney	UNMMG Investment Account	U.S. Government Obligations	\$ 11,550,577 \$ 11,550,577
		Corporate Bonds	6,103,026 6,103,026
		Municipal Bonds	460,018 460,018
Total UNMMG – Investments		\$ 18,113,621	\$ 18,113,621
Component Units – Public Money Entities		\$ 210,396,629	\$ 210,396,629
Anderson Schools of Management Foundation		\$ 1,962,749	\$ 1,962,749
STC.UNM		623,794	623,794
UNM Alumni Association		8,098,041	8,098,041
Sandoval Regional Medical Center		7,411,546	7,411,546
Component Units – Non-Public Money Entities		\$ 18,096,130	\$ 18,096,130
Total Component Units – Investments		\$ 228,492,759	\$ 228,492,759

* - Held by Primary Institution in General Depository Account

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
MAJOR PROGRAMS				
RESEARCH AND DEVELOPMENT CLUSTER				
Department of Agriculture				
Direct Awards				
Department of Agriculture	10.000		\$ -	\$ 77,286
Agricultural Research_Basic and Applied Research	10.001		-	8,292
Hispanic Serving Institutions Education Grants	10.223		-	28,525
Agriculture and Food Research Initiative (AFRI)	10.310		-	163,350
Foreign Agricultural Market Development and Promotion	10.600		-	21,342
Forestry Research	10.652		-	3,942
Total Department of Agriculture Direct Awards			-	302,737
Pass-Through Awards				
Agricultural Research_Basic and Applied Research	10.001	The Cadmus Group, Inc.	-	104,480
Hispanic Serving Institutions Education Grants	10.223	Univerisy of Texas- Pan American	-	28,815
Agriculture and Food Research Initiative (AFRI)	10.310	New Mexico Consortium Inc	-	219,081
Agriculture and Food Research Initiative (AFRI)	10.310	Pennsylvania State University	-	69,910
Agriculture and Food Research Initiative (AFRI)	10.310	University of Texas at El Paso	-	58,587
10.310 Subtotal			-	347,578
Total Department of Agriculture Pass-Through Awards			-	480,873
Total Department of Agriculture			-	783,610
Department of Commerce				
Direct Awards				
Climate and Atmospheric Research	11.431		-	101,834
Regional Fishery Management Councils	11.441		-	36,738
Total Department of Commerce Direct Awards			-	138,572
Pass-Through Awards				
Unallied Science Program	11.472	North Pacific Research Board	-	12,692
Total Department of Commerce Pass-Through Awards			-	12,692
Total Department of Commerce			-	151,264
Department of Defense				
Direct Awards				
Department of Defense	12.000		661,313	1,542,731
Aquatic Plant Control	12.100		-	160,664
Collaborative Research and Development	12.114		-	11,718
Basic and Applied Scientific Research	12.300		-	1,413,050
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		578,035	1,880,272
Military Medical Research and Development	12.420		5,654	1,081,351
Basic Scientific Research	12.431		490,768	1,034,439
Centers for Academic Excellence	12.598		-	364,952
Basic, Applied, and Advanced Research in Science and Engineering	12.630		-	204,688
Air Force Defense Research Sciences Program	12.800		1,768,815	6,641,060
Research and Technology Development	12.910		-	431,986
Total Department of Defense Direct Awards			3,504,585	14,766,911
Pass-Through Awards				
Department of Defense	12.000	Applied Technology Associates	-	109,910
Department of Defense	12.000	Bechtel Marino Propulsion Corporation	-	23,432
Department of Defense	12.000	CFD Research Corporation	-	37,220
Department of Defense	12.000	GE Global Research	-	106,114
Department of Defense	12.000	Glacier Technical Solutions, LLC	-	61,809
Department of Defense	12.000	Glaxo Smith Kline	-	140,204
Department of Defense	12.000	Hexpoint Technologies	-	153,091
Department of Defense	12.000	High Performance Technologies Inc	-	30,363
Department of Defense	12.000	Higher Performance Technologies Inc	-	72,478
Department of Defense	12.000	International Business Machines Corporation	-	1,399
Department of Defense	12.000	J.T. McGraw and Associates, LLC	-	35,941
Department of Defense	12.000	John Tiller Software	-	4,018
Department of Defense	12.000	Lovelace Respiratory Research Institute	-	1,062
Department of Defense	12.000	Modus Operandi, Inc.	-	1,188
Department of Defense	12.000	North Wind Services, LLC	-	(3,747)
Department of Defense	12.000	Northrop Grumman Corporation	-	208,079
Department of Defense	12.000	Rector & Visitors of the University of Virginia	-	205,044
Department of Defense	12.000	Sandia National Laboratories	-	81,049
Department of Defense	12.000	Tanner Research Inc.	-	35,323
Department of Defense	12.000	USU Research Foundation (Utah State University)	-	77,496
Department of Defense	12.000	XL Scientific, LLC	-	23,035
12.000 Subtotal			-	1,404,508

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Aquatic Plant Control	12.100	Hawks Aloft Inc	-	7,037
Basic and Applied Scientific Research	12.300	ASR Corporation	-	24,159
Basic and Applied Scientific Research	12.300	Rector & Visitors of the University of Virginia	-	90,248
	12.300	Subtotal	-	114,407
Navy Command, Control, Communications, Computers, Intelligence,	12.335	Modus Operandi, Inc.	-	52,192
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	Sandia National Laboratories	-	58,471
Military Medical Research and Development	12.420	University of Pittsburgh	-	6,599
Basic Scientific Research	12.431	BAE Systems	88,589	159,547
Basic Scientific Research	12.431	University of Central Florida	-	196,534
Basic Scientific Research	12.431	University of Utah	-	263,965
	12.431	Subtotal	88,589	620,046
Uniformed Services University Medical Research Projects	12.750	Uniformed Services University of the Health Sciences	-	22,957
Air Force Defense Research Sciences Program	12.800	California Institute of Technology	-	66,433
Air Force Defense Research Sciences Program	12.800	Columbia University	-	234,091
Air Force Defense Research Sciences Program	12.800	Kansas State University	-	241,589
Air Force Defense Research Sciences Program	12.800	Scientific Simulation Systems, INC	-	57,131
Air Force Defense Research Sciences Program	12.800	Sienna Technologies Inc	-	34,857
Air Force Defense Research Sciences Program	12.800	Tau Technologies LLC	-	3,414
Air Force Defense Research Sciences Program	12.800	Thermo Dynamic Films	-	228,261
Air Force Defense Research Sciences Program	12.800	University of Arizona	-	23,552
Air Force Defense Research Sciences Program	12.800	University of Texas at El Paso	-	(2,146)
Air Force Defense Research Sciences Program	12.800	USU Research Foundation (Utah State University)	-	104,745
	12.800	Subtotal	-	991,927
Research and Technology Development	12.910	Applied Technology Associates	-	38
Research and Technology Development	12.910	HRL Laboratories, LLC	-	162,653
Research and Technology Development	12.910	Thermo Dynamic Films	-	229,714
	12.910	Subtotal	-	392,405
		Total Department of Defense Pass-Through Awards	88,589	3,670,549
		Total Department of Defense	3,593,174	18,437,460
Department of the Interior				
Direct Awards				
Department of the Interior	15.000		-	36,384
Cultural Resource Management	15.224		-	22,831
Fish, Wildlife and Plant Conservation Resource Mangement	15.231		22,984	224,283
Wildland Fire Research and Studies Program	15.232		-	54,848
Environmental Quality and Protection Resource Management	15.236		-	33,487
Fish and Wildlife Coordination Act	15.517		-	42,947
Upper Colorado and San Juan River Basins Endangered Fish Recover	15.529		-	84,139
Middle Rio Grande Endangered Species Collaborative Program	15.537		-	261,834
Lower Colorado River Multi-Species Conservation Program.	15.538		-	88,871
Fish and Wildlife Management Assistance	15.608		-	29,283
Endangered Species Conservation Recovery	15.657		-	9,643
Geological Survey Research and Data Acquisition	15.808		-	323,583
Cooperative Research and Training Programs - Resources of the Nati	15.945		7,798	644,050
National Park Service Conservation, Protection, Outreach and Educat	15.954		-	3,084
		Total Department of the Interior Direct Awards	30,782	1,859,267
Pass-Through Awards				
Department of the Interior	15.000	Colorado State University	-	5,679
Wildland Fire Research and Studies Program	15.232	Fort Stanton Cave Study Project	-	15,175
Indian Tribal Water Resources Development, Management, and Prote	15.519	American Indian Law Center Inc	-	2,331
Lower Colorado River Multi-Species Conservation Program.	15.538	Wayne State University	-	20,565
Cooperative Endangered Species Conservation Fund	15.615	New Mexico Energy Minerals and Natural Resources I	-	6,783
State Wildlife Grants	15.634	New Mexico Game and Fish Department	-	56,826
Research Grants (Generic)	15.650	Buecher Biological Consulting	-	6,210
Assistance to State Water Resources Research Institutes	15.805	New Mexico Water Resources Research Institute	-	26,202
Geological Survey Research and Data Acquisition	15.808	New Mexico Department of Information Technology	-	46,224

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Cooperative Research Units Program (B)	15.812	New Mexico State University	-	5,392
National Climate Change and Wildlife Service Center	15.820	University of Oklahoma	-	14,559
		Total Department of the Interior Pass-Through Awards	-	205,946
		Total Department of the Interior	30,782	2,065,213
Department of Justice				
Direct Awards				
Department of Justice	16.000		-	190
Criminal Justice Statistics Development	16.550		-	61,526
Justice Research Development and Evaluation Project	16.560		-	197,606
		Total Department of Justice Direct Awards	-	259,322
Pass-Through Awards				
Department of Justice	16.000	Santa Clara Indian Pueblo	-	71,548
Justice Research Development and Evaluation Project	16.560	Idaho State University	-	28,369
Justice Research Development and Evaluation Project	16.560	New Mexico Public Safety Department	-	1,867
Justice Research Development and Evaluation Project	16.560	University of Louisville	-	7,552
	16.560	Subtotal	-	37,788
Project Safe Neighborhoods	16.609	St. Bonaventure Indian Mission and School	-	15,963
PREA Program: Demonstration Projects to Establish "Zero Tolerance"	16.735	Bernalillo County	-	5,922
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	New Mexico Public Safety Department	-	56,204
Criminal and Juvenile Justice and Mental Health Collaboration Progr	16.745	City of Albuquerque	-	28,575
		Total Department of Justice Pass-Through Awards	-	216,000
		Total Department of Justice	-	475,322
Department of Labor				
Pass-Through Awards				
Youthbuild	17.274	Santa Fe Community College	-	40,309
		Total Department of Labor Pass-Through Awards	-	40,309
		Total Department of Labor	-	40,309
Department of State				
Direct Awards				
Academic Exchange Programs - Educational Advising and Student Se	19.432		-	17,988
		Total Department of State Direct Awards	-	17,988
		Total Department of State	-	17,988
Department of Transportation				
Direct Awards				
Highway Training and Education	20.215		-	4,000
Transportation Planning, Research and Education (B)	20.931		248,291	380,294
		Total Department of Transportation Direct Awards	248,291	384,294
Pass-Through Awards				
Department of Transportation	20.000	New Mexico Department of Transportation	-	1,806,551
Highway Research and Development Program (B)	20.200	New Mexico Department of Transportation	-	56,387
Highway Planning and Construction	20.205	New Mexico Department of Transportation	-	5,054
Pipeline Safety Program State Base Grant	20.700	University of Nevada System	-	87,705
University Transportation Centers Program	20.701	University of Oklahoma	-	104,613
		Total Department of Transportation Pass-Through Awards	-	2,060,310
		Total Department of Transportation	248,291	2,444,604
National Aeronautics & Space Administration				
Direct Awards				
Aerospace Education Services Program	43.001		10,064	1,308,912
Space Operations	43.007		87,036	114,777
Education	43.008		110,385	557,041
		Total National Aeronautics & Space Administration Direct Awards	207,485	1,980,730
Pass-Through Awards				
National Aeronautics and Space Administration	43.000	Jet Propulsion Lab	-	222,076
National Aeronautics and Space Administration	43.000	Lenzner Research LLC	-	37,000
National Aeronautics and Space Administration	43.000	New Mexico State University	-	20,000
National Aeronautics and Space Administration	43.000	Silicon Space Technology Corp	-	36,909
National Aeronautics and Space Administration	43.000	University of California Los Angeles	-	6,947
National Aeronautics and Space Administration	43.000	Wyle Laboratories, Inc.	-	140,206
	43.000	Subtotal	-	463,138
Aerospace Education Services Program	43.001	Atmospheric & Space Technology Research Associate:	-	96,538
Aerospace Education Services Program	43.001	Bluecom Systems and Consulting LLC	-	39,501
Aerospace Education Services Program	43.001	GATR Technologies, Inc.	-	30,711

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Aerospace Education Services Program	43.001	Smithsonian Astrophysical Observatory	-	10,656
Aerospace Education Services Program	43.001	Trustees of the University of Pennsylvania	-	74,939
Aerospace Education Services Program	43.001	University of Maryland	-	81,892
	43.001	Subtotal	-	334,237
Education	43.008	New Mexico State University	-	38,419
		Total National Aeronautics & Space Administration Pass-Through Awards	-	835,794
		Total National Aeronautics & Space Administration	207,485	2,816,524
National Foundation on the Arts & Humanities				
Direct Awards				
Promotion of the Arts_Grants to Organizations and Individuals	45.024		-	4,884
Promotion of the Humanities_Research	45.161		-	33,905
Promotion of the Humanities_Professional Development	45.163		-	33,061
		Total National Foundation on the Arts & Humanities Direct Awards	-	71,850
Pass-Through Awards				
Promotion of the Arts_Grants to Organizations and Individuals	45.024	City of Albuquerque	-	7,335
Promotion of the Arts_Grants to Organizations and Individuals	45.024	The American Architectural Foundation	-	500
	45.024	Subtotal	-	7,835
National Leadership Grants	45.312	Montana State University	-	18,010
		Total National Foundation on the Arts & Humanities Pass-Through Awards	-	25,845
		Total National Foundation on the Arts & Humanities	-	97,695
National Science Foundation				
Direct Awards				
Engineering Grants	47.041		-	1,475,706
Mathematical and Physical Sciences	47.049		95,038	2,879,024
Geosciences	47.050		761,868	2,086,832
Computer and Information Science and Engineering	47.070		1,899,965	6,103,300
Biological Sciences	47.074		82,331	3,810,513
Social Behavioral and Economic Sciences	47.075		-	252,133
Education and Human Resources	47.076		75,184	3,396,424
Polar Programs	47.078		-	82,140
Office of International Science and Engineering	47.079		73,478	798,459
Office of Cyberinfrastructure (B)	47.080		1,793,579	4,669,675
ARRA - Trans-NSF Recovery Act Research Support	47.082		3,718	3,718
		Total National Science Foundation Direct Awards	4,785,161	25,557,924
Pass-Through Awards				
Engineering Grants	47.041	Arizona State University	-	242,914
Engineering Grants	47.041	Iowa State University	-	193,301
Engineering Grants	47.041	K&A Wireless LLC	-	22,424
Engineering Grants	47.041	ODMR Technologies, Inc	-	50,691
Engineering Grants	47.041	Rensselaer Polytechnic Institute	-	698,689
Engineering Grants	47.041	University of California- San Diego	-	118,264
Engineering Grants	47.041	University of Texas Austin	-	927,382
	47.041	Subtotal	-	2,253,665
Mathematical and Physical Sciences	47.049	Associated Universities Inc	-	78,417
Mathematical and Physical Sciences	47.049	University of Texas HSC Houston	-	34,232
	47.049	Subtotal	-	112,649
Geosciences	47.050	University of Arizona	-	43,294
Biological Sciences	47.074	Northern Arizona University	-	52,429
Biological Sciences	47.074	Ohio State University	-	15,871
Biological Sciences	47.074	University of California Los Angeles	-	78,979
Biological Sciences	47.074	University of Puerto Rico	-	22,755
	47.074	Subtotal	-	170,034
Social Behavioral and Economic Sciences	47.075	New Mexico State University	-	1,345
Social Behavioral and Economic Sciences	47.075	Resources for the Future	-	12,004
	47.075	Subtotal	-	13,349
Education and Human Resources	47.076	Biological Sciences Curriculum Study	-	8,157
Education and Human Resources	47.076	JF Drake State Technical College	-	23,469
Education and Human Resources	47.076	Michigan State University	-	16,790
Education and Human Resources	47.076	New Mexico Institute of Mining and Technology	-	32,382
Education and Human Resources	47.076	New Mexico State University	-	68,877
	47.076	Subtotal	-	149,675
Polar Programs	47.078	University of Colorado	-	106,213
		Total National Science Foundation Pass-Through Awards	-	2,848,879
		Total National Science Foundation	4,785,161	28,406,803

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Department of Veterans Affairs				
Direct Awards				
Department of Veterans Affairs	64.000		-	333,192
		Total Department of Veterans Affairs Direct Awards	-	333,192
Pass-Through Awards				
Department of Veterans Affairs	64.000	Biomedical Research Institute of New Mexico	-	25,633
		Total Department of Veterans Affairs Pass-Through Awards	-	25,633
		Total Department of Veterans Affairs	-	358,825
Environmental Protection Agency				
Direct Awards				
Science To Achieve Results (STAR) Research Program	66.509		-	63,368
		Total Environmental Protection Agency Direct Awards	-	63,368
Pass-Through Awards				
Environmental Protection Agency	66.000	The Cadmus Group, Inc.	-	254,032
Long Island Sound Program (B)	66.437	New Mexico Environment Department	-	34,174
Regional Wetland Program Development Grants	66.461	New Mexico Environment Department	-	75,022
Science To Achieve Results (STAR) Research Program	66.509	University of Washington	-	95,767
		Total Environmental Protection Agency Pass-Through Awards	-	458,995
		Total Environmental Protection Agency	-	522,363
Department of Energy				
Direct Awards				
Basic Energy Sciences University and Science Education	81.049		144,061	1,383,513
Renewable Energy Research and Development	81.087		134,167	362,834
Fossil Energy Research and Development	81.089		-	64,691
Inertial Fusion Science_Support of Stockpile Stewardship	81.112		-	219,957
Defense Nuclear Nonproliferation Research (B)	81.113		-	179,593
Nuclear Energy Research, Development and Demonstration	81.121		-	628,307
		Total Department of Energy Direct Awards	278,228	2,838,895
Pass-Through Awards				
Department of Energy	81.000	Battelle Memorial Institute	-	558,658
Department of Energy	81.000	Brookhaven Science Associates LLC	-	172,633
Department of Energy	81.000	Honeywell Corporation	-	302,218
Department of Energy	81.000	HyperV Technologies Corp	-	60,474
Department of Energy	81.000	Lawrence Livermore National Laboratory	7,964	176,298
Department of Energy	81.000	Los Alamos National Laboratory	145,570	539,400
Department of Energy	81.000	Los Alamos National Security, LLC	-	642,463
Department of Energy	81.000	MIND Research Network	-	345,874
Department of Energy	81.000	New Mexico Consortium Inc	-	8,313
Department of Energy	81.000	Sandia National Laboratories	-	1,756,434
Department of Energy	81.000	UT-Battelle LLC	-	110,013
	81.000	Subtotal	153,534	4,672,778
Basic Energy Sciences University and Science Education	81.049	Johns Hopkins University	-	5,631
Basic Energy Sciences University and Science Education	81.049	Lawrence Berkeley National Laboratory	-	263,410
Basic Energy Sciences University and Science Education	81.049	Southwest Sciences	-	266,082
Basic Energy Sciences University and Science Education	81.049	Washington University	-	99,886
	81.049	Subtotal	-	635,009
Renewable Energy Research and Development	81.087	Illinois Institute of Technology	-	2,154
Renewable Energy Research and Development	81.087	Northeastern University	-	91,870
Renewable Energy Research and Development	81.087	Proton OnSite	-	84,704
	81.087	Subtotal	-	178,728
Fossil Energy Research and Development	81.089	Los Alamos National Laboratory	-	31,683
Nuclear Energy Research, Development and Demonstration	81.121	University of California Berkley	-	80,770
National Nuclear Security Administration (NNSA) Minority Serving	81.123	Los Alamos National Laboratory	111,152	254,090
Advanced Research Projects Agency - Energy	81.135	Ceramatec, Inc.	-	36,893
		Total Department of Energy Pass-Through Awards	264,686	5,889,951
		Total Department of Energy	542,914	8,728,846
Department of Education				
Direct Awards				
TRIO Upward Bound	84.047		-	278,883
Graduate Assistance in Areas of National Need	84.200		-	86,368
		Total Department of Education Direct Awards	-	365,251
Pass-Through Awards				
Fund for the Improvement of Postsecondary Education	84.116	New Mexico State University	-	5,000
Ready-To-Learn Television	84.295	Corporation for Public Broadcasting	-	57,435
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovat	84.396	Utah State University	-	29,561

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Race to the Top - Early Learning Challenge	84.412	New Mexico Children Youth and Families Department	628,662	4,043,036
Race to the Top - Early Learning Challenge	84.412	New Mexico Department of Health	-	16
	84.412	Subtotal	628,662	4,043,052
		Total Department of Education Pass-Through Awards	628,662	4,135,048
		Total Department of Education	628,662	4,500,299
Department of Health & Human Services				
Direct Awards				
Department of Health & Human Services	93.000		452,042	3,211,704
Maternal and Child Health Federal Consolidated Programs	93.110		37,958	1,347,386
Biological Response to Environmental Health Hazards	93.113		649,148	2,538,186
Oral Diseases and Disorders Research	93.121		-	659,450
Emergency Medical Services for Children	93.127		-	179,566
Centers for Research and Demonstration for Health	93.135		-	733,916
HIV Demonstration Program for Children Adolescents and	93.153		-	51,676
Health Program for Toxic Substances and Disease Registry	93.161		318,330	1,137,610
Human Genome Research	93.172		-	450,705
Research Related to Deafness and Communication Disorders	93.173		-	(2,269)
Telehealth Programs	93.211		-	178,748
Research and Training in Complementary and Integrative Health	93.213		181,722	806,758
Health Services Research and Development Grants	93.226		94,551	616,873
Mental Health Research Grants	93.242		198,543	747,228
Substance Abuse and Mental Health Services-Projects of Regional an	93.243		-	144,493
Occupational Safety and Health Program	93.262		58,279	400,979
Adult Viral Hepatitis Prevention and Control	93.270		-	183,615
Alcohol Research Programs	93.273		438,620	5,832,986
Drug Abuse and Addiction Research Programs	93.279		2,314,231	4,054,597
Discovery and Applied Research for Technological Innovations to Im	93.286		7,640	113,376
Teenage Pregnancy Prevention Program	93.297		27,223	765,867
Minority Health and Health Disparities Research	93.307		34,659	1,271,945
NIH Roadmap Initiative	93.310		616,816	1,884,637
National Center for Advancing Translational Sciences	93.350		-	3,957,393
Research Infrastructure Programs	93.351		-	448,484
Advanced Education Nursing Traineeships	93.358		-	346,312
Nursing Research	93.361		181,545	445,321
Cancer Cause and Prevention Research	93.393		371,317	1,061,860
Cancer Detection and Diagnosis Research	93.394		73,140	617,399
Cancer Treatment Research	93.395		105,423	1,560,733
Cancer Biology Research	93.396		-	1,192,105
Cancer Centers Support	93.397		334,116	3,379,604
Cancer Research Manpower	93.398		-	508,264
Cancer Control	93.399		-	24,195
Health Promotion and Disease Prevention Research Centers: PPHF -	93.542		-	65,678
Health Care Innovation Awards (HCIA)	93.610		133,367	5,675,088
Cardiovascular Diseases Research	93.837		188,276	1,963,719
Lung Diseases Research	93.838		-	415,611
Blood Diseases and Resources Research	93.839		-	262,979
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		61,694	1,013,874
Clinical Research Related to Neurological Disorders	93.853		125,173	2,687,905
Allergy and Infectious Diseases Research	93.855		401,726	5,722,609
Pharmacology Physiology and Biological Chemistry	93.859		505,400	10,885,413
Child Health and Human Development Extramural Research	93.865		64,607	754,530
Aging Research	93.866		88,707	359,010
Vision Research	93.867		-	321,995
Research and Demonstration Projects for Indian Health	93.933		-	62,348
International Research and Research Training	93.989		167,400	276,858
		Total Department of Health & Human Services Direct Awards	8,231,653	71,319,319
Pass-Through Awards				
ARRA - Department of Health & Human Services	93.000	Leidos Inc	-	4,687
Department of Health & Human Services	93.000	Baystate Medical Center	-	119,878
Department of Health & Human Services	93.000	Brigham & Women's Hospital	-	45,802
Department of Health & Human Services	93.000	Center for Public Service Communications	-	38,158
Department of Health & Human Services	93.000	Children's Hospital of Philadelphia	-	5,059
Department of Health & Human Services	93.000	Duke University	-	13,552
Department of Health & Human Services	93.000	East Central Ministries	-	4,562
Department of Health & Human Services	93.000	Emory University	-	688
Department of Health & Human Services	93.000	Family Service Agency of San Francisco	-	238,088
Department of Health & Human Services	93.000	Feinstein Institute for Medical Research	-	(6,830)
Department of Health & Human Services	93.000	Feinstein Kean Healthcare	-	1,034
Department of Health & Human Services	93.000	Leidos Inc	-	74,068

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Department of Health & Human Services	93.000	Miners Colfax Medical Center	-	8,883
Department of Health & Human Services	93.000	Montefiore Medical Center	-	55,325
Department of Health & Human Services	93.000	Native American Professional Parent Resources Inc	-	29,432
Department of Health & Human Services	93.000	New Mexico Human Services Department	-	83,157
Department of Health & Human Services	93.000	NM Public Education Department	-	136,443
Department of Health & Human Services	93.000	Patient Centered Outcomes Research Institute	448,386	1,161,518
Department of Health & Human Services	93.000	Pulmokine Inc.	-	30,495
Department of Health & Human Services	93.000	Ramah Navajo School Board Inc	-	462
Department of Health & Human Services	93.000	The EMMES Corporation	-	19,499
Department of Health & Human Services	93.000	University of California San Francisco	-	423,978
Department of Health & Human Services	93.000	University of Colorado	-	21,248
Department of Health & Human Services	93.000	University of Washington	-	67,505
	93.000	Subtotal	448,386	2,576,691
PPHF - Applied Leadership for Community Health Improvement	93.055	Henry M Jackson Foundation	-	28,343
Global AIDS (B)	93.067	Elizabeth Glaser Pediatric AIDS Foundation	-	(254)
Public Health Emergency Preparedness	93.069	New Mexico Department of Health	-	44
Environmental Public Health and Emergency Response	93.070	New Mexico Department of Health	-	119,591
Hospital Preparedness Program (HPP) and Public Health Emergency	93.074	New Mexico Department of Health	-	24,742
Comprehensive Community Mental Health Services for	93.104	New Mexico Children Youth and Families Department	-	222,730
Maternal and Child Health Federal Consolidated Programs	93.110	New Mexico Department of Health	-	(7,245)
Maternal and Child Health Federal Consolidated Programs	93.110	Oregon Health & Science University	-	6,426
Maternal and Child Health Federal Consolidated Programs	93.110	The American Academy of Pediatrics	-	135,625
Maternal and Child Health Federal Consolidated Programs	93.110	University of California Los Angeles	-	4,574
	93.110	Subtotal	-	139,380
Biological Response to Environmental Health Hazards	93.113	Columbia University	-	229,384
Biological Response to Environmental Health Hazards	93.113	Indiana University	-	417
Biological Response to Environmental Health Hazards	93.113	University of California Los Angeles	-	14,308
Biological Response to Environmental Health Hazards	93.113	University of Louisville	-	17,782
Biological Response to Environmental Health Hazards	93.113	University of Montana	-	201,877
Biological Response to Environmental Health Hazards	93.113	University of Southern Maine	-	1
Biological Response to Environmental Health Hazards	93.113	University of Texas at El Paso	-	7
	93.113	Subtotal	-	463,776
Emergency Medical Services for Children	93.127	University of Arizona	-	139,795
Injury Prevention and Control Research and State Grants	93.136	New Mexico Department of Health	-	112,269
National AIDS Education and Training Centers	93.145	University of Colorado	-	62,668
Human Genome Research	93.172	Centrillion Biosciences Inc	-	52,763
Human Genome Research	93.172	Harvard University	-	306,551
Human Genome Research	93.172	Redondo Optics Inc	-	47,714
	93.172	Subtotal	-	407,028
Research Related to Deafness and Communication Disorders	93.173	University of Central Florida Research Foundation Inc	-	11,029
Disabilities Prevention	93.184	University of Colorado	-	2,701
Research and Training in Complementary and Integrative Health	93.213	Oregon Research Institute	-	6,949
Health Services Research and Development Grants	93.226	University of Colorado	107,750	781,586
Mental Health Research Grants	93.242	MIND Research Network	-	67,604
Mental Health Research Grants	93.242	University of California- San Diego	-	20,179
	93.242	Subtotal	-	87,783
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	New Mexico Children Youth and Families Department	-	34,968
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	New Mexico Department of Health	-	6,173
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	New Mexico Human Services Department	55,425	314,861
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	OptumHealth New Mexico	-	66,368
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	Pueblo of San Felipe	-	316,067
	93.243	Subtotal	55,425	738,437
Occupational Safety and Health Program	93.262	University of Texas Health Center at Tyler	-	75,553
Alcohol Research Programs	93.273	Klein Buendel Inc	-	32,189
Alcohol Research Programs	93.273	MIND Research Network	-	127,799
Alcohol Research Programs	93.273	Old Dominion University	-	22,401
Alcohol Research Programs	93.273	Pacific Institute for Research & Evaluation	-	121,001
Alcohol Research Programs	93.273	University of Massachusetts	-	22,352
Alcohol Research Programs	93.273	University of Missouri	-	13,016
Alcohol Research Programs	93.273	University of North Carolina	14,902	776,409
	93.273	Subtotal	14,902	1,115,167
Drug Abuse and Addiction Research Programs	93.279	Dartmouth College	-	(9,458)
Drug Abuse and Addiction Research Programs	93.279	MIND Research Network	-	48,541
Drug Abuse and Addiction Research Programs	93.279	OptumHealth New Mexico	-	(11,702)
Drug Abuse and Addiction Research Programs	93.279	Rutgers University	-	20,463

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Drug Abuse and Addiction Research Programs	93.279	University of California Los Angeles	-	278,423
Drug Abuse and Addiction Research Programs	93.279	University of California San Francisco	-	37,954
	93.279	Subtotal	-	364,221
Centers for Disease Control and Prevention_ Investigations and Techn	93.283	New Mexico Department of Health	-	11,269
Centers for Disease Control and Prevention_ Investigations and Techn	93.283	University of California Los Angeles	-	(7,294)
Centers for Disease Control and Prevention_ Investigations and Techn	93.283	New Mexico Department of Health	-	329
	93.283	Subtotal	-	4,304
Minority Health and Health Disparities Research	93.307	Association of American Medical Colleges	-	90,297
Minority Health and Health Disparities Research	93.307	Pacific Institute for Research & Evaluation	-	48,611
	93.307	Subtotal	-	138,908
NIH Roadmap Initiative	93.310	Boston College	-	173,384
NIH Roadmap Initiative	93.310	University of Texas at El Paso	-	62,219
	93.310	Subtotal	-	235,603
National Center for Advancing Translational Sciences	93.350	Trustees of Dartmouth College	-	34,845
Nurse Education, Practice Quality and Retention Grants	93.359	El Pueblo Health Services Inc	-	(7,827)
Cancer Cause and Prevention Research	93.393	Group Health Cooperative	-	36,230
Cancer Cause and Prevention Research	93.393	Klein Buendel Inc	-	48,427
Cancer Cause and Prevention Research	93.393	Lawrence Berkeley National Laboratory	-	98,911
Cancer Cause and Prevention Research	93.393	University of North Carolina at Chapel Hill	-	11,278
Cancer Cause and Prevention Research	93.393	University of South Carolina	-	43,570
Cancer Cause and Prevention Research	93.393	Virginia Commonwealth University	-	92,658
	93.393	Subtotal	-	331,074
Cancer Detection and Diagnosis Research	93.394	Fred Hutchinson Cancer Research Center	-	46,766
Cancer Detection and Diagnosis Research	93.394	Memorial Sloan Kettering Cancer Center	-	263,802
Cancer Detection and Diagnosis Research	93.394	William Marsh Rice University	-	52,478
	93.394	Subtotal	-	363,046
Cancer Treatment Research	93.395	Children's Hospital of Philadelphia	-	12,912
Cancer Treatment Research	93.395	Cornell University	-	102,046
Cancer Treatment Research	93.395	Gynecologic Oncology Group	-	2,438
Cancer Treatment Research	93.395	Mayo Clinic Rochester	-	676
Cancer Treatment Research	93.395	Montefiore Medical Center	-	13,808
Cancer Treatment Research	93.395	North Central Cancer Treatment Group	-	479
Cancer Treatment Research	93.395	Southwest Oncology Group	-	10,531
Cancer Treatment Research	93.395	Washington University	-	56,699
	93.395	Subtotal	-	199,589
Cancer Centers Support	93.397	Methodist Hospital Research Institute	-	(6)
Cancer Centers Support	93.397	University of Southern California	-	5
	93.397	Subtotal	-	(1)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood H	93.505	New Mexico Children Youth and Families Department	-	157,154
Affordable Care Act (ACA) Tribal Maternal, Infant, and Early Childh	93.508	Pueblo of San Felipe	-	93,035
Health Care Innovation Awards (HCIA)	93.610	Feinstein Institute for Medical Research	-	6,710
ACA - State Innovation Models: Funding for Model Design and Moc	93.624	New Mexico Department of Health	-	74,011
PPHF: Racial and Ethnic Approaches to Community Health Program	93.738	Presbyterian Healthcare Services	-	78,937
State Public Health Actions to Prevent and Control Diabetes, Heart D	93.757	New Mexico Department of Health	-	14,388
Preventive Health and Health Services Block Grant funded solely witl	93.758	New Mexico Department of Health	-	(21,217)
Medical Assistance Program	93.778	New Mexico Human Services Department	-	1,765,225
Cardiovascular Diseases Research	93.837	Exhalix, LLC	-	37,418
Cardiovascular Diseases Research	93.837	National Jewish Health	-	82,364
Cardiovascular Diseases Research	93.837	Regents of the University of Michigan	-	9,338
Cardiovascular Diseases Research	93.837	University of Texas Austin	-	(583)
Cardiovascular Diseases Research	93.837	University of Wisconsin	-	23,336
	93.837	Subtotal	-	151,873
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Case Western Reserve University	-	133,673
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Childrens National Medical Center	-	(844)
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	George Washington University	-	670,440
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Nationwide Childrens Hospital	-	3,909
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Rosalind Franklin University of Medicine Science	-	16,864
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Texas Medical Branch	-	20,016
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	VisionQuest Biomedical, LLC	-	18,034
	93.847	Subtotal	-	862,092
Kidney Diseases Urology and Hematology Research	93.849	The Children's Mercy Hospital	-	31,289
Clinical Research Related to Neurological Disorders	93.853	Boston Children's Hospital	-	23,150
Clinical Research Related to Neurological Disorders	93.853	Johns Hopkins University	-	33,880
Clinical Research Related to Neurological Disorders	93.853	Oregon Health & Science University	-	33,017
Clinical Research Related to Neurological Disorders	93.853	Regents of the University of California	6,898	123,846

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Clinical Research Related to Neurological Disorders	93.853	Regents of the University of Minnesota	-	378
Clinical Research Related to Neurological Disorders	93.853	University of Arizona	-	13,303
Clinical Research Related to Neurological Disorders	93.853	University of Cincinnati	-	30,190
Clinical Research Related to Neurological Disorders	93.853	University of Rochester	-	6,427
Clinical Research Related to Neurological Disorders	93.853	University of South Carolina	-	224,136
Clinical Research Related to Neurological Disorders	93.853	University of Washington	-	85,342
Clinical Research Related to Neurological Disorders	93.853	VisionQuest Biomedical, LLC	-	21,089
Clinical Research Related to Neurological Disorders	93.853	Yale University	-	358
	93.853	Subtotal	6,898	595,116
Allergy and Infectious Diseases Research	93.855	Boston University	-	17,064
Allergy and Infectious Diseases Research	93.855	Los Alamos National Laboratory	-	104,016
Allergy and Infectious Diseases Research	93.855	NovaSterilis, Inc.	-	25,904
Allergy and Infectious Diseases Research	93.855	Regents of the University of California	-	4,672
Allergy and Infectious Diseases Research	93.855	University of Kansas Center for Research	-	581
Allergy and Infectious Diseases Research	93.855	University of Maryland	-	(2,683)
Allergy and Infectious Diseases Research	93.855	University of Washington	-	298,924
	93.855	Subtotal	-	448,478
Pharmacology Physiology and Biological Chemistry	93.859	Boston University	-	135,290
Pharmacology Physiology and Biological Chemistry	93.859	Carnegie Mellon University	-	96,347
Pharmacology Physiology and Biological Chemistry	93.859	General Hospital Corp	-	7,311
Pharmacology Physiology and Biological Chemistry	93.859	Louisiana State University	-	93,116
Pharmacology Physiology and Biological Chemistry	93.859	MIND Research Network	-	765,259
Pharmacology Physiology and Biological Chemistry	93.859	New Mexico State University	-	827,469
Pharmacology Physiology and Biological Chemistry	93.859	Northern New Mexico College	-	8,572
Pharmacology Physiology and Biological Chemistry	93.859	St. Jude Children's Research Hospital	-	57,019
Pharmacology Physiology and Biological Chemistry	93.859	Trustees of the University of Pennsylvania	-	39,088
Pharmacology Physiology and Biological Chemistry	93.859	Univ of Nevada Las Vegas	153,227	555,642
Pharmacology Physiology and Biological Chemistry	93.859	University of Alaska	-	6,648
Pharmacology Physiology and Biological Chemistry	93.859	University of Texas HSC Houston	-	19,301
	93.859	Subtotal	153,227	2,611,062
Child Health and Human Development Extramural Research	93.865	Research Triangle Institute	-	84,488
Child Health and Human Development Extramural Research	93.865	RTI International	-	263,045
Child Health and Human Development Extramural Research	93.865	Washington University	-	1,404
Child Health and Human Development Extramural Research	93.865	Wayne State University	-	25,295
	93.865	Subtotal	-	374,232
Aging Research	93.866	Cornell University	-	42,660
Aging Research	93.866	Regents of the University of Michigan	-	6,223
Aging Research	93.866	University of California, Santa Barbara	-	359,994
Aging Research	93.866	University of Florida	-	19,070
	93.866	Subtotal	-	427,947
Vision Research	93.867	Jaeb Center for Health Research, Inc.	-	1,839
Rural Health Care Services Outreach, Rural Health Network Develop	93.912	National Center for Frontier Communities	-	353
HIV Care Formula Grants	93.917	New Mexico Department of Health	-	50,845
Research and Demonstration Projects for Indian Health	93.933	Black Hills Center for American Indian Health	39,495	132,670
Research and Demonstration Projects for Indian Health	93.933	National Congress of American Indians	-	12,242
	93.933	Subtotal	39,495	144,912
Cooperative Agreements to Support State-Based Infant	93.946	New Mexico Department of Health	-	25,425
Block Grants for Prevention and Treatment of Substance	93.959	New Mexico Human Services Department	-	135,258
Block Grants for Prevention and Treatment of Substance	93.959	OptumHealth New Mexico	-	2,260
	93.959	Subtotal	-	137,518
Preventive Health and Health Services Block Grant	93.991	New Mexico Department of Health	-	8,066
Maternal and Child Health Services Block Grant to the	93.994	New Mexico Department of Health	-	101,993
		Total Department of Health & Human Services Pass-Through Awards	826,083	16,921,053
		Total Department of Health & Human Services	9,057,736	88,240,372
Department of Homeland Security				
Direct Awards				
Cooperating Technical Partners	97.045		-	228,268
		Total Department of Homeland Security Direct Awards	-	228,268
Pass-Through Awards				
Homeland Security	97.000	University of Southern California	-	48,332
Hazard Mitigation Grant	97.039	New Mexico Department of Homeland Security	-	46,209
		Total Department of Homeland Security Pass-Through Awards	-	94,541
		Total Department of Homeland Security	-	322,809
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			19,094,205	158,410,306

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
OTHER MAJOR PROGRAM				
Department of Education				
Direct Awards				
Higher Education Institutional Aid	84.031		755,928	3,937,032
Higher Education Institutional Aid (B)	84.031C		508,150	1,206,752
Total Department of Education Direct Awards			1,264,078	5,143,784
Pass-Through Awards				
Higher Education Institutional Aid	84.031	Adams State University	-	73,569
Higher Education Institutional Aid	84.031	Eastern New Mexico University Roswell	-	44,832
Higher Education Institutional Aid	84.031	Northern New Mexico College	-	546,479
Total Department of Education Pass-Through Awards			-	664,880
Total Department of Education			1,264,078	5,808,664
TOTAL OTHER MAJOR PROGRAM			1,264,078	5,808,664
TOTAL MAJOR PROGRAMS			\$ 20,358,283	\$ 164,218,970
NONMAJOR PROGRAMS				
STUDENT FINANCIAL ASSISTANCE CLUSTER				
Department of Education				
Direct Awards				
Federal Supplemental Educational Opportunity Grants	84.007		\$ -	\$ 1,202,144
Federal Work-Study Program	84.033		-	2,123,882
Federal Perkins Loans	84.038		-	9,972,276
Federal Pell Grant Program	84.063		-	48,624,312
Federal Direct Student Loans	84.268		-	114,955,752
Teacher Education Assistance for College and Higher Education Grant	84.379		-	313,216
Total Department of Education Direct Awards			-	177,191,582
Total Department of Education			-	177,191,582
Department of Health & Human Services				
Direct Awards				
Grants for Primary Care Training and Enhancement	93.884		-	167,774
Scholarships for Health Professions Students from	93.925		-	944,745
Total Department of Health & Human Services Direct Awards			-	1,112,519
Total Department of Health & Human Services			-	1,112,519
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			-	178,304,101
OTHER NONMAJOR PROGRAMS				
Department of Agriculture				
Direct Awards				
Department of Agriculture	10.000		-	931
Plant and Animal Disease Pest Control and Animal Care	10.025		9,854	10,840
Hispanic Serving Institutions Education Grants	10.223		58,322	157,494
Total Department of Agriculture Direct Awards			68,176	169,265
Pass-Through Awards				
State Administrative Matching Grants for the Supplemental Nutrition	10.561	New Mexico Human Services Department	-	662,083
Total Department of Agriculture Pass-Through Awards			-	662,083
Total Department of Agriculture			68,176	831,348
Department of Commerce				
Pass-Through Awards				
Economic Development Technical Assistance	11.303	North Central NM Economic Development District	-	13,500
Total Department of Commerce Pass-Through Awards			-	13,500
Total Department of Commerce			-	13,500
Department of Defense				
Direct Awards				
Department of Defense	12.000		-	504,126
Air Force Defense Research Sciences Program	12.800		-	62,366
Language Grant Program	12.900		-	99,302
GenCyber Grants Program	12.903		-	12,946
Total Department of Defense Direct Awards			-	678,740

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Pass-Through Awards				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Technology Student Association	-	17,791
		Total Department of Defense Pass-Through Awards	-	17,791
		Total Department of Defense	-	696,531
Department of Housing and Urban Development				
Direct Awards				
Mortgage Insurance_Hospitals	14.128		-	237,465,000
		Total Department of Housing and Urban Development Direct Awards	-	237,465,000
		Total Department of Housing and Urban Development	-	237,465,000
Department of the Interior				
Direct Awards				
Department of the Interior	15.000		-	36,313
Cultural Resource Management	15.224		-	10,272
Endangered Species Conservation Recovery	15.657		-	9,964
		Total Department of the Interior Direct Awards	-	56,549
Pass-Through Awards				
Department of the Interior	15.000	American Indian Law Center Inc	-	11,000
Wildlife Conservation and Restoration	15.625	New Mexico Energy Minerals and Natural Resources I	-	(69)
		Total Department of the Interior Pass-Through Awards	-	10,931
		Total Department of the Interior	-	67,480
Department of Justice				
Direct Awards				
Department of Justice	16.000		-	1,180
		Total Department of Justice Direct Awards	-	1,180
Pass-Through Awards				
Justice Systems Response to Families	16.021	Enlace Comunitario	-	5,248
Crime Victim Assistance	16.575	New Mexico Crime Victims Reparation Commission	-	108,452
Project Safe Neighborhoods	16.609	New Mexico Public Safety Department	-	16,493
Postconviction DNA Testing Program	16.820	New Mexico Public Safety Department	-	273,039
		Total Department of Justice Pass-Through Awards	-	403,232
		Total Department of Justice	-	404,412
Department of Labor				
Pass-Through Awards				
Department of Labor	17.000	Fluor Federal Solutions, Inc.	-	64,683
Trade Adjustment Assistance Community College and Career Trainin	17.282	New Mexico Junior College	-	73,849
Trade Adjustment Assistance Community College and Career Trainin	17.282	Santa Fe Community College	-	1,050,887
	17.282	Subtotal	-	1,124,736
		Total Department of Labor Pass-Through Awards	-	1,189,419
		Total Department of Labor	-	1,189,419
Department of Transportation				
Pass-Through Awards				
Department of Transportation	20.000	New Mexico Department of Transportation	-	42,977
State and Community Highway Safety	20.600	New Mexico Department of Transportation	-	288,227
		Total Department of Transportation Pass-Through Awards	-	331,204
		Total Department of Transportation	-	331,204
Department of the Treasury				
Direct Awards				
Low Income Taxpayer Clinics	21.008		-	89,743
		Total Department of the Treasury Direct Awards	-	89,743
		Total Department of the Treasury	-	89,743
National Foundation on the Arts & Humanities				
Direct Awards				
Promotion of the Humanities Division of Preservation and	45.149		126,939	148,606
Museums for America	45.301		-	9,595
		Total National Foundation on the Arts & Humanities Direct Awards	126,939	158,201
Pass-Through Awards				
Promotion of the Arts_Grants to Organizations and Individuals	45.024	City of Albuquerque	-	10,870
		Total National Foundation on the Arts & Humanities Pass-Through Awards	-	10,870
		Total National Foundation on the Arts & Humanities	126,939	169,071
National Science Foundation				
Pass-Through Awards				
National Science Foundation	47.000	Associated Universities Inc	-	3,784

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Education and Human Resources	47.076	Arizona State University	-	23,369
Education and Human Resources	47.076	Twin Cities Public Television, Inc	-	293
	47.076	Subtotal	-	23,662
		Total National Science Foundation Pass-Through Awards	-	27,446
		Total National Science Foundation	-	27,446
Small Business Administration				
Pass-Through Awards				
Small Business Development Centers	59.037	Santa Fe Community College	-	55,772
		Total Small Business Administration Pass-Through Awards	-	55,772
		Total Small Business Administration	-	55,772
Department of Veterans Affairs				
Direct Awards				
Department of Veterans Affairs	64.000		-	324,405
		Total Department of Veterans Affairs Direct Awards	-	324,405
		Total Department of Veterans Affairs	-	324,405
Environmental Protection Agency				
Pass-Through Awards				
Environmental Finance Center Grants	66.203	University of North Carolina at Chapel Hill	-	29,817
Surveys, Studies, Investigations, Demonstrations, and Training Grant	66.424	University of North Carolina at Chapel Hill	-	487,397
Capitalization Grants for Drinking Water State Revolving Fund	66.468	Vermont Department of Environmental Conservation	-	48,382
		Total Environmental Protection Agency Pass-Through Awards	-	565,596
		Total Environmental Protection Agency	-	565,596
Nuclear Regulatory Commission				
Direct Awards				
U.S. Nuclear Regulatory Commission Nuclear Education Grant Progr	77.006		-	70,729
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Pr	77.008		-	17,970
		Total Nuclear Regulatory Commission Direct Awards	-	88,699
		Total Nuclear Regulatory Commission	-	88,699
Department of Energy				
Pass-Through Awards				
Department of Energy	81.000	Regional Development Corp	-	42,776
Department of Energy	81.000	Sandia National Laboratories	-	155,761
	81.000	Subtotal	-	198,537
Environmental Remediation and Waste Processing and Disposal	81.104	Regional Development Corp	-	27,490
		Total Department of Energy Pass-Through Awards	-	226,027
		Total Department of Energy	-	226,027
Department of Education				
Direct Awards				
National Resource Center	84.015A		-	193,522
Fellowships	84.015B		-	276,818
TRIO Student Support Services	84.042		-	665,678
TRIO Upward Bound	84.047		-	959,265
TRIO Educational Opportunity Centers	84.066		-	206,519
Migrant Education High School Equivalency Program	84.141		-	1,107,473
Migrant Education College Assistance Migrant Program	84.149		-	884,861
McNair Post-Baccalaureate Achievement	84.217		-	262,290
Special Education Technical Assistance and Dissemination to Improv	84.326		-	129,360
Child Care Access Means Parents in School (B)	84.335		-	405,068
Improving Teacher Quality State Grants (A)	84.367		419,019	461,213
		Total Department of Education Direct Awards	419,019	5,552,067
Pass-Through Awards				
Department of Education	84.000	NM Public Education Department	-	7,426
Adult Education - Basic Grants to States	84.002	New Mexico Higher Education Department	-	573,316
Desegregation Assistance Civil Rights Training and	84.004	New Mexico Higher Education Department	-	(11,271)
Special Education Grants to States	84.027	Navajo Nation	-	631,329
Special Education Grants to States	84.027	New Mexico Department of Health	-	(2,538)
Special Education Grants to States	84.027	NM Public Education Department	-	113,754
	84.027	Subtotal	-	742,545
Career and Technical Education - Basic Grants to States	84.048	NM Public Education Department	-	238,806
Career and Technical Education - National Programs	84.051	NM Public Education Department	-	116,592
Rehabilitation Services Vocational Rehabilitation Grants	84.126	New Mexico Division of Vocational Rehabilitation	-	703,115

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Special Education Preschool Grants	84.173	New Mexico Department of Health	-	125,336
Special Education Preschool Grants	84.173	NM Public Education Department	-	359,448
	84.173	Subtotal	-	484,784
Special Education - Grants for Infants and Families	84.181	New Mexico Department of Health	-	213,430
Special Education - Grants for Infants and Families	84.181	NM Public Education Department	-	30,783
	84.181	Subtotal	-	244,213
Special Education - Personnel Development to Improve Services and Gaining Early Awareness and Readiness for Undergraduate Programs	84.325	New Mexico State University	-	79,761
School Leadership (B)	84.363	Eastern New Mexico University	-	27,246
	84.363	Albuquerque Public Schools	-	29,332
		Total Department of Education Pass-Through Awards	-	3,235,865
		Total Department of Education	419,019	8,787,932
Department of Health & Human Services				
Direct Awards				
Department of Health & Human Services	93.000		-	948,819
Training in General, Pediatric, and Public Health Dentistry	93.059		-	175,110
Area Health Education Centers Point of Service Maintenance and Enl	93.107		210,189	285,205
Preventive Medicine and Public Health Residency Training Program,	93.117		-	38,387
Emergency Medical Services for Children	93.127		-	136,631
HIV Demonstration Program for Children Adolescents and	93.153		-	335,749
Substance Abuse and Mental Health Services-Projects of Regional an	93.243		-	564,108
Poison Center Support and Enhancement Grant Program	93.253		-	100,119
Grants for Education, Prevention, and Early Detection of Radiogenic	93.257		-	234,969
Skills Training and Health Workforce Development of Paraprofessor	93.329		-	70,772
Nurse Education, Practice Quality and Retention Grants	93.359		-	130,805
Affordable Care Act (ACA) Expansion of Physician Assistant Trainin	93.514		-	33,575
Developmental Disabilities University Affiliated Programs	93.632		-	557,904
Health Careers Opportunity Program	93.822		-	350,512
Grants for Primary Care Training and Enhancement	93.884		-	571,262
Grants to Provide Outpatient Early Intervention Services	93.918		-	714,807
Prevention and Public Health Fund (PPHF) Public Health Traineeship	93.964		-	34,266
Health Professions Recruitment Program for Indians	93.970		-	8,153
		Total Department of Health & Human Services Direct Awards	210,189	5,291,153
Pass-Through Awards				
Department of Health & Human Services	93.000	Colorado Department of Health Care Policy and Finan	-	(2,345)
Department of Health & Human Services	93.000	First Choice Community Healthcare	-	55,402
Department of Health & Human Services	93.000	Houston Academy of Medicine - Texas Medical Cente	-	17,668
Department of Health & Human Services	93.000	Miners Colfax Medical Center	-	119,453
Department of Health & Human Services	93.000	New Mexico Department of Health	-	114,634
Department of Health & Human Services	93.000	New Mexico Developmental Disabilities Planning Cnc	-	155,231
Department of Health & Human Services	93.000	NM Developmental Disabilities Planning Council	-	(60)
Department of Health & Human Services	93.000	Seattle Indian Health Board	-	219,788
Department of Health & Human Services	93.000	Social & Scientific Systems	-	7,936
	93.000	Subtotal	-	687,707
Medical Reserve Corps Small Grant Program (B)	93.008	National Association of County & City Health Official	-	2,302
Global AIDS (B)	93.067	Elizabeth Glaser Pediatric AIDS Foundation	32,013	231,258
Environmental Public Health and Emergency Response	93.070	New Mexico Department of Health	-	53,950
Hospital Preparedness Program (HPP) and Public Health Emergency	93.074	New Mexico Department of Health	-	130,620
Personal Responsibility Education Program	93.092	New Mexico Department of Health	-	(3,855)
Maternal and Child Health Federal Consolidated Programs	93.110	General Hospital Corp	-	100,028
Maternal and Child Health Federal Consolidated Programs	93.110	Oregon Health & Science University	-	33,743
	93.110	Subtotal	-	133,771
National AIDS Education and Training Centers	93.145	Dallas County Hospital District	-	401,275
Family Planning Services	93.217	New Mexico Department of Health	-	140,088
Traumatic Brain Injury State Demonstration Grant Program	93.234	New Mexico Human Services Department	-	418,081
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	American Psychiatric Association	-	8,978
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	Mescalero Apache Tribal Council	-	204,703
Substance Abuse and Mental Health Services-Projects of Regional an	93.243	New Mexico Human Services Department	-	201,911
	93.243	Subtotal	-	415,592
Affordable Care Act (ACA) Public Health Training Centers Program	93.249	Tulane University	-	18,874
Immunization Cooperative Agreements	93.268	New Mexico Department of Health	-	162,015
Centers for Disease Control and Prevention_ Investigations and Techn	93.283	New Mexico Department of Health	-	1,047,371
National Public Health Improvement Initiative	93.292	Association of Maternal & Child Health Programs	-	6,749
Nurse Education, Practice Quality and Retention Grants	93.359	El Pueblo Health Services Inc	-	114,630
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood H	93.505	New Mexico Children Youth and Families Department	-	2,837,339
Affordable Care Act (ACA) Public Health Training Centers Program	93.516	Tulane University	-	52,087
Centers for Disease Control and Prevention_ Investigations and Techn	93.521	New Mexico Department of Health	-	29,502

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Low-Income Home Energy Assistance	93.568	New Mexico Administrative Office of the Courts	-	49,875
Community Services Block Grant	93.569	New Mexico Children Youth and Families Department	-	399,164
State Court Improvement Program	93.586	New Mexico Administrative Office of the Courts	-	44,252
Child Care Mandatory and Matching Funds of the Child Care and De	93.596	New Mexico Children Youth and Families Department	-	2,210,149
Head Start	93.600	Navajo Nation	-	3,998
Head Start	93.600	New Mexico Children Youth and Families Department	-	11,947
	93.600	Subtotal	-	15,945
ACA - State Innovation Models: Funding for Model Design and Mo	93.624	New Mexico Department of Health	-	61,821
ARRA - Head Start	93.708	New Mexico Children Youth and Families Department	-	(1,374)
Capacity Building Assistance to Strengthen Public Health Immunizati	93.733	National AHEC Organization	-	5,353
Preventive Health and Health Services Block Grant funded solely with	93.758	New Mexico Department of Health	-	37,437
Children's Health Insurance Program	93.767	New Mexico Department of Health	-	3,678
Medical Assistance Program	93.778	New Mexico Human Services Department	-	1,452,249
Medical Assistance Program	93.778	New Mexico Primary Care Association	-	(693)
Medical Assistance Program	93.778	OptumHealth New Mexico	-	59,897
	93.778	Subtotal	-	1,511,453
HIV Care Formula Grants	93.917	New Mexico Department of Health	-	36,748
Cooperative Agreements for State-Based Comprehensive	93.919	New Mexico Department of Health	-	36,194
Assistance Programs for Chronic Disease Prevention and Control (B)	93.945	New Mexico Department of Health	-	55,286
Block Grants for Community Mental Health Services	93.958	Optum	-	100,669
Block Grants for Prevention and Treatment of Substance	93.959	New Mexico Human Services Department	-	19,693
Block Grants for Prevention and Treatment of Substance	93.959	Optum	-	165,015
	93.959	Subtotal	-	184,708
Preventive Health Services Sexually Transmitted Diseases	93.977	Apex Education Inc.	-	18,810
Preventive Health Services Sexually Transmitted Diseases	93.977	New Mexico Department of Health	-	65,595
	93.977	Subtotal	-	84,405
Maternal and Child Health Services Block Grant to the	93.994	New Mexico Department of Health	-	288,964
		Total Department of Health & Human Services Pass-Through Awards	32,013	12,004,083
		Total Department of Health & Human Services	242,202	17,295,236
Department of Homeland Security				
Pass-Through Awards				
Federal Emergency Management Agency	97.000	New Mexico Department of Homeland Security	-	28,635
Hazard Mitigation Grant	97.039	New Mexico Department of Homeland Security	-	2,495
		Total Department of Homeland Security Pass-Through Awards	-	31,130
		Total Department of Homeland Security	-	31,130
United States Agency for International Development				
Pass-Through Awards				
USAID Foreign Assistance for Programs Overseas (B)	98.001	Texas A&M University	-	502
		Total United States Agency for International Development Pass-Through Awards	-	502
		Total United States Agency for International Development	-	502
TOTAL OTHER NONMAJOR PROGRAMS			856,336	268,660,453
TOTAL NONMAJOR PROGRAMS			\$ 856,336	\$ 446,964,554
TOTAL FEDERAL AWARDS			\$ 21,214,619	\$ 611,183,524

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Program	CFDA Number	Pass-Through Entity	Subrecipient Expenditures	Total Expenditures
Reconciliation to Exhibit B - Statement of Revenues, Expenditures, and Changes in Net Position				
Federal awards revenue (per Exhibit B):				
Federal grants and contracts revenue	\$		210,967,778	
Federal pell grant revenue			48,624,312	
Portion of capital grants and gifts revenue that is federal			116,835	
Federal stabilization grant revenue			31,904	
Portion of clinical operations revenue that is federal			725,732	
Total federal awards revenue			<u>260,466,561</u>	
Reconciling items:				
Department of Housing and Urban Development loan guarantees			237,465,000	
Federal Direct loans advanced to students			114,955,752	
Perkins loans outstanding			8,590,299	
Perkins loans advanced to students			1,381,977	
Fee for service federal contract revenues - not reportable on schedule 12			(9,918,608)	
Residual balances on federal grants and contracts			(1,757,457)	
Total federal expenditures per schedule 12			<u><u>\$ 611,183,524</u></u>	

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The University did not use the 10% de minimus indirect cost rate as allowed by the Uniform Guidance.

Note 2: Student Financial Aid

Perkins loans advanced to students in fiscal year 2016 totaled \$1,381,977. Perkins loans outstanding at June 30, 2015 totaled \$8,590,299. Federal Direct loans advanced to students in fiscal year 2016 totaled \$114,955,752.

Note 3: Department of Housing and Urban Development 242 Loan Guarantee

During fiscal year 2005, the Regents of the University of New Mexico issued FHA Insured Hospital Mortgage Revenue Bonds for the construction of the Children’s Hospital and Critical Care Pavilion. In conjunction with the construction project, the Department of Housing and Urban Development, under Section 242 CFDA number 14.128, issued a loan guarantee for the mortgage amount of \$108,965,000, which is considered subject to continuing compliance requirements under OMB Uniform Guidance.

During fiscal year 2011, the Sandoval Regional Medical Center (SRMC) issued FHA Insured Hospital Mortgage Revenue Bonds for the construction of the Sandoval Regional Medical Center. In conjunction with the construction project, the Department of Housing and Urban Development, under Section 242 CFDA number 14.128, issued a loan guarantee for the mortgage amount of \$128,500,000, which is considered subject to continuing compliance requirements under OMB Uniform Guidance.

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Independent Auditors' 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*

The Board of Regents
University of New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the University of New Mexico (the University) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 22, 2016. Our report includes a reference to other auditors who audited the financial statements of two departments: UNM Hospital and the UNM Behavioral Operations, and two discretely presented component units: UNM Medical Group, Inc. and Sandoval Regional Medical Center, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Additionally, this report does not include the results of testing of internal control over financial reporting or compliance and other matters for any of the aggregate discretely presented component units as they are reported on separately.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the Section 12-6-5 NMSA 1978 Findings Schedule as items 2016-002 through 2016-010. The University's response was not subjected to the auditing procedures and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KPMG LLP

Albuquerque, New Mexico
November 22, 2016



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

The Board of Regents
University of New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor:

Report on Compliance for Each Major Federal Program

We have audited the University of New Mexico's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.



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

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

KPMG LLP

Albuquerque, New Mexico
November 22, 2016

THE UNIVERSITY OF NEW MEXICO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2016

Finding 2015-001. Revenues – Lobo Development Corporation (Other Matter)

Current Status: Resolved

Finding 2015-002. Expenses – Lobo Energy, Incorporated (Other Matter)

Current Status: Resolved

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2016

Section I – Summary of Auditor Results

Basic Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to basic
financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)?

 X Yes _____ No

Identification of major programs:

Research and Development Cluster – Various CFDA numbers
Higher Education Institutional Aid – CFDA numbers 84.031 and 84.031C

Dollar threshold used to distinguish
between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section II – Basic Financial Statement Findings

None

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

2016-001. Procurement Supporting Documentation

Federal Program

Higher Education – Institutional Aid, CFDA No. 84.031, Award No. P031S150006

Federal Agency

U.S. Department of Education

Federal Award Year

October 1, 2015 to September 30, 2016

Pass-through Entity

None

Compliance Requirement

Procurement

Type of Finding

Noncompliance

Questioned Costs

None

Repeat Finding

No

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Condition and Criteria

Per 2 CFR 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other nonprofit Organization (OMB Circular A-110) Sections 215.43 to 45 *Competition*, all procurements should provide full and open competition, and some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. In those cases where the competition was limited, the rationale to limit competition should be supported. In accordance with the University's procurement policies, purchases greater than \$5,000 but less than \$25,000 should have at least one quote obtained prior to purchase to comply with the federal requirements to ensure proper open competition and a price analysis.

For one of eight procurement samples selected for testing, we were unable to obtain supporting documentation evidencing that the University had provided full and open competition (or rationale to limit competition) and a cost price analysis.

Effect

The University may not be properly procuring purchases with federal funds through full and open competition or properly documenting its rationale to limit competition in accordance with its policy.

Cause

The University did not follow its established formal policies and procedures for procuring federally funded small purchases.

THE UNIVERSITY OF NEW MEXICO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Recommendation

We note that the University's written procurement policies and procedures comply with federal requirements. We recommend that management conduct regular reviews and training with the staff on the various federal procurement compliance requirements to help ensure that the University complies with these policies and procedures.

University Response

Procurement management will have regular reviews with the staff effective immediately, on all federal procurement requirements, and regular training sessions when upgrades or enhancements occur within the procurement software.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

Other Findings as Required by Section 12-6-5 NMSA 1978

2016-002. Terminated Employee Documentation Process – Control Deficiency

Condition and Criteria

In accordance with current University policy, it is the responsibility of campus departments to complete required documentation to notify the responsible employment area (Main & HSC Faculty Contracts, Human Resources, Student Employment, School of Medicine, Office of Graduate Studies, and Graduate Medical Education) when employees terminate University employment. The status of terminated employees should be updated in the University's systems on a timely basis. Based on industry standards, the appropriate disabling of access within Banner would occur within a reasonable time, or five working days of termination. However, we noted that departments are not providing this notification on a timely basis. This causes several potential issues. For instance, the terminated employees could continue to receive paychecks. Additionally, Banner system access remains active until the appropriate University Banner Security Administrators, such as Finance Systems Management, are notified of the change in employment status. In connection with our testwork, we noted that system access was not timely disabled for four of 40 terminations sampled of which two of the employees had access to the Banner Financial Module. Mitigating controls exist, limiting terminated employees' ability to record finance transactions in Banner Finance. Additionally, we verified that none of the sampled employees had recorded any activity in Banner Finance subsequent to their termination.

Effect

There is an increased risk that an employee has continued access to Banner and would continue to receive paychecks subsequent to terminating employment until the termination documentation is submitted to the employment area.

Cause

Departments are not complying with existing University policies to timely notify the appropriate employment area of final employment dates for terminating employees.

Recommendation

The University should develop a procedure to enforce timely documentation of terminated employees. This documentation and disabling of user access within Banner should take place within a reasonable time, or five working days of termination of employment.

University Response

Management understands the importance of timely security removals. Effective immediately, the University Controller will work with all employment areas to assist in the emphasis to departments that there is need for improvement on timeliness of following the procedure and policy for separating employees. This will include further automation, continued training on University policies, and escalated notification to higher levels of authority within the University to communicate delayed employment separations within their areas.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-003. Equipment Tagging Process – Control Deficiency

Condition and Criteria

In accordance with current University policy 7710: Property Management and Control, the Office of Inventory Control maintains the University Inventory System and the following information is maintained for each item of equipment valued over \$5,000 and certain computer items:

- UNM identification number (per property tag)
- Name or description of item
- Manufacturer, model number, and serial number
- Reference number, index number used for purchase, and fund code
- Department name and location where equipment is assigned
- Acquisition and assigned date to current department (if different)
- Cost
- Availability code (available for use elsewhere, used in the current department, surplus, not usable in current condition, or available for shared use)
- Government code (designates government-owned equipment)
- Source of acquisition
- Disposition record

The Office of Inventory Control creates the property tag and the department is responsible for placing the tags on the items in a location that is easily identified.

For five out of 40 equipment items tested for the equipment safeguarding requirement, the University property tags were missing or misplaced. Three items were not tagged and two items had incorrect tags applied. However, the equipment items' identifying information was maintained and inventoried within the past two years as required by the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance"). This finding is considered a noncompliance with University policy rather than a noncompliance with the Uniform Guidance.

Effect

The University may not be properly complying with the University's internal formal policies and procedures regarding property and asset management.

Cause

Certain departments did not comply with and/or follow the University's established formal policies and procedures that require tagging of equipment purchased with federal funds.

Recommendation

The University should emphasize to appropriate employees the importance of properly adhering the issued tags to all purchased equipment in accordance with University policy. In addition, the University could consider conducting periodic spot checks of federal equipment to ensure the issued tags are properly affixed.

University Response

Effective immediately, Inventory Control management will continue to emphasize during the annual inventory trainings, the responsibility of the department to affix asset tags to equipment items. When resources allow, inventory control staff will make random spot checks to physically observe federally purchased equipment to ensure that the provided printed asset tags have been properly and securely affixed to the correct piece of equipment.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-004. Formalized Review of all Soarian Users – Control Deficiency – UNM Hospital, UNM Behavioral Health Operations, and Sandoval Regional Medical Center

Condition and Criteria

During the audit, we noted that UNM Hospital, UNM Behavioral Health Operations, and Sandoval Regional Medical Center did not conduct a formalized review of all Soarian users. Although they did conduct an ad-hoc user access review, in which they reviewed the access rights for all Soarian users, there was no actual formalized user access review being conducted on an annual basis. The Soarian system processes, records, and stores information that is vital to its daily operations and contains protected health information of its patients. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and to prevent protected health information from being released.

Effect

There is a risk of one or more individuals gaining access to Soarian or retaining access after it should be revoked, potentially resulting in a breach of data or protected health information.

Cause

Soarian was implemented in August 2015, and the design and implementation of a formalized user access review process had not been completed at the time of our audit inquiries.

Recommendation

We recommend that management continues to review user access at least on an annual basis. This review should be formally documented and included as part of the official policies and procedures of UNM Hospital, UNM Behavioral Health Operations, and Sandoval Regional Medical Center. A departmental manager or individual responsible for the functional data should perform the review.

University Response

Patient Financial Services Information Technology (PFS-IT) staff will conduct an annual review on 100% of user accounts in the Soarian Financials Patient Accounting system to ensure proper termination of access for unused accounts and accounts where the user changed departments. The audit will be conducted by the IT Manager and reviewed by the PFS Finance Director with completion prior to December 31 of each calendar year beginning in 2016. A procedure regarding the annual review will be written by Management and maintained in coordination with the Data Integrity document.

In addition, users who have not logged into Soarian Financials for 90 days or more on a quarterly basis will be disabled based upon inactivity. This process will commence in the fall of 2016 and will continue on a quarterly basis thereafter.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-005. Cash Disbursement Process – Control Deficiency - The Robert O. Anderson Schools of Management Foundation

Condition and Criteria

Anderson Foundation's cash disbursement operating policy is such that any check disbursement over \$5,000 must be signed by two authorized signatories. Out of the 12 check disbursement samples we tested during the fiscal year 2016 audit, we identified one disbursement above \$5,000, which had only one signature.

Anderson Foundation failed to consistently apply their operating policy to ensure all checks greater than \$5,000 were approved by two authorized signatories.

Effect

Weaknesses in internal control could result in inappropriate cash disbursements.

Cause

Operating procedures are not being consistently applied to ensure all cash disbursements are approved by two authorized signatories.

Recommendation

We recommend that Anderson Foundation ensure compliance with its operating procedures for check disbursements over \$5,000.

University Response

Operating procedures will be consistently applied to ensure all check disbursements over \$5,000 are approved by two authorized signatories. Three Foundation Board members currently have signature authority: Treasurer, Chair, and Past Chair. Checks written in the future will be reviewed by the Operations Manager for compliance. The new procedure will begin with the first batch of checks processed after the finding was identified in August 2016. Once the first signature is obtained, the Accountant 2 delivers the checks over \$5,000 to a different authorized signatory. Before disbursing the checks, the Operations Manager, the Accountant 3, or the Academic Operations Officer reviews all of the checks to confirm that the operating procedures were consistently applied.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-006. Journal Entry Review Process – Material Weakness at the Individual Component Unit Level – STC.UNM

Condition and Criteria

All organizations should establish effective control procedures over the review and approval of journal entries.

During fiscal year 2016, the journal entries made related to the transfer of Innovate ABQ-related assets from STC.UNM to Innovate ABQ were created and posted by one individual and were not subject to review and approval by someone other than the preparer. This resulted in two incorrect journal entries being posted, which led to a material misstatement in the capital contributions expense of \$259,243 that was not detected by management.

Effect

The lack of proper review and approval of journal entries resulted in a material misstatement identified.

Cause

STC.UNM has no control in place to ensure that all journal entries are reviewed and approved at an appropriate level of detail by someone other than the preparer.

Recommendation

We recommend that STC.UNM design and implement a control to ensure that journal entries are reviewed and approved at an appropriate level of detail by someone other than the preparer.

University Response

STC.UNM acknowledges the auditors' findings that journal entries were posted leading to a material misstatement in the capital contribution expense, which were not detected by management. The following actions will be implemented to remedy the situation. Effective immediately, STC.UNM will create a formal review process in which the Controller and President will meet weekly to review all manual journal entries as well as trial balance details. Upon conclusion, STC.UNM's President & CEO will formally sign off on all the entries and the documents will be filed to ensure all details have been reviewed and approved at an appropriate level of detail by someone other than the preparer.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-007. Review of Account Reconciliations – Material Weakness at the Individual Component Unit Level – STC.UNM

Condition and Criteria

All organizations should establish effective control procedures over the review and approval of reconciliations for key operating accounts.

During fiscal year 2016, errors were made in the recording of the release of a contingency related to accrued royalty sharing. This error resulted in an understatement of net operating income and the change in net position of \$94,134 that was not detected by management.

Effect

The lack of appropriate review of the royalty sharing accrual and due to UNM account reconciliations resulted in a misstatement identified.

Cause

STC.UNM has no control in place to ensure that reconciliations for key operating accounts are reviewed and approved at an appropriate level of detail by someone other than the preparer.

Recommendation

We recommend that STC.UNM designs and implements a control to ensure that reconciliations for key operating accounts are reviewed and approved at an appropriate level of detail by someone other than the preparer.

University Response

STC.UNM acknowledges the auditors' findings that errors were made in the recording of the release of a contingency related to accrued royalty sharing. This resulted in understatements in net operating income and the change in net position, which were not detected by management. The following actions will be implemented to remedy the situation. Effective immediately, STC.UNM will create a formal review process in which the Controller and President will meet weekly to review reconciliations of key operating accounts. Upon conclusion, STC.UNM's President & CEO will formally sign off on all documentation to ensure all details have been reviewed and approved at an appropriate level of detail by someone other than the preparer.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-008. Journal Entry Review Process – Material Weakness at the Individual Component Unit Level – Innovate ABQ, Inc.

Condition and Criteria

All organizations should establish effective control procedures over the review and approval of journal entries.

During the fiscal year ended June 30, 2016, the journal entries made related to the contribution from STC.UNM to Innovate ABQ, Inc. were not adequately reviewed by management. This resulted in two incorrect journal entries being posted, which led to a material misstatement in contributions revenue of \$259,243 that was not detected by management.

Effect

The lack of proper review and approval of journal entries surrounding this transaction resulted in a material misstatement.

Cause

Innovate ABQ's journal entry review control is not operating effectively as the review and approval of the journal entries related to the contribution did not identify the two incorrect journal entries.

Recommendation

We recommend that Innovate ABQ ensure that all journal entries are subject to review and approval by management at an appropriate level of detail ensure entries are recorded correctly and in accordance with the applicable accounting literature.

University Response

The following operating procedure has been agreed to between the bookkeeper and the Interim President of the corporation. The Interim President will review and approve each manual journal entry prior to entry by the bookkeeper. In addition, the Interim President will review journal entry reports each month to ensure accurate manual entries. All manual journal entries and approvals will be maintained in the appropriate "Journal Entries" file for each fiscal year.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-009. Investments-Related Balances – Material Weakness at the Individual Component Unit Level – The University of New Mexico Alumni Association

Condition and Criteria

The Association does not have adequate controls in place to ensure investment balances are properly reported. Based on review of investment records and third-party confirmation of investment balances, we identified the following errors in the investment-related balances at year-end:

- Investment management fees were understated by \$28,402
- Investment income was overstated by \$42,432
- Net unrealized losses were understated by \$70,834

Management is responsible for having effective internal controls in place to ensure investment-related transactions are recorded complete and accurate based on related investment account statements.

Effect

The Association did not correctly record investment management fees, interest and dividends, and realized and unrealized gains/losses during the fiscal year, resulting in incomplete and inaccurate year-end balances.

Cause

Due to accounting personnel turnover and the change in investment managers during the year, records of investment statements and investment-related transactions were not accurately maintained. As investment activities were not accurately tracked throughout the year, this resulted in the balances recorded within investment income, investment management fees, and realized and unrealized gains/losses being incorrect for the fiscal year ended June 30, 2016.

Recommendation

The Association should review monthly and quarterly investment statements to ensure all investment-related transactions are recorded appropriately and timely. We recommend that the Association perform a quarterly and/or annual investment roll-forward to identify beginning balances and activity during the period, to ensure ending balances are appropriate and can be reconciled to the general ledger. We further recommend that an independent secondary review be performed to ensure information is complete and accurate for the period under review.

University Response

The Association agrees with KPMG's findings over internal controls. Due to turnover and a change in investment advisors, the Association had an inadequate control environment over investments. Accounting personnel changes have been made and going forward the Association will implement a monthly and quarterly review of investment statements to ensure investment related transactions are recorded appropriately. In addition, the Association will seek an independent secondary review. This is to include a reconciliation of investment management fees, investment income, and investment balances as provided by the investment manager to the internal statements.

THE UNIVERSITY OF NEW MEXICO

SECTION 12-6-5 NMSA 1978 FINDINGS
Year Ended June 30, 2016

2016-010. Year-End Procedures – Control Deficiency – The University of New Mexico Alumni Association

Condition and Criteria

The Association's control over the bank reconciliation was not operating effectively. We found the June 30, 2016 monthly bank reconciliation was not prepared correctly, as a check in the amount of \$6,989 was incorrectly identified as an outstanding check, which caused cash and accounts payable to be understated at year-end. In addition, we found \$3,206 of revenue was not properly recorded as of June 30, 2016, based on a review of cash received subsequent to fiscal year-end, which caused accounts receivable and revenue to be understated.

Management is responsible for having effective internal controls in place that provide review and reconciliation of financial statement balances at year-end to ensure proper cutoff.

Effect

There is an increased risk that transactions occurring near year-end are not reported in the proper period.

Cause

Reconciliation of year-end accounts did not include a complete consideration of the appropriate period in which related transactions should be recorded.

Recommendation

The Association should ensure all reconciling amounts are complete and accurate when performing year-end balance sheet reconciliations. Further, the Association should consider including an independent secondary review of account reconciliations to ensure balances are accurately reported at period-end. Cash receipts should be reviewed by the Association subsequent to fiscal year-end to ensure services provided during the fiscal year period are recognized as revenue within the appropriate period.

University Response

The Association agrees with KPMG's findings over internal controls of bank reconciliations. Due to turnover, the Association had an inadequate control environment and accounting personnel changes have been made. Going forward the Association will implement a monthly and quarterly review of account reconciliations to ensure balances are accurately reported at period-end. The Association will also perform a secondary review of each account to ensure there are no timing issues and confirm that the reconciliation was carried out properly. In addition, the Association will review cash receipts subsequent to fiscal year-end.

THE UNIVERSITY OF NEW MEXICO

Schedule of Pledged Revenues for the year ended June 30, 2016 — University Only Unaudited

	Tuition and fees	Other patient-related services	Clinical operations	Grants and contracts
Revenues	\$ 134,062,423	\$ 149,456,906	\$ 822,328,416	\$ 328,994,592
Excluded Revenues:				
State appropriations				
Local appropriations				
Patient services		149,456,906		
Restricted funds	14,172,179			
Federal grants & contracts				252,050,128
State grants & contracts				36,330,168
Nongovernmental grants & contracts				31,318,368
Facilities and administrative cost recovery				(45,413,184)
University of New Mexico Hospital			774,493,410	
University of New Mexico Behavioral Health Operations			47,835,006	
Total Excluded Revenues	<u>\$ 14,172,179</u>	<u>\$ 149,456,906</u>	<u>\$ 822,328,416</u>	<u>\$ 274,285,480</u>
Pledged Revenues	<u>\$ 119,890,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,709,112</u>

Resources Available to Cover the University's Debt Service (excluding Clinical Operations)

Pledged Revenues	\$ 493,182,806
Less FY16 Debt Service for the University:	
University's interest payments on debts	17,978,064
University's principal repayments on debts	<u>135,275,532</u>
Excess of Pledged Revenues over Debt Service	<u>\$ 339,929,210</u>
University's future average annual debt service through year ended June 30, 2046	\$ 19,578,476
University's future highest annual debt service year ended June 30, 2021	\$ 34,039,603

See accompanying independent auditors' report.

SCHEDULE 13

Sales, services, and auxiliary enterprises	Appropriations	Investments	Capital	Gifts	Other	Total
\$ 237,499,945	\$ 320,077,993	\$ 5,032,271	\$ 25,306,436	\$ 30,481,503	\$ 89,468,572	\$ 2,142,709,057
	312,386,187					312,386,187
	7,691,806					7,691,806
						149,456,906
4,615,583		3,851,414	25,306,436	684,958	34,746,886	83,377,456
						252,050,128
						36,330,168
						31,318,368
						(45,413,184)
						774,493,410
						47,835,006
\$ 4,615,583	\$ 320,077,993	\$ 3,851,414	\$ 25,306,436	\$ 684,958	\$ 34,746,886	\$ 1,649,526,251
\$ 232,884,362	\$ -	\$ 1,180,857	\$ -	\$ 29,796,545	\$ 54,721,686	\$ 493,182,806

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
for the year ended June 30, 2016 - University Only
Unaudited

IFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work	
ITB-1763-16	Invitation to Bid	Newark Corporation	\$ 69,585.39	\$ 69,585.39	Newark Corporation	8205 Spain Rd NE Ste 214, Albuquerque, NM 87109-3130	Y	N	Oscilloscopes, Power Supplies, Multimeters & Waveform Generators
					Microlease	3486 Investment Blvd, Hayward, CA 94545-3811			
					Test Equity LLC	2450 Turquoise Cir, Newbury Park, CA 91320-1209			
ITB-1769-16	Invitation to Bid	JA Woollam Co Inc	\$ 214,000.00	\$ 214,000.00	JA Woollam Co Inc	645 M St Ste 102, Lincoln, NE 68508-2274	N	N/A	Spectroscopic Ellipsometer
					Scientific Computing International	6355 Corte Del Abeto, C-105, Carlsbad, CA 92011			
ITB-1775-16	Invitation to Bid	Jeol USA Inc	\$ 359,427.00	\$ 359,427.00	Jeol USA Inc	11 Dearborn Rd, Peabody, MA 01960-3823	N	N/A	Low Vacuum Scanning Electron Microscope
ITB-1836-16	Invitation to Bid	Digital Video Networks LLC	\$ 139,295.51	\$ 139,295.51	Digital Video Networks LLC	2017 Yale Blvd SE Ste C3, Albuquerque, NM 87106-4817	Y	N	UNM Taos Health Training Center Audio Visual Program
					Advanced Presentation Systems	6729 Luella Anne Dr NE, Albuquerque, NM 87109-4048			
					Team 1st Technologies LLC	4500 Anaheim Ave NE B1, Albuquerque, NM 87113-1675			
ITB-1861-16	Invitation to Bid	Border States Industries, Inc.	\$ 87,301.85	\$ 87,301.85	Border States Industries, Inc.	5601 Jefferson St NE, Albuquerque, NM 87109-3412	Y	N	Various Parking Lot Lighting
					3B Builders Inc	1770 Hamilton Ln Bosque Farms, NM 87068-9658			
					Facility Solutions Group	3800 Midway Pl NE Ste E, Albuquerque, NM 87109-5824			
					Graybar Electric Co Inc	281 Menaul Blvd NE, Albuquerque, NM 87107-1523			
					Summit Electric Supply Co	PO Box 27137, Albuquerque, NM 87125-7137			
RFP-1730-15	Request for Proposal	Rio Grande Solar, LLC	\$ 500,000.00	\$ 500,000.00	Rio Grande Solar, LLC	5130 San Francisco Rd NE Ste B, Albuquerque, NM 87109-4618	Y	N	UNM Renewable Energy Program
					Mosher Enterprises, Inc.	4441 Anaheim Ave NE, Albuquerque, NM 87113-1664			
RFP-1731-15	Request for Proposal	Great Western Specialty Systems, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Great Western Specialty Systems, Inc.	8410 Washington St NE Ste A, Albuquerque, NM 87113-1650	Y		UNM Fire Alarm Testing Areas 1, 3, & 4
					Intraworks, Inc.	7910 Lorraine Ct NE, Albuquerque, NM 87113-1557	Y		
					Sound & Signal Systems of New Mexico Inc	7131 Washington St NE, Albuquerque, NM 87109-4520	Y		
RFP-1736-15	Request for Proposal	Thompson Consulting, LLC	\$ 99,000.00	\$ 113,000.00	Thompson Consulting, LLC	1941 Indian School Rd NW, Albuquerque, NM 87104-2313	Y	N	Legislative Relations Consultant
RFP-1738-15	Request for Proposal	160over90	\$ 1,980,070.00	\$ 1,980,070.00	160over90	1 South Broad Street, 10th Fl, Philadelphia, PA 19107	N	N/A	Branding and Marketing
					Lipman Hearne	PO Box 88634, Chicago, IL 60680-1634			
					McKee Wallwork & Company, LLC	302 8th St NW, Albuquerque, NM 87102-3024			
					Noetic Consulting LLC	8909 Ridge Place, Bethesda, MD 20817			
					Ologie LLC	447 East Main Street, Columbus, OH 43215			
					Riester Sonoran, LLC	802 N. 3rd Ave, Phoenix, AZ 85003			
					SimpsonScarborough	1403 King St, Alexandria, VA 22314			
					TKO Advertising	117 Richmond Ave Suite B, Albuquerque, NM 87106			
RFP-1740-15	Request for Proposal	Aon Risk Insurance Services West Inc	\$ 302,400.00	\$ 302,400.00	Aon Risk Insurance Services West Inc	6501 Americas Pkwy NE Ste 650, Albuquerque, NM 87110-8190	Y	N	Compensation External Consultant
					Mercer	500 Dallas, Houston, TX 77002			
					Sibson Consulting	1230 West Washington Street, Suite 501, Tempe, AZ 85281-1248			
					Towers Watson	218 Rte 17 N, Rochelle Park, NJ 07662			
RFP-1741-15	Request for Proposal	Chrome River Technologies	\$ 775,375.00	\$ 775,375.00	Chrome River Technologies	5757 Wilshire Blvd Ste 270, Los Angeles, CA 90036-5810	N	N/A	Travel Expense Management Solution
					Appticity Corporation	5605 N. MacArthur Blvd, #900, Irving, TX 75038			
					Concur Technologies, Inc	601 108th Ave NE, Ste 1000, Bellevue, WA 98004			
RFP-1742-15	Request for Proposal	Research & Polling, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Research & Polling, Inc.	5140 San Francisco Rd NE, Albuquerque, NM 87109-4640	Y	N	Public Opinion Research Services
RFP-1743-15	Request for Proposal	FBT Architects	\$ 85,980.00	\$ 85,980.00	FBT Architects	6100 Indian School Rd NE #210, Albuquerque, NM 87110-4181	Y	N	UNM Gallup A/E Zollinger Library - Completion of Shell Space
					JMZ Arquitectos LLC	6100 Seagull St NE Ste 203, Albuquerque, NM 87109-2500			
					Lee Gamelsky Architects PC	2412 Miles Rd SE, Albuquerque, NM 87106-3224			
		McClain + Yu Architecture & Design			2009 Ridgecrest Dr SE, Albuquerque, NM 87108-4531				

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RFP-1744-15	Request for Proposal	Western States Fire Protection	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Western States Fire Protection 1615 1/2 University Blvd NE, Albuquerque, NM 87102-1710	Y	N	Fire Sprinkler Maintenance and Repair Services
					Kaufman Fire Protection Systems, Inc. 3301 Girard Blvd NE, Albuquerque, NM 87107-1930			
					Old Guard Inc. 8330 Washington Pl NE Ste. C, Albuquerque, NM 87113			
RFP-1749-15	Request for Proposal	RMKM Architecture	\$ 998,832.00	\$ 998,832.00	RMKM Architecture 400 Gold Ave SW Ste 1100, Albuquerque, NM 87102-3265	Y	N	UNM A/E Farris Engineering Center Project: School of Engineering Facilities Renovation
					FBT Architects 6100 Indian School Rd NE #210, Albuquerque, NM 87110-4181			
					Molzen Corbin & Associates 2701 Miles Rd SE, Albuquerque, NM 87106-3228			
					NCA Architects PA 1306 Rio Grande Blvd NW, Albuquerque, NM 87104-2633			
					SMPC Architects 115 Amherst Dr SE, Albuquerque, NM 87106-1425			
					Studio Collaboration LLC 218 Girard Blvd SE, Albuquerque, NM 87106-2230			
					Studio Southwest Architects 2101 Mountain Rd NW, Albuquerque, NM 87104-1468			
					The Hartman + Majewski Design Group 120 Vassar Dr SE Ste 100, Albuquerque, NM 87106-2823			
					Vigil & Associates Architectural Group, P.C. 4477 Irving Blvd NW Ste A, Albuquerque, NM 87114-4286			
RFP-1750-16	Request for Proposal	Chicago Dell Marketing Lp	\$ 378,970.54	\$ 378,970.54	Chicago Dell Marketing Lp 1 Dell Way, Round Rock, TX 78682-7000	N	N/A	University of New Mexico GPU-Accelerated Supercomputing System
					Hewlett Packard Enterprise 3000 Hanover St, Palo Alto, CA 94304-1185			
					Lenovo 1 Manhattanville Rd Ste Ph, Purchase, NY 10577-2100			
					Penguin Computing 45800 Northport Loop W, Fremont, CA 94538-6413			
					Yamasato, Fujiwara, Higa & Associates, Inc. dba Aquila 8401 Washington Pl NE, Albuquerque, NM 87113-1672			
RFP-1752-16	Request for Proposal	McClain + Yu Architecture & Design	\$ 233,881.00	\$ 233,881.00	McClain + Yu Architecture & Design 2009 Ridgecrest Dr SE, Albuquerque, NM 87108-4531	Y	N	UNM A/E School of Engineering Wet Labs
					DNCA LLC 125 Jefferson Street NE, Albuquerque, NM 87108			
					Greer Stafford / SJCF Architecture 1717 Louisiana Blvd. NE, Suite 205, Albuquerque, NM 87110			
					JMZ Arquitectos LLC 6100 Seagull St NE Ste 203, Albuquerque, NM 87109-2500			
					NCA Architects PA 1306 Rio Grande Blvd NW, Albuquerque, NM 87104-2633			
					R2 Architectural Design & Consulting LLC 730 San Mateo Blvd SE Ste 1, Albuquerque, NM 87108-3604			
					The Hartman + Majewski Design Group 120 Vassar Dr SE Ste 100, Albuquerque, NM 87106-2823			
					Vigil & Associates Architectural Group, P.C. 4477 Irving Blvd NW Ste A, Albuquerque, NM 87114-4286			
RFP-1753-16	Request for Proposal	Daktronics, Inc.	\$ 451,285.00	\$ 451,285.00	Daktronics, Inc. 331 32nd Ave, Brookings, SD 57006-4704	N	N/A	University Stadium Sound System Upgrade
					Clair Brothers Audio Systems, Inc. One Clair Boulevard, Manheim, PA 17545			
					Parsons Electric LLC 5960 Main Street NE, Fridley, MN 55432			
RFP-1756-16	Request for Proposal	HB Construction of Alb., Inc.	\$ 2,575,000.00	\$ 2,575,000.00	HB Construction of Alb., Inc. 5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143	Y	N	UNM Taos Health Careers Training
					Brycon Corporation PO Box 15820, Rio Rancho, NM 87174-0820			
					Insight Construction, LLC PO Box 6653, Albuquerque, NM 87197-6653			

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RFP-1757-16	Request for Proposal	Bradbury Stamm Construction, Inc.	\$ 1,171,734.00	\$ 1,171,734.00	Bradbury Stamm Construction, Inc.	PO Box 10850, Albuquerque, NM 87184-0850	Y	N	UNM Design Assist Comprehensive Construction Delivery Svcs (DACC) for Farris Engineering Ctr Reno
					Brycon Corporation	PO Box 15820, Rio Rancho, NM 87174-0820			
					Flintco, LLC	6020 Indian School Rd NE, Albuquerque, NM 87110-4124			
					HB Construction of Alb., Inc.	5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143			
					Jaynes Corporation	2906 Broadway Blvd NE, Albuquerque, NM 87107-1599			
					K.L. House Construction Co. Inc.	6409 Acoma Rd SE, Albuquerque, NM 87108-3005			
					McCarthy Building Companies NM, Inc.	4801 Lang Ave NE Ste 110, Albuquerque, NM 87109-4475			
RFP-1762-16	Request for Proposal	Donner Plumbing & Heating Inc.	\$ 1,502,614.00	\$ 1,502,614.00	Donner Plumbing & Heating Inc.	107 Candelaria Rd NW, Albuquerque, NM 87107-2204	Y	N	UNM Valencia Campus Central Chilled Water System Phase II
					JB Henderson Construction Company Inc.	PO Box 53176, Albuquerque, NM 87153-3176			
					RMCI, INC.	6211 Chappell Rd NE, Albuquerque, NM 87113-1044			
					Smithco Construction, Inc.	6 King Canyon Loop, Caballo, NM 87931			
RFP-1764-16	Request for Proposal	BP Energy Company	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	BP Energy Company	1010 N 500 E Ste 200, North Salt Lake, UT 84054-1952	N	N/A	UNM Natural Gas
					Continuum Retail Energy Services, L.L.C.	1415 Louisiana St, Suite 4200, Houston, TX 77002			
					Tiger Natural Gas, Inc.	1422 e. 71st STE J, Tulsa, OK 74136			
RFP-1766-16	Request for Proposal	Mountain West GolfScapes, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Mountain West GolfScapes, Inc.	PO Box 1630, Peralta, NM 87042-1630	Y	N	UNM Golf Course Maintenance
					Red Shovel, LLC	8019 Edith Blvd NE, Albuquerque, NM 87113			
RFP-1767-16	Request for Proposal	Donner Plumbing & Heating Inc.	\$ 1,447,033.00	\$ 1,447,033.00	Donner Plumbing & Heating Inc.	107 Candelaria Rd NW, Albuquerque, NM 87107-2204	Y	N	UNM Anthropology HVAC, Controls and Lighting Replacement
					ESA Construction, Inc.	3435 Girard Blvd NE, Albuquerque, NM 87107-1939			
					JB Henderson Construction Company Inc.	PO Box 53176, Albuquerque, NM 87153-3176			
RFP-1768-16	Request for Proposal	Liberty Press LLC	\$ 108,745.00	\$ 108,745.00	Liberty Press LLC	1180 Mountain Springs Pkwy, Springville, UT 84663-3007	N	N/A	Continuing Education Course Catalog
					Marketing Strategies	203 Rio Grande Blvd NW, Albuquerque, NM 87104-1446			
					Starline Printing Co LLC	PO Box 1045, Albuquerque, NM 87103-1045			
RFP-1770-16	Request for Proposal	Van H. Gilbert Architect PC	\$ 4,067,248.00	\$ 4,067,248.00	Van H. Gilbert Architect PC	2428 Baylor Dr SE, Albuquerque, NM 87106-3206	Y	Y	UNM A/E Professional Design Services for Physics & Astronomy Interdisciplinary Science Building
					Atkin Olshin Schade Architects	1807 2nd St Ste 103B, Santa Fe, NM 87505-3510			
					FBT Architects	6100 Indian School Rd NE #210, Albuquerque, NM 87110-4181			
					Hacker Architects Inc	733 SW Oak St Ste 100, Portland, OR 97205-3710			
					HDR Architecture	3200 E. Camelback, Suite 350, Phoenix, AZ 85018			
					Huitt-Zollars Inc	6501 Americas Pkwy NE Ste 550, Albuquerque, NM 87110-8154			
					RMKM Architecture	400 Gold Ave SW Ste 1100, Albuquerque, NM 87102-3265			
					SMPC Architects	115 Amherst Dr SE, Albuquerque, NM 87106-1425			
					Studio Southwest Architects	2101 Mountain Rd NW, Albuquerque, NM 87104-1468			
					Vigil & Associates Architectural Group, P.C.	4477 Irving Blvd NW Ste A, Albuquerque, NM 87114-4286			
RFP-1772-16	Request for Proposal	Medalist Sports, LLC	\$ 126,000.00	\$ 126,000.00	Medalist Sports, LLC	PO Box 415, Tyrone, GA 30290-0415	N	N/A	Event Production Service
					Duke City Wheelmen	8311 Connecticut St NE, Albuquerque, NM 87110			

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RFP-1773-16	Request for Proposal	Altor Construction, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Altor Construction, Inc.	5215 Edith Blvd NE, Albuquerque, NM 87107-4121	Y	N	UNM Concrete, Sidewalks, Driveways and Curb & Gutter
					BCH Construction, Inc.	1060 10th Ave NE, Rio Rancho, NM 87144-4039	Y	N	
					3B Builders Inc	1770 Hamilton Ln Bosque Farms, NM 87068-9658			
					AUI, Inc.	PO Box 9825, Albuquerque, NM 87119-9825			
					Century Club Construction LLC	8201 Golf Course Rd NE Ste D3 No 295, Albuquerque, NM 87120			
					MAXTEK Contractors, Inc.	2201 Phoenix Ave NE, Albuquerque, NM 87107-1729			
					Star Paving Company	3109 Love Road SW, Albuquerque, NM 87121			
RFP-1774-16	Request for Proposal	FBT Architects	\$ 1,516,436.00	\$ 1,516,436.00	FBT Architects	6100 Indian School Rd NE #210, Albuquerque, NM 87110-4181	Y	N	UNM A/E Professional Design Services for Anderson School of Management Building
					Dekker Perich Sabatini Ltd	7601 Jefferson St NE Ste 100, Albuquerque, NM 87109-4496			
					Design Plus, LLC	2415 Princeton Dr NE Ste G, Albuquerque, NM 87107-1731			
					McClain + Yu Architecture & Design	2009 Ridgecrest Dr SE, Albuquerque, NM 87108-4531			
					The Hartman + Majewski Design Group	120 Vassar Dr SE Ste 100, Albuquerque, NM 87106-2823			
RFP-1776-16	Request for Proposal	Daikin Applied Americas Inc.	\$ 123,895.00	\$ 123,895.00	Daikin Applied Americas Inc.	2201 San Pedro Dr NE Bldg 1Ste, Albuquerque, NM 87110-4133	Y	N	Replacement of Cooling Towers 3 & 4 Fill
					TLC Company Inc	5000 Edith Blvd NE, Albuquerque, NM 87107-4125			
					Tower Engineering, Inc.	2821 Lackland Rd Ste 340, Fort Worth, TX 76116-4177			
RFP-1778-16	Request for Proposal	Ronald W Cook	\$ 92,250.00	\$ 92,250.00	Ronald W Cook	335 S Oak Dr, Woodland Hills, UT 84653-2036	N	N/A	Public Broadcasting Service Underwriting Consultant Services
RFP-1779-16	Request for Proposal	FTI Consulting, Inc.	\$ 148,500.00	\$ 148,500.00	FTI Consulting, Inc.	909 Commerce Rd, Annapolis, MD 21401-2943	N	N/A	Consultant to UNM HSC on Fiscal Conflicts of Interest
					McDermott Will & Emery LLP	227 W Monroe St, Chicago, IL 60606-5055			
RFP-1780-16	Request for Proposal	McCarthy Building Companies NM, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	McCarthy Building Companies NM, Inc.	4801 Lang Ave NE Ste 110, Albuquerque, NM 87109-4475	Y	N	Design Assist Comprehensive Construction Delivery Services Contractor Anderson School of Mgmt Bldg
					Bradbury Stamm Construction, Inc.	PO Box 10850, Albuquerque, NM 87184-0850			
					HB Construction of Alb., Inc.	5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143			
RFP-1782-16	Request for Proposal	Bradbury Stamm Construction, Inc.	\$ 3,278,877.00	\$ 3,278,877.00	Bradbury Stamm Construction, Inc.	PO Box 10850, Albuquerque, NM 87184-0850	Y	N	Design Assist Comprehensive Const Delivery Svcs(DACC) Physics & Astronomy Interdisciplinary Sci Bld
					Jaynes Corporation	2906 Broadway Blvd NE, Albuquerque, NM 87107-1599			
RFP-1783-16	Request for Proposal	JB Henderson Construction Company Inc.	\$ 277,507.00	\$ 277,507.00	JB Henderson Construction Company Inc.	4801 Lang Ave NE Ste 110, Albuquerque, NM 87109-4475	Y	N	UNM Fine Arts Center (#062) - Minor Capital Requests
					AIC General Contractor Inc	2703 Broadbent Pkwy NE Ste G, Albuquerque, NM 87107-1600			
					Brycon Corporation	PO Box 15820, Rio Rancho, NM 87174-0820			
					Longhorn Construction Services, Inc.	9208 Lona Ln NE, Albuquerque, NM 87111-1619			
					Tanglewood Construction Inc.	PO Box 44333, Rio Rancho, NM 87174-4333			
					TLC Company Inc	5000 Edith Blvd NE, Albuquerque, NM 87107-4125			
					Vigil Contracting Services, Inc.	1512 Coors Blvd SW, Albuquerque, NM 87121-4325			

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RFP-1789-16	Request for Proposal	TargetX	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	TargetX 1000 River Road Suite 410, Conshohocken, PA 19428	N	N/A	UNM Customer Relationship Management
					Campus Management Corp. 5201 North Congress Ave, Boca Raton, FL 33487			
					Ellucian Company L.P. 4 Country View Rd, Malvern, PA 19355-1408			
					Oracle Corporation PO Box 44471, San Francisco, CA 94144-0001			
RFP-1790-16	Request for Proposal	3B Builders Inc	\$ 90,350.00	\$ 90,350.00	3B Builders Inc 1770 Hamilton Ln Bosque Farms, NM 87068-9658	Y	N	UNM Lobo Plaza/ICE
					HB Construction of Alb., Inc. 5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143			
RFP-1792-16	Request for Proposal	Black Box Network Services	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Black Box Network Services 426 N. 44th St, Suite 470, Phoenix, AZ 85008	N	N/A	UNM IT Voice On-Call Contractors
		Cypress Communication Systems, LLC	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Cypress Communication Systems, LLC 2469 Corrales Rd Ste B3, Corrales, NM 87048-9104	Y	N	
		Rising Sun Technologies	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Rising Sun Technologies 2412 Comanche Rd NE, Albuquerque, NM 87107-4702	Y	Y	
		Telephones and More LLC	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Telephones and More LLC 5601 Carruthers St NE, Albuquerque, NM 87111-1866	Y	Y	
RFP-1794-16	Request for Proposal	Industrial Water Engineering	\$ 100,725.00	\$ 244,065.00	Industrial Water Engineering 7309 Jefferson St NE, Albuquerque, NM 87109-4306	Y	Y	Water Treatment, PPD Utilities
					Chemtreat Inc. 4461 Cox Rd, Glen Allen, VA 23060-6169			
					Nalco Company 6630 W. Arby Ave, Suite 107, Las Vegas, NV 89118			
					Western Environmental Management Corp., Ltd. PO Box 1807, Carlsbad, NM 88221-1807			
RFP-1796-16	Request for Proposal	Longhorn Construction Services, Inc.	\$ 284,600.00	\$ 284,600.00	Longhorn Construction Services, Inc. 9208 Lona Ln NE, Albuquerque, NM 87111-1619	Y	Y	UNM Los Alamos EMS Simulation Labs & Classroom Renovation
					AIC General Contractor Inc 2703 Broadbent Pkwy NE Ste G, Albuquerque, NM 87107-1600			
					BCH Construction, Inc. 1060 10th Ave NE, Rio Rancho, NM 87144-4039			
					R and M Construction LLC P.O. Box 1026, Alcalde, NM 87511			
					Vigil Contracting Services, Inc. 1512 Coors Blvd SW, Albuquerque, NM 87121-4325			
RFP-1799-16	Request for Proposal	RR Donnelley and Sons Company	\$ 98,000.00	\$ 98,000.00	RR Donnelley and Sons Company 4101 Winfield Road, Warrenville, IL 60565	N	N/A	Printing of Mirage Magazine (UNM Alumni)
					Marketing Strategies 203 Rio Grande Blvd NW, Albuquerque, NM 87104-1446			
					Nevada Color Litho 4151 N Pecos Road, Las Vegas, NV 89115			
RFP-1802-16	Request for Proposal	Cornelius Management Corporation	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Cornelius Management Corporation 3225 McLeod Dr Ste 110, Las Vegas, NV 89121-2257	N	N/A	Center for Water and the Environment External Evaluator Services
					Minnick & Associates Inc PO Box 820, Tijeras, NM 87059-0820			
RFP-1803-16	Request for Proposal	Elena Cole	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Elena Cole 16 Jones Ln, Espanola, NM 87532-8182	Y	N	Mi Via Program Consultant Services
		Jodi Garrett LMSW Inc	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Jodi Garrett LMSW Inc 7013 Kiowa Ave NE, Albuquerque, NM 87110-2229	Y	N	
		Kimberly J Silva	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Kimberly J Silva 1508 Buck Ct NW, Albuquerque, NM 87105-1006	Y	N	
		Patricia Maguire	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Patricia Maguire 6404 Brenton NW, Albuquerque, NM 87120	Y	N	
RFP-1821-16	Request for Proposal	JB Henderson Construction Company Inc.	\$ 337,730.00	\$ 337,730.00	JB Henderson Construction Company Inc. PO Box 53176, Albuquerque, NM 87153-3176	Y	N	University of New Mexico Anthropology Annex (#012) HVAC Renewal Project
					Domer Plumbing & Heating Inc. 107 Candelaria Rd NW, Albuquerque, NM 87107-2204			
					ESA Construction, Inc. 3435 Girard Blvd NE, Albuquerque, NM 87107-1939			
					Yearout Service, LLC PO Box 3508, Albuquerque, NM 87190-3508			
RFP-1826-16	Request for Proposal	Yearout Service, LLC	\$ 146,586.00	\$ 146,586.00	Yearout Service, LLC PO Box 3508, Albuquerque, NM 87190-3508	Y	N	UNM SOE Wet Labs Plumbing Renovation
					Donner Plumbing & Heating Inc. 107 Candelaria Rd NW, Albuquerque, NM 87107-2204			
					Jack's Mechanical Solutions, Inc. PO Box 56995, Albuquerque, NM 87187-6995			
					JB Henderson Construction Company Inc. PO Box 53176, Albuquerque, NM 87153-3176			
					TLC Company Inc 5000 Edith Blvd NE, Albuquerque, NM 87107-4125			

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RFP-1827-16	Request for Proposal	JB Henderson Construction Company Inc.	\$ 207,489.00	\$ 207,489.00	JB Henderson Construction Company Inc. PO Box 53176, Albuquerque, NM 87153-3176	Y	N	UNM HSC Center For Brain Recovery & Repair Renovation Project
					AIC General Contractor Inc 2703 Broadbent Pkwy NE Ste G, Albuquerque, NM 87107-1600			
					Consolidated Builders of NM LLC 6123 Coors Blvd SW, Albuquerque, NM 87121-6708			
					Klinger Constructors LLC PO Box 90850, Albuquerque, NM 87199-0850			
RFP-1828-16	Request for Proposal	AIC General Contractor Inc	\$ 259,726.00	\$ 287,808.00	AIC General Contractor Inc 2703 Broadbent Pkwy NE Ste G, Albuquerque, NM 87107-1600	Y	N	UNM Continuing Education Meeting Room Upgrades
					3B Builders Inc 1770 Hamilton Ln Bosque Farms, NM 87068-9658			
					BCH Construction, Inc. 1060 10th Ave NE, Rio Rancho, NM 87144-4039			
					Klinger Constructors LLC PO Box 90850, Albuquerque, NM 87199-0850			
RFP-1829-16	Request for Proposal	Jaynes Corporation	\$ 1,920,000.00	\$ 2,114,661.00	Jaynes Corporation 2906 Broadway Blvd NE, Albuquerque, NM 87107-1599	Y	N	Architectural and Special Systems Repair and Replacement Project
					Two Bears Construction PO Box 67541, Albuquerque, NM 87193-7541			
RFP-1833-16	Request for Proposal	AIC General Contractor Inc	\$ 556,335.00	\$ 556,335.00	AIC General Contractor Inc 2703 Broadbent Pkwy NE Ste G, Albuquerque, NM 87107-1600	Y	N	Popejoy Lower Level Restrooms & Lounge Renovations
					3B Builders Inc 1770 Hamilton Ln Bosque Farms, NM 87068-9658			
					Richardson & Richardson, Inc. PO Box 36627, Albuquerque, NM 87176-6627			
RFP-1841-16	Request for Proposal	HB Construction of Alb., Inc.	\$15,656,026.00	\$15,656,026.00	HB Construction of Alb., Inc. 5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143	Y	N	HSC Health Education Building Phase 3
					Bradbury Stamm Construction, Inc. PO Box 10850, Albuquerque, NM 87184-0850			
					Flintco, LLC 6020 Indian School Rd NE, Albuquerque, NM 87110-4124			
					Jaynes Corporation 2906 Broadway Blvd NE, Albuquerque, NM 87107-1599			
RFP-1844-16	Request for Proposal	JoBiz	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	JoBiz 1909 W 27th St, Roswell, NM 88201-9737	Y	N	PED FOCUS Consultant Trainer Services
		Martha Sanchez Consulting	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Martha Sanchez Consulting 316 Cielito Lindo Pl. NW, Albuquerque, NM 87114	Y	N	
		Vonell Huitt dba VLH Resources	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Vonell Huitt dba VLH Resources 910 Paseo los Coyotes, Bernalillo, NM 87004	Y	N	
					Angela Adams 2361 Manzano Loop, Rio Rancho, NM 87144			
					Gina Gonzalez Young 5901 Tioga Rd NW, Albuquerque, NM 87120-2334			
RFP-1845-16	Request for Proposal	Absolute fire and safety	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Absolute Fire and Safety 6106 Jefferson st NE, Albuquerque, NM 87109	Y	Y	Fire Extinguisher Maintenance and Repair Services
		Safety Flare INC	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Safety Flare INC 2803 Richmond Dr NE, Albuquerque, NM 87107-1999	Y	N	
		Western States Fire Protection	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Western States Fire Protection 1615 1/2 University Blvd NE, Albuquerque, NM 87102-1710	Y	N	
					505 Fire and Life Safety Services LLC PO Box 26571, Albuquerque, NM 87125			
RFP-1848-16	Request for Proposal	UTP Productions Inc	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	UTP Productions Inc 774 S 500 W, Salt Lake City, UT 84101-2222	N	N/A	Popejoy Hall Theatrical On-Call Wardrobe Services
		Stage Services Inc	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Stage Services Inc PO Box 81917, Albuquerque, NM 87198-1917	Y	N	Popejoy Hall Theatrical Stagehand Services
RFP-1852-16	Request for Proposal	E.S.P. Associates, P.A.	\$ 95,000.00	\$ 95,000.00	E.S.P. Associates, P.A. 1203 West Ella Drive, Corrales, NM 87048	Y	N	Rio Hondo, NM Base Level Engineering Analyses
RFP-1855-16	Request for Proposal				AECOM Technical Services, Inc. 1601 Prospect Pkwy, Fort Collins, CO 80525-9992			

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT) for the year ended June 30, 2016 - University Only
Unaudited

IFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
RFP-1856-16	Request for Proposal	Great Western Electrical Inc.	\$ 170,560.00	\$ 170,560.00	Great Western Electrical Inc. 3310 Girard Blvd NE, Albuquerque, NM 87107-1931	Y	N	RFP UNM South Parking Lot Lighting Project
					3B Builders Inc 1770 Hamilton Ln Bosque Farms, NM 87068-9658			
					All-Rite Construction, Inc. 3040 Painted Rock NW, Albuquerque, NM 87120			
					B&D Industries, Inc. 9720 Bell Ave SE, Albuquerque, NM 87123-3294			
					BCH Construction, Inc. 1060 10th Ave NE, Rio Rancho, NM 87144-4039			
					Bixby Electric Inc. 521 Wheeler Ave SE, Albuquerque, NM 87102-5040			
					MWI, Inc. PO Box 30670, Albuquerque, NM 87190			
					Prime Electric, Inc. 3312 Girard Blvd NE, Albuquerque, NM 87107-1931			
					US Electrical Corp 301 California St SE, Albuquerque, NM 87108-3023			
RFP-1857-16	Request for Proposal	D's Educational Consulting Services	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	D's Educational Consulting Services 3104 Onate Rd, Roswell, NM 88201-3454	Y	N	PED FOCUS Consultant Services
		Katherine A. Bishop	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Katherine A. Bishop 507 North Lea Ave, Roswell, NM 88201	Y	N	
		Nancy R Treat	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Nancy R Treat 2267 Via Manzana, Santa Fe, NM 87507-8437	Y	N	
					Gina GonzalezYoung 5901 Tioga Rd NW, Albuquerque, NM 87120-2334			
					Teresa L Kerstetter 88 Lagarto Rd, Tijeras, NM 87059			
RFP-1868-16	Request for Proposal	Cobb, Fendley & Associates, Inc.	Indeterminate - Not Fixed Price	Indeterminate - Not Fixed Price	Cobb, Fendley & Associates, Inc. 6102 Jefferson St NE, Albuquerque, NM 87109-3461	Y	N	Utility Locating Services
					Cardno, Inc. 2815 Broadbent, NE, Ste A, Albuquerque, NM 87101			
					High Mesa Consulting Group, Inc. 6010 Midway Park Blvd NE Ste B, Albuquerque, NM 87109-5818			
					USIC Locating Services, LLC 3404 Vista Alameda NE, Suite B, Albuquerque, NM 87113			
RFQ-1859-16	Request for Quotation	Yearout Service, LLC	\$ 147,861.00	\$ 147,861.00	Yearout Service, LLC PO Box 3508, Albuquerque, NM 87190-3508	Y	N	SRC Project
N/A	Emergency Procurement	BCH Construction, Inc.	\$ 117,169.81	\$ 117,169.81	1060 10th Ave NE, Rio Rancho, NM 87144-4039	Y	N/A - Not Bid	Repair of Flood Damage
N/A	Emergency Procurement	Studio Southwest Architects, Inc	\$ 176,543.93	\$ 176,543.93	2101 Mountain Rd NW, Albuquerque, NM 87104-1468	Y	N/A - Not Bid	Development of Specs to Remediate Deficiencies
N/A	Emergency Procurement	Sound Fire & Life Safety Inspection Services, LLC	\$ 269,354.70	\$ 269,354.70	1802 A St SE, Auburn, WA 98002	N	N/A - Not Bid	Inspect Fire Stop Systems Installation
N/A	Exempt	Charles River Laboratories	\$ 110,000.00	\$ 110,000.00	C/O Primatefacility, 251 Ballardvale St Wilmington, MA 01887	N	N/A - Not Bid	Supplies, Lab/Research
N/A	Exempt	Jackson Laboratory	\$ 187,841.84	\$ 187,841.84	90260 Collection Center Dr, B Of A Chicago, IL 60693-0001	N	N/A - Not Bid	Supplies, Lab/Research
N/A	Exempt	Envigo International Holdings Inc	\$ 340,000.00	\$ 340,000.00	C/O Envigo Rms Inc, 3565 Payscale Cir Chicago, IL 60674	N	N/A - Not Bid	Supplies, Lab/Research
N/A	Exempt	Elsevier Inc	\$ 160,618.00	\$ 160,618.00	PO Box 7247 7684, Philadelphia, PA 19170-0001	N	N/A - Not Bid	Services, Printing/Publication/Copying
N/A	Exempt	Kit Carson Electric Cooperative Inc	\$ 85,000.00	\$ 85,000.00	118 Cruz Alta St, PO Box 578 Taos, NM 87571-0578	Y	N/A - Not Bid	Services, Utilities
N/A	Exempt	Town of Taos	\$ 80,000.00	\$ 80,000.00	Customer Service, 400 Camino De La Placita Taos, NM 87571	Y	N/A - Not Bid	Services, Utilities
N/A	Exempt	Anthony Travel Inc	\$ 410,000.00	\$ 410,000.00	PO Box 1086, Notre Dame, IN 46556-1086	N	N/A - Not Bid	Services, Travel
N/A	Exempt	National Public Radio Inc	\$ 61,011.25	\$ 61,011.25	PO Box 79540, Baltimore, MD 21279-0540	N	N/A - Not Bid	Membership Dues
N/A	Exempt	505 Marquette LLC	\$ 109,356.96	\$ 109,356.96	PO Box 26566, Albuquerque, NM 87125-6566	Y	N/A - Not Bid	Services, Leases/ Real Estate
N/A	Exempt	Otto Harrassowitz GmbH & Co KG	\$ 2,002,113.42	\$ 2,002,113.42	Kreuzberger Ring 7b-d, 65205 Wiesbaden, GM	N	N/A - Not Bid	Subscriptions
N/A	Exempt	Otto Harrassowitz GmbH & Co KG	\$ 200,000.00	\$ 200,000.00	Kreuzberger Ring 7b-d, 65205 Wiesbaden, GM	N	N/A - Not Bid	Subscriptions
N/A	Exempt	City of Albuquerque	\$ 90,000.05	\$ 90,000.05	PO Box 1985, Albuquerque, NM 87103-1985	Y	N/A - Not Bid	Services, Moving/Transportation
N/A	Exempt	Nor-Lea Hospital District	\$ 73,998.56	\$ 73,998.56	1600 N Main Ave, Lovington, NM 88260-2871	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Guadalupe County Hospital	\$ 75,833.24	\$ 75,833.24	535 Lake Dr, Santa Rosa, NM 88435-2542	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Broad Institute	\$ 142,644.01	\$ 142,644.01	415 Main St, Cambridge, MA 02142	N	N/A - Not Bid	Services, Analysis-Samples
N/A	Exempt	Vanderbilt University	\$ 72,576.00	\$ 72,576.00	c/o Vanderbilt U Medical Ctr Fin-Dept 1236 Dallas, TX 75312	N	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	University of New Mexico Foundation Inc	\$ 3,583,333.30	\$ 3,583,333.30	2 Woodward Center, 700 Lomas NE Albuquerque, NM 87102	Y	N/A - Not Bid	Reimbursements
N/A	Exempt	Science & Technology Corp	\$ 467,000.00	\$ 467,000.00	801 University Blvd SE Ste 101, Albuquerque, NM 87106-4345	Y	N/A - Not Bid	Services, Legal
N/A	Exempt	Carl Zeiss Microscopy LLC	\$ 297,299.75	\$ 297,299.75	1 Zeiss Dr, Thornwood, NY 10594-1996	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Exempt	Science & Technology Corp	\$ 397,000.00	\$ 397,000.00	801 University Blvd SE Ste 101, Albuquerque, NM 87106-4345	Y	N/A - Not Bid	Services, Legal
N/A	Exempt	Science & Technology Corp	\$ 882,000.00	\$ 882,000.00	851 University Blvd SE Ste 202, Albuquerque, NM 87131-0001	Y	N/A - Not Bid	Services, Legal
N/A	Exempt	Cibola General Hospital	\$ 65,000.00	\$ 65,000.00	1016 E Roosevelt Ave, Grants, NM 87020-2118	Y	N/A - Not Bid	Services, Medical/Dental

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
for the year ended June 30, 2016 - University Only
Unaudited

IFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
N/A	Exempt	Manzano Mountain Retreat	\$ 110,000.00	\$ 110,000.00	Scott Garrett, 7120 Wyoming NE #5 Albuquerque, NM 87109	Y	N/A - Not Bid	Services, Training
N/A	Exempt	City of Albuquerque	\$ 70,299.00	\$ 70,299.00	Accounting Division, PO Box 17 Albuquerque, NM 87103-0017	Y	N/A - Not Bid	Services, Fire/Safety/Security
N/A	Exempt	VIWA Joint Ventures	\$ 60,000.00	\$ 60,000.00	4333 Pan American Fwy NE, Albuquerque, NM 87107-6833	Y	N/A - Not Bid	Services, Leases/ Real Estate
N/A	Exempt	MIND Research Network	\$ 99,433.00	\$ 99,433.00	1101 Yale Blvd NE, Albuquerque, NM 87106	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	New Mexico Cancer Care Alliance	\$ 410,000.00	\$ 410,000.00	PO Box 4428, Albuquerque, NM 87196-4428	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Merit Newport 15 Limited Partnership	\$ 315,314.08	\$ 315,314.08	Building Interests Inc, 8801 Horizon NE #150 Abq, NM 87113	Y	N/A - Not Bid	Services, Leases/ Real Estate
N/A	Exempt	Albuquerque Asphalt	\$ 78,667.92	\$ 78,667.92	PO Box 66450, 202 94th St Albuquerque, NM 87193-6450	Y	N/A - Not Bid	Services, Maintenance - Building
N/A	Exempt	Southwest Center for Health Innovation	\$ 100,000.00	\$ 100,000.00	301 W College Ave Ste 16, Silver City, NM 88061-5002	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Consolidated Builders of NM LLC	\$ 162,981.32	\$ 162,981.32	6123 Coors Blvd SW, Albuquerque, NM 87121-6708	Y	N/A - Not Bid	Services, Maintenance - Building
N/A	Exempt	McGraw-Hill Education Inc	\$ 61,582.70	\$ 61,582.70	PO Box 786167, Philadelphia, PA 19178-6167	N	N/A - Not Bid	Services, Printing/Publication/Copying
N/A	Exempt	TriCore Reference Laboratories	\$ 120,000.00	\$ 120,000.00	PO Box 25627, Albuquerque, NM 87125-0627	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	CompHealth Associates Inc	\$ 275,000.00	\$ 275,000.00	C/O Comphealth, PO Box 57915 Salt Lake City, UT 84157-091	N	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Miners Colfax Medical Center	\$ 65,000.00	\$ 65,000.00	900 S 6th St, Raton, NM 87740-4224	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Weatherby Locums	\$ 221,560.63	\$ 221,560.63	6451 N Federal Hwy Ste 800, Fort Lauderdale, FL 33308-1409	N	N/A - Not Bid	Services, Employment
N/A	Exempt	Cooperative Educational Services	\$ 677,009.62	\$ 677,009.62	4216 Balloon Park Rd NE, Albuquerque, NM 87109-5801	Y	N/A - Not Bid	Services, Grounds/Landscaping
N/A	Exempt	First Choice Community Healthcare	\$ 120,000.00	\$ 120,000.00	2001 N Centro Familiar SW, Albuquerque, NM 87105-4592	Y	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Cooperative Educational Services	\$ 131,389.26	\$ 131,389.26	4216 Balloon Park Rd NE, Albuquerque, NM 87109-5801	Y	N/A - Not Bid	Services, Maintenance - Building
N/A	Exempt	CompHealth Associates Inc	\$ 1,090,000.00	\$ 1,090,000.00	C/O Comphealth, PO Box 972651 Dallas, TX 75397-0001	N	N/A - Not Bid	Services, Employment
N/A	Exempt	US Art Co Inc	\$ 67,100.13	\$ 67,100.13	66 Pacella Park Dr, Randolph, MA 02368-1757	N	N/A - Not Bid	Services, Art Related
N/A	Exempt	Central New Mexico Community College	\$ 80,950.00	\$ 80,950.00	A Bldg Rm 125, 525 Buena Vista Dr SE Abq, NM 87106-4023	Y	N/A - Not Bid	Services, Training
N/A	Exempt	Cooperative Educational Services	\$ 305,900.00	\$ 305,900.00	4216 Balloon Park Rd NE, Albuquerque, NM 87109-5801	Y	N/A - Not Bid	Equipment, Appliances
N/A	Exempt	Information Builders Inc	\$ 60,000.00	\$ 60,000.00	4600 S Ulster St Ste 820, Denver, CO 80237-2873	N	N/A - Not Bid	Supplies, Software
N/A	Exempt	Level 3 Communications LLC	\$ 133,200.00	\$ 133,200.00	1025 Eldorado Blvd, Broomfield, CO 80021-8869	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Exempt	Staff Care Inc	\$ 624,000.00	\$ 624,000.00	8840 Cypress Waters Blvd Ste 300, Coppell, TX 75019-4630	N	N/A - Not Bid	Services, Medical/Dental
N/A	Exempt	Elsevier Inc	\$ 167,042.72	\$ 167,042.72	PO Box 9533, New York, NY 10087-4533	N	N/A - Not Bid	Services, Printing/Publication/Copying
N/A	Exempt	Science & Technology Corp	\$ 882,000.00	\$ 882,000.00	851 University Blvd SE Ste 202, Albuquerque, NM 87131-0001	Y	N/A - Not Bid	Services, Legal
N/A	Non-SPD Price Agreement	En Pointe Technologies	\$ 100,087.86	\$ 100,087.86	18701 S Figueroa St, Gardena, CA 90248-4506	N	N/A - Not Bid	Supplies, Software
N/A	Non-SPD Price Agreement	Professional Document Systems	\$ 227,456.75	\$ 227,456.75	1414 Common Dr, El Paso, TX 79936-5922	N	N/A - Not Bid	Services, Printing/Publication/Copying
N/A	Non-SPD Price Agreement	VWR International Inc	\$ 148,501.99	\$ 148,501.99	3021 Gateway Dr Ste 280, Irving, TX 75063-2671	N	N/A - Not Bid	Equipment, Furniture
N/A	Non-SPD Price Agreement	Hewlett Packard Co	\$ 262,672.96	\$ 262,672.96	Public Sector, 10810 Farnam Dr Omaha, NE 68154-3237	N	N/A - Not Bid	Equipment, Computer
N/A	Non-SPD Price Agreement	HB Construction of Alb Inc	\$ 595,000.00	\$ 595,000.00	5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143	Y	N/A - Not Bid	Services, Construction
N/A	Non-SPD Price Agreement	VWR International Inc	\$ 90,109.16	\$ 90,109.16	10408 Aventura Ct NW Albuquerque, NM 87114-3837	Y	N/A - Not Bid	Equipment, Lab/Research
N/A	Non-SPD Price Agreement	VWR International Inc	\$ 84,471.56	\$ 84,471.56	Radnor Corporate Ctr, Bldg 1, Ste 200 Wayne, PA 19087	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Non-SPD Price Agreement	Cooperative Educational Services	\$ 74,958.70	\$ 74,958.70	4216 Balloon Park Rd NE, Albuquerque, NM 87109-5801	Y	N/A - Not Bid	Services, Construction
N/A	Non-SPD Price Agreement	Creative Interiors Inc	\$ 119,699.69	\$ 119,699.69	1030 Agua Fria St, Santa Fe, NM 87501-2434	Y	N/A - Not Bid	Equipment, Furniture
N/A	Non-SPD Price Agreement	Firehouse Medical Inc	\$ 188,937.18	\$ 188,937.18	22601 La Palma Ave Ste 102, Yorba Linda, CA 92887-6711	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Non-SPD Price Agreement	Pocket Nurse	\$ 60,377.59	\$ 60,377.59	610 Frankfort Rd, Monaca, PA 15061-2218	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Non-SPD Price Agreement	Olympus America Inc	\$ 83,460.96	\$ 83,460.96	3500 Corporate Pkwy, Center Valley, PA 18034-8229	N	N/A - Not Bid	Supplies, Lab/Research
N/A	Non-SPD Price Agreement	Siemens Medical Solutions USA Inc	\$ 119,970.00	\$ 119,970.00	221 Gregson Dr, Cary, NC 27511-6495	N	N/A - Not Bid	Services, Maintenance - Equip, Medical/Clinical
N/A	Non-SPD Price Agreement	Siemens Medical Solutions USA Inc	\$ 185,885.00	\$ 185,885.00	40 Liberty Blvd, Malvern, PA 19355-1418	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Non-SPD Price Agreement	VWR International Inc	\$ 131,004.86	\$ 131,004.86	10408 Aventura Ct NW Albuquerque, NM 87114-3837	Y	N/A - Not Bid	Equipment, Lab/Research
N/A	Non-SPD Price Agreement	VWR International Inc	\$ 419,263.08	\$ 419,263.08	10408 Aventura Ct NW Albuquerque, NM 87114-3837	Y	N/A - Not Bid	Equipment, Furniture
N/A	Non-SPD Price Agreement	Leland M Thompson Inc	\$ 70,634.00	\$ 70,634.00	SW Contract, 17 Profesional Dr Temple, TX 76504-8830	N	N/A - Not Bid	Equipment, Furniture
N/A	Non-SPD Price Agreement	En Pointe Technologies Sales LLC	\$ 104,670.03	\$ 104,670.03	1940 E Mariposa Ave, El Segundo, CA 90245-3457	N	N/A - Not Bid	Supplies, Software

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

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for the year ended June 30, 2016 - University Only
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N/A	Non-SPD Price Agreement	Goodmans Interior Structures	\$ 63,437.54	\$ 63,437.54	855 E Main Ave, Zeeland, MI 49464-1366	N	N/A - Not Bid	Equipment, Furniture
N/A	Other	Soaring The West Inc	\$ 85,485.00	\$ 85,485.00	6640 Oak Springs Dr, Oak Park, CA 91377-3819	N	N/A - Not Bid	Services, Audio/Visual
N/A	Other	Keysight Technologies	\$ 95,836.90	\$ 95,836.90	1400 Fountaingrove Pkwy, Santa Rosa, CA 95403-1738	N	N/A - Not Bid	Equipment, Computer
N/A	Sole Source	Kronos Inc	\$ 77,680.46	\$ 77,680.46	PO Box 743208, Atlanta, GA 30374-3208	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Leica Microsystems Inc	\$ 79,141.74	\$ 79,141.74	1700 Leider Ln, Buffalo Grove, IL 60089-6622	N	N/A - Not Bid	Services, Maintenance - Equipment
N/A	Sole Source	SciQuest Inc	\$ 538,232.07	\$ 538,232.07	6501 Weston Pkwy Ste 200, Cary, NC 27513-2312	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	IDEA Center	\$ 65,000.00	\$ 65,000.00	301 S 4th St Ste 200, Manhattan, KS 66502-6209	N	N/A - Not Bid	Services, Surveying
N/A	Sole Source	Elektta Inc	\$ 359,670.42	\$ 359,670.42	PO Box 404199, Atlanta, GA 30384-4199	N	N/A - Not Bid	Services, Maintenance - Equipment
N/A	Sole Source	Pitney Bowes Inc	\$ 600,000.00	\$ 600,000.00	Ste 100, 6301 Indian School Rd NE, Albuquerque, NM 87110	Y	N/A - Not Bid	Supplies, Postage/Mailing
N/A	Sole Source	Laerdal Medical Corp	\$ 94,949.95	\$ 94,949.95	167 Myers Corners Rd, Wappingers Falls, NY 12590-3869	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Sole Source	Invicro LLC	\$ 118,900.00	\$ 118,900.00	Attn:Accts Payable, 7Th Fl West Boston, MA 02210-2377	N	N/A - Not Bid	Services, Lab/Research
N/A	Sole Source	Math Works Inc	\$ 100,786.00	\$ 100,786.00	PO Box 845428, Boston, MA 02284-5428	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Corporation for Education Initiatives in CA	\$ 120,000.00	\$ 120,000.00	16700 Valley View Ave Apt 400, La Mirada, CA 90638-5830	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Sole Source	Michael Callahan	\$ 116,000.00	\$ 116,000.00	Marc Gold & Assoc, 4101 Gautier Vanclave, Gautier, MS 39553	N	N/A - Not Bid	Services, Training
N/A	Sole Source	Ratex Business Solutions Inc	\$ 104,598.00	\$ 104,598.00	610 W Germantown Pike #305, Plymouth Meeting, PA 19462	N	N/A - Not Bid	Services, Maintenance - Computer/Data/Telecom
N/A	Sole Source	HB Construction of Alb Inc	\$ 133,590.59	\$ 133,590.59	5301 Beverly Hills Ave NE, Albuquerque, NM 87113-2143	Y	N/A - Not Bid	Services, Construction
N/A	Sole Source	Jeol USA Inc	\$ 71,393.16	\$ 71,393.16	11 Dearborn Rd, Peabody, MA 01960-3823	N	N/A - Not Bid	Services, Maintenance - Equipment
N/A	Sole Source	Corporation for Education Initiatives in CA	\$ 170,435.00	\$ 170,435.00	16700 Valley View Ave Apt 400, La Mirada, CA 90638-5830	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Sole Source	UPPI LLC	\$ 377,580.17	\$ 377,580.17	1185 Woods Chapel Rd, Duncan, SC 29334-9233	N	N/A - Not Bid	Supplies, Lab/Research
N/A	Sole Source	Newport Fab LLC	\$ 126,000.00	\$ 126,000.00	Jazz Semiconductor, 4321 Jamboree Newport Beach, CA 92660	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	New Mexico Cancer Care Alliance	\$ 264,094.00	\$ 264,094.00	PO Box 4428, Albuquerque, NM 87196-4428	Y	N/A - Not Bid	Services, Lab/Research
N/A	Sole Source	Newport Corp	\$ 363,550.00	\$ 363,550.00	Spectra-Physics, 3635 Peterson Wy, Santa Clara, CA 95054	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Oracle America Inc	\$ 103,248.31	\$ 103,248.31	500 Oracle Pkwy, Redwood City, CA 94065-1677	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	PeopleAdmin Inc	\$ 115,270.47	\$ 115,270.47	805 Las Cimas Pkwy Ste 400, Austin, TX 78746-5461	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Ellucian Company LP	\$ 272,412.52	\$ 272,412.52	4 Country View Rd, Malvern, PA 19355-1408	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	David R Alexander	\$ 69,544.17	\$ 69,544.17	1721 Pedregoso Pl SE, Albuquerque, NM 87123-4416	Y	N/A - Not Bid	Services, Engineering
N/A	Sole Source	Career Step LLC	\$ 130,218.50	\$ 130,218.50	4692 N 300 W Ste 150, Provo, UT 84604-7713	N	N/A - Not Bid	Services, Classroom/Instructional
N/A	Sole Source	Garcia Star Haus LLC	\$ 66,317.00	\$ 66,317.00	Mercedes-Benz of SF, 2586 Camino Entrada, SF, NM 87507	Y	N/A - Not Bid	Vehicles, greater than 1 ton
N/A	Sole Source	Kejr Inc	\$ 180,435.00	\$ 180,435.00	c/o Geoprobe Systems, 1835 Wall St, Salina, KS 67401	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Givana Tech LLC	\$ 65,000.00	\$ 65,000.00	1916 Cherrybend Dr, Little Rock, AR 72211-5487	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Hobsons Inc	\$ 283,234.00	\$ 283,234.00	Recr Solutions, 50 E Business Way #300, Cincinnati, OH 45241	N	N/A - Not Bid	Services, Software Subscriptions/Licenses
N/A	Sole Source	Ellucian Company LP	\$ 195,344.33	\$ 195,344.33	4 Country View Rd, Malvern, PA 19355-1408	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	TouchNet Information Systems Inc	\$ 232,508.45	\$ 232,508.45	15520 College Blvd, Lenexa, KS 66219-1353	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	SciQuest Inc	\$ 82,859.18	\$ 82,859.18	6501 Weston Pkwy Ste 200, Cary, NC 27513-2312	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Sole Source	Mission Search Inter Inc	\$ 102,723.60	\$ 102,723.60	2203 N Lois Ave Ste 1225, Tampa, FL 33607-2390	N	N/A - Not Bid	Services, Employment
N/A	Sole Source	Parking Revenue Solutions	\$ 104,266.30	\$ 104,266.30	1251 S Huron St, Denver, CO 80223-3108	N	N/A - Not Bid	Equipment, Industrial
N/A	Sole Source	Microsoft Corporation	\$ 66,604.00	\$ 66,604.00	C/O It Academy, PO Box 100014, Pasadena, CA 91189-0001	N	N/A - Not Bid	Services, Software Subscriptions/Licenses
N/A	Sole Source	Barnett Technical Services LLC	\$ 122,640.88	\$ 122,640.88	5050 Laguna Blvd Ste 112-620, Elk Grove, CA 95758-4151	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	DLT Solutions LLC	\$ 68,801.20	\$ 68,801.20	13861 Sunrise Valley Dr, Ste 400 Herndon, VA 20171	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Nec Corporation of America	\$ 877,678.20	\$ 877,678.20	NEC Financial Svcs Llc, PO Box 100558, Pasadena, CA 91189	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Sole Source	Studio Southwest Architects Inc	\$ 250,000.00	\$ 250,000.00	2101 Mountain Rd NW, Albuquerque, NM 87104	Y	N/A - Not Bid	Services, Fire/Safety/Security
N/A	Sole Source	Indus MIS Inc	\$ 106,230.00	\$ 106,230.00	340 Oak St S, West Salem, WI 54669-1737	N	N/A - Not Bid	Equipment, Computer
N/A	Sole Source	Best Union USA	\$ 71,700.00	\$ 71,700.00	Omniticket Network, 4501 Vineland Rd #109, Orl, FL 32811	N	N/A - Not Bid	Services, Maintenance - Computer/Data/Telecom

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
for the year ended June 30, 2016 - University Only
Unaudited

IFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
N/A	Sole Source	FEI Co	\$ 75,412.47	\$ 75,412.47	5350 NE Dawson Creek Dr, Hillsboro, OR 97124	N	N/A - Not Bid	Services, Maintenance - Equipment
N/A	Sole Source	Nanoscience Instruments Inc	\$ 103,180.00	\$ 103,180.00	9831 S 51st St Ste C119, Phoenix, AZ 85044-5673	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Keysight Technologies	\$ 685,428.34	\$ 685,428.34	1400 Fountaingrove Pkwy, Santa Rosa, CA 95403-1738	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Nec Corporation of America	\$ 200,000.00	\$ 200,000.00	NEC Financial Svcs Llc, PO Box 100558 Pasadena, CA 91189	N	N/A - Not Bid	Services, Data Network/Telecom Services
N/A	Sole Source	Sound Fire & Life Safety Inspection Services LLC	\$ 450,000.00	\$ 450,000.00	Apt 223, 1802 A St SE Auburn, WA 98002-6617	N	N/A - Not Bid	Services, Fire/Safety/Security
N/A	Sole Source	Bio Rad Laboratories Inc	\$ 101,970.80	\$ 101,970.80	Life Science Group, 2000 Alfred Nobel Dr Hercules, CA 94547	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Bruker Biospin Corp	\$ 723,130.00	\$ 723,130.00	15 Fortune Dr, Billerica, MA 01821-3958	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	AlterG Inc.	\$ 86,180.00	\$ 86,180.00	48438 Milmont Dr, Fremont, CA 94538-7326	N	N/A - Not Bid	Equipment, Athletic
N/A	Sole Source	Bradbury & Stamm Construction Inc	\$ 1,712,785.91	\$ 1,712,785.91	PO Box 10850, Albuquerque, NM 87184-0850	Y	N/A - Not Bid	Services, Construction -
N/A	Sole Source	llumina Inc	\$ 85,500.00	\$ 85,500.00	9885 Towne Centre Dr, San Diego, CA 92121-1975	N	N/A - Not Bid	Services, Lab/Research
N/A	Sole Source	Hitachi High Technologies America Inc	\$ 520,110.46	\$ 520,110.46	PO Box 612208, Dallas, TX 75261-2208	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Burness Communications	\$ 155,334.00	\$ 155,334.00	7910 Woodmont Ave Ste 700, Bethesda, MD 20814-3093	N	N/A - Not Bid	Services, Medical/Dental
N/A	Sole Source	Rockefellers Cleaning & Restoration	\$ 102,191.48	\$ 102,191.48	5514 Coal Ave SE, Albuquerque, NM 87108-2911	Y	N/A - Not Bid	Services, Maintenance - Building
N/A	Sole Source	Information Builders Inc	\$ 101,195.45	\$ 101,195.45	4600 S Ulster St Ste 820, Denver, CO 80237-2873	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Internet2	\$ 171,785.00	\$ 171,785.00	3025 Boardwalk St Ste 100, Ann Arbor, MI 48108-3260	N	N/A - Not Bid	Membership Dues
N/A	Sole Source	Johnson & Johnson Health Care	\$ 85,840.00	\$ 85,840.00	425 Hoes Ln, Piscataway, NJ 08854-4103	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Security Information Systems Inc	\$ 83,905.00	\$ 83,905.00	7081 Grand National Dr Ste 100, Orlando, FL 32819-8374	N	N/A - Not Bid	Equipment, Computer
N/A	Sole Source	Adobe Systems Inc	\$ 404,527.00	\$ 404,527.00	345 Park Ave, San Jose, CA 95110-2704	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	M Squared Lasers Inc.	\$ 100,000.00	\$ 100,000.00	Innovation Centre, 1 Broadway Fl 14 Cambridge, MA 02142	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Pacific Market Research LLC	\$ 80,000.00	\$ 80,000.00	15 S Grady Way Ste 620, Renton, WA 98057-3218	N	N/A - Not Bid	Services, Surveying
N/A	Sole Source	Neuroelectrics	\$ 75,050.00	\$ 75,050.00	1 Broadway Fl 14, Cambridge, MA 02142-1187	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Newport Corp	\$ 129,262.77	\$ 129,262.77	1791 Deere Ave, Irvine, CA 92606-4814	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Keysight Technologies	\$ 119,071.87	\$ 119,071.87	1400 Fountaingrove Pkwy, Santa Rosa, CA 95403-1738	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	McREL International	\$ 155,594.00	\$ 155,594.00	4601 Dtc Blvd Ste 500, Denver, CO 80237-2596	N	N/A - Not Bid	Supplies, Instructional
N/A	Sole Source	Fitbit Inc	\$ 65,281.23	\$ 65,281.23	Dept Ch 16970, Palatine, IL 60055-0001	N	N/A - Not Bid	Awards/Promotional
N/A	Sole Source	Wausau Tile Inc	\$ 250,000.00	\$ 250,000.00	PO Box 1520, Wausau, WI 54402-1520	N	N/A - Not Bid	Equipment, Industrial
N/A	Sole Source	Integrated Control Systems Inc	\$ 116,060.52	\$ 116,060.52	4020 Vassar Dr NE Ste H, Albuquerque, NM 87107-2058	Y	N/A - Not Bid	Services, Maintenance - Building
N/A	Sole Source	Life Technologies Corp	\$ 274,715.50	\$ 274,715.50	3175 Staley Rd, Grand Island, NY 14072-2090	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Novell Inc	\$ 96,905.50	\$ 96,905.50	1800 Novell Pl, Provo, UT 84606-6101	N	N/A - Not Bid	Services, Software Subscriptions/Licenses
N/A	Sole Source	NMXS Inc	\$ 97,120.00	\$ 97,120.00	5021 Indian School Rd NE Ste 100, Albuquerque, NM 87110	Y	N/A - Not Bid	Equipment, Computer
N/A	Sole Source	Velos Inc	\$ 72,000.00	\$ 72,000.00	2201 Walnut Ave Ste 208, Fremont, CA 94538-2334	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Hyland Software Inc	\$ 62,800.00	\$ 62,800.00	28500 Clemens Rd, Westlake, OH 44145-1145	N	N/A - Not Bid	Services, Software Subscriptions/Licenses
N/A	Sole Source	Elekta Inc	\$ 176,403.08	\$ 176,403.08	4775 Peachtree Industrial #300, Norcross, GA 30092	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Laerdal Medical Corp	\$ 114,205.00	\$ 114,205.00	167 Myers Corners Rd, Wappingers Falls, NY 12590	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Sole Source	The Democracy Collaborative Foundation Inc	\$ 131,600.00	\$ 131,600.00	1422 Euclid Ave Ste 616, Cleveland, OH 44115-1901	N	N/A - Not Bid	Services, Training
N/A	Sole Source	Dekker Perich Sabatini Ltd	\$ 133,805.00	\$ 133,805.00	7601 Jefferson St NE Ste 100, Albuquerque, NM 87109	Y	N/A - Not Bid	Services, Construction - Facilities Planning
N/A	Sole Source	Life Technologies Corp	\$ 166,619.41	\$ 166,619.41	3175 Staley Rd, Grand Island, NY 14072-2090	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	DLT Solutions LLC	\$ 99,999.98	\$ 99,999.98	2411 Dulles Corner Park Ste 800, Herndon, VA 20171	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Suzanne M Harper	\$ 134,000.00	\$ 134,000.00	PO Box 1641, Corrales, NM 87048-1641	Y	N/A - Not Bid	Services, Training
N/A	Sole Source	Laerdal Medical Corp	\$ 72,068.28	\$ 72,068.28	167 Myers Corners Rd, Wappingers Falls, NY 12590	N	N/A - Not Bid	Equipment, Medical/Clinical
N/A	Sole Source	Moncktons Machine Tools Llc	\$ 67,172.00	\$ 67,172.00	c/o Mmt LLC, 637 Osage St, Denver, CO 80204-4205	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Edinburgh Instruments	\$ 74,776.86	\$ 74,776.86	2 Bain Sq, Livingston West Lothian EH54 7DQ, UK	N	N/A - Not Bid	Equipment, Lab/Research
N/A	Sole Source	Aerotech Inc	\$ 62,805.00	\$ 62,805.00	100 Zeta Dr, Pittsburgh, PA 15238-2897	N	N/A - Not Bid	Equipment, Lab/Research

THE UNIVERSITY OF NEW MEXICO

SCHEDULE 14

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
 for the year ended June 30, 2016 - University Only
 Unaudited

IFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	In-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
N/A	Sole Source	Kronos Inc	\$ 98,487.12	\$ 98,487.12	PO Box 743208, Atlanta, GA 30374-3208	N	N/A - Not Bid	Services, Maintenance - Computer/Data/Telecom
N/A	Sole Source	SciQuest Inc	\$ 551,732.07	\$ 551,732.07	6501 Weston Pkwy Ste 200, Cary, NC 27513-2312	N	N/A - Not Bid	Supplies, Software
N/A	Sole Source	Branagh Information Group Inc	\$ 174,330.00	\$ 174,330.00	ERS Data Sys, 548 Market #19130 San Francisco, CA 94104	N	N/A - Not Bid	Services, Training
N/A	Sole Source	VM Ware Inc	\$ 71,497.36	\$ 71,497.36	3401 Hillview Ave, Palo Alto, CA 94304-1320	N	N/A - Not Bid	Supplies, Software

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THE UNIVERSITY OF NEW MEXICO

EXIT CONFERENCE

June 30, 2016

The financial statements were prepared by the financial officials of the University of New Mexico. An exit conference was conducted on October 21, 2016, in which the contents of this report were discussed with the following:

UNIVERSITY OF NEW MEXICO

Jack L. Fortner	Chair, UNM Board of Regents Audit Committee
Thomas Clifford	UNM Board of Regents Audit Committee
Ryan Berryman	UNM Board of Regents Audit Committee
David W. Harris	Executive Vice President for Administration, COO and CFO
Elizabeth Metzger	University Controller
Ava J. Lovell	Senior Executive Officer for Finance & Administration, HSC
Michael Schwantes	Chief Financial Services Officer, HSC
Ella Watt	Chief Financial Officer, UNM Hospitals
Kimberly Bell	Senior Deputy University Counsel
Elizabeth Washburn	Chief Compliance Officer, Compliance Office
Manilal Patel	Director, Internal Audit
Purvi Mody	Executive Director, Compliance and Audit, UNM Hospitals
Amy Wohlert	Chief of Staff, Office of the President
Staff	University Internal Audit Department

KPMG LLP

John Kennedy	Partner
Jaime Cavin	Senior Manager

MOSS ADAMS LLP

DeVon Wiens	Partner
Josh Lewis	Senior Manager