



BE BOLD. Shape the Future.
New Mexico State University

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Carolina Muñoz
*Manager of Accounting and
Financial Reporting*

October 9, 2019

It is my pleasure to share the annual financial report of New Mexico State University (NMSU) for the fiscal years (FYs) ended June 30, 2019 and 2018. I am pleased to report that we have stabilized enrollment for NMSU. We are celebrating recent enrollment growth in the NMSU Graduate School, modest growth in overall enrollment for the NMSU System, and continued progress in student retention and graduation rates.

The accompanying financial statements of the University are prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board. KPMG LLP, independent auditors, has examined the financial statements, and their unmodified opinion is presented beginning on page 3 of the report. The financial and physical resource management of the University is guided by the priorities established in our new strategic plan NMSU LEADS 2025.

The plan outlines four primary goals including to enhance student success and social mobility; elevating research and creativity; amplifying extension and outreach; and building a robust NMSU system. Importantly, the plan states that the mission of the New Mexico State University system is to serve the diverse needs of the state through comprehensive programs of education, research, extension and outreach, and public service. As the state's land-grant and space-grant University, and as a Hispanic-Serving Institution, NMSU fosters learning, inquiry, diversity and inclusion, social mobility, and service to the broader community. NMSU is already developing strategies, identifying key metrics, and making efforts towards achieving the goals of LEADS 2025.

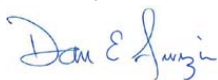
As we continue our sound fiscal management, we will consider further efficiencies and productivity improvements. We will also consider additional structural or organizational changes to reallocate funds and continue to effectively utilize our resources.

Aggie pride and spirit continues to be apparent all over our beautiful campuses as we enhance the learning experiences of students through first-class facilities. A new arts complex, Devasthali Hall and new 300 bed freshman residence opened for occupancy in fall 2019.

New Mexico is extracting oil and gas at levels never before seen. This has been a tremendous boost for our economy. Over the past year, the state appropriations to NMSU for FY 2020 increased \$15.3 million allowing for a 4% compensation increase in faculty and staff salaries. In August 2019 the New Mexico Legislative Finance Committee indicated favorable revenue projections for the state of New Mexico, projecting a \$900 million increase in available funding for FY 2021.

I want to ensure stakeholders that we will be mindful of our values of leadership, excellence, access, diversity and inclusion, and student-centered as we shape the future for NMSU. These values are encapsulated as: BE BOLD. Shape the future. The future is bright for our great university.

Sincerely,



Dan E. Arvizu, Ph.D.
Chancellor



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

Independent Auditors' Report

Board of Regents
New Mexico State University
And
Mr. Brian Colón, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Mexico State University (the University), as of and for the years ended June 30, 2019 and 2018, 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 audits. We conducted our audits 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 is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of New Mexico State University, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 2, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinions are 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 Changes in Net Other Post-Employment Benefits liability and Related Ratios in accordance with GASB Statement 75 (schedule 5), and the Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (schedule 6), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying Chancellor's Letter, Combining Statements of Net Position (schedule 1), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7), as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Statements of Net Position (schedule 1), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) 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 Combining Statements of Net Position (schedule 1), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Chancellor's Letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's 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
October 30, 2019

Management's Discussion and Analysis For the Years Ended June 30, 2019 and 2018 (Unaudited)

Overview of Financial Statements and Financial Analysis

Management's Discussion and Analysis is designed to provide an easily readable analysis of New Mexico State University's (the University) financial activities for the fiscal years ended June 30, 2019 and 2018. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Please read this analysis in conjunction with the University's financial statements and accompanying notes to the financial statements. Separately issued component unit financial statements are available as detailed in Note 11.

Using This Annual Report

The Statement of Net Position provides information about the University's financial condition at fiscal year end. It presents both a current year synopsis and a longer-term view of the University's assets, liabilities and net position. Readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University. They can also determine how much the University owes to vendors, investors and lending institutions. Finally, the Statement of Net Position outlines the net position (assets minus liabilities) available to the University and defines that availability.

The Statement of Revenues, Expenses, and Changes in Net Position should be used to review the results of the current year's operations. Changes in total net position, as presented in the Statement of Net Position, are based on the activities presented in this statement. The purpose of the statement is to present the revenues earned by the University and the expenses incurred by the University and any other revenues, expenses, gains and losses earned or incurred by the University. Non-operating revenues include state appropriations revenue, federal Pell grant revenue, state lottery scholarship revenue, local tax levy revenue, gift revenue, and interest earned on operating balances. The line item entitled "Loss before other revenues" may give a more complete picture of the results of the University's operations during the year, including income resulting from non-exchange transactions. A non-exchange transaction is one in which the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.

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

Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a natural classification report of operating expenses.

Additional information may be obtained by contacting the Office of the Senior Vice President for Administration and Finance at 575-646-2431 or boffice@nmsu.edu.

For the years ended June 30, 2019, 2018 and 2017, the University's financial position was as follows:
(In thousands)

Condensed Net Position	June 30, 2019	June 30, 2018	June 30, 2017
ASSETS			
Current assets	119,985	126,048	103,736
Capital assets, net	506,752	494,320	502,900
Non-current assets	211,129	192,913	163,784
TOTAL ASSETS	837,866	813,281	770,420
DEFERRED OUTFLOWS OF RESOURCES	197,892	246,880	70,110
LIABILITIES			
Current liabilities	65,492	60,994	63,591
Net pension liability	792,236	750,674	507,688
Other post-employment benefit liability	139,913	128,375	27,955
Other non-current liabilities	160,437	170,038	124,077
TOTAL LIABILITIES	1,158,078	1,110,081	723,311
DEFERRED INFLOWS OF RESOURCES	36,206	42,046	24,850
NET POSITION			
Net investment in capital assets	383,627	386,310	396,577
Restricted	73,209	58,270	64,187
Unrestricted	(615,362)	(536,546)	(368,394)
TOTAL NET POSITION	\$ (158,526)	\$ (91,966)	\$ 92,370
Condensed Revenues, Expenses and Changes in Net Position			
Operating revenues:			
Student tuition and fees (net)	\$ 65,361	\$ 66,520	\$ 67,125
Federal appropriations, grants and contracts	86,468	82,542	89,478
Other operating revenues	58,010	58,835	65,103
TOTAL OPERATING REVENUES	209,839	207,897	221,706
EXPENSES			
Operating expenses:			
Instruction	176,922	164,631	147,434
Research	98,695	92,299	86,442
Other operating expenses	330,550	315,164	293,937
TOTAL OPERATING EXPENSES	606,167	572,094	527,813
Net operating loss	(396,328)	(364,197)	(306,107)
Non-operating revenues and expenses:			
Loss before other revenues	294,054	268,007	278,743
Other revenues	(102,274)	(96,190)	(27,364)
Other revenues	35,714	12,928	23,368
Increase (decrease) in net position	(66,560)	(83,262)	(3,996)
NET POSITION			
Beginning of year, as previously reported	(91,966)	92,370	158,826
Change in accounting principle (Note 2)	-	(101,074)	(62,460)
Beginning of year, as restated	(91,966)	(8,704)	96,366
End of year	\$ (158,526)	\$ (91,966)	\$ 92,370

General Overview for 2019 and 2018

In fiscal year 2019, total assets of the institution increased by \$25 million primarily related to increases in cash and cash equivalents and net capital assets. Deferred outflows decreased by \$49 million, due to the changes in assumptions related to the pension liability. Total liabilities increased by \$48 million and deferred inflows decreased by \$6 million.

The more significant changes in the Statement of Net Position include:

- Increases in the pension liability of \$42 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability as required by GASB 68, Accounting and Financial Reporting for Pensions.
- Increase in the other post-employment benefit liability of \$12 million, and the related change in deferred outflows and deferred inflows. These items are related to the adjustments made to the OPEB as required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).
- Increase in net capital assets of \$12 million related to completed construction projects and construction work in progress.

The operations discussed below contributed to the decrease in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components that added to the \$67 million net decrease in net position from the prior year include:

- An increase in operating expense of \$22 million prior to the allocation of pension expense.
- An increase in pension expense of \$12 million.
- An increase in scholarship allowances of \$4.9 million.

The decreases were offset in part by the following:

- An increase in capital appropriations of \$14.9 million.
- An increase in state appropriations of \$9 million.
- An increase in capital grants, gifts and other income of \$8.2 million.
- Increases in investment income of \$6.5 million, state lottery scholarship of \$3.5 million, gift and non-exchange grants of \$0.2 million and local tax levy of \$4 million.

The Statement of Cash Flows shows a net increase in cash. The largest source of cash from operating activities was from grant and contract revenues, followed by tuition and fees, while the largest source of cash from non-capital financing activities was from state appropriations. The most significant uses of cash were for payments to employees and for employee benefits and payments to suppliers.

General Overview for 2018 and 2017

In fiscal year 2018, total assets of the institution increased by \$43 million primarily related to investments of bond proceeds and deferred outflows increased by \$177 million, due to the changes in assumptions related to the pension liability. Total liabilities increased by \$387 million and deferred inflows increased by \$17 million. The Governmental Accounting Standards Board (GASB) Statement No. 75, which replaced the requirements of GASB No. 45, was implemented in fiscal year 2018, and resulted in the recognition of the total Other Post Employment Benefit (OPEB) liability as opposed to an amortized portion and the annual OPEB expense replaced the Annual Required Contribution (ARC).

The more significant changes in the Statement of Net Position include:

- Increases in the pension liability of \$243 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability as required by GASB 68.
- Increase in the OPEB liability of \$100 million, and the related change in deferred inflows. These items are related to the adjustments made to the OPEB liability as required by GASB 75.
- Increase in investments of \$47 million and long term bonds and contracts liabilities of \$43 million.

The operations discussed below contributed to the decrease in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components that added to the \$83.8 million net decrease in net position from the prior year before the net effect of the change in accounting principal include:

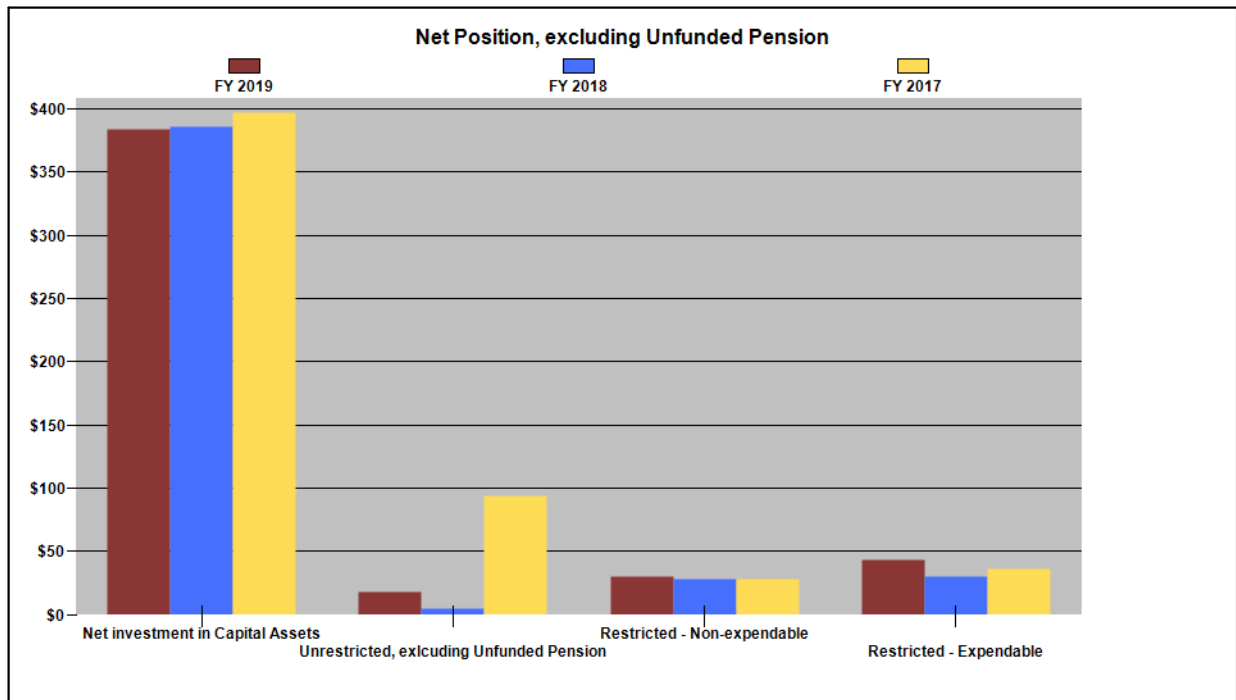
- An increase in pension expense of \$67.4 million.
- A decrease in capital revenues of \$10.8 million.
- Decrease in state appropriations of \$2.6 million.

The decreases were offset in part by the following:

- Decrease in instruction expense, prior to the allocated pension expense, of \$9.2 million.
- Increase in Federal Pell grants of \$1.5 million.

The Statement of Cash Flows shows a net increase in cash. The largest source of cash from operating activities was from grant and contract revenues, followed by tuition and fees, while the largest source of cash from non-capital financing activities was from state appropriations and proceeds from bond issuance. The most significant uses of cash were for payments to employees and for employee benefits and payments to suppliers.

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2019, 2018 and 2017. The effect of the implementation of GASB 68 related to the net unfunded pension liability has been excluded from the graph to provide a clearer picture of the unrestricted net position. The increase in unrestricted for fiscal year 2019 was due to an increase primarily in non-operating revenues. The increase in 2019 in restricted expendable was related to capital projects.



Operating Revenues for 2019 and 2018

Net operating revenues increased by \$2 million in fiscal year 2019 compared to 2018. The main contributor to the increase was related to federal appropriations, grants and contracts one of the larger operating revenue sources, which increased by approximately \$4 million or 4.8% offset by a decrease in state grants and contracts of \$2 million or 16.7%.

Other changes in operating revenues were as follows:

- Decrease in non-governmental grants and contracts of \$1.5 million (16.7%) related to private and foreign awards.
- Increase in sales and services of \$1.2 million (20.2%) attributed primarily to livestock sales.
- Increase in student tuition and fees of \$3.7 million (3.4%) offset by an increase in scholarship allowances of \$4.9 million (11.5%).
- Increase in other operating revenue of \$1.5 million (10.2%) primarily related to Athletic game guarantees.

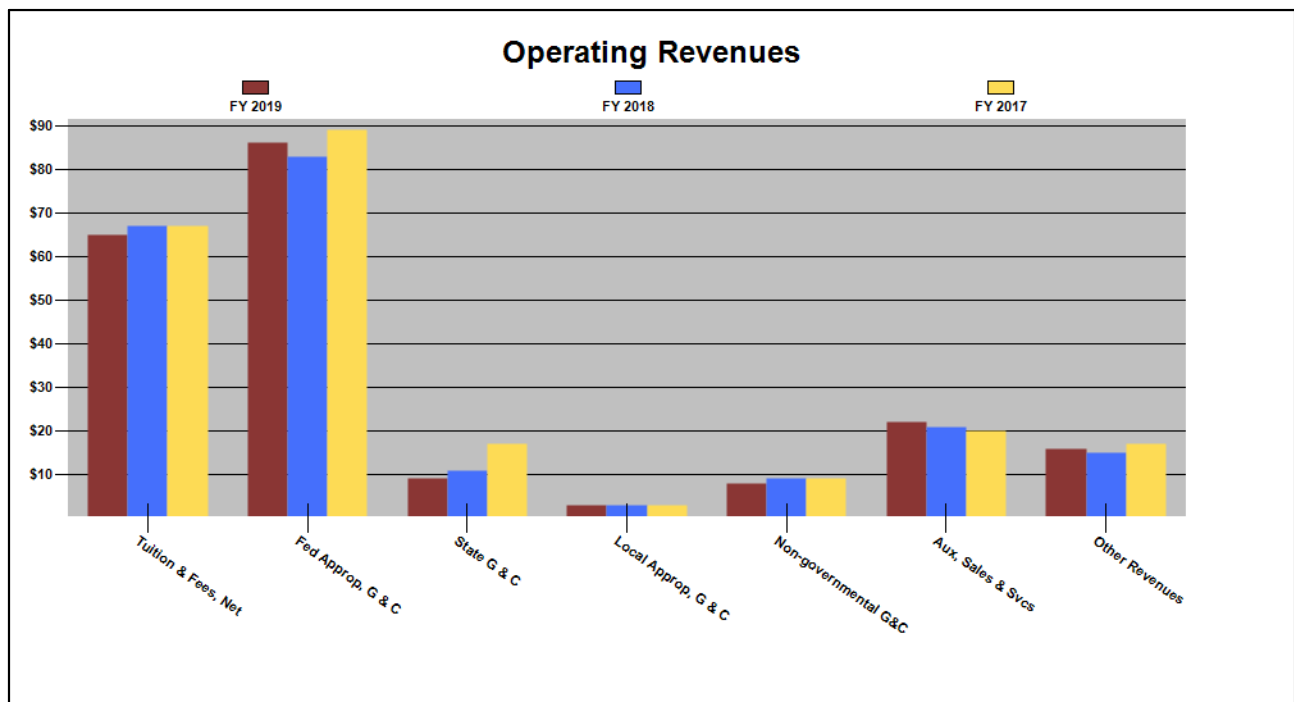
Operating Revenues for 2018 and 2017

Net operating revenues declined by \$13.8 million in fiscal year 2018 compared to 2017. The main contributor to the loss was a decrease in federal appropriations, grants and contracts one of the larger operating revenue sources, which decreased by approximately \$7 million or 7.8%.

Other changes in operating revenues were as follows:

- Decrease in state grants and contracts of \$5.1 million (31%) related to the New Mexico LEAD, SSIG Leap Awards and State Workstudy.
- Decrease in other operating revenues of \$1.7 million, which can be attributed to Athletics game guarantees.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2019, 2018 and 2017.



Operating Expenses for 2019 and 2018

Operating expenses increased by \$34 million in fiscal year 2019 from the prior year. The increase in pension expense \$12 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses increased by \$22 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

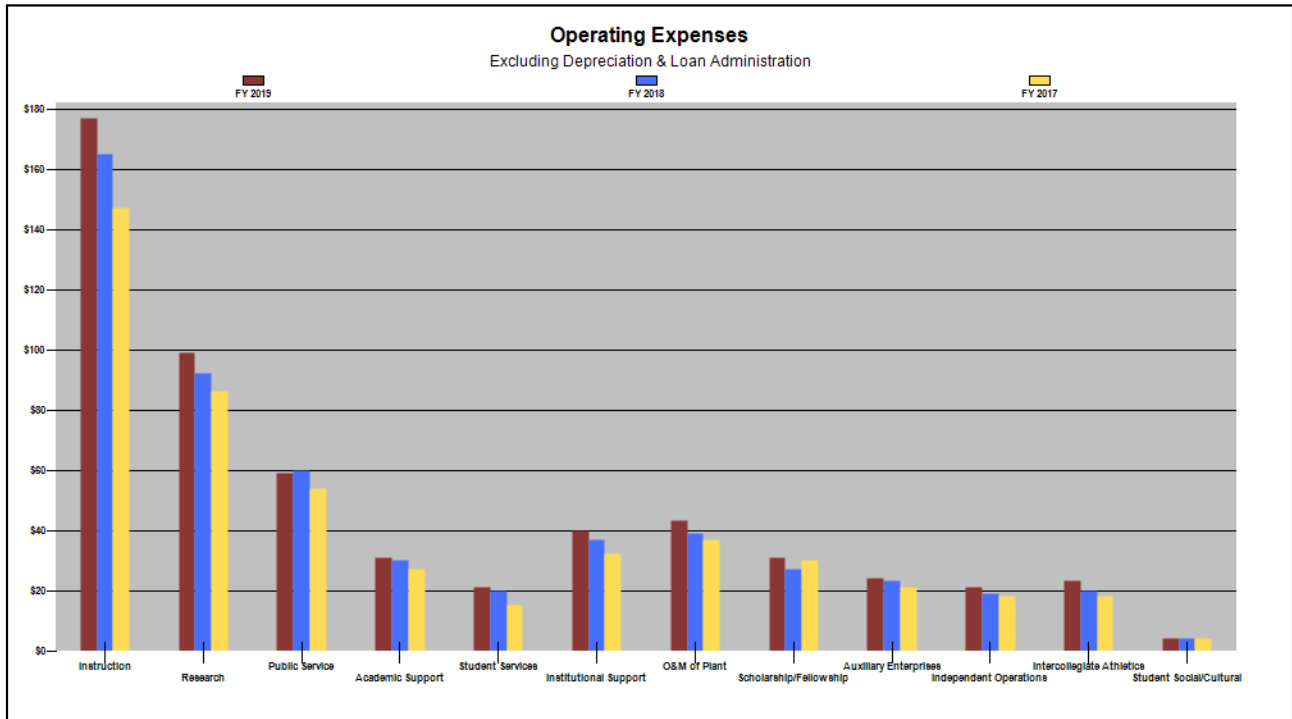
- An increase in instruction expense of \$7.9 million, primarily related to salary and fringe expense.
- An increase in research expense of \$4.5 million, primarily related to an increase in DOD awards.
- An increase in operation and maintenance of \$3.8 million.
- An increase in scholarships and fellowships of \$3.2 million.

Operating Expenses for 2018 and 2017

Operating expenses increased by \$44.3 million in fiscal year 2018 from the prior year. The increase in pension expense \$67.4 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses declined by \$24 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

- A decrease in instruction expense of \$9.3 million, primarily related to payments to employees for salary and fringe benefits of \$4.7 million.
- A decrease in research expense of \$6.4 million, primarily related to the reduction of DOD awards.
- A decrease in loan administration of \$1.7 million, due primarily to the Perkins Loans payback.
- A decrease in scholarships and fellowships of \$2.6 million.

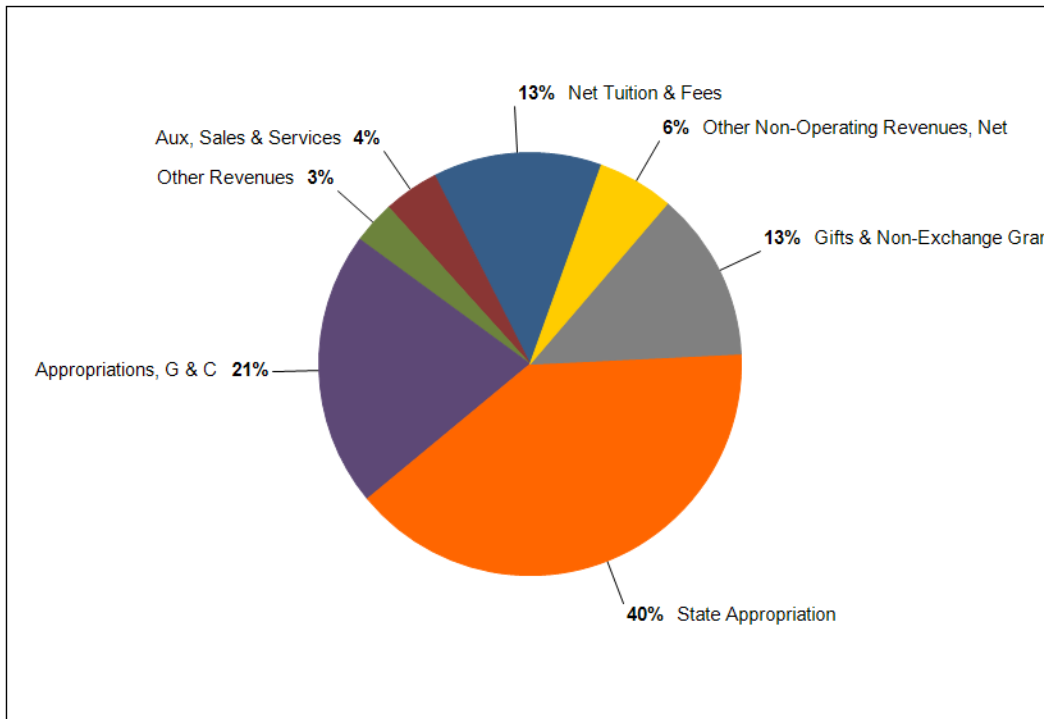
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and loan administration, for fiscal years 2019, 2018 and 2017.



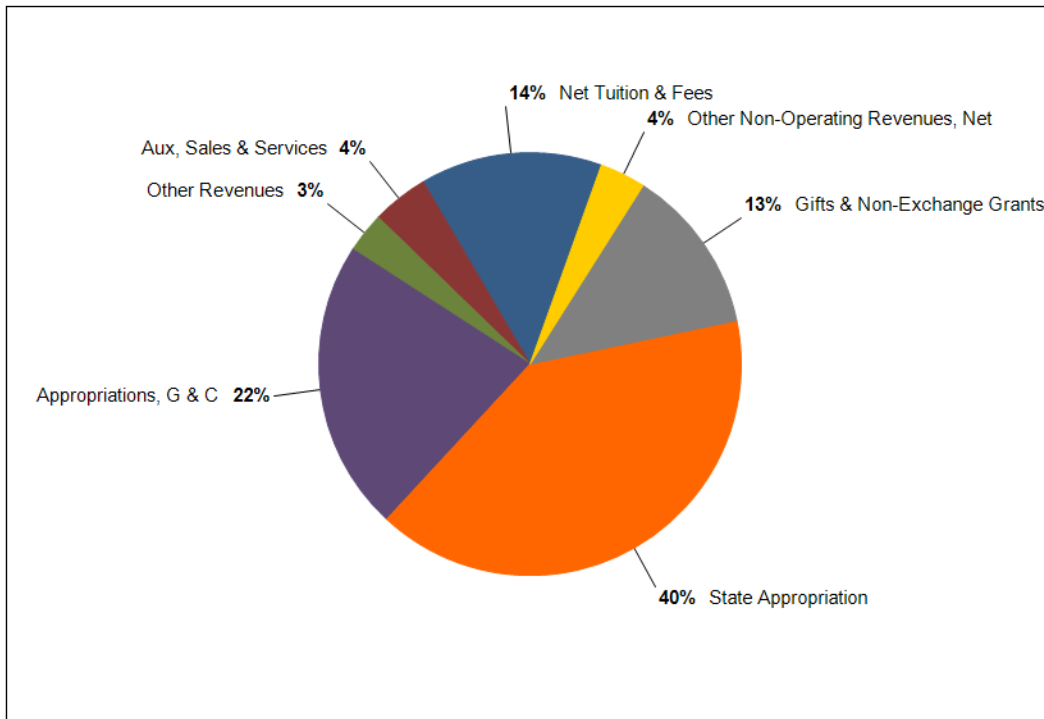
The Statement of Revenues, Expenses, and Changes in Net Position reflects a net loss before other revenues of \$102.3 million, \$96.2 million and \$27.3 million in fiscal years 2019, 2018 and 2017, respectively.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2019, 2018 and 2017.

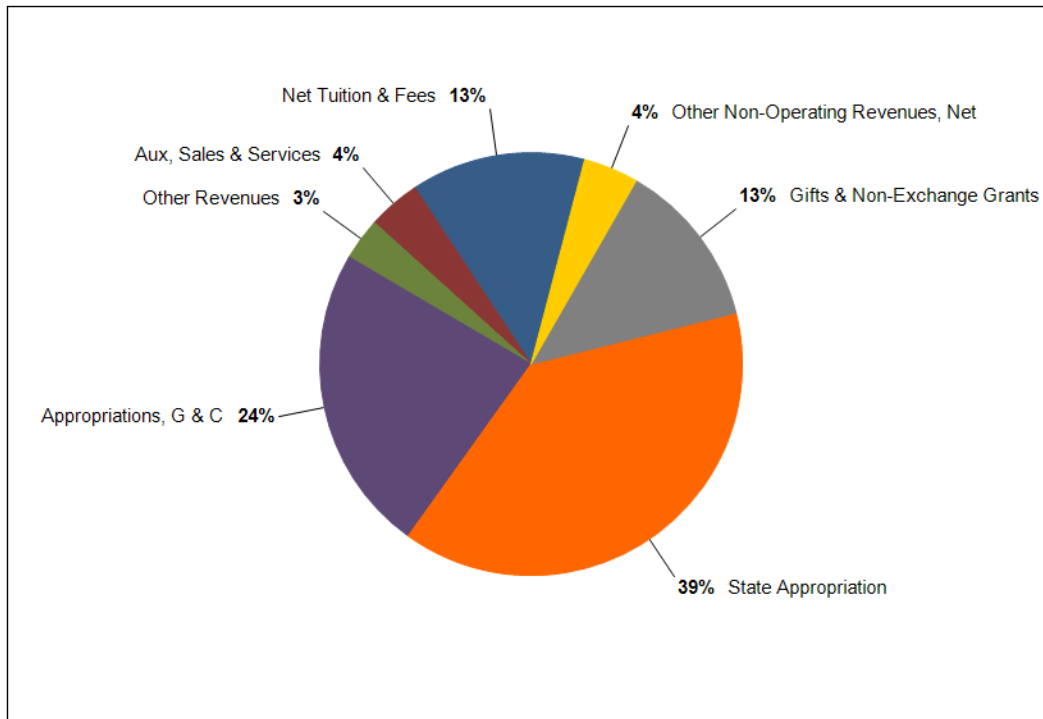
2019 Revenues



2018 Revenues



2017 Revenues



Capital Asset and Debt Administration

During fiscal year 2019, net capital assets increased (2.5%), due to construction and renovation activities. The projects that increased capital assets included current period expenditures for construction of the new housing facility, Juniper Hall of \$15.6 million, the new art building, Devasthali Hall of \$13.9 million, and the Grants Child Development Center of \$2.3 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.4 million and capital library purchases of \$3.3 million, which were offset by total depreciation expense of \$34.2 million. Debt from bonds decreased by \$7.9 million and contracts increased by \$0.3 million in 2019.

During fiscal year 2018, net capital assets decreased (1.7%), due to lower levels of construction and renovation activities, combined with the recording of annual depreciation expense and retirements. The projects that increased capital assets included current period expenditures for the Grants Child Development Center of \$3.6 million, construction of the new art building of \$2.6 million, construction on the new housing facility of \$2.3 million, and Corbett Center exterior improvements of \$2.2 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.4 million and capital library purchases of \$3.3 million, which were offset by total depreciation expense of \$34.5 million. Debt from bonds and contracts increased by \$44.2 million in 2018 due to issuance of revenue bonds for capital projects and refunding of prior bonds. Previous debt of \$27.2 million were refunded from the current issuance.

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2019, there was a net increase of approximately \$15.1 million, and an increase of approximately \$25.2 million in revised budgeted expenditures. The significant changes to the revenue budget were in state appropriations of \$3.4 million, increased revenue in local government appropriations of \$4.6 million, and other sources of \$6.9 million. The increase in state government appropriations was a result of one-time allocations from the

state during the legislative session in the spring. The budgeted increase in local appropriations is a result of an increase in local tax levys, primarily in Carlsbad. The increase in projected revenues for other sources was a result of projected increases to provide budget expenditure authority in several areas including research, public service, auxiliary enterprises, athletics, and independent operations.

Actual revenues earned in fiscal year 2019 were lower than the revised budget by \$20.7 million and actual expenditures were lower than the revised budget by \$46.7 million. The main contributor to the revenue budget variance was other sources (89% of the variance), and the main contributors to the expense budget variance were in the Instruction and General and capital outlay (49% of the variance). Because the University budgets capital projects in their entirety, multi-year projects may result in mismatches of budget to actual revenues and expenses in any one year. Total operating expenditures were less than revenues, resulting in an increase in the overall fund balance of \$11 million. The current fund operations contributed \$37.7 million offset by capital funds of \$26.6 million.

Factors Impacting Future Periods

The University's future has several promising financial factors. The University's state appropriation increased for fiscal year 2019 and fiscal year 2020. For fiscal year 2020 the recurring state appropriation increased \$15.3 million that includes a 4% increase in faculty and staff salaries and .25% Educational Retirement Board employer contributions. In addition, the University will receive non-recurring state appropriations totaling \$32 million including \$25.2 million for capital outlay.

In August 2019, the New Mexico Legislative Finance Committee indicated favorable revenue projections for the state of New Mexico, projecting as much as 12.8% growth in funding for fiscal year 2020. This favorable economic outlook for New Mexico will likely result in additional state appropriations to higher education during the spring 2020 legislative session for fiscal year 2021.

The University student enrollment for Fall 2017 and again in Fall 2018 reflected improvement in first time freshmen, with increases of 11% and 10%, respectively. Fall 2017 marked the University's largest increase in this group of students in more than 17 years. For fiscal year 2020, undergraduate enrollment remains relatively flat with a .7% increase in graduate enrollment.

New Mexico State University
Statements of Net Position
As of June 30, 2019

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,346,083	\$ 16,994,039
Restricted cash and cash equivalents	9,910,998	-
Cash and cash equivalents held in trust by component unit for NMSU	5,313,291	5,313,291
Cash and cash equivalents held in trust by others	347,051	-
Short-term investments	35,315,164	362,588
Accounts receivable, net	50,830,060	11,395,404
Due from component unit	2,150,697	-
Inventories	2,535,124	-
Prepaid expenses	2,430,153	312,582
Loans receivable - current portion, net	805,960	-
Total current assets	<u>119,984,581</u>	<u>34,377,904</u>
Non-current assets		
Unrestricted cash and cash equivalents	50,382,419	4,578,460
Restricted cash and cash equivalents	30,588,616	-
Investments held by others	-	2,877,161
Investments held in trust by component unit for NMSU	42,404,246	42,404,246
Investments held in trust for others	-	365,497
Restricted long-term investments	14,514,392	-
Other long-term investments	65,061,784	137,409,215
Loans receivable, net	8,178,641	-
Capital assets, net	506,751,594	76,546
Total non-current assets	<u>717,881,692</u>	<u>187,711,125</u>
Total assets	<u>837,866,273</u>	<u>222,089,029</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>197,892,002</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	15,691,687	105,098
Due to NMSU	-	2,150,697
Other accrued liabilities	14,635,943	-
Accrued interest payable	1,729,812	-
Held in trust for NMSU	-	5,313,291
Unearned revenue	10,290,715	398,379
Held in trust by NMSU	5,922,454	-
Long-term liabilities - current portion	17,221,479	242,242
Total current liabilities	<u>65,492,090</u>	<u>8,209,707</u>
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	42,404,247
Other long-term liabilities	159,777,115	2,115,797
Net pension liability	792,236,144	-
Other post-employment benefit liability	139,913,186	-
Total non-current liabilities	<u>1,092,586,075</u>	<u>44,520,044</u>
Total liabilities	<u>1,158,078,165</u>	<u>52,729,751</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>36,205,662</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	383,627,323	76,546
Restricted for:		
Donor	-	163,569,571
Non-expendable:		
Endowments	30,080,928	-
Expendable:		
Endowments	1,962,258	-
General activities	6,348,287	-
Federal student loans	12,912,159	-
Capital projects	20,719,686	-
Related entity activities	1,185,364	-
Unrestricted	(615,361,557)	5,713,161
Total net position	<u>\$ (158,525,552)</u>	<u>\$ 169,359,278</u>

New Mexico State University
Statements of Net Position
As of June 30, 2018

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,637,246	\$ 14,989,030
Restricted cash and cash equivalents	9,887,363	-
Cash and cash equivalents held in trust by component unit for NMSU	4,521,307	4,521,307
Cash and cash equivalents held in trust by others	3,048,643	-
Short-term investments	31,446,089	332,068
Accounts receivable, net	50,224,749	10,781,211
Due from component unit	2,132,358	-
Inventories	2,484,382	-
Prepaid expenses	3,710,978	323,188
Loans receivable - current portion, net	954,389	-
Total current assets	<u>126,047,504</u>	<u>30,946,804</u>
Non-current assets		
Unrestricted cash and cash equivalents	41,773,187	4,859,321
Restricted cash and cash equivalents	6,223,907	-
Investments held by others	-	2,788,205
Investments held in trust by component unit for NMSU	42,816,242	42,816,242
Investments held in trust for others	-	359,055
Restricted long-term investments	14,665,449	-
Other long-term investments	77,920,571	131,888,080
Loans receivable, net	9,514,499	-
Capital assets, net	494,319,652	105,643
Total non-current assets	<u>687,233,507</u>	<u>182,816,546</u>
Total assets	<u>813,281,011</u>	<u>213,763,350</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>246,879,669</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	13,389,927	125,539
Due to NMSU	-	2,132,358
Other accrued liabilities	14,813,839	-
Accrued interest payable	1,800,459	-
Held in trust for NMSU	-	4,521,307
Unearned revenue	9,759,659	414,367
Held in trust by NMSU	5,319,195	-
Long-term liabilities - current portion	15,910,776	190,871
Total current liabilities	<u>60,993,855</u>	<u>7,384,442</u>
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	42,816,242
Other long-term liabilities	169,377,298	2,298,202
Net pension liability	750,673,749	-
Other post-employment benefit liability	128,375,207	-
Total non-current liabilities	<u>1,049,085,884</u>	<u>45,114,444</u>
Total liabilities	<u>1,110,079,739</u>	<u>52,498,886</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>42,046,491</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	386,309,799	105,643
Restricted for:		
Donor	-	156,061,612
Non-expendable:		
Endowments	28,109,389	-
Expendable:		
Endowments	1,964,539	-
General activities	6,296,810	-
Federal student loans	12,783,937	-
Capital projects	8,039,238	-
Related entity activities	1,077,105	-
Unrestricted	(536,546,367)	5,097,209
Total net position	<u>\$ (91,965,550)</u>	<u>\$ 161,264,464</u>

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 112,522,576	\$ -
Less: scholarship allowances	(47,162,065)	-
Student tuition and fees (net)	65,360,511	-
Federal appropriations, grants and contracts	86,468,214	-
State grants and contracts	9,489,426	-
Local appropriations, grants and contracts	2,837,727	-
Non-governmental grants, contracts and gifts	7,514,905	15,805,632
Sales and services	7,339,055	1,778,094
Auxiliary enterprises (net of scholarship allowances)	14,441,402	-
Other operating revenues	16,387,992	-
Total operating revenues	<u>209,839,232</u>	<u>17,583,726</u>
EXPENSES		
Operating expenses:		
Instruction	176,921,957	-
Research	98,694,960	-
Public service	58,820,800	-
Academic support	31,103,109	-
Student services	20,924,078	-
Institutional support	40,407,160	-
Operation and maintenance of plant	42,781,681	-
Scholarships and fellowships	30,663,564	-
Auxiliary enterprises	23,730,357	-
Independent operations	20,806,851	-
Intercollegiate athletics	22,932,490	-
Student social and cultural	4,264,322	-
Loan administration (net)	(134,540)	-
Depreciation	34,249,951	29,762
Other operating expenses	-	15,761,802
Total operating expenses	<u>606,166,740</u>	<u>15,791,564</u>
Net operating income (loss)	<u>(396,327,508)</u>	<u>1,792,162</u>
Non-operating revenues (expenses):		
State appropriations	199,928,700	-
Federal Pell grants	42,359,877	-
State lottery scholarship	13,501,706	-
Local tax levy revenue	18,690,646	-
Gifts and non-exchange grants	9,078,670	-
Investment income	8,258,564	6,539,945
Land lease and permanent fund revenue	4,381,727	-
Building fees	4,041,764	-
Loss on disposal of plant	(322,081)	-
Gain on sale of land	1,140,379	-
Additions to quasi endowments	80,398	-
Interest and other expenses on capital asset-related debt	(6,221,298)	-
Other non-operating revenues (expenses)	(865,525)	(237,293)
Net non-operating revenues	<u>294,053,527</u>	<u>6,302,652</u>
Income (loss) before other revenues	<u>(102,273,981)</u>	<u>8,094,814</u>
Capital appropriations	22,482,681	-
Capital grants, gifts, and other income	10,913,002	-
Additions to permanent endowments	2,318,296	-
Increase (decrease) in net position	<u>(66,560,002)</u>	<u>8,094,814</u>
NET POSITION		
Beginning of year	(91,965,550)	161,264,464
End of year	<u>\$ (158,525,552)</u>	<u>\$ 169,359,278</u>

New Mexico State University
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 108,816,066	\$ -
Less: scholarship allowances	(42,295,668)	-
Student tuition and fees (net)	66,520,398	-
Federal appropriations, grants and contracts	82,542,027	-
State grants and contracts	11,387,324	-
Local appropriations, grants and contracts	2,712,130	-
Non-governmental grants, contracts and gifts	9,023,251	15,492,458
Sales and services	6,106,044	1,791,008
Auxiliary enterprises (net of scholarship allowances)	14,733,291	-
Other operating revenues	14,872,592	-
Total operating revenues	<u>207,897,057</u>	<u>17,283,466</u>
EXPENSES		
Operating expenses:		
Instruction	164,630,659	-
Research	92,298,663	-
Public service	59,650,388	-
Academic support	30,182,089	-
Student services	19,623,830	-
Institutional support	37,007,447	-
Operation and maintenance of plant	38,522,138	-
Scholarships and fellowships	27,490,837	-
Auxiliary enterprises	23,052,121	-
Independent operations	19,447,085	-
Intercollegiate athletics	20,450,904	-
Student social and cultural	4,007,265	-
Loan administration (net)	1,214,656	-
Depreciation	34,515,035	28,882
Other operating expenses	-	14,065,753
Total operating expenses	<u>572,093,117</u>	<u>14,094,635</u>
Net operating loss	<u>(364,196,060)</u>	<u>3,188,831</u>
Non-operating revenues (expenses):		
State appropriations	190,893,756	-
Federal Pell grants	41,162,544	-
State lottery scholarship	9,983,665	-
Local tax levy revenue	14,440,619	-
Gifts and non-exchange grants	9,292,924	-
Investment income (loss)	1,825,340	9,127,770
Land lease and permanent fund revenue	4,321,577	-
Building fees	4,815,669	-
Loss on disposal of plant	(1,698,579)	-
Additions to quasi endowments	78,786	-
Interest and other expenses on capital asset-related debt	(6,457,869)	-
Other non-operating expenses	(651,669)	(271,941)
Net non-operating revenues (expenses)	<u>268,006,763</u>	<u>8,855,829</u>
Loss before other revenues	<u>(96,189,297)</u>	<u>12,044,660</u>
Capital appropriations	7,633,119	-
Capital grants, gifts, and other income	2,694,375	-
Additions to permanent endowments	2,600,444	-
Increase (decrease) in net position	<u>(83,261,359)</u>	<u>12,044,660</u>
NET POSITION		
Beginning of year, as previously reported	92,369,778	149,219,804
Change in accounting principle (Note 2)	(101,073,969)	-
Beginning of year, as restated	<u>(8,704,191)</u>	<u>149,219,804</u>
End of year	<u>\$ (91,965,550)</u>	<u>\$ 161,264,464</u>

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2019

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 64,086,959
Grants and contracts received	106,489,906
Payments to suppliers	(98,679,313)
Payments for travel	(13,271,252)
Payments to employees and for employee benefits	(326,447,091)
Disbursement of net aid to students	(33,058,901)
Receipts from sales, services, and auxiliary enterprises	22,861,033
Other operating revenues	16,972,912
Net cash used by operating activities	<u>(261,045,747)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	199,928,700
Gifts and grants for other than capital purposes	64,940,253
Tax levy revenue	18,690,646
Private gifts for endowment	1,948,970
Other non-operating expenses	(865,525)
Net cash provided by non-capital financing activities	<u>284,643,044</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	675,780
Proceeds from sale of capital assets	1,135,871
Capital gifts, grants and contracts	33,476,081
Purchases/construction/renovation of capital assets	(45,841,971)
Principal paid on capital debt and leases	(8,312,020)
Interest and fees paid on capital debt and leases	(7,477,466)
Building fees received from students	4,041,764
Net cash used by capital and related financing activities	<u>(22,301,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	51,987,916
Proceeds held in trust by NMSU Foundation	791,984
Interest on investments	10,126,048
Purchase of investments	(40,404,479)
Net cash provided by investing activities	<u>22,501,469</u>
Net increase in cash and cash equivalents	23,796,805
Cash and cash equivalents - beginning of year	83,091,653
Cash and cash equivalents - end of year	<u>\$ 106,888,458</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (396,327,508)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	34,249,951
Change in assets and liabilities:	
Increase in accounts receivable	(562,737)
Decrease in prepaid expenses	1,280,825
Increase in inventory	(50,742)
Decrease in loans receivable	1,484,287
Increase in accounts payable and other accrued liabilities	1,235,628
Increase in unearned revenue	531,056
Increase in held in trust by NMSU	603,259
Increase in net pension/OPEB liability and related deferred inflows/outflows of resources	96,510,234
Net cash used by operating activities	<u>\$ (261,045,747)</u>

New Mexico State University
Statement of Cash Flows
For the Year Ended June 30, 2018

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 67,305,168
Grants and contracts received	108,454,156
Payments to suppliers	(89,079,809)
Payments for travel	(12,475,335)
Payments to employees and for employee benefits	(320,909,822)
Disbursement of net aid to students	(33,345,062)
Receipts from sales, services, and auxiliary enterprises	21,102,924
Other operating revenues	13,508,271
Net cash used by operating activities	<u>(245,439,509)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	190,893,756
Gifts and grants for other than capital purposes	60,439,133
Tax levy revenue	14,440,619
Private gifts for endowment	1,852,815
Other non-operating expense	(651,669)
Net cash provided by non-capital financing activities	<u>266,974,654</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	79,076,250
Capital gifts, grants and contracts	10,406,280
Purchases/construction/renovation of capital assets	(27,632,869)
Principal paid on capital debt and leases	(34,857,474)
Interest and fees paid on capital debt and leases	(6,985,333)
Building fees received from students	4,815,669
Net cash provided by capital and related financing activities	<u>24,822,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	21,706,527
Proceeds held in trust by NMSU Foundation	(1,817,952)
Interest on investments	6,356,206
Purchase of investments	(66,874,629)
Net cash provided by investing activities	<u>(40,629,848)</u>
Net increase in cash and cash equivalents	5,727,820
Cash and cash equivalents - beginning of year	77,363,833
Cash and cash equivalents - end of year	<u>\$ 83,091,653</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (364,196,060)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	34,515,035
Change in assets and liabilities:	
Decrease in accounts receivable	1,913,515
Increase in prepaid expenses	(481,621)
Increase in inventory	(195,051)
Decrease in loans receivable	568,077
Decrease in accounts payable and other accrued liabilities	(1,500,794)
Decrease in unearned revenue	1,292,887
Decrease in held in trust by NMSU	(732,940)
Increase in net pension liability and related deferred inflows and outflows of resources	83,377,443
Net cash used by operating activities	<u>\$ (245,439,509)</u>

Note 1 – Organization

New Mexico State University (the University) was created under Section 21-8-1 New Mexico Statutes Annotated (NMSA), Article XII, Section 11, of the New Mexico State Constitution (Constitution). Under Article XII, Section 13 of the Constitution, the University is governed by the Board of Regents, a group of five members, one of whom is a student, appointed by the Governor of New Mexico. Members may serve more than one term. The Chancellor of the University acts as Chief Executive Officer.

The University was founded in 1888, and in 1889 was established as a land-grant college, in accordance with the provisions of the Morrill Act of 1862. As such, the University provides a liberal and practical education for students and sustains programs of research, extension education, and public service. The University offers a broad program of instruction at the undergraduate and advanced degree levels in Agricultural, Consumer and Environmental Sciences, Arts and Sciences, Business, Education, Engineering, and Health and Social Services. Other programs include Intercollegiate Athletics, the Agricultural Experiment Stations, the Physical Science Laboratory for contract research, the Cooperative Extension Service, the New Mexico Department of Agriculture, and community colleges at Alamogordo, Carlsbad, Doña Ana County, and Grants.

New Mexico State University Foundation, Inc. (Foundation), is the “Discrete Component Unit” referred to throughout this document. The Foundation is a not-for-profit corporation established to acquire and manage charitable gifts, including endowed funds, to be used solely for the benefit of the University.

Note 2 – Summary of Significant Accounting Policies

Reporting Entity. The Governmental Accounting Standards Board’s (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB Statements No. 80, Blending Requirements for Certain Component Units - and amendment of GASB Statement No. 14, provide additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government.

Under GASB 39 and GASB 61 criteria, the Foundation meets the criteria for discrete component unit presentation. The Foundation is a nonprofit corporation which provides financial benefit to the University by acquiring and managing charitable gifts, including endowed funds, to be used solely for the benefit of the University. Under GASB 39 and GASB 80 criteria, Arrowhead Center, Inc. meets the criteria for blended presentation. Arrowhead Center Inc. provides a financial benefit to the University and was established to foster economic development within the State through the development of research parks and University real property as well as to protect, license, and market intellectual property developed by faculty, staff and students of the University, as well as members of the community. The University and its blended component unit are shown as the University column in the financial statements. The component units have separately audited financial statements, which can be obtained at their administrative offices. Aggie Development Inc. is a blended component unit that did not require audited financial statements and therefore its activity is included in the NMSU audited financial statements, but its information is not included in Note 11 - Component Units. The mailing addresses for each of the component units are included in Note 11.

Basis of Accounting. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the GASB and the American Institute of Certified Public Accountants’ (AICPA) guide.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University’s financial statements have been presented in a single column using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations are not performed between the University and the Foundation. The University is an enterprise fund of the State of New Mexico and, as such, is included in the State of New Mexico's Comprehensive Annual Financial Report. The University's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University.

Current Assets. Current assets consist of unrestricted assets which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are classified as non-current assets.

Cash and Investments. Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or which have an original maturity date of three months or less.

The University accounts for its investments at fair value in accordance with GASB Statement No.72 (Fair Value Measurement and Application). Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the Statement of Revenues, Expenses, and Changes in Net Position.

The University and the Foundation record purchased marketable securities at cost and marketable securities received by gift at estimated fair value on the date of donation. Marketable securities are carried at fair value based on quoted market prices, except for certain alternative investments for which quoted market prices are not available. The estimated fair value of these alternative investments is based on the most recent valuations provided by the external investment managers. The University and the Foundation believe the carrying amount of these financial instruments is a reasonable estimate of the fair value. Because alternative 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. Third-party investment managers administer substantially all marketable securities. Gains and losses resulting from securities transactions are recorded in investment income.

The Foundation manages a Common Endowment Pool (Pool), consisting of assets invested to support programs of the University. A portion of these assets belongs to the University and is shown in the University's Statements of Net Position as Investments held in trust by Component Unit for NMSU. The Foundation owns the remainder, which consists of endowments and charitable gift annuities. These are included in other long-term investments in the Foundation's financial statements. The liabilities related to the charitable gift annuities are included in the Foundation's other long-term liabilities.

Disbursements of the net appreciation of investments in donor restricted endowments are permitted in accordance with the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA), except where a donor has specified otherwise. The Investment Committee of the Foundation establishes a target investment allocation designed to support distributions from the Pool and to protect the purchasing power of the endowment principal. The Foundation Investment Committee sets the annual distribution rate. Actual distributions may be adjusted as directed by some of the individual endowment agreements. The amount of funds available for distribution from the Pool to the individual endowments participating in the fund that benefit colleges, departments, units and programs during each fiscal year is determined using a weighted average of two numbers: 1) The target spending based on the current endowment value, and 2) last year's spending adjusted for inflation. A 20-percent weighting is given to the policy rate applied to the Pool's market value at the end of each fiscal quarter, and an 80-percent weighting is given to the last year's spending adjusted for inflation as measured by the most recent published Higher Education Price Index. This amount is then distributed at the end of each fiscal year. The distribution of the annual calculation is based on the unitized system ownership of each fund.

Accounts Receivable. Accounts receivable primary categories are: 1) Tuition and fees; 2) Amounts due for auxiliary enterprise services provided to students, faculty and staff; and, 3) Amounts due from federal, state, local governments, and others in connection with reimbursement of allowable expenditures made pursuant to the University's sponsored awards. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories. Inventories are generally stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in-first-out method. Inventories consist of items that are available for resale to individuals and/or other University departments, including research supplies and livestock items. Departmental inventories comprised of items such as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and administrative process, are expensed when purchased.

Investments Held in Trust. Trust assets held by the Foundation are measured at fair value as of the date of receipt. The corresponding trust liability, included in other long-term liabilities, is measured at the present value of expected future cash flows to be paid to the beneficiary. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes.

The Foundation holds several irrevocable charitable remainder trusts and a pooled income fund; these instruments are shown in the accompanying financial statements as investments held in trust for others. Charitable remainder trusts designate the Foundation as both trustee and remainder beneficiary. The Foundation is required to pay to the donor, or another donor-designated income beneficiary, either a fixed amount or the lesser of a fixed percentage of the fair market value of the trust's assets or the trust's income during the beneficiary's life.

The Pool was formed with contributions from several donors. The contributed assets are invested and managed by the Foundation. Each donor, or designated beneficiary, periodically receives, during his or her life, a share of the income earned on the fund proportionate to the value of the contribution to the fund. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes. Contribution revenue is measured at the fair value of the assets received, discounted for a term equal to the life expectancy of the beneficiary.

Capital Assets. Capital assets are recorded at cost as of the date of acquisition, or in the case of gifts, acquisition value as of the date of donation. The University's capitalization threshold for equipment and Software is \$5,000. Infrastructure and land improvements that significantly increase the value, productivity, or extend the useful life of the structure are capitalized at \$50,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The University's depreciation is computed using the straight-line method. Land and land improvements are not depreciated. Estimated useful lives for major asset classes are as follows:

<u>Category</u>	<u>Useful Life</u>
Software	5 or 10 years
Equipment	6 or 15 years
Infrastructure	10 to 20 years
Componentized buildings	12 to 50 years
Library books	15 years
Non-componentized buildings	25 or 40 years

As an institute of higher education in existence for over 100 years, New Mexico State 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 de-accessioning. However, because of their invaluable and irreplaceable

nature, these collections have not been capitalized and are therefore not presented in the accompanying Statement of Net Position.

The Foundation's capital assets are stated at cost, except for works of art that the Foundation intends to hold indefinitely, which are recorded at fair value on the date of donation. Additions and major improvements are capitalized and repairs and maintenance are charged to expense as incurred.

Current Liabilities. Current liabilities include accounts payable, other accrued liabilities and accrued interest payable. Other accrued liabilities include accrued current payroll and fringe benefits and current portion of unclaimed property. The benefits included consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings. Also included in current liabilities is the current portion of long-term debt and unearned revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2019 and 2018. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events. The University did not have any outstanding short-term debt for the years ended June 30, 2019 and 2018.

Non-Current Liabilities. Non-current liabilities, within other long-term liabilities, includes principal amounts of revenue bonds payable, contracts payable, other post employment benefits, the non-current portion of accrued compensated absences and unclaimed property, and other liabilities. Also included is pension liability.

The Foundation's other long-term liabilities consist of the liabilities related to charitable gift annuities and charitable remainder unitrusts for which the Foundation serves as trustee. These liabilities are recorded at the present value of anticipated payments to the income beneficiaries. These are computed using the estimated life of each income beneficiary at June 30 each year and the applicable IRS discount interest rates.

Annual and Sick Leave Policies.

- **Annual leave:** Until June 30, 2019, regular full-time exempt and non-exempt employees earned annual leave at a rate of 20 working days per year. Effective July 1, 2019, regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working days per year. Annual leave accrual will be based on the employee's period of continuous service of employment at the University. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Accumulated annual leave is paid upon termination for regular employees only. Effective June 30, 2017, leave accrued in excess of 30 working days at the close of business on June 30 of each year shall be forfeited.
- **Sick leave:** Regular full-time exempt and non-exempt employees earn sick leave at a rate of 12 working days per year. Employees may carry forward up to 100 days (800 hours) of sick leave. Prior to July 1, 2016, employees were paid for earned sick leave over 600 hours (not to exceed 200 hours) upon termination. Effective July 1, 2016, the sick leave payout benefit upon termination was discontinued; however, employees with sick leave balances of greater than 600 hours on that date will receive a grandfathered benefit. Upon termination, they will be paid for the number hours over 600 (not to exceed 200 hours) that they had on July 1, 2016 or the number that they have upon termination, whichever is less. The sick leave payment is made at a rate of 50 percent of the employee's straight-time hourly salary.
- **Faculty care leave:** The University provides regular nine-month faculty with a paid leave benefit that can be used for any qualifying event under the federal Family and Medical Leave Act (FMLA). This benefit is referred to as "Faculty Care Leave". All regular nine-month faculty are eligible to participate in the benefit. No payment will be provided for accrued Faculty Care Leave balances upon separation

from the University nor upon death.

Net Position. The University's net position is classified as follows:

- *Net investment in capital assets* – Represents the University's total capital assets, net of accumulated depreciation, outstanding debt obligations related to those capital assets and debt related deferred inflows and outflows. Debt that has been incurred but not yet expended for capital assets is not included as a component of net investment in capital assets.
- *Restricted net position, non-expendable* – Consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.
- *Restricted net position, expendable* – Includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Unrestricted net position* – Represents all other resources, including those derived from student tuition and fees, state appropriations, sales and services, unexpended plant, renewal and replacement and quasi endowments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position of the Component Unit represents resources that may be used at the discretion of the governing board of the Component Unit to meet current expenses for any purpose.

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

Elimination Entries. Eliminations have been made in the Statement of Revenues, Expenses, and Changes in Net Position to remove the effect of internal charges incurred for service activities in excess of the cost of providing those services and for revenue recognized by the Auxiliary Service departments for sales to other University departments. Elimination entries are not recorded between the University and the Discrete Component Unit.

Income Taxes. The income generated by the University as an instrumentality of the State of New Mexico is generally excluded from federal income taxes under section 115(a) of the Internal Revenue Code. However, the University is subject to taxation on income derived from business activities not substantially related to the University's exempt function (unrelated business income under Internal Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

The Foundation is exempt from federal income taxes under Internal Revenue Code section 501 (a) as an organization described in section 501(c)(3).

Classification of Revenues. The University classifies its revenues as either operating or non-operating revenues according to the following criteria:

- *Operating revenues:* Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) certain federal, state and

local grants and contracts and federal appropriations; and (4) non-governmental grants, contracts and gifts. Operating revenues of the Discrete Component Unit consist of gifts, grants, and fundraising activities in support of Foundation and University programs.

- **Non-operating revenues:** Non-operating revenues of the University include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, certain grants, tax levy revenue, investment income, and other revenue sources that are defined as non-operating revenues by GASB 9, Reporting Cash Flows Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB 34, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments. These revenue streams are recognized under GASB 33, Accounting and Financial Reporting for Non-exchange Transactions. Revenues are recognized when all applicable eligibility requirements have been met. Non-operating revenues of the Discrete Component Unit consists of investment income.

Classification of Expenses. The University classifies its expenses as either operating or non-operating expenses according to the following criteria:

- **Operating expenses:** Operating expenses include activities such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expenses related to property, plant, and equipment.
- **Non-operating expenses:** Non-operating expenses include activities such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB 9 and GASB 34.

Scholarship Discounts and Allowances. Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and 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 the student’s behalf. To the extent that revenues such as federal Pell grants and state lottery scholarships are used to satisfy tuition and fees and other student charges, the University has recorded scholarship discount and allowance as a contra-revenue. A pro rata share of the discounts and allowances are allocated to Auxiliary Enterprises.

Budgetary Process. Operating budgets are submitted annually for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the New Mexico Department of Finance and Administration - State Budget Division (DFA). These state agencies develop consolidated funding recommendations for all higher education institutions which are considered for appropriation during the annual legislative sessions. In accordance with House Bill 2, in general, unexpended state appropriations to the University do not revert at the end of each fiscal year. All state appropriations are accounted for separately in the accounting system.

The legal level of budgetary control is at the fund type and functional level, in accordance with NMAC 5.3.4.10. The modified accrual basis of accounting is used for budgetary comparison. If expenditures by budgetary control line by campus are expected to exceed the approved budget, the University is required to submit a budget adjustment request which has been approved by the Board of Regents to the HED which is subsequently forwarded to the DFA.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and

the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Loans Receivable. Loans receivable are shown net of allowance for doubtful accounts in the accompanying Statements of Net Position. Federal Perkins Loans make up approximately 90% and 91% of the loans receivable at June 30, 2019 and 2018, respectively. Loans receivable from students are generally repayable in installments to the University over a 10 year period commencing 6 or 9 months after the date of separation from the University. Collections on these student loans are primarily handled through a third party servicer. Under this program, the federal government provided funds for approximately 75% of the total contribution for student loans, with the University providing the balance. The school's revolving Perkins loan fund is replenished by ongoing activities, such as collections by the school on outstanding Perkins loans made by the school and reimbursements from the Department of Education for the cost of certain statutory loan cancellation provisions. Perkins borrowers are eligible for loan cancellation for teacher service at low-income schools and under certain other circumstances specified in the Higher Education Act. Students may defer repayment of the loan while enrolled (at least half-time) at a postsecondary school. A borrower who has difficulty repaying a Perkins Loan may be eligible for a deferment or forbearance based on economic hardship or other circumstances. Under federal law, the authority for schools to make new Perkins loans ended September 30, 2017, and final disbursements were permitted through June 30, 2018. As a result, students can no longer receive Perkins Loans. Collections of the Perkins Loans portion funded by the federal government are periodically remitted to the federal government.

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

Other Post Employment Benefits (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University contracts with external actuaries utilizing the economic resource measurement focus. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflow of Resources. Consumption of net assets by the University that is applicable to a future reporting period.

Deferred Inflow of Resources. Acquisition of net assets by the University that is applicable to a future reporting period.

Amounts reported as deferred outflows of resources and deferred inflows of resources are as follows:

	2019	2018
Deferred Outflows of Resources		
Related to net pension liability	\$ 191,743,275	\$ 246,363,940
Related to net OPEB liability	5,770,519	-
Net loss on defeasance	378,208	515,729
Total deferred outflows of resources	<u>197,892,002</u>	<u>246,879,669</u>
Deferred Inflows of Resources		
Related to net pension liability	\$ 32,835,343	\$ 37,623,158
Related to net OPEB liability	3,307,840	4,332,832
Unamortized bond premiums	62,479	90,501
Total deferred inflows of resources	<u>\$ 36,205,662</u>	<u>\$ 42,046,491</u>

Reclassifications. Certain amounts in the 2018 financial statements and notes thereto have been reclassified to conform to 2019 financial statement presentation.

Change in Accounting Principle

GASB 75. Effective July 1, 2017, The University adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. As a result of the implementation of GASB Statement 75, the University restated net position as of July 1, 2017. This restatement was a decrease of \$101,073,969 to unrestricted net position as of July 1, 2017. The implementation of GASB 75 also resulted in the recognition at July 1, 2017 of \$134,552,969 in OPEB liability, an increase from the \$33,479,000 in OPEB liability prior to fiscal year 2018.

University Reconciliation of Net Position	
	Total Net Position
Net position at July 1, 2017, as previously reported	\$ 92,369,778
Adjustment:	
Impact of change in accounting principle	(101,073,969)
Net position at July 1, 2017, restated for change in accounting principle	<u>\$ (8,704,191)</u>

Other Significant Accounting Policies. Other significant accounting policies are set forth in the following notes.

Note 3 - Cash and Investments

The University is authorized by the Board of Regents to invest all available University cash in short-term investments and other long-term investments. The classification "Cash and cash equivalents" includes cash in banks (deposits), cash on hand, petty cash change funds, and money market funds.

The Foundation (see Note 11) invests endowment and similar funds for the benefit of the University under the terms of a revocable agreement. These assets are invested in the Pool and as of June 30, 2019 and 2018, the University owned 294,912 and 309,259 shares which represented 24.54% and 25.56% of the total shares in the pool, respectively. The fair value per share as of June 30, 2019 and 2018 was \$151.24 and \$144.49, respectively.

Cash. The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2019 and 2018.

For cash flow purposes the net change in cash does not include cash and cash equivalents held in trust by the component unit and others.

Investments. The Senior Vice President for Administration and Finance, the Controller, the Associate Controller, and the Banking, Investment and Tax Manager are authorized to purchase and to sell investments of the University. Investments are required to be made in a prudent manner so as to ensure an acceptable yield with a minimum risk within the guidelines of the University's investment policy, which requires investment in securities or other financial instruments which are not contrary to Section 6-10-10

and 46-9A-1 through 46-9A-10 NMSA 1978, existing bond covenants, or other externally placed restrictions. At June 30, 2019 and 2018, all investments are either held in the name of the University by its agent, or held by the University. Investments that will mature in less than one year are considered short-term. The investments not held by the Foundation consisted of U.S. agency securities, U.S. treasury notes, municipal securities, brokered negotiable certificates of deposit with an original maturity of two to five years, and corporate stocks and bonds at June 30, 2019 and 2018. The Foundation's short-term investments in marketable securities consisted entirely of U.S Government and Agency securities at June 30, 2019 and 2018.

Endowment investments were \$42,404,246 and \$42,816,242 at June 30, 2019 and 2018, respectively, and represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2019 and 2018, the investments of the University and its Discrete Component Unit consisted of the following:

	2019 Fair Value	2018 Fair Value
University		
U.S. Agency Securities	\$ 70,984,948	\$ 84,891,857
U.S. Treasury Securities	33,375,246	29,028,277
Certificates of Deposit	4,788,538	4,477,370
Domestic Equity Securities and Corporate Bonds	5,742,608	5,634,605
Pooled Investments Held by Others		
Corporate Stocks and Bonds	28,345,046	29,338,321
U.S. Government and Agency Securities	174,311	294,596
Mortgage Backed Securities	1,537,231	1,357,209
Limited Partnerships - Alternative	11,357,469	11,028,644
Real Estate Holdings	990,189	797,472
Total Investments	<u>\$ 157,295,586</u>	<u>\$ 166,848,351</u>
Foundation		
Corporate Stocks and Bonds	\$ 94,177,458	\$ 92,635,480
U.S Government and Agency Securities	521,171	834,027
Certificates of Deposit	103,601	-
Other Time Deposits	258,987	-
Mortgage Backed Securities	4,726,958	3,952,687
Limited Partnerships - Alternative	34,923,985	32,119,416
Other Investments	3,059,643	2,678,538
Total Investments	<u>\$ 137,771,803</u>	<u>\$ 132,220,148</u>

Investments held in trust by the Foundation for the University are shown in the University section of the table above. Investments held in trust for others by the Foundation are not included in this note.

Beneficial Interest. The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the State for the purposes of establishing a permanent fund which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The University is one of the specific entities identified that has a beneficial interest in the LGPF. However, with the adoption of the

State's new policy on July 1, 2016, the University's beneficial interest in the LGPF will now be presented within a special revenue fund in the State CAFR and will no longer be presented in the educational institution enterprise fund.

As an entity with a beneficial interest, the University receives monthly distributions of income from the LGPF as required by law. The University's beneficial interest and income received from this beneficial interest as of and for the years ending June 30, 2019 and 2018 are as follows:

	2019	2018
Balance of the University's beneficial interest as of June 30	\$72,651,971	\$71,291,552
Income received from the University's beneficial interest in the LGPF for the period ending June 30	\$ 2,979,991	\$ 2,840,940

Assets held by the Foundation for the University. The following is a schedule of the makeup of pooled cash and investments held by the Discrete Component Unit for the University at June 30, 2019 and 2018.

	2019	2018
Equities	83 %	82 %
Fixed income	4 %	3 %
Cash and cash equivalents	11 %	13 %
Investments not securities	2 %	2 %
	<u>100 %</u>	<u>100 %</u>

Collateralization of Deposits. At June 30, 2019 and 2018, the recorded values of the University's cash and time deposits with financial institutions were \$17,932,803 and \$21,623,453, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2019	2018
University		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 560,941	\$ 553,089
Amount collateralized with securities held by the pledging financial institution	19,783,733	22,712,172
Uncollateralized	18,208	2,380,848
Total cash and time deposit bank balances	<u>20,362,882</u>	<u>25,646,109</u>
Reconciling Items:		
Add: cash equivalents	83,642,364	53,898,250
Add: cash equivalents held by others	5,313,291	7,569,950
Less: other reconciling items	<u>(2,430,079)</u>	<u>(4,022,656)</u>
Total reported cash balance	<u>\$106,888,458</u>	<u>\$ 83,091,653</u>
Foundation		
Amount insured by the FDIC	\$ 500,000	\$ 500,000
Amount in excess of FDIC, Lloyd's of London and Security Investor Protection Corporation (SIPC)	18,572,499	16,948,351
Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC	<u>2,500,000</u>	<u>2,400,000</u>
Total reported cash balance	<u>\$ 21,572,499</u>	<u>\$ 19,848,351</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2019:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Debt Service	496,622	-	496,622
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(2,373,943)	(2,373,943)
Operational	Student ACH	-	4,270	4,270
Operational	General	-	89,613	89,613
Operational	Payroll	-	(254,174)	(254,174)
Operational	Credit Card	-	56,139	56,139
Operational	Debt Service	3,549,475	-	3,549,475
Operational	Deposit	-	2,205	2,205
Operational	Money Market (WFS)	64,800,000	-	64,800,000
Operational	Cash Management	16,255,844	-	16,255,844
Operational	Money Market (Trust)	7,313,012	-	7,313,012
Western Commerce Bank of Carlsbad				
Operational	Deposit	29,823	-	29,823
Cash on Hand				
Cash on hand	Cash	-	45,811	45,811
Citizen's Bank of Las Cruces				
Certificate of deposit	Time Deposit	31,118	-	31,118
New Mexico Finance Authority				
General obligation bond proceeds	Money Market	347,051	-	347,051
Federated Investment Manager				
Dividend reinvestment	Money Market	11,182,301	-	11,182,301
New Mexico State University Foundation, Inc.				
NMSU endowments	Cash	5,313,291	-	5,313,291
Total Cash and Cash Equivalents		<u>\$ 109,318,537</u>	<u>\$ (2,430,079)</u>	<u>\$ 106,888,458</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2018:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
First National Bank of Alamogordo				
Operational	Debt Service	471,294	-	471,294
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(4,009,505)	(4,009,505)
Operational	Student ACH	-	3,435	3,435
Operational	General	-	141,309	141,309
Operational	Payroll	-	(277,433)	(277,433)
Operational	Credit Card	-	67,602	67,602
Operational	Debt Service	3,717,638	-	3,717,638
Operational	Deposit	-	2,525	2,525
Operational	Money Market (WFS)	48,000,000	-	48,000,000
Operational	Cash Management	21,404,088	-	21,404,088
Operational	Money Market (Trust)	1,082,876	-	1,082,876
Western Commerce Bank of Carlsbad				
Operational	Deposit	21,973	-	21,973
Cash on Hand				
Cash on hand	Cash	-	49,411	49,411
Citizen's Bank of Las Cruces				
Certificate of deposit	Time Deposit	31,116	-	31,116
New Mexico Finance Authority				
General obligation bond proceeds	Money Market	3,048,643	-	3,048,643
Federated Investment Manager				
Dividend reinvestment	Money Market	4,815,374	-	4,815,374
New Mexico State University Foundation, Inc.				
NMSU endowments	Cash	4,521,307	-	4,521,307
Total Cash and Cash Equivalents		<u>\$ 87,114,309</u>	<u>\$ (4,022,656)</u>	<u>\$ 83,091,653</u>

The following table provides information on the the University's investments, including reconciling items, at June 30, 2019.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FTN Financial				
U.S. agency securities	Investment	28,883,526	-	28,883,526
FTN Financial				
Certificate of deposit	Investment	2,782,074	-	2,782,074
FTN Financial				
U.S. treasury notes	Investment	14,898,183	-	14,898,183
Wells Fargo Advisors				
Domestic equity securities	Investment	265,674	-	265,674
Raymond James				
U.S. agency securities	Investment	20,458,109	-	20,458,109
Raymond James				
Domestic equity securities	Investment	5,134,340	-	5,134,340
Wells Fargo Securities				
Certificate of deposit	Investment	2,006,464	-	2,006,464
Wells Fargo Securities				
U.S. agency securities	Investment	19,938,436	-	19,938,436
Wells Fargo Trust				
U.S. treasury securities	Investment	18,416,345	-	18,416,345
Wells Fargo Trust				
U.S. agency securities	Investment	1,704,877	-	1,704,877
Sandia Motorsports Park, Inc.				
Domestic equity securities	Investment	32,427	-	32,427
Eberhardt Memorial				
Domestic equity securities	Investment	2,464	-	2,464
Principal Funds				
Domestic equity securities	Investment	261,023	-	261,023
Franklin Templeton				
Domestic equity securities	Investment	36,267	-	36,267
Legacy Treasury Direct				
U.S. treasury Securities	Investment	60,717	-	60,717
Innovation				
Domestic equity securities	Investment	10,414	-	10,414
New Mexico State University Foundation, Inc.				
NMSU endowments	Investment	42,404,246	-	42,404,246
Total Investments		<u>\$ 157,295,586</u>	<u>\$ -</u>	<u>\$ 157,295,586</u>

The following table provide information on the the University's investments, including reconciling items, at June 30, 2018.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FTN Financial				
U.S. agency securities	Investment	28,293,179	-	28,293,179
FTN Financial				
Certificate of deposit	Investment	1,500,009	-	1,500,009
Wells Fargo Advisors				
Domestic equity securities	Investment	253,697	-	253,697
Raymond James				
U.S. agency securities	Investment	19,881,084	-	19,881,084
Raymond James				
Domestic equity securities	Investment	5,075,995	-	5,075,995
Wells Fargo Securities				
Certificate of deposit	Investment	2,977,361	-	2,977,361
Wells Fargo Securities				
U.S. agency securities	Investment	22,368,505	-	22,368,505
Wells Fargo Trust				
U.S. treasury securities	Investment	28,967,490	-	28,967,490
Wells Fargo Trust				
U.S. agency securities	Investment	14,349,089	-	14,349,089
Sandia Motorsports Park, Inc.				
Domestic equity securities	Investment	32,427	-	32,427
Eberhardt Memorial				
Domestic equity securities	Investment	2,464	-	2,464
Principal Funds				
Domestic equity securities	Investment	232,911	-	232,911
Franklin Templeton				
Domestic equity securities	Investment	36,111	-	36,111
Legacy Treasury Direct				
U.S. treasury Securities	Investment	60,787	-	60,787
Innovation				
Domestic equity securities	Investment	1,000	-	1,000
New Mexico State University Foundation, Inc.				
NMSU endowments	Investment	42,816,242	-	42,816,242
Total Investments		<u>\$ 166,848,351</u>	<u>\$ -</u>	<u>\$ 166,848,351</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2019, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations	Checking	\$ 331,215	\$ (15,158)	\$ 316,057
Program	ACH	1,074,349	-	1,074,349
Program	Wire	118,082	-	118,082
Program	Checking	3,901,736	(7,832)	3,893,904
Program	Transfer	1,927,427	-	1,927,427
Citizens Bank of Las Cruces				
Program	Money Market	1,033,171	-	1,033,171
Merrill Lynch				
Operations	Checking	2,282,403	-	2,282,403
Program	Money Market	7,994,566	164,889	8,159,455
Program-Cash Gift Annuity	Checking & Money Market	175,425	(31,859)	143,566
Program-NMSU Business College	Money Market	7,883	-	7,883
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,962,258)	-	(1,962,258)
Investment cash - Merrill Lynch Managers:				
Tortoise MLP	Money Market	127,298	-	127,298
Private Equity	Money Market	112,417	-	112,417
WCMA	Money Market	363,525	-	363,525
Cambiar Intl Value	Money Market	716,416	-	716,416
Earnest SCV	Money Market	25,832	-	25,832
NWQ	Money Market	294,690	-	294,690
Tag - Emerging	Money Market	172,032	-	172,032
Eagle SCG	Money Market	238,671	-	238,671
Invesco	Money Market	1,003,915	-	1,003,915
Short Term Investment Fund	Money Market	2,475,465	-	2,475,465
Eagle LCV	Money Market	787,610	-	787,610
Armstrong	Money Market	954,716	-	954,716
Western	Money Market	80,124	-	80,124
Title V	Money Market	31,936	-	31,936
Cohen and Steers	Money Market	70,330	-	70,330
ALT Investments	Money Market	3,873	-	3,873
Santa Barbara	Money Market	229,303	-	229,303
Loomis - TMA	Money Market	241,340	-	241,340
Less Cash Allocated to NMSU for AHIT	Held in Trust	(3,351,033)	-	(3,351,033)
Total Cash and Cash Equivalents		<u>\$ 21,462,459</u>	<u>\$ 110,040</u>	<u>\$ 21,572,499</u>
Corporate Stocks and Bonds	Investment	\$ 71,120,545	-	\$ 71,120,545
U.S. Government and Agency Securities	Investment	521,171	-	521,171
Mortgage Backed Securities	Investment	3,395,083	-	3,395,083
Mortgage Backed Securities - Foreign	Investment	1,331,875	-	1,331,875
Limited Partnerships - Alternative	Investment	34,923,985	-	34,923,985
Mutual Funds	Investment	23,056,913	-	23,056,913
Real Estate Holdings				
Real Estate Holdings	Investment	3,044,811	-	3,044,811
Short-term Investments	Investment	362,588	-	362,588
Accrued Investment Interest	Investment	14,832	-	14,832
Total Investments		<u>\$ 137,771,803</u>	<u>\$ -</u>	<u>\$ 137,771,803</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2018, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations	Checking	\$ 477,246	\$ (43,944)	\$ 433,302
Program	ACH	218,116	-	218,116
Program	Wire	97,582	-	97,582
Program	Checking	4,399,688	12,335	4,412,023
Program	Transfer	958,047	-	958,047
Citizens Bank of Las Cruces				
Program	Money Market	1,016,781	-	1,016,781
Merrill Lynch				
Operations	Checking	1,951,436	-	1,951,436
Program	Money Market	7,918,863	(78,050)	7,840,813
Program-Cash Gift Annuity	Checking & Money Market	29,310	(8,418)	20,892
Program-NMSU Business College	Money Market	4,577	-	4,577
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,964,539)	-	(1,964,539)
Investment cash - Merrill Lynch Managers:				
Tortoise MLP	Money Market	93,769	-	93,769
Private Equity	Money Market	451,568	-	451,568
WCMA	Money Market	73,717	-	73,717
Cambiar Intl Value	Money Market	1,287,570	-	1,287,570
Earnest SCV	Money Market	61,687	-	61,687
NWQ	Money Market	295,840	-	295,840
Tag - Emerging	Money Market	144,382	-	144,382
Eagle SCG	Money Market	135,230	-	135,230
Invesco	Money Market	1,068,018	-	1,068,018
Short Term Investment Fund	Money Market	1,995,767	-	1,995,767
Eagle LCV	Money Market	1,048,374	-	1,048,374
Armstrong	Money Market	202,294	-	202,294
Western	Money Market	120,569	-	120,569
Title V	Money Market	19,397	-	19,397
ALTA	Money Market	2	-	2
Cohen and Steers	Money Market	71,247	-	71,247
ALT Investments	Money Market	532	-	532
Santa Barbara	Money Market	149,250	-	149,250
Loomis - TMA	Money Market	196,876	-	196,876
Less Cash Allocated to NMSU for AHIT	Held in Trust	(2,556,768)	-	(2,556,768)
Total Cash and Cash Equivalents		<u>\$ 19,966,428</u>	<u>\$ (118,077)</u>	<u>\$ 19,848,351</u>
Corporate Stocks and Bonds	Investment	\$ 66,723,360	-	\$ 66,723,360
U.S. Government and Agency Securities	Investment	834,027	-	834,027
Mortgage Backed Securities	Investment	2,657,857	-	2,657,857
Mortgage Backed Securities - Foreign	Investment	1,294,830	-	1,294,830
Limited Partnerships - Alternative	Investment	32,119,416	-	32,119,416
Mutual Funds	Investment	25,912,120	-	25,912,120
Real Estate Holdings				
Real Estate Holdings	Investment	2,322,528	-	2,322,528
Short-term Investments	Investment	332,068	-	332,068
Accrued Investment Interest	Investment	23,942	-	23,942
Total Investments		<u>\$ 132,220,148</u>	<u>\$ -</u>	<u>\$ 132,220,148</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the University's investment policy, investment maturities are scheduled to coincide with the University's projected cash requirements. The University does not commit any discretionary funds to financial instruments with maturities longer than ten years from the date of purchase. Funds are only committed to maturities longer than five years from date of purchase if directly related to a specific capital or other long-term project. The maturity dates on non-discretionary fund investments do not exceed the final maturity dates established within the funds' restrictive purposes. At least 50% of all cash and investment balances are invested in instruments with maturities less than two years.

A summary of the investments at June 30, 2019, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 70,984,948	\$ 1,704,877	\$ 69,280,071	\$ -	\$ -
Domestic corporate bonds	5,134,340	-	5,134,340	-	-
U.S. treasury securities	33,375,246	33,360,091	15,155	-	-
Certificates of deposit	4,788,538	250,196	4,538,342	-	-
Pooled Investments					
Mortgage-backed securities	1,537,231	-	1,537,231	-	-
Domestic corporate bonds	238,973	-	58,840	119,566	60,567
US government and agency securities	169,488	-	19,299	-	150,189
	<u>116,228,764</u>	<u>\$ 35,315,164</u>	<u>\$ 80,583,278</u>	<u>\$ 119,566</u>	<u>\$ 210,756</u>
Items not subject to interest rate risk:					
Equity securities	608,268				
Pooled Investments					
Accrued interest	4,823				
Corporate stocks	28,106,073				
Limited partnerships - Alternative	11,357,469				
Real estate holdings (Investments not securities)	990,189				
Total Investments	<u>\$157,295,586</u>				
Foundation					
U.S. government and agency securities	\$ 521,171	\$ -	\$ 59,341	\$ -	\$ 461,830
Certificates of deposit	103,601	103,601	-	-	-
Other time deposits	258,987	258,987	-	-	-
Corporate bonds	734,845	-	180,931	367,669	186,245
Mortgage-backed securities	4,726,958	-	4,726,958	-	-
		<u>\$ 362,588</u>	<u>\$ 4,967,230</u>	<u>\$ 367,669</u>	<u>\$ 648,075</u>
Items not subject to interest rate risk:					
Corporate stocks	93,442,613				
Limited partnerships - Alternative	34,923,985				
Other investments	3,059,643				
Total Investments	<u>\$137,771,803</u>				

A summary of the investments at June 30, 2018, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 84,891,857	\$ 15,667,647	\$ 69,224,210	\$ -	\$ -
Domestic corporate bonds	5,075,995	-	5,075,995	-	-
U.S. treasury securities	29,028,277	14,782,199	14,246,078	-	-
Certificate of deposit	4,477,370	996,242	3,481,128	-	-
Pooled Investments					
Mortgage-backed securities	1,357,210	-	1,357,210	-	-
Domestic corporate bonds	379,871	-	87,227	173,439	119,205
US government and agency securities	286,376	87,424	44,255	22,047	132,650
	<u>125,496,956</u>	<u>\$ 31,533,512</u>	<u>\$ 93,516,103</u>	<u>\$ 195,486</u>	<u>\$ 251,855</u>
Items not subject to interest rate risk:					
Equity securities	558,610				
Pooled Investments					
Accrued interest	8,220				
Corporate stocks	28,958,449				
Limited partnerships - Alternative	11,028,644				
Real estate holdings (Investments not securities)	797,472				
Total Investments	<u>\$166,848,351</u>				
Foundation					
U.S. government and agency securities	\$ 834,027	\$ 254,609	\$ 128,885	\$ 64,209	\$ 386,324
Corporate bonds	1,106,321	-	254,037	568,084	284,200
Mortgage-backed securities	3,952,687	-	3,952,687	-	-
		<u>\$ 254,609</u>	<u>\$ 4,335,609</u>	<u>\$ 632,293</u>	<u>\$ 670,524</u>
Items not subject to interest rate risk:					
Corporate stocks	91,529,159				
Limited partnerships - Alternative	32,119,416				
Other investments	2,678,538				
Total Investments	<u>\$132,220,148</u>				

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy limits investment in money market instruments and other securities of commercial banks, broker-dealers, or recognized financial institutions to those rated in the highest rating category by a nationally recognized statistical rating organization (NRSRO) or which are guaranteed by a person or entity whose long-term debt obligations are rated in the highest rating category by a NRSRO. This includes without limitation, securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USC Sections 80(a)-1 et. seq., which invest only in obligations of the government of the United States of America or securities that are secured by obligations of the government of the United States of America.

A summary of the investments at June 30, 2019, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 70,984,948
Certificates of deposits	Federally insured	4,750,000
Certificates of deposits	Subject to custodial credit risk	38,538
U.S. treasury securities	Not rated	33,375,246
Corporate bonds	S&P/Moody's - AA+/Aaa	5,134,340
Domestic equity securities	Not rated	608,268
Pooled Investments		
U.S. government and agency securities	Aaa	174,311
Mortgage-backed securities	Not rated	1,537,231
Domestic equity securities	Not rated	20,727,454
Corporate bonds	A1 to BAA1	238,973
Foreign equity securities	Not rated	7,378,619
Limited partnerships - Alternative	Not rated	11,357,469
Real estate holdings (investments not securities)	Not rated	990,189
Total Investments		<u>\$ 157,295,586</u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 521,171
Certificates of deposit	Federally insured	103,601
Other time deposits	Not rated	258,987
Corporate bonds	A1 to BAA1	734,845
Domestic equity securities	Not rated	47,696,597
Mutual funds	Not rated	23,056,913
Foreign equity securities	Not rated	22,689,103
Mortgage-backed securities	Not rated	4,726,958
Limited partnerships - Alternative	Not rated	34,923,985
Real estate holdings (investments not securities)	Not rated	3,059,643
Total Investments		<u>\$ 137,771,803</u>

A summary of the investments at June 30, 2018, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 84,891,857
Certificates of deposits	Federally insured	4,477,370
U.S. treasury securities	Not rated	29,028,277
Corporate bonds	S&P/Moody's - AA+/Aaa	5,075,995
Domestic equity securities	Not rated	558,610
Pooled Investments		
U.S. government and agency securities	Aaa	294,596
Mortgage-backed securities	AAA+	1,357,210
Domestic equity securities	Not rated	21,271,271
Corporate bonds	A1 to BAA1	379,871
Foreign equity securities	Not rated	7,687,178
Limited partnerships - Alternative	Not rated	11,028,644
Real estate holdings (investments not securities)	Not rated	797,472
Total Investments		<u>\$ 166,848,351</u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 579,418
Corporate bonds	A1 to BAA1	1,106,322
Government bonds	Not rated	254,609
Domestic equity securities	Not rated	43,229,185
Mutual funds	Not rated	25,912,120
Foreign equity securities	Not rated	22,387,853
Mortgage-backed securities	AAA+	3,952,687
Limited partnerships - Alternative	Not rated	32,119,416
Real estate holdings (investments not securities)	Not rated	2,678,538
Total Investments		<u>\$ 132,220,148</u>

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

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the University's deposits may not be returned. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2019 and 2018, total bank balances of the University were \$103,658,195 and \$79,544,359, respectively. None of these balances are subject to custodial credit risk.

Custodial Credit Risk – Investments. This is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the investments are subject to custodial credit risk.

Fair Value of Assets and Liabilities. GASB Statement No.72 (*Fair Value Measurement and Application*) 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. GASB 72 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities.

Level 2

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include governmental and corporate bonds, foreign obligations, and collateralized mortgage backed securities.

Level 3

Investments classified within Level 3 have significant unobservable inputs. The valuation of these funds is determined by unobservable inputs such as recent purchases and sales, underlying fund holdings, and information provided by fund managers and general partners including: audited financials, unaudited financial statements, and net asset valuations.

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 Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimate for each investment.

In certain cases, both observable and unobservable inputs may be used to determine the fair value of investments and, in such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The degree of judgment exercised in determining fair value is greatest for investments in Level 3. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Level 3 investments at the University consist of land and buildings held at the Foundation.

The following is a description of the valuation methodologies used for assets measured at fair value.

Government Securities and Corporate Bonds are valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows and other observable inputs. Such securities would be classified within Level 2 of the valuation hierarchy.

Hedge Fund and Venture Capital Investments, which are not readily marketable, are carried at estimated fair values. Fair value is based upon information provided by the management of each Fund, including audited financial statements and any other relevant factors. Because of the absence of a readily determinable fair value and the inherent uncertainty of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material. These investments are not immediately redeemable at the reporting date. These investments have significant unobservable inputs and are classified as NAV.

Real Estate is valued at current appraisal or fair value. Real estate is classified within Level 3 of the valuation hierarchy.

Equity Securities are valued at the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the valuation hierarchy. Nonredeemable securities are not reported on the active market and are classified within Level 3 of the valuation hierarchy.

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019.

2019	Balance as of June 30, 2019	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 33,375,246	\$ 33,375,246	\$ -	\$ -
Agency securities (GSEs)	70,984,948	-	70,984,948	-
Corporate bonds	5,134,340	-	5,134,340	-
Certificate of deposit (NCD)	4,788,538	-	4,788,538	-
Total Debt Securities	<u>114,283,072</u>	<u>33,375,246</u>	<u>80,907,826</u>	<u>-</u>
Equity Securities				
Common	525,566	525,566	-	-
Preferred	72,288	72,288	-	-
Nonredeemable securities	10,414	-	-	10,414
Total Equity Securities	<u>608,268</u>	<u>597,854</u>	<u>-</u>	<u>10,414</u>
Total Investments by Fair Value Level	<u>114,891,340</u>	<u>\$ 33,973,100</u>	<u>\$ 80,907,826</u>	<u>\$ 10,414</u>
Investments held by Foundation				
Corporate stocks and bonds	\$ 23,116,561	\$ 22,877,588	\$ 238,973	\$ -
Mutual funds	5,228,485	5,228,485	-	-
Mortgage backed securities	1,537,231	1,281,451	255,780	-
Government bonds	169,488	-	169,488	-
Real estate holdings	990,189	-	-	990,189
Total investments Held by Foundation by Fair Value Level	<u>31,041,954</u>	<u>\$ 29,387,524</u>	<u>\$ 664,241</u>	<u>\$ 990,189</u>
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 8,328,046	\$ 1,287,671	Quarterly	90 Days
Equity long/short	1,647,015	1,933,086	None	None
Total Hedge Fund Investments	<u>9,975,061</u>	<u>3,220,757</u>		
Domestic Venture Capital Investments				
Venture capital	1,382,408	-		
Total Domestic Venture Capital Investments	<u>1,382,408</u>	<u>-</u>	None	None
Total Investments Held by Foundation measured by NAV	<u>11,357,469</u>	<u>\$ 3,220,757</u>		
Other Investments held by Foundation				
Accrued interest income	4,823			
Total Investments	<u>\$ 157,295,586</u>			

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2018.

2018	Balance as of June 30, 2018	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 29,028,277	\$ 29,028,277	\$ -	\$ -
Agency securities (GSEs)	84,891,857	-	84,891,857	-
Corporate bonds	5,075,995	-	5,075,995	-
Certificate of deposit (NCD)	4,477,370	-	4,477,370	-
Total Debt Securities	<u>123,473,499</u>	<u>29,028,277</u>	<u>94,445,222</u>	<u>-</u>
Equity Securities				
Common	486,350	486,350	-	-
Preferred	71,260	71,260	-	-
Nonredeemable securities	1,000	-	-	1,000
Total Equity Securities	<u>558,610</u>	<u>557,610</u>	<u>-</u>	<u>1,000</u>
Total Investments by Fair Value Level	<u>124,032,109</u>	<u>\$ 29,585,887</u>	<u>\$ 94,445,222</u>	<u>\$ 1,000</u>
Investments held by Foundation				
Corporate stocks and bonds	\$ 22,899,302	\$ 22,519,429	\$ 379,873	\$ -
Mutual funds	6,439,021	6,439,021	-	-
Mortgage backed securities	1,357,209	930,525	426,684	-
Government bonds	286,374	-	286,374	-
Real estate holdings	797,472	-	-	797,472
Total investments Held by Foundation by Fair Value Level	<u>31,779,378</u>	<u>\$ 29,888,975</u>	<u>\$ 1,092,931</u>	<u>\$ 797,472</u>
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 8,125,142	\$ -	Quarterly	90 Days
Equity long/short	1,510,602	405,376	None	None
Total Hedge Fund Investments	<u>9,635,744</u>	<u>405,376</u>		
Domestic Venture Capital Investments				
Venture capital	1,392,900	-		
Total Domestic Venture Capital Investments	<u>1,392,900</u>	<u>-</u>	None	None
Total Investments Held by Foundation measured by NAV	<u>11,028,644</u>	<u>\$ 405,376</u>		
Other Investments held by Foundation				
Accrued interest income	8,220			
Total Investments	<u>\$ 166,848,351</u>			

Note 4 – Accounts Receivable and Unearned Revenue

Accounts receivable consists of the following at June 30, 2019 and 2018:

	2019	2018
University		
Student tuition and fees	\$ 54,394,729	\$ 52,057,837
Federal, state, and private grants and contracts	30,429,806	30,627,204
Other	6,115,908	5,297,510
Due from Component Unit	2,150,697	2,132,358
Less: allowance for doubtful accounts	<u>(40,110,383)</u>	<u>(37,757,802)</u>
Net accounts receivable	<u>\$ 52,980,757</u>	<u>\$ 52,357,107</u>
Foundation		
Net miscellaneous accounts receivable	<u>\$ 11,395,404</u>	<u>\$ 10,781,211</u>

The allowance for doubtful accounts includes consideration for the credit risk associated with the various receivables.

Unearned revenue consists of the following at June 30, 2019 and 2018:

	2019	2018
University		
Student tuition and fees	\$ 2,152,916	\$ 3,427,642
Federal, state, and private grants and contracts	6,042,171	6,074,450
Other	<u>2,095,628</u>	<u>257,567</u>
Total unearned revenue	<u>\$ 10,290,715</u>	<u>\$ 9,759,659</u>
Foundation		
Total unearned revenue	<u>\$ 398,379</u>	<u>\$ 414,367</u>

Note 5 – Capital Assets

Capital assets as detailed below are stated at cost, or if contributed, at acquisition value at the date of gift. Net interest expense incurred during the construction period on revenue bond funded projects is capitalized as an asset.

The University's main campus has New Mexico State District Court endorsed water rights equaling 11,454 acre feet per annum. As there is no cost basis for these assets, neither the water rights nor the livestock bred by the University are presented in the accompanying Statements of Net Position.

The State of New Mexico Land Office holds 193,272 surface and 254,627 sub-surface acres in trust for the University and manages the commercial use of this property including various leases and oil and gas exploration. The value of the land is recorded at the State of New Mexico Land Office; therefore this amount is not presented in the accompanying Statements of Net Position.

Changes in capital asset balances for the year ended June 30, 2019, were as follows:

	Balance July 1 2018	Additions	Transfers	Retirements	Balance June 30 2019
University					
Capital assets not depreciated:					
Land and land improvements	\$ 10,662,240	\$ -	\$ -	\$ (4,671)	\$ 10,657,569
Construction in progress	15,995,430	37,674,315	(14,129,299)	-	39,540,446
Total capital assets not being depreciated	<u>\$ 26,657,670</u>	<u>\$ 37,674,315</u>	<u>\$ (14,129,299)</u>	<u>\$ (4,671)</u>	<u>\$ 50,198,015</u>
Capital assets being depreciated:					
Buildings	\$ 772,848,615	\$ 391,549	\$ 13,353,918	\$ -	\$ 786,594,082
Infrastructure	85,727,112	11,722	775,381	-	86,514,215
Equipment	113,817,010	5,428,849	-	(3,728,397)	115,517,462
Software	15,100,084	145,674	-	(9,000)	15,236,758
Library books	88,960,312	3,347,357	-	(90,942)	92,216,727
Total other capital assets	<u>1,076,453,133</u>	<u>9,325,151</u>	<u>14,129,299</u>	<u>(3,828,339)</u>	<u>1,096,079,244</u>
Less accumulated depreciation for:					
Buildings	(389,018,671)	(21,165,537)	-	-	(410,184,208)
Infrastructure	(52,595,848)	(3,079,393)	-	-	(55,675,241)
Equipment	(87,286,507)	(6,500,620)	-	3,415,495	(90,371,632)
Software	(14,140,045)	(331,564)	-	9,000	(14,462,609)
Library books	(65,750,080)	(3,172,837)	-	90,942	(68,831,975)
Total accumulated depreciation	<u>(608,791,151)</u>	<u>(34,249,951)</u>	<u>-</u>	<u>3,515,437</u>	<u>(639,525,665)</u>
Capital assets being depreciated, net	<u>\$ 467,661,982</u>	<u>\$ (24,924,800)</u>	<u>\$ 14,129,299</u>	<u>\$ (312,902)</u>	<u>\$ 456,553,579</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 26,657,670	\$ 37,674,315	\$ (14,129,299)	\$ (4,671)	\$ 50,198,015
Other capital assets, at cost	1,076,453,133	9,325,151	14,129,299	(3,828,339)	1,096,079,244
Total cost of capital assets	<u>1,103,110,803</u>	<u>46,999,466</u>	<u>-</u>	<u>(3,833,010)</u>	<u>1,146,277,259</u>
Less: accumulated depreciation	<u>(608,791,151)</u>	<u>(34,249,951)</u>	<u>-</u>	<u>3,515,437</u>	<u>(639,525,665)</u>
Capital assets, net	<u>\$ 494,319,652</u>	<u>\$ 12,749,515</u>	<u>\$ -</u>	<u>\$ (317,573)</u>	<u>\$ 506,751,594</u>
Foundation					
Capital assets	\$ 755,245	\$ 1,547	\$ -	\$ (1,059)	\$ 755,733
Less: accumulated depreciation	(649,602)	(29,762)	-	177	(679,187)
Capital assets, net	<u>\$ 105,643</u>	<u>\$ (28,215)</u>	<u>\$ -</u>	<u>\$ (882)</u>	<u>\$ 76,546</u>

Changes in capital asset balances for the year ended June 30, 2018, were as follows:

	Balance July 1 2017	Additions	Transfers	Retirements	Balance June 30 2018
University					
Capital assets not depreciated:					
Land and land improvements	\$ 10,662,240	\$ -	\$ -	\$ -	\$ 10,662,240
Construction in progress	12,267,687	18,939,828	(15,212,085)	-	15,995,430
Total capital assets not being depreciated	<u>\$ 22,929,927</u>	<u>\$ 18,939,828</u>	<u>\$ (15,212,085)</u>	<u>\$ -</u>	<u>\$ 26,657,670</u>
Capital assets being depreciated:					
Buildings	\$ 761,856,800	\$ 749,236	\$ 12,661,505	\$ (2,418,926)	\$ 772,848,615
Infrastructure	83,176,532	-	2,550,580	-	85,727,112
Equipment	128,062,598	5,438,214	-	(19,683,802)	113,817,010
Software	15,019,693	157,570	-	(77,179)	15,100,084
Library books	85,833,188	3,273,021	-	(145,897)	88,960,312
Total other capital assets	<u>1,073,948,811</u>	<u>9,618,041</u>	<u>15,212,085</u>	<u>(22,325,804)</u>	<u>1,076,453,133</u>
Less accumulated depreciation for:					
Buildings	(368,529,602)	(20,849,376)	-	360,307	(389,018,671)
Infrastructure	(49,377,066)	(3,218,782)	-	-	(52,595,848)
Equipment	(99,698,155)	(6,733,548)	-	19,145,196	(87,286,507)
Software	(13,560,846)	(630,024)	-	50,825	(14,140,045)
Library books	(62,812,672)	(3,083,305)	-	145,897	(65,750,080)
Total accumulated depreciation	<u>(593,978,341)</u>	<u>(34,515,035)</u>	<u>-</u>	<u>19,702,225</u>	<u>(608,791,151)</u>
Capital assets being depreciated, net	<u>\$ 479,970,470</u>	<u>\$ (24,896,994)</u>	<u>\$ 15,212,085</u>	<u>\$ (2,623,579)</u>	<u>\$ 467,661,982</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 22,929,927	\$ 18,939,828	\$ (15,212,085)	\$ -	\$ 26,657,670
Other capital assets, at cost	1,073,948,811	9,618,041	15,212,085	(22,325,804)	1,076,453,133
Total cost of capital assets	<u>1,096,878,738</u>	<u>28,557,869</u>	<u>-</u>	<u>(22,325,804)</u>	<u>1,103,110,803</u>
Less: accumulated depreciation	<u>(593,978,341)</u>	<u>(34,515,035)</u>	<u>-</u>	<u>19,702,225</u>	<u>(608,791,151)</u>
Capital assets, net	<u>\$ 502,900,397</u>	<u>\$ (5,957,166)</u>	<u>\$ -</u>	<u>\$ (2,623,579)</u>	<u>\$ 494,319,652</u>
Foundation					
Capital assets	\$ 728,337	\$ 75,608	\$ -	\$ (48,700)	\$ 755,245
Less: accumulated depreciation	(668,727)	(28,882)	-	48,007	(649,602)
Capital assets, net	<u>\$ 59,610</u>	<u>\$ 46,726</u>	<u>\$ -</u>	<u>\$ (693)</u>	<u>\$ 105,643</u>

Note 6 – Long-Term Liabilities

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2019, follows:

	Balance July 1 2018	Additions	Reductions	Balance June 30 2019	Current Portion (due in 2020)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$ 150,645,540	\$ -	\$ (7,084,253)	\$ 143,561,287	\$ 7,075,000	
Subordinate revenue note, notes from direct borrowing	12,165,000	-	(880,000)	11,285,000	945,000	
Contracts payable	512,077	675,780	(347,767)	840,090	345,114	
	<u>163,322,617</u>	<u>675,780</u>	<u>(8,312,020)</u>	<u>155,686,377</u>	<u>8,365,114</u>	
Total bonds and contracts						
Other liabilities:						
Accrued compensated absences	15,674,224	3,018,121	(3,205,522)	15,486,823	3,097,365	
Other post employment benefits	133,899,207	17,531,792	(5,758,813)	145,672,186	5,759,000	
Net pension liability	750,673,749	67,444,503	(25,882,108)	792,236,144	-	
Accrued benefit reserve	659,630	-	-	659,630	-	
Other	767,233	-	(700,839)	66,394	-	
	<u>901,674,043</u>	<u>87,994,416</u>	<u>(35,547,282)</u>	<u>954,121,177</u>	<u>8,856,365</u>	
Total other liabilities						
Total long-term liabilities	<u>\$ 1,064,996,660</u>	<u>\$ 88,670,196</u>	<u>\$ (43,859,302)</u>	<u>\$ 1,109,807,554</u>	<u>\$ 17,221,479</u>	
Foundation						
	Balance July 1 2018	Additions	Reductions	Changes in Estimate	Balance July 1 2019	Current Portion (due in 2020)
Gift annuities payable	\$ 2,348,892	\$ -	\$ (192,417)	\$ 59,779	\$ 2,216,254	\$ 211,175
Payable under unitrusts	140,181	-	-	1,604	141,785	31,067
Total long-term liabilities	<u>\$ 2,489,073</u>	<u>\$ -</u>	<u>\$ (192,417)</u>	<u>\$ 61,383</u>	<u>\$ 2,358,039</u>	<u>\$ 242,242</u>

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2018, follows:

	Balance July 1 2017, as restated			Additions	Reductions	Balance June 30 2018	Current Portion (due in 2019)					
University												
Bonds and contracts payable:												
Revenue bonds payable	\$	105,317,291	\$	78,921,450	\$	(33,593,201)	\$	150,645,540	\$	6,055,000		
Subordinate revenue note direct borrowing		12,985,000		-		(820,000)		12,165,000		880,000		
Contracts payable		801,550		154,800		(444,273)		512,077		316,930		
		<u>119,103,841</u>		<u>79,076,250</u>		<u>(34,857,474)</u>		<u>163,322,617</u>		<u>7,251,930</u>		
Total bonds and contracts												
Other liabilities:												
Accrued compensated absences		17,501,384		2,559,253		(4,386,413)		15,674,224		3,134,846		
Other post employment benefits		134,552,969		4,869,768		(5,523,530)		133,899,207		5,524,000		
Net pension liability		507,687,518		269,722,768		(26,736,537)		750,673,749		-		
Accrued benefit reserve		659,630		-		-		659,630		-		
Other		539,287		227,946		-		767,233		-		
		<u>660,940,788</u>		<u>277,379,735</u>		<u>(36,646,480)</u>		<u>901,674,043</u>		<u>8,658,846</u>		
Total other liabilities												
Total long-term liabilities	\$	<u>780,044,629</u>	\$	<u>356,455,985</u>	\$	<u>(71,503,954)</u>	\$	<u>1,064,996,660</u>	\$	<u>15,910,776</u>		
Foundation												
		<u>Balance July 1 2017</u>		<u>Additions</u>		<u>Changes in Estimate</u>		<u>Balance July 1 2018</u>		<u>Current Portion (due in 2019)</u>		
Gift annuities payable	\$	2,561,203	\$	-	\$	(23,016)	\$	(189,295)	\$	2,348,892	\$	161,346
Payable under unitrusts		154,280		-		-		(14,099)		140,181		29,525
Total long-term liabilities	\$	<u>\$2,715,483</u>	\$	<u>-</u>	\$	<u>(23,016)</u>	\$	<u>(203,394)</u>	\$	<u>2,489,073</u>	\$	<u>190,871</u>

Bonds Payable. The University issued the 2017 refunding and improvement revenue bonds (Series 2017A Refunding and Improvement Revenue Bonds, 2017B Taxable Refunding Revenue Bonds, and the 2017C Refunding Revenue Bonds). Proceeds of the Series 2017A Bonds were used, in part, to currently refund at par the Series 2006 Bonds. The University undertook the current refunding of the Series 2006 Bonds for economic savings.

The refunding transactions resulted in a total economic loss of \$1,113,729, including the economic savings from Series 2006 refunding and an accounting loss of \$693,085. The net difference in cash outflows from the refundings will be an additional \$9,793,395. As of June 30, 2019, there are \$15,725,000 of outstanding bonds that have been defeased through an irrevocable trust. All other outstanding University revenue bonds as of June 30, 2019 were issued as parity bonds and are all tax-exempt, with the exception of the Series 2013C, Series 2010B, and Series 2010C bonds. All bonds are payable solely from, and secured by, a pledge of and a non-exclusive first lien on certain pledged revenues. The revenues pledged to meet these debt obligations are student tuition and fees, sales and services, other operating income, investment income, and building fees. The pledged revenues for fiscal years 2019 and 2018 are \$187,278,000 and \$178,495,000, respectively. Interest payments are made twice a year, on October 1 and April 1 while principal is paid annually on April 1. Allowable premiums, and discounts on bonds payable are recorded in total and amortized according to the bonds outstanding method, which approximates the effective interest method.

The bond interest expense incurred for the fiscal years 2019 and 2018 was \$5,735,228 and \$6,351,560, respectively, net of interest income. Of these amounts, \$1,544,787 and \$1,255,550 was capitalized during fiscal years 2019 and 2018, respectively.

Total University bonds issued and outstanding at June 30, 2019 and 2018, excluding bonds issued by the Community College Districts, (See Note 13), consisted of:

	Total Issued	<u>Outstanding</u>	
		2019	2018
Refunding and Improvement Revenue Bonds			
Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) Final Maturity 2030	78,670,000	43,990,000	46,505,000
Refunding and Improvement Revenue Bonds			
Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) Final Maturity 2033	56,200,000	21,180,000	23,345,000
Refunding and Improvement Revenue Bonds			
Bond Series 2017A, 2017B, 2017C (1.75% - 5.00%) Final Maturity 2042	73,240,000	70,670,000	72,045,000
Total Bonds Payable	208,110,000	135,840,000	141,895,000
Plus: Unamortized Net Premium	17,590,465	7,721,287	8,750,540
Bonds Payable, net	<u>\$ 225,700,465</u>	<u>\$ 143,561,287</u>	<u>\$ 150,645,540</u>

The maturity schedule for the University bonds payable at June 30, 2019, follows:

Year Ending June 30	Principal	Interest
2020	\$ 7,075,000	\$ 6,572,799
2021	9,165,000	6,256,308
2022	9,180,000	5,827,102
2023	9,175,000	5,383,314
2024	8,615,000	4,927,817
2025-2029	42,825,000	18,103,526
2030-2034	27,180,000	8,293,037
2035-2039	16,545,000	3,396,243
2040-2042	6,080,000	617,750
Total	<u>\$ 135,840,000</u>	<u>\$ 59,377,896</u>

Notes Payable. The Board of Regents issued a tax-exempt Subordinate Lien Improvement Revenue Note, Series 2014 on April 21, 2014 in a direct purchase with BOKF, NA dba Bank of Albuquerque. The original principal amount of the note was \$15,865,000 and the interest rate is 3.07%. The note is payable solely from, and secured by, a pledge of, and a non-exclusive subordinate lien on the following revenues: student tuition and fees; sales and service revenue; other operating revenue; investment income; and, building fees. Interest payments began on October 1, 2014 and are due semiannually thereafter on April 1 and October 1 of each year. Principal payments are due April 1 each year, beginning April 1, 2016. The note matures April 1, 2029.

The interest expense incurred on the note was \$373,466 and \$398,640 for fiscal years ended June 30, 2019 and 2018, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2019, follows:

Year Ending June 30	Principal	Interest
2020	\$ 945,000	\$ 346,450
2021	1,015,000	317,438
2022	1,090,000	286,278
2023	1,165,000	252,815
2024	1,240,000	217,049
2025-2028	5,830,000	461,268
Total	<u>\$ 11,285,000</u>	<u>\$ 1,881,298</u>

Contracts Payable. The University acquires various types of equipment under capital lease agreements. All lease agreements contain a fiscal funding clause, which allows the lease agreements to be canceled if funding for future periods is not appropriated. University administration believes that the likelihood of this occurrence is remote. The following tables detail the carrying value of assets acquired under these arrangements, the net present value of minimum lease payments, future minimum lease payments and the portion of the lease payments representing interest at June 30, 2019.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 244,135	\$ 283,329
Computer equipment	806,250	556,761
Total	<u>\$ 1,050,385</u>	<u>\$ 840,090</u>

Year Ending June 30	Principal	Interest	Minimum Payments
2019	\$ 345,114	\$ 16,697	\$ 361,811
2020	288,419	10,608	299,027
2021	163,945	5,315	169,260
2022	35,045	1,473	36,518
2023	7,567	119	7,686
Total	<u>\$ 840,090</u>	<u>\$ 34,212</u>	<u>\$ 874,302</u>

Note 7 – Health Insurance

The University provides group health insurance coverage for all regular employees working 30 hours per week or more and term appointment employees working 30 hours per week or more. Coverage is optional and is available the first pay period after 30 days of employment. The University's portion of the premium is based on the employee's annual salary. Employee contributions are required for personal, as well as spouse, qualified domestic partner and dependent coverage.

The University participates in the State of New Mexico (State) group health insurance program. Premiums are paid to the State. The State program assumes full responsibility for all claims.

Eligible retirees who were enrolled in health insurance for a minimum of ten consecutive years prior to retirement may elect to continue health insurance coverage through the University's program. The University contributes 60% of the premiums for retirees and their dependents until the retiree reaches age 70, after which, the University contributes 30%. Retiree health insurance is not offered to employees hired after June 30, 2016.

The University participates in a fully insured plan for the eligible active retirees. Premiums are paid to the insurance carrier. The insurance carrier assumes full responsibility for all claims.

Note 8 – Retirement Programs

The University offers three retirement plans. All eligible employees working more than 25% full-time equivalent are required to participate in one of the first two plans described below. Student employees do not participate in these plans.

A. Educational Retirement Act

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

Return to Work Program. Effective January 1, 2002, the ERB implemented a retiree Return-To-Work (RTW) program whereby the University is required to make regular employer contributions on eligible retiree wages. As of July 1, 2011, House Bill 129 was passed requiring returning retirees to contribute the employee portion.

Funding Policy. The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

A summary of member and employer contributions to the Educational Retirement Board is provided below:

	2019	2018	2017
Employee's earning \$20,000 or less:			
University contribution	13.90%	13.90%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning more than \$20,000:			
University contribution	13.90%	13.90%	13.90%
Employee contribution	10.70%	10.70%	10.70%
University's contribution to ERB	\$ 24,766,759	\$ 24,574,007	\$ 25,880,341
University's contribution to ERB for Return to Work Program	\$214,381	\$230,807	\$209,946

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 sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the plan year June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. At June 30, 2019 and 2018 the University reported liabilities of \$792,236,144 and \$750,673,749, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2018. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the University's proportion was 6.66230% which was a decrease of 0.09232% from its proportion measured as of June 30, 2017. At June 30, 2017, the University proportion was 6.75462% which was a decrease of 0.30009% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2019, the University recognized a pension expense of \$117,532,149. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 578,201	\$ 15,077,527
Changes of assumptions	163,276,124	-
Net difference between projected and actual earnings on pension plan investments	1,753,808	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	17,757,816
University contributions subsequent to the measurement date	26,135,142	-
Total	<u>\$ 191,743,275</u>	<u>\$ 32,835,343</u>

The \$26,135,142 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

For the year ended June 30, 2018, the University recognized a pension expense of \$105,576,830. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,347,530	\$ 11,564,818
Changes of assumptions	219,136,069	-
Net difference between projected and actual earnings on pension plan investments	-	102,977
Changes in proportion and differences between University contributions and proportionate share of contributions	-	25,955,363
University contributions subsequent to the measurement date	<u>25,880,341</u>	<u>-</u>
Total	<u>\$ 246,363,940</u>	<u>\$ 37,623,158</u>

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 June 30	
2020	\$ 81,437,559
2021	53,568,139
2022	(2,255,990)
2023	<u>23,082</u>
	<u>\$ 132,772,790</u>

Actuarial assumptions: As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2018 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2018 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 April 21, 2017 in conjunction with the six-year experience study period June 30, 2016.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine total pension liability included in the measurement are as follows:

Inflation	2.50%
Salary Increases	Composition; 2.50% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Single Discount Rate	5.69%
Retirement Age	Experienced-based table rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six- year experience study for the period ended June 30, 2016.
Mortality	Healthy Males - RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB from the table's base year of 2000. Healthy Females - GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.
Cost-of-living increases	1.90% per year, compounded annually
Payroll growth	3.00% per year
Contribution accumulation	5.5% increase per year for all years prior to the valuation date
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments is determined annually using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Changes of Benefit Terms and Assumptions: There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018. Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption

from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The target allocation for each major asset class and total expected real rate of return are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	20%	
Equities - International	14%	
Fixed Income	27%	
Alternatives	38%	
Cash	1%	
Total	100%	7.25%

Discount rate: A single discount rate of 5.69% and 5.90% was used to measure the total ERB pension liability as of June 30, 2018 and June 30, 2017, respectively. For 2018, the single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date. For 2017, the single discount rate was based on the expected rate of return on pension investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the University's 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 as of fiscal year end 2019 and 2018. In particular, the table presents the University's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (4.69%) and (4.90%), or one percentage point higher, (6.69%) and (6.90%) than the single discount rate for June 30, 2018 and 2017, respectively.

	2019		
	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
New Mexico State University's proportionate share of the net pension liability	\$ 1,029,603,562	\$ 792,236,144	\$ 598,559,143

	2018		
	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
New Mexico State University's proportionate share of the net pension liability	\$ 977,188,976	\$ 750,673,749	\$ 565,513,796

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, 2018 and 2017 which are publicly available at www.erb.org.

B. Alternative Retirement Program

Plan Description. The New Mexico Alternative Retirement Plan (ARP) was established by amendment to Chapter 22, Article 11, Section 47-52. Certain faculty and professional staff hired on or after July 1, 1991, may elect to participate in an alternative defined contribution retirement plan in lieu of participation in the ERA in accordance with policies stipulated by the Board of Regents. The two carriers approved by the ERB are the Teachers Insurance and Annuity Association/College Retirement Equities Fund and Fidelity Investments. Employees are allowed to transfer between carriers once each year. Vesting is immediate and benefits may be distributed as an annuity, a roll over, or a withdrawal.

Effective July 1, 2009, employees, after 7 years of contribution to the ARP, have a one-time opportunity to move to the ERB's defined benefit plan. Section 51 allows members of the ARP the option to cash out or rollover the ARP account once they have left employment.

A summary of member and employer contributions to the Educational Retirement Board for the Alternative Retirement Program is provided below:

	2019	2018	2017
Employee's earning \$20,000 or less:			
University contribution	10.90%	10.90%	10.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning more than \$20,000:			
University contribution	10.90%	10.90%	10.90%
Employee contribution	10.70%	10.70%	10.70%
Administration fee to ERB	3.00%	3.00%	3.00%
Payroll expenses covered by ARP	\$ 30,308,256	\$ 29,453,438	\$ 29,449,905
University's contribution to the ERB for ARP	\$ 3,304,119	\$ 3,212,401	\$ 3,210,313
Administration fee paid to ERB for ARP	\$ 909,248	\$ 883,603	\$ 883,491
Employee contributions made to ARP	\$ 3,243,491	\$ 3,153,458	\$ 3,151,409

C. Federal Retirement Program

Plan Description. Certain employees of the University working under the auspices of the United States Department of Agriculture (through various University sponsored extension programs) are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), established with the passage of Public Law 99-335. Both are defined benefit retirement plans. FERS is a three-tiered retirement plan (covering substantially all Federal employees hired subsequent to December 31, 1986) combining Social Security benefits with a basic benefit plan and a thrift savings plan. Employees hired prior to 1984 do not participate in Social Security, but have the ability to transfer to FERS at their own discretion. The CSRS and FERS are administered by the U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, Pennsylvania 16017.

Contributions Required. Employees covered by CSRS and FERS are considered federal employees, and as such, are obligated to contribute according to the guidelines of the federal government. For the year ended June 30, 2019 there was 1 employee enrolled under CSRS and 8 employees under FERS.

A summary of member and employer contributions to the Federal Retirement Program is provided below:

	2019	2018	2017
Employee's covered by CSRS:			
University contribution	7.00%	7.00%	7.00%
Employee contribution	7.00%	7.00%	7.00%
Employee's covered by FERS:			
University contribution	13.70%	13.70%	13.70%
Employee contribution	0.80%	0.80%	0.80%
University's contribution	\$ 127,192	\$ 135,101	\$ 136,061
Employee's contribution	\$ 16,078	\$ 16,287	\$ 16,343

Note 9 – Other Postemployment Benefits Plan

Plan Description. New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay as you go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents.

Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree.

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2019 and 2018, 1,376 and 1,347 retirees met the eligibility requirements for health insurance, respectively.

Employees hired after June 30, 2016 are not offered this benefit.

Plan Participation Percentage. The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 87% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 87% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 90% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement.

Employees covered by benefit terms - At June 30, 2019 and 2018, the following employees were covered by the benefit terms:

	2019	2018
Current retirees receiving benefits	1,740	1,716
Inactive employees entitled but not yet receiving benefits	-	-
Current active members	2,366	2,594

Annual OPEB Cost and Net OPEB Obligation. The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. 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 related for fiscal year 2019:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability - Start of Year (July 1, 2018)	\$ 133,899,207	\$ -	\$ 133,899,207
Changes for the year			
Service cost	5,127,283	-	\$ 5,127,283
Interest cost	5,268,892	-	5,268,892
Changes in assumptions or other inputs	7,135,616	-	7,135,616
Benefit payments	<u>(5,758,812)</u>	<u>-</u>	<u>(5,758,812)</u>
Net change in total OPEB liability	<u>11,772,979</u>	<u>-</u>	<u>11,772,979</u>
Net OPEB Liability - End of Year (June 30,2019)	<u><u>\$ 145,672,186</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 145,672,186</u></u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2019. The discount rate is the only applicable change in the valuation.

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 related for fiscal year 2018:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability - Start of Year (July 1, 2017)	\$ 134,552,969	\$ -	\$ 134,552,969
Changes for the year			
Service cost	4,936,250	-	\$ 4,936,250
Interest cost	5,291,343	-	5,291,343
Changes in assumptions or other inputs	(5,357,825)	-	(5,357,825)
Benefit payments	<u>(5,523,530)</u>	<u>-</u>	<u>(5,523,530)</u>
Net change in total OPEB liability	<u>(653,762)</u>	<u>-</u>	<u>(653,762)</u>
Net OPEB Liability - End of Year (June 30,2018)	<u><u>\$ 133,899,207</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 133,899,207</u></u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2018.

A summary of the key results are shown below for fiscal year ended June 30, 2019 and 2018:

	2019	2018
Present Value of Future Benefits	\$ 181,592,829	\$ 169,701,000
Total OPEB Liability (Beginning of Fiscal Year)	\$ 133,899,207	\$ 134,553,000
Total OPEB Liability (End of Fiscal Year)	\$ 145,672,186	\$ 133,899,207
Net OPEB Liability	\$ 145,672,186	\$ 133,899,207

For the year ended June 30, 2019, the University recognized a OPEB expense of \$10,736,280. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,770,519	\$ 3,307,840
Total	<u>\$ 5,770,519</u>	<u>\$ 3,307,840</u>

For the year ended June 30, 2018, the University recognized a OPEB expense of \$9,202,601. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 4,332,832
Total	<u>\$ -</u>	<u>\$ 4,332,832</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2020	\$ 340,105
2021	340,105
2022	340,105
2023	1,132,235
2024	310,129
	<u>\$ 2,462,679</u>

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 Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2019, conducted in accordance with generally accepted actuarial principles.

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Discount Rate	3.50% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	2.5% per annum
Inflation Rate	3.0% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 6.0% for retirees 65 years of age and under and 5.0% for retirees over 65 years of age and on an ultimate basis at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through May 2018. The annual age 60 claim costs for retirees and their spouses is \$8,200. The age 70 costs for retirees is \$4,040.
Mortality Rate	RP-2014 generational table scaled using MP17 and applied on a gender-specific basis

Discount Rate. A single discount rate of 3.50% and 3.87% was used to measure the total OPEB liability as of June 30, 2019 and 2018, respectively.

Other Information. The discount rate is the only applicable change in the actuarial valuation. There were no other modifications to the postemployment health plan provisions, census and other assumptions reflected in the actuarial valuation as of June 30, 2018. Experience/Assumptions gains and losses are amortized over a closed period of 5.2 years starting on July 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service). Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis.

Health Care Trend Sensitivity Analysis. The following schedules measures the Net OPEB Liability if the health care cost trend rate used was 1% higher than than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2019 and 2018, respectively.

	2019		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's net OPEB liability	\$ 127,391,000	\$ 145,672,186	\$ 169,269,000

	2018		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's net OPEB liability	\$ 117,095,000	\$ 133,899,207	\$ 155,588,873

Discount Rate Sensitivity Analysis. The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2019 and 2018. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (2.50%) and (2.87%), or one percentage point higher, (4.50%) and (4.87%) than the single discount rate for June 30, 2019 and 2018, respectively.

	2019		
	1% Decrease (2.50%)	Current Discount Rate 3.50%	1% Increase (4.50%)
New Mexico State University's net OPEB liability	\$ 167,459,000	\$ 145,672,186	\$ 128,120,000

	2018		
	1% Decrease (2.87%)	Current Discount Rate 3.87%	1% Increase (4.87%)
New Mexico State University's net OPEB liability	\$ 153,925,016	\$ 133,899,207	\$ 117,765,178

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, and the healthcare cost trend. Amounts determined regarding the funded status of the plan 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 Changes in Net OPEB liability and Related Ratios in accordance with GASB 75 (Schedule 5), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10 – Commitments

Capitalizable Project Commitments and Financing. The University has entered into contracts for the construction and renovation of various facilities. At June 30, 2019, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$56.8 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by December 2019. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 11,115,752
General obligation bonds (State of New Mexico)	8,674,915
General obligation bonds (local)	6,518,557
Severance tax bonds (State of New Mexico)	376,127
University funds	15,259,637
State funds	13,327,745
Gifts, grants and contracts	1,565,372
Total	<u>\$ 56,838,105</u>

Operating Leases. The University is obligated under certain lease (rental) agreements which are accounted for as operating leases. The items being leased are primarily office and storage facilities and office equipment. Incorporated into each lease agreement is a fiscal funding clause which allows the University to cancel the operating lease if funding for future periods is not appropriated. As with contracts payable, University administration considers the likelihood of such an occurrence to be remote.

Future minimum rental payments required under operating leases are as follows:

Year Ending June 30	Minimum Payments
2019	\$ 862,625
2020	506,362
2021	283,546
2022	117,749
2023	17,567
Years thereafter	52,700
Total minimum lease payments	<u>\$ 1,840,549</u>

Operating lease payments made in fiscal years 2019 and 2018 are as follows:

	2019	2018
Minimum rentals	\$ 1,008,872	\$ 1,045,886
Contingent rentals	105,998	127,197
Total lease payments	<u>\$ 1,114,870</u>	<u>\$ 1,173,083</u>

Contingent rentals are determined based on usage clauses in certain contracts.

Other Commitments. At June 30, 2019, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statements of Net Position. The approximate amount of such commitments is \$19 million.

Note 11 - Component Units

The following entities support the University in accomplishing its various missions. These entities were selected for inclusion based on criteria as set forth in GASB 14, The Reporting Entity, GASB 39, Determining Whether Certain Organizations Are Components Units, GASB 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No 14. Complete financial statements for these component units can be obtained from each respective administrative office at the addresses listed below.

The Foundation is discretely presented on the face of the financial statements, as prescribed by GASB 14, amended by GASB 39, and further amended by GASB 61. The entity qualifies as discretely presented according to GASB 14, paragraph 40a, because of the nature and significance of its relationship with the University. This relationship meets the direct benefit, access to economic resources and significance of resources criteria. The other component units are blended because the University either completely controls its activities or the entity provide services entirely, or almost entirely to the University in accordance with GASB 39 and GASB 80.

Arrowhead Center, Inc. Arrowhead Center, Inc., a blended component unit, was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. Its purposes are to promote and contribute to economic development and protect, license, and market intellectual property developed by faculty, staff, and students of the University, as well as members of the community, in order to further research and economic development for the State of New Mexico. Arrowhead Center, Inc.'s address is: Arrowhead Center, Inc., MSC 3CR, P.O. Box 30001, Las Cruces, NM 88003.

Summary financial information as of June 30, 2019 and 2018, and for the fiscal years then ended follows:

	2019	2018
Net Position		
Total assets	\$ 1,224,642	\$ 1,146,658
Total liabilities	56,086	83,328
Total net position	<u>\$ 1,168,556</u>	<u>\$ 1,063,330</u>
Changes in Net Position		
Total revenues	\$ 875,715	\$ 923,398
Total expenditures	770,489	657,776
Change in net position	105,226	265,622
Net position, beginning	1,063,330	797,708
Net position, ending	<u>\$ 1,168,556</u>	<u>\$ 1,063,330</u>

The New Mexico State University Foundation, Inc. The Foundation is a non-profit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of the University. It is a discrete component unit of the University with financial information presented in a separate column in the University's financial statements. Separate audited financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB). The Foundation's address is: New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003.

Aggie Development, Inc. Aggie Development, Inc., was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. The corporation was established to benefit the University by (1) managing and developing designated University real estate and water rights; (2) contributing all of the corporation's net revenues to the University; and (3) enhancing learning opportunities for students. Since inception, Aggie Development Inc. did not meet the materiality

threshold that requires audited financial statements and therefore its activity is included in the NMSU audited financial statements, but no separate details are presented herein. Aggie Development, Inc.'s address is: Aggie Development, Inc., P.O. Box 3145, Las Cruces, NM 88003.

Note 12 – Contingent Liabilities

The University has evaluated contingent liabilities from the balance sheet date through October 30, 2019, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

Note 13 – Natural Classification Operating Expenses

The University's and Discrete Component Unit's operating expenses by natural classification were as follows:

	2019		2018	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries				
Faculty	\$ 93,571,089	\$ -	\$ 92,999,916	\$ -
Exempt staff	103,001,638	2,174,611	100,670,412	2,081,291
Non-exempt staff	13,920,549	-	14,041,439	-
Student/graduate assistant	29,962,210	37,922	29,694,683	24,542
Other compensation	3,572,544	5,225	2,635,215	5,325
Total salaries	<u>244,028,030</u>	<u>2,217,758</u>	<u>240,041,665</u>	<u>2,111,158</u>
Other Operating Expenses				
Benefits	177,752,493	-	158,708,878	-
Travel	13,271,252	133,253	12,475,335	139,765
Scholarship and fellowships and other program support	34,543,190	12,450,373	33,913,139	10,657,340
Utilities	11,126,396	4,115	12,321,568	9,982
Professional fees	17,938,358	239,881	17,009,781	335,084
Supplies and other services	73,257,070	716,422	63,107,716	812,424
Depreciation	34,249,951	29,762	34,515,035	28,882
Total operating expenses	<u>\$606,166,740</u>	<u>\$ 15,791,564</u>	<u>\$572,093,117</u>	<u>\$ 14,094,635</u>

Note 14 – Unrestricted Net Position

Unrestricted net position supports the missions of the University in current and future years. The following is a breakdown of the University's unrestricted net position as of June 30, 2019 (unaudited):

	2019	2018
Unrestricted Net Position	\$ (615,361,557)	\$ (536,546,367)
Less: Unfunded Pension	(633,328,212)	(541,932,967)
Less: Long-Term Compensated Absences	(12,389,458)	(12,539,378)
Less: Other Post Employment Benefits	<u>(143,209,507)</u>	<u>(138,232,038)</u>
Adjusted Unrestricted Net Position	<u>173,565,620</u>	<u>156,158,016</u>
Unrestricted - Instruction and General	\$ 22,414,059	\$ 31,617,485
Unrestricted - Research	18,897,529	17,310,500
Unrestricted - Public Service	7,541,999	8,403,675
Unrestricted - Other	12,834,787	10,638,285
Quasi Endowments Funds	16,335,022	17,880,788
Renewals and Replacements - Buildings	29,587,672	25,873,630
Renewals and Replacements - Auxiliary Enterprises	9,608,692	8,606,557
Renewals and Replacements - Internal Services Units	6,356,078	6,442,548
Renewals and Replacements - Equipment	16,368,800	12,343,953
Unexpended plant - Designated to Projects	9,258,554	5,552,944
Unexpended plant - Future Projects/Contingency	<u>24,362,428</u>	<u>11,487,651</u>
Total	<u>\$ 173,565,620</u>	<u>\$ 156,158,016</u>

Note 15 – Tax Abatements

NMSU does not collect tax revenue nor does it enter into any individual tax abatement agreements. NMSU receives funding through appropriations from the State of New Mexico and the amounts of such appropriations to NMSU may be indirectly affected by Tax Abatement agreements entered into by the State of New Mexico. As a taxing authority, the State of New Mexico has the ability to collect tax revenue and enter into individual tax abatement agreements. The State of New Mexico is required under GASB 77 to provide detailed disclosure regarding its tax abatement agreements in its comprehensive annual financial report (CAFR). No University revenue was impacted by abatement agreements.

Note 16 – New Accounting Standards

GASB Statement No. 83 (*Certain Asset Retirement Obligations*) became effective for fiscal year 2019. The objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria to recognize and measure certain Asset Retirement Obligations (AROs). This statement requires that recognition of a liability be recognized when the liability is both incurred and reasonably estimable. The liability is incurred based on external laws, regulations, contracts, or court judgments, together with an internal event that obligates a government to perform asset retirement activities. The University does not anticipate it will be legally required to perform asset retirement activities, and as such, this statement is not applicable at this time. Continued consideration will be performed in future periods.

GASB Statement No. 84 (*Fiduciary Activities*) will become effective for fiscal year 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The University has not yet determined the impact of this statement.

GASB Statement No. 87 (*Leases*) will become effective for fiscal year 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University's operating leases will be converted in accordance with this statement, but the quantitative impact has not yet been determined.

GASB Statement No. 88 (*Debt Disclosures*) became effective for fiscal year 2019. The primary objective of this Statement is to improve the information disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires additional essential information related to debt be disclosed in notes to the financial statements, including amount of unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The University has applied the updates to the notes, as applicable, as seen in Note 6, Long-Term Debt.

GASB Statement No. 89 (*Construction Interest Costs*) will become effective for fiscal year 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The University has not yet determined the impact of this statement.

GASB Statement No. 90 (*Majority Equity Interests*) became effective fiscal year 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The University has early adopted this statement for fiscal year ended June 30, 2018, resulting in the recognition of a \$1,000 investment.

Note 17 – Subsequent Events

The University has evaluated subsequent events from the balance sheet date through October 30, 2019, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2019	Arrowhead Center, Inc. 2019	Total 2019
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,198,555	\$ 1,147,528	\$ 10,346,083
Restricted cash and cash equivalents	9,910,998	-	9,910,998
Cash and cash equivalents held in trust by component unit for NMSU	5,313,291	-	5,313,291
Cash and cash equivalents held in trust by others	347,051	-	347,051
Short-term investments	35,315,164	-	35,315,164
Accounts receivable, net	50,795,787	34,273	50,830,060
Due from component unit	2,150,697	-	2,150,697
Inventories	2,535,124	-	2,535,124
Prepaid expenses	2,430,153	-	2,430,153
Loans receivable - current portion, net	805,960	-	805,960
Total current assets	<u>118,802,780</u>	<u>1,181,801</u>	<u>119,984,581</u>
Non-current assets:			
Unrestricted cash and cash equivalents	50,382,419	-	50,382,419
Restricted cash and cash equivalents	30,588,616	-	30,588,616
Investments held in trust by component unit for NMSU	42,404,246	-	42,404,246
Restricted long-term investments	14,514,392	-	14,514,392
Other long-term investments	65,018,943	42,841	65,061,784
Loans receivable, net	8,178,641	-	8,178,641
Capital assets, net	506,751,594	-	506,751,594
Total non-current assets	<u>717,838,851</u>	<u>42,841</u>	<u>717,881,692</u>
TOTAL ASSETS	<u>836,641,631</u>	<u>1,224,642</u>	<u>837,866,273</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>197,892,002</u>	<u>-</u>	<u>197,892,002</u>
LIABILITIES			
Current liabilities:			
Accounts payable	15,668,784	22,903	15,691,687
Other accrued liabilities	14,606,991	28,952	14,635,943
Accrued interest payable	1,729,812	-	1,729,812
Unearned revenue	10,286,484	4,231	10,290,715
Held in trust by NMSU	5,922,454	-	5,922,454
Long-term liabilities - current portion	17,221,479	-	17,221,479
Total current liabilities	<u>65,436,004</u>	<u>56,086</u>	<u>65,492,090</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	159,777,115	-	159,777,115
Net pension liability	792,236,144	-	792,236,144
Other post-employment benefit liability	139,913,186	-	139,913,186
Total non-current liabilities	<u>1,092,586,075</u>	<u>-</u>	<u>1,092,586,075</u>
TOTAL LIABILITIES	<u>1,158,022,079</u>	<u>56,086</u>	<u>1,158,078,165</u>
DEFERRED INFLOWS OF RESOURCES	<u>36,205,662</u>	<u>-</u>	<u>36,205,662</u>
NET POSITION			
Net investment in capital assets	383,627,323	-	383,627,323
Restricted for:			
Non-expendable:			
Endowments	30,080,928	-	30,080,928
Expendable:			
Endowments	1,962,258	-	1,962,258
General activities	6,348,287	-	6,348,287
Federal student loans	12,912,159	-	12,912,159
Capital projects	20,719,686	-	20,719,686
Related entity activities	16,808	1,168,556	1,185,364
Unrestricted	(615,361,557)	-	(615,361,557)
TOTAL NET POSITION	<u>\$ (159,694,108)</u>	<u>\$ 1,168,556</u>	<u>\$ (158,525,552)</u>

See accompanying independent auditor's report.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2018	Arrowhead Center, Inc. 2018	Total 2018
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,561,306	\$ 1,075,940	\$ 17,637,246
Restricted cash and cash equivalents	9,887,363	-	9,887,363
Cash and cash equivalents held in trust by component unit for NMSU	4,521,307	-	4,521,307
Cash and cash equivalents held in trust by others	3,048,643	-	3,048,643
Short-term investments	31,446,089	-	31,446,089
Accounts receivable, net	50,189,001	35,748	50,224,749
Due from component unit	2,132,358	-	2,132,358
Inventories	2,484,382	-	2,484,382
Prepaid expenses	3,709,435	1,543	3,710,978
Student loans receivable - current portion, net	954,389	-	954,389
Total current assets	<u>124,934,273</u>	<u>1,113,231</u>	<u>126,047,504</u>
Non-current assets:			
Unrestricted cash and cash equivalents	41,773,187	-	41,773,187
Restricted cash and cash equivalents	6,223,907	-	6,223,907
Investments held in trust by component unit for NMSU	42,816,242	-	42,816,242
Restricted long-term investments	14,665,449	-	14,665,449
Other long-term investments	77,887,144	33,427	77,920,571
Student loans receivable, net	9,514,499	-	9,514,499
Capital assets, net	494,319,652	-	494,319,652
Total non-current assets	<u>687,200,080</u>	<u>33,427</u>	<u>687,233,507</u>
TOTAL ASSETS	<u>812,134,353</u>	<u>1,146,658</u>	<u>813,281,011</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>246,879,669</u>	<u>-</u>	<u>246,879,669</u>
LIABILITIES			
Current liabilities:			
Accounts payable	13,339,254	50,673	13,389,927
Other accrued liabilities	14,787,597	26,242	14,813,839
Accrued interest payable	1,800,459	-	1,800,459
Unearned revenue	9,753,246	6,413	9,759,659
Held in trust by NMSU	5,319,195	-	5,319,195
Long-term liabilities - current portion	15,910,776	-	15,910,776
Total current liabilities	<u>60,910,527</u>	<u>83,328</u>	<u>60,993,855</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	169,377,298	-	169,377,298
Net pension liability	750,673,749	-	750,673,749
Other post-employment benefit liability	128,375,207	-	128,375,207
Total non-current liabilities	<u>1,049,085,884</u>	<u>-</u>	<u>1,049,085,884</u>
TOTAL LIABILITIES	<u>1,109,996,411</u>	<u>83,328</u>	<u>1,110,079,739</u>
DEFERRED INFLOWS OF RESOURCES	<u>42,046,491</u>	<u>-</u>	<u>42,046,491</u>
NET POSITION			
Net investment in capital assets	386,309,799	-	386,309,799
Restricted for:			
Non-expendable:			
Endowments	28,109,389	-	28,109,389
Expendable:			
Endowments	1,964,539	-	1,964,539
General activities	6,296,810	-	6,296,810
Federal student loans	12,783,937	-	12,783,937
Capital projects	8,039,238	-	8,039,238
Related entity activities	13,775	1,063,330	1,077,105
Unrestricted	(536,546,367)	-	(536,546,367)
TOTAL NET POSITION	<u>\$ (93,028,880)</u>	<u>\$ 1,063,330</u>	<u>\$ (91,965,550)</u>

See accompanying independent auditor's report.

Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2019	Arrowhead Center, Inc 2019	Total Primary Institution 2019
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 112,522,576	\$ -	\$ 112,522,576
Less: scholarship allowances	(47,162,065)	-	(47,162,065)
Student tuition and fees (net)	65,360,511	-	65,360,511
Federal appropriations, grants and contracts	86,468,214	-	86,468,214
State grants and contracts	9,489,426	-	9,489,426
Local Appropriations, grants and contracts	2,837,727	-	2,837,727
Non-governmental grants, contracts and gifts	7,514,905	-	7,514,905
Sales and services	7,339,055	-	7,339,055
Auxiliary enterprises (net of scholarship allowances)	14,441,402	-	14,441,402
Other operating revenues	16,387,992	-	16,387,992
Total operating revenues	<u>209,839,232</u>	<u>-</u>	<u>209,839,232</u>
EXPENSES			
Operating expenses:			
Instruction	176,921,957	-	176,921,957
Research	98,694,960	-	98,694,960
Public service	58,820,800	-	58,820,800
Academic support	31,103,109	-	31,103,109
Student services	20,924,078	-	20,924,078
Institutional support	40,407,160	-	40,407,160
Operation and maintenance of plant	42,781,681	-	42,781,681
Scholarships and fellowships	30,663,564	-	30,663,564
Auxiliary enterprises	23,730,357	-	23,730,357
Independent operations	20,806,851	-	20,806,851
Intercollegiate athletics	22,932,490	-	22,932,490
Student social and cultural	4,264,322	-	4,264,322
Loan administration (net)	(134,540)	-	(134,540)
Depreciation	34,249,951	-	34,249,951
Total operating expenses	<u>606,166,740</u>	<u>-</u>	<u>606,166,740</u>
Net operating income (loss)	<u>(396,327,508)</u>	<u>-</u>	<u>(396,327,508)</u>
Non-operating revenues (expenses):			
State appropriations	199,928,700	-	199,928,700
Federal Pell grants	42,359,877	-	42,359,877
State lottery scholarship	13,501,706	-	13,501,706
Local tax levy revenue	18,690,646	-	18,690,646
Gifts and non-exchange grants	9,078,670	-	9,078,670
Investment income (loss)	8,258,564	-	8,258,564
Building fees	4,041,764	-	4,041,764
Land lease and permanent fund	4,381,727	-	4,381,727
Loss on disposal of plant	(322,081)	-	(322,081)
Gain on sale of land	1,140,379	-	1,140,379
Additions to quasi endowments	80,398	-	80,398
Interest and other expenses on capital asset-related debt	(6,221,298)	-	(6,221,298)
Other non-operating revenues (expenses)	(970,751)	105,226	(865,525)
Net non-operating revenues	<u>293,948,301</u>	<u>105,226</u>	<u>294,053,527</u>
Income (loss) before other revenues	(102,379,207)	105,226	(102,273,981)
Capital appropriations	22,482,681	-	22,482,681
Capital grants, gifts, and other income	10,913,002	-	10,913,002
Additions to permanent endowments	2,318,296	-	2,318,296
Increase (decrease) in net position	<u>(66,665,228)</u>	<u>105,226</u>	<u>(66,560,002)</u>
NET POSITION			
Beginning of year	(93,028,880)	1,063,330	(91,965,550)
End of year	<u>\$ (159,694,108)</u>	<u>\$ 1,168,556</u>	<u>\$ (158,525,552)</u>

See accompanying independent auditor's report.

Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2018	Arrowhead Center, Inc 2018	Total Primary Institution 2018
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 108,816,066	\$ -	\$ 108,816,066
Less: scholarship allowances	(42,295,668)	-	(42,295,668)
Student tuition and fees (net)	66,520,398	-	66,520,398
Federal appropriations, grants and contracts	82,542,027	-	82,542,027
State grants and contracts	11,387,324	-	11,387,324
Local Appropriations, grants and contracts	2,712,130	-	2,712,130
Non-governmental grants, contracts and gifts	9,023,251	-	9,023,251
Sales and services	6,106,044	-	6,106,044
Auxiliary enterprises (net of scholarship allowances)	14,733,291	-	14,733,291
Other operating revenues	14,872,592	-	14,872,592
Total operating revenues	<u>207,897,057</u>	<u>-</u>	<u>207,897,057</u>
EXPENSES			
Operating expenses:			
Instruction	164,630,659	-	164,630,659
Research	92,298,663	-	92,298,663
Public service	59,650,388	-	59,650,388
Academic support	30,182,089	-	30,182,089
Student services	19,623,830	-	19,623,830
Institutional support	37,007,447	-	37,007,447
Operation and maintenance of plant	38,522,138	-	38,522,138
Scholarships and fellowships	27,490,837	-	27,490,837
Auxiliary enterprises	23,052,121	-	23,052,121
Independent operations	19,447,085	-	19,447,085
Intercollegiate athletics	20,450,904	-	20,450,904
Student social and cultural	4,007,265	-	4,007,265
Loan administration (net)	1,214,656	-	1,214,656
Depreciation	34,515,035	-	34,515,035
Total operating expenses	<u>572,093,117</u>	<u>-</u>	<u>572,093,117</u>
Net operating income (loss)	<u>(364,196,060)</u>	<u>-</u>	<u>(364,196,060)</u>
Non-operating revenues (expenses):			
State appropriations	190,893,756	-	190,893,756
Federal Pell grants	41,162,544	-	41,162,544
State lottery scholarship	9,983,665	-	9,983,665
Local tax levy revenue	14,440,619	-	14,440,619
Gifts and non-exchange grants	9,292,924	-	9,292,924
Investment income (loss)	1,825,340	-	1,825,340
Building fees	4,815,669	-	4,815,669
Land lease and permanent fund	4,321,577	-	4,321,577
Loss on disposal of plant	(1,698,579)	-	(1,698,579)
Additions to quasi endowments	78,786	-	78,786
Interest and other expenses on capital asset-related debt	(6,457,869)	-	(6,457,869)
Other non-operating revenues (expenses)	(917,291)	265,622	(651,669)
Net non-operating revenues	<u>267,741,141</u>	<u>265,622</u>	<u>268,006,763</u>
Income (loss) before other revenues	(96,454,919)	265,622	(96,189,297)
Capital appropriations	7,633,119	-	7,633,119
Capital grants, gifts, and other income	2,694,375	-	2,694,375
Additions to permanent endowments	2,600,444	-	2,600,444
Increase (decrease) in net position	<u>(83,526,981)</u>	<u>265,622</u>	<u>(83,261,359)</u>
NET POSITION			
Beginning of year, as previously reported	91,572,070	797,708	92,369,778
Change in accounting principle (Note 2)	(101,073,969)	-	(101,073,969)
Beginning of year, as restated	<u>(9,501,899)</u>	<u>797,708</u>	<u>(8,704,191)</u>
End of year	<u>\$ (93,028,880)</u>	<u>\$ 1,063,330</u>	<u>\$ (91,965,550)</u>

See accompanying independent auditor's report.

Schedule 3A - Budgetary Comparison Schedules - Unrestricted and Restricted - All Operations

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted and restricted beginning fund balance	\$ 135,744,684	\$ 157,032,087	\$ 156,419,369	\$ (612,718)
Unrestricted and restricted revenues:				
State government appropriations	196,499,500	199,888,200	199,928,700	40,500
Federal revenue sources	131,201,951	133,260,695	129,083,599	(4,177,096)
Tuition and fees income	112,528,230	110,178,066	113,719,984	3,541,918
Land and permanent fund	3,096,800	4,164,011	4,381,727	217,716
Endowment and private gifts	15,417,373	15,407,373	13,531,096	(1,876,277)
Other sources	163,117,059	174,112,529	155,662,144	(18,450,385)
Total unrestricted and restricted revenues	<u>621,860,913</u>	<u>637,010,874</u>	<u>616,307,250</u>	<u>(20,703,624)</u>
Unrestricted and restricted expenditures:				
Instruction	148,668,655	147,301,779	140,710,989	6,590,790
Academic support	27,930,716	29,771,242	28,828,457	942,785
Student services	18,016,764	17,932,244	17,004,681	927,563
Institutional support	32,472,001	33,337,204	32,528,296	808,908
Operation and maintenance	26,426,713	26,332,883	23,333,277	2,999,606
Subtotal instruction and general	<u>253,514,849</u>	<u>254,675,352</u>	<u>242,405,700</u>	<u>12,269,652</u>
Student social and cultural activities	3,885,851	4,217,184	3,821,938	395,246
Research	93,951,260	99,257,165	95,516,572	3,740,593
Public service	55,469,923	55,488,694	51,324,034	4,164,660
Internal services	186,285	2,844,580	592,628	2,251,952
Student aid, grants and stipends	80,686,643	87,085,406	83,454,806	3,630,600
Auxiliary services	21,213,932	22,625,069	20,379,399	2,245,670
Intercollegiate athletics	18,604,975	21,062,226	20,759,570	302,656
Independent operations	18,327,568	20,645,901	18,088,320	2,557,581
Capital outlay	52,206,234	55,149,933	44,687,557	10,462,376
Renewal and replacement	11,474,734	15,408,320	10,860,195	4,548,125
Retirement of indebtedness	17,200,273	13,469,049	13,334,049	135,000
Total unrestricted and restricted expenditures	<u>626,722,527</u>	<u>651,928,879</u>	<u>605,224,768</u>	<u>46,704,111</u>
Net transfers to (from)	<u>-</u>	<u>198,839</u>	<u>108,187</u>	<u>90,652</u>
Change in fund balance	<u>(4,861,614)</u>	<u>(15,116,844)</u>	<u>10,974,295</u>	<u>26,091,139</u>
Ending fund balance	<u>\$ 130,883,070</u>	<u>\$ 141,915,243</u>	<u>\$ 167,393,664</u>	<u>\$ 25,478,421</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 the following 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. E. Each individual item of transfer between funds and/or functions. Budgets are presented on a modified accrual basis of accounting.

See accompanying independent auditor's report.

Schedule 3B - Budgetary Comparison Schedules - Unrestricted - Instruction and General

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted beginning fund balance	\$ 19,405,920	\$ 32,710,356	\$ 32,710,356	\$ -
Unrestricted revenues:				
Tuition and fees income	92,405,214	90,357,060	91,773,979	1,416,919
Miscellaneous fees	7,767,493	7,553,135	9,733,083	2,179,948
Federal government appropriations	-	-	-	-
State government appropriations	151,255,600	151,339,300	151,373,875	34,575
Local government appropriations	11,972,000	16,556,983	18,827,803	2,270,820
Federal government grants and contracts	132,300	92,920	103,351	10,431
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	3,086,800	4,086,800	4,381,727	294,927
Private gifts	10,000	10,000	-	(10,000)
Sales and services	743,700	695,200	650,996	(44,204)
Other sources	15,023,703	15,094,215	15,804,841	710,626
Total unrestricted revenues	<u>282,396,810</u>	<u>285,785,613</u>	<u>292,649,655</u>	<u>6,864,042</u>
Unrestricted expenditures:				
Instruction	138,032,079	136,738,965	133,239,588	3,499,377
Academic support	25,135,403	27,010,922	26,498,868	512,054
Student services	17,409,740	17,206,074	16,579,447	626,627
Institutional support	31,724,701	32,875,171	32,278,324	596,847
Operation and maintenance	26,402,013	26,303,816	23,309,357	2,994,459
Total unrestricted expenditures	<u>238,703,936</u>	<u>240,134,948</u>	<u>231,905,584</u>	<u>8,229,364</u>
Net transfers to (from)	<u>43,386,371</u>	<u>59,325,370</u>	<u>58,695,274</u>	<u>630,096</u>
Change in fund balance	<u>306,503</u>	<u>(13,674,705)</u>	<u>2,048,797</u>	<u>15,723,502</u>
Ending fund balance	<u>\$ 19,712,423</u>	<u>\$ 19,035,651</u>	<u>\$ 34,759,153</u>	<u>\$ 15,723,502</u>

See accompanying independent auditor's report.

Schedule 3C- Budgetary Comparison Schedules - Restricted - Instruction and General

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Restricted beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Tuition and fees income	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	6,897,636	7,050,711	4,236,607	(2,814,104)
State government appropriations	1,908,017	1,828,343	1,650,176	(178,167)
Local government appropriations	-	-	-	-
Federal government grants and contracts	-	-	-	-
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	536,130	505,427	411,863	(93,564)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	5,469,130	5,155,923	4,201,470	(954,453)
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	<u>14,810,913</u>	<u>14,540,404</u>	<u>10,500,116</u>	<u>(4,040,288)</u>
Restricted expenditures:				
Instruction	10,636,576	10,562,814	7,471,401	3,091,413
Academic support	2,795,313	2,760,320	2,329,589	430,731
Student services	607,024	726,170	425,234	300,936
Institutional support	747,300	462,033	249,972	212,061
Operation and maintenance	24,700	29,067	23,920	5,147
Total restricted expenditures	<u>14,810,913</u>	<u>14,540,404</u>	<u>10,500,116</u>	<u>4,040,288</u>
Net transfers to (from)	-	-	-	-
Change in fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Schedule 3 - Budgetary Comparison Schedules - Combined Campuses

Reconciliation of Budget
Unrestricted and Restricted - All Operations
For the Year Ended June 30, 2019

Total Unrestricted and Restricted Revenues:		\$ 616,307,250
Reconciling Items:		
Scholarship allowance	\$ (53,762,277)	
Elimination of Internal Revenues	(14,889,050)	
Endowment fund revenues	(1,996,905)	
Blended Component Unit Revenues (AHI, ADI)	894,048	
Loan Fund Additions	(124,539)	
Financial statement adjustments	<u>669,099</u>	
Total reconciling items		<u>(69,209,624)</u>
Total reconciled unrestricted and restricted revenues		<u><u>\$ 547,097,626</u></u>
Basic Financial Statements		
Operating revenues		\$ 209,839,232
Non-operating revenues		300,322,052
Non-operating revenues netted in other non-operating revenues and expenses		81,984
Gain on Sale of Land		1,140,379
Other Revenues		<u>35,713,979</u>
Total revenues per Financial Statements		<u><u>\$ 547,097,626</u></u>
Difference		<u><u>\$ -</u></u>
Total Unrestricted and Restricted Expenses:		\$ 605,224,768
Reconciling Items:		
Scholarship allowance	\$ (53,762,277)	
Elimination of Internal Sales	(14,889,050)	
Blended Component Unit expenditures (AHI, ADI)	891,446	
Depreciation expense	34,249,951	
Loan fund expenditures	(134,540)	
Capitalized expenditures	(46,999,466)	
Bond principal payments	(7,196,252)	
Pension Expense	91,395,245	
Accounts Payable accrual, net	(718,933)	
Financial statement reporting adjustments	447,109	
Other operating expense, primarily OPEB	4,827,546	
Loss on disposal of plant	<u>322,081</u>	
Total reconciling items		<u>8,432,860</u>
Total reconciled unrestricted and restricted expenses		<u><u>\$ 613,657,628</u></u>
Basic Financial Statements		
Operating expenditures		\$ 606,166,740
Non-operating expenditures		6,221,298
Loss on disposal of plant		322,081
Non-operating expenditures netted in other non-operating revenues and expenses		<u>947,509</u>
Total Expenditures per Financial Statements		<u><u>\$ 613,657,628</u></u>
Difference		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

Page 1

<u>Account</u>	<u>Type of Security</u>	<u>CUSIP No./ Security #</u>	<u>Maturity Date</u>	<u>Fair Value of Collateral</u>	<u>Deposit Amount</u>
CITIZEN'S BANK OF LAS CRUCES					
<i>Certificate of Deposit</i>					
<i>Endowment</i>	None				<u>\$ 31,118</u>
FIRST NATIONAL BANK OF ALAMOGORDO					
<i>Cash</i>	Mortgage-Backed	31418BBB1	3/1/2024	\$ 228,413	<u>\$ 496,622</u>
WELLS FARGO BANK OF NEW MEXICO					
<i>Cash</i>	FMAC FGPC	3138M8J61	9/1/2042	\$ 21,124,650	<u>\$ 19,805,319</u>
WESTERN COMMERCE BANK, CARLSBAD					
<i>Cash</i>					<u>\$ 29,823</u>
WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT)					
<i>Ally Bank Midvale Utah</i>	None			\$ 250,000	
<i>Ally Bank Interest Bearing</i>	None			250,000	
<i>Capital One NATL ASSN VA CD</i>	None			250,000	
<i>Comenity Cap Bank Interest Bearing CD</i>	None			250,000	
<i>Discover Bank Interest Bearing CD</i>	None			250,000	
<i>Goldman Sachs Bank Interest Bearing CD</i>	None			250,000	
<i>Morgan Stanley Bank NA</i>	None			250,000	
<i>Wells Fargo Sioux Falls</i>	None			250,000	
					<u>\$ 2,000,000</u>
FTN FINANCIAL CAPITAL MARKETS (CERTIFICATES OF DEPOSIT)					
<i>American Express National Bank</i>	None			\$ 250,000	
<i>Bar Harbor Bank & Trust</i>	None			250,000	
<i>Citibank NA</i>	None			250,000	
<i>Comenity Capital Bank</i>	None			250,000	
<i>Comenity Capital Bank</i>	None			250,000	
<i>Merrick Bank</i>	None			250,000	
<i>Morgan Stanley PVT Bank</i>	None			250,000	
<i>Rockland Trust Co</i>	None			250,000	
<i>Sallie Mae Bank/Salt Lake</i>	None			250,000	
<i>Synchrony Bank</i>	None			250,000	
<i>Wex Bank</i>	None			250,000	
					<u>\$ 2,750,000</u>

Note: The Foundation is not subject to the State of New Mexico pledged collateral requirement.

See accompanying independent auditor's report.

Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

Page 2

Account	FDIC/SPIC Insurance	Uninsured Public Funds	By the pledging Federal Institution	Excess Amounts over 50% Collateral Requirement
CITIZEN'S BANK OF LAS CRUCES				
<i>Certificate of Deposit</i>				
<i>Endowment</i>	\$ 31,118	\$ -	\$ -	\$ -
FIRST NATIONAL BANK OF ALAMOGORDO				
<i>Cash</i>	\$ 250,000	\$ 246,622	\$ 228,413	\$ 105,102
WELLS FARGO BANK OF NEW MEXICO				
<i>Cash</i>	\$ 250,000	\$ 19,555,319	\$ 21,124,650	\$ 11,346,991
WESTERN COMMERCE BANK, CARLSBAD				
<i>Cash</i>	\$ 29,823	\$ -	\$ -	\$ -
WELLS FARGO SECURITIES, LLC (CERTIFICATES OF DEPOSIT)				
<i>Ally Bank Midvale Utah</i>	\$ 250,000	\$ -	\$ -	\$ -
<i>Ally Bank Interest Bearing</i>	250,000	-	-	-
<i>Capital One NATL ASSN VA CD</i>	250,000	-	-	-
<i>Comenity Cap Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Discover Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Goldman Sachs Bank Interest Bearing CD</i>	250,000	-	-	-
<i>Morgan Stanley Bank NA</i>	250,000	-	-	-
<i>Wells Fargo Sioux Falls</i>	250,000	-	-	-
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTM FINANCIAL CAPITAL MARKETS (CERTIFICATES OF DEPOSIT)				
<i>American Express National Bank</i>	\$ 250,000	\$ -	\$ -	\$ -
<i>Bar Harbor Bank and Trust</i>	250,000	-	-	-
<i>Citibank NA</i>	250,000	-	-	-
<i>Comenity Capital Bank</i>	250,000	-	-	-
<i>Comenity Capital Bank</i>	250,000	-	-	-
<i>Merrick Bank</i>	250,000	-	-	-
<i>Morgan Stanley PVT Bank</i>	250,000	-	-	-
<i>Rockland Trust Co</i>	250,000	-	-	-
<i>Sallie Mae Bank Salt Lake</i>	250,000	-	-	-
<i>Synchrony Bank</i>	250,000	-	-	-
<i>Wex Bank</i>	250,000	-	-	-
	<u>\$ 2,750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Schedule 5 - Schedule of Changes in Net OPEB liability and Related Ratios in accordance with GASB Statement 75. (unaudited)

	2019	2018
Total OPEB liability		
Service Cost	\$ 5,127,283	\$ 4,936,250
Interest	5,268,892	5,291,343
Current Recognized deferred outflows/(inflows):		
Changes of assumptions or other inputs	7,135,616	(5,357,825)
Benefit payments	<u>(5,758,812)</u>	<u>(5,523,530)</u>
Net change in total OPEB liability	\$ 11,772,979	\$ (653,762)
Total OPEB liability-beginning	\$ 133,899,207	\$ 134,552,969
Total OPEB liability-ending	<u>\$ 145,672,186</u>	<u>\$ 133,899,207</u>
Covered-employee payroll	\$ 153,961,000	\$ 150,205,439
Total OPEB liability as a percentage of covered-employee payroll	95 %	89 %

	2019	2018
Current retirees receiving benefits	1,740	1,716
Inactive employees entitled but not yet receiving benefits	-	-
Current active members	2,366	2,594

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the University is showing two year's presentation. No assets are accumulated in a trust to pay the related benefits. The discount rate is the only applicable change in the valuation.

See accompanying independent auditor's report.

**Schedule 6 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions
(unaudited)**

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last ten fiscal years. Fiscal year 2015 was the first year of implementation, therefore only five 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

	2019	2018	2017	2016	2015
University's proportion of the net pension liability	6.66230%	6.75462%	7.05471%	7.31378%	7.56103%
University's proportion share of the net pension liability	\$ 792,236,144	\$ 750,673,749	\$ 507,687,518	\$ 473,733,007	\$ 431,412,011
University's covered-employee payroll	\$ 193,115,948	\$ 194,360,458	\$ 201,383,448	\$ 199,689,623	\$ 229,696,230
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	410.24 %	386.23 %	252.10 %	237.23 %	187.82 %
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

Schedule of Employer Contributions - ERB Plan

	2019	2018	2017	2016	2015
Statutorily required employer contribution	\$ 26,135,142	\$ 25,880,341	\$ 26,736,537	\$ 28,006,297	\$ 31,140,209
Contribution in relation to the statutorily required contribution	<u>26,135,142</u>	<u>25,880,341</u>	<u>26,736,537</u>	<u>28,006,297</u>	<u>31,140,209</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	196,414,377	193,115,948	194,360,458	201,383,448	199,689,623
Contributions as percentage of covered-employee payroll	13.31 %	13.40 %	13.76 %	13.91 %	15.59 %

Notes to Schedules:

Changes of Benefit Terms and Assumptions

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) - DIRECT					
AGENCY FOR INTERNATIONAL DEVELOPMENT		98.rd		\$ 28,948	\$ 42,495
			98.rd Total	\$ 28,948	\$ 42,495
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
DEPARTMENT OF AGRICULTURE		10.rd		\$ -	\$ 1,042
			10.rd Total	\$ -	\$ 1,042
DEPARTMENT OF DEFENSE (DOD) - DIRECT					
DEPARTMENT OF DEFENSE		12.rd		\$ 2,985,082	\$ 13,699,899
DEPARTMENT OF DEFENSE (DOD) - PASS THRU					
Dynetics Inc	DEPARTMENT OF DEFENSE	12.rd	2012-307	\$ -	\$ 2,029
Georgia Institute of Technology	DEPARTMENT OF DEFENSE	12.rd	FA8075-14-D-0018	\$ -	\$ 8,810
Beraneck Inc.	DEPARTMENT OF DEFENSE	12.rd	FA8214-15-C-0001	\$ -	\$ -
ATA Aerospace, LLC	DEPARTMENT OF DEFENSE	12.rd	FA9453-14-D-0312/TO06	\$ -	\$ 185,495
Aerojet Rocketdyne Coleman Aerospace	DEPARTMENT OF DEFENSE	12.rd	HQ0147-14-C-0001	\$ -	\$ 51,621
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	12.rd	N/A	\$ 387,438	\$ 2,533,976
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	12.rd	N00178-19-D-5001	\$ -	\$ 93,887
JSL Technologies, Inc	DEPARTMENT OF DEFENSE	12.rd	N00178-10-D-6124	\$ -	\$ 216,768
Kratos Defense & Security Solutions Inc	DEPARTMENT OF DEFENSE	12.rd	N6899417F0038	\$ -	\$ 29,102
Teledyne Brown Engineering, Inc.	DEPARTMENT OF DEFENSE	12.rd	W9113M-14-D-0005	\$ -	\$ 29,198
Teledyne Brown Engineering, Inc.	DEPARTMENT OF DEFENSE	12.rd	W9113M-17-D-0008	\$ -	\$ 87,437
Booz Allen Hamilton Inc	DEPARTMENT OF DEFENSE	12.rd	FA8075-14-D-0002	\$ -	\$ 53,442
Universal Technology Corporation	DEPARTMENT OF DEFENSE	12.rd	FA8650-14-D-2411	\$ -	\$ 14,789
Hamilton Sundstrand	DEPARTMENT OF DEFENSE	12.rd	FA8650-17-C-9101	\$ -	\$ 128,837
Tau Technologies, LLC	DEPARTMENT OF DEFENSE	12.rd	FA8651-17-C-0030	\$ -	\$ 22,118
Tau Technologies, LLC	DEPARTMENT OF DEFENSE	12.rd	FA9451-16-C-0406	\$ -	\$ 38,113
Tau Technologies, LLC	DEPARTMENT OF DEFENSE	12.rd	FA9451-19-P-0585	\$ -	\$ 14,447
NorthWest Research Associates, Inc.	DEPARTMENT OF DEFENSE	12.rd	FA9550-17-C-0021	\$ -	\$ 31,736
Science Research Laboratory	DEPARTMENT OF DEFENSE	12.rd	HQ0147-16-C-7725	\$ -	\$ 22,282
Northrop Grumman Aerospace Sector	DEPARTMENT OF DEFENSE	12.rd	N/A	\$ -	\$ 20,853
Luna Innovations Incorporated	DEPARTMENT OF DEFENSE	12.rd	W9115R-16-C-050	\$ -	\$ 15,172
Luna Innovations Incorporated	DEPARTMENT OF DEFENSE	12.rd	W9115R-18-C0043	\$ -	\$ 11,812
Oceanit Laboratories Inc.	DEPARTMENT OF DEFENSE	12.rd	W9115R-16-C-0065	\$ -	\$ (4,339)
PHYSICAL SCIENCES, INCORPORATED	DEPARTMENT OF DEFENSE	12.rd	W9115R-17-C-0013	\$ -	\$ 3,154
Ventana Research Corporation	DEPARTMENT OF DEFENSE	12.rd	W9115R-18-C-0003	\$ -	\$ 4,941
Applied Sciences, Inc.	DEPARTMENT OF DEFENSE	12.rd	W9115R-18-C0018	\$ -	\$ 31,088
			12.rd Total	\$ 3,372,520	\$ 17,346,667
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	81.rd	89233218CNA000001	\$ -	\$ 5,804
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	81.rd	DE-AC52-06NA25396	\$ -	\$ 64,600
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	81.rd	ACS2-06NA25396	\$ -	\$ 107,717
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	81.rd	DEC-AC52-06NA25396	\$ -	\$ 14,889
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	81.rd	DE-AC52-06NA25396	\$ -	\$ 201,957
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	81.rd	LANS IA NO. 0171	\$ -	\$ 30,158
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	81.rd	NO. 0171 DE-AC52-06NA25396	\$ -	\$ 43,445
Sandia Corporation	DEPARTMENT OF ENERGY	81.rd	N/A	\$ -	\$ 151,158
Sandia Corporation	DEPARTMENT OF ENERGY	81.rd	1190106	\$ -	\$ 83,449
Triad National Security, LLC	DEPARTMENT OF ENERGY	81.rd	DE-AC52-06NA25396	\$ -	\$ 445,242
Triad National Security, LLC	DEPARTMENT OF ENERGY	81.rd	173851965	\$ -	\$ 47,508
Triad National Security, LLC	DEPARTMENT OF ENERGY	81.rd	DEC-AC52-06NA25396	\$ -	\$ 34,682
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	81.rd	N/A	\$ -	\$ 3,517
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	81.rd	1875431	\$ -	\$ 329,552
Argonne National Laboratory	DEPARTMENT OF ENERGY	81.rd	DE-AC02-06CH11357	\$ -	\$ 212
UT-Battelle LLC	DEPARTMENT OF ENERGY	81.rd	DE-AC05-000R22725	\$ -	\$ 63,885
Battelle Energy Alliance, LLC	DEPARTMENT OF ENERGY	81.rd	DE-AC07-015D14517	\$ -	\$ 54,168
Idaho National Laboratory	DEPARTMENT OF ENERGY	81.rd	DE-AC07-05D14517	\$ 14,442	\$ 47,494
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	81.rd	DE-AC36-08G028308	\$ -	\$ 41,992
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	81.rd	DE-EM0001971	\$ -	\$ 246,334
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	81.rd	DE-EM-0001971	\$ -	\$ (2,137)
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	81.rd	DOE-STD-1112-98	\$ -	\$ 10,737
Brookhaven National Laboratory	DEPARTMENT OF ENERGY	81.rd	N/A	\$ -	\$ 90,262
			81.rd Total	\$ 14,442	\$ 2,116,625
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
DEPARTMENT OF HEALTH & HUMAN SERVICES		93.rd		\$ 11,175	\$ 793,681
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of Texas	DEPARTMENT OF HEALTH & HUMAN SERVICES	93.rd	5U01A115577-04	\$ -	\$ 10,500
			93.rd Total	\$ 11,175	\$ 804,181
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	15.rd	N/A	\$ -	\$ 5,028
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	15.rd	F18AF00280	\$ -	\$ 49,734
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	15.rd	SPORTFISH RESTORATION F-91-M	\$ -	\$ 30,890
New Mexico Association of Conservation District	DEPARTMENT OF INTERIOR	15.rd	N/A	\$ -	\$ 12,139
			15.rd Total	\$ -	\$ 97,791
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
AIR TRANSPORTATION CENTERS FO EXCELLENCE		20.109		\$ 46,759	\$ 141,817
			20.109 Total	\$ 46,759	\$ 141,817
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
NATIONAL AERONAUTICS & SPACE ADMINISTRATION		43.rd		\$ -	\$ 263,232
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	N/A	\$ -	\$ 8,714
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	NG15WA53C	\$ -	\$ 98,300
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	NG16WA70C	\$ -	\$ 566,310
Peraton Inc.	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	NG09DA01C	\$ -	\$ 353,560
Space Telescope Science Institute	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	NAS5-26555	\$ -	\$ 53,382
California Institute of Technology	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	43.rd	NNN12AA01C	\$ -	\$ 54,028
			43.rd Total	\$ -	\$ 1,397,526
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
NATIONAL SCIENCE FOUNDATION		47.rd		\$ -	\$ 122,284
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
Regents University of California Davis	NATIONAL SCIENCE FOUNDATION	47.rd	1758009	\$ -	\$ 17,698
University of Texas at El Paso	NATIONAL SCIENCE FOUNDATION	47.rd	1834620	\$ 26,097	\$ 81,868
Stanford University	NATIONAL SCIENCE FOUNDATION	47.rd	N/A	\$ -	\$ (11,240)
Arizona State University	NATIONAL SCIENCE FOUNDATION	47.rd	N/A	\$ -	\$ 15,960
			47.rd Total	\$ 26,097	\$ 226,570

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	AGRICULTURAL RESEARCH_BASIC & APPLIED	10.001		\$ -	\$ 1,899,488
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Texas Tech University	AGRICULTURAL RESEARCH_BASIC & APPLIED	10.001	58-3090-5-009	\$ -	\$ 3,185
			10.001 Total	\$ -	\$ 1,902,673
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	PLANT & ANIMAL DISEASE, PEST CONTROL, & ANIMAL CARE	10.025		\$ -	\$ 190,516
			10.025 Total	\$ -	\$ 190,516
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SPECIALTY CROP BLOCK GRANT	10.170		\$ 125,656	\$ 412,375
			10.170 Total	\$ 125,656	\$ 412,375
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	GRANTS FOR AGRICULTURAL RESEARCH	10.200		\$ 59,873	\$ 852,942
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Kansas State University Regents University of California Davis	GRANTS FOR AGRICULTURAL RESEARCH	10.200	2015-38624-24333	\$ -	\$ 32,756
	GRANTS FOR AGRICULTURAL RESEARCH	10.200	2017-34383-27027	\$ -	\$ 81,173
			10.200 Total	\$ 59,873	\$ 966,871
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	HATCH FEDERAL APPROPRIATIONS	10.203		\$ -	\$ 1,471,766
			10.203 Total	\$ -	\$ 1,471,766
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	ANIMAL HEALTH FEDERAL APPROPRIATION	10.207		\$ -	\$ 50,124
			10.207 Total	\$ -	\$ 50,124
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SUSTAINABLE USE OF BIOMASS RESOURCE	10.210		\$ -	\$ 43,713
			10.210 Total	\$ -	\$ 43,713
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Utah State University Utah State University Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	10.215	2014-38640-22175	\$ 45,076	\$ 93,136
	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	10.215	2017-38640-26913	\$ -	\$ 72,353
	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	10.215	2018-38640-28418	\$ -	\$ 6,997
			10.215 Total	\$ 45,076	\$ 172,486
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	HISPANIC SERVING INSTITUTION GRANTS	10.223		\$ 129,589	\$ 537,617
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Texas University of Texas University of Texas University of Texas at El Paso Texas State University The Florida International University Board of Trustees Texas A&M University- Kingsville	HISPANIC SERVING INSTITUTION GRANTS	10.223	2014-38422-22078	\$ -	\$ 5,767
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2015-35422-24112	\$ -	\$ 113,066
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2015-38422-24059 (03)	\$ -	\$ 68,075
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2018-38422-28564	\$ -	\$ 22,984
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2014-38422-22084	\$ -	\$ 16,915
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2015-38422-24075	\$ -	\$ 80,652
	HISPANIC SERVING INSTITUTION GRANTS	10.223	2017-38422-27298	\$ -	\$ 91,187
			10.223 Total	\$ 129,589	\$ 936,263
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Dine College	TRADITION NAVAJO FOOD & FIBER CROP	10.227	2017-38424-27081	\$ -	\$ 5,397
			10.227 Total	\$ -	\$ 5,397
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Regents of the University of Minnesota	INTERNATIONAL BENCHMARKING OF U.S.	10.290	58-0111-17-016	\$ -	\$ (1,016)
			10.290 Total	\$ -	\$ (1,016)
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	BREEDING NON-COMMODITY CORN FOR ORG	10.307		\$ -	\$ 12,857
			10.307 Total	\$ -	\$ 12,857
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SPECIALTY CROP RESEARCH INITIATIVE	10.309		\$ 462,721	\$ 708,167
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Washington State University University of Florida	SPECIALTY CROP RESEARCH INITIATIVE	10.309	20185118128435	\$ -	\$ 39,584
	SPECIALTY CROP RESEARCH INITIATIVE	10.309	2015-70016-23010	\$ -	\$ 81,663
			10.309 Total	\$ 462,721	\$ 829,414
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310		\$ 196,879	\$ 502,215
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Arizona University of Tennessee University of Texas Texas A&M University Texas A&M University Texas A&M University Colorado State University Colorado State University Virginia Polytechnic Institute and State University The Board of Trustees of the University of Illinois University of Maryland	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2017-68005-26867	\$ -	\$ 631,471
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2014-67001-2185	\$ -	\$ 1,817
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2015-68007-23130	\$ -	\$ 120,590
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2015-68001-23234	\$ -	\$ 40,481
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2017-608008-26205	\$ -	\$ 45,159
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2017-68007-26318	\$ -	\$ 158,527
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2015-68001-23240	\$ -	\$ 185,080
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2016-68007-25066	\$ -	\$ 61,419
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2015-68003-23050	\$ -	\$ 13,500
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	2016-67019-25212	\$ -	\$ 68,193
	AGRICULTURE & FOOD RESEARCH INITIATIVE	10.310	201668007-25064	\$ -	\$ 105,760
			10.310 Total	\$ 196,879	\$ 1,934,212
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Texas A&M University State of Oklahoma	SUN GRANT PROGRAM	10.320	2014-38502-22598	\$ -	\$ 8,198
	SUN GRANT PROGRAM	10.320	2014-38502-22598	\$ 33,932	\$ 167,965
			10.320 Total	\$ 33,932	\$ 176,163
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	FOREST HEALTH PROTECTION	10.680		\$ -	\$ 220
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Energy And Minerals Department	FOREST HEALTH PROTECTION	10.680	N/A	\$ -	\$ 5,456
			10.680 Total	\$ -	\$ 5,676
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	METHODS DEVELOPMENT TIMBER TRACKING	10.684		\$ -	\$ 22,570
			10.684 Total	\$ -	\$ 22,570
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	BORLAUG AGRICULTURE SCIENCE & TECH FELLOWSHIP	10.777		\$ -	\$ 26,238
			10.777 Total	\$ -	\$ 26,238
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SOIL & WATER CONSERVATION	10.902		\$ 23,226	\$ 242,449
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Pheasants Forever Inc. and Quail Forever	SOIL & WATER CONSERVATION	10.902	68-3A75-14-120	\$ -	\$ 6,142
			10.902 Total	\$ 23,226	\$ 248,591

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SOIL SURVEY	10.903		\$ -	\$ 75,936
			10.903 Total	\$ -	\$ 75,936
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	PLANT MATERIALS FOR CONSERVATION	10.905		\$ -	\$ 60,246
			10.905 Total	\$ -	\$ 60,246
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	STRATEGIES TO IMPROVE SOIL & WATER	10.912		\$ -	\$ 569,947
			10.912 Total	\$ -	\$ 569,947
DEPARTMENT OF COMMERCE (DOC) - PASS THRU University of Arizona University of Arizona	CLIMAS AIR QUALITY & CLIMATE ASSE CLIMAS AIR QUALITY & CLIMATE ASSE	11.431 11.431	NA12OAR4310124 NA17OAR4310288	\$ - \$ -	\$ 681 \$ 74,416
			11.431 Total	\$ -	\$ 75,097
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC & APPLIED SCIENTIFIC RESEARCH	12.300		\$ 202,792	\$ 390,160
			12.300 Total	\$ 202,792	\$ 390,160
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC SCIENTIFIC RESEARCH	12.431		\$ 139,900	\$ 1,287,831
			12.431 Total	\$ 139,900	\$ 1,287,831
DEPARTMENT OF DEFENSE (DOD) - DIRECT	RESEARCH AND TECHNICAL ASSISTANCE	12.615		\$ -	\$ 40,892
DEPARTMENT OF DEFENSE (DOD) - PASS THRU New Mexico Institute of Mining and Technology	RESEARCH AND TECHNICAL ASSISTANCE	12.615	FA9453-18-0073	\$ -	\$ 10,510
			12.615 Total	\$ -	\$ 51,402
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC, APPLIED, & ADVANCED RESEARCH IN SCIENCE & ENG	12.630		\$ -	\$ 175,405
			12.630 Total	\$ -	\$ 175,405
DEPARTMENT OF DEFENSE (DOD) - DIRECT	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800		\$ -	\$ 240,314
DEPARTMENT OF DEFENSE (DOD) - PASS THRU University of Arizona	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800	FA9550-15-1-0430	\$ -	\$ 2,607
			12.800 Total	\$ -	\$ 242,921
DEPARTMENT OF INTERIOR (DOI) - DIRECT	CULTURAL RESOURCE MANAGEMENT	15.224		\$ -	\$ 3,902
			15.224 Total	\$ -	\$ 3,902
DEPARTMENT OF INTERIOR (DOI) - DIRECT	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT	15.231		\$ -	\$ 94,971
DEPARTMENT OF INTERIOR (DOI) - PASS THRU New Mexico Association of Conservation District	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT	15.231	L15AC000274	\$ -	\$ 47,380
			15.231 Total	\$ -	\$ 142,351
DEPARTMENT OF INTERIOR (DOI) - DIRECT	INVESTIGATION, EVALUATION & INTER	15.238		\$ -	\$ 5,836
			15.238 Total	\$ -	\$ 5,836
DEPARTMENT OF INTERIOR (DOI) - DIRECT	WATER DESALINATION RESEARCH & DEV	15.506		\$ -	\$ 518,993
			15.506 Total	\$ -	\$ 518,993
DEPARTMENT OF INTERIOR (DOI) - DIRECT	COLORADO RIVER BASIN PROJECTS ACT OF 1968	15.541		\$ -	\$ 3,127
			15.541 Total	\$ -	\$ 3,127
DEPARTMENT OF INTERIOR (DOI) - DIRECT	SECURE WATER ACT	15.560		\$ -	\$ 32,649
			15.560 Total	\$ -	\$ 32,649
DEPARTMENT OF INTERIOR (DOI) - PASS THRU State of NM Dept Of Game And Fish State of NM Dept Of Game And Fish	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	15.611 15.611	GFDW180D1 WILDLIFE RESTOR GRNT W-139-R	\$ - \$ -	\$ 216,240 \$ 27,364
			15.611 Total	\$ -	\$ 243,604
DEPARTMENT OF INTERIOR (DOI) - DIRECT	RESEARCH GRANTS, GENERIC	15.650		\$ -	\$ 17,586
			15.650 Total	\$ -	\$ 17,586
DEPARTMENT OF INTERIOR (DOI) - DIRECT	MIGRATORY BIRD MONITORING, ASSESSMENT & CONSERV	15.655		\$ -	\$ 61,509
			15.655 Total	\$ -	\$ 61,509
DEPARTMENT OF INTERIOR (DOI) - DIRECT	ASSISTANCE TO STATE WATER RESEARCH INSTITUTES	15.805		\$ 2,406	\$ 220,515
			15.805 Total	\$ 2,406	\$ 220,515
DEPARTMENT OF INTERIOR (DOI) - DIRECT	EARTHQUAKE HAZARDS RESEARCH	15.807		\$ -	\$ 39,796
DEPARTMENT OF INTERIOR (DOI) - PASS THRU SOUTHERN CALIFORNIA EARTHQUAKE CENTER	EARTHQUAKE HAZARDS RESEARCH	15.807	G17AC00047	\$ -	\$ 8,353
			15.807 Total	\$ -	\$ 48,149
DEPARTMENT OF INTERIOR (DOI) - DIRECT	US GEOLOGICAL SURVEY	15.808		\$ 221,075	\$ 353,228
			15.808 Total	\$ 221,075	\$ 353,228
DEPARTMENT OF INTERIOR (DOI) - DIRECT	COOPERATIVE RESEARCH UNITS PROGRAM	15.812		\$ -	\$ 269,357
			15.812 Total	\$ -	\$ 269,357
DEPARTMENT OF INTERIOR (DOI) - DIRECT	COOPERATIVE RESEARCH & TRAINING PROGRAM	15.945		\$ 13,103	\$ 246,650
			15.945 Total	\$ 13,103	\$ 246,650
DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU Louisiana State University and A & M College Board of Regents Nevada System of Higher Education	UNIVERSITY TRANSPORTATION CENTERS PROGRAM UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701 20.701	69A3551747106 UNR-14-59 (DTR13-G-UTC55)	\$ - \$ -	\$ 96,579 \$ 1,894
			20.701 Total	\$ -	\$ 98,473
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT	SCIENCE GRANTS	43.001		\$ -	\$ 1,577,231
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU NorthWest Research Associates, Inc. NorthWest Research Associates, Inc. California Institute of Technology William Marsh Rice University	SCIENCE GRANTS SCIENCE GRANTS SCIENCE GRANTS SCIENCE GRANTS	43.001 43.001 43.001 43.001	80NSSC18K0071 NWR-16-S-186 NNN12AA01C NNX17AD31G	\$ - \$ - \$ - \$ -	\$ 45,674 \$ 2,481 \$ 28,034 \$ 35,149
			43.001 Total	\$ -	\$ 1,688,569

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT	SPACE OPERATIONS	43.007		\$ -	\$ 14,289
			43.007 Total	\$ -	\$ 14,289
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT	EDUCATION	43.008		\$ 403,903	\$ 1,555,135
			43.008 Total	\$ 403,903	\$ 1,555,135
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT	ABSORPTION OF NDMA ON CARBONS	43.010		\$ -	\$ 156,525
			43.010 Total	\$ -	\$ 156,525
NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - PASS THRU	AMERASIA: A RENAISSANCE DISCOVERY	45.161	RZ-249862-16	\$ -	\$ 106,843
New York University			45.161 Total	\$ -	\$ 106,843
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	ENGINEERING GRANTS	47.041		\$ -	\$ 737,850
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	ENGINEERING GRANTS	47.041	1559984	\$ -	\$ 31,180
Stanford University	ENGINEERING GRANTS	47.041	EEC-1028968	\$ -	\$ 602,800
Stanford University	ENGINEERING GRANTS	47.041	1449501	\$ -	\$ 16,000
Arizona State University	ENGINEERING GRANTS	47.041	EEC-1449501	\$ 4,000	\$ 475,525
Arizona State University	ENGINEERING GRANTS	47.041	1662098	\$ -	\$ 54,049
University Systems of New Hampshire	ENGINEERING GRANTS	47.041		\$ 4,000	\$ 1,917,404
			47.041 Total	\$ 4,000	\$ 1,917,404
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	MATHEMATICAL & PHYSICAL SCIENCES	47.049		\$ 296,369	\$ 1,144,500
			47.049 Total	\$ 296,369	\$ 1,144,500
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	GEOSCIENCES	47.050		\$ -	\$ 309,945
			47.050 Total	\$ -	\$ 309,945
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	COMPUTER & INFORMATION SCIENCE & ENGINEERING	47.070		\$ -	\$ 870,923
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	COMPUTER & INFORMATION SCIENCE & ENGINEERING	47.070	1551221	\$ -	\$ 33,983
University of Texas at El Paso	COMPUTER & INFORMATION SCIENCE & ENGINEERING	47.070	1838364	\$ -	\$ 567
Washington University	COMPUTER & INFORMATION SCIENCE & ENGINEERING	47.070		\$ -	\$ 905,473
			47.070 Total	\$ -	\$ 905,473
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	BIOLOGICAL SCIENCES	47.074		\$ 133,916	\$ 1,867,711
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	BIOLOGICAL SCIENCES	47.074	1602081	\$ -	\$ 4,863
Northern Arizona University			47.074 Total	\$ 133,916	\$ 1,872,574
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	SOCIAL, BEHAVIORAL, & ECONOMIC SCIENCES	47.075		\$ 46,174	\$ 608,439
			47.075 Total	\$ 46,174	\$ 608,439
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT	EDUCATION & HUMAN RESOURCES	47.076		\$ 359,972	\$ 2,962,836
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	EDUCATION & HUMAN RESOURCES	47.076	NSF DUE-1601548	\$ -	\$ 35,765
National Alliance for Partnerships in Equity Education Found			47.076 Total	\$ 359,972	\$ 2,998,601
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	NM EPSCOR RII 4: ENERGIZE NEW MEXIC	47.080	IIA-1301346	\$ -	\$ 62,713
University of New Mexico			47.080 Total	\$ -	\$ 62,713
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU	OFFICE OF INTEGRATIVE ACTIVITIES	47.083	OIA-1757207	\$ -	\$ 152,641
University of New Mexico	OFFICE OF INTEGRATIVE ACTIVITIES	47.083	1826834	\$ -	\$ 4,793
North Dakota State University			47.083 Total	\$ -	\$ 157,434
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU	SEDIMENT & AGRICULTURAL SAMPLING	66.204	01F22301	\$ -	\$ 84,146
State of New Mexico			66.204 Total	\$ -	\$ 84,146
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT	POLLUTION PREVENTION GRANTS	66.708		\$ -	\$ 148,914
			66.708 Total	\$ -	\$ 148,914
DEPARTMENT OF ENERGY (DOE) - DIRECT	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049		\$ -	\$ 639,957
			81.049 Total	\$ -	\$ 639,957
DEPARTMENT OF ENERGY (DOE) - PASS THRU	IMPROVED & CATALYTIC HYDROTHERMAL	81.079	DE-AC05-76RL01830	\$ -	\$ 45,773
Battelle Memorial Institute			81.079 Total	\$ -	\$ 45,773
DEPARTMENT OF ENERGY (DOE) - PASS THRU	RENEWAL ENERGY RESEARCH & DEVELOPMENT	81.087	DE-EE0008122	\$ -	\$ 5,906
New Mexico Consortium, Inc.	RENEWAL ENERGY RESEARCH & DEVELOPMENT	81.087	DEEE0007562	\$ -	\$ 94,861
Arizona State University			81.087 Total	\$ -	\$ 100,767
DEPARTMENT OF ENERGY (DOE) - DIRECT	FOSSIL ENERGY RESEARCH AND DEVELOPMENT	81.089		\$ 9,841	\$ 83,771
			81.089 Total	\$ 9,841	\$ 83,771
DEPARTMENT OF ENERGY (DOE) - DIRECT	ENVIR REMEDIATION & WASTE PROCESSING & DISPOSAL	81.104		\$ -	\$ 2,969,921
DEPARTMENT OF ENERGY (DOE) - PASS THRU	ENVIR REMEDIATION & WASTE PROCESSING & DISPOSAL	81.104	DE-AC09-08SR22470	\$ 13,858	\$ 277,089
Savannah River Nuclear Solutions, LLC			81.104 Total	\$ 13,858	\$ 3,247,010
DEPARTMENT OF ENERGY (DOE) - PASS THRU	ADVANCED RESEARCH PROJECTS AGENCY	81.135	DE-AR0000976	\$ -	\$ 85,915
North Carolina State University	ADVANCED RESEARCH PROJECTS AGENCY	81.135	DE-AR0000986	\$ -	\$ 177,913
General Graphene Corp.			81.135 Total	\$ -	\$ 263,828
DEPARTMENT OF EDUCATION (EDUC) - DIRECT	EXTENDING ACADEMIC ANALYTICS: APPLI	84.120		\$ 23,882	\$ 261,975
			84.120 Total	\$ 23,882	\$ 261,975
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU	INSTITUTE OF EDUCATION SCIENCES	84.305	R305A180060	\$ -	\$ 52,452
Texas A&M University			84.305 Total	\$ -	\$ 52,452
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	FOOD & DRUG ADMINISTRATION RESEARCH	93.103		\$ -	\$ 1,152,599
			93.103 Total	\$ -	\$ 1,152,599
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED	93.110		\$ -	\$ 11,375

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico	MATERNAL & CHILD HEALTH FEDERAL CONSOLIDATED	93.110	T04MC26891	\$ -	\$ 34,992
			93.110 Total	\$ -	\$ 46,367
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	RESEARCH RELATED TO DEAFNESS & COMMUNICATION	93.173		\$ -	\$ 315,343
			93.173 Total	\$ -	\$ 315,343
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico	OCCUPATIONAL SAFETY AND HEALTH PROGRAM	93.262	2U54OH0047541-16	\$ -	\$ 2,891
			93.262 Total	\$ -	\$ 2,891
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	DISCOVERY & RESEARCH FOR TECH INNOVATIONS	93.286		\$ -	\$ 9,153
			93.286 Total	\$ -	\$ 9,153
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU State of New Mexico	CHARACTERIZATION & CONTROL OF AED	93.323	5NU5OCK000413	\$ -	\$ 72,455
			93.323 Total	\$ -	\$ 72,455
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	PARTNERSHIP FOR THE ADVANCEMENT	93.397		\$ -	\$ 188,059
			93.397 Total	\$ -	\$ 188,059
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	FDA FERN COOPERATIVE AGREEMENT(U18)	93.448		\$ -	\$ 231,583
			93.448 Total	\$ -	\$ 231,583
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH	93.855		\$ -	\$ 104,362
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of Texas University of Texas	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH	93.855	1U01AI115577-01	\$ -	\$ (16,949)
	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH	93.855	5U01AI115577-03	\$ -	\$ 107,919
			93.855 Total	\$ -	\$ 195,332
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859		\$ 2,188,779	\$ 5,450,933
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU University of New Mexico University of New Mexico Board of Regents Nevada System of Higher Education Board of Regents Nevada System of Higher Education El Paso Community College Regents of the University of Colorado	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	1R01CA94496-01A1	\$ -	\$ 68,902
	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	2K12GM088021-06	\$ -	\$ 17,553
	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	5U54GM104944-05	\$ -	\$ 2,178
	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	2U54GM104944-06	\$ -	\$ 40,932
	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	1R25GM123928-01	\$ -	\$ 21,322
	BIOMEDICAL RESEARCH & RESEARCH TRAINING	93.859	2r25ns080685-06	\$ -	\$ 127,431
			93.859 Total	\$ 2,188,779	\$ 5,729,251
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT	CHILD HEALTH & HUMAN DEV EXTRAMURAL RESEARCH	93.865		\$ -	\$ 274,320
			93.865 Total	\$ -	\$ 274,320
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU PCI Global	HEALTHY START INITIATIVE	93.926	UFMC31238-02-01	\$ -	\$ 1,179
			93.926 Total	\$ -	\$ 1,179
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU Dona Ana County Dona Ana County	ASSISTED OUTPATIENT TREATMENT	93.997	1H79SM063538	\$ -	\$ 131,894
	ASSISTED OUTPATIENT TREATMENT	93.997	1H79SM063538-01	\$ -	\$ 10,052
			93.997 Total	\$ -	\$ 141,946
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU Northeastern University	CENTERS FOR HOMEL& SECURITY	97.061	2013-ST-061-ED0001	\$ -	\$ 2,813
			97.061 Total	\$ -	\$ 2,813
	RESEARCH & DEVELOPMENT CLUSTER TOTAL			\$ 8,636,863	\$ 63,566,805

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
STUDENT FINANCIAL AID CLUSTER					
DEPARTMENT OF EDUCATION (EDUC) - LOANS					
	PERKINS LOANS - BEGINNING BALANCE	84.038		\$ -	\$ 10,468,888
	PERKINS LOAN CANCELLATIONS	84.038		\$ -	\$ 35,845
	TOTAL PERKINS LOANS			\$ -	\$ 10,504,733
	FEDERAL DIRECT LOANS	84.268		\$ -	\$ 44,381,667
	DEPARTMENT OF EDUCATION (EDUC) - LOANS Total			\$ -	\$ 54,886,400
DEPARTMENT OF EDUCATION (EDUC)					
	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007		\$ -	\$ 1,254,214
	FEDERAL WORK-STUDY PROGRAM	84.033		\$ -	\$ 613,097
	FEDERAL PELL GRANT PROGRAM	84.063		\$ -	\$ 42,359,877
	TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER ED GRANTS	84.379		\$ -	\$ 13,108
	DEPARTMENT OF EDUCATION (EDUC) Total			\$ -	\$ 44,240,296
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)					
	SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	93.925		\$ -	\$ 309,525
	DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) Total			\$ -	\$ 309,525
	TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			\$ -	\$ 99,436,221

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	WILDLIFE SERVICES	10.028		\$ -	\$ 41,560
			10.028 Total	\$ -	\$ 41,560
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	ORGANIC CERTIFICATION COST SHARE	10.171		\$ -	\$ 7,213
			10.171 Total	\$ -	\$ 7,213
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	SECONDARY AND TWO-YEAR AGRICULTURE EDUCATION	10.226		\$ -	\$ 48
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Tennessee	SECONDARY AND TWO-YEAR AGRICULTURE EDUCATION	10.226	2015-38414-24223	\$ -	\$ 22,474
			10.226 Total	\$ -	\$ 22,522
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	CONSUMER DATA AND NUTRITION RESEARCH	10.253		\$ -	\$ 85,452
			10.253 Total	\$ -	\$ 85,452
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	HOMELAND SECURITY_AGRICULTURAL	10.304		\$ -	\$ 48,258
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Purdue University	HOMELAND SECURITY_AGRICULTURAL	10.304	2017-37620-27136	\$ -	\$ 7,400
Regents University of California Davis	HOMELAND SECURITY_AGRICULTURAL	10.304	2016-37620-25851	\$ -	\$ 24,022
			10.304 Total	\$ -	\$ 79,680
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	BEGINNING FARMER AND RANCHER DEVELOPMENT PRO	10.311		\$ 62,327	\$ 156,968
			10.311 Total	\$ 62,327	\$ 156,968
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	NATIONAL FOOD SAFETY TRAINING, EDUCATION	10.328		\$ -	\$ 22,445
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU State of Oregon	NATIONAL FOOD SAFETY TRAINING, EDUCATION	10.328	2018-70020-28879	\$ -	\$ 942
University of Maine System	NATIONAL FOOD SAFETY TRAINING, EDUCATION	10.328	20187002028860	\$ -	\$ 2,678
University of Tennessee	NATIONAL FOOD SAFETY TRAINING, EDUCATION	10.328	2016-70020-25803	\$ -	\$ 13,320
			10.328 Total	\$ -	\$ 39,385
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	CROP PROTECTION AND PEST MANAGEMENT	10.329		\$ 6,419	\$ 157,745
			10.329 Total	\$ 6,419	\$ 157,745
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	RURAL BUSINESS DEVELOPMENT	10.351		\$ -	\$ 16,068
			10.351 Total	\$ -	\$ 16,068
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	FARM OPERATING LOANS	10.406		\$ -	\$ (28)
			10.406 Total	\$ -	\$ (28)
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	STATE MEDIATION GRANTS	10.435		\$ -	\$ 85,597
			10.435 Total	\$ -	\$ 85,597
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED	10.443		\$ -	\$ 73,710
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Developing Innovations in Navajo Education, Inc. DINE, Inc.	OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED	10.443	AO172501X443G010	\$ -	\$ 9,209
			10.443 Total	\$ -	\$ 82,919
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	COOPERATIVE EXTENSION SERVICE	10.500		\$ 37,098	\$ 2,614,754
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Kansas State University	COOPERATIVE EXTENSION SERVICE	10.500	2016-48696-25889	\$ -	\$ 30,240
Kansas State University	COOPERATIVE EXTENSION SERVICE	10.500	2018-48661-28954	\$ -	\$ 15,981
University of Arizona	COOPERATIVE EXTENSION SERVICE	10.500	00-41580-0867	\$ -	\$ (8,374)
University of Arizona	COOPERATIVE EXTENSION SERVICE	10.500	2017-41580-26946	\$ -	\$ 55,368
Washington State University	COOPERATIVE EXTENSION SERVICE	10.500	2015-49200-24227	\$ -	\$ 6,228
Washington State University	COOPERATIVE EXTENSION SERVICE	10.500	2018-70027-28587	\$ -	\$ 2,862
			10.500 Total	\$ 37,098	\$ 2,717,059
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Children Youth and Family Dept State NM	HEADSTART CHILD AND ADULT CARE FOOD	10.558	N/A	\$ -	\$ 122,458
			10.558 Total	\$ -	\$ 122,458
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Children Youth and Family Dept State NM	SUMMER FOOD PROGRAM FOR CHILDREN	10.559	N/A	\$ -	\$ 10,134
			10.559 Total	\$ -	\$ 10,134
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Mississippi State University	RURAL DEVELOPMENT COOPERATIVE AGREEMENT	10.890	RD-RB-16-38	\$ -	\$ 11,518
			10.890 Total	\$ -	\$ 11,518
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	CONSERVATION STEWARDSHIP PROGRAM	10.924		\$ -	\$ 111,412
			10.924 Total	\$ -	\$ 111,412
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	TECHNICAL AGRICULTURAL ASSISTANCE	10.960		\$ -	\$ 216,796
			10.960 Total	\$ -	\$ 216,796
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	DEPARTMENT OF AGRICULTURE	10.xx		\$ -	\$ 61,948
			10.xx Total	\$ -	\$ 61,948
DEPARTMENT OF COMMERCE (DOC) - DIRECT	CLUSTER GRANTS	11.020		\$ -	\$ 196,573
			11.020 Total	\$ -	\$ 196,573
DEPARTMENT OF COMMERCE (DOC) - DIRECT	ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE	11.303		\$ -	\$ 13,853
			11.303 Total	\$ -	\$ 13,853
DEPARTMENT OF COMMERCE (DOC) - PASS THRU Synoptic Data Corp.	DEPARTMENT OF COMMERCE	11.xx	EA-133W-16-CQ-0054	\$ -	\$ 35,794
			11.xx Total	\$ -	\$ 35,794
DEPARTMENT OF DEFENSE (DOD) - PASS THRU AGEISS	DEPARTMENT OF DEFENSE	12.xx	W91CRB18C0056	\$ -	\$ 17,611
New Mexico Higher Education Department	DEPARTMENT OF DEFENSE	12.xx	V002A180032	\$ -	\$ 47,065
New Mexico Public Education Department	DEPARTMENT OF DEFENSE	12.xx	PERKINS IV PL 109-270	\$ -	\$ 5,229
			12.xx Total	\$ -	\$ 69,905
DEPARTMENT OF INTERIOR (DOI) - DIRECT	ENDANGERED SPECIES CONSERV- WOLF LIVESTOCK LOSS	15.666		\$ 115,683	\$ 115,683
			15.666 Total	\$ 115,683	\$ 115,683

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
America View	NATIONAL LAND REMOTE SENSING EDUCATION OUTREACH	15.815	G18AP00077	\$ -	\$ 5,344
			15.815 Total	\$ -	\$ 5,344
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	DEPARTMENT OF THE INTERIOR	15.xx		\$ -	\$ 314,814
			15.xx Total	\$ -	\$ 314,814
DEPARTMENT OF LABOR (DOL) - PASS THRU					
Santa Fe Community College	TRADE ADJUSTMENT COMMUNITY COLLEGE	17.282	TC-26486-14-60-A-35	\$ -	\$ 19,316
			17.282 Total	\$ -	\$ 19,316
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
	HIGHWAY TRAINING AND EDUCATION	20.215		\$ -	\$ 42,414
			20.215 Total	\$ -	\$ 42,414
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
Jacobs Technology Inc.	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	43.xx	NNJ11HA02C	\$ -	\$ 222,858
			43.xx Total	\$ -	\$ 222,858
NATIONAL ENDOWMENT FOR THE ARTS - PASS THRU					
New Mexico Department of Cultural Affairs	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	45.025	1809831-61-18	\$ -	\$ 5,357
			45.025 Total	\$ -	\$ 5,357
NATIONAL ENDOWMENT FOR HUMANITIES - PASS THRU					
New Mexico Humanities Council	PROMOTION OF THE HUMANITIES FED/STATE PARTNERSHIP	45.129	SO253164-17	\$ -	\$ 4,450
			45.129 Total	\$ -	\$ 4,450
SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU					
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	59.037	OSBDC-2018-02	\$ -	\$ 122,634
			59.037 Total	\$ -	\$ 122,634
SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT					
	FEDERAL AND STATE TECHNOLOGY PARTNERSHIP	59.058		\$ -	\$ 120,799
			59.058 Total	\$ -	\$ 120,799
SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU					
New Mexico Small Business Development Center	SMALL BUSINESS ADMINISTRATION	59.xx	OSBDC-2018-02	\$ -	\$ 13,941
			59.xx Total	\$ -	\$ 13,941
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					
	CONSOLIDATED PESTICIDE ENFORCEMENT COOP	66.700		\$ -	\$ 431,447
			66.700 Total	\$ -	\$ 431,447
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
Extension Foundation	EDUCATING NEW MEXICO'S PESTICIDE AP	66.716	83698001	\$ -	\$ 782
			66.716 Total	\$ -	\$ 782
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
State of New Mexico	GOLD KING MINE LONG TERM MONITORING	66.802	01F16901	\$ -	\$ 49,769
			66.802 Total	\$ -	\$ 49,769
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	81.xx	DE-AC52-06NA25396	\$ -	\$ 25,912
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	81.xx	DE-AC52-06NA25396	\$ -	\$ (740)
Sandia Corporation	DEPARTMENT OF ENERGY	81.xx	DE-AC04-A94AL85000	\$ -	\$ 35,904
Triad National Security, LLC	DEPARTMENT OF ENERGY	81.xx	89233218CNA000001	\$ -	\$ 82,924
Triad National Security, LLC	DEPARTMENT OF ENERGY	81.xx	DE-AC52-06NA25396	\$ -	\$ 51,335
			81.xx Total	\$ -	\$ 195,335
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Higher Education Department	ADULT EDUCATION	84.002	N/A	\$ -	\$ 107,833
New Mexico Higher Education Department	ADULT EDUCATION	84.002	V002A170032	\$ -	\$ (65)
New Mexico Higher Education Department	ADULT EDUCATION	84.002	V002A180032	\$ -	\$ 446,368
New Mexico Higher Education Department	ADULT EDUCATION	84.002	V02A170032	\$ -	\$ 10,629
			84.002 Total	\$ -	\$ 564,765
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	HIGHER EDUCATION_INSTITUTIONAL AID	84.031		\$ -	\$ 1,369,774
			84.031 Total	\$ -	\$ 1,369,774
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	84.048	V048A160031-16A	\$ -	\$ 32,392
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	84.048	V048A170031	\$ -	\$ 2,698
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	84.048	V048A170031-17A	\$ -	\$ 41,192
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	84.048	V048A180031-18A	\$ -	\$ 539,905
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	84.048	V048S160031-16A	\$ -	\$ (630)
			84.048 Total	\$ -	\$ 609,557
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	COLLEGE ASSISTANCE MIGRANT PGM CAMP	84.149		\$ -	\$ 451,893
			84.149 Total	\$ -	\$ 451,893
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	GRADUATION ASSISTANCE IN AREAS OF NATIONAL NEED	84.200		\$ -	\$ 34,806
			84.200 Total	\$ -	\$ 34,806
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	84.287	5287C170031	\$ -	\$ 2,251,052
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	84.287	5287C170031	\$ -	\$ 2,119
			84.287 Total	\$ -	\$ 2,253,171
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	SPECIAL EDUCATION - PERSONNEL DEVELOPMENT	84.325		\$ 65,396	\$ 182,588
			84.325 Total	\$ 65,396	\$ 182,588
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		\$ -	\$ 670,114
			84.365 Total	\$ -	\$ 670,114
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Higher Education Department	IMPROVING TEACH QUALITY STATE GRANTS	84.367	5367B140028	\$ -	\$ 25,457
New Mexico Higher Education Department	IMPROVING TEACH QUALITY STATE GRANTS	84.367	5367B140028	\$ -	\$ 554
			84.367 Total	\$ -	\$ 26,011
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	COMMUNITIES OF CARE TRAINING	93.104	SM061648	\$ -	\$ 45,311
			93.104 Total	\$ -	\$ 45,311
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of New Mexico	AREA HEALTH EDUCATION CENTERS	93.107	2 U77HP23074-07-00	\$ -	\$ 11,874
			93.107 Total	\$ -	\$ 11,874
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	GRADUATE PSYCHOLOGY EDUCATION PROGRAM	93.191		\$ -	\$ 276,169
			93.191 Total	\$ -	\$ 276,169

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Grant Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243		\$ -	\$ 70,443
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243	1H795M061905	\$ -	\$ 391,265
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243	1H795M061905-01	\$ 682,592	\$ 856,578
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243	5H79TI080190	\$ -	\$ 140,316
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243	TI 025480	\$ 26,588	\$ 28,520
	93.243 Total			\$ 709,180	\$ 1,487,122
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
HealthInsight Management Corporation	NATIONAL DIABETES PREVENTION PROGRAM	93.261	1 NUS8DP006369-01-00	\$ -	\$ 8,848
	93.261 Total			\$ -	\$ 8,848
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	LEADERSHIP IN PUBLIC HEALTH SOCIAL WORK EDUCATION	93.330		\$ -	\$ 146,567
	93.330 Total			\$ -	\$ 146,567
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	RESEARCH INFRASTRUCTURE PROGRAMS	93.351		\$ 46,178	\$ 173,018
	93.351 Total			\$ 46,178	\$ 173,018
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
New Mexico Public Education Department	PREGNANCY ASSISTANCE FUND	93.500	1 SP1AH000075-01-00	\$ -	\$ 43,491
	93.500 Total			\$ -	\$ 43,491
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	PROMOTING SAFE AND STABLE FAMILIES	93.556	G-1801NMPFSS & G-1801NMCILP	\$ -	\$ 21,062
Children Youth and Family Dept State NM	PROMOTING SAFE AND STABLE FAMILIES	93.556	G18101NMPFSS	\$ -	\$ 37,367
	93.556 Total			\$ -	\$ 58,429
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
State of New Mexico	COURT IMPROVEMENT PROJECT	93.586	G-1701NMSCIP	\$ -	\$ (98)
State of New Mexico	COURT IMPROVEMENT PROJECT	93.586	G-1801NMSCIP	\$ -	\$ 55,669
	93.586 Total			\$ -	\$ 55,571
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	HEAD START	93.600		\$ -	\$ 2,293,825
	93.600 Total			\$ -	\$ 2,293,825
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	ADOPTION INCENTIVE PAYMENTS	93.603	G16101NMAIPP	\$ -	\$ 21,743
	93.603 Total			\$ -	\$ 21,743
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Joslin Diabetes Center, Inc.	HEALTH CARE INNOVATION AWARDS	93.610	1C1CMS331021-01-00	\$ -	\$ (877)
	93.610 Total			\$ -	\$ (877)
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
State of New Mexico	CHILDREN'S JUSTICE GRANTS TO STATES	93.643	G-1501NMCJA1	\$ -	\$ 21,748
	93.643 Total			\$ -	\$ 21,748
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	93.658	G1601-NMFOST/G1701-NMFOST	\$ -	\$ 436,269
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	93.658	G1601-NMFOST/G170-NMFOST	\$ -	\$ 219
	93.658 Total			\$ -	\$ 436,488
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	MENTAL & BEHAVIORAL HEALTH EDUCATION & TRAINING	93.732		\$ -	\$ 379,657
	93.732 Total			\$ -	\$ 379,657
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
State of New Mexico	EMPOWERING OLDER ADULTS	93.734	N/A	\$ -	\$ 1,284
	93.734 Total			\$ -	\$ 1,284
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	OPIOID STR	93.788	TI C96N600	\$ -	\$ 37,016
Children Youth and Family Dept State NM	OPIOID STR	93.788	TI080267	\$ -	\$ 94,534
	93.788 Total			\$ -	\$ 131,550
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of North Texas	DEPARTMENT OF HEALTH & HUMAN SERVICES	93.xx	UG4LM012345	\$ -	\$ 40,000
	93.xx Total			\$ -	\$ 40,000
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU					
NM Department Of Homeland Security	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	EMT-2017-EP-00002-S01	\$ -	\$ 2,559
NM Department Of Homeland Security	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	EMT-2018-EP-00006-S01	\$ -	\$ 237,506
	97.042 Total			\$ -	\$ 240,065
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU					
NM Department Of Homeland Security	HOMELAND SECURITY GRANT PROGRAM	97.067	EMW-2016-SS-00105	\$ -	\$ 108,849
	97.067 Total			\$ -	\$ 108,849
SNAP CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
New Mexico Human Services Department	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561	N/A	\$ -	\$ 1,503,655
	10.561 Total			\$ -	\$ 1,503,655
TRIO CLUSTER					
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	TRIO STUDENT SUPPORT SERVICES PROGR	84.042		\$ -	\$ 691,521
	84.042 Total			\$ -	\$ 691,521
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	TRIO UPWARD BOUND	84.047		\$ -	\$ 1,019,377
	84.047 Total			\$ -	\$ 1,019,377
	TRIO Cluster Total			\$ -	\$ 1,710,898
INDIVIDUAL AWARDS - OTHER TOTAL				\$ 1,042,281	\$ 21,365,438
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 9,679,144	\$ 184,368,464

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal AwardsReconciliation to Statement of Revenues, Expenditures and Changes in Net Position

Federal Awards:	
Federal Appropriations, Grants and Contracts	\$ 86,468,214
Federal Pell Grant revenue	42,359,877
Portion of Capital Grants, Gifts and other Income related to Federal Awards	<u>402,510</u>
	129,230,601
Plus reconciling items:	
Adjustment to federal revenue for accrued liabilities and reversals	287,308
Adjustment to federal revenue for Department of Education loans	<u>54,850,555</u>
Federal Expenditures per Schedule 7	<u>\$ 184,368,464</u>

Notes to Schedule of Expenditures of Federal Awards**Note A:** Basis Of Presentation

The accompanying schedule of expenditures of Federal Awards (the schedule) is prepared on the accrual basis of accounting and includes the federal grant activity of the University under programs of the Federal Government for the year ended June 30, 2019. The information in this schedule is presented in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note B: Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards follows the accounting policies presented in Note 2 of the University's Notes to Financial Statements.

Note C: Federal Direct Student Loans, CFDA # 84.268. During the fiscal year ended June 30, 2019, the University processed \$44,381,667 in new loans under the Direct Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

Note D: During the fiscal year ended June 30, 2019, there were no federal funds made available in the form of non-cash assistance.

Note E: Federal Perkins Loan Program, CFDA # 84.038. No additional Perkins loans were awarded for the year ended June 30, 2019, and the outstanding student loan balances under the Federal Perkins Loan Program was \$8,018,153.

Note F: New Mexico State University has elected not to use the 10% de minimis indirect cost rate.

See accompanying independent auditor's report.



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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

Board of Regents
New Mexico State University
and
Mr. Brian Colón, 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, and the discretely presented component unit of New Mexico State University (the University), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 that we consider to be a significant deficiency.



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*.

The University's Response to the Finding

The University's response to the 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 the financial statements 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
October 30, 2019



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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Regents
New Mexico State University
and
Mr. Brian Colón, New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited New Mexico State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on New Mexico State University's major federal program for the year ended June 30, 2019. New Mexico State 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 New Mexico State University's major federal program 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 New Mexico State 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 New Mexico State University's compliance.

Opinion on Each Major Federal Program

In our opinion, New Mexico State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of New Mexico State 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 New Mexico State University's internal control over



compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 New Mexico State 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 a 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
October 30, 2019

**Schedule of Findings and Questioned Costs
Year ended June 30, 2019**

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: **No**
 - Significant deficiencies: **Yes**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- (g) Major program:
- Student Financial Assistance Cluster – various CFDA numbers
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a lowrisk auditee: **Yes**

(2) **Findings Relating to the Financial Statements Reported to Accordance with *Government Auditing Standards***

2019-001 Foundation implementation of new accounting standard for the fiscal year 2019 financial statements – Significant deficiency.

Criteria:

U.S. generally accepted accounting principles require the implementation of *ASU 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), for financial reporting of the Foundation beginning July 1, 2018.

Condition:

In the current year, the Foundation implemented ASU 2016-14, resulting in revised reporting regarding the presentation and reclassification of underwater endowment balances, net asset classifications and disclosures, endowment disclosures, liquidity disclosures, accounting for investment related expenses, and presentation of natural and functional expenses.

Although the Foundation was aware of the new reporting standard and had plans to address the implementation well in advance of year-end, the Foundation did not have a control in place to ensure the standard was properly researched and new accounting guidance implemented completely and accurately.

In its implementation, the Foundation did not properly present the retrospective reclassification of the underwater endowment balances of \$1.6 million as of July 1, 2017 (based on retrospective implementation) and did not properly present the net asset, endowment and liquidity disclosures within the fiscal year 2019 financial statements.

Cause:

Due to unforeseen retirements, resignations, and administrative delays in hiring a Controller, the Foundation did not have sufficient resources to thoroughly research implementation requirements and effectively perform the implementation of the new accounting standard.

Effect:

Although the Foundation staff worked diligently on this implementation, the lack of a Controller with the training, knowledge, and experience necessary to implement a new accounting standard, resulted in inaccurate presentation of underwater endowment funds and the inaccurate disclosure of net assets, endowments, and liquidity analysis.

Recommendation:

We recommend the Foundation ensure they have the resources with appropriate training and skill sets necessary to monitor, implement, and effectively operate internal controls over the implementation of new accounting standards. We further recommend that management document their consideration and conclusions in determination of the impact of new accounting standards prior to the effective date.

Management's Response:

We are currently engaged in a search to fill the Controller's position and do not expect a reoccurrence of this finding. It is important to note that all discrepancies in reporting have been corrected, and are reflected accurately in the audited financial statements.

(3) **Findings and Questioned Costs Relating to Federal Awards**

None

**Summary Schedule of Prior Audit Findings
Year ended June 30, 2019**

**2018-001 Misstatement in bond and investment amounts on the financial statements -
Significant Deficiency**

The University has a process of reviewing new issuances of debt to determine the appropriate accounting for that debt. In accounting for the issuance of the 2017 series bonds, the University failed to identify the fact that the advanced refunding of portions of the 2010 and 2013 bond issues qualified as a defeasance of debt.

Current Status: Resolved

**Summary Schedule of Prior Other Findings
As Required by New Mexico State Statute 12-6-5, NMSA 1978
Year ended June 30, 2019**

2018-002 General IT review of user access to the Banner System - Finding that does not rise to the level of a significant deficiency.

We note that the University has a set of procedures that involve the data custodian review of their department's current access in Banner; however, the review is not documented as to the frequency, the level of the review, or response to inappropriate privileges/roles.

Current Status: Resolved

2018-003 Budget Compliance – Finding that does not rise to the level of a significant deficiency.

The University had set the original and revised budget per protocol; however, the excess spending on the retirement of indebtedness that resulted from issuance of the 2017 refunding bonds was not identified until after year end.

Current Status: Resolved

2018-004 Arrowhead Center, Inc. determination of accounting for majority equity interest – Finding that does not rise to the level of a significant deficiency.

Management did not fully consider all applicable accounting principles related to Arrowhead's accounting for the separate legal entity, including whether the separate legal entity qualified as a component unit and/or an investment. In addition they did not consider the appropriate method of accounting for the investment (equity method).

Current Status: Resolved

2018-005 Federal Direct Loans Disbursements to and on Behalf of Students Notification Letters – Finding that does not rise to the level of a Uniform Guidance other matter or a significant deficiency

Due to an IT system error whereby the loan notification process was not set to be turned on in order to trigger the system to produce the disbursement letters at the time of the disbursement. The University personnel did not identify the issue until after the time frame to send the disbursement letters expired.

Current Status: Resolved

An exit conference was held on October 30, 2019, to discuss the current audit report and auditors' comments. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Ammu Devasthali	Chair
Brad Beasley	Co-Chair
Debra P. Hicks	Audit Committee Member
Cindy Seipel	Audit Committee Community Member
Shari Jones	Audit Committee Community Member

Representing New Mexico State University

Dan E. Arvizu	Chancellor
John Floros	President
Andrew J. Burke	Senior Vice President for Administration and Finance
Ruth Johnston	Vice Chancellor
Norma Noel	University Controller
Ermelinda Quintela	Chief Audit Officer
Roy Collins	Chief Legal Affairs Officer
Ross Justus	Associate Controller
Carolina Munoz	Manager, Accounting and Finance
Damian Lopez	Audit Liaison
Adam Cavotta	Board of Regents Chief of Staff

Representing New Mexico State University Component Units

Tina Byford	Chief Operations Officer, NMSU Foundation, Inc.
Kathryn Hansen	CEO, Arrowhead Center Inc.

Representing KPMG LLP

John T. Kennedy	Lead Engagement Partner
Suzette Longfellow	Managing Director
Pepper Cooper	Senior Manager

The University's management prepared the Financial Statements. The University is responsible for the Financial Statements and its contents.